Stock code: 6552

Annual Report is available at: http://www.jmct.com.tw/http://mops.twse.com.tw/



Annual Report of 2021

Published on April 30, 2022

I. Names, titles, contact numbers and Emails of spokesperson and deputy spokesperson of the Company:

Spokesperson: HUANG, MEI-HSUEH

Title: Vice President TEL: (07)962-0668

Email: stock.service@imct.com.tw

Deputy spokesperson: CHEN, SUNG-CHOU

Title: Head of Marketing Division

TEL: (07)962-0668

Email: stock.service@jmct.com.tw

II. Address and telephone numbers of headquarters, branch company and factory:

Headquarter: No. 8, Xinkaifa Rd., Nanzih Dist., Kaohsiung City, Taiwan

TEL: (07)962-0668

Address of Branch Company: None

TEL: None

Factory address: No. 8, Xinkaifa Rd., Nanzih Dist., Kaohsiung City, Taiwan

TEL: (07)962-0668

III. Name, address, website and telephone number of the Share Registrar:

Institution: Register & Tranfer Agency Division of SinoPac Securities Corp.

Address: 3 F, No. 17, Bo'ai Rd., Zhongzheng Dist., Taipei City, Taiwan

TEL: (02)2381-6288

Website: http://securities.sinopac.com/

IV. Names, Accounting Firm, Address, Website and Telephone Number of Independent Auditors in the most recent year:

Names: Wang, Chao-Chun CPA and Liu, Yu-Xiang CPA

Accounting Firm: Deloitte & Touche

Address: 3F, No. 88, Chenggong 2nd Road, Qianjin District, Kaohsiung

City,Taiwan

TEL: (07)530-1888

Website: http://www.deloitte.com.tw

V. Overseas Securities Exchange: None

VI. Company website: http://www.jmct.com.tw

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I. I. Letter to Shareholders

Ladies and gentlemen,

Thank you for participating in the regular Shareholders' Meeting of the Company of 2022 in the midst of pressing affairs. Now, the business report of 2021 is hereby reported as follows:

(I). Operating results of 2021:

The continuous rage of COVID-19 epidemic resulted in instability and uncertainty of global economic activities especially for panel industry since the panel products were highly related to people's daily life. Therefore, the change of this industry was fierce and difficult to predict. Reel to reel chip on film ("Tape-COF" for short), as a material supplied for the products in the panel industry, was also significantly influenced. The sales volume of JMC reached 625,894Kpcs and the business turnover reached NT\$ 3,002,859,000 in 2021.

Unit: NT\$ thousands

					Oma ma	
Item	2021		2020		Difference	
Item	Amount	%	Amount	%	Amount	%
Operating revenue	3,002,859	100	2,646,853	100	356,006	13
Gross profit	599,469	20	377,772	14	221,697	59
Gross profit margin	20%	-	14%	-	6%	43
Operating income	360,997	12	182,506	7	178,491	98
Profit before tax	390,936	13	189,157	7	201,779	107
Profit after tax	324,411	11	148,328	5	176,083	119

(II). Analysis of financial revenue and expenditure as well as profitability:

Item	2021	2020
Debt to assets ratio	43%	47%
Liquidity ratio	246%	173%
Quick ratio	204%	146%
Net profit margin	11%	5%
EPS	NT\$ 3.91	NT\$ 1.57

(III). Status of research and development:

JMC continuously developed subtractive technology to the precision of 20um pitch and 18um pitch and improved its quality and efficiency to lower cost and improve market competitiveness of the products.

On the basis of the process technology expertise and products cultivated using the unique semi-additive method of JMC with fine pitches below 20ump pitch especially 18um, 16um and 14um pitch, the Company improved product design capacity through cooperation with customers and comprehensively supplied fine-pitch COF used in LCD driver ICs needed by customers' handheld device products and smartphones.

JMC developed 2-Metal front-end process technology which would be applied in LCD driver IC with high pint-count and fine-pitch design requirements. Besides, through cooperation with customers, JMC utilized 2-Metal process technology to develop light, thin, short and small IC substrates and extend such characteristics in the application of advanced LED carriers and other types of IC carriers to create new-type IC package.

(IV). Overview of business plan of 2022:

Since human life is still being disturbed by COVID-19 epidemic, people's lifestyles have been changed; due to longer stay at home, people have begun to pay more attention to their health. Therefore, the demands for large-size and watch panels are stable. The new application of auto panels has been continuously increased. The changes of cellphone panels shall still be observed due to the reform of design of panel applications. Generally speaking, the annual demands are positive and optimistic. It is expected that the demands will be initially recovered since the 2nd quarter after the off-season in the 1st quarter.

In the future, JMC will mainly focus on the application of Tape-COF manufactured using 1-Metal semi-additive and 1-Metal subtractive (etching) methods in driver ICs used for various types of panels as its business strategy. The newly completed 2-Metal production line will be used to develop LED carriers and various other types of IC carriers so as to enlarge and offer different product applications to customers so as to realize both stable operation and future growth of the Company.

(V). Future development strategies:

Given the ever-changing global economy and the fierce competition of the industry, the Company will dedicated to the development of niche products and technologies, continuously exert great efforts to the industry of Tape-COF used for packages, and continuously develop Tape-COF that can be matched and applied in various IC packages.

The main terminal application products of 1-Metal Tape-COF produced by the Company using subtractive technology are mainly driver ICs used for large-size LCD TV. Since it is equipment built using SMM, it has certain advantage during the production of large-size LCD TV products in cost competition.

The terminal application products of the unique semi-additive process technology of JMC include driver ICs used for handheld device products and smartphones. JMC will dedicate to the improvement of the production yield and efficiency of 1-Metal 18/16um pitches, as well as the maximization of its production capacity and the reduction of cost to create profits so as to gradually expand the scope of supply.

As for R&D of new processes and new technologies, JMC will also spare no effort to complete the establishment of 2-Metal processes. Then, JMC will become a supplier of Tape-COF and flexible IC substrate with all-around technologies of subtractive, semi-additive and 2-Metal processes. Our capability to develop advanced technologies through coordination with customers and our determination to effectively launch and execute strategic plans will benefit the improvement of the middle- and long-term operational performance of JMC.

Additionally, JMC will vertically integrate upstream and downstream supply chains, actively cooperate with upstream material suppliers to develop new materials, and complete the creation of all-win long-term partnership with suppliers of raw materials and customers. Moreover, JMC will continuously focus on domestic market customers and expand overseas markets and become a manufacturer of Tape-COF used for IC packages with international competitiveness and familiarity so as to build long-term inter-dependence with customers.

(VI). Influence from external competitive environment, legal environment and overall business environment:

In order to cope with the changes of market demands in the future, the Company adopts production and sales strategies of strengthening technical capacity for product development, shortening development time of new products and gradually marketing products in overseas markets as its business policy. Additionally, the Company will coordinate with customer requirements, actively assist them in solving problems, and spare no effort to strive for market that fits customers' present demands with real-time services.

As for the operation and governance concepts of the Company, JMC will create a safe, hygienic work environment and cherish the social resources in terms of corporate social responsibilities, and strive to become a professional manufacturer for the manufacturing and services of COF with the objectives of surpassing customers' quality expectations and building a high-quality service team with advanced technologies and talents.

Finally, I feel obliged to extend our heartfelt gratitude to our shareholders, customers and suppliers for their long-term support and encouragement for our company. Although many competitive manufacturers are engaged in the development, production and sales of relevant products with the gradual recovery of the semiconductor industry, our business team will keep trying, constantly maintain technological advancement and innovative value-added services, strengthen our core technologies and competitiveness, master the market information and trends at a quick pace, and actively expand emerging markets to improve the corporate value and create best interests for all shareholders.

Chairman: HUANG, CHIA-NENG General Manager: LI, WAN-HSIA

II. Company Profile

(I). (II). Date of Incorporation: October 6, 1973 History

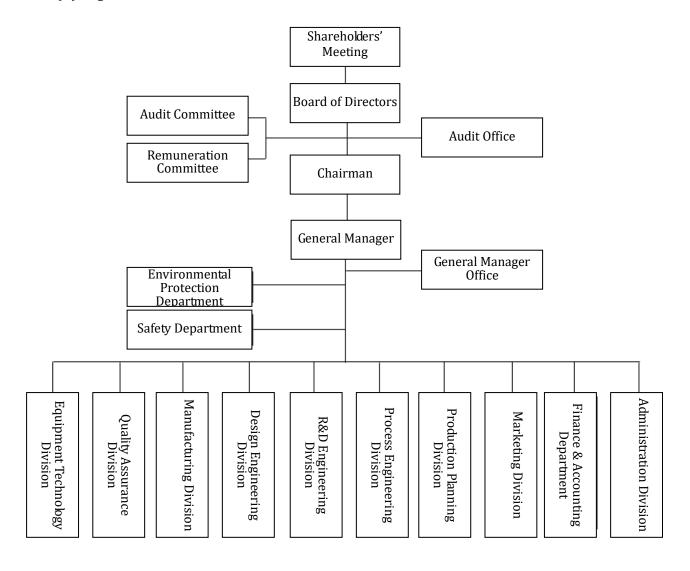
Year	Record of Important Events			
1001	1. The Company was incorporated with name of "Taiwan Aichi Steel Corporation" and			
paid-in capital of NT\$ 3,610,000. 2. The Company was engaged in the manufacturing, processing and external "thermal break riser insulation board" and "thermal break riser surface in board".				
1974	The Company handled capital increase in cash of NT\$ 17,178,000 and the paid-in capital reached NT\$ 20,338,000 after capital increase.			
1989	The Company handled capital increase in cash of NT\$ 4,350,100 and the paid-in capital reached NT\$ 24,688,100 after capital increase.			
1994	 Aichi Steel Corporation, a Japanese enterprise, transferred its shared held in the Company to SUMITOMO METAL MINING ASIA PACIFIC PTE LTD (hereinafter referred to as SMMAP), a Singaporean enterprise, and changed the name of the Company to "SUMICO ELECTRONICS TAIWAN CO., LTD.". The Company handled the loss compensation by capital decrease of NT\$ 17,900,100, and also handled capital increase in cash of NT\$ 59,212,000. The paid-in capital of the Company after capital decrease and increase reached NT\$ 66,000,000, and SMMPA held 70% of company shares. Business items were changed to the manufacturing, processing and trading of wire frames used for integrated circuits and transistors. 			
1995	The Company began the manufacturing, processing, trading and import and export business of wire frames used for integrated circuits and transistors.			
1996	The Company handled capital increase in cash of NT\$ 66,000,000 and the paid-in capital after capital increase reached NT\$ 132,000,000.			
1997	The Company passed QS-9000 certification.			
1998	The Company handled capital increase in cash of NT\$ 200,000,000 and the paid-in capital after capital increase reached NT\$ 332,000,000.			
2000	The Company handled capital increase in cash of NT\$ 168,000,000 and the paid-in capital after capital increase reached NT\$ 500,000,000.			
2001	The Company passed ISO-14001 certification.			
2002	The Company conducted merger of "Taiwan SUMICO Precision Molds Co., Ltd." by absorption and it was an eliminated company. 6,250,000 shares were reissued through absorption and the paid-in capital after absorption reached NT\$ 562,500,000.			
 The Company passed ISO-9001 certification. The Company handled capital increase by earnings of NT\$ THOUSANDS,000. T capital after capital increase reached NT\$ 563,500,000. 				
2004	The Company developed Tape-COF using subtractive method (also known as etching method).			
2005	The Company established the second factory to produce Tape-COF.			
2006	 The Company handled capital increase in cash of NT\$ 546,500,000 and the paid-in capital after capital increase reached NT\$ 1,110,000,000. The clients began the certification of Tape-COF product and volume production started. 			
2007	The second factory of the Company passed OHSAS-18000 certification.			
2008	The Company introduced semi-additive (also known as plating) technology to produce Tape-COF.			

Year	Record of Important Events		
2010	The Company passed TS-16946 certification.		
2011	The Company became the only company with volume production using semi-additive process in the world.		
2012	The Company stopped producing Tape-COF using subtractive method and presented mpairment loss of NT\$ 906,277,000 (including fixed assets of NT\$ 883,193,000 and asset easing of NT\$ 23,084,000).		
2013	 The Company handled capital decrease of NT\$ 4000,000,000 on April 1 and split and transferred the wire frame part to "Taiwan SUMICO Technologies Co., Ltd." in form of brother separation. The paid-in capital after capital decrease reached NT\$ 710,000,000. In June, SMMAP transferred 70% of equity held in the Company to SUMIKO TAPE MATERIALS SINGAPORE PTE. LTD. (hereinafter referred to as STM). 		
2014	 Chang Wah Electromaterials Inc., the second largest shareholder of the Company, acquired all equity held by STM in the Company at the end of March with shareholding ratio of 100%, and it was also renamed as "JMC Electronics Co., Ltd.". In order to strengthen the operating system of the Company, Chipmos Technologies Inc., a semiconductor enclosed test factory, was introduced for strategic investment and it became the second largest shareholder of the Company. The Company handled loss compensation by capital decrease of NT\$ 410,000,000. The paid-in capital after capital decrease reached NT\$ 300,000,000. The Company handled capital increase in cash of NT\$ 400,000,000 and the paid-in capital after capital increase reached NT\$ 700,000,000. 		
2015	 The Company handled capital increase in cash of NT\$ 200,000,000 and the paid-in capital after capital increase reached NT\$ 900,000,000. In January, the Company resumed the production of the stopped subtractive process production line and recognized and reversed impairment loss to income of NT\$ 121,939,000. The Company stock was approved for public listing in August. The Company stock was registered in TPEx for listing in September. 		
2017	 The Company handled capital increase in cash of NT\$ 100,000,000 before initial listing. The paid-in capital after capital increase reached NT\$ THOUSANDS,000,000. The Company stocked was listed in Taiwan Stock Exchange for trading in January. 		
2018	1. In the second half of this year, the demand for driver IC used for smartphone from COG to COF was increased gradually month by month.		
2019	1. In April, Chipmos Technologies Inc. was no longer a major shareholder holding more than 10% of shares in the Company.		
2020	1. The Company handled loss compensation by capital decrease of NT\$ 170,000,000. The paid-in capital after capital decrease reached NT\$ 830,000,000.		
2021	1. The Company issued convertible corporate bond of NT\$ 500,000,000.		

III. Corporate Governance Report

(I). Organization system:

(A) Organization structure



(B) Business of each major department:

(D) Dusiliess of each	h major department:
Main Department	Main Responsibilities
General Manager Office	Submit proposals for middle- and long-term business plans to the executive level for decision-making. Launch and execute project business handed over by the senior management.
Manufacturing Division	Decide on worksheets based on production plans, arrange production lines per product categories, track production progress, control the production quality, and improve working efficiency.
Quality Assurance Division	Formulate quality assurance system and related procedures, inspect the quality in each stage, and ensure the improvement of quality of materials purchased from suppliers as well as guidance quality.
Equipment Technology Division	Plan the maintenance of production machinery equipment and management-related work as a whole.
Production Planning Division	Make production plans according to sales plans provided by the business department.
R&D Engineering Division	Development and research of new products Development and planning of core technologies and import to production processes Re-improvement of R&D personnel's research and development capacity
Design Engineering Division	Drawing development and research of existing products Researches on fixtures used for development of new products
Process Engineering Division	Performance improvement of existing products Application of existing products in new fields Improvement and quality enhancement of product processes
Administration Division	 Personnel: In charge of formulating and executing the Company's personnel rules and regulations. General affairs: In charge of matters related to the handling of general affairs of the Company. Information: In charge of matters related to the establishment and maintenance of the Company's information system. Purchasing: In charge of purchasing all raw materials, fixed assets and sundries of the Company.
Marketing Division	Overall planning of formulation of the Company's annual business plan as well as integration and execution of marketing strategies for the fulfillment of objectives Elimination of abnormalities in product management and payment receipts Formulation of business development strategic planning and execution plans Searching of market information and customer development Competitiveness analysis of market products, and study and drafting of responsive strategies to ensure profits and market share Customer relations and customer management
Finance & Accounting Department	Overall financial planning of the Company, capital application dispatch and risk management Planning and drafting of the Company's financial system and

Main Department	Main Responsibilities
	operating procedures Support and analysis of decision-making on accounting, taxation, and stock affairs management and work Coordination with CPA to check accounts.
Audit Office	Routine audit of operating activities and flows, execution and improvement of internal control system, and provision of relevant analysis reports for the management
Environmental Protection Department	Take charge of matters related to the environmental protection of the Company.
Safety Department	Take charge of work safety, work affairs and other relevant matters of the whole factory. Take charge of matters related to the occupational safety and health of the Company.

(II). Information regarding directors, general manager, Vice President, assistant managers, and heads of each department and branches:

April 30, 2022; unit: Share

(A) Director's information

Xa Xa						
nd ship Remark tion toon			9			
Other managers and directors regarding spouse or relative of second degree of kinship. Title Name Relation None None None			ne None			
Other madirector spouse c	Title Na	None None	None None			
Concurrent position(s) currently held in the Company and other companies		Chairman & CEO of Chang Wah Technobgy Co., Ltd. Chairman of JMC Electronics Co., Ltd. Chairman of Chang Wah Electronics Co., Ltd. Chairman of Chang Wah Electronics Co., Ltd. Corporate Director Representative of Elite Semiconductor Microelectronics Technobgy Inc. Corporate Director Representative of Vizioniocus Inc. Corporate Director Representative of How Wehh Holding (Cayman) Co., Ltd. Corporate Director Representative of Silver Corporate Director Representative of Silver Tai Contrana of Silver Connection Co., Ltd. Corporate Director Representative of Silver Tai Contrana of Silver Connection Co., Ltd. Corporate Director Representative of Silver Tai Contrana of Silver Connection Co., Ltd. Corporate Director Representative of WSP Electromaterials Ltd. Corporate Director Representative of WSP Electromaterials Ltd. Director of CWE Holding Co., Ltd. Corporate Director Representative of WSP P	Vice Chairman of Chang Wah Electromaterials Inc. Ceneral Manager and Corporate Director Representative of Chang Wah Technology Co., Ltd. Corporate Director Representative of How Weilh Holding (Cayman) Co., Ltd. Director of Suzhou Xinshengke Semiconductor Materials Co., Ltd. Director of Changdu Xinshengke Semiconductor Materials Co., Ltd. Director of Chengdu Xingsheng Semiconductor Chengdu Xingsheng Semiconductor Chengdu Xingsheng Semiconductor Chengdu Xingsheng Semiconductor Chengdu Xingsheng New Materials Co., Ltd. Chairman of Mabysian SH Eketronics Sdn.Bhd Director of SH Asia Pacific Representative of Silver Corporate Director Representative of Silver Comnection Co., Ltd.			
Main experience (education)		Machinery Department of Chung Yuan Christian University Design Engineer of Yang Heavy Machinery Manufacturing Co., Ltd Process Engineer of ASE Electronics Product Engineer of OSE Corp. Assistant Manager of Wah Lee Industrial Corp.	Vice Chairman of Chang Wah Electromaterials Inc. General Manager and Corporate Director Ceneral Manager and Corporate Director Ceneral Manager of Pawan SUMICO Precision General Manager of Taiwan SUMICO Precision Corporate Director Representative of IMC General Manager of Taiwan SUMICO Precision General Manager of Taiwan SUMICO Precision Director of Suzhou Xinshengke Semiconductor Co., Ltd. Materials Co., Ltd. Director of Chengdu Xingsheng New Materials Co., Ltd. Director of Chengdu Xingsheng New Materials Co., Ltd. Chairman of Mabysian SH Eketronics Sdn. Bhd. Chairman of Mabysian SH Eketronics Sdn. Bhd. Chairman of Mabysian SH Eketronics Sdn. Bhd. Chairman of Mabysian SH Eketronics Sdn. Ltd. Corporate Director Representative of Silver Connection Co., Ltd. Chairman of Mabysian SH Eketronics Sdn. Bhd. Chairman of Mabysian SH Eketronics Sdn. Ltd. Corporate Director Representative of Sliver Connection Co., Ltd. Co.,			
Shares held in the name of others	Shareholding nares ratio					
	Shareholding Shares ratio					
Shares currently held by spouse and minor children	Shares					
olding	Shareholding Shares ratio	0.02%	42.81% 0.02%			
Current shareholding	Shares Sh	15,000	16,600			
	Shareholding ratio	2.96%	0.02%			
Shareholding when elected	Shares Sha	15,000	34,735,390			
Term of SF		m	m			
Date Te		2021	Jul. 1,			
Date Elected		Oct.1, J	Jan. 18, Jul. 2019 202			
Nationality or Place of Registration		ROC	# H			
Gender and Age		Mak 60∼70	Mak 50~60			
Name		Representative of Yuan Yao Energy Technobgy Co, Ltd.: HUANG, CHIA-NENG	Representative of Chang Wah Electromaterials Inc.: HONG.			
Title		Chairman	Director			

			,		T	
Remark .						
		None	None	None	None	
re managa se or rel degree of degree of Nome		None None	None None	None None	None None	
	ng , rtd				No	
Concurrent position(s) currently held in the Company and other companies	Corporation Corporation Comporation Committee and Remuneration Committee of Committee and Remuneration Committee of C.C.P. Connect Probes Co., Ltd. Independent Director and Member of Audit Committee and Remuneration Committee of Radiun Life Tech Co., Ltd. Independent Director and Member of Super Corporate Director Representative of Super Corporate Director Representative of Afrack Corporate Director Representative of Afrack Corporate Director Representative of Taichung Bank Securities Co., Ltd. Corporate Director Representative of Taichung Bank Securities Co., Ltd.	Chipmos Technologies Inc. Deputy Executive General Manager of Tainan Operation Manufacturing Center	Accountant of Shunyi United CPA Independent Director of Tong Ming Enterprise Co. Ltd.	Director of Lingsen Precision Industries, Ltd.	gy Inc.	
rrent position(s) currently held	Corporation Independent Director and Member of Aud Comporation Independent Director and Member of Aud Committee and Remuneration Committee Committee and Remuneration Committee Independent Director and Member of Aud Committee and Remuneration Committee Radium Life Tech Co. Ltd. Radium Life Tech Co. Ltd. Corporate Director Representative of Sup Dragon Technology Co. Ltd. Corporate Director Representative of Afrir Technology Inc. Corporate Director Representative of Afrir Corporate Director Representative of Afrir Corporate Director Representative of Afrir Rednology Inc. Corporate Director Representative of Taic Bank Securities Co. Ltd. Corporate Director Representative of Taic Bank Securities Co. Ltd. Corporate Director Representative of Taic Bank Securities Co. Ltd.	Chipmos Technologies Inc. Deputy Executive General Manag Operation Manufacturing Center	i United CP r of Tong M	Precision In	Director of Powertech Technology Inc.	
rent positi Company a	Corporation Independent Manage Corporation Independent Director and Me Committee and Remuneration Committee and Remuneration Medium Life Tech Co., Ltd. Independent Director and Me Radium Life Tech Co., Ltd. Independent Director of Orlea Corporate Director Represent Corporate Director Represent Director Represent Director Represent Corporate Director Represent Corporate Director Represent Corporate Director Represent Bank Securities Co., Ltd. Corporate Director Represent Corporate Director Represent Dir	Chipmos Technologies Inc. Deputy Executive General J Operation Manufacturing C	nt of Shuny ent Directo	of Lingsen l	of Powertee	
Concu	Chairman and G Corporation Independent Dir Committee and Independent Dir Committee and Independent Dir Committee and Independent Dir Corporate Direc Gorporate	Chipmos Deputy E Operatio	y Accounta Independ Co Ltd.	Director		
(uo	MBA of University of St. Thomas, Minnesota, the United States Thairman of Concord Securities Group	ctrical en ng Kung nts	Accounting Department of Tamkang University Accountant of Shunyi United CPA Dubbitte Assistant Manager and Certified Independent Director of Tong Min Dubbit Accountant Co., Lut.	Culture Precision sion	Department of Industrial Management at National Cheng Kung University Vice President of Semiconductor Department of OSE Copr. General Manager of CTIMES (currently renamed as Walton Advanced Engineering Inc.) Senior Vice President of Siliconware Precision Industries Co., Ltd. Chairman of TenaPower Technobgy Inc. Chairman of TenaPower Technobgy Inc. CEO, General Manager and Consulant of Fereichnobgy No.	
Main experience (education)	IMBA of University of St. Thomas, Minr the United States Chairman of Chairman of Concord Securities Group	Master's Degree in Institute of Electrical Engineering of National Sun Yat-sen University Assistant Teacher of National Cheng Kung University Philips Electronic Building Elements Industries (Taiwan) Ltd Vice President of LCDD Production Hadduarters of Chimnos Technologies Inc.	Accounting Department of Tamkang Univ Debitte Assistant Manager and Certified Public Accountant	Department of Physics of Chinese Culture University Assistant Manager of Siliconware Precision Industries Co., Ltd. General Manager of Lingsen Precision Industries, Ltd.	Department of Industrial Management at National Cheng Kung University Vice President of Semiconductor Departme of OSE Corn General Manager of CTIMES (currently renamed as Walton Advanced Engineering Inc.) Senior Vice President of Siliconware Precisi Industries Co., Ltd. Chairman of TeraPower Technology Inc. CEO, General Manager and Consultant of Powertech Technology Inc.	
n experien	versity of States Concord S.	gree in Inst of National acher of Na ronic Build Taiwan) Lt	Department Stant Mana Intant	of Physics of Pager of Si ager of Lin	of Industriang Kung Uj nt of Semici ager of CTI Walton Adv resident o b, Ltd. TeraPowen Manager;	
Mai	IMBA of Universi the United States Chairman of Chairman of Conv	Master's Degree in Instit Engineering of National 1 University Assistant Teacher of Nat University Philips Electronic Buildi Industries (Taiwan) Ltd Hadduarters of Chimon	Accounting Depar Debitte Assistant l Public Accountant	Department of Phy University Assistant Manager Industries Co., Ltd. General Manager or Industries. Ltd.	Department of Industrial Manag National Cheng Kung University Vice President of Semiconducton of OSE Corp. General Manager of CTIMES (cu cenamed as Walton Advanced E Inc.) Senior Vice President of Siliconv Industries Co., Ltd. Industries Co., Ltd. GCA General Manager and Cons CEO, General Manager and Cons Powertech Pechnology Inc.	
s held in the e of others Shareholding	4 # 6 6		,	004191	, , , , , , , , , , , , , , , , , , ,	
Shares held in the name of others Shares Shareholdin					,	
Shares currently shares minor chiktren name Shares shares shares					,	
Shar held b min						
ing	42.81%	10.00%		0.04%	,	
Current shareholding Shares	35,531,390	300,000		31,540	1	
	%53	8				
when elected		10.00%		0.04%	,	
Share holding when elected Shares Shares	34,735,390	000'008'8		31,540	,	
Office St		m	3	т	m	
Date Elected	Jul.1, 2021	Jul. 1, 2021	Jul. 1, 2021	Jul. 1, 2021	Jul. 1, 2021	
Date First Elected	Jul.1, 2021	0ct. 8, 2014	0ct. 2, 2015	Jul 1, 2021	Jul 1, 2021	
Nationality or Place of Registration	ROC	ROC	ROC	ROC	ROC	
Gender and Age Re	Male 70∼80	Male 50~60	Male 60∼70	Male 60~70	Male 60~70	
an		10	1 9		— G	
Name	Representative of Chang Wah Electromateriak Inc. GHOU, KANG-CHI	Chipmos Technobgies Inc. YUAN-FENG	Ke, Yong-Siang	YANG, SHUN-CHING	Hong Chia-Yu	
Title	Rep Director Elec CHG	Chipr Inc. Director Repre	Independent Ke, '	Independent YAN	Independent Hon	
T	Dir	Dir	Inder	Inder	Inder	

Note: If the chairman of a company and general manager or person with an equivalent post (top manager) are a same person, are spouse to each other, or relatives of first degree of kinship, relevant information including reason, rationality, necessity and responsive measures shall be explained (e.g. increase of number of independent directors; there shall be more than half of directors not taking concurrent posts as employee or manager).

1. Major shareholders of the institutional shareholders

	the institutional shareholders
Name of institutional shareholders	Major shareholders (Note)
Vuon Voo En ouer	Huang, Chia-Neng(98.50%)
Yuan Yao Energy	Huang, Xing-Lan (0.86%)
Technology Co., Ltd.	Liao, Fang Lu (0.64%)
	Wah Lee Industrial Corp (28.71%)
	Xinxin Investment Co., Ltd. (8.24%)
	Fubon Life Insurance Co., Ltd. (6.54%)
	Yuan Yao Energy Technology Co., Ltd. (6.11%)
	Citibank Trust Singaporean Government Foundation Special Account (4.94%)
Chang Wah	Beisijie Investment Co., Ltd. (3.10%)
Electromaterials Inc.	JMC Electronics Co., Ltd. (2.05%)
	CitiBank Trust Monetary Authority of Singapore-Special Account Entrusted
	to Manager Government of Singapore Investment Corp for Investment
	Operation (1.04%)
	Chase Bank Trust Advanced Starlight and Advanced Zonghe International
	Stock Index Foundation Special Investment Account (0.79%)
	Wu Fang Li(0.78%)
	First Bank Trust ChipMOS Technologies Depository Receipt Special
	Account (12.19%)
	Siliconware Precision Industries Co., Ltd.(10.85%)
	Yanyuan Investment Co., Ltd. (5.67%)
	Chunghwa Post Co., Ltd. (1.88%)
	HSBC Trust Mitsubishi UFJ Morgan Stanley Securities Trading Account
	(1.68%)
Chipmos Technologies Inc.	JP Morgan Taipei Branch Trust Fanjiade Stock Index Special Account
	(1.14%)
	Chase Bank Trust Advanced Starlight and Advanced Zonghe International
	Stock Index (1.06%)
	HSBC Trust ENSIGN PEAK Consulting Company (0.94%)
	CitiBank Trust Norway Central Bank Special Investment Account (0.93%)
	HSBC Trust Yakaidi Emerging Market Small Capital Stock Foundation
	(0.90%)

Note 1: Fill out names of major shareholders of this corporate shareholder (top 10 regarding shareholding ratio) and their shareholding ratios.

Note 2: If the corporate shareholder is an unincorporated organization, names and shareholding ratios of shareholders disclosed above shall be names and contribution or donation ratios of contributors or donors (relevant announcements of Judicial Yuan can be queried as reference). If the donor has already passed away, "Deceased" shall be marked.

2. Major shareholders of the co	ompany's major institutional shareholders
Name of institutional shareholders	Major shareholder (Note)
	Kangtai Investment Co., Ltd. (8.29%)
	Fushi Investment Co., Ltd. (6.53%)
	DSWL Investment Co., Ltd. (5.03%)
	Dinpool Co., Ltd. (3.28%)
	CHANG, JUI-CHIN (2.73%)
Wah Lee Industrial Corp	Zamplus Investment Co., Ltd. (2.65%)
	CTBC Bank Trust Property Special Account for ESOP Meeting of Wah
	Lee Industrial Corp (2.07%)
	HSIEH, CHIN-YEN (1.74%)
	CHEN, CHUN-YING (1.57%)
	YE, QING-BIN(1.45%)
W I	Huang, Chia-Neng(99.995%)
Xinxin Investment Co., Ltd.	HUANG, CHUN-CHIEH (0.005%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
	Huang, Chia-Neng(98.50%)
Yuan Yao Energy Technology Co., Ltd.	(0.86%)
	Liao, Fang Lu (0.64%)
Citibank Trust Singaporean Government Foundation Special Account	Non-corporated organization, N/A
	Huang, Si-Ying (4.61%)
Beisijie Investment Co., Ltd.	Huang, Pei-Wen (4.61%)
beisijie investment co., Ltd.	Huang, Yu-Jie (3.47%)
	Chang, Shu-Hui (87.31%)
	Chang Wah Electromaterials Inc. (42.81%)
	Chipmos Technologies Inc. (10.00%)
	HUANG, CHIA-NENG (2.96%)
	LI, MEI-LIEN (1.07%)
JMC Electronics Co., Ltd.	ASUS Inc. (1.00%)
JMC Electronics Co., Ltd.	LI, Sheng-Zhe(0.96%)
	HUNG, HSIEN-YEH(0.65%)
	LI, WAN-HSIA (0.59%)
	HUANG, MEI-HSUEH(0.50%)
	YANG, PI-HUA(0.37%)
CitiBank Trust Monetary Authority of	
Singapore-Special Account Entrusted to	Non-corporated organization, N/A
Manager Government of Singapore	
Investment Corp for Investment Operation	
Chase Bank Trust Advanced Starlight and	
Advanced Zonghe International Stock Index Foundation Special Investment	Non-corporated organization, N/A
	, and the second
Account	
Siliconware Precision Industries Co., Ltd.	ASE Technology Holding Co., Ltd. (100.00%)
	Spil Investment Co., Ltd. (29.45%)
	United Microelectronics Corporation (28.22%)
Yanyuan Investment Co., Ltd.	King Yuan Electronics Co. (15.34%)
	Unimicron (12.27%)
	Sigurd Microelectronics Corp (4.29%)
Chunghwa Post Co., Ltd.	Ministry of Transport and Communications, R.O.C. (100.00%)

Note 1: Fill out names of major shareholders of this legal person (top 10 regarding shareholding ratio) and their shareholding ratios.

Note 2: If the legal person is an unincorporated organization, names and shareholding ratios of shareholders disclosed above shall be names and contribution or donation ratios of contributors or donors (relevant announcements of Judicial Yuan can be queried as reference). If the donor has already passed away, "Deceased" shall be marked.

3. Directors' professional knowledge and independence

(1) Information disclosure of directors' professional qualifications and independent directors' independence:

Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of other public companies where the director holds a concurrent post of
HUANG, CHIA-NENG	Graduated from Machinery Department of Chung Yuan Christian University, Huang served as directors of multiple transnational enterprises including assistant managers of ASE Electronics, OSE Corp. and Wah Lee Industrial Corp., thus accumulating experience in operation and strategic management of the semiconductor industry; besides serving as chairman of companies subordinate to Chang Wah (including the Company, Chang Wah Technology and Chang Wah Electromaterials), Huang also serves as director in relevant companies in the electronic technology industry chain to contribute his expertise in corporate governance. Therefore, Huang possesses knowledge on marketing and industry, leadership, decision-making ability and operation management experience and complies with qualification of possession of work experience in corporate business for more than five years. Additionally, Huang is not involved in any circumstance stipulated in Article 30 of the Company Act.	1. Representative assigned by Yuan Yao Energy Technology Co., Ltd. which is a corporate director holding more than 5% of shares already issued by the Company. 2. Other information has already been verified according to the independence elements listed in "Measures for Setting of Independent Directors of Public Companies and Matters to Follow" issued by the Financial Supervisory Commission, and still complies with relevant independence requirements.	independent director None
HONG, CHUAN-CHENG	Graduated from The Hong Kong Polytechnic University, Hung served as general manager of Possehl Electronics and Taiwan SUMICO, thus accumulating experience in operation and strategic management of the semiconductor industry; currently, Hung serves as general manager of Chang Wah Technology and holds a concurrent post of director of multiple subsidiaries of Chang Wah with abundant knowledge on corporate governance, marketing and industry, leadership, decision-making ability and operation management experience. Therefore, Hung is capable of coming up with suggestions on corporate governance and operation management at due time. Hung complies with qualification of possession of work experience in corporate business for more than five years, and is not involved in any circumstance stipulated in Article 30 of the	1. Representative assigned by Chang Wah Electromaterials Inc. which is a corporate director holding more than 5% of shares already issued by the Company. 2. Other information has already been verified according to the independence elements listed in "Measures for Setting of Independent Directors of Public Companies and Matters to Follow" issued by the Financial Supervisory Commission, and still complies with relevant independence requirements.	None
CHOU, KANG-CHI	Graduated from of University of St. Thomas, Minnesota, the United States with IMBA, Chou served as chairman of Concord Securities Group, accumulating years' experience in fields like finance, accounting and corporate affairs; currently, Chou serves as director (chairman) of multiple production technology, securities and technology companies with abundant knowledge on corporate governance, marketing and industry, leadership, decision-making ability, accounting/financial analysis ability and operation management experience. Chou complies with qualification of possession of work experience in corporate business for more than five years, and is not involved in any circumstance stipulated in Article 30 of the	Representative assigned by Chang Wah Electromaterials Inc. which is a corporate director holding more than 5% of shares already issued by the Company. Other information has already been verified according to the independence elements listed in "Measures for Setting of Independent Directors of Public Companies and Matters to Follow" issued by the Financial Supervisory Commission, and still complies with relevant independence requirements.	3

			Ml C. dl l.P.
Condition			Number of other public companies where the
	Professional qualification and experience	Independence status (Note 2)	director holds a
Nama	(Note 1)		concurrent post of
Name			independent director
*****	Company Act.	4.5	
HSU, YUAN-FENG	With Master's Degree in Institute of Electrical Engineering of National Sun	Representative assigned by Chipmos Technologies Inc. which is a corporate director holding more than	None
TUAIN-FEING	Yat-sen University, Hsu served as assistant	5% of shares already issued by the Company.	
	teacher of National Cheng Kung University,		
	and Vice President of Philips Electronic	to the independence elements listed in "Measures for	
	Building Elements Industries (Taiwan) Ltd	Setting of Independent Directors of Public Companies	
	and LCDD Production Headquarters of Chipmos Technologies Inc., and currently	and Matters to Follow" issued by the Financial Supervisory Commission, and still complies with	
	serves as deputy manager of Tainan	relevant independence requirements.	
	Operation Manufacturing Center in	•	
	Chipmos Technologies Inc. Hsu complies		
	with qualification of possession of work experience in corporate business for more		
	than five years, and is not involved in any		
	circumstance stipulated in Article 30 of the		
	Company Act.		
	Mr. HSU, YUAN-FENG is familiar with the		
	scientific and technological development of semiconductor packaging industry and		
	specialized in production management		
	with insight for industrial development		
	and scientific and technological		
IZE	applications.	II a in an in day on done discreton and a small an exist.	1
KE, YONG-SIANG	Tamkang University with expertise in	He is an independent director and complies with independence status.	1
(independent	accounting and accountant practicing	Candidate nomination system is adopted for the	
director and	qualification, Ko served as assistant	appointment of directors of the Company according to	
convener of		Articles of Association of the Company and "Corporate	
Audit	Deloitte and currently serves as an accountant of Shunyi United CPA as well as	Governance Best Practice Principles". Each director's written statement, work experience, and current	
Committee)	independent director of Cayman Tong	employment certificate as well as relative relation table	
	Ming Enterprise Co., Ltd. with outlook on	provided have already been verified as complying with	
	international market and risk	independence status upon nomination and review; to be	
	management capacity. Mr. KO, YUNG-HSIANG has years'	specific, relatives including but not limited to directors themselves, spouses and second degree of kinship	
		haven't served as directors, supervisors or employees of	
	as independent director of the Company,	the Company or its affiliates; the directors themselves,	
	he has prudently evaluate each proposal	spouses, relatives within the second degree of kinship	
	regarding audit and finance and corporate internal control, served as convener of the	(or through utilization of name of others) haven't held shares of the Company; they haven't served as	
	Audit Committee, and continuously	directors, supervisors or employees of companies with	
	improved the supervision and	specific relation with the Company; they haven't	
	management quality of the Board of	provided services of commerce, law, finance and accounting for the Company or its affiliates in recent 2	
	on his professionalism in accounting,	years, and therefore the amount of rewards obtained is	
	taxation and abidance by relevant	zero. Besides, during two years before appointment and	
	regulations.	during the term of office, they have complied with the	
	Ko complies with qualification of	qualification elements stipulated in "Measures for	
	possession of work experience in corporate business for more than five	Setting of Independent Directors of Public Companies and Matters to Follow" issued by the Financial	
	years, and is not involved in any	Supervisory Commission and Article 14-2 of Securities	
	circumstance stipulated in Article 30 of the	Exchange Act. Additionally, the independent directors	
	Company Act.	have already independently execute relevant authorities	
		according to the power granted for the full participation in decision-making and expression of opinions in Article	
		14-3 of the Securities Exchange Act.	
YANG,		He is an independent director and complies with	None
SHUN-CHING	Chinese Culture University, Yang has	independence status.	
(independent	successively served as assistant manager	Candidate nomination system is adopted for the appointment of directors of the Company according to	
director and member of		Articles of Association of the Company and "Corporate	
Member of	Industries, Ltd., and later served as	Governance Best Practice Principles". Each director's	
Committee)	director of Lingsen Precision Industries,	written statement, work experience, and current	
	Ltd., dedicated to the operation and	employment certificate as well as relative relation table	
	strategic management of the semiconductor electronic technology	provided have already been verified as complying with independence status upon nomination and review; to be	
	industry.	specific, relatives including but not limited to directors	
	Yang complies with qualification of	themselves, spouses and second degree of kinship	
	possession of work experience in	haven't served as directors, supervisors or employees of	
	corporate business for more than five years, and is not involved in any	the Company or its affiliates; the directors themselves, spouses, relatives within the second degree of kinship	
		hold 31,540 shares already issued by the Company or	
	Company Act.	hold them in the name of others, taking up 0.04% of	
		total shares of the Company; they haven't served as	
	<u> </u>	directors, supervisors or employees of companies with	L

Condition Profes	ssional qualification and experience (Note 1)	Independence status (Note 2)	Number of other public companies where the director holds a concurrent post of independent director
CHIA-YU (independent director and member of Audit Committee) OSE Co (currer Engine of Silic Ltd., ch Inc., an consult Curren directo undisp manag Hung coposses corpor years, circum	ated from Department of Industrial gement at National Cheng Kung sity, Hung has abundant practical ence and has held important ons in multiple electronics industry obgy companies, e.g. deputy ger of Semiconductor Department of orp., general manager of CTIMES intly renamed as Walton Advanced sering Inc.)m senior Vice President convare Precision Industries Co., nairman of TeraPower Technology and CEO, general manager and tant of Powertech Technology Inc. with Judge of Powertech Technology Inc. with outed professional ability and risk gement capacity. Somplies with qualification of sision of work experience in rate business for more than five and is not involved in any	specific relation with the Company; they haven't provided services of commerce, law, finance and accounting for the Company or its affiliates in recent 2 years, and therefore the amount of rewards obtained is zero. Besides, during two years before appointment and during the term of office, they have complied with the qualification elements stipulated in "Measures for Setting of Independent Directors of Public Companies and Matters to Follow" issued by the Financial Supervisory Commission and Article 14-2 of Securities Exchange Act. Additionally, the independent directors have already independently execute relevant authorities according to the power granted for the full participation in decision-making and expression of opinions in Article 14-3 of the Securities Exchange Act. He is an independent director and complies with independence status. Candidate nomination system is adopted for the appointment of directors of the Company according to Articles of Association of the Company and "Corporate Governance Best Practice Principles". Each director's written statement, work experience, and current employment certificate as well as relative relation table provided have already been verified as complying with independence status upon nomination and review; to be specific, relatives including but not limited to directors themselves, spouses and second degree of kinship haven't served as directors, supervisors or employees of the Company or its affiliates; the directors themselves, spouses, relatives within the second degree of kinship (or through utilization of name of others) haven't held shares of the Company; they haven't served as directors, supervisors or employees of companies with specific relation with the Company; they haven't held shares of the Company; they haven't served as directors, supervisors or employees of companies with specific relation with the Company; they haven't held shares of the Company; they haven't served as directors, supervisors or employees of companies and Matters to Follow" issued b	None

Note 1: Professional qualifications and experience: Explain the professional qualifications and experience of individual directors and supervisors. If members of the Audit Committee have expertise in accounting or finance, their accounting or financial background and work experience shall be explained. Additionally, it is required to indicate if they are involved in any circumstance stipulated in Article 30 of the Company Act.

Note 2: The independence status of independent directors shall be explained, including but not limited to the followings: Whether the independent directors themselves, spouses and relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; shares of the Company held by independent directors themselves, spouses and relatives within the second degree of kinship (or in the name of others) and shareholding ratios; whether they serve as directors, supervisors or employees of companies having specific relation with the Company (with reference to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of "Measures for Setting of Independent Directors of Public Companies and Matters to Follow"); remuneration amount obtained from services provided for the Company or its affiliates in recent 2 years, involving commerce, law, finance and accounting, etc.

(2) Diversification and independence of Board of Directors:

a. Diversification of the Board of Directors:

The election and appointment of directors of the Company have already been stipulated in "Articles of Association" and "Measures for Election of Directors" of the Company. Meanwhile, the overall configuration of the Board of Directors shall be taken into account. Policy for strengthening of functions of the Board of Directors has been stipulated in "Corporate Governance Best

Practice Principles" of the Company. The composition of the Board of Directors shall be diversified except that the number of directors holding a concurrent post of manager of the Company shall better not exceed one third of total directors. Also, proper diversified guidelines are drafted based on the corporate operation, business types and development demands. It is advisable to include but not limited to the standards regarding the following two aspects:

- I. Basic conditions and values: Gender, age, nationality, culture, etc.
- II. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, industry experience, etc.

Attention shall be paid to the gender equality among members of the Board of Directors who shall also generally possess the knowledge, skills and quality needed for execution of their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors shall have the following capacity as a whole:

- 1. Operational judgment
- 2. Accounting and financial analysis ability
- 3. Operation management ability
- 4. Crisis handling capacity
- 5. Industrial knowledge
- 6. Outlook on international market
- 7. Leadership
- 8. Decision-making ability

Currently, the Board of Directors of the Company comprises 7 directors who are specialists with different professional backgrounds or fields and comply with the diversification policy. In 2021, the average age of members of the incumbent Board of Directors was 64. Directors aged above 60 took up 57% while those aged below 60 took up 43% respectively in the Board of Directors. Besides local directors in Taiwan, there is another director coming from Hong Kong, China. Currently, there is no female director among 7 directors of the Company. However, for the purpose of strengthening the diversification of the Board of Directors, the Company will attach importance to the gender equality in the composition of the Board of Directors during the reelection of directors by the Shareholders' Meeting in the future. To be specific, the Company will aim at different gender composition and increase at least 1 female director to the Board of Directors in the future so as to strengthen the diversification objective of the Board of Directors.

The specific management objectives of the diversification policy of the Board of Directors as well as fulfillment conditions of such objectives are as follows:

Management objective	Fulfillment
	condition
Number of independent directors exceeds one third of	Fulfilled
total directors.	
Number of directors holding a concurrent post of	Fulfilled
manager of the Company shall better not exceed one	
third of total directors.	
Adequate diversified professional knowledge and skills	Fulfilled

The execution status of the diversification policy regarding members of the incumbent Board of Directors in 2021 is detailed as follows:

Core diversification item						Sen	iorit	y of	Ind	ustr	ial ex	perie	nce	Profi	ciency
		_		Age		inde di	pen rect			В					Risk
Name of director	Gender	Nationality	51-60	61-70	71-80	Below 3 years	3-9 years	Above 9 years	Semiconductor product and material	Banking finance	Production technology	Electronic technology	Outlook on international market	Accounting	sk management
Chairman HUANG, CHIA-NENG	Male	ROC		v					V			V	V		v
Director CHOU, KANG-CHI	Male	ROC			V					V	v		v		v
Director HONG, CHUAN-CHENG	Male	HK	v						V			V	v		v
Director HSU, YUAN-FENG	Male	ROC	v						V			V	V		v
Independent Director KE, YONG-SIANG	Male	ROC		v			v						v	v	v
Independent Director YANG, SHUN-CHING	Male	ROC		v		v			v			v	v		v
Independent Director HONG, CHIA-TOU	Male	ROC		v		v			v			v	v		v

(B) Independence of the Board of Directors:

1. Structure of the Board of Directors:

The Company establishes a director selection system and the election and appointment procedures of all directors are open and fair, and comply with the provisions of "Articles of Association", "Measures for Election of Directors", "Corporate Governance Best Practice Principles", "Measures for Setting of Independent Directors of Public Companies and Matters to Follow" and "Article 14-2 of the Securities Exchange Act". The composition of the incumbent Board of Directors includes 3 independent directors (42.9%) and 4 non-independent directors (57.1%). The number of independent directors exceeds one third of total shareholders, and no director has kinship of spouse or the second degree of kinship with each other, and therefore it complies with the circumstances stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities Exchange Act.

2. Independence of the Board of Directors:

The Board of Directors of the Company guides the corporate strategies, supervises the management, and takes responsibilities for the Company and shareholders. As for each work and arrangement regarding corporate governance system, the Board of Directors exercises its authorities based on laws and regulations, Articles of Association of the Company or resolutions made by the Shareholders' Meeting. The Board of Directors of the Company emphasizes on the functions of independent operation and transparency. Independent directors also independently exercise their authorities in the Audit Committee and review if the Company has existing or potential risks to control according to the provisions of relevant laws and regulations so as to practically supervise the effective implementation of the internal control of the Company, selection and appointment of CPA and their independence, and appropriate preparation of financial statements. Additionally, cumulative voting system and candidate nomination system are adopted as election and appointment methods of directors (including independent directors) according to "Measures for Election of Directors" of the Company. Shareholders are encouraged to get involved in this process. Shareholders holding a certain number of shares may propose a list of candidates, and relevant work shall be conducted and announced according to law so as to safeguard shareholders' interests and maintain independence. The Company has established a performance evaluation system for the Board of Directors. Internal self-evaluation of the Board of Directors and assessment and self-evaluation among members of the Board of Directors are executed once every year. Furthermore, in order to enable the investors to fully comprehend other operation conditions of the Board of Directors, the Company has also disclosed relevant information in its annual report, official website or MOPS:

- (1) Operation conditions of the Board of Directors and functional committees:
- (2) Proposals and results of resolutions of the Board of Directors;
- (3) Conditions of continuing education of directors;
- (3) Announcements of applications of directors for changes in shareholding.

(C) Information regarding general manager, Vice President, assistant managers and heads of each department and branches:

)	0						b		4		April 3	April 30, 2022; unit: Share	nit: Share
Title	Name	Nationality Gender	Gender	Date elected	Share	Shareholding	Shares c by spou cl	Shares currently held by spouse and minor children	Share	Shares held in the name of others	Main experience (education)	Concurrent position(s) currently	Other n directo spouse secon	Other managers and directors regarding spouse or relative of second degree of kinship	d s f Remark
					Share S	Shareholding ratio	Share number	Shareholding ratio	Share number	Shareholding ratio		companies	Title Na	Title Name Relation	u
General Manager	LI, WAN-HSIA	ROC	Female	Jul. 1, 2014	490,530	0.59%	,	,	ı	,	Department of Chemical Engineering of National Taiwan University Vice President of Asia Microelectronics Co., Ltd. General Manager of Simpal Electronics Co., Ltd.	None	1	1	,
Vice President	HUANG, MEI-HSUEH	ROC	Female	Jul. 1, 2014	415,000	0.50%	'	,	ı		Department of Chemical Engineering of Kaohsiung Junior College of Technology Division Chief of Asia Microelectronics Co., Ltd. Vice President of Simpal Electronics Co., Ltd	None	1	1	
Head of Quality Assurance Division	CHEN, CHI-YANG	ROC	Male	Mar. 7, 2016	5,810	0.01%	,	·	1		Department of Electronics Engineering of Cheng-Shiu Junior College of Technology Director of Quality Assurance Department of Asia Microelectronics Co., Ltd. Manager of Quality Assurance Department of Simpal Electronics Co., Ltd.	None	1		
Head of R&D Engineering Division	HSIA, CHIH-HSIUNG	ROC	Male	Apr. 1, 2014	25,560	0.03%	'	,	'		Institute of Chemical Engineering of National Cheng Kung University R&D Director of Engineering Department of Asia Microelectronics Co., Ltd. Manager of R&D Department of Simpal Electronics Co., Ltd.	None	ı		

ırk					
Remark		1	'	,	1
Other managers and directors regarding spouse or relative of second degree of kinship	Name Relation	ı		1	
manager tors rega se or relater ond degre kinship	Name	1			
Other direc spous sec	Title	1	,	1	
Concurrent position(s) currently held in other	companies	None	None	None	None
Main experience (education)		Institute of Materials of I-Shou University Design Director of Engineering Department of Asia Microelectronics Co., Ltd. Manager of Design Department of Simpal	Institute of Chemical Engineering of Feng Chia UniversityProcess Director of Engineering Department of Asia Microelectronics Co., Ltd. Manager of Engineering Department of Simpal Electronics Co., Ltd.	Law Department of National Chung Hsing University Manager of HR Department of Simpal Electronics Co., Ltd. Chief of Administration Division of Flexium Interconnect.Inc	Department of Business Administration of Feng Chia UniversityDirector of Business Department of Asia Microelectronics Co., Ltd. Manager of Business Department of Simpal Electronics Co., Ltd.
Shares held in the name of others	Shareholding ratio	·	,	'	·
Shares	Share number	-	'	1	,
Shares currently held by spouse and minor children	Shareholding ratio	'	,	,	•
Shares cr by spous	Share number	1	'	1	'
Shareholding	Shareholding ratio	0.01%	0.01%	,	0.01%
Share	Share number	8,300	9,620	,	6,640
Date elected		Apr. 1, 2014	Apr. 1, 2014	Dec. 29, 2014	Apr. 1, 2014
Gender		Male	Male	Male	Male
Nationality Gender		ROC	ROC	ROC	ROC
Name		Jin Bao Tsai	LIN, CHIEN-YI	KO, SHENG-TUNG	CHEN, SUNG-CHOU
Title		Head of Design Engineering Division	Head of Process Engineering Division	Head of Administration Division	Head of Marketing Division

The Mationality Gender elected Shareholding Shares rurrently held Shares held in the Aug. 1, ROC Male ROL Female 2017 ROL Female 2014 ROC Female 2014 ROC Female 2014 ROC Female Shareholding Share Shareholding Shareh																	
Nationality Gender elected Share holding Share Sturrently held Shares held in the elected shareholding share sturrently held shareholding share statio number ratio number ratio number ratio number ratio number shale shareholding share shareholding sharehol	Remark																
Nationality Gender elected Share holding Share Sturrently held Shares held in the elected shareholding share sturrently held shareholding share statio number ratio number ratio number ratio number ratio number shale shareholding share shareholding sharehol	gers and garding lative of gree of	Relation															
Nationality Gender elected Share holding Share Sturrently held Shares held in the elected shareholding share sturrently held shareholding share statio number ratio number ratio number ratio number ratio number shale shareholding share shareholding sharehol	manag cors reg e or reg nd deg kinshi	Name															
Nationality Gender elected Shareholding Share Stareholding Share Shareholding Shareho	Other direct spous seco	Title 1															
Nationality Gender elected Share Shareholding Share currently held shares currently held shares held in the name of others children Share Shareholding Share Shareholding Share Shareholding number ratio number ratio ROC Male 2017 ROC Female Apr. 1, 16,600 0.02%	Concurrent position(s) currently held in other	companies		N	Nome							Mono	allon				
Nationality Gender elected no	Main experience (education)		Engineering Department of Orient Junior College of	Technology	Deputy Manager of	Sumiko Electronics	Taiwan Co., Ltd.	Institute of Finance of	I-Shou University	Section Chief of Finance &	Accounting Department of	Walton Advanced	Engineering Inc.	Manager of Finance &	Accounting Department of	Simpal Electronics Co.,	[.+d
Nationality Gender elected no	s held in the e of others	Shareholding ratio			•								1				
Nationality Gender elected no	Shares	Share number			•								ı				
Nationality Gender elected no	currently held se and minor hildren	Shareholding ratio			ı								ı				
Nationality Gender elected no	Shares c by spou cl	Share number			•								'				
Nationality Gender elected no	eholding	Shareholding ratio			•							70000	0.0270				
Nationality Gender ROC Male ROC Female	Shar	Share number			'							16600	10,000				
Nationality Gender ROC Male ROC Female	Date elected			Aug. 1,	2017							Apr. 1,	2014				
	Gender											Lomolo	remaie				
	Nationality			200	KUC							DOG	NOC				
Nar LIP MENG-I	Name			LIN,	MENG-HSIEN			CHEN, HSING-CHEN									
Title Name Deputy Head of LIN, Manufacturing MENG-HSIEN Division Manager of CHEN, Finance & CHEN, Accounting HSING-CHEN	Title		Deputy Head	of	Manufacturing	Division					Manager of	Finance &	Accounting	Department			

Note: If the general manager or person with an equivalent post (top manager) and the chairman are a same person, are spouse to each other, or relatives of first degree of kinship, relevant information including reason, rationality, necessity and responsive measures shall be explained (e.g. increase of number of independent directors; there shall be more than half of directors not taking concurrent posts as employee or manager).

(III). Remuneration paid to directors, general manager and Vice President in recent years: (A) Remuneration paid to directors, general manager and deputy managers in 2021: 1. Remuneration of directors (including independent directors)

Unit: NT\$ THOUSANDS; %

r	einvestment	tion received fro t enterprises bey diaries or not																
Total of items A, B, C, D, E, F	l G and over net ne after tax	All companies financial re							5,254	1.6								
Total o A, B, C,	and G and ratios over net income after tax	The Comp	any						5,254	1.6								
ent	rd (G)	All companies in the	Stock															
ncurr	rewa	financial report	Cash							1								
d by co	Employee reward (G)	The Company	Stock															
eceive			Cash															
ation receiv employees	Severance pay and pensions (F)	All companies financial re																
nunera	Seve pay pen	The Comp	any															
Relevant remuneration received by concurrent employees	Remuneration, bonus and allowances (E)	All companies financial re																
Rele	Remund bonu allowar	The Comp	any															
items and D	atios net after x	All companies financial re							5,254	1.6								
Total of items A, B, C and D	and ratios over net income after tax	The Comp	any						5,254	1.6								
	Business execution fees (D)	s in the																
	Busi exect fees	any																
nc	tor d (C)	All companies financial re			4,030													
Director's remuneration	Director reward (C	The Company	(Note 3)	4,030														
ctor's rer	Severance pay and pensions (B)	All companies financial re																
Direc	Seve pay pen (The Comp	any															
	/ (A)	All companies financial re	s in the port						1 224	1,224								
	Salary (A)	The Comp	any						1 224	1,224								
			Yuan Yao Energy Technology Co., Ltd.	Representative: HUANG, CHIA-NENG	Huang, Chia-Neng	Chang Wah Electromaterials Inc.	Kepresentative: CHOU, KANG-CHI Chang Wah Electromaterials Inc.	Representative: TSAI, RONG-DONG	Chang Wah Electromaterials Inc.	Representative: TSAI, JEN-FENG	Chang Wah Electromaterials Inc.	Representative:	HONG, CHUAN-CHENG	Chipmos Technologies Inc.	Representative: HSU, YUAN-FENG	Chipmos Technologies Inc.	Representative: HUANG, KUO-LIANG	
			Chairman	(Note 1)	Chairman (Note 2)	Director	(Note 1) Director	(Note 2)	Director	(Note 2)		Director		Director	חוו פרנטו	Director	(Note 2)	

r	einvestment	tion received fro t enterprises bey diaries or not				1			mount of
Total of items A, B, C, D, E, F	and G and ratios over net income after tax	All companies financial re				1,554			to the a
Total o A, B, C,	and (ratios c incom ta	The Comp	any			1,554 0.5			mit time
ınt	-d (G)	All companies in the	Stock			ı			and in
ncurre	e rewai	financial report	Cash			ı			l risks
d by cc	Employee reward (G)	The Company	Stock			ı			Ssume
Relevant remuneration received by concurrent employees		All companies	Cash s in the						lities a
ration receiv employees	Severance pay and pensions (F)	financial re	port			-			idisho
emnue		The Comp All companies							ng rest
evant r	Remuneration, bonus and allowances (E)	financial re				1			ncludi
Rel	Remur boni allowa	The Comp	any			•			factors
Total of items A, B, C and D	atios · net e after x	All companies financial re				1,554 0.5			ancy of
Total of items A, B, C and D	and ratios over net income after tax	The Comp	any			1,554 0.5			as relev
	Business execution fees (D)		companies in the financial report The Company						as well
	Bus exec fee	The Comp	any						
ion	Director eward (C)	All companies financial re							dent dir
nunerat	Director reward (C	The Company ((Note 3)						indenen
Director's remuneration	Severance pay and pensions (B)	All companies financial re	s in the port						ture for
Dire	Seve pay pen	The Comp	any			1			Struc
	y (A)	All companies financial re				1,554			dard and
	Salary (A)	The Comp	any			1,554			m. stand
		KE, YONG-SIANG	YANG, SHUN-CHING	HONG, CHIA-YU	HSU, WAN-LIN	CHEN, WEI-HUANG	1 Please explain remineration nayment nolicy system, standard and structure for independent directors as well as relevancy of factors including responsibilities assumed, risks, and input time to the amount of		
Title					Independent Director (Note 1)	Independent Director (Note 1)	Independent Director (Note 2)	Independent Director	1. Please exnla

2. Except information disclosed in the preceding table, remuneration received by directors of the Company in recent years for the provision of services to all the companies in the financial report (e.g., serving as responsibilities pointly statistical princy, system, statistical and statistical macroins and an entire to the amount of the Company shall be handled according to "Remuneration Administrative Measures" of the Company shall pay each independent director NT\$ 30,000-NT\$ 60,000 only per month no matter if the Company has profit or loss. The Remuneration Committee will come up with suggestion and then submit it to the Board of Directors for a resolution. consultant other than employee in parent company/all companies in the financial report/reinvestment enterprises): None.

Note 1: Newly elected in the comprehensive reelection in the regular Shareholders' Meeting on July 1, 2021.

Note 2: Previously elected in the comprehensive reelection in the regular Shareholders' Meeting on July 1, 2021.

Note 3: Remuneration of directors of NT\$ 4,030,000 was distributed for the year 2021 after being approved by the Board of Directors on March 15, 2022.

Remuneration Scale of the Directors

		Name of	director	
Scale of remuneration paid to each director of	Total of the first for	ır items (A+B+C+D)	Total of the first seven it	tems (A+B+C+D+E+F+G)
the Company	The Company	All companies in the financial report H	The Company	All companies in the financial report I
Below 2,000,000	-	-	-	-
2,000,000 (included) ~5,000,000 (excluded)	-	-	-	-
5,000,000 (included)~10,000,000 (excluded)	Representative of Yuan Yao Energy Technology Co., Ltd.: HUANG, CHIA-NENG; HUANG, CHIA-NENG; representative of Chang Wah Electromaterials Inc.: TSAI, RONG-DONG; representative of Chang Wah Electromaterials Inc.: TSAI, JEN-FENG; representative of Chang Wah Electromaterials Inc.: HONG, CHUAN-CHENG; representative of Chang Wah Electromaterials Inc.: CHOU, KANG-CHI; representative of Chang Wah Electromaterials Inc.: CHOU, KANG-CHI; representatives of Chipmos Technologies Inc.: HUANG, KUO-LIANG, KE, YONG-SIANG, HSU, WAN-LIN, CHEN, WEI-HUANG, YANG, SHUN-CHING and HONG, CHIA-YU	Yao Energy Technology Co., Ltd.: HUANG, CHIA-NENG; HUANG, CHIA-NENG; representative of Chang Wah Electromaterials Inc.: TSAI, RONG-DONG; representative of Chang Wah Electromaterials Inc.: TSAI, JEN-FENG; representative of Chang Wah Electromaterials Inc.: HONG, CHUAN-CHENG; representative of Chang Wah Electromaterials Inc.: CHOU, KANG-CHI; representatives of Chipmos Technologies Inc.: HUANG, KUO-LIANG, KE, YONG-SIANG, HSU, WAN-LIN, CHEN, WEI-HUANG, YANG,	Representative of Yuan Yao Energy Technology Co., Ltd.: HUANG, CHIA-NENG; HUANG, CHIA-NENG; representative of Chang Wah Electromaterials Inc.: TSAI, RONG-DONG; representative of Chang Wah Electromaterials Inc.: TSAI, JEN-FENG; representative of Chang Wah Electromaterials Inc.: HONG, CHUAN-CHENG; representative of Chang Wah Electromaterials Inc.: CHOU, KANG-CHI; representative of Chang Wah Electromaterials Inc.: CHOU, KANG-CHI; representatives of Chipmos Technologies Inc.: HUANG, KUO-LIANG, KE, YONG-SIANG, HSU, WAN-LIN, CHEN, WEI-HUANG, YANG, SHUN-CHING and HONG, CHIA-YU	Representative of Yuan Yao Energy Technology Co., Ltd.: HUANG, CHIA-NENG; HUANG, CHIA-NENG; representative of Chang Wah Electromaterials Inc.: TSAI, RONG-DONG; representative of Chang Wah Electromaterials Inc.: TSAI, JEN-FENG; representative of Chang Wah Electromaterials Inc.: HONG, CHUAN-CHENG; representative of Chang Wah Electromaterials Inc.: CHOU, KANG-CHI; representative of Chang Wah Electromaterials Inc.: CHOU, KANG-CHI; representative of Chang Wah Electromaterials Inc.: HONG, CHUAN-CHUANG, KUO-LIANG, KE, YONG-SIANG, HSU, WAN-LIN, CHEN, WEI-HUANG, YANG, SHUN-CHING and HONG, CHIA-YU
10,000,000 (included)~15,000,000 (excluded)	-	-	-	-
15,000,000 (included)~30,000,000 (excluded)	-	-	-	-
30,000,000 (included)~50,000,000 (excluded)	-	-	-	-
50,000,000(included)~100,000,000	-	-	-	-
(excluded)				
100,000,000 and above	-	-	-	-
Total	13	13	13	13

Note 1: The content of remuneration disclosed in this table is different from the concept of income in the income tax act, and therefore the purpose of this table is for information disclosure instead of taxation. \\

2. Remuneration paid to general manager and Vice President in 2021

													Unit: N I \$	THOUSANDS
		Salaı	ry (A)		ce pay and ons (B)		us and nces (C)	Emp	loyee	rewar	d (D)	C and D a	tems A, B, and ratios t income tax (%)	Rem reinves
Title	Name	The Co	All compan financial	The Co	All companies financial rep	The Co	All companies financial rej		he ipany	comp in fina	all panies the ncial port	The Co	All companies financial rej	Remuneration received reinvestment enterprises subsidiaries or not
		Company	companies in the ìnancial report	Company	companies in the financial report	Company	companies in the financial report	Cash	Stock	Cash	Stock	Company	companies in the financial report	ved from ises beyond · not
General Manager Vice President	LI, WAN-HSIA HUANG, MEI-HSUEH	4,560	4,560	216	216	13,560	13,560	Note	-	-	-	18,336 5.65%	18,336 5.65%	None

Note: Employee reward of NT\$ 8,061,000 was approved by the Board of Directors of the Company on March 15, 2022, but payment details haven't been approved yet.

Remuneration Scale

Scale of remuneration paid to each general manager and	Name of general manager and Vice President		
Vice President of the Company	The Company	All companies in the financial report E	
Below 2,000,000			
2,000,000 (included) ~5,000,000 (excluded)			
5,000,000 (included)~10,000,000 (excluded)	HUANG, MEI-HSUEH	HUANG, MEI-HSUEH	
10,000,000 (included)~15,000,000 (excluded)	LI, WAN-HSIA	LI, WAN-HSIA	
15,000,000 (included)~30,000,000 (excluded)			
30,000,000 (included)~50,000,000 (excluded)			
50,000,000 (included)~~100,000,000 (excluded)			
100,000,000 and above			
Total	2	2	

^{*}The content of remuneration disclosed in this table is different from the concept of income in the income tax act, and therefore the purpose of this table is for information disclosure instead of taxation.

- 3. Names of managers distributed with employee reward and distribution conditions
 - (1) Names of managers distributed with employee reward and distribution conditions

2021; unit: NT\$ /share

	Title	Name	Stock	Cash	Total	Ratio of total amount over net income after tax (%)
	General Manager	LI, WAN-HSIA				
	Vice President	HUANG, MEI-HSUEH				
	Deputy Head of	LIN,				
	Manufacturing Division	MENG-HSIEN				
	Head of Quality	CHEN,				
	Assurance Division	CHI-YANG				
	Head of R&D	HSIA,				
	Engineering Division	Jin Bao Tsai 0		2,467,239	2,467,239	1.66%
Managers	Head of Design Engineering Division					
	Head of Process Engineering Division	LIN, CHIEN-YI				
	Head of Administration	KO,				
	Division	SHENG-TUNG				
	Head of Marketing	on SUNG-CHOU ger of Finance & CHEN,				
	Division					
	Manager of Finance &					
	Accounting Department	HSING-CHEN				

Note: Passed in a resolution of the Board of Directors on November 10, 2021.

- (2) Names of managers distributed with employee reward and distribution conditions in recent year (2021): The Board of Directors of the Company approved employee reward of NT\$ 8,061,000 on March 15, 2022 and its total amount takes up 2.48% of net income after tax, but the payment details haven't been approved yet.
- (B) The ratio of total amount of remuneration paid by the Company and all companies in the consolidated statements to the directors, supervisors, general manager and Vice President of the Company over the net income after tax in recent two years as indicated in the individual or separate financial reports are compared and explained respectively and then analyzed, and remuneration payment policy, standards and portfolios, remuneration stipulation procedure, and relevancy to operational performance and future risks are explained:

1. Analysis of ratio of total amount of remuneration paid to the directors, supervisors, general manager and Vice President over the net income after tax in recent two years:

	20	21	2020	
Title		All companies		All companies
Title	The Company	in the financial	The Company	in the financial
		report	report	
Ratio of total amount of director reward	2.1%	2.1%	3.16%	3.16%
over the net income after tax	2.170	2.1%	3.10%	3.10%
Ratio of total amount of supervisors'				
remuneration over the net income after tax	-	-	-	-
Ratio of total amount of remuneration of				
general manager and deputy manager over	5.65%	5.65%	12.36%	12.36%
the net income after tax				

- 2. Remuneration payment policy, standards and portfolios, remuneration stipulation procedure, and relevancy to operational performance and future risks:
 - (1) Director reward:

The Company has already established a Remuneration Committee according to the provisions of the competent authority. Proposal for director reward is submitted to the Board of Directors for discussion and approval after relevant provisions stipulated in "Remuneration Administrative Measures" are followed, and the Remuneration Committee refers to the normal payment level in the same trade and considers directors' attendance rate, degree of participation of directors in the corporate operation and value contributed, and reasonableness of relevancy to the Company's operational performance and the future risks.

- (2) Remuneration of general manager and deputy manager:
 - The Company has already established a Remuneration Committee according to the provisions of the competent authority. The remuneration of general manager and Vice President (including salary, bonus, etc.) is proposed by the Remuneration Committee according to law to the Board of Directors for discussion and approval, and the remuneration is stipulated according to the Company's policy in current year and its profits as well as personal performance. The Company will timely review the remuneration system at any time based on its actual operation status and relevant laws and regulations so as to realize the goal of balance between the Company's sustainable management and risk control.
- (3) Future risks:
 - Policy adopted by the Company for the payment of remuneration to directors, general manager and Vice President as well as procedure for establishment of remuneration have a positive relation with operational performance and future risks.
- 3. Linkage of performance assessment of directors of the Company with remuneration: In accordance with the provisions of Article 21 and Article 24 of the Articles of Association of the Company, the Board of Directors of the Company authorized with director reward will negotiate and determine the specific amount according to the degree of participation of directors in the operation of the Company as well as value contributed together with the normal level in the same trade. If the Company obtains profits in current year, it may appropriate 1% of the aforesaid profits as director reward based on relevant resolution passed by the Board of Directors. The Company appropriated 1% of its profits as director reward in 2021 as stipulated, with a specific amount of NT\$ 4,030,000. Additionally, the results of performance assessment of the Board of Directors shall be used as reference upon selection or nomination of directors according to the provisions of "Measures for Performance Assessment of the Board of Directors" of the Company; also, the

results of performance assessment of individual directors (not including independent directors) are used as reference for the establishment of director reward distribution.

(C) The Company's operational performance has already been duly reflected in employee reward:

In accordance with Article 24 of the Articles of Association of the Company, if the Company obtains profits in current year, it shall appropriate $2\%{\sim}16\%$ of the profits as employee reward. The Board of Directors will decide to distribute it in form of stock or cash. The objects of payment include employees of subordinate companies that comply with certain conditions. The appropriation of employee profit sharing onus by the Company in recent three years is shown below:

Unit: NT\$

Year Item	2019	2020	2021
Distribution ratio	2%	2%	2%
Distribution amount	13,439,115	3,900,157	8,060,542

(IV). Corporate governance:

(A) Operation of the Board of Directors:

- 1. Information regarding operation of the Board of Directors:
 - (1) 9 meetings (A) of the Board of Directors were convened in 2021 and the attendance status of the directors is shown below:
 - (2) Attendance rate of the Board of Directors in 2021 (Total number of times actually attended by all directors/Total number of times required of all directors)

=72/73*100%

=98.63%

The attendance rate was thus above 85% (including 85%).

	i ne attendance rate				J 70 J.
Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) [B/A] (Note)	Remark
Chairman	HUANG, CHIA-NENG	5	0	100.00	Removed on Jul. 1, 2021 5 meetings to be attended
Chairman	Yuan Yao Energy Technology Co., Ltd. Representative: HONG, CHIA-NENG	4	0	100.00	Newly appointed on Jul. 1, 2021 4 meetings to be attended
Director	Chang Wah Electromaterials Inc. Representative: TSAI, RONG-DONG	5	0	100.00	Removed on Jul. 1, 2021 5 meetings to be attended
Director	Chang Wah Electromaterials Inc. Representative: TSAI, JEN-FENG	5	0	100.00	Removed on Jul. 1, 2021 5 meetings to be attended
Director	Chang Wah Electromaterials Inc. Representative: HUNG, CHUAN-CHENG	9	0	100.00	Reappointed on Jul. 1, 2021 9 meetings to be attended
Director	Chang Wah Electromaterials Inc. Representative: CHOU, KANG-CHI	3	1	75.00	Newly appointed on Jul. 1, 2021 4 meetings to be attended
Director	Chipmos Technologies Inc. Representative: HUANG, KUO-LIANG	5	0	100.00	Removed on Jul 1, 2021 5 meetings to be attended
Director	Chipmos Technologies Inc. Representative: HSU, YUAN-FENG	9	0	100.00	Reappointed on Jul. 1, 2021 9 meetings to be attended
Independent director	KE, YUNG-SIANG	9	0	100.00	Reappointed on Jul. 1, 2021 9 meetings to be attended
Independent director	HSU, WAN-LIN	5	0	100.00	Removed on Jul. 1, 2021 5 meetings to be attended
Independent director	CHEN, WEI-HUANG	5	0	100.00	Removed on Jul. 1, 2021 5 meetings to be attended
Independent director	YANG, SHUN-CHING	4	0	100.00	Newly appointed on Jul. 1, 2021 4 meetings to be attended
Independent director	HONG, CHIA-YU	4	0	100.00	Newly appointed on Jul. 1, 2021 4 meetings to be attended

Other matters to be recorded:

- (I). If any of the following circumstances exists in the operation of the Board of Directors, date and stage of board meeting, content of proposals, all independent directors' opinions, and the Company's handling of these opinions shall be explained:
 - (1) Matters listed in Article 14-3 of the Securities Exchange Act:

 Detailed in "(XI) Important Resolutions of the Shareholders' Meeting and the Board of Directors of Recent Years as of Publication Date of Annual Report" below.
 - (2) Other matters resolved by the Board of Directors with independent directors' opposing or reserved opinions and relevant record or written statement beyond the preceding matters: Not involved.
- (II). As for the execution of recusal of any director from any proposal where this director is a stakeholder, name of director, content of proposal, reason for recusal due to conflict of interest and voting status shall be explained: When the Board of Directors deliberates a proposal involving director reward, the related director shall excuse themselves upon discussion and voting on their performance and remuneration, and the other directors shall complete discussion and voting; when proposal for increase of investment amount by the Company is discussed, if a director is a stakeholder, he/she shall excuse himself/herself during discussion and voting and the other directors shall complete discussion and voting; when it is discussed and proposed for the comprehensive reelection of directors as well as nomination of candidates for directors as well as review of qualifications of nominees of directors (including independent directors), directors who become stakeholders in the discussion and voting of proposals regarding the preceding shall excuse themselves, and the other directors shall complete discussion and voting.
- (III). Information regarding cycle, period, scope, method and content of self-evaluation (or evaluation for colleagues) of the Board of Directors of the Company and execution conditions of evaluation of the Board of Directors filled out are shown below:

Execution Conditions of Evaluation of the Board of Directors

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Content of evaluation
Executed once every year	Evaluation of performance of the Board of Directors from January 1, 2021 to December 31, 2021	Performance evaluation of the Board of Directors, individual directors and functional committees	Internal self-evaluation of the Board of Directors, self-evaluation of directors and internal self-evaluation of functional committees	Note

- Notes: (1) Performance evaluation of the Board of Directors: Including degree of participation in corporate operation, improvement of decision-making quality of the Board of Directors, composition and structure of the Board of Directors, election and appointment of directors and their continuing education, and internal control.
 - (2) Performance evaluation of individual directors: Including mastery of the Company's objectives and tasks, recognition of directors' responsibilities, degree of participation in corporate operation, operation and communication of internal relations, directors' expertise and continuing education and internal control.
 - (3) Performance evaluation of functional committees: Including degree of participation in corporate operation, recognition of responsibilities of functional committees, improvement of decision-making quality of functional committees, composition of functional committees and election and appointment of their members, and internal control.
- (IV). Objectives for the strengthening of functions of the Board of Directors (e.g., establishment of Audit Committee, improvement of information transparency, etc.) in current year and recent years as well as evaluation of execution conditions of these objectives:

Objectives for strengthening of functions	Evaluation of execution conditions
of the Board of Directors	
	The Company elected and appointed three independent directors in the regular
1. Establishing an Audit	Shareholders' Meeting held on May 11, 2018, and established an Audit
Committee	Committee the same day. In each meeting of the Board of Directors convened in
	2021, all 3 independent directors attended these meetings in person.

Objectives for strengthening of functions of the Board of Directors	Evaluation of execution conditions
2. Improving information transparency	The Company has already designated specific personnel to take charge of online application work in MOPS and handling of search and disclosure of corporate information to ensure that information that may affect the decision-making of shareholders and stakeholders can be timely and appropriately disclosed.
3. Setting up channels to communicate with stakeholders	The Company has appointed spokesperson and deputy spokesperson and set up special zones on its official website to raise questions. Shareholders owning proposing right may submit proposals to the Company in annual shareholders; meeting according to the provisions of relevant laws and regulations.
4. Improving elements of the Board of Directors in each aspect	Members of the Board of Directors of the Company attach importance to diversified elements and possess knowledge, skills and quality needed for performing their duties, including different professional backgrounds of law, accounting and industry. They would listen to the reports from the business team and offer guidance and suggestions in board meetings, and maintain good communication with the business team so as to create the best interests for the shareholders.
5. Encouraging directors to engage in continuing education every year	Directors of the Company participated in refresher courses designed for directors in 2021 and all directors' continuing education reached the recommended hours.
6. Purchasing liability insurance for directors	The Company has already renewed liability insurance for directors and submitted it to the Board of Directors.

Note: Attendance in person (%) is calculated according to the number of meetings of the Board of Directors convened during term of office and meetings actually attended by the directors.

(B) Operation of the Audit Committee:

1. 5 meetings (A) of the Audit Committee were convened in 2021 and the attendance status of independent directors is shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate as a nonvoting party (B/A) (Note 1 and Note 2)	Remark
Convener	KE, YONG-SIANG	5	0	100.00	Reelected and reappointed on Jul. 1, 2021 5 meetings to be attended
Committee member	HSU, WAN-LIN	2	0	100.00	Removed on Jul. 1, 2021 2 meetings to be attended
Committee member	CHEN, WEI-HUANG	2	0	100.00	Removed on Jul. 1, 2021 2 meetings to be attended
Committee member	YANG, SHUN-CHING	3	0	100.00	Newly appointed on Jul. 1, 2021 3 meetings to be attended
Committee member	HONG, CHIA-YU	3	0	100.00	Newly appointed on Jul. 1, 2021 3meetings to be attended

- (I) If any of the following circumstances exists in the operation of the Audit Committee, date and stage of meeting of the committee, content of proposals, independent directors' opposing or reserved opinions or contents of major suggestions, resolution results of the Audit Committee, and the Company's handling of these opinions shall be explained:
 - (A) Matters listed in Article 14-5 of the Securities Exchange Act: Detailed in "(5) Operation Status in Current Year".
 - (B) Other resolved matters not approved by the Audit Committee but approved by more than two thirds of all directors beyond the preceding matters: Not involved.
- (II) As for the execution of recusal of any independent director from any proposal where this director is a stakeholder, name of independent director, content of proposal, reason for recusal due to conflict of interest and voting status shall be explained: None.
- (III) Communication of independent directors with internal audit officer and accountant:

1. Symposium attended by independent directors (members of the Audit Committee), internal audit officer and accountant:

Date	Communication highlights			
	(I) Report audit planning of financial report of 2021 as well as midterm audit			
	findings.			
	(A) Report audit findings from certification information work of financial			
	report of 2021.			
	(B) Explain planning and scope of audit.			
	(C) Explain expected auditing procedures for key audit matters in 2021.			
	(D) CPA' statement of independence			
Nov. 10 2021	(E) Explain the measures for promotion of "Corporate Governance			
Nov. 10, 2021	3.0-Sustainable Development Blueprint".			
	Suggestion from independent directors: None			
	(II) Internal control audit plan			
	(A) Report the execution conditions of audits from the first quarter to the			
	third quarter of 2021.			
	(B) Report expected execution procedures for internal control self-evaluation			
	in 2021.			
	(C) Discuss the audit plan of 2022.			
	Suggestion from independent directors: None			

2. Communication of independent directors with internal audit officer in the Board of Directors and the Audit Committee (including pre-meeting):

Date	Communication highlights
2021.01.28	Audit Business Execution Report for the 4 th Quarter of 2020 Suggestion from independent directors: None
2021.03.18	Report of Internal Control System Statement of 2020 Suggestion from independent directors: None
2021.04.26	Audit Business Execution Report for the 1st Quarter of 2021 Suggestion from independent directors: None
2021.08.11	Audit Business Execution Report for the 2 nd Quarter of 2021 Suggestion from independent directors: None
2021.11.10	Audit Business Execution Report for the 3 rd Quarter of 2021 Audit Plan of 2022 Suggestion from independent directors: None

- 3. The audit officer shall deliver the audit report to independent directors by email within one month after the report is completed.
- 4. The Company has already provided contact numbers and emails for the direct contact and communication between independent directors and the internal audit officer.
- Note 1: If an independent director leaves office before the ending date of the year, the date of exit shall be specified in the remark column. In this case, the attendance in person (%) shall be calculated based on the number of meetings of the Audit Committee convened during this independent director's tenure as well as the actual number of meetings attended by this independent director.
- Note 2: Before the ending date of the year, if an independent director is reelected, both new and former independent directors shall be filled out and it shall be specified in the remark column that this independent is the formerly appointed, newly appointed or reappointed as well as date of reelection. In this case, the attendance in person (%) shall be calculated based on the number of meetings of the Audit Committee convened during this independent director's tenure as well as the actual number of meetings attended by this independent director.

2. Key work of the year

- (1) The Audit Committee of the Company comprises 3 independent directors. The professional qualifications and experience of the committee members are detailed in the preceding "(I) Information regarding directors-3. Information disclosure of directors' professional knowledge and independence". The Audit Committee aims at assisting the Board of Directors in performing its supervision of the Company's quality and integrity during the execution of relevant accounting, audit and financial reporting flow as well as financial control. Matters deliberated by the Audit Committee mainly include:
 - Financial statements
 - Auditing and accounting policies and procedures
 - Internal control system as well as relevant policy and procedures
 - Trading of major assets or derivatives
 - Major capital lending endorsement or guarantee
 - Raising or issuing of valuable securities
 - Financial derivatives and cash investments
 - Abidance by laws and regulations
 - Existence of related party transactions and possible conflict of interest between managers and directors
 - Appeal reports
 - Anti-fraud plans and anti-fraud investigation reports
 - Information security
 - Risk management of the Company
 - Qualifications, independent and performance evaluation of CPA
 - Appointment, dismissal or remuneration of CPA
 - Appointment and dismissal of finance, accounting or internal audit officer
 - Performance of duties of the Audit Committee
 - Performance self-evaluation questionnaire of the Audit Committee

(2) Evaluation of effectiveness of internal control system

The Audit Committee evaluated the effectiveness of the policies and procedures of the Company's internal control system (including finance, operation, risk management, information security, outsourcing, abidance by laws and regulations and other relevant control measures) and reviewed the periodic reports from the Company's audit department, CPA and the management, including risk management and abidance by laws and regulations. With reference to Internal Control-Integrated Framework released by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee concluded that the Company's risk management and internal control system were effectiveness, and the Company already taken a necessary control mechanism to supervise and correct illegal behaviors.

(3) Review of financial report

The Board of Directors prepared business report, financial statements and earnings distribution proposal of the Company for the year 2021. The financial statements were entrusted to CPA Wang, Chao-Chun and Liu, Yu-Xiang from Deloitte Taiwan for the completion of audit and the issuance of audit report. The Audit Committee reviewed and concluded that no nonconformity existed in the aforesaid business report, financial statements and earnings distribution proposal.

(4) Appointment of CPA

The Audit Committee is granted with the duty to supervise the independence of the certified accounting firm to ensure the fairness of the financial statements. Generally speaking, except tax related services or specifically approved items, the certified accounting firm shall not provide other services for this Company. All the services provided by the preceding accounting firm must be approved by the Audit Committee. In order to ensure the independence of the certified accounting firm, the Audit Committee formulated an independence evaluation form with reference to Article 47 of the CPA Act as well as contents of Code of Ethics for Professional CPA No. 10 Notice: "Integrity, Impartiality, Objectivity and Independence" to evaluate if the CPA are related parties with the Company or have business contacts or financial interest relations with the Company regarding the independence, professionalism and competence of the CPA. It was deliberated and passed in the third meeting of the 3rd Audit Committee on November 10, 2021 and the forth meeting of the 5th Audit Committee on November 10, 2021 that there was no doubt about the independence and competence of CPA Wang, Chao-Chun and Liu, Yu-Xiang from Deloitte Taiwan and they were adequate to serve as the financial and tax CPA of the Company.

(5) Operation in the current year:

(5) Operat	ion in the current yea	ar:				
Audit Committee	Convening date	Content of proposal	Matters listed in the Securities Exchange Act §14-5		Resolution results of the Audit Committee	The Company's handling of opinions of the Audit Committee	Resolved matters not approved by the Audit Committee but approved by more than two thirds of all directors beyond the preceding matters
14 th meeting of the 2 nd Audit Committee	Mar. 18, 2021	1. Approve the proposal for discussion of financial report of the Company in 2020. 2. Approve the proposal for discussion of business report of the Company in 2020. 3. Approve the proposal for discussion of earnings distribution plan in 2020. 4. Approve the proposal for internal control system statement of the Company in 2020. 5. Approve the proposal for discussion of change of appointment of CPA in 2021. 6. Approve the proposal for amendment to "Rules of Procedure for Shareholders' Meetings". 7. Approve the proposal for amendment to "Procedures for Acquisition or Disposal of Assets". 8. Approve the proposal for amendment to "Investment Administrative	V V V V V V	None	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	Approved and passed by all attending directors	None
		Measures"					

Audit Committee	Convening date	Content of proposal	Matters listed in the Securities Exchange Act §14-5	contents of	Resolution results of the Audit Committee	The Company's handling of opinions of the Audit Committee	Resolved matters not approved by the Audit Committee but approved by more than two thirds of all directors beyond the preceding matters
15 th meeting of the 2 nd Audit Committee	Jun. 7, 2021	1. Proposal for appointment of internal audit officer	V	None	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	Approved and passed by all attending directors	None
1 st meeting of the 3 rd Audit Committee	Aug. 11, 2021	 Proposal for the planned signing of lease contract of plant of the Company Proposal for the Company's planned raising and issuing of the first secured convertible corporate bond in Taiwan 		None	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	Approved and passed by all attending directors	None
2 nd meeting of the 3 rd Audit Committee		 Proposal for amendment to "Investment Administrative Measures". Proposal for the Company's planned increase of investment limit 	V	None	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	Approved and passed by all attending directors	None

Audit Committee	Convening date	Content of proposal	Matters listed in the Securities Exchange Act §14-5		Resolution results of the Audit Committee	The Company's handling of opinions of the Audit Committee	Resolved matters not approved by the Audit Committee but approved by more than two thirds of all directors beyond the preceding matters
3 rd meeting of the 3 rd Audit Committee	Nov. 10, 2021	 Approve the proposal for discussion of appointment and remuneration of CPA in 2022. Approve the planned formulation of audit plan of 2022. 	V	None	attending committee members who	Approved and passed by all attending directors	None

- (C) Composition, responsibilities and operation of the Remuneration Committee:
 - 1. Membership information of the Remuneration Committee

Membership Information of Remuneration Committee

April 30, 2022

Identity	Condition	Professional qualifications and experience	Independence status	Number of other public companies where they hold a concurrent post of member of remuneration committee
Independent director (convener)	HONG, CHIA-YU	Note	Note	0
Independent director	KE, YONG-SIANG	Note	Note	1
Independent director	YANG, SHUN-CHING	Note	Note	0

Note: Detailed in "(I) Information regarding directors-3. Information disclosure of directors' professional knowledge and independence".

- 2. Information regarding operation of "Remuneration Committee" of the Company:
 - (I). The Remuneration Committee of the Company comprises three members.
 - (II). Tenure of member of this Remuneration Committee: The tenure of member of the 3rd Remuneration Committee started from August 7, 2018 and ended on May 10, 2021. Additionally, the Board of Directors of the Company appointed the members of the 4th Remuneration Committee on August 11, 2021, with tenure from August 11, 2021 to June 30, 2024. In 2021, 4 meetings (A) of the Remuneration Committee were convened with attendance status of members as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (B/A)	Remark
Convener	HSU, WAN-LIN	2	0	100	Formerly appointed
Committee member	KE, YONG-SIANG	4	0	100	Reappointed
Committee member	CHEN, WEI-HUANG	2	0	100	Formerly appointed
Committee member	YANG, SHUN-CHING	2	0	100	Newly appointed, reappointed by the Board of Directors on August 11, 2021
Convener	HONG, CHIA-YU	2	0	100	Newly appointed, reappointed by the Board of Directors on August 11, 2021

Note: Attendance in person (%) is calculated according to the number of meetings of the Remuneration Committee convened during term of office and meetings actually attended by the committee members.

3. Periodic review of remuneration by the Remuneration Committee:
The function of the Remuneration Committee of the Company is to evaluate the remuneration policies and systems for directors and managers of the Company in

a professional and objective position. It shall convene at least two meetings a year and may convene meetings at any time as needed. The Remuneration Committee may offer suggestions to the Board of Directors as reference for its decision-making.

- (I). Authorities of the Remuneration Committee of the Company
 - a. Periodically review the organization procedure of the Remuneration Committee of the Company and offer suggestions on correction.
 - b. Establish and periodically review the annual and long-term performance objectives of directors and managers of the Company as well as remuneration policies, systems, standards and structure.
 - c. Periodically evaluate the fulfillment conditions of the performance objectives of directors and managers of the Company and establish content and amount of their individual remuneration.
- (II). The Remuneration Committee shall abide by the following standards when performing its authorities.
 - a. Ensure that remuneration arrangements of the Company comply with relevant laws and regulations and are enough to attract excellent talents.
 - b. The performance evaluation and remuneration of directors and managers shall be determined with reference to the normal payment level in the same trade and in consideration of time spent by them, responsibilities borne, fulfillment of personal objectives, performance in other positions served, and remuneration paid by the Company to those of equivalent positions in recent years. Additionally, the reasonableness of linkage of individual performance with the Company's operational performance and future risks shall be evaluated based on the fulfillment conditions of the Company's short-term and long-term business objectives as well as its financial status.
 - c. The Remuneration Committee shall not guide directors and managers to adopt behaviors beyond the Company's risk appetite for the purpose of pursuing higher remuneration.
 - d. As for the ratios of dividends paid to directors and senior managers for their short-term performance as well as payment time of some changed remuneration, decisions shall be made in consideration of industry characteristics and the business nature of the Company.
 - e. Members of the Remuneration Committee shall not join the discussion and voting of decisions made on their personal remuneration.

4. Information regarding meetings of the Remuneration Committee: Information regarding meetings of the Remuneration Committee in recent year and review and evaluation of the Company's remuneration is shown below:

Name of meeting	Date	Content of proposal	Resolution result of the Remuneration Committee	Handling of opinion
11th months a of	Ian 20	1 Approve the properties		•
11 th meeting of	Jan. 28,	1. Approve the proposal for	The chair inquired all	N/A
the 3 rd	2021	discussion of the year-end bonus	attending committee	
Remuneration		of managers of the Company in	members who raised no	
Committee		2020.	objection and the competent	
			department submitted it to	
			the Board of Directors for	
			discussion.	

Name of meeting	Date	Content of proposal	Resolution result of the Remuneration Committee	Handling of opinion
12 th meeting of the 3 rd	Mar. 18, 2021	Approve the proposal for discussion of employee reward	The chair inquired all attending committee	N/A
Remuneration	2021	and director reward in 2020.	members who raised no	
Committee		2. Approve the proposal for	objection and the competent	
		presentation of 6% of employee	department submitted it to	
		bonus.	the Board of Directors for	
			discussion.	
1st meeting of the	Sep. 14,	1. Approve the proposal for	The chair inquired all	N/A
4 th Remuneration	2021	discussion of payment details and	attending committee	
Committee		date of director reward in 2020.	members who raised no	
		2. Approve the proposal for	objection and the competent	
		amendment to "Remuneration	department submitted it to	
		Administrative Measures".	the Board of Directors for	
		3. Approve the proposal for review	discussion.	
		of remuneration of independent		
		directors of the Company.		
2 nd meeting of the	Nov. 10,	1. Approve the proposal for	The chair inquired all	N/A
4 th Remuneration	2021	discussion of the work plan of the	attending committee	
Committee		Remuneration Committee of the	members who raised no	
		Company in 2022.	objection and the competent	
		2. Approve the proposal for	department submitted it to	
		discussion of payment details and	the Board of Directors for	
		date of employee reward of	discussion.	
		managers in 2020.		
		3. Approve the proposal for		
		discussion of payment details and		
		date of 6% of employee bonus of		
		managers in 2020.		

⁽D)Information regarding membership information and operation of Nomination Committee: N/A. The Company has not set up a nomination committee yet.

(E) Execution status of corporate governance, deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

			Execution status	Deviations from
				Corporate
				Governance Best
Assessment item				Practice
	Yes	No	Summary	Principles for
				TWSE/TPEx
				Listed Companies
				and reasons
(I). Does the Company followed "Corporate	>		The Company has established "Corporate Governance	No significant
Governance Best Practice Principles for		<u>—</u>	Best Practice Principles" and disclosed it in the MOPS and	deviation
TWSE/TPEx Listed Companies" to establish and		<u>. – </u>	its website.	
disclose its corporate?				
(II). Shareholding Structure & Shareholders' Rights	>		The Company has established a spokesperson and proxy	No significant
(1) Does the Company established Internal		<u>v</u>	system, and disclosed the spokesperson's contact person	deviation
Operation Procedures for handling		<u> </u>	in MOPS. Also, the Company has set up a website that	
shareholders' suggestions, concerns, disputes,		<u> </u>	contains special zones for investors, corporate	
and litigation matters? If yes, have these		ω,	governance, corporate social responsibilities and	
procedures been implemented accordingly?		S	stakeholders as reference for shareholders and	
		S	stakeholders. Additionally, the Company has set up a	
		S	specific email of stock.service@jmct.com.tw as a channel	
		<u> </u>	to handle shareholders' suggestions, concerns and	
		<u> </u>	disputes so as to assure shareholders' interests.	
		Н	Furthermore, the company has entrusted a stock affairs	
		(0	agency to handle stock affairs including shareholders'	
		<u></u>	interests.	
(2) Does the Company possessed a list of major	>		The Company entrusts its daily shareholders' work to	
shareholders of actually controlled companies		<u> </u>	professional stock affairs agency. Meanwhile,	
and beneficial owners of these major		<u> </u>	specially-assigned personnel are in charge of handling	
shareholders?		<u> </u>	relevant affairs, and mastering the list of major	
		S	shareholders of actually controlled companies and	
		<u> </u>	beneficial owners of these major shareholders.	

			Execution status	Deviations from
				Corporate
Accomment item				Governance Best Practice
Assessment item	Yes	No	Summary	Principles for TWSE/TPEx
				Listed Companies and reasons
(3) Does the Company built and executed a risk management system and firewall between the Company and its affiliates	>	4 10 10 1	As for business contacts between the Company and its affiliates, price conditions and payment terms have already been clearly established in principles of fairness	
		3 (0 0	already established "Administrative Measures for Trading of Group Enterprises, Specific Companies and Related	
		<u>н н</u>	Parties" to standardize the trading with affiliates. Furthermore, the Company has already clearly divided the	
		<u> 1</u> 4	management responsibilities for personnel, assets and finance among affiliates, and each affiliate has established	
		<u> </u>	independence finance and business systems without	
(1) Door the Community actablished intonnal miles	`	<u> </u>	co-use of loan limit, thus effectively realizing risk control.	
(4) Does the Company established internal rules prohibiting insider trading on undisclosed	>		The Company has established "Procedures for Handling of Major Internal Information and Prevention of Insider	
information?			Trading" to prohibit the insiders of the Company from	
			trading valuable securities by utilizing the undisclosed information in the market.	
(III).Composition and Responsibilities of the Board of	>		The election and appointment of directors of the Company have already been stinulated in "Articles of Association"	No significant
(1) Does the Company established a			and "Measures for Election of Directors" of the Company.	
diversification policy and specific			Meanwhile, the overall configuration of the Board of	
management objectives and guidelines for its Roard of Directors and have them been			Directors snall be taken into account. Policy for strengthening of functions of the Roard of Directors has	
implemented accordingly?		<u> </u>	been stipulated in "Corporate Governance Best Practice	
		<u>п</u>	Principles" of the Company. The composition of the Board	
		_	of Difectors stiall be diversified except that the number of	

			Dwonting status	Dornictions from
	-		EXECUTION STATUS	Deviauons nom
				Corporate
				Governance Best
A compact the way				Practice
Assessment item	Yes	No	Summary	Principles for
				TWSE/TPEx
				Listed Companies
			directors holding a concurrent post of manager of the	alla Leasolis
			Company shall hetter not exceed one third of total	
			dingany snan better not exceed one thing of total	
			directors, abo, proper diversified guidenines are marted	
			pased on the corporate operation, pushiess types and	
			development demands. It is advisable to include but not	
		, ,	limited to the standards regarding the following two	
			aspects:	
			. Basic conditions and values: Gender, age, nationality,	
			culture, etc.	
			I. Professional knowledge and skills: Professional	
			background (e.g., law, accounting, industry, finance,	
			marketing or technology), professional skills, industry	
			experience, etc.	
			Attention shall be paid to the gender equality among	
			members of the Board of Directors who shall also	
			generally possess the knowledge, skills and quality needed	
		, ,	for execution of their duties. In order to achieve the ideal	
			goal of corporate governance, the Board of Directors shall	
			have the following capacity as a whole:	
			1. Operational judgment	
			2. Accounting and financial analysis ability	
			3. Operation management ability	
		,	4. Crisis handling capacity	
			5. Industrial knowledge	
			6. Outlook on international market	
			7. Leadership	

			Execution status	Deviations from
Assessment item	Yes	N O	y	Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
		<u> </u>	8. Decision-making ability The specific management objectives and fulfillment conditions of the diversification policy of composition of the Board of Directors of the Company as well as the implementation status of this policy by members of the Board of Directors are detailed in Note 1.	
 (2) Other than the Remuneration Committee and the Audit Committee set up by the Company according to law, is the Company willing to set up other various kinds of functional committees? (3) Does the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of the performance to the Board of Directors, and used the results as reference for the director reward and renewal? 	>	>	The Company has already set up the Remuneration Committee and the Audit Committee which have been operated according to the provisions of relevant laws and regulations. The Company may consider adding other various kinds of functional committees in the future based on its operation status and pursuant to relevant laws and regulations. The Company has already established a performance evaluation system for the Board of Directors. The Board of Directors passed "Measures for Performance Evaluation of the Board of Directors on November 12, 2020 and has conducted performance evaluation periodically every year. The evaluation results of 2021 were already submitted to the meeting of the Board of Directors convened on March 15, 2022 and used as reference for the director reward and renewal (e.g., consideration given to the attendance rate of directors and scope of their responsibilities).	

			Execution status	Deviations from
				Corporate
Assessment item				rovei name best Practice
	Yes	No No	Summary	Principles for TWSE/TPEx
				Listed Companies and reasons
(4) Does the Company regularly evaluated the	>	I	In order to ensure the independence of the certified	
independence of its CPA?		το τ	accounting firm, the Company requests the CPA to issue	
		<u>а </u>	Directors regularly evaluates the independence of these	
			CPA every year. The Audit Committee formulated an	
		<u></u>	independence evaluation form with reference to Article	
		7.	47 of the CPA Act as well as contents of Code of Ethics for	
		<u>щ</u>	Professional CPA No. 10 Notice: "Integrity, Impartiality,	
		<u> </u>	Objectivity and Independence" to evaluate if the CPA are	
		<u> </u>	related parties with the Company or have business	
		<u> </u>	contacts or financial interest relations with the Company	
		<u> </u>	regarding the independence, professionalism and	
		0	competence of the CPA. As for evaluation of independence	
		0	of CPA of the Company in 2021, the Finance & Accounting	
		<u>—</u>	Department already completed "Evaluation Form of	
		<u>—</u>	Independence and Competence of CPA" (evaluation	
		0 (contents established with reference to Article 47 of the	
		ا ب	CPA Act as well as contents of Code of Ethics for	
		<u> </u>	Professional CPA No. 10 Notice). It was deliberated and	
		<u> </u>	passed in the third meeting of the 3 rd Audit Committee on	
		<u> </u>	November 10, 2021 and the forth meeting of the 5 th Audit	
		<u> </u>	Committee on November 10, 2021 that there was no	
		<u> </u>	doubt about the independence and competence of CPA	
		<u> </u>	Wang, Chao-Chun and Liu, Yu-Xiang from Deloitte Taiwan	
		10 0	and they were adequate to serve as the financial and tax	
		٦	CPA of the Company.	

				Execution status	Deviations from
					Corporate Governance Best
Assess	Assessment item	7	-	Č	Practice
		res	0 N	Summary	Frinciples for TWSE/TPEx
					Listed Companies
(IV). Does the Company a	Does the Company appointed competent and	>		The Company appointed finance officer to serve as	No significant
	appropriate corporate governance personnel			corporate governance officer in the board meeting on	deviation
and corporate onicer to be in charge of corporate governance affairs (including	and corporate onicer to be in charge of corporate governance affairs (including but not		<u> </u>	Marcn 18, 2021 to be in cnarge of corporate governance affairs (including but not limited to handling of matters	
limited to furnishing	limited to furnishing information required for			related to the meetings of the Board of Directors, the	
business execution l	business execution by directors, assisting		7	Audit Committee, the Remuneration Committee and the	
directors' compliant	directors' compliance of law, handling matters		<u> </u>	Shareholders' Meeting according to law; assisting	
related to meetings	related to meetings of the Board of Directors and			directors' assumption of duty and continuing education;	
the Shareholder's M	the Shareholder's Meeting according to law, and			provision of data needed for the directors' execution of	
recording minutes of board)?	of board)?			business; assisting directors' compliance of law, etc. As the	
				top officer in charge of corporate governance related	
				matters, the finance officer has engaged in the	
				management work of finance, stock affairs and procedures	
		`		for more than three years. Please see Note 2 for details.	
(V). Does the Company e	Does the Company established channels of	>	_	The Company has established a spokesperson and deputy	No significant
communicating with	communicating with its stakeholders (including		0,	spokesperson system and disclosed the spokespersons'	deviation
but not limited to sh	but not limited to shareholders, employees,			contact numbers in MOPS. Additionally, the Company has	
customers, supplier.	customers, suppliers, etc.) or created a special		<u> </u>	set up a website (http://www.jmct.com.tw/) which	
zone for stakeholde	zone for stakeholders on its official website, and			contains special zones for investors, corporate	
properly responded	properly responded to the issues of important		<u> </u>	governance, corporate social responsibilities and	
corporate social res ₁	corporate social responsibilities concerned by		<u> </u>	stakeholders for the reference of shareholders and	
its stakeholders?			<u> </u>	stakeholders. Also, the Company has set up a contact	
				platform for the stakeholders as a communication channel	
				to handle stakeholders' suggestions, doubts and disputed	
				matters and ensure their interests.	
				Please see Note 3 for the details of stakeholder's identity,	

			Execution status	Deviations from
				Corporate Governance Best
Assessment item	Yes	No	Summary	Practice Principles for
				TWSE/TPEx
				Listed Companies
		<u>}</u>	issues concerned, communication channels and ways to	200000
(VI). Does the Company appointed a professional registrar for its Shareholders' Meetings?	>		The daily shareholders' affairs of the Company have already been entrusted to a professional registrar for handling.	No significant deviation
(VII). Information disclosure (1) Does the Company established a corporate	>		The Company has already established a website (http://www.jmct.com.tw/) to disclose information	No significant deviation
website to disclose information regarding its finance, business, and corporate governance?		<u> </u>	regarding the Company's finance, business and corporate governance. This website contains special zones for	
		· -	investors, corporate governance, corporate social	
		<u> </u>	responsibilities and stakeholders for the reference of shareholders and stakeholders. Also, the Company has set	
			up a contact platform for the stakeholders as a	
		0 (communication channel to handle stakeholders'	
		<u>∞</u> +	suggestions, doubts and disputed matters and ensure their interests	
(2) Does the Company used any other	>	7	A special zone for investors has been set up on the	
information disclosure channels (e.g.		<u> </u>	Company's website to disclose information regarding	
maintaining an English-language website, designating staff to handle information		<u> </u>	mnance, business and corporate governance of the Company at any time. Additionally, relevant information	
collection and disclosure, appointing			will be uploaded to "MOPS" in the future. Special	
spokespersons, webcasting investors'		<u> </u>	personnel is designated by the Company to be in charge of	
conferences, etc.) ?		<u> </u>	disclosing major information of the Company and entering such information to MOPS as scheduled. Also,	
		<u> </u>	spokesperson system has bee implemented as stipulated.	

Assessment item (3) Does the Company announced and reported the annual financial statements within two months after the end of the first, second, and announced and reported the first, second, and thrid quarter financial statements as well as the operating status of each month before the prescribed deadline? (VIII) Does the Company disclosed other important information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employees' rights and care, investor relations, supplier relations, and announced fine statements as well as the operating status of each month before the prescribed deadline. (VIII) Does the Company dasclosed other important of its corporate governance practices (e.g. including but not limited to employees' rights and care, investor relations, supplier relations, and announced fine status. A surange of the Labor Standard Law. A provisions of the Labor Standard Law. A propriect the employees and have the employees and the prescribed deadline. (VIII) Does the Company disclosed other important of including but not limited to employees' rights and care: The Company provisions of the Labor Standard Law. A provisions of the Labor Standard Law. A provision of the employees, and announced the work in the first and care; investor relations, supplier relations, and announced fine and have the month of the prescribed deadline. (VIII) Does the Company disclosed other important of the prescribed deadline. (VIII) Does the Company disclosed other important of the prescribed deadline. (VIII) Does the Company disclosed other important of the prescribed deadline. (VIII) Does the Company disclosed other important of the prescribed deadline. (VIII) Does the Company disclosed other important of the prescribed deadline. (VIII) Does the Company and the prescribed deadline. (VIII) Does the Company and reportant of the prescribed deadline. (VIII) Does the Company and reportant of the prescribed deadline. (VIIII) Does the Company and reportant of the	
Yes No	GOVERNANCE BEST
on on one of the state of the s	Practice Summary Principles for TWSE/TPEx
Jg /	Listed Companies and reasons
he icies llicies, 2.	red announced financial e operating status of each month ons of "Operating Matters to Be ble Securities Issuers"; the ced and reported the annual hin two months after the end of unced the work in advance before I care: The Company has already or Standard Law. Additionally, the realthy, safe and human-oriented realthy, safe and human-oriented realthy, safe and interests and rights of stakeholders: The
deputy spokesperson and stock affairs s questions raised by investors regarding	deputy spokesperson and stock affairs staff to answer questions raised by investors regarding the Company at any time.

			Execution status	Deviations from
				Contraction in our
				Corporate
				Governance Best
Accompany to war the state of t				Practice
Assessinent item	Yes	No	Summary	Principles for
				TWSE/TPEx
				Listed Companies
				and reasons
		,	3. Supplier relations: The Company has maintained good	
			supply relations with all suppliers. The quality and	
			delivery period presented by each supplier has been	
			normal over the years and no situation like shortage or	
			interruption of source has ever occurred.	
			4. Rights of stakeholders: The Company and its	
			stakeholders have performed their rights and	
			obligations according to the provisions of contracts and	
			relevant operating procedures to safeguard the two	
			sides' legitimate rights and obligations.	
			5. Directors' further education: Directors and independent	
			directors of the Company have professional	
			backgrounds and practical operation and management	
			experience, and engage in further education of courses	
			related to corporate governance periodically.	
			6. Implementation of risk management policies and risk	
			evaluation measures: The internal control system and	
			administrative rules and regulations for major business	
			of the Company have been passed by the resolutions	
			made by the Board of Directors or Shareholders'	
			Meeting.	
			7. Implementation of customer relations policies: The	
			Company sticks to the Ethical Corporate Management	
			Best Practice Principles, and maintains good supply	
			relations with customers. Also, the Company designates	
			personnel to continuously communicate with	

				Execution status	Deviations from
					Corporate Governance Best
	Accassment itam				Practice
		Yes	No	Summary	Principles for
					TWSE/TPEx
				I	Listed Companies
					and reasons
				customers and solve problems regarding delivery of	
				customers' orders on time, quality requirements and	
				product after-sales services.	
				8. The Company's purchasing of liability insurance for	
				directors: Directors of the Company have all exercised	
				their authorities according to law during term of office	
				and the Company has already purchased liability	
				insurance for its directors.	
Ξ	X). Please describe the improvements based on th	e resu	ılts o	[IX]. Please describe the improvements based on the results of corporate governance evaluation announced by the Corporate Governance	rate Governance
	Center of Taiwan Stock Exchange Corporation in		t year	recent years and indicate matters and measures of priority for those not improved yet:	ot improved yet:
	It is planned to strengthen the improvement		ne pr	of the promotion of sustainable development and the information disclosure of	on disclosure of
	Shareholders' Meeting in English version accord	ing to	the 1	Shareholders' Meeting in English version according to the results of the eight corporate governance appraisal of the Company so as to	company so as to
	improve the information transparency, and app	oint a	a corl	improve the information transparency, and appoint a corporate governance officer after being approved by the Board of Directors;	ard of Directors;
	meanwhile, the Company will discuss how to o	ptimi	ize th	meanwhile, the Company will discuss how to optimize the disclosed information regarding the night index study session so as to	session so as to
	implement the spirit of corporate governance				
	,				

Note 1: The specific management objectives of the diversification policy regarding the composition of the Board of Directors of the Company as well as fulfillment conditions of such objectives are as follows:

Management objective	Fulfillment condition
Number of independent directors exceeds one third of total directors.	Fulfilled
Number of directors holding a concurrent post of manager of the Company shall	Fulfilled
better not exceed one third of total directors.	
Adequate diversified professional knowledge and skills	Fulfilled

The execution statuses of the diversification policy regarding members of the Board of Directors are detailed as follows:	es of tl	ne diversif	fication	n polic	y rega	arding	mem	pers	of the Board	of Direc	tors are d	etailed as 1	follows:		
Core diversification						Seni	Seniority of	Jt		Indu	Industrial experience	ence		Profi	Proficiency
item				Age		inde dii	independent director	nt 							
Name of director	Gender	Gender Nationality		51-60 61-70 71-80		Below 3 y	3-9 A	Above 9 years	Semiconductor product and material	Banking I finance 1	Banking Production Electronic finance technology technology	Electronic	Outlook on international Accounting management market	Accounting	Risk management
Chairman HUANG, CHIA-NENG	Male	R.O.C		>					Λ			>	Λ		Λ
Director CHOU, KANG-CHI	Male	R.O.C			>					>	>		>		>
Director HUNG, CHUAN-CHENG	Male	ΧН	Λ						Λ			Λ	Λ		Λ
Director HSU, YUAN-FENG	Male	R.O.C	Λ						Λ			Λ	Λ		۸
Independent Director KO, YUNG-HSIANG	Male	R.O.C		Λ			^						Λ	Λ	Λ
Independent Director YANG, SHUN-CHING	Male	R.O.C		Λ		Λ			Λ			Λ	Λ		Λ
Independent Director HUNG, CHIA-TOU	Male	R.O.C		Λ		Λ			Λ			Λ	Λ		Λ

Note 2: Appointment, authorities, business promotion and further education of corporate governance officer:

(I). Appointment and scope of authority of corporate governance officer:

The Company appointed finance officer to serve as corporate governance officer in the board meeting on March 18, 2021 to be in charge of corporate governance affairs (including but not limited to handling of matters related to the meetings of the Board of Directors, the Audit Committee, the Remuneration Committee and the Shareholders' Meeting according to law; assisting directors' assumption of duty and continuing education; provision of data needed for the directors' execution of business; assisting directors' compliance of law, etc. As the top officer in charge of corporate governance related matters, the finance officer has engaged in the management work of finance, stock affairs and procedures for more than three years.

- (II). Business promotion of the corporate governance officer in 2021:
- 1. Provide information regarding further education courses for the directors irregularly, and remind the directors to complete these courses and report the further education status as stipulated in accordance with the provisions of "Key Points for Promotion of Further Education of Directors and Supervisors of TWSE/TPEx Listed Companies.
- Evaluate and purchase "Director Liability Insurance" for directors and report the underwritten content to the Board of Directors. 3 :2
- Convene irregular communication meetings for CPA, independent directors, audit officer and finance officer to implement the internal audit and internal control systems. The minutes of these communication meetings are detailed in the web pages of the
- directors and committee members to attend seven days before convening of meetings of the Board of Directors and relevant committees, and provide sufficient meeting documents to facilitate directors to comprehend the relevant contents of proposals; if a director or the legal person this director represents has a stake in the meeting matters, the corporate governance officer will remind this director before the meeting and ask he/she to excuse himself/herself for conflict of interest; send meeting minutes to Handle matters related to the meetings of the Board of Directors and committees according to laws and regulations: Inform all each director within twenty days after the meeting. 4.
- Be in charge of releasing major information or announcements on important resolutions after the meeting of the Board of Directors or the Shareholders' Meeting the same day and guaranteeing the legitimacy and correctness of the information disclosed so as to assure investors' information equivalence. <u>5</u>
- The Company conducts performance evaluation of the Board of Directors periodically every year according to its "Measures for Performance Evaluation of the Board of Directors". 6.
- Provide directors with information concerning new laws and regulations on business execution, corporate governance or business operation irregularly. ζ.
- according to the term stipulated in relevant law, and prepare and report meeting date, meeting handbook and meeting minutes Handle matters related to regular Shareholders' Meeting according to law: Register date of the Shareholders' Meeting every year before prescribed term. $\dot{\infty}$
- Review the fulfillment conditions of corporate governance appraisal indexes of the Company item by item every year and come up with improvement plans and responsive measures for indexes not scored yet. 6
- 10. Provide operating information regarding the Company's business or finance according to directors' requirements and maintain smooth contact and communication between directors and each business officer.

(III). Corporate Governance Officer's continuing education for the last year:

The Institute of the course	Name of course	Date	Hours	Total
The Institute of Internal Auditors-Chinese Taiwan	Practice of Auditing Skills	April 16, 2021	9	
The Institute of Internal Auditors-Chinese Taiwan	The Institute of Internal Auditors-Chinese Data Analysis: Audit Application and Computer Taiwan Operation (EXCEL as Example)	May 6, 2021	9	ć
Accounting Research and Development Foundation	Audit Practice of Legal Compliance of Latest "Company Act" and "Shareholders' Meeting"	May 11, 2021	9	17
Digital Governance Association	Seminar of Responsibilities of Directors and Supervisors and Risk Management	September 15, 2021	3	

Note 3: Identity of stakeholders, issues concerned, communication channels and ways to respond in 2021:

Note 3: Identity of stal	Kenolders, Issues conce	Note 3: Identity of stakeholders, Issues concerned, communication channels and ways to respond in 2021:	nd ways to res	pond in 2021:
Identity of stakeholder	Issue concerned	Communication channel	Frequency	Way to respond
Shareholders and	Operational	♦MOPS	Real-time/	◆Annual regular Shareholders' Meeting
investors	performance	◆Special zone for investors on	irregular	◆Annual investors' conference
		the Company's website		◆Announcement in MOPS and publicity at the
		◆Annual regular Shareholders'		Company's website
		Meeting		♦Contact window: Miss Chou from Finance &
		◆Investors' conference		Accounting Department
		◆Inquire the spokesperson		(E-mail:stock.service@jmct.com.tw)
Customers	Customer services	Customer service specialist	Real-time/	◆Real-time response to customers
			irregular	◆Contact window: Miss Chang from Marketing &
				Business Division
				(E-mail:Erin.Chang@jmct.com.tw)
Suppliers	Provision of relevant	TEL/email	Real-time/	◆Real-time feedback of problems to suppliers
	resources and		irregular	◆Contact window: Mr. Change from Purchasing
	services needed for			Department
	the corporate			(E-mail:Jerry.Chang@jmct.com.tw)
	operation			
Financial	♦0perational	TEL/email	Real-time/	◆Real-time response to the bank
institutions	performance		irregular	◆Contact window: Miss Tseng from Finance &

Identity of stakeholder	Issue concerned	Communication channel	Frequency	Way to respond
	◆Risk management			Accounting Department (E-mail:Linda.Tseng@jmct.com.tw)
Government	Abidance by		Real-time/	◆Announcement in MOPS
agencies	government	◆Official document	irregular	Correspondence of official documents
	regulations			◆Contact window: Miss Chou from Finance &
				Accounting Department
				(E-mail:stock.service@jmct.com.tw)
Employees	◆Employee benefits	◆Employee benefit committee Annual/	Annual/	 Department heads communicate and have
	and remuneration	◆ Electronic suggestion	irregular	meetings with colleagues irregularly.
	◆Employees' rights	box/Tel/bulletin board		◆The employee benefit committee provides multiple
	and interests			benefit measures every year.
				◆Contact window: Miss Sue from Administration
				Division
				(E-mail:sue.su@imct.com.tw)

(F) Execution status of promotion of sustainable development, deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

Execution Status of Promotion of Sustainable Development, Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

			Execution status (Note 1)	Deviations from
				Sustainable
				Development Best
Promotion item	Voc	N		Practice Principles
	I es No	0N	Summary	for TWSE/TPEx
				Listed Companies
				and reasons
(I). Does the Company	^		The Board of Directors of the Company approved the amendment to "Regulations	No significant
established a			on Corporate Social Responsibilities" (renamed as "Sustainable Development Best	deviation
governance structure			Practice Principles" after amendment) on March 15, 2022, and has planned to	

			Execution status (Note 1)	Deviations from
Promotion item	Yes	No	Summary	Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
to promote sustainable development and set up full-time (part-time) unit to promote sustainable development which is handled by senior management authorized by the Board of Directors and supervised and guided by the Board of Directors?			submit it to the Board of Directors on June 9, 2022 for the setting of a sustainable development committee as full-time unit responsible for promoting the sustainable development. This committee will be in charge of proposing and implementing sustainable development policy and system or relevant management guidelines and specific promotion plan, and reporting to the Board of Directors periodically.	
(II). Does the Company implemented risk evaluation of issues related to corporate operation including environment, society and corporate governance according to materiality principle and established relevant risk	>		In order to practice corporate social responsibilities, the Board of Directors of the Company approved the amendment to "Regulations on Corporate Social Responsibilities" (renamed as "Sustainable Development Best Practice Principles" after amendment) on March 15, 2022, and has planned to submit it to the Board of Directors on June 9, 2022 for the purposes of "Implementation of Corporate Governance", "Development of a Sustainable Environment", "Maintenance of Social Welfare" and "Strengthening of Information Disclosure of Enterprise's Sustainable Development". The Company has already established "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethics" and "Regulations on Corporate Social Responsibilities" (renamed as "Sustainable Development Best Practice Principles" after amendment) as rules of	No significant deviation

			Execution status (Note 1)	Deviations from
				Sustainable Development Best
Promotion item	Yes	No	Summary	Practice Principles for TWSE/TPEx
				Listed Companies and reasons
management policies or strategies? (Note			ethics and responsibilities to be followed by directors, managers and all employees in commercial conducts. Besides the clarification of relevant rules and regulations	
2)			on attendance management, performance assessment, and reward and punishment to each new colleague, the Company has always remembered to publicity its	
			policies and relevant management regulations to them in order to realize the	
			and training programs for the employees irregularly to strengthen the employees'	
			professional skills, and enhance officers' ability so as to create high-performance achievements for the team and implement corporate social responsibilities in daily	
	ı		management.	
(III). Environmental issues	>		The Company has dedicated to maintaining the environments inside and outside	No significant
(1) Does the			the plant area as well as their compliance with the relevant environmental	deviation
Company			protection regulations as well as relevant laws, regulations and specifications of the	
established an			Ministry of Economic Affairs. The Company has already obtained ISO14001	
environmental			certificate through the DNV verification by third-party verification company and	
management system 28			continuously improved its environmental management system as well as	
appropriate for			starts from December 28, 2019 and ends on December 28, 2022. Please check the	
its industrial			website of the Company for details.	
features?				
(2) Is the Company	>		1. Energy utilization: To comply with the requirement of energy bureau for 1% of	No significant
dedicated to			annual electricity saving, the Company has gradually eliminated the old pumps in	deviation
improving the			the plant and replaced them with energy-saving pumps of IE3 and above, and	
energy utilization			replaced all lighting sources with high-efficiency Led lights.	
efficiency and			In 2021, the Company saved 34,682.3kWh electricity in total with a savings	
namg recycled			411104111 UI IN 1 \$ 03,430.	

			Execution status (Note 1)	Deviations from
				Sustainable Development Best
Promotion item	Yes	No	Summary	Practice Principles for TWSE/TPEx
				Listed Companies and reasons
materials with a low impact on environmental burden?			2. Recycled materials: In order to improve the resource recycling and re-utilization efficiency, the Company has continuously implemented each energy-saving measures. For example, ERP and double-sided paper printing have been adopted to reduce the use of paper so as to comply with the implementation of policies for less paper and less wastes. Additionally, the Company has implemented water resource recycling policy which refers to the utilization of purified wastewater in the processes, recycling of the wastewater to the cooling tower for circulation and then use of the processed water for toilet flushing. The Company has utilized wastewater generated by RO and recycled it to the cooling tower for circulation as well as used for toilet water flushing and air pollution washing tower so as to realize water-saving effect. In 2018, the new pure water system substantially improved water output efficiency. In 2021, the recycling and utilization amount of RO condensate water reached 63,826t. In 2021, the total tap water consumption reached 560,329t. In 2021, the percentage of water recycled in the water consumption in the same period reached 11.39%.	
(3) Does the	>		The Company is dedicated to promoting energy-saving and carbon reduction	No significant
Company			through its daily education and publicity of employees as well as re-utilization of	deviation
potential risks			chivin diministrations and chicago saving wastes.	
and opportunities				
brought by climate change at				
)			-	

			Execution status (Note 1)	Deviations from
Promotion item	Yes	No	Summary	Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
present and in the future and have it taken relevant responsive measures?				
(4) Does the Company gathered statistics of greenhouse gas emission, water consumption and total weight of wastes in the past two years and established policies for the reduction of greenhouse gas emissions and water consumption or administration of other wastes?	>		The global warming resulting from greenhouse gases has already become an important issue we must face. We need and have to start the control and reduction of greenhouse gases in consideration of the signing of Kyoto Protocol and release of ISO14064-1 international standard now. Issues regarding greenhouse gases have always been concerned and disputed by different countries and enterprises, e.g., damage of ozone sphere above the North Pole and the South Pole, melting of frozen glaciers and the extreme climate change. All of these examples have clearly indicated the existence of the undisputed fact of global warming and awakened developed and developing countries to closely discuss this issue. The influence of greenhouse gases has already threatened humans' survival. However, given the current industrial production model, development of economy will inevitably generate more carbon dioxide since it is closely related to people's livelihood. Scholars and experts specialized in economy and environmental protection are now commencing researches for the purposes of inhibiting the increase of greenhouse gases and realizing stable economic development at the same time. Therefore, greenhouse gas is an inevitable issue enterprises must face now. An enterprise may find a new path for its sustainable management in an operation environment with stricter carbon emission restrictions only by getting to know the issues concerning greenhouse gases as early as possible and realizing its own position in such background.	No significant deviation

				Santier states (Nets 1)		Dorniotions from
			EXE	Execution stams (Note 1)		Deviations from
						Sustainable
						Development Best
Promotion item	Yes	No		Summary		Practice Principles
						Listed Companies
						and reasons
			The Company has obtained	The Company has obtained ISO 14064-1 GHG inventory audit since 2013;	audit since 2013;	
			currently, all the external au	currently, all the external audits of the Company regarding greenhouse gases are	ng greenhouse gases are	
			entrusted to an eligible, far	ble, far third party (DNV GL). According to the inventory	ling to the inventory	
			results:			
			Greenhouse gas emissions in recent 2 years:	in recent 2 years:		
)	1	Unit: Metric ton of CO2e	
			Year	Scope 1	Scope 2	
			2019	117.9229	16,948.3598	
			2020	131.1452	19,031.7655	
			office addit statements dated 24, 2021 respectively: the re	GHG audit statements dated on October 18, 2019, October 14, 2020 and September 24-2021 respectively: the relevant data of 2021 will be undated and announced on	er 14, 2020 and September Indated and announced on	
			the website of the Company (website:	revailt data of 2021 will be 7 (website:		
			http://www.jmct.com.tw/]	http://www.jmct.com.tw/JMC_TC/L5500.html) in September 2022 after	mber 2022 after	
			acquisition of certified data and certificates.	i and certificates.		
			Water consumption and wa	and wastes generated in recent 2 years		
					Unit: Metric ton	
			Year	Total water consumption	Total wastes	
			2020	547,077	1,743.7106	
			2021	560,329	1,945.595	
			As for waste reduction proc	As for waste reduction processing, the Company has classified and screened waste	ssified and screened waste	
			plastics that can be recycled	plastics that can be recycled from the original common enterprise wastes with	enterprise wastes with	
			intermediary treatment:			

			Execution status (Note 1)	Deviations from
				Sustainable Development Best
Promotion item	Yes	No	Summary	Practice Principles for TWSE/TPEx
				Listed Companies and reasons
			In 2020, total recycling income of NT\$ 412,000 was obtained for the Company. In 2021, total recycling income of NT\$ 395,000 was obtained for the Company.	
(IV). Social issues	`		The Company has established "Working Rules for Employees" and the labor rights	No significant
(1)Does the Company established	>		and obligations comply with labor regulations and have been verified and filed by the labor hurean Additionally the Company has legally established an internal	deviation
relevant			control system featuring "Wage and Work Cycle" and formulated relevant measures	
management			for the use of human resources which were already passed by the Board of	
policies and			Directors on June 26, 2015; guarantee the legitimate rights and interests of	
procedures based			employees of the Company through the application of human resources including	
on relevant laws,			employee employment and promotion as well as each assessment; provide a	
regulations, and				
international			insurance plan and leave/attendance system, appropriate retirement pension	
conventions on			according to law, and set up employee benefit committee to safeguard employees'	
human rights?			rights and interests and promote labor and capital harmony.	
(2)Does the Company	>		The Company has established "Working Rules for Employees" and the labor rights	No significant
established and			and obligations comply with labor regulations and have been verified and filed by	deviation
reasonable			employees follow "Working Rules for Employees". Also, the Company has provided	
employee welfare			reasonable employee remuneration, bonus and dividend system, implemented	
measures (include			insurance plan and leave/attendance system, appropriated retirement pension	
salary and			according to law, and set up employee benefit committee. Please refer to Note 3	
compensation,			below or the Company's website for details.	
leave and others),				
and appropriately				
linked				
operational				

			Execution status (Note 1)	Deviations from
				Sustainable Development Best
Promotion item	Yes	No	Summary	Practice Principles for TWSE/TPEx
				Listed Companies and reasons
performance or				
achievements				
with employee				
salary and				
compensation?				
(3)Does the Company	>		The Company periodically entrusts external notarization units to conduct	No significant
provided a safe			environmental monitoring. Employees of the Company enjoy free regular physical	deviation
and healthy			checkups, and the Company also periodically implements safety and health	
environment to			education.	
its employees and			As for the protective measures adopted by the Company for the work environment	
periodically			and personal safety of employees, please check Note 4 below of the Company's	
implemented			website for details.	
safety and health				
education to				
employees?				
(4)Does the Company	>		The Company has established "Management Procedures for Employee Education	No significant
established an			and Training" and executes internal and external training every year according to	deviation
effective career			the annual education and training plan. The Company values employees' functions	
competence			and potential and neips employees improve their skills and quality through	
training program			continual learning. The Company creates a good environment for employees' career	
for its employees?			development and establishes an effective career competence development training	
	•		program to strengthen its overall competitiveness.	
(5) Does the Company	>		The Company has followed relevant regulations and international rules regarding	No significant
followed relevant			the marketing and labeling of products and services. The Company has already	deviation
regulations and			acquired the following certifications to assure the transparency and safety of	
international			information regarding products and services:	

			Execution status (Note 1)	Deviations from
Promotion item	Yes	No	Summary	Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
rules and formulated relevant policies and appeal procedures to protect consumers' or customers' interests regarding issues like customer health and safety, customer privacy, marketing and labeling concerning products and services?			1. ISO 9001 Quality management system 2. ISO 14001 Environmental management system 3. ISO 45001 Occupational health and safety management system 4. ISO 14064-1 GHG audit standard The Company values product quality and consumers' rights and interests, and has established written provisions including "Customer Complaint Notice" for the purpose of solving and handling problems appealed by customers as soon as possible.	
(6) Does the Company established	>		1. Specific practice of supply chain management The Company has established administrative measures for supplier evaluation to	No significant deviation
supplier management			evaluate the quality of materials provided by the suppliers, green product management, prices, delivery period and services and ensure that these suppliers	
requested the			Company implements periodical audits over the suppliers to effectively control the	
comply with			The Company also appraises suppliers periodically and suppliers who fail to reach	

			Exe	Execution status (Note 1)		Deviations from
						Sustainable Development Best
Promotion item	Yes	No		Summary		Practice Principles for TWSE/TPEx
						Listed Companies and reasons
related standards			the stipulated grades based	d on the appraisal results w	the stipulated grades based on the appraisal results will be removed from "List of	
on the topics of			On the basis of cooperation	Lingible Suppliers . On the basis of cooperation the Company implements requirements for	s requirements for	
occupational			sustainable development in	sustainable development in the daily management of supply chain through	supply chain through	
safety and health			evaluation, audit, perform	evaluation, audit, performance evaluation, interviews and communication of	and communication of	
or labor rights,			suppliers. Additionally, the	suppliers. Additionally, the Company has convened\d meetings with units in	meetings with units in	
and what is the			charge of quality managen	nent and relevant business	management and relevant business to authenticate and manage	
execution status?			relevant existing risks like	risks like insufficient production capacity, quality problems or	acity, quality problems or	
			supply chain interruption	supply chain interruption of the suppliers based on the actual demands, and	he actual demands, and	
			reported the management	reported the management performance of supply chain to the heads of	ain to the heads of	
			responsible departments every quarter.	very quarter.		
			Supplier evaluation	Supplier audit	Supplier training	
			1. The suppliers of the	1. The Company	1. The Company passes on	
			Company must pass	classifies its suppliers	its concept and	
			supplier appraisal and	as ISO certified	requirements to the	
			the Company must	supplier and non-ISO	suppliers irregularly	
			publicize code of	certified supplier	through various forms	
			conduct of suppliers to	based on audits.	of visit, meeting and	
			them.	Suppliers are	communication. The	
			2. The suppliers shall be	required to conduct	Company plans to invite	
			legitimate companies	self-evaluation, and	suppliers to participate	
			verified and approved	later on-the-spot	in the training of issues	
			by the government	audit or document	and course regarding	
			with required legality	audit will be	sustainable development	
			documents.	performed.	such as occupational	
				Furthermore,	safety fire protection or	

				Fxecution status (Note 1)	s (Note 1)		Deviations from
					(+ 222) 2		Sustainable
							Development Best
Promotion item	Yes	No		Su	Summary		Practice Principles for TWSE/TPEx
							Listed Companies
							and reasons
				periodic	periodical annual	green environmental	
				audit an	audit and special	protection, energy	
				audit of	audit of major issues	conservation and	
				are also	are also involved.	carbon reduction.	
				2. The suppliers'	pliers'		
				auditing	auditing personnel		
				shall co	shall comply with		
				relevant	1		
				qualific	qualifications and		
				receive	receive continuous		
				education and	n and		
				training.			
			2. Definition	2. Definitions of scoring results of supplier appraisal and responsive measures	ier appraisal anc	l responsive measures	
			Crado	Qualification certification		Annual andit	
			מומתב	audit of new supplier		Ailliual auult	
			A	Eligible: This supplier can be		Excellent It is suggested that the	
			86-100	included in List of Eligible	purchasing	purchasing department might	
				Suppliers and trading with	increase pu	increase purchasing volume.	
				this supplier can begin.			
			В	Conditionally eligible: This	Good: Norm	Good: Normal purchasing	
			71-85	supplier can be included in			
				List of Eligible Suppliers but			
				coaching shall be			
				strengthened.			
			C 0.7	Supplier to be coached: This		ed:	
			07-09	supplier can be included in	T. The Insul	1. The insufficiency discovered in	

				Execution status (Note 1)	Note 1)	Deviations from
						Sustainable Development Best
Promotion item	Yes	No		Summary	ıary	Practice Principles for TWSE/TPEx
						Listed Companies and reasons
				List of Eligible Suppliers for	audit must be traced, improved and	
				continuous trading only after	then closed.	
				the insufficiency discovered	2. Purchasing within a limited	
			0	in audit is traced, improved and then closed.	quantity	
			D	Ineligible: Products can be	Ineligible:	
			Below F	purchased from this supplier	1. The supplier must be audited again	
			59	again only after this supplier	within three months.	
				completes all improving	2. It is suggested that the purchasing	
			<u> </u>	measures.	department should reduce the	
					purchasing volume or stop	
					purchasing from this supplier until	
					the situation is improved.	
					3. If the supplier fails in three audits,	
					this supplier must be removed	
				;	from the List of Eligible Suppliers.	
			3. Execution		naterials):	
			The Company has	oany has already signed purcha.	already signed purchasing contract with Sumitomo Metal	
			Mining Co.	e., Ltd. As for suppliers not cont	Mining Co., Ltd. As for suppliers not contracted yet, the Company also conduct	
			on-the-sb	ot audit or document audit besi	on-the-spot audit or document audit besides legality documents required of these	
			suppliers.	Additionally, the Company also	suppliers. Additionally, the Company also considers whether the suppliers attach	
			importanc	se to workers' rights and intere	importance to workers' rights and interests, occupational safety and health,	
			pollution p	prevention and administration,	pollution prevention and administration, etc. The Company will increase policies	
			against th	e violations of the foregoing in	against the violations of the foregoing in the future as demanded and add term for	
			terminatic	on or rescission of contract at a	termination or rescission of contract at any time when significant impact is	
			imposed o	on the environment and society	imposed on the environment and society in communities where sources of supply	

			Execution status (Note 1)	Deviations from
				Sustainable Development Best
Promotion item	Yes	No	Summary	Practice Principles for TWSE/TPEx
				Listed Companies and reasons
			are located. The Company follows relevant rules for integrity management and requests its suppliers to perform corporate social responsibilities. The main	
			stipulated in the contracts, and therefore there is no worry about their violation of	
			environmental and social responsibilities. 4. The Company has established "Code of Conduct for Suppliers" and the contents of its provisions are detailed on the website of the Company.	
(V). Does the Company		>	sed the investigation of	The Company hasn't
prepared reports that				prepared
disclose its				sustainability report
non-financial				yet at present, but it
information like				plans to prepare
sustainability report				reports that disclose
with reference to the				its non-financial
international				information with
universal report				reference to
preparation criteria				riteria
or guidelines? Have				guidelines in the
the preceding reports				future.
acquired				
confirmation or				
guarantee opinion				
from third-party				
verification unit?				
(VI). If the Company has est	ablis	hed	(VI). If the Company has established Sustainable Development Best Practice Principles according to "Sustainable Development Best Practice	t Best Practice
Principles for TWSE/T	PEX	Liste	Principles for TWSE/TPEx Listed Companies", please explain its operation and difference from the principles formulated:	

Deviations from	Sustainable	Development Best	Practice Principles	for TWSE/TPEx	Listed Companies	and reasons	
Execution status (Note 1)				Summary			
	es No						
			Promotion item				

(renamed as "Sustainable Development Best Practice Principles") and joined all the colleagues to exert efforts to realize the objectives of In order to practice corporate social responsibilities, the Company has established "Regulations on Corporate Social Responsibilities" "Implementation of Corporate Governance", "Development of a Sustainable Environment", "Maintenance of Social Welfare" and "Strengthening of Information Disclosure of Enterprise's Sustainable Development".

(VII). Other important information that facilities a better understanding of the Company's implementation of promotion of sustainable development: The Company sticks to the concept of "What is taken from the society is used for the society" and will dedicate to the social work in the future. Please check the special zone for CSR activities on the website of the Company for details (http://www.jmct.com.tw/JMC_TC/L5900.html) Note 1: If the execution status is checked as "Yes", please specifically explain the important policies, strategies and measures taken as well as execution status; if the execution status is checked as "No", please explain the deviations and reasons thereof in the column in "Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof" and explain the future plans for adoption of relevant policies, strategies and measures.

Materiality principle refers to the material influence of issues related to environment, society and corporate governance on the nvestors and other stakeholders of the Company. Note 2:

Note 3: Employee welfare measures, retirement system and their implementation status

(1) Employee welfare measures and implementation status

Besides welfare and payments handled for all employees of the Company according to labor and health insurance measures, including labor and health insurance, maternity insurance, disease-risk policy and medical treatment, the Company has also established an employee benefit committee. In addition to the provision of employees' basic welfare guarantee granted by the Labor Standard Law and organizing of activities like travel to employees in order to adjust their physical and mental states, better their life quality and enhance their friendship, the Company also provides various kinds of cash gifts periodically and subsidies for weddings and funerals every year.

1. Welfare facilitie

The Company has established staff restaurant, healthcare room, nursing room, AED, blood pressure machine, special parking spaces for

management system is implemented based on the authentication of hazard factors and the assessment and control of risks and opportunities to prevent occurrence of accidents by means of systematic operation, reduce the risk of harm to employees, and improve pregnant women, contracted kindergarten and many appointed stores. The management of occupational health and safety the safety environment. In 2020, occupational injury cases were reduced in the plant area based on good safety and health control.

2. Welfare subsidies

All employees are entitled to labor insurance, health insurance, group insurance (including accident insurance), medical insurance, cancer insurance and employee travel insurance, etc. Employees also enjoy benefits such as marriage subsidy, maternity subsidy, funeral subsidy, birthday cash gift, seasonal dinner bonus, education and training, and employees' physical checkups.

3. Other subsidies

The Company provides maternity leave, pregnancy care leave, paternity leave, parental leave, etc. according to the provisions of laws and regulations.

(2) Employees' further education and training

In order to cultivate employees' morality and improve their quality, professional ability and work efficiency, in additional to orientation training courses and various kinds of education and training arranged to new employees upon their entry, the Company also provides professional technical training for employees based on different functions and business demands so as to enhance employees' academic skills and benefit the achievement of their work tasks.

(3) Retirement system and implementation status

established a labor retirement reserve fund supervision committee, and periodically appropriated and deposited retirement reserve fund in a special account at the central trust bureau every month according to a ratio of 2% of the total amount of remuneration expenses to safeguard workers' rights and interests. The Company also adopted the new retirement policy issued by the government since June 1, 2005 and appropriated 5% of total employees' remuneration to employees' individual pension accounts; if employees voluntarily pay retirement pension, the Company will withhold and remit retirement pension from employees' monthly salary to the individual retirement pension In order to provide employees with a comfortable retirement life, the Company has legally formulated labor retirement measures, accounts opened at the bureau of labor insurance based on the voluntary payment ratio.

The Company applies the provisions of the labor pension regulations as follows:

1. Voluntary retirement

Employees having any of the following circumstances may apply for voluntary retirement. (Those who choose the application of the labor pension regulations shall handle retirement according to the same provisions in the regulations.)

- (1) Working for fifteen years and above and aged 55 or above
- (2) Working for twenty-five years and above
- (3) Working for ten years and above and aged 60 and above

2. Compulsory retirement:

The Company shall not force an employee to retire unless this employee otherwise has any of the following circumstances:

- (1) Aged 65 and above
- (2) Mental incapacity or physical disability to result in the incompetence for the work.

Regarding the age stipulated in the subparagraph 1 of the preceding paragraph, the Company shall apply to the central competent authority for the approval of adjustment of the retirement of workers engaged in special types of work involving danger and great strength, but the retirement age shall not be lower than 55.

- 3. Pension payment standards:
- (1) If the working seniority before and after the issuance of the Labor Standard Law is applied, or if the provisions of "Labor Standard Law" on pension is continuously applied according to the labor pension regulations, or the working seniority before the application of the labor pension regulations is preserved, the pension payment standards shall be calculated according to the provisions of Article 84-2 and Article 55 of the Labor Standard Law.
- (2) If the mental incapacity or physical disability of an employee who has the working seniority stipulated in the preceding paragraph and is under compulsory retirement according to the provisions of Article 35, Paragraph 1, Subparagraph 2 is caused due to execution of his work, extra twenty percent of pension will be increased according to the provisions of Article 55, Paragraph 1, Subparagraph 2 of the Labor Standard Law.
- (3) As for employees who are subject to the provisions of labor pension regulations, the Company will pay 6% of their monthly salaries to their individual retirement accounts.
- 4. Agreed payment of pension:

The pension payable by the Company to the employees shall be paid within thirty days since the dates of retirement of the employees.

Safeguarding status of measures for the safeguarding of employees' rights and interests (4)

In addition to the formulation of work rules according to provisions of laws and regulations to clearly standardize each working condition and safeguard employees' rights and interests, the Company has also established an employee welfare committee according to laws and regulations, and therefore employees' rights and interests can be fairly and reasonably handled according to the aforesaid channels; so far, no damage has been caused to the rights and interests of the employees of the Company.

(5) Status of labor-capital agreement

The labor-capital relationship of the Company has always been harmonious with unimpeded communicating channels. Also, the Company abides by the provisions of relevant laws and regulations and hasn't been involved in any labor dispute or any situation requires Status of abor-capital agreement.

appropriate 2%~16% of the profits as employee reward. The Board of Directors will decide to distribute it in form of stock or cash. The objects of payment include employees of subordinate companies that comply with certain conditions; the Company may appropriate 1% of the aforesaid profits as director reward. Proposals for distribution of employee reward and director reward shall be reported to the Shareholders' Meeting. However, when the Company has accumulated losses, amount for compensation of such losses shall be reserved in (6) In accordance with Article 24 of the Articles of Association of the Company, if the Company obtains profits in current year, it shall advance, and then employee reward and director reward may be appropriated according to the preceding ratios.

Note 4: Measures for the protection of employees' work environment and personal safety:

1. Occupational health and safety management system (ISO 45001)

Relying on the annual production management system, each unit involved in work safety management shall report and communicate their work and the Company executes the inspection of achievements and review of insufficiency so as to expect the continual optimization of technologies. Besides continuous implementation of safety observation and execution of occupational safety and health management plan, the Company also implements irregular safety and health check and audit as well as safety supervision and guidance by senior officers. In 2020, the Company obtained the verification of ISO 45001 (international occupational health and safety management system).

The management of occupational health and safety management system is implemented based on the authentication of hazard factors and the assessment and control of risks and opportunities to prevent occurrence of accidents by means of systematic operation, reduce the risk of harm to employees, and improve the safety environment. In 2020, occupational injury cases were reduced in the plant area based on good safety and health control.

2. Execution achievements of occupational health and safety

2.1 Work environment monitoring

Master the actual status of the work environment in the workplaces and evaluate the exposure condition of the workers' work environment and implement planning, sampling, monitoring and analysis. In order to protect workers from suffering harms from hazardous substances in workplaces, the Company provides a healthy and comfortable work environment for them, and executes monitoring of work environment with frequency of 2 times per year to gradually learn the staff's actual exposure status.

2.2 Equipment safety management

The Company implements equipment classification and lists dangerous machinery and equipment for management and detailed examinations according to law so as to ensure safe operations of the machinery equipment. The Company has no dangerous equipment, but has 4 forklift trucks as dangerous machinery.

2.3 Occupational safety education and training

A healthy and safe work environment is the achievement of the joint efforts of the Company and its employees. Besides the improvement of safety management of hardware, the Company also ensures that officers at each level and all employees must receive necessary work safety education and training to improve their safety awareness. Such education and training are also

In order to strengthen employees' awareness to maintain the safety of the workplaces and implement work safety systems and provided for training students, contractors, temporary workers and even contractors and suppliers that enter the production areas. regulations, we continuously host various kinds of related education and training activities.

Work Safety Education, Training and Advocacy

Professional Work Safety Management Personnel

Licensed Work Saf	fety M	Licensed Work Safety Management Personnel in 2021	
Occupational safety (health) management specialist	1	Operator of forklift truck with load above 1 metric ton	10
Occupational safety and health administrator	2	Operator of fixed base crane with load above 3 metric ton	3
Class-A occupational health and safety work officer	3	Organic solvent work officer	10
Labor health service care and nursing staff	1	Specific chemical substance work officer	16
First-aid staff	20	20 Other personnel	3

Work Safety Performance of the Company in Recent Three Years-Statistics of Injuries Causing Employees' Disability

Year	Death and major disability accident	Temporary complete disability accident
2019	Male: 0; female: 0	Male: 5; female: 0
2020	Male: 0; female: 0	Male: 0; female: 2
2021	Male: 0; female: 0	Male: 0; female: 0

(G) Performance status of business integrity management, deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

				[] : 4+7
	-	-	EXECUTION STATUS	Deviations from Ethical
				Corporate Management
Assessment item	Yes No	No	Summary	Best Practice Principles for TWSE/TPEx Listed
				Companies and reason
(I). Establishment of integrity			In order to implement business integrity policies and actively	
policies and solutions	>	, ,	prevent dishonest conduct, the Company has already established	
(1) Does the Company			"Ethical Corporate Management Best Practice Principles", "Code of	
established integrity			Ethics" and "Procedures for Ethical Management and Guidelines for	
policies approved by the			Conduct" to specifically standardize the matters that shall draw	
Board of Directors and			attention from the Board of Directors, the management and all	
disclosed, in a			employees during execution of their work, and disclosed them on its	
memorandum or external			website (http://www.jmct.com.tw). Relevant personnel have	No significant demation
correspondence, the policies			actively implemented these rules.	ivo significant deviation
and practices it has in place				
to maintain business				
integrity? Are its Board of				
Directors and senior				
management actively				
implementing these policies				
and practices?				
(2) Does the Company	>	-	The Company has established relevant prevention plans in "Ethical	
established an evaluation			Corporate Management Best Practice Principles", "Procedures for	
mechanism for the risks of			Ethical Management and Guidelines for Conduct", and "Code of	
dishonest conduct to			Ethics" which have already covered the preventive measures for the	
periodically analyze and			following conducts:	No significant deviation
evaluate business activities			1. Bribery;	
that have a relatively high			2. Provision of illegal political contributions;	
risk of dishonest conduct			3. Improper charitable donations or sponsorship;	
and established plans for			4. Provision or acceptance of unreasonable gifts, treatments or	

			Execution status	Deviations from Ethical
Assessment item	Yes	Ŋ	Summary	Corporate Management Best Practice Principles
		2		for TWSE/TPEx Listed Companies and reason
prevention of such			other illegitimate interests;	
dishonest conduct		<u></u>	5. Infringement upon business secrets, trademarks, patent rights,	
accordingly that at least			copyrights and other intellectual property rights;	
covers the preventive		<u> </u>	6. Engagement in unfair competition;	
measures indicated in in		<u>• </u>	7. Direct or indirect damages caused by products and services to	
Paragraph 2 of Article 7 of			consumers' or other stakeholders' rights, interests, health and	
the Ethical Corporate			safety during R&D, procurement, manufacturing, provision or	
Management Best Practice			sales.	
Principles for TWSE/TPEx				
Listed Companies?				
(3) Does the Company clearly	>	-	The Company has already established "Ethical Corporate	
established, implemented,		<u> </u>	Management Best Practice Principles", "Procedures for Ethical	
and executed operating			Management and Guidelines for Conduct", and "Code of Ethics" as	
procedures, guidelines for			well as operating procedures for the prevention of dishonest	
conduct and actions to			conduct, including operating procedures, guidelines for conduct,	
punish and appeal			and established rules for advocacy, reward and punishment, appeal	No significant deviation
violations in the plans for			and disciplinary actions. By establishing the preceding principles	
prevention of dishonest			and rules, the Company standardizes matters that shall draw	
conduct, and periodically			attention from personnel during execution of their work, prohibits	
reviewed and corrected the		<u>-</u>	the provision or acceptance of illegitimate interests, executes the	
preceding plans?			prevention of dishonest conduct, and provides the employees with	
	,		irregular education, training and advocacy.	
(11). Implementation of emical	>		The Company has evaluated the integrity records of counterparties	
corporate management			per the customers' credit, established relevant administrative	
(1) Does the Company		<u> </u>	measures for counterparties and suppliers, and enabled them to	No significant deviation
evaluated the integrity			fully comprehend the principles for business integrity. Relevant	
records of counterparties			responsible departments have established clause that facilitate the	
with which it has business		_	termination or rescission of contracts at any time given dishonest	

			Exactition status	Deviations from Ethical
•			LACCULOII STATUS	Deviauons in oni Eunicai
				Corporate Management
Assessment item	Yes	No	Summary	Best Practice Principles
			•	for 1 WSE/1PEX Listed
relationship and clearly			conduct when cigning contracts with customers cumpliers	companies and reason
stipulated integrity clauses				
in the contracts signed with			requested them to establish corporate culture featuring business	
these counterparties?			integrity and follow the Company's "Ethical Corporate Management	
			Best Practice Principles". Also, it is required to conduct evaluation of	
			ethical corporate management of counterparties before the	
(2) P	`		The Company establishes Dusiness Feranonsing With Counter parties.	
(2) Does the Company	>		The Company designates the Administration Division as the unit	
established a unit			specializing in the promotion of ethical corporate management to	
specializing in the			assist the Board of Directors and the management in reviewing and	
promotion of ethical			evaluating the effective operation of preventive measures	
corporate management and			established for the ethical corporate management. Also, this unit	
subordinate to the Board of			evaluates the abidance by relevant business flows and reports to the	
Directors, and has this unit			Board of Directors periodically.	
reported its integrity				No significant deviation
policies, plans for				
prevention of dishonest				
conduct and				
implementation supervision				
conditions to the Boar of				
Directors periodically (at				
least once a year)?				
(3) Does the Company adopted	>		The Company has already established "Ethical Corporate	
any policy for the			Management Best Practice Principles", "Procedures for Ethical	
prevention of conflicts of			Management and Guidelines for Conduct", and "Code of Ethics",	No significant deviation
interest, provided proper			formulated the measures for prevention of conflicts of interest, and	NO SIBIIIICAIIC ACVIACIOII
statement channels, and			set up a website (http://www.jmct.com.tw/) which contains special	
implemented and executed			zones for investors, corporate governance, corporate social	

			Execution status	Deviations from Ethical
V				Corporate Management
Assessment item	Yes	No	Summary	best Practice Principles for TWSE/TPEx Listed
				Companies and reason
them?			responsibilities and stakeholders for the reference of shareholders and stakeholders. Also, the Company has set up a specific mailbox	
			[stock.service@jmct.com.tw].	
(4) Does the Company	>		The Board of Directors of the Company will fully perform the	
established effective			fiduciary duty and duty of care and supervise and urge the Company	
accounting system and			to prevent dishonest conduct. The Company has established an	
internal control system to			accounting system that complies with the laws, regulations and	
implement ethical corporate			regulations as a standard for the handling of accounting affairs, and	
management, and has the			also formulated an effective internal control system. The Company	
internal audit unit drafted			shall inspect and ensure the design of the systems and the	
relevant audit plan based on			continuous effectiveness of its execution at any time, as well as	No significant deviation
the evaluation results of the			review the observation conditions of accounting system and	
risk of dishonest conduct to			internal control system at any time. The audit room will establish	
check the abidance by the			and execute relevant annual audit plan according to relevant	
plans for prevention of			regulations to ensure the implementation of business integrity	
dishonest conduct, or			policies.	
entrusted CPA to execute				
the audit?				
(5) Does the Company	>		The Company arranges special personnel or officer to advocate the	
organized internal and			importance of the Company's operation concept and moral integrity	
external education and			as well as the provisions of relevant internal and external laws and	
training on a regular basis			regulations for new and incumbent employees on a regular or	
to maintain its ethical			irregular basis, and profoundly strengthen education and training	No cianificant deviation
corporate management?			regarding business integrity. As a result, employees can have a	
			better understanding of the contents and essence of corporate	
			culture. Currently, we have already obtained common sense from	
			the employees and advocated the Company's policies and systems	
			upon entry of new colleagues. In 2021, the Company conducted	

			Execution status	Deviations from Ethical
				Corporate Management
Assessment item	Yes	No	Summary	Best Practice Principles for TWSE/TPEx Listed
				Companies and reason
		<u>., ., .</u>	internal and external education and training related to business integrity (including legal compliance, on-the-job education and	
			training of common sense for general safety, health and hazards, ISO related course advocacy. 5S advocacy, and relevant courses	
		· ·—	involving accounting systems and regulations as well as internal	
			control) with 5,756 person-times and 8,620.5 hours of education	
		.0	and training in total.	
(III). Operation of the Company's	`		The Company has established "Ethical Corporate Management Best	
whistleblowing system	>		Practice Principles", "Procedures for Ethical Management and	
(1) Does the Company established			Guidelines for Conduct", "Code of Ethics" and relevant personnel	
specific whistleblowing and			administrative measures, and set up employee suggestion box as	
rewarding systems, set up			well as specific mailbox (stock.service@jmct.com.tw). Such kind of	No significant deviation
channels that facilitate			rigorous whistleblowing mechanism facilities employees to pass on	
whistleblowing, and assigned			messages in a safe and confidential manner.	
proper dedicated personnel for				
the reported objects?				
(2) Does the Company established	>		A dedicated personnel unit is set up in the Administration Division	
any standard operating			of the Company to take charge of appeal cases from employees, and	
procedures for the investigation		0,	such cases will be properly responded by suitable personnel.	
of reports accepted as well as			Employee suggestion box is also established in staff restaurant.	No significant deviation
subsequent measures and				
relevant confidentiality				
mechanism after completion of				
investigation?				
(3) Does the Company taken	>		A dedicated personnel unit is set up in the Administration Division	
measures to protect			of the Company to take charge of appeal cases from employees. The	No significant deviation
whistleblower from improperly			undertakers of such cases are strictly prohibited to disclose the	100 अद्वामारवाम प्रट्रावसाया
disposal due to whistleblowing?			details of the cases to irrelevant personnel during and after	

			Execution status	Deviations from Ethical
Assessment item	Yes No	No	Summary	Corporate Management Best Practice Principles for TWSE /TDEx I icted
				Companies and reason
		, ,	investigation. The signing officers in each level shall also remain	
			confidential for such cases. Relevant information shall be processed	
			and archived as confidential documents to ensure that the	
			whistleblower will not be improper disposed due to whistleblowing.	
(IV). Enhancement of information			The Company has established "Ethical Corporate Management Best	
disclosure	>		Practice Principles", "Procedures for Ethical Management and	
Does the Company disclosed			Guidelines for Conduct" and "Code of Conduct" and disclosed	
the contents and promotion			relevant information on MOPS and the Company's website.	No of the ifferent of conjusting
effect of its Ethical Corporate				INO SIBIIIIICAIIL UEVIALIOII
Management Best Practice				
Principles on its website and				
MOPS?				
The delight and we see the light of I	144:22	7	(I) If the Common has established Ething Common Deat Deat Deatling Daily in accordance with "Ething Commons.	

Management Best Practice Principles for TWSE/TPEx Listed Companies), please explain its operation as well as deviations from the (V). If the Company has established Ethical Corporate Management Best Practice Principles in accordance with "Ethical Corporate principles established:

The Company has established "Ethical Corporate Management Best Practice Principles" and its operation has been performed according to these principles.

The Company will pay attention to the development of relevant regulations on ethical corporate management at home and abroad at any time and encourage directors, managers and employees to offer their suggestions so as to review and improve its integrity policies and (VI). Other important information that facilities a better understanding of the Company's implementation of ethical corporate management: (e.g., details of the Company's review and correction of its Ethical Corporate Management Best Practice Principles): promoting measures and thus improve the implementation effect of its ethical corporate management.

- (H) Method to query Corporate Governance Best Practice Principles and relevant rules and regulations established by the Company:

 The Company has already established "Corporate Governance Best Practice Principles" and relevant laws and regulations and disclosed them in the special zone for corporate governance on its website. The Company will disclose relevant information on its website and MOPS in the future based on actual operation status.
- (I) Other important information to facilitate a better understanding of the Company's corporate governance: None.

- (J) Execution status of internal control system
 - 1. Statement of Internal Control System:

JMC Electronics Co., Ltd. Statement of Internal Control System

Date: March 15, 2022

Based on the findings of self-assessment, the Company states the following with regard to its internal control system during 2021:

- (1) The Company knows clearly that its Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system, and it has already established this system. The purpose of the internal control system is to provide reasonable assurance of the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws, and regulations.
- (2) An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Furthermore, the effectiveness of an internal control system may be subject to change due to extenuating circumstances beyond our control Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- (3) The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component covers certain items. Please refer to the "Regulations" for the preceding items.
- (4) The Company has evaluated the design and operating effectiveness of its internal control system according to the aforementioned Regulations.
- (5) Based on the findings of such evaluation, the Company believes that, as of December 31, 2021, it has maintained an effective internal control system in all material aspects (including the supervision and management of our subsidiaries) to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws, and regulations.
- (6) This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of Securities Exchange Act.
- (7) This Statement was passed by the Board of Directors in their meeting held on March 15, 2022, with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

JMC Electronics Co., Ltd.

Chairman: HUANG, CHIA-NENG (Signature and seal affixed)
General Manager: LI, WAN-HSIA (Signature and seal affixed)

- 2. Review report of internal control of project review by CPA: None.
- (K) If the results of legal penalties to the Company and its internal personnel, or penalties of the Company to the internal personnel for the violation of the provisions of the internal control system in the recent year and as of the date of publication of the annual report may have a material influence on the shareholders' equity or securities price, the contents of such punishments, principal deficiencies and improvements shall be specified: None.
- (L) Important resolutions of the Shareholders' Meeting and the Board of Directors in recent years and as of the date of publication of the annual report:
 - 3. Important resolutions of the Shareholders' Meeting:

Name of meeting	Date	Important resolutions	Execution status
		Resolution on the recognition of business report and financial statements of the Company of 2020 passed	Already completed.
		Resolution on the recognition of earnings distribution proposal of the Company of 2020 passed	September 4, 2021 was established as the distribution base date and September 17, 2021 was established as the payment date. The earnings was already distributed according to the aforesaid schedule (cash dividend of NT\$ 1.5 per share distributed).
		3. Resolution on the proposal for amendment to "Articles of Association" passed	Already announced on MOPS and operated according to the corrected contents.
Regular Shareholders' Meeting	June 10, 2021	4. Resolution on the proposal for amendment to "Rules of Procedure for Shareholders' Meetings" passed	Already announced on MOPS and operated according to the corrected contents.
		5. Resolution on the proposal for amendment to "Procedures for Acquisition or Disposal of Assets" passed	Already announced on MOPS and operated according to the corrected contents.
		6. Resolution on the proposal for comprehensive reelection of directors (including three independent directors) passed	Seven directors (including three independent directors) were already elected and appointed and approved by Export Processing Zone Administration of the Ministry of Economic Affairs for registration on July 12, 2021.
		7. Resolution on the proposal for relief of new directors' noncompetition restrictions passed	Already completed.

2. Important resolutions of the Board of Directors:

Informatio	on Regar	ding Resolutions of the Board of Directors in 2021 a	nd 2022 and
Name of meeting	Date	Operation Status Content of proposal	All independents' opinions and the Company's handling of these opinions
15 th meeting of the 4 th Board of Directors	, ,	Approve the proposal for the discussion of year-end bonus of managers of the Company in 2020.	None
16 th meeting of the 4 th Board of Directors		 Approve the proposal for discussion of employee reward and director reward in 2020. Approve the proposal for discussion of financial report of the Company in 2020. Approve the proposal for discussion of business report of the Company in 2020. Approve the proposal for discussion of earnings distribution in 2020. Approve the proposal for presentation of 6% of employee bonus. Approve the proposal for statement of internal control system of the Company in 2020. Approve the proposal for discussion of change of appointment of CPA in 2021. Approve the proposal for amendment to "Rules of Procedure for Shareholders' Meetings". Approve the proposal for amendment to "Procedures for Acquisition or Disposal of Assets". Approve the proposal for amendment to "Investment Administrative Measures". Approve the proposal for comprehensive reelection of directors and nomination of candidates for directors. Approve the proposal for planned relief of new directors' noncompetition restrictions. Approve the proposal for appointment of corporate governance officer. Approve the proposal for discussion of date, place and reason for the convening of regular Shareholders' Meeting in 2021. 	None
17 th meeting of the 4 th Board of Directors	April 26, 2021	 Approve the proposal for amendment to "Articles of Association". Approve the proposal for review of nominated persons for directors (including independent directors). Approve the proposal for planned addition of reason for convening of regular Shareholders' Meeting in 2021. 	None
18 th meeting of the 4 th Board of Directors		Submit the financial report of the Company in the first quarter of 2021.	None
19 th meeting of the 4 th Board of Directors	June 7, 2021	 Discuss the changes of date and place for the convening of regular Shareholders' Meeting in 2021 as well as other relevant matters. Proposal for appointment of internal audit officer. 	None

Informatio	on Regard	ding Resolutions of the Board of Directors in 2021 a Operation Status	nd 2022 and
Name of meeting	Date	Content of proposal	All independents' opinions and the Company's handling of these opinions
1 st meeting of the 5 th Board of Directors	July 1, 2021	1. Proposal for election of board chairman.	None
2 nd meeting of the 5 th Board of Directors	August 11, 2021	 Discuss relevant details for the payment of cash dividends in 2021. Proposal for the appointment of members of the 4th Remuneration Committee Proposal for the planned signing of lease contract of plant of the Company Proposal for the Company's planned raising and issuing of the first secured convertible corporate bond in Taiwan 	None
3 rd meeting of the 5 th Board of Directors	September 14, 2021		None
4 th meeting of the 5 th Board of Directors		 Approve the proposal for discussion of appointment and remuneration of CPA in 2022. Approve the proposal for planned formulation of audit plan of 2022. Approve the proposal for discussion of work plan of the Remuneration Committee of the Company in 2022. Approve the proposal for discussion of details and payment date of employee reward of managers in 2022. Approve the proposal for discussion of details and payment date of 6% of employee bonus of managers in 2020. Approve the proposal for discussion of budget of 2022. Approve the financing limit of financial institutions in 2022. 	None
5 th meeting of the 5 th Board of Directors	January 11, 2022	 Approve the proposal for subsequent confirmation of acquisition and disposal of valuable securities. Approve the proposal for the Company's planned participation in the investment of initiation and incorporation of investment company. Approve the proposal for discussion of year-end bonus of the managers of the Company in 2021 	None
6 th meeting of the 5 th Board of Directors	March 15, 2022	 Approve the proposal for discussion of distribution of employee reward and director reward in 2021 Approve the proposal for discussion of financial report of the Company in 2021. Approve the proposal for discussion of business report of the Company in 2021. Approve the proposal for discussion of earnings distribution in 2021. 	None

Informatio	Information Regarding Resolutions of the Board of Directors in 2021 and 2022 and Operation Status									
Name of meeting	Date	Content of proposal	All independents' opinions and the Company's handling of these opinions							
		 Approve the proposal for presentation of 6% of employee bonus. Approve the proposal for statement of internal control system of the Company in 2021. Approve the proposal for amendment to "Rules of Procedure for Shareholders' Meetings". Approve the proposal for amendment to "Ethical Corporate Management Best Practice Principles". Approve the proposal for amendment to "Procedures for Ethical Management and Guidelines for Conduct". Approve the proposal for amendment to "Corporate Social Responsibility Best Practice Principles". Approve the proposal for amendment to "Articles of Association". Approve the proposal for amendment to "Rules of Procedure for Shareholders' Meetings". Approve the proposal for amendment to "Rules of Procedure of Board of Directors". Approve the proposal for discussion of date, place and reason for the convening of regular Shareholders' Meeting in 2022. 								

	Information Regarding Resolutions of the Board of Directors Deliberated and Passed by the Audit Committee and Operation Status of the Audit Committee										
Name of meeting	Date	Content of proposal deliberated and passed by the Audit Committee	Resolution result	Company's handling of opinions of the Audit Committee							
16 th meeting of the 4 th Board of Directors	March 18, 2021	 Approve the proposal for discussion of financial report of the Company in 2020. Approve the proposal for discussion of business report of the Company in 2020. Approve the proposal for discussion of earnings distribution in 2020. Approve the proposal for statement of internal control system of the Company in 2020. Approve the proposal for discussion of change of appointment of CPA in 2021. Approve the proposal for amendment to "Rules of Procedure for Shareholders' Meetings". Approve the proposal for amendment to "Procedures for Acquisition or Disposal of Assets". Approve the proposal for amendment to "Investment Administrative Measures". 	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	None							

Information	Information Regarding Resolutions of the Board of Directors Deliberated and Passed by										
tl	the Audit Committee and Operation Status of the Audit Committee										
19 th meeting of the 4 th Board of Directors	June 7, 2021	Proposal for appointment of internal audit officer	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	None							
2 nd meeting of the 5 th Board of Directors	August 11, 2021	 Proposal for the planned signing of lease contract of plant of the Company Proposal for the Company's planned raising and issuing of the first secured convertible corporate bond in Taiwan 	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	None							
3 rd meeting of the 5 th Board of Directors	_	 Proposal for amendment to "Investment Administrative Measures" Proposal for the Company's planned increase of investment limit 	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	None							
4 th meeting of the 5 th Board of Directors	November 10, 2021	 Approve the proposal for discussion of appointment and remuneration of CPA in 2022. Approve the proposal for planned formulation of audit plan of 2022. 	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	None							

- (M) Major contents of record or written statement regarding different opinions of directors or supervisors on the important resolutions passed by the Board of Directors in recent years and as of the date of publication of the annual report: None.
- (N) Summary of resignation and removal of chairman, general manager, accounting officer, finance officer, internal audit officer, corporate governance officer and R&D officer in recent years and as of the date of publication of the annual report:

Summary of Resignation and Removal of Relevant Personnel of the Company

April 30, 2022

				<u>r</u> , -
Title Name		Date of appointment	Date of	Reason for resignation or
1 Tue N	Name	Date of appointment	resignation	removal
Internal audit officer	YEH, TSAI-CHI	November 13, 2018	April 30, 2022	Personal career planning

(V). Information regarding fee of CPA:

(A) Information regarding fee of CPA

Unit of amount: NT\$ THOUSANDS

Name of accounting firm		Audit period	IAIIAIT TAA	Non-audit fee	Total	Remark
	WANG, CHAO-CHUN					The non-audit
Deloitte	LIU, YU-XIANG	2021	2,530	200	2,/30	fee is incurred for tax certification.

- (B) The accounting firm is replaced and the audit fee paid in this year is less than that in the previous year: None.
- (C) The audit fee is decreased by more then ten percent compared with that in previous year: None/

(VI). Information of CPA change:

(A) Regarding the Former CPA

Date of replacement	Marcl	March 18, 2021							
Reason for replacement and explanation	In order to coordinate with the demand of Deloitte Taiwan for internal job rotation, the former CPA, i.e., Wang, Chao-Chun and Hsu, Jui-Hsuan, would be replaced with Wang, Chao-Chun and Liu, Yu-Xiang since the $1^{\rm st}$ quarter of 2021 as planned.								
Description of	Party concerned Status			Accountant	Appointing party				
termination or refusal of appointment by the appointing party or		tive terminat ntment	ion of	None	None				
accountant		al of (continuntment)	ious)	None	None				
Audit review reports issued within recent two years other than unqualified opinions and reasons	None								
		None Accounting principles or practice							
		None	Disclosure of financial report						
Having opinion that is	Yes	None	None Audit scope or steps						
different from the issuer or not		None	Others						
	No								
	Description: Not involved								
Other disclosed matters (contents from Subparagraph 6, Item 1-4 to Item 1-7 of Article 10 of this standard should be disclosed)	None								

(B) Regarding the Successor CPA

Name of firm	Deloitte Taiwan
Names of CPA	Wang, Chao-Chun and Liu, Yu-Xiang
Date of appointment	March 18, 2021
Consulting of opinions on accounting methods	None
or principles of specific transactions as well as	
possible issuance of financial report before	
appointment as well as results	
Written opinions on matters for which the	None
succeeding CPA hold opinions different from	
those held by the former CPA.	

- (C) Reply letter from former CPA to the matters indicated in Item 1 and Item 2-3 of Subparagraph 6 of Article 10 of this standard: N/A
- (VII). Employment of chairman, general manager, and manager in charge of finance or accounting of the Company to the accounting firm where the CPA work or its affiliates in recent year: None.
- (VIII). Changes in shareholding of directors, managers and shareholders with shareholding ratio exceeding ten percent in recent years and as of the date of publication of the annual report:
 - (A) Changes in shareholding of directors, managers and major shareholders:

Unit: Share

		20	21	As of April 30, 2022		
Title	Name	Increase	Increase	Increase	Increase	
Tide	Nume	(decrease) of	(decrease) of	(decrease) of	(decrease) of	
		shares held	shares pledged	shares held	shares pledged	
Chairman (Note 1)	HUANG, CHIA-NENG	•	-	-	-	
Chairman (Note 2)	Yuan Yao Energy Technology Co., Ltd. Representative: HUANG, CHIA-NENG	-	-		-	
Corporate director and major shareholder holding 10% of shares	Chang Wah Electromaterials Inc.	796,000	-	-	-	
Representative of Corporate director (Note 1)	Chang Wah Electromaterials Inc. Representative: TSAI, RONG-DONG	-	-	-	-	
Representative of Corporate director (Note 1)	Chang Wah Electromaterials Inc. Representative: TSAI, JEN-FENG	-	-	-		
Representative of Corporate	Chang Wah Electromaterials Inc.	-	-	-	-	

		20	21	As of April 30, 2022		
Title	Name	Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged	
director	Representative: HONG, CHUAN-CHENG					
	Chang Wah Electromaterials Inc. Representative: CHOU, KANG-CHI					
Corporate director	Chipmos Technologies Inc.	-	-		-	
	Chipmos Technologies Inc. Representative: HSU, YUAN-FENG	-	-		-	
Representative of Corporate	Chipmos Technologies Inc. Representative: HUANG, KUO-LIANG	-	-		-	
Independent director	KE, YONG-SIANG	-	-		-	
Independent director (Note 1)	HSU, WAN-LIN	-	-		-	
Independent director (Note 1)	CHEN, WEI-HUANG	-	-		-	
Independent director (Note 2)	YANG, SHUN-CHING	-	-		-	
Independent director (Note 2)	HONG, CHIA-YU	-	-		-	
General manager	LI, WAN-HSIA	-	-		-	
Vice President	HUANG, MEI-HSUEH	-	-			
Head of R&D Engineering Division	HSIA, CHIH-HSIUNG	(1,000)	-		-	
Head of Design Engineering Division	TSAI, CHIN-PAO	-	-		-	
Head of Process Engineering Division	LIN, CHIEN-YI	(2,000)	-		-	
Head of Administration Division	KO, SHENG-TUNG	-	-			
Head of Business Division	CHEN, SUNG-CHOU	_	_		-	
Manager of Finance & Accounting Department	CHEN, HSING-CHEN	-	-		-	
Head of Quality Assurance Division	CHEN, CHI-YANG	-	-		-	
Deputy head of Manufacturing Division	LIN, MENG-HSIEN	-	-		-	

Note 1: Relieved on July 1, 2021.

Note 2: Elected and appointed on July 1, 2021.

- (B) The objects of equity transfer by directors, managers and major shareholders are related parties: None.
- (C) The objects of equity pledge by directors, managers and major shareholders are related parties: None.

(IX). Information regarding top-10 shareholders in terms of shareholding ratio who are related parties or have kinship including spouses and the second degree of kinship:

Name (Note 1)			Shares currently held by spouse and minor children				Name or designation and relation of top-10 shareholders who are related parties or have kinship including spouses and the second degree of kinship (Note 3)		Remark
	Number	Ratio	Number	Ratio	Number	Ratio	Name	Relation	
Chang Wah Electromaterials Inc.	35,531,390	42.81%	-	-	-	-	None	None	None
Chang Wah Electromaterials Inc. Rept.: HUANG, CHIA-NENG	2,455,140	2.96%	-	-	-	-	None	None	None
Chipmos Technologies Inc.	8,300,000	10.00%	-	-	-	-	None	None	None
Chipmos Technologies Inc. Rept.: CHENG, SHIH-CHIEH	-	-	-	-	-	-	None	None	None
HUANG, CHIA-NENG	2,455,140	2.96%	-	-	-	-	None	None	None
LI, MEI-LIEN	888,000	1.07%	-	-	-	-	None	None	None
ASUS Inc.	830,000	1.00%	-	-	-	-	None	None	None
ASUS Inc. Rept.: SHIH, CHUNG-TANG	-	-	-	-	-	-	None	None	None
LI, SHENG-CHE	794,993	0.96%	-	-	-	-	None	None	None
HUNG, HSIEN-YEH	541,000	0.65%	-	-	-	-	None	None	None
LI, WAN-HSIA	490,530	0.59%	-	-	-	-	None	None	None
HUANG, MEI-HSUEH	415,000	0.50%	-	-	-	-	None	None	None
YANG, PI-HUA	310,000	0.37%		-	ı	-	None	None	None

Note 1: All the top-10 shareholders shall be presented. As for corporate shareholders, their names and names of their representatives shall be presented separately.

(X). Shares held by the Company and its directors and managers as well as enterprise(s) directly or indirectly controlled by the Company and consolidated calculation of comprehensive shareholding ratios: None.

Note 2: Calculation of shareholding ratios refers to the calculation of shareholding ratios in the name of shareholders themselves, spouses, minor children or others.

Note 3: Shareholders presented above include legal persons and natural persons, and their mutual relations shall be disclosed according to the criteria for preparation of the issuer's financial report.

IV. Fundraising Status

(I). Capital and shares:

(A) Sources of capital stock in recent years and as of the date of publication of the annual report:

April 30, 2022; unit: 1,000 shares; NT\$ thousands

		Authorized capital stock		Paid-in capital stock		Remark		
Month/year	(\$TM)	Number of shares	Amount	Number of shares	Amount		Stock capital compensated for with property other than cash	
Sep. 2020	10	111,000	1,110,000	83,000	830,000	Capital decrease of NT\$ 170,000,000 in cash	None	Note 1

Note 1: Approved by J.S.S.Zi No. 1090008932 Letter issued by the Ministry of Economic Affairs on September 14,2020.

April 30, 2022; unit: Share

Tymo of	Α	k		
Type of share	Shares circulated outside	Unissued shares Total		Remark
Ordinary share	83,000,000	28,000,000	111,000,000	Listed stock

For fundraising and issuing of valuable securities approved under an overall application system, approved amount and relevant information regarding valuable securities scheduled for issuance or already issued: None.

(B) Shareholder structure:

April 11, 2022

Shareholder structure Quantity	Government	Financial institution	Other legal person	Individual	Foreign institution and foreigner	Total
Number of shareholders	0	2	33	8,422	27	8,484
Number of shares held (share)	0	109,000	45,534,858	36,652,202	703,940	83,000,000
Shareholding ratio (%)	0.00%	0.13%	54.86%	44.16%	0.85%	100.00%

(C) Equity separation status:

Ordinary share Face value per share: NT\$ 10

April 11, 2022

			April 11, 2022
Shareholding scale	Number of shareholders	Number of shares held (share)	Shareholding ratio (%)
1~999	2,285	1,393,918	1.68
1,000~5,000	4,962	10,295,609	12.40
5,001~10,000	706	5,417,113	6.53
10,001~15,000	186	2,352,487	2.83

Shareholding scale	Number of shareholders	Number of shares held (share)	Shareholding ratio (%)
15,001~20,000	117	2,100,240	2.53
20,001~30,000	96	2,427,260	2.93
30,001~40,000	38	1,324,930	1.60
40,001~50,000	20	908,830	1.09
50,001~100,000	44	3,123,590	3.76
100,001~200,000	16	2,027,800	2.44
200,001~400,000	5	1,382,170	1.67
400,001~600,000	3	1,446,530	1.74
600,001~800,000	1	794,993	0.96
800,001~ 1,000,000	2	1,718,000	2.07
Above 1,000,001	3	46,286,530	55.77
Total	8,484	83,000,000	100.00

(D)List of major shareholders (shareholders with equity ratio reaching five percent and above shall be specified. If there are fewer than ten shareholders reaching this standard, names of shareholders with equity ratios ranking the top 10, shares held and shareholding ratios shall be disclosed)

April 11, 2022

		April 11, 2022
Sha	re Number of shares held	Shareholding ratio (%)
Name of major shareholder	(share)	
Chang Wah Electromaterials Inc.	35,531,390	42.81%
Chipmos Technologies Inc.	8,300,000	10.00%
HUANG, CHIA-NENG	2,455,140	2.96%
LI, MEI-LIEN	888,000	1.07%
ASUS Inc.	830,000	1.00%
LI, SHENG-CHE	794,993	0.96%
HUNG, HSIEN-YEH	541,000	0.65%
LI, WAN-HSIA	490,530	0.59%
HUANG, MEI-HSUEH	415,000	0.50%
YANG, PI-HUA	310,000	0.37%

(E) Market value per share, net worth, earnings, dividends and relevant information in recent two years:

Unit:NT\$; thousand shares

Item	Year	2020	2021	As of April 30, 2022
Market	Max	82.8	82.9	56.6
value per	Min	37.35	42.80	45
share	Average	56.51	60.36	51.42
Net worth	Before distribution	27.31	33.78	33.96
per share	After distribution	27.31	Not distributed yet	Not distributed yet
Earnings	Weighted average number of shares (unit: 1,000 shares)	94,333	83,000	88,762
per share	EPS	1.57	3.91	0.66
	Cash dividends	1.5	Not distributed yet	Not distributed yet
Dividend	Ctook groups	-	-	Not distributed yet
per share	Stock grants -	-	-	Not distributed yet
	Accumulated unpaid dividends	-	-	Not distributed yet
Analysis of	Price-earnings ratio	35.99	15.44	Not distributed yet
return on Price-to-dividend yield		37.67	Not distributed yet	Not distributed yet
investment	Dividend yield	2.65	Not distributed yet	Not distributed yet

(F) Dividend policy of the Company and execution status:

(I). Dividend policy determined in the Articles of Association:

The Company adopts a residual dividend policy in consideration of the overall environment and industry growth features as well as its long-term financial planning and for the purposes of sustainable management and stable development. To be specific, the Company mainly measures the annual capital demand according to its future capital budget planning. After capital needed for financing is reserved with priority, the remaining earnings will be distributed in forms of cash dividend and stock dividend. The distribution steps are shown as follows:

- ① Determine the best capital budget.
- ② Determine the capital needed for financing in the aforesaid capital budget.
- ③ Determine the amount of capital needed for financing to be paid using the reserved earnings.
- The remaining earnings may be distributed to the shareholders in form of dividend after a proper amount is reserved to fulfill the operational demand. The balance of earnings proposed for distribution shall not be lower than ten percent of the distributable earnings of the Company in current year, and the cash dividends shall not be lower than ten percent of total dividends proposed for distribution.
- (II). Status of distribution of dividends proposed in this Shareholders' Meeting: The distributable earnings of the Company reached NT\$ 710,655,084 in 2021. The proposal for distribution of earnings in 2021 was already approved by relevant resolution of the Board of Directors on March 15, 2022, and it was planned to distribute cash dividend of NT\$ 2 per share. The resolution would be made in the regular Shareholders' Meeting on June 9, 2022.
- (III). Description of expected major change in dividend policy: None.
- (G) Influence of stock grants proposed in this Shareholders' Meeting on the Company's operational performance and EPS: N/A
- (H) Employee reward and director reward:
 - (I). Percentage or scope of employee reward and director reward specified in the Articles of Association: Please refer to the explanation in the aforesaid "(6) Dividend policy of the Company and execution status".
 - (II). Estimation basis of employee reward and director reward in current period, basis for calculation of shares distributed for employee reward as well as accounting treatment in case of deviation of amount actually distributed from the estimated amount:

When a major change occurs to the payment amount resolved by the Board of Directors, the originally presented annual expenses will be adjusted according to this change. If the amount is still changed after the publication date of the annual

financial report, it will be handled as accounting estimate change and will be adjusted and entered into accounts next year.

- (III). Distribution of rewards approved by the Board of Directors:
 - (1) If the amount of employee reward and director reward distributed in form of cash or stock in 2021 was deviated from the estimated amount of annual fees recognized, the amount deviated, reason and handling status shall be disclosed: The Board of Director approved the employee reward distribution of the Company in 2021, with an amount of NT\$ 8,060,542. The employee reward was paid in cash. The amount of director reward distributed reached NT\$ 4,030,271 in cash. The employee reward and director reward proposed for distribution were consistent with the account amount.
 - (2) Amount of employee reward distributed in stock as well as ratio in the total amount of net income after tax and employee reward presented in individual or separate financial report of current period: None.
- (IV). If the actual distribution status (including distributed shares, amount and share price) of employee reward and director reward in the previous year (2020) was deviated from the rewards of employees, directors and supervisors recognized, the amount deviated, reason and handling status shall be disclosed: None.
- (I) Repurchase of corporate shares by the Company: None.

(II). Handling status of corporate bond:

December 31, 2021

Type of corporate bond		First Secured Convertible Corporate Bond in Taiwan		
Date of issua	ince	October 25, 2021		
		Face value per bond is NT\$ (same below) 100,000		
Place of issua	ance and trading	Issued in Taiwan and listed in Gre Tai Securities Market		
Issue price		NT\$ 106.63		
Total amoun	t	NT\$ 500,000,000		
Interest rate		Nominal interest rate as 0%		
Term		5-year term with due date of October 25, 2026		
Guarantor		Taishin International Bank Co., Ltd.		
Trustee		Land Bank of Taiwan Co., Ltd.		
Underwriter		Taishin Securities Co., ltd.		
Certified law	ver	CHIU, LI-FEI		
Certified accountant		Debitte &Touche CPA in recent years: Wang, Chao-Chun and Liu, Yu-Xiang CPA in the latest period: Wang, Chao-Chun and Liu, Yu-Xiang		
Repayment i	nethod	Lump-sum repayment of principal upon maturity		
Unpaid princ	cipal	NT\$ 500,000,000		
Clause of redemption or premature repayment		Detailed in measures for issuance and conversion		
Qualifying cl	ause	None		
Name of cred	lit rating agency, date of	None		
rating, and cor	porate bond rating result	None		
Amount of converted (swap or share subscription) ordinary shares, overseas Attached other rights depositary receipts or other valuable securities as of December 31, 2021		0		
	Measures for issuance and conversion (swap or share subscription)	Please refer to bond issuance data in the special zone for bonds and credits in MOPS.		
Issuance and conversion, measures for		Assume that the creditors of this convertible		
swap or share subscription, possible		corporate bond request conversion in full amount		
dilution of equity due to issuance		according to the current conversion price of		
conditions, and influence of issuance		NT\$ 63.5, and the maximum dilution ratio would be		
conditions on the existing shareholders'		approximately 8.66% and the dilution limit should		
equity		be limited.		
Name of agency swap object	entrusted for custody of	None		

Information of Convertible Corporate Bond

Type of corporate bond		First Secured Convertible Corporate Bond in Taiwan		
Year		2021	As of April 30, 2022	
Market value of	Max	117	115.8	
convertible	Min	108.55	108	
corporate bond	Average	114.41	112.22	
Conversion price Date of issuance (handling) and conversion price upon issuance Way to perform conversion obligation		NT\$ 63.5	NT\$ 63.5	
		Date of issuance: October 25, 2021 Conversion price upon issuance: NT\$ 63.5	Date of issuance: October 25, 2021 Conversion price upon issuance: NT\$ 63.5	
		Issuance of new share	Issuance of new share	

- (III). Handling status of special share: None.
- (IV). Handling status of overseas depository receipts: None.
- (V). Handling status of employee subscription right voucher: None.
- (VI). Handling status of new share that restricts employees' rights: None.
- (VII). Handling status of new shares issued by other companies merged or accepted: None.
- (VIII). Execution status of capital application plan:

Analysis of valuable securities issued or privately placed in all previous times as not completed yet, or already completed in recent years but with planned effect not presented yet as of the quarter before the date when the annual report was published: N/A since each capital increase plan (in cash) of the Company in recent three years has been fully executed and the planned effect has been presented.

V. Overview of Operation

(I). Business content

- (A) Business content of the Company
 - 1. Scope of business
 - (1) Main content of business operated by the Company
 - A. Electronic component manufacturing industry
 - B. Electronic material wholesale industry
 - C. International trade industry
 - D. Business not prohibited or restricted by business laws and regulations besides licensed business

(2) Main products and business ratios at present

Unit: NT\$ THOUSANDS:%

		O1	11α 111 φ 1110 00	111100,70
	2020		2021	
Name of product	Sales value	Ratio (%)	Sales value	Ratio (%)
(Reel to Reel chip on Film (Tape-COF for short)	2,596,534	98	2,922,730	97
Others	50,319	2	80,129	3
Total	2,646,853	100	3,002,859	100

(3) New products planned for development

- Thick copper (12um) Tape-COF used for heat dissipation of driver IC of LCD monitor
- ② Development of subtractive technology to 20um pitch and increase the market competitiveness of COF products with specification above 20um pitch.
- ③ On the basis of the process technology expertise and products cultivated using the unique semi-additive method of JMC with fine pitches below 20ump pitch especially 18, 16 and 14um pitch, the Company improved product design capacity through cooperation with customers and comprehensively supplied fine-pitch COF used in LCD driver ICs needed by customers' handheld device products and smartphones.
- Development of 2-Metal Substrate technology. The Company developed light, thin, short, and small new type IC package through cooperation with package manufacturers, and this product could be applied in COF used for advanced panels of 8K and 4K TV sets, COF with high pin-count of 3,000 channels and above in cellphones, thin film substrate used for other various tables of ICs, and substrate used for advanced LED.
- © Development of a new generation of substrates through cooperation with raw material manufacturers.

2. Industry overview

(1) Current industry conditions and development

After outbreak in China in 2020, COVID-19 epidemic has been spread all over the world, leading to the recession of global economy. However, due to the control of global economic activities by each country, stay-at-home economy and non-contact business opportunities have emerged, which has driven the demands for TV, NB and tablet PC to outperform the expectations and resulted in the price rise of such devices. As a result, the output of large-size TFT-LCD panels has presented a growing trend. In the first half of 2021, due to repetition of global pandemic and the

expansion of the disease from the Europe, the United States and China to the Southeast Asia, India, South America and other relevant emerging countries plus the gradual increased impact of virus variants, the global economy was obviously affected by the epidemic despite the gradual increase of vaccinated people in the world, and stay-at-home economy was still very active. Furthermore, in consideration of the payment of bail-out fund by the United States and the increasing demand for replacement of TV sets to watch the Tokyo Olympic Games, a difficulty of short supply of driver IC, glass substrate and polarizer has been faced.

In the first half of 2021, the panel prices continuously soared. Although the downstream terminal customers adjusted their inventories in the second half of 2021 due to the influence of forward buying and the impact of terminal purchasing power resulting from the sudden price rise of panels as well as accumulation of freight containers in ports and material shortage or oversupply, the panel prices began dropping since August. However, since the panel dealers actively responded by production reduction or annual maintenance and the price rise of panels was tremendous in the second half of 2020, the average price of panels in 2021 was still higher than that in 2020, presenting good performance in the growth of the scale of the panel industry.

In 2021, despite the slightly recovery of demands for cellphones and car displays, the lack of chips influenced the overall output. Besides, due to the severe epidemic in emerging markets like the Southeast Asia, the sales performance of medium and low-level cellphones was affected. Additionally, AMOLED panels were further developed in markets like advanced cellphones, wearable products, industrial control and smart home appliances, the shipments of electronic paper displays in colored products were increased, and the layout of electronic layout market was improved. As a result, middle- and small-size TFT-LCD panels were facing the double attack from advanced and low-level products, thus resulting in the continuous recession of the industry output in 2021. The estimated recession rate would be 7.10% and the industry output reached USD 24.423 billion. The scale of the industry output was already lower than that of OLED panel.

As for OLED panel, the penetration rate of advanced smartphones like 5G cellphones was increased. Also, companies like Apple and Samsung accelerated the development of cellphones with OLED panel, and the layout of OLED panel in application markets like wearable device and AR/VR devices was continuously expanded. Furthermore, given the high rise of panel prices, the application of OLED panel in products like TV and middle-size NB was gradually increased. Additionally, enterprises in South Korea accelerated the conversion of LED panel factories to OLED panel factories, while Chinese enterprises would continuously expand the production capacity of OLED panels. In 2021, new volume production of many OLED panels, including LGD Guangzhou 8.5-generation, BOE Chongqing 6-generation, Visionox Hefei 6-generation, Truly Meishan 6-generation and Hunan Qunxian Changsha 6-generation, was executed. As a result, the global OLED panel output presented a rapidly growing trend in 2020 and 2021 with estimated growth rate of 18.5% and reached USD 24.562 billion. It was the first time when it became the second largest panel product over middle- and small-size TFT-LCD panel.

Although the output of middle- and small-size TFT-LCD panel was stuck in a recession in 2021, the estimated growth rate of global output of display panels reached 6.57% and the output reached USD 115.407 billion due to the promotion of factors including price rise of large-size TFT-LCD and OLED panels, furthering of substitution effect and development of new production capacity. Therefore, the growth was continuously enhanced compared with that in 2020, indicating a growing trend of

global display panel industry in 2021.

Changes of Outputs of Each Product Item in Global Display Panel Industry

Unit: USD 100 million: %

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Product item	2017	2018	2019	2020	2021 (e)
Large-size TFT-LCD	812.64	613.99	570.38	599.46	650.95
Middle- and small-size	287.05	287.12	288.27	262.90	244.23
TFT-LCD					
OLED	153.46	172.03	181.66	207.27	245.62
Others	14.79	14.05	13.50	13.27	13.27
Total output	1,267.94	1,087.19	1,053.81	1,082.90	1,154.07
Annual growth rate of	11.18	-14.26	-3.07	2.76	6.57
total output					

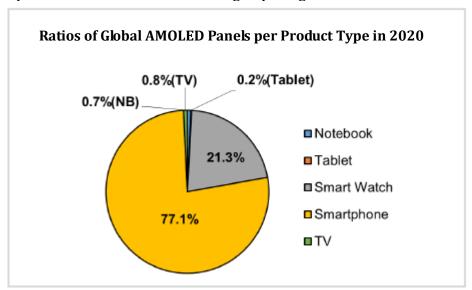
Note: "e" as estimated value.

Data source: Industrial, Science and Technology International Strategy Center, ITRI, and sorted by Taiwan Industry Economics Services.

As for large-size panels, according to the report of the Industrial Technology Research Institute (ITRI for short), the terminal consumer demands were gradually released in the second half of 2020 concerning global display product market, and the strong terminal market demands promoted the continuous rise of panel quotations for more than one year. As for product structure, the strong market demands in the North America drove the significant increase of shipment ratio of large-size panels (50-inch and above). Additionally, the scale of white-brand market was quickly withered and therefore the shipment demands for small-size panels was reduced accordingly. In 2020, the average size of global LCD TV panels shipped was increased by 1.8 inches in 2020, and it was continuously increased in 2021. As for supply, the upstream material shortage could not be fixed within a short term. The supply gap was affected by crowd-out effect and thus the supply would still be pessimistic within a short term. Additionally, the panel factories in China actively promoted merger, acquisition and restructuring and also continuously increased their investments in the production lines of the next-generation panels. As a result, BOE and TCL CSOT became the main LCD panel manufacturers. In 2020, the shipment area of panels of China took up more than 50% of the total global panel shipments. BOE and TCL CSOT took up 30%, thus driving the gradual formation of double-giant competitive pattern in global LCD TV panel market. In recent years, the technological reform of TV was relatively slow. In 2020, the growth rate of high-end TV products like 8K and OLED TV failed to reach the expectation due to the influence of the epidemic. Under the post-epidemic normality, the performance of high-end TV products was not optimistic due to market instability. Additionally, the acceleration of exit of manufacturers in South Korea from LCD production capacity also had a certain impact on the product strategies of leading brands. It was estimated that the penetration rate of 8K TV panels would not quickly improve within a short term. However, the growth of LEDTV and Mini LED backlight TV was still favored due to the increase of supply of LGD production capacity and continuously development of products and technologies; in addition, the panel supply pattern would be gradually changed from monopoly to multiple major suppliers, and thus it was expected to promote the benign competition of OLED TV industry so as to improve the penetration rate. The shipments of OLED TV were expected to exceed 7 million sets in 2021. The self-luminous display and backlight technology of Mini LED have advanced side by side. In the application of backlight solutions, the life cycle of LCD products can be extended in the high-end

markets through regional dimming to effectively enhance picture quality. Thanks to the active strategic layout by the leading brands, the shipments of Mini LED backlight TV were expected to exceeded 2 million sets in 2021, and it would embrace a high-speed development period in the coming years.

In 2020, the output of global panel industry reached USD 106.9 billion, including USD 86.2 billion of LCD output and USD 20.7 billion of OLED. The output of OLED industry already reached 19.3% of the total display industry. The growth of output of OLED industry was driven due to the continuous increase in application products like smartphones, watches, IT and TV, and the unit prices of OLED products were still higher than those of LCD products. As a result, the OLED output is expected to further grow to USD 32 billion in 2023, with an annual composite growth rate of 15.6%, and its ratio in the total display industry will be further improved to 26.4%. If viewed from the perspective of panel shipments, the shipments of all AMOLED panels reached 593 million pieces in 2020. If classified per application, smartphone was still the primary application type, with a ratio of 77.1%. Then, smart watch went the second place, with a ratio of 21.3%. Other applications like large-size TV, NB and tablet PC panels only presented a scale of several million pieces, but were expected to embrace a round of high-speed growth.



Data source: Industrial, Science and Technology International Strategy Center, ITRI

In 2020, the shipments of smart watch panels reached 177 million pieces. According to the research of DSCC, the shipments of AMOLED products reached 131 million pieces, up by 42.8% compared with 2019 and exceeding 100 million pieces for the first time. The penetration rate of AMOLED products already reached 74%. The overall market of smart watch was not dominated by a single panel manufacturer like cellphone. LGD and China Truly carved up about 20% of market share respectively, while Taiwan AUO took up a market share of approximately 4.5%. If viewed from the shipments of branded manufacturers, according to the report of Counterpoint Research, Apple Watch was the champion in the first quarter of 2021 and took up a market share as high as 33.%. Huawei ranked the 2nd place with a market share of 8.4%, and Samsung ranked the 3rd place with a market share of 8.0%.

Benefited from long-distance teaching and work, NB demands were continuously increased in 2020. Chromebook was the key to speed up the growth of the overall NB market. However, the penetration rate of NB market used for education in the United States was gradually saturated, and people would go to school and work

after unblocking. Besides, the demands for standard education drafts like GIGA School of Japan obviously slowed down. As a result, the NB demands for education would not become urgent in the second half of 2021. Additionally, since the problem of material shortage or oversupply was not solved yet, the growth rate of the second quarter of 2021, i.e., 13%, was much lower than 55.9% of the previous quarter and 25.8% in the fourth quarter of 2020. Despite the slowdown of NB demands for education, the shipments of overall NB market in 2021 would maintain positive growth and reach 230 million sets with the support of the formation of hybrid working model and recovery of commercial NB products.

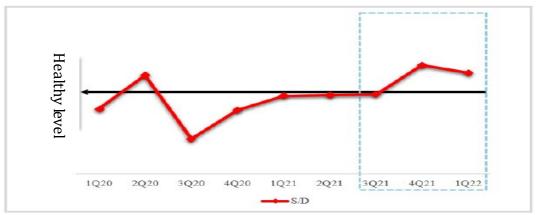
Many things have happened since 2020. In the first quarter of 2020, the COVID-19 epidemic resulted in city lockdown, work stoppage and economic recession. In the first quarter of 2020, work was resumed and demands for online teaching and long-distance work emerged, driving the explosion of demands for stay-at-home economy, and the short supply of panels led to the rise of panel prices. In the second half of 2020, the demands for stay-at-home economy continuously grew. Additionally, due to the worsening of problems like material shortage or oversupply of components and crowd-out effect, the panel quotations were continuously increased and panel factories obtained record-high profits. In the first half of 2021, the stay-at-home economy was still flourishing and the rise of panel quotations continued. However, the problem of short supply and the increase of transportation cost put tremendous pressure on the overall supply chain. In the third quarter of 2021, the growth of some stay-at-home economy weakened, and the issue of port congestion became very serious. Consequently, branded manufacturers requested panel factories to reduce prices or offer cash discounts. Therefore, under the comprehensive influence of increase of negative factors and decrease of beneficiary factors, the seller's market from first quarter to second quarter of 2020 was changed to buyer's market. It can be observed from the inventories of large-size LCD panel factories in the chart below that the inventory weeks of panel factories were obviously increased since July and it was increased from three weeks to nearly four weeks. It is thus clear in the second chart below that large-size LCD panels were obviously oversupplied after third quarter.



Chart: Increase of Inventories of Large-size LCD Panel Factories

Data source: Sorted by Industrial, Science and Technology International Strategy Center, ITRI

Chart: Oversupply of Large-size LCD Panels

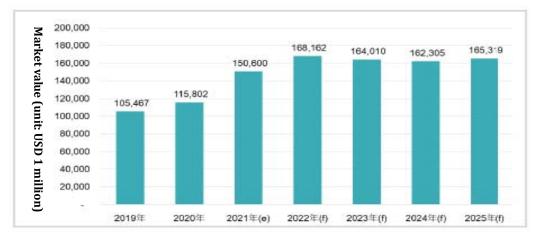


Data source: Sorted by Industrial, Science and Technology International Strategy Center, ITRI

As for TV panels, according to the statistics of Omida, the global shipments of large-size panels in the second quarter of 2021 reached 236 million pieces, presenting a quarterly decrease of 1%. The shipment area maintained a quarterly growth rate of 2%. The shipments of InnoLux and AUO ranked the second and the third places, with market shares of 16% and 14% respectively. With the overdrawing of market demands, the risk of oversupply of TV panels would rise in the second half of 2021, and the panel quotations were expected to be gradually reduced. In order to cope with the market changes, the local manufacturers have adjusted their production capacity and product portfolios, and strategically decreased the supply of TV panels and increased the supply of IT panels, thus maximizing the utilization rate of production rate and the profits. Additionally, the problem of material shortage or oversupply of components could be effectively solved, and difficulty for annual maintenance of glass substrate factories was increased due to the epidemic. The supply of DDIC would still be insufficient next y ear due to the bottleneck of wafer OEM. As a result, the quotations of large-size TV panels would become resilient. Moreover, advanced products would be adopted as objectives of next-generation panels with investment priority, and the development of Mini/MicroLED technology would be focused. With major brands successively launching backlight TV products carried with Mini LED, manufacturers in Taiwan are expected to give play to their advantages and strive to content against OLCD technology in the technical competition of the next generation of display products.

As for small-size smartphone chips, according to the statistics of Gartner, the market revenue of semiconductors used for global smartphone chips reached USD 115.8 billion in 2020., and it was expected to reach USD 150.6 billion in 2021. It is further expected that the market revenue of semiconductors used for global smartphones will reach USD 165.3 billion in 2025. The composite growth rate will reach 7.4% from 2020 to 2025. The main chips used include general-purpose and application-specific types. The ratio of memories reached 35.8% (estimated rate in 2021), indicating the important position of memories in cellphone chips. Samsung, SK Hynix and Micro are three largest international memory manufacturers.

Semiconductor Market Used for Global smartphones from 2019 to 2025



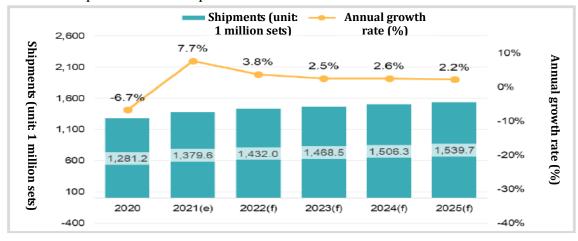
Note: Data source from the report data released by Gartner in October 2021.

Data source: Sorted by Industrial, Science and Technology International Strategy Center, ITRI

The global layout of cellphone chips has already entered the 5G era, and the global smartphone market was quickly recovered in the first quarter of 2021, which was mainly benefited from the strong demands in China and the Asia-Pacific region. Additionally, the expectation was relatively low then due to the outbreak of COVID-19 epidemic in the beginning of 2020, and thus the recovery speed of overall cellphone market in 2021 was expected to go beyond the expectation. Furthermore, since most smartphones already entered the replacement cycle, and the development of 5G devices promoted the growth of shipments, indicating quite promising global demands for smartphones and chips and optimistic market recovery. In the future, the market would continuously grow.

The report of IDC in June 2021 indicated the expected global shipments of smartphones would reach approximately 1.38 billion sets, presenting an annual growth rate of 7.7% compared with 1.281 billion sets in 2020. The global shipments of smartphones are estimated to reach 1.54 billion sets in 2025. Despite the influence of COVID-19 epidemic, the global smartphone performance surpassed the expectation, for people in the Europe and the United States gradually recovered their normal life due to relatively high coverage of COVID-19 vaccination and held an optimistic view on the global shipments of smartphones.

Global Shipments of Smartphones and Annual Growth Rates from 2020 to 2025



Data source: Sorted by Industrial, Science and Technology International Strategy Center, ITRI

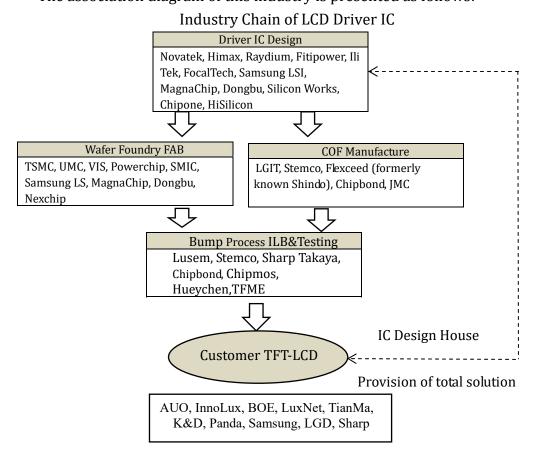
Personal digital devices in the fourth quarter of 2021: As for cellphones, issues like electricity limitation in places of Chinese origin as well as delivery delay and price rise resulting from the supply of upstream components would be continued

for the expectation of production in this quarter. In particular, fourth quarter was the peak shipment season for EMS OEM brands (e.g. iPhone and Pixel), and the supply of resources between brands and design OEM might be involved in crowd-out. Therefore, the output of this quarter was expected as NT\$ 63.3 billion, presenting an annual decrease rate of 21%. As for GPS, people's demands for outdoor activities were gradually increased after the epidemic was mitigated. Therefore, the market demands for high-integration navigation and health monitoring GPC products would increase and the sales would continuously growth plus the launching of advanced wearable products. The output of personal digital devices was expected to reach NT\$ 104 billion in the fourth quarter of 2021, down by 8% compared with that in the same period last year.

The Company also actively develops 2-Metal Substrate technology to satisfy the high requirements of future higher-end wearable products and mobile products for light, thin, short and small devices. Therefore, the Company adds investments in further increasing 2-metal for the current unique highly thinning, light-weight and flexible characteristics of Tape-COF. This technology can expand the application scope of Tape-COF from the existing large-size panel driver IC to the driver IC of advanced mobile devices, thin film substrate used for other various types of ICs, advanced LED substrate and other relevant fields, and therefore the Company will become a supplier providing customers with all-round product solutions.

(2) Relevancy of upper, middle and lower reaches of the industry

The Tape-COF of the Company is a key component for driver IC package of LCD display. The driver IC industry structure can be divided into upstream IC design, middle-reaches IC substrate and wafer manufacturing, and downstream IC package and testing. The industry the Company belongs to is indicated in the following diagram. In consideration of the relevancy of upper, middle and lower reaches of the industry, the Company is located at the middle reaches of the driver IC industry. The association diagram of this industry is presented as follows:



(3) Various development trends of products

As for products, with the development of panels towards high pixel and high resolution ratio and in consideration of demands for light, thin, short and small chips, pitch and spacing of driver IC line become increasingly micronized and the design of package substrate must coordinate with the micronization of chip circuit spacing, and therefore the development of package substrate is guided towards high-density construction technology. In the past, COG (Chip on Glass) type driver IC smartphones were always used. However, due to the light-weight and thinning design of products and the improvement of display density and screen ratio, design of COF (Chip on Film) type driver IC has been initially started. This development trend helps create new market opportunities and export market for COF products. It is expected 1-Metal 18/16um pitch COF and 2-Metal COF will be used as the future design and application mainstream for COF type driver ICs used in the newly increased handheld device products and smartphones.

As for processing methods, support for spacing reduction is one of key development projects of Tape-COF. At present, domestic and foreign manufacturers are using the extension technology of the subtractive method to support fine spacing; in the future, in terms of higher-end technology, the spacing can be reduced to 22um for volume production, and research and development of 20um has begun. In the competition of micro-spacing below 20um, the semi-additive method will be more effective, and therefore relevant enterprises have begun to promote this processing method to expand the market share of products below the 22um generation.

As for materials, that whether 2PI (1 polyimide layer and 1 metal layer) of Tape-COF raw material supports fine spacing or not has become an important technical issue. At present, standard products are made of copper foil materials after sputtering and then electroplating. As for driver ICs used in LCD TV, there is a trend of dissipating the heat of the chip from the end of the tape substrate. Therefore, the thick film of copper foil will be helpful. At current stage, most Tape-COF suppliers use 8um as standard copper thickness. In the future, due to the demand of high heat dissipation, the copper thickness will be plated to 12um so as to achieve the purpose of high heat dissipation.

(4) Competition status

Given the ever-changing global economy and the fierce competition of the industry, the Company will dedicated to the development of niche products and technologies, continuously exert great efforts to the industry of Tape-COF used for packages, and continuously develop Tape-COF that can be matched and applied in various IC packages. Tape-COF produced by the Company is mainly used for the packaging of LCD driver IC and the main terminal application products are large-size LCD TV. The terminal application product of Tape-COF currently developed for the use of IC package of 2-Metal COF is COF with high pin-count of 3,000 channels and above in cellphones. Therefore, the Company will gradually expand the supply scope in intelligent cellphones in the future, and its products can also be applied COF used for advanced panels of 8K and 4K TV sets, thin film substrate used for other various tables of ICs, and substrate used for advanced LED.

JMC will dedicate to the improvement of the production yield and efficiency of 1-Metal 18/16um pitches, as well as the maximization of its production capacity and the reduction of cost using its unique semi-additive process technology to create profits. As for R&D of new processes and new technologies, JMC will also spare no effort to complete the establishment of 2-Metal processes. Then, JMC will become a

supplier of Tape-COF and flexible IC substrate with all-around technologies of subtractive, semi-additive and 2-Metal processes. Our capability to develop advanced technologies through coordination with customers and our determination to effectively launch and execute strategic plans will benefit the improvement of the middle- and long-term operational performance of JMC.

Additionally, JMC will vertically integrate upstream and downstream supply chains, actively cooperate with upstream material suppliers to develop new materials, and complete the creation of all-win long-term partnership with suppliers of raw materials and customers. Moreover, JMC will continuously focus on domestic market customers and expand overseas markets and become a manufacturer of Tape-COF used for IC packages with international competitiveness and familiarity so as to build long-term inter-dependence with customers.

3. Technology and R&D overview

(1) R&D overview

The Company will continue to develop subtractive technology and promote it to 20um pitch, and improve its quality and efficiency so as to reduce costs and increase the market competitiveness of COF products above 20um pitch. It is estimated that NT\$ 80,639,000 will be invested in 2012.

On the basis of the process technology expertise and products cultivated using the unique semi-additive method of JMC with fine pitches below 20ump pitch especially 18, 16 and 14um pitch, the Company improved product design capacity through cooperation with customers and comprehensively supplied fine-pitch COF used in LCD driver ICs needed by customers' handheld device products and smartphones.

The Company will develop 2-Metal advanced process technology. In the future, in addition to application in LCD driver ICs with design requirements for high pin-count and fine pitch, 2-Metal process technology will be developed through cooperation with customers to extend the characteristics of light, thin, short and small IC substrates other various IC thin film substrates and high-end LED substrates so as to create new types of IC packages.

(2) Research and development personnel and their education and work experience

April 30, 2022: unit: Person: %: year

		April 30, 2022	, unit. I croon, 70, year	
Education	Number of persons	Ratio (%)	Average seniority for employment by the Company (years)	Average seniority of relevant work experience (years)
Doctor/Master	12	21.05		
University/Junior college	42	73.69		
High school and vocational high school (and below)	3	5.26	6.47	9.62
Total	57	100.00		

(3) R&D expenses invested in recent years and as of the date of publication of the annual report

Unit: NT\$ THOUSANDS

L	Year	2021	As of April 30, 2022
	R&D expenses	68,947	22,162

(4) Technologies or products successfully developed

- (1)20 um Pitch Tape-COF of semi-additive process
- (2)18um Pitch Tape-COF of semi-additive process

- (3)16um Pitch Tape-COF of semi-additive process
- (4)12um Thick-copper Tape-COF of semi-additive process
- (5)22um Pitch Tape-COF f subtractive process
- 6)2-Metal process

4. Long-term and short-term business development plans

(1) Short-term development plan

A. Marketing strategies

- b. Coordinate with customer requirements, strengthen technical capacity for product development and gradually sell products to overseas markets.
- c. Shorten the development time of new products and spare no effort to strive for markets that comply with customers' present conditions.
- d. Improve after-sales services, actively assist customers in solving problems and strive competitive advantages with timely services.

B. Product development strategies

- a. Develop niche products and technologies, continuously exert great efforts to the industry of Tape-COF used for packages, and continuously develop Tape-COF that can be matched and applied in various IC packages.
- b. Enlarge production capacity at due time in consideration of capacity load and business status to improve yield and satisfy customer requirements.
- c. Seek for stable and more competitive supply sources of raw materials from the upstream, and strengthen the cooperation with each driver IC manufacturer in the downstream to develop opportunities together.

C. Operation and financial strategies

- a. Strengthen the capacity for product planning and management, coordinate with customers' product designs in a real-time manner, and produce products that satisfy customer requirements.
- b. Establish a raw material procurement exchange limit control mechanism to reduce the risks of accounts payable.
- c. Get to know the characteristics of each financial instrument to acquire capital at relatively low cost at due time.

(2) Long-term business development plan

- ①Improve the capacity for contracting of product designs and comprehensively supply Tape-COF needed for the customers on the basis of the existing semi-additive process technology and products and through cooperation with IC Design House customers.
- (2) Develop 2-Metal Substrate technology and cooperate with package factories to develop light, thin, short and small new type IC package especially thin film substrate used for other various ICs of mobile device as well as substrates used for advanced LED.
- (3) Vertically integrate upstream and downstream supply chains, actively cooperate with upstream material suppliers to develop new materials, and complete the creation of all-win long-term partnership with suppliers of raw materials and customers.
- 4 Continuously focus on domestic market customers and expand overseas markets and become a manufacturer of Tape-COF used for IC packages with international competitiveness and familiarity so as to build long-term inter-dependence with customers.
- (5) Fully utilize the capital market in the future to acquire more fundraising channels

as the backup for operational development and strengthen the financial structure.

(II). Overview of market and production & sales

(A) Market analysis

1. Regions of sales of main commodities:

IInit•	NT\$	THOUSANDS:	0/

	Year	2020		2021		
Region of sales		Sales amount	%	Sales amount	%	
Domestic	sales	2,011,628	76	1,677,284	56	
	Asia	635,225	24	1,325,575	44	
Overseas sales	Others	-	-	-	-	
	Subtotal	635,225	24	1,325,575	44	
Total		2,646,853	100	3,002,859	100	

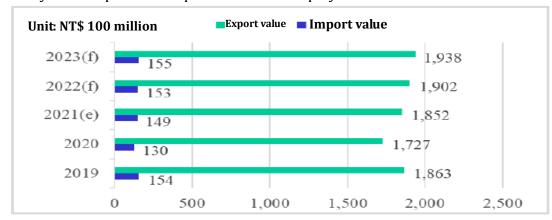
2.Market share

In 2020, driven by the stay-at-home economy and non-contact business opportunities, panel prices and downstream terminal demands rebounded from the bottom, driving the output value and sales value of display panels in Taiwan to turn into a growth trend at the same time. After entry into 2021, benefiting from the mitigation of the epidemic in major consumer regions such as the United States, the Europe and China, countries successively loosened control measures, driving the continued growth of downstream demands for panels, including consumer electronics such as smartphones and car displays, as well as commercial displays, smart home, smart medical and other relevant application market demands which were slightly recovered. However, due to the still insufficient vaccine coverage, and the expansion of the epidemic in India, Central and South America, the Southeast Asia and other countries, the stay-at-home effect still existed, and the US government released bailout funds and the Tokyo Olympics were held as scheduled, and various sports were gradually resumed, which prompted a growth trend in the demands for LCD TVs, NBs, LCD monitors, and tablet PCs. In addition, driven by the substantial rise of panel prices, the annual growth rate of the sales volume of display panel industry of Taiwan reached as high as 46.50% from January to August 2021, showing a strong growth rate.

Global COVID-19 pandemic has been repeated since 2021, and Taiwan entered its level-3 alert stage from May 19 to July 28. Although AUO, InnoLux and other companies reported sporadic confirmed cases, the situation was soon effectively resolved, and therefore the domestic production lines were not affected. In addition, although upstream ICs, glass substrates, and polarizers were in short supply, the utilization rate of production capacity in Taiwan sustained a full-load status from January to August 2021 thanks to relatively high self-sufficiency supply rate, complete upstream and downstream layout structure, and relatively sufficient supply of components given long-term cooperation withe enterprises, and the annual growth rate of production value reached as high as 46.50%, showing a strong growth rate.

According to the statistics of the display panel tariff commodity codes, the export value of display panels of Taiwan reached NT\$ 172.7 billion in 2020, down by 7.3% compared with 2019, and the import value was NT\$ 13 billion, down by 15.58% compared with 2019. In 2021, the global demands for terminal products would gradually shift from consumer products to commercial products. It is expected that the overall panel import and export value of Taiwan will continue to rise.

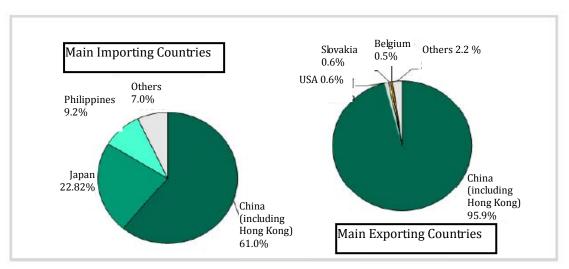
Analysis of Import and Export Trends of Displays of Taiwan from 2019 to 2023



Data source: Sorted by Industrial, Science and Technology International Strategy Center, ITRI

In 2020, China (including Hong Kong) was the main importing/exporting country of Taiwan's panel industry are both be mainland China (including Hong Kong). In order to meet the needs of downstream assembly products, Taiwan's panel industry mainly exported products to China (including Hong Kong), and only exported a small part the assembly factories in the Europe and the United States. Changes in consumer demands for terminal products in China, the Europe and the United States are the key to affecting the panel industry. In 2021, China (including Hong Kong) would still be the main importing and exporting country for Taiwan's panel industry, and a certain portion of panel products would be exported to satisfy the assembly demands in the Europe and the America.

Analysis of Import and Export Trends of Displays of Taiwan from 2019 to 2023



Data source: Sorted by Industrial, Science and Technology International Strategy Center, ITRI

According to the IDC survey report, the global smartphone shipments in the second quarter of 2021 reached 313 million units, up by 13.2% compared with that in the same period of 2020, and it was the second highest annual growth rate in recent years (second only to 25.5% in the first quarter of 2021). The smartphone market was less affected by the slowdown in shipments due to severe component shortage compared with PC and tablet PC markets. In addition, the increase in shipments of 5G devices boosted shipment growth, especially with the decline in prices, showing quite favorable global smartphone demands.

As for the shipment volume of top-5 brand manufacturers, Samsung continued to maintain its leading position in the global smartphone market with a market share of 18.8%, while the growth rate of its shipments was only 9.3%, ranking the last place in these top-5 manufacturers and inferior to the overall shipment performance. The main reasons lied in the fierce competition from mainland brands and the influence of supply constraints on Samsung's shipment performance in the second quarter; as Huawei's shipments continued to decline and LG recently announced its withdrawal from the smartphone business, the market shares of the remaining manufacturers were shuffled.

Xiaomi ranked the second place for the first time in the second quarter of 2021, and this brand quickly and successfully seized LG's market share in Latin America and Huawei's market share in Europe respectively, with a strong shipment growth of 86.6%. It was the best performance among the top-5 brand manufacturers.

Although Apple retreated to the third place among the top-5 brands, its 5G iPhone 12 series was still quite popular in the market. In addition, emerging markets surpassed the United States to become Apple's largest single market this quarter, presenting an increase in market share from 13.6% in the second quarter of 2020 to 14.1% this quarter together with increase of its shipment volume by 17.8%.

OPPO and Vivo, two brands from China and ranking the fourth and fifth places respectively, continued to benefit from the rapid recession of Huawei due to the US sanctions, and carved up the market share lost by Huawei in the European and American markets. Additionally, with good performance in China, India and other markets, these two brand manufacturers realized double-digit annual growth rates of 37.0% and 33.7% respectively, and their market share increased to over 10%.

The combined market share of these top-5 brand manufacturers in the second quarter of 2021 still remained above 70%, reflecting the continued increase in the influence of brand manufacturers in aggregate consumption and buying. Among them, there were three brands from China with total market share increased from 28% in the second half of 2020 to 38 this quarter. The overall shipments reached 118 million with a growth rate of 54.2%, and their performance was better than the global average.

Rankings and Market Shares of Global Smartphone Manufacturers in the Second Quarter of 2021

Unit: 1 million sets

						11111110111000
Ranking	Manufacturer	2021Q2	2021Q2	2020Q2	2020Q2	YoY Market
		Shipments	Market	Shipments	Market	share
			share		share	
1	Samsung	59.0	18.8%	54.0	19.5%	9.3%
2	Xiaomi (China)	53.1	16.9%	28.5	10.3%	86.6%
3	Apple	44.2	14.1%	37.6	13.6%	17.8%
4	OPPO (China)	32.8	10.5%	24.0	8.7%	37.0%
5	Vivo(China)	31.6	10.1%	23.7	8.6%	33.7%
	Others	92.4	29.5%	109.0	39.4%	-15.2%
	Total	313.2	100.0%	276.6	100%	13.2%

Data source: IDC

There were only five global suppliers, namely, Stemco (Samsung) and LGIT (LGD) of South Korea, Flexeed (formally known as Shindo) of Japan, Chibon and the Company. The Company is one of the two Taiwan-based suppliers with sales volume of approximately 600 million pieces in 2021. It is estimated that the shipments of the Company take up approximately 10%-15% of the global driver IC substrate market.

3. Future supply and demand as well as growth of market

The downstream demand was not as strong as expected since August 2021. In addition, IC and other components were still out of stock, and at the same time, there were problems like port and container congestion and material shortage or oversupply. Consequently, end customers became more conservative in placing orders, resulting in a significant decrease in panel prices. This downward trend prompted panel manufacturers to reduce supply through production cuts or annual repairs since September. Therefore, it was estimated that the global oversupply ratio of large-size LCD panels would not expand significantly in the fourth quarter of 2021.

According to the report of Taiwan Industry Economics Services, since there is no mass production of new production lines in the world after entry into 2022, the production capacity is mainly increased due to technological improvement or the introduction of new equipment, involving BOE, HKC, AUO and InnoLux. However, when facing the falling panel prices, panel manufacturers will be cautious in controlling production capacity, which will lead to limited capacity growth, especially when upstream IC and other components are still out of stock. Given instability in the global supply chain, large-size panel production capacity will only grow slightly, and the production capacity in each quarter of 2022 is forecast to reach 53,900,000m², 55,000,000m², 55,100,000m² and 55,200,000m² respectively.

Due to the low season in the first guarter of 2022, the demand was relatively weak. In addition, the decline in purchasing intentions caused by early replacement in the first half of 2021 still existed. Meanwhile, there were fewer promoting activities to inspire the purchasing. Therefore, the total area of global large-size panels was only expected to reach 52,900,000m² in this quarter, driving the oversupply ratio to 1.9%. Fortunately, from the second quarter, it is expected that the promotion of the "618" shopping festival in China, coupled with the demand for stocking in the peak season in the second half of the year, will help improve consumers' willingness to purchase, and increase the promotion space after a period of decline in panel prices. Therefore, the demanded area of global large-size LCD panels will increase to 54,300,000m² in the second quarter of 2022. Furthermore, the demand will be driven by the peak season effect in the second half of the year. In addition, the price correction has come to an end, and the Hangzhou Asian Games, the World Cup and other sports will be held one after another. Therefore, the demand will be gradually recovered in the second half of 2020 as expected. It is estimated that the demanded area of large-size LCD panels will reach 55,100,000m² and 54,800,000m² respectively in the third and fourth quarters, which will push the oversupply ratio to reach 0.0% and 0.7% respectively. As a result, the supply-demand structure will be roughly balanced.

Generally speaking, it is expected that the supply and demand of the global large-size LCD panel industry will grow synchronously in 2022. The growth rate of supply will reach 5.1% and the total supplied area of large-size LCD panels will be 219,200,000m², while the growth rate of demand will reach 1.5% and the total demanded area will be 217,100,000m². In a word, the supply will outperform the demand. However, due to the shortage of chips, instability of supply chain, logistics and other related issues, it is expected that the proportion of oversupply will be significantly low as from -4.7% to 1.0%, indicating that the industrial oversupply is not significant, and the supply-demand structure is still steady.

According to the forecast of the World Semiconductor Trade Statistics (WSTS), the total annual sales value of the global semiconductor market in 2021 reached USD

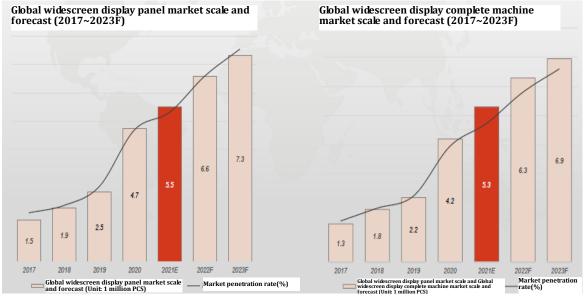
553 billion, presenting a growth rate of 25.6% compared with that in 2020. Although the COVID-19 epidemic continues, the demand for terminal electronic products still exists. WSTS expects that the global semiconductor output value is expected to further reach USD 601.5 billion in 2022, thus exceeding USD 600 billion for the first time, and the annual growth rate will reach 8.8%. This figure will reach USD 633.2 billion with annual growth rate of 5.3% in 2023, and USD 671.4 billion with annual growth rate of 6.0% in 2024 respectively as expected.



Note: Data from the global semiconductor industry forecast released by WSTS in November 2021.

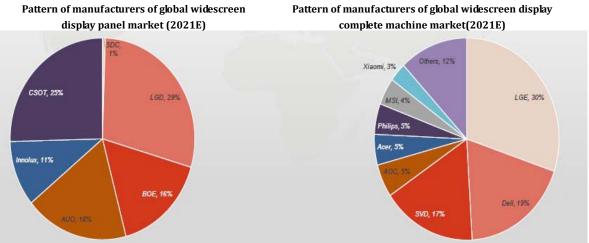
Data source: Industrial, Science and Technology International Strategy Center, ITRI

According to the analysis of the report of Sigmaintell, the size of global widescreen display market size has been measured. It was estimated that the global widescreen display panel market demand would reach approximately 5.5 million pieces in 2021, and the complete machine market would reach approximately 5.3 million sets. Due to the influence of the withdrawal of SDC, a major panel supplier, the growth rate of the market would slow down in 2021. Judging from the product layout of new panel factories, it is expected that the supply of the widescreen display market will become stable in 2022, and the scale growth will pick up. In 2023, the global widescreen display panel market demand will reach 7.3 million pieces, and the complete machine market demand will approach 6.9 million sets.



Data source: Sigmaintell

According to the analysis of the report of Sigmaintell, due to the withdrawal of SDC (with original market share as high as 40%), a major adjustment would appear in the layout of the panel manufacturers in the widescreen display market in 2021. The VA curved widescreen panel factories would usher in growth opportunities, and the share of SDC would be occupied by AUO and CSOT. The supply chain structure of widescreen panels would be adjusted accordingly. Samsung, TPV and local brands in China would turn to CSOT to realize the quick growth of CSOT.



Data source: Sigmaintell

According to the latest data from IDC, an international market research organization, the overall shipments of the global smartphone market in the third quarter of 2021 fell by 6.7% to 331 million units compared with that in the same period of 2020.

IDC indicated that, in addition to the impact of supply chain bottleneck and chip shortage, the smartphone industry currently faced other manufacturing and logistical challenges. Stricter quarantine policies would lead to shipping delays, and China's power supply restrictions impacted the manufacturing of key parts. Supply-side issues are not expected to ease until 2022 due to strong market demand.

Smartphone shipments declined in almost all regions in the third quarter. Central and Eastern Europe (CEE) and the Asia Pacific (excluding Japan and China) saw

larger annual declines, down by 23.2% and 11.6% respectively. Regions such as the United States, Western Europe and China experienced smaller annual declines, down by 0.2%, 4.6% and 4.4% respectively, mainly because suppliers tended to prioritize shipments to these key market regions.

From the perspective of various brands, the shipments of Samsung smartphones in the third quarter reached 69 million units, presenting a year-on-year decline of 14.2%, although it still had a market share of 20.8%, ranking the first place among all smartphone manufacturers.

Apple's shipments reached 50.4 million units, with an annual growth of 20.8%. Benefiting from the release of new smartphone models, Apple's market share reached 15.2%, ranking the second place after Samsung.

Xiaomi's shipments reached 44.3 million units, presenting an annual decline of 4.6%, and its market share was 13.4%, ranking the third place. Vivo and OPPO tied for fourth place with a market share of 10.0%. Shipments of Vivo smartphones reached 33.3 million units with annual growth rate of 5.8%, while shipments of OPPO smartphones reached 33.2 million units, up by 8.6%.

Quarterly Global Smartphone Shipments

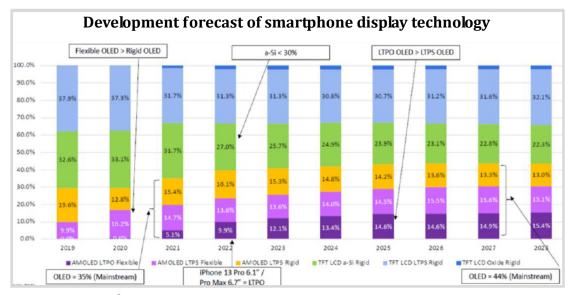
Unit: 1 million sets

Ranking	Manufacturer	2021Q1 Shipments	2021Q1Mar ket share	2020Q1 Shipments	2020Q1 Market share	YoY Market share
1	Samsung	69.0	20.8%	80.4	22.7%	-14.2%
2	Apple	50.4	15.2%	41.7	11.7%	20.8%
3	Xiaomi (China)	44.3	13.4%	46.5	13.1%	-4.6%
4T	Vivo(China)	33.3	10.1%	31.5	8.9%	5.8%
4T	OPPO (China)	33.2	10.0%	30.6	8.6%	8.6%
	Others	101.1	30.5%	124.3	35.0%	-18.7%
	Total	331.2	100.0%	354.9	100%	-6.7%

Note: Data from the global smartphone shipments in the third quarter of 2021 released by IDC in October 2021.

Data source: Industrial, Science and Technology International Strategy Center, ITRI

According to a research report by Omdia, the shipments of smartphone panels reached 1.54 billion pieces in 2020, of which AMOLED products reached 457 million pieces. The penetration rate of the overall smartphone market was 29.6%. As China's AMOLED production capacity continued to expand, the penetration rate was expected to reach 35% in 2021 and 40% next year respectively under the background of price reduction. When observing the technology development trend, we can see that the shipments of Flexible OELD using PI as substrate began surpassing the shipment of Rigid OLED with glass as substrate because it was much lighter and thinner (panel thickness reduced by 70%). Also, the volume production of LTPO Flexible AMOLED as a new generation of electricity-saving TFT backlight technology began this year, and it would be installed on iPhone 13 which was to be sold in the third quarter this year.



Data source: Omdia

According to the data report forecast by Gartner in October 2021, benefited from factors such as continuously strong demand for computers and network-connected cellphones driven by stay-at-home economy, rapid development of 5G technology in various countries around the world, and recovery of the automotive market, it was estimated that the global semiconductor output value would reach USD 591 billion, up by 26.9%. It is estimated that this figure will exceed USD 600 billion and reach USD 644 billion in 2022, presenting an annual growth rate8.9%. This figure is expected to reach USD 620 billion in 2023, presenting a slight decline of 3.7% due to oversupply. In 2024, it will grow positively and the global semiconductor market scale will reach USD 644 billion, presenting an annual growth rate3.8%. In 2025, this figure will further increase to USD 684 billion, presenting an annual growth rate of 6.2%.

4.Competitive niches

- (1) Professional operation team with solid technologies

 The operation team of the Company has solid technologies in the industry and are quite sharp for the positioning of products in process technology market and sales strategies. Also, by applying efficient production and sales management and advanced process technologies, the operation team manages to satisfy customer requirements and improve the Company's overall competitiveness.
- (2) Emphasis on research and development with abundant production experience SMM, the former ultimate parent company of the Company, established a tape-type advanced film IC substrate R&D center in Ome, Japan as early as 1990. The Company also began investing in the R&D of relevant products since 2004, and therefore has accumulated years of manufacturing experience and technical strength. We have continuously improved our production technologies to ensure stable product quality and therefore we are deeply trusted by our customers. Additionally, the Company has allocated tremendous manpower and material resources in the R&D of new technologies and new processes to further improve
- (3) Short product development period to quickly satisfy customer requirements Since package substrate is a customized product, design-in is needed in the initial stage of driver IC development to jointly execute product development process. For the purpose of shortening the product development period, in addition to the

possession of independent R&D, testing and verification capabilities, the Company would eliminate each factor that influences product stability through the reliability verification of complete and rigorous work environment and service life and provide samples in the shortest time after customers raise specification requirements for product specifications so as to ensure the provision of products that comply with such requirements and speed up the marketing time of products. Besides, the Company has established close partnership with major driver IC factories in Taiwan so as to benefit the Company's mastery of the trends of the application market and the leading technologies.

(4) Strengthening of product process management and improvement of capacity for product yield

Product yield directly influences the Company's production and profits, and product yield and product quality will depend on whether the production process management can be effectively operated. The Company has engaged in the field of Tape-COF for many years and accumulated years' manufacturing experience and technical strength as well as dedicated to the improvement of product quality. Therefore, it has been deeply trusted by the customers. High-quality, stable and reliable products are a necessary factor for the accomplishment of the Company's undertaking and also a powerful tool for the Company to compete in the market. Additionally, the Company is capable of effectively reducing production cost, making continuous improvements in terms of technologies and advanced processes, lowering unit production cost and improving profits so as to better the prices competitiveness of products.

(5) Leading process technologies

The Company is the only supplier among all domestic and foreign suppliers that owns subtractive process, semi-additive process and 2-Metal process simultaneously. The minimum spacing of Tape-COF volume-produced using semi-additive process can reach 16um, which is leading in the process technology industry.

5. Advantages and disadvantages of future development vision and countermeasures A. Advantages

- a. Broadened product application fields and continuously expanded market scale The application fields of panels are continuously expanded. For example, storage NB, panel display, LCD TV, cellphone, camera and other optical products are all panel application fields. With the improvement of technologies and reduction of production cost, the scope of application will be continuously expanded so as to to drive the growth of application demands for driver IC package materials.
- b. Taiwan becomes an important place for global panel and IC design and production and the supply chain is localized.

 Taiwan has already become a manufacturing center of global panel display and IC manufacturing industries. With the continuous expansion of the overall production scale of the global panel industry, the upstream and downstream panel industry supply chain market will be driven. The manufacturers of Taiwan play a very important role in the aforesaid product supply chain so as to gradually improve the independence of Taiwan in the manufacturing of key components in the panel industry. Therefore, the localization trend of driver IC supply chain will bring huge business opportunities to local tape suppliers.
- c. Close partnership with customers
 Since Tape-COF is a highly customized component, it can be developed and produced only after the driver IC design house provides specification first.

Therefore, the Company is highly associated with IC design house. Once a partnership is established with the customers, the Company cannot be easily replaced.

d. Highly capital and technology intensive and relatively high entry threshold The semiconductor industry is a capital- and technology-intensive industry. Due to the expensive testing machines required for semiconductor testing and the rapid changes in product technology, the capital expenditure required is continuously increasing. In addition, the semiconductor industry is highly technology-intensive, and its process technology and product yield rate determine the production cost, while R&D talents are closely related to process technology. However, it is not easy to cultivate and recruit R&D professionals, and products need to be certified by customers first before orders can be placed, thus resulting in relatively high entry threshold for new competitors. The Company has an excellent technical research and development team, which has been deeply involved in the industry for many years and thus accumulated rich practical experience and fully mastered semiconductor package trends and demands. Furthermore, the Company's product process technologies have already won trust from major domestic and foreign manufacturers and passed their quality certifications, indicating the Company's market competitiveness.

B. Disadvantages

a. Trend of continuous priced reduction of information products remains unchanged and product prices are facing declining pressure.

In order to stipulate the terminal consumer marker, information product providers continuously adopt low-price strategies and also require the upstream component suppliers to reduce prices. Therefore, the component manufacturers are facing the pressure of shrinkage of gross profit rate. Under the low-cost trend, the profitability will be affected if the Company cannot maintain our leading position in technical terms, or no favorable upstream and downstream industry chain management is adopted to control cost.

Countermeasures:

Besides closely cooperating with existing manufacturers and establishing long-term stable partnership with them, the Company continuously improves its technologies and processes and betters its product yield so as to lower unit production cost and enhance price competitiveness. Additionally, based on the market development trends, the Company will intensify its design capacity, raise technological threshold and improve yield so as to widen the technological gap with the competitive enterprises and avoid price competition.

b. Low independence regarding key raw materials

The main raw materials used for production of Tape-COF have to rely on supplies from foreign manufacturers, and therefore it is relatively difficult to control the cost of these raw materials, which does not benefit price competition.

Countermeasures:

The Company closely cooperates with existing manufacturers and establishes long-term stable partnership with them to research and develop a new generation of substrates through joint cooperation to control the stability of supply of raw materials. Also, the Company purchases forward exchange in advance to avoid the risk of change in exchange rate. Additionally, the Company also continuously improves process yield, avoids improper wastage and accurately controls production cost; the R&D unit of the Company also tests the raw materials supplied by different

manufacturers to lower risks.

c. It is more difficult to develop tape IC substrates used for packages due to IC circuit spacing micronization.

Since light, thin, short and small products are pursued, and the penetration rate of LCD TV with super-high picture quality, it becomes more difficult to develop tape IC substrates used for packages with the micronization of circuit process technology applied in driver IC products.

Countermeasures:

The Company has continuously cooperated with driver IC factories and utilized unique semi-additive process technology to successfully develop Tape-COF products with 18um and 16um pitch, boasting leading technology in the industry; besides, more advanced Tape-COF products like 2-Metal Tape-COF, still have been continuously developed and the Company is expected to provide products needed by the customers ahead of other enterprises in the industry.

d. Both sales and purchase are valuated using foreign currency and thus the profitability can be easily affected by change in foreign exchange.

Although the products of the Company are mainly sold locally in Taiwan, customers used USD for pricing. However, JPY is mainly used for pricing of raw materials purchased. Therefore, fluctuation of exchange rate has a certain influence on the Company's profitability.

Countermeasures:

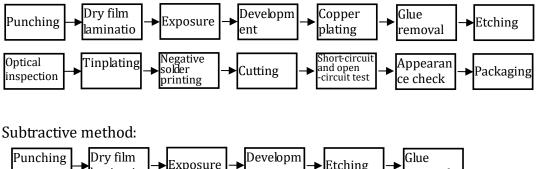
In order to strengthen the risk management of exchange rate and lower its influence on profits, the Company takes the following measures:

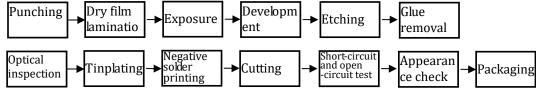
- Finance & Accounting Department has normally maintained a close relation with foreign exchange department of correspondent banks to fully master the trend of exchange rates, and also search information related to change in exchange rate at the same time to master the trends and information on the changes of domestic and foreign exchanges rates so as to lower the negative impact caused by change in exchange rate.
- **(b)** The Company considers the changing trend of exchange rate, and evaluates the adjustment of selling prices of products upon business quotations so as to assure the Company's profits.
- © The Company takes proper hedging tools like pre-sale or advance purchase of forward exchange to lower the risk of fluctuation of exchange rate.
- (B) Important usage of major product and production process

1. Important usage of main product

Main product	Main usage or function
Tape-COF	LCD display driver IC package

2. Production process of main product Semi-additive method:





(C) Supply status of main raw material

Main raw material	Supplier	Supply status
	Sumitomo Metal Mining Co., LTD	Good and stable

- (D) List of main customers for sales and purchase
 - 1. Specify names of manufacturing taking up more than ten percent of total purchasing amount of the Company in either of the recent two years and their purchasing amount and ratios and explain the reason for change (increase/decrease).

Unit: NT\$ THOUSANDS; %

	One. Net Thousands 7/0											
	2020			2021			As of the previous quarter of 2022			2022		
Item	Name	Amount	Ratio in net purchasing amount in current year (%)	Relation with the issuer		Amount	Ratio in net purchasing amount in current year (%)	iwith the		Amount	Ratio in net purchasing amount as of the previous quarter of current year	
1	SMM	681,173	54	None	SMM	707,735	51	None	SMM	140,176	51	None
О	thers	590,407	46		Others	670,768	49		Others	134,117	49	
pur	Net chasing nount	1,271,580	100		Net purchasing amount	1,378,503	100		Net purchasing amount	274,293	100	

Explanation of change (increase/decrease):

The main supplier of the Company in recent two years is SMM, and the purchasing amount is not significantly changed due to the influence of exchange rate.

2. Specify names of clients taking up more than ten percent of total selling amount of the Company in either of the recent two years and their selling amount and ratios and explain the reason for change (increase/decrease).

Unit· NT\$ THOUSANDS: %

	Unit: NT\$ THOUSAND 2020 2021 As of the previous quarter of 20							CHOUSANDS; % uarter of 2022				
Ite m	Name	Amount	Percent (%)	Relation with the issuer	Name	Amount	Percent (%)	Relation with the issuer	Name	Amount	Percent	Relation with the issuer
1	NovaTek	779,696	29	None	CHIPONE (HONG KONG)	662,960	22	None	NovaTek	118,096	19	None
2	Himax Technolo- gies, Inc.	647,219	24	None	NovaTek	556,273	19	None	CHIPONE (HONG KONG)	103,009	16	None
3	Raydium Semicond -uctor Corporati on	399,492	15	None	Raydium Semiconduc -tor Corporation	417,344	14	None	Himax Technolog -ies, Inc.	88,734	14	None
4	CHIPONE (HONG KONG)	355,294	13	None	Himax Technologie -s, Inc.	382,333	13	None	Chang Wah	76,563	12	Main management of the Company
5	-	,	-	-	Tongfu Microelectr- onics Hefei Subsidiary	306,595	10	None	Tongfu Microelect -ronics Xiamen Subsidiary	72,554	12	None
(Others	465,152	19		Others	677,354	22		Others	170,055	27	
	et selling imount	2,646,853	100		Net selling amount	3,002,859	100.00		Net selling amount	629,011	100	

Explanation of change (increase/decrease): In 2021, the operating efficiency grew due to the effect of product structural adjustment and demand increase.

(E) Production value in recent two years

Year		2020			2021	
Production value Main commodity	Production capacity (Note 1)	Output	Production value	Production capacity (Note 1)	Output	Production value
Tape-COF	840,000	500,239	2,140,953	960,000	625,894	2,345,100

Note 1: The production capacity is calculated on the basis of 48 tape width and 5 holes.

Explanation of change (increase/decrease):

The increase of production output in 2021 resulted from the increase of demand for large-size products.

(F) Table of sales volume and value in recent two years

Unit: Kpcs; NT\$ THOUSANDS

							<u> </u>	
Year		20	20		2021			
Sales volume and value	Domes	tic sale	Overse	as sale	Domes	tic sale	Overse	as sale
Main commodity	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Tape-COF	388,274	1,979,241	111,965	617,293	372,114	1,636,148	253,780	1,286,582
Others (note)	-	32,387	-	17,932	-	41,136	-	38,993
Total	388,274	2,011,628	111,965	635,225	372,114	1,677,284	253,780	1,325,575

Note: "Others" mainly refer to income from molds. Due to difference in unit, they are not summarized here.

Explanation of change (increase/decrease):

In 2021, the operating efficiency grew due to the effect of product structural adjustment and demand increase.

(III). Information of employees in recent two years and as of the date of publication of the annual report

Year		2020	2021	As of April 30, 2022
	R&D personnel	70	68	57
Number of	Indirect personnel	106	109	111
employees	Direct personnel	707	597	585
	Total	883	774	753
Average age		32.16	33.33	33.03
Average service	e seniority (year)	4.74	5.64	5.69
	Master's degree and above	3.28	4.39	7.04
Education distribution rat	University and junior tio college	50.96	50.13	49.14
(%)	Senior high school	44.06	44.19	42.89
	Below senior high school	1.70	1.29	0.93

(IV). Information regarding environmental protection expenditure:

The possible estimated amount of losses suffered from environmental pollution (including compensation as well as violation of environmental protection regulations based on the results of environmental protection audit; date of disposal, disposal document number, provisions of regulations violated, contents of regulations violated and content of disposal should be specified) at present and in the future as well as responsive measures were disclosed in recent years and as of the date of publication of the annual report. If such losses could not be reasonably estimated, the facts related to the failure for reasonable estimation should be explained:

According to Enviornmental Protection Bureau of Kaohsiung City Government of No. 11033367500 Letter on April 16, 2021, the output volume of wastes in December 2019 didn't comply with the storage volume after deduction of volume declared in manifests, and thus violated the provisions of subparagraph 2, paragraph 1, Article 31 of Waste Disposal Act. It was later ruled to impose a penalty of NT\$ 6,000 only and a punishment of one hour's environment lecture and study. So far, the penalty was already paid and the required lecture and study were already attended.

(V). Labor-capital relationship

- (A) Employees' welfare measures, further education, training and retirement system and their implementation status as well as status of labor-capital agreement and measures for safeguarding of each of employees' rights and benefits:
 - 1. Employee welfare measures and implementation status:

 Besides welfare and payments handled for all employees of the Company according to labor and health insurance measures, including labor and health insurance, maternity insurance, disease-risk policy and medical treatment, the Company has also established an employee benefit committee. In addition to the provision of employees' basic welfare guarantee granted by the Labor Standard Law and organizing of activities like travel to employees in order to adjust their physical and mental states, better their life quality and enhance their friendship, the Company also provides various kinds of cash gifts periodically and subsidies for weddings and funerals every year.

(1) Welfare facilities

The Company has established staff restaurant, healthcare room, nursing room, AED, blood pressure machine, special parking spaces for pregnant women,

contracted kindergarten and many appointed stores. The management of occupational health and safety management system is implemented based on the authentication of hazard factors and the assessment and control of risks and opportunities to prevent occurrence of accidents by means of systematic operation, reduce the risk of harm to employees, and improve the safety environment. In 2020, occupational injury cases were reduced in the plant area based on good safety and health control.

(2) Welfare subsidies

All employees are entitled to labor insurance, health insurance, group insurance (including accident insurance), medical insurance, cancer insurance and employee travel insurance, etc. Employees also enjoy benefits such as marriage subsidy, maternity subsidy, funeral subsidy, birthday cash gift, seasonal dinner bonus, education and training, and employees' physical checkups.

(3) Other subsidies

The Company provides maternity leave, pregnancy care leave, paternity leave, parental leave, etc. according to the provisions of laws and regulations.

2. Employees' further education and training

In order to cultivate employees' morality and improve their quality, professional ability and work efficiency, in additional to orientation training courses and various kinds of education and training arranged to new employees upon their entry, the Company also provides professional technical training for employees based on different functions and business demands so as to enhance employees' academic skills and benefit the achievement of their work tasks.

3. Retirement system and implementation status

In order to provide employees with a comfortable retirement life, the Company has legally formulated labor retirement measures, established a labor retirement reserve fund supervision committee, and periodically appropriated and deposited retirement reserve fund in a special account at the central trust bureau every month according to a ratio of 2% of the total amount of remuneration expenses to safeguard workers' rights and interests. The Company also adopted the new retirement policy issued by the government since June 1, 2005 and appropriated 5% of total employees' remuneration to employees' individual pension accounts; if employees voluntarily pay retirement pension, the Company will withhold and remit retirement pension from employees' monthly salary to the individual retirement pension accounts opened at the bureau of labor insurance based on the voluntary payment ratio.

The Company applies the provisions of the labor pension regulations as follows:

(1) Voluntary retirement:

Employees having any of the following circumstances may apply for voluntary retirement: (Those who choose the application of the labor pension regulations shall handle retirement according to the same provisions in the regulations.)

- (a) Working for fifteen years and above and aged 55 or above
- (b) Working for twenty-five years and above
- (c) Working for ten years and above and aged 60 and above

(2) Compulsory retirement:

The Company shall not force an employee to retire unless this employee otherwise has any of the following circumstances:

- (a) Aged 65 and above
- (b) Mental incapacity or physical disability to result in the incompetence for the work.

Regarding the age stipulated in the subparagraph 1 of the preceding paragraph, the Company shall apply to the central competent authority for the approval of adjustment of the retirement of workers engaged in special types of work involving danger and great strength, but the retirement age shall not be lower than 55.

(3) Pension payment standards:

- (a) If the working seniority before and after the issuance of the Labor Standard Law is applied, or if the provisions of "Labor Standard Law" on pension is continuously applied according to the labor pension regulations, or the working seniority before the application of the labor pension regulations is preserved, the pension payment standards shall be calculated according to the provisions of Article 84-2 and Article 55 of the Labor Standard Law.
- (b) If the mental incapacity or physical disability of an employee who has the working seniority stipulated in the preceding paragraph and is under compulsory retirement according to the provisions of Article 35, Paragraph 1, Subparagraph 2 is caused due to execution of his work, extra twenty percent of pension will be increased according to the provisions of Article 55, Paragraph 1, Subparagraph 2 of the Labor Standard Law.
- (c) As for employees who are subject to the provisions of labor pension regulations, the Company will pay 6% of their monthly salaries to their individual retirement accounts.
- (4) Agreed payment of pension:

The pension payable by the Company to the employees shall be paid within thirty days since the dates of retirement of the employees.

4. Safeguarding status of measures for the safeguarding of employees' rights and interests In addition to the formulation of work rules according to provisions of laws and regulations to clearly standardize each working condition and safeguard employees' rights and interests, the Company has also established an employee welfare committee according to laws and regulations, and therefore employees' rights and interests can be fairly and reasonably handled according to the aforesaid channels; so far, no damage has been caused to the rights and interests of the employees of the Company.

5. Status of labor-capital agreement

The labor-capital relationship of the Company has always been harmonious with unimpeded communicating channels. Also, the Company abides by the provisions of relevant laws and regulations and hasn't been involved in any labor dispute or any situation requires labor-capital negotiation.

6. In accordance with Article 24 of the Articles of Association of the Company, if the Company obtains profits in current year, it shall appropriate 2%~16% of the profits as employee profit sharing bonus. The Board of Directors will decide to distribute it in form of stock or cash. The objects of payment include employees of subordinate companies that comply with certain conditions; the Company may appropriate 1% of the aforesaid profits as directors' remuneration. Proposals for distribution of employee profit sharing bonus and directors' remuneration shall be reported to the Shareholders' Meeting. However, when the Company has accumulated losses, amount for compensation of such losses shall be reserved in advance, and then employee profit sharing bonus and directors' remuneration may be appropriated according to the preceding ratios.

(B) The possible estimated amount of losses suffered from labor disputes (including violation of the Labor Standard Law based on the results of labor examinations; date of disposal, disposal document number, provisions of regulations violated, contents of regulations violated and content of disposal should be specified) at present and in the future as well as responsive measures were disclosed in recent years and as of the date of publication of the annual report. If such losses could not be reasonably estimated, the facts related to the failure for reasonable estimation should be explained: The Company emphasizes on employees' welfare at ordinary times and the labor-capital relationship is harmonious. No major labor dispute has occurred to the Company in recent years and as of the date of publication of the annual report.

(VI). Information security management:

- (A) Explain information security risk management structure, information security policies, specific management schemes and resources allocated for information security management.
 - 1. The Company has already made several improvements for the information security of its information system architecture:
 - (1) Purchase new firewall to readjust the architecture, eliminate the old model that does not support application layer protection, and enhance protection performance.
 - (2) Partition independent logic domains according to network service demands, and establish proper information security protection and control measures for different operating environments.
 - (3) Update data backup mechanism, provide comprehensive and quick recovery of each system and improve the recovery time.
 - 2. Estimated reinforcement plans to be established in current year:
 - (1) Advanced persistent threat and attack defense measures to detect, prevent and block encrypted blackmails and threats and explore "unknown" malicious programs, etc.
 - (2) Network service defense measures to automatically search assets in the whole network, formulate security management policies and obstruct violating devices in a real-time way.
 - (3) Social engineering drills: The reinforcement of employees' awareness of information security requires long-term continuous training and coaching. These drills can improve employees' awareness of information security and avoid hacking.
 - (4) Strengthen the recovery contingency operation mechanism, identify the probability and degree of influence of events that may lead to interruption of operation, clearly establish recovery time objective (RTO) of core business as well as data recovery point object (RPO) and set up proper backup mechanism and plan.

The Company is committed to achieving the goal of not being affected by emerging risks and attacks amid the every-changing network security threats and strengthening real-time protection against any network attacks or events so as to avoid causing major adverse influence on the Company's financial business.

(B) Specify losses suffered from major information security events, possible influence and responsive measures in recent years and as of the date of publication of the annual report. If they could not be reasonably estimated, the facts related to the failure for reasonable estimation should be explained: None.

(VII). Important contracts:

Nature of	Party concerned	Starting and ending time	Main content	Restrictive
contract	Party concerned	of contract	Main Content	clause
	Sumitomo Metal Mining Co., Ltd.	Effective since April 1, 2014	authorization of semi-additive	Manufactured and developed only within the territory of the ROC

Nature of contract	Party concerned	Starting and ending time of contract	Main content	Restrictive clause
Procurement contract	then automatically		Raw material supply contract	None
Lease contract	Chang Wah Electromaterials Inc.	April 1, 2017~March 31, 2027	Plant leasing	None
	Taishin Bank	March 27, 2020~March 15, 2027	Middle- and long-term financing	None
Loan contracts for "Stay- Taiwan" project	CTBC Bank	November 28, 2019~November 15, 2026	Middle- and long-term financing	None
	Chang Hwa Bank	December 23, 2019~December 15, 2026	Middle- and long-term financing	None
	HNCB	December 23, 2019~December 15, 2026	Middle- and long-term financing	None
	Mega International Commercial Bank	Within two years since the date of first use	Middle-term financing	None
Madiana kanna	KGI Bank	March 11, 2022~March 11, 2024	Middle-term financing	None
Medium-term loan contracts	EnTie Bank	February 23, 2021~February 23, 2023	Middle-term financing	None
	Mizuho Bank	January 8, 2021~January 8, 2023	Middle-term financing	None

VI. Financial Status

- (I). Condensed balance sheet and consolidated income statement in recent five years as well as CPA' verification opinions:
 - (A) Condensed balance sheet and consolidated income statement

1. Condensed Balance Sheet-International Financial Reporting Standards

Unit: NT\$ THOUSANDS

Year Financial data in recent five years (Note 1)						
Item		2017	2018	2019	2020	2021
Current assets	S	843,636	1,106,789	1,347,546	1,576,722	1,416,795
Real estate, plant and equipment		769,895	1,307,608	1,853,300	2,445,256	2,366,757
Intangible assets		11,250	6,250	1,250	-	-
Other assets		380,475	385,640	603,425	235,312	1,111,696
Total assets		2,005,256	2,806,287	3,805,521	4,257,290	4,895,248
Current di liabilities Ai di	Before distribution	294,302	817,697	888,184	910,711	574,922
	After distribution	324,302	1,017,697	1,088,184	1,035,211	Note 1
Noncurrent li	abilities	1,756	103,922	660,111	1,079,588	1,516,652
Total liabilities	Before distribution	296,058	921,619	1,548,295	1,990,299	2,091,574
	After distribution	326,058	1,121,619	1,748,295	2,114,799	Note 1
Owner's equity attributable to the parent company		1,709,198	1,884,668	2,257,226	2,266,991	2,803,674
Capital stoc	k	1,000,000	1,000,000	1,000,000	830,000	830,000
Capital rese	erve	590,312	590,312	590,312	590,312	638,654
Retained	Before distribution	115,336	303,574	634,309	584,824	862,224
earnings	After distribution	85,336	103,574	434,309	460,324	Note 1
Other equit	у	3,550	(9,218)	32,605	261,855	472,796
Treasury st	ock	-	-	_	-	_
Non-controlli	ng interests	-	-	-	-	-
Total Eguity	Before distribution	1,709,198	1,884,668	2,257,226	2,266,991	2,803,674
Total Eguity	After distribution	1,679,198	1,684,668	2,057,226	2,391,491	Note 1

Note 1: The earning distribution proposal of 2021 hasn't been approved in relevant resolution of the Shareholders' Meeting.

Note 2: The figures after distribution as mentioned above shall be filled out and presented according to the status of the resolution made by the Board of Directors or the Shareholders' Meeting next year.

2. Condensed Consolidated Income Statement-International Financial Reporting Standards Unit: NT\$ THOUSANDS

				OIIIt. IV	1\$ IHOOSANDS
Year		Financial data	a in recent five y	ears (Note 1)	
Item	2017	2018	2019	2020	2021
Operating income	1,322,928	1,931,008	3,017,155	2,646,853	3,002,859
Gross operating profit	133,616	395,759	872,943	377,772	599,469
Operating profit and loss	19,058	237,116	644,021	182,506	360,997
Non-operating revenue and expenditure	(10,781)	9,511	7,776	6,651	29,939
Net profit before tax	8,277	246,627	651,797	189,157	390,936
Net profit of continuing operation units for the current period	4,414	219,544	524,347	148,328	324,411
Loss of closed units	-	-	-	-	-
Net profit for the current period	4,414	219,544	524,347	148,328	324,411
Other comprehensive profit (loss) for the current period	2,903	(14,074)	48,211	231,437	288,430
Total comprehensive profit (loss) for the current period	7,317	205,470	572,558	379,765	612,841
Net profit attributable to owners of parent company	4,414	219,544	524,347	148,328	324,411
Net profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive profit (loss) attributable to owners of the parent company	7,317	205,470	572,558	379,765	612,841
Total comprehensive profit (loss) attributable to non-controlling interests	-	-	-	-	-
Basic EPS after tax	0.04	2.20	5.24	1.57	3.91

(B) Names and Auditors' opinion from 2017 to 2021:

Year	CPA firm	CPA	Auditors' opinion
2017	Deloitte & Touche	HSU, JUI-HSUAN \ LIU, YU-XIANG	Unqualified opinion
2018	Deloitte & Touche	HSU, JUI-HSUAN \ LIU, YU-XIANG	Unqualified opinion
2019	Deloitte & Touche	HSU, JUI-HSUAN 、LIU, YU-XIANG	Unqualified opinion
2020	Deloitte & Touche	WANG, CHAO-CHUN \ HSU, JUI-HSUAN	Unqualified opinion
2021	Deloitte & Touche	WANG, CHAO-CHUN \ LIU, YU-XIANG	Unqualified opinion

(II). Financial analysis in recent five years:

(A) Financial Analysis-International Financial Reporting Standards

Year Financial analysis in recent five years						
Analysis ite		2017	2018	2019	2020	2021
	Debt to assets ratio	14.76	32.84	40.68	46.75	42.72
structure (%)	Ratio of long-term capital in real estate, plants and equipment	222.23	152.07	157.41	136.86	182.54
D. L.	_	286.65	135.35	151.71	173.13	246.43
Debt paying ability (%)	Quick ratio	225.81	107.14	118.23	146.46	203.86
ability (%)	Interest coverage ratio	4.75	28.74	29.46	12.49	24.41
	Turnover rate of receivables (times)	6.46	6.60	7.26	6.92	7.62
Operating capacity	Average days of cash receipt	57	55	50	53	48
	Inventory turnover rate (times)	6.51	7.83	8.47	8.79	10.44
	Turnover rate of payables (times)	11.26	9.94	10.83	11.30	12.89
	Average days of sale	56	47	43	42	35
	Turnover rate of real estate, plants and equipment (times)	1.87	1.85	1.90	1.23	1.24
	Turnover rate of total assets (times)	0.69	0.80	0.91	0.65	0.65
	Return on assets (%)	0.32	9.42	16.41	4.00	7.38
	Return on equity (%)	0.27	12.21	25.31	6.55	12.79
Profitability	Ratio of net profit before tax in paid-in capital (%)	0.82	24.66	65.17	22.79	47.1
	Net profit margin (%)	0.33	11.36	17.37	5.60	10.8
	Basic EPC after tax (Yuan)	0.04	2.20	5.24	1.57	3.91
	Cash flow ratio (%)	101.09	35.16	96.01	68.67	116.13
Cash flows	Fair ratio of cash flows (%)	109.23	76.36	76.20	72.43	77.32
	Cash reinfection ratio (%)	4.63	5.03	10.67	6.36	6.82
Loverage	Operating leverage	40.93	5.08	3.18	9.29	5.47
Leverage	Financial leverage	1.13	1.04	1.04	1.10	1.05

Please explain the reasons for changes of each financial ratio in recent two years (analysis may be exempted if the change (increase/decrease) does not reach 20%).

Financial structure:

The ratio of long-term capital in real estate, plants and equipment increased from 136.86% to 182.54%, mainly resulting from the purchasing of machinery equipment needed for the production lines and issuance of corporate bond due to the capital demand.

Debt paying ability:

The liquidity ratio was increased from 173.13% to 246.43%, and the quick ratio was increased from 146.46% to 203.86% due to the repayment of short-term borrowings for the issuance of corporate bond; the interest coverage ratio was increased from 12.49 to 24.41, mainly resulting from the improvement of demand for large-size products to increase the profits.

Profitability:

The return on assets was increased from 4% to 7.38%, the return on equity was increased from 6.55% to 12.79%, the ratio of net profit before tax in paid-in capital was increased from 22.79% to 47.1%, the net profit margin was increased from 5.6% to 10.8% and the basic EPS after tax was increased from 1.57 to 3.91, mainly resulting from the increase of profits.

Cash flows:

The cash flow ratio was increased from 68.67% to 116.13%, mainly resulting from the increase of profits.

Leverage:

The operating leverage dropped from 9.29 to 5.47, mainly resulting from the cost of change influenced by change in profit portfolio.

Calculation formulas:

- 1. Financial structure
 - (1) Debt to assets ratio = Total liabilities/Total assets
 - (2) Ratio of long-term capital in real estate, plants and equipment = (Total equity + Noncurrent liabilities)/Net amount of real estate, plants and equipment
- 2. Debt paying ability
 - (1) Liquidity ratio = Current assets/Current liabilities
 - (2) Quick ratio = (Current assets Inventories Prepayments)/Current liabilities
 - (3) Interest coverage ratio = Net income before income tax and interest cost/Interest expenditure for the current period
- 3. Operating capacity
 - (1) Turnover rate of receivables (including accounts receivable and notes receivable from operation) = Net amount of sale/Balance of average receivables in each period (including accounts receivable and notes receivable from operation)
 - (2) Average days of cash receipt = 365/Turnover rate of receivables
 - (3) Inventory turnover rate = Cost of selling/Average inventory amount
 - (4) Turnover rate of payables (including accounts payable and notes payable from operation) = Cost of selling/Balance of average payables in each period (including accounts payable and notes payable from operation)
 - (5) Average days of sale = 365/Inventory turnover rate
 - (6) Turnover rate of real estate, plants and equipment = Net amount of sale/Average net amount of real estate, plants and equipment
 - (7) Turnover rate of total assets = Net amount of sale/Average total assets
- 4. Profitability
 - (1) Return on assets = (Profit and loss after tax + Interest cost × (1 Tax rate)/Average total assets
 - (2) Return on equity = Profit and loss after tax/Average total equity
 - (3) Net profit margin = Profit and loss after tax/Net amount of sale
 - (4) EPS = (Profit or loss attributable to the owners of the parent company = Special dividends/Weighted average shares already issued
- 5. Cash flows
 - (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities
 - (2) Fair ratio of cash flows = Net cash flows from operating activities in recent five years/(Capital expenditure + Increase in inventory + Cash dividends) in recent five years
 - (3) Cash reinvestment ratio = (Net cash flows from operating activities Cash dividends)/(Gross amount of real estate, plants and equipment + Long-term investments + Other noncurrent assets + Operating capital)
- 6. Leverage:
 - (1) Operating leverage = (Net amount of operating income Change in operating cost and expenses)/Operating income
 - (2) Financial leverage = Operating income/(Operating interest Interest cost)

(III).Review report issued by the Audit Committee for the financial reports of 2021:

IMC Electronics Co., Ltd.

Audit Report by Audit Committee

The board of directors has prepared the Company's 2021 Business Report, Financial Statements and Profit Distribution Proposal, etc., among which the Financial Reports have been audited by CPAs Wang, Chao-Chun and Liu, Yu-Xiang of Deloitte Taiwan and an Audit Report has been issued. The Audit Committee has reviewed such Business Report, Financial Statements and Profit Distribution Proposal and has found them compliant. Thus, this report is issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for review.

To

JMC Electronics Co., Ltd. 2022 General Shareholders Meeting

JMC Electronics Co., Ltd. Audit Committee

Auditor: Ty 2 1

Auditor: Handway

Auditor: Handway

Auditor: Handway

March 15, 2022

(IV). Financial reports in recent year

INDEPENDENT AUDITORS' REPORT

JMC Electronics Co., Ltd.

Opinion

We have audited the accompanying financial statements of JMC Electronics Co., Ltd. (the "Corporation"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Corporation's financial statements for the year ended December 31, 2021 is described as follows:

Significant Contingencies

As stated in Note 32 of the financial statements, Chipbond Technology Corp. filed a criminal incidental civil lawsuit against the Corporation for the breach of trade secrets and requested compensation for damages amounting to NT\$1,000,000 thousand. In August 2021, an additional claim was made for the amount of damages. In addition, a civil lawsuit for the infringement of trade secrets was filed, seeking an indemnification of NT\$1,765,137 thousand. The lawyer entrusted by the Corporation assessed that the litigation case had no significant adverse impact on the Corporation. Therefore, the management of the Corporation assessed that the lawsuit will not have a significant impact on the Corporation's business and financial position. The aforementioned case has not been adjudged by the court as of March 15, 2022. The litigation case is a significant matter during the financial reporting period and involves the use of management's material estimates and expert reports.

Our audit of the significant contingencies focused on the reasonableness of management's estimates and the opinion of expert, and we performed the following main audit procedures:

- 1. We sent the confirmation letter to the expert and obtained a declaration of independence from the expert.
- 2. We obtained the expert's report and reviewed the opinions of the litigation case.
- 3. We inquired management and experts about the judging basis of the possible outcome of a litigation case.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, AND SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chao-Chun Wang and Yu-Hsiang Liu.

Deloitte & Touche Taipei, Taiwan Republic of China

March 15, 2022

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	December 31,	2021	December 31,	2020
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 665,410	13	\$ 286,386	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	550	-	-	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	6,803	-	587,623	14
Accounts receivable, net (Notes 4 and 9)	386,950	8	333,046	8
Accounts receivable - related parties (Notes 4, 9 and 30)	43,494	1	23,893	-
Other receivables (Note 30)	2,001	-	2,007	5
Inventories (Notes 4 and 10) Other financial assets - current (Note 31)	229,967 1,785	5 -	230,305 1,785	3
Other current assets (Note 11)	79,835	2	111,677	3
	·		·	
Total current assets	1,416,795	29	1,576,722	37
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	942,597	19	-	-
Property, plant and equipment (Notes 4 and 12)	2,366,757	48	2,445,256	57
Right-of-use assets (Notes 4 and 13)	100,358 5,821	2	119,289	3
Deferred tax assets (Notes 4 and 25) Prepayments for equipment	26,218	1	9,759 53,694	1
Refundable deposits (Note 30)	3,342	-	3,342	-
Net defined benefit assets - non-current (Note 21)	-	_	393	_
Other financial assets - non-current (Note 31)	-	-	20,000	1
Other non-current assets (Note 15)	33,360	1	28,835	1
Total non-current assets	3,478,453	<u>71</u>	2,680,568	63
TOTAL	\$ 4,895,248	100	\$ 4,257,290	100
LIABILITIES AND EQUITY CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ -	_	\$ 230,000	5
Contract liabilities - current (Note 23)	53,759	1	43,853	1
Accounts payable (Notes 18 and 30)	167,231	4	205,645	5
Other payables (Notes 19 and 30)	256,823	5	271,483	6
Current tax liabilities (Notes 4 and 25)	67,394	1	46,245	1
Lease liabilities - current (Notes 4, 13 and 30)	18,589	1	18,137	1
Current portion of long-term borrowings (Note 16)	6,250 4,876	-	66,667 28,681	2 1
Other current liabilities (Notes 4 and 20)	4,870		20,001	1
Total current liabilities	574,922	12	910,711	22
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	481,212	10		-
Long-term borrowings (Note 16)	938,763	19	963,271	23
Deferred tax liabilities (Notes 4 and 25)	1,105 85,442	2	312 104,031	2
Lease liabilities - non-current (Notes 4, 13 and 30) Net defined benefit liabilities (Note 21)	335	_	104,031	_
Guarantee deposits (Note 30)	250	_	50	_
Other non-current liabilities (Note 4)	9,545		11,924	
Total non-current liabilities	1,516,652	31	1,079,588	25
Total liabilities	2,091,574	43	1,990,299	47
EQUITY (Note 22)				
Ordinary shares	830,000	17	830,000	19
Capital surplus	638,654	13	590,312	14
Retained earnings				
Legal reserve	111,379	2	96,327	2
Unappropriated earnings	750,845	<u>15</u>	488,497	12
Total retained earnings	862,224	17	584,824	14
Other equity	472,796	10	261,855	6
Total equity	2,803,674	57	2,266,991	53
TOTAL	\$ 4,895,248	100	\$ 4,257,290	100

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the	ded December 31		
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23, 30 and 36)	\$ 3,002,859	100	\$ 2,646,853	100
OPERATING COSTS (Notes 10, 24 and 30)	2,403,390	_80	2,269,081	86
GROSS PROFIT	599,469		377,772	<u>14</u>
OPERATING EXPENSES (Note 24) Selling and marketing expenses General and administrative expenses Research and development expenses Total operating expenses	34,229 135,296 68,947	1 5 2 8	22,689 105,525 67,052	1 4 2 7
PROFIT FROM OPERATIONS	360,997	<u>12</u>	<u>182,506</u>	<u></u>
NON-OPERATING INCOME AND EXPENSES (Note 24) Interest income Other income Other gains and losses Finance costs	421 40,737 5,477 (16,696)	1 - -	408 33,464 (10,760) (16,461)	1 - (1)
Total non-operating income and expenses	29,939	1	6,651	
PROFIT BEFORE INCOME TAX	390,936	13	189,157	7
INCOME TAX EXPENSE (Notes 4 and 25)	66,525	2	40,829	2
NET PROFIT FOR THE YEAR	324,411	<u>11</u>	148,328	5
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21, 22 and 25) Items that will not be reclassified subsequently to profit or loss Remeasurement of defined benefit plans Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(939) 289,181	- 9	360 231,149	9
			(Co	ntinued)

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>\$ 188</u>	_	\$ <u>(72)</u>	
Other comprehensive income for the year, net of income tax	288,430	9	231,437	9
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 612,841</u>		<u>\$ 379,765</u>	<u>14</u>
EARNINGS PER SHARE (Note 26) Basic Diluted	\$ 3.91 \$ 3.90		\$ 1.57 \$ 1.57	

The accompanying notes are an integral part of the financial statements.

(Concluded)

JMC ELECTRONICS CO., LTD.

STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

BALANCE AT JANUARY 1, 2020 Appropriation of earnings (Note 22) Legal reserve Cash dividends Reverse of special reserve Other comprehensive income (loss) for the year ended December 31, 2020 Other comprehensive income (loss) for the year ended December 31, 2020 Capital reduction by cash (Note 22) Disposal of investments in equity instruments at fair value through other comprehensive income (Note 22) BALANCE AT DECEMBER 31, 2020 Appropriation of earnings (Note 22) Legal reserve Cash dividends	Ordinary Shares \$ 1,000,000	Capital Surplus \$ 590,312	Legal Reserve \$ 43.892 \$2,435	Retained Special Reserve \$ 9.218	Nappropriated Comppropriated Compp	Total \$ 634,309 - (200,000) - (200,000) - 148,328 - 148,616 - 1,899 - 584,824 - (124,500)	Other Equity Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income \$ 32,605 231,149 231,149 231,149 231,149	Total Equity \$\sum_{2,257,226}\$ \[(200,000) \] \[(200,000) \] \[(148,328 \] \[(124,500) \] \[(124,500) \] \[(124,500) \] \[(124,500) \]
Equity component of convertible bonds issued by the Corporation (Note 17) Net profit for the year ended December 31, 2021 Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	1 1 1	48,342			324,411 (751)	324,411 (751)	289,181	48,34 <u>2</u> 324,411 288,43 <u>0</u>
Total comprehensive income (loss) for the year ended December 31, 2021 Disposal of investments in equity instruments at fair value through other comprehensive income (Note 22)					323,660	323,660	289,18 <u>1</u> (78,24 <u>0</u>)	612,841
BALANCE AT DECEMBER 31, 2021	\$ 830,000	\$ 638,654	\$ 111,379	\$	\$ 750,845	\$ 862,224	\$ <u>472,796</u>	\$ 2,803,674

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For	the Year En	ded D	ecember 31
		2021		2020
CACHELOWS EDOM ODED ATING ACTIVITIES				
CASH FLOWS FROM OPERATING ACTIVITIES	¢	200.026	¢	100 157
Profit before income tax	\$	390,936	\$	189,157
Adjustments for:		240 (01		276 445
Depreciation expense		340,601		276,445
Amortization expense		28,265		47,289
Net loss (gain) on financial assets at fair value through profit or loss		2,055		(553)
Finance costs		16,696		16,461
Interest income		(421)		(408)
Dividend income		(22,189)		(20,398)
Loss on disposal of property, plant and equipment		376		115
Impairment loss recognized on non-financial assets		2,913		1,732
Changes in operating assets and liabilities				
Financial assets mandatorily classified as at fair value through profit		(1.075)		
or loss		(1,955)		553
Accounts receivable		(53,904)		55,425
Accounts receivable - related parties		(19,601)		(5,095)
Other receivables		6		139
Inventories		(2,575)		53,769
Other current assets		31,842		3,394
Other financial assets		20,000		(19,986)
Contract liabilities		9,906		33,871
Accounts payable		(38,414)		9,912
Other payables		20,803		6,144
Other current liabilities		(23,626)		23,940
Net defined benefit liabilities		(211)		<u>(195</u>)
Cash generated from operations		701,503		671,711
Interest received		421		408
Dividends received		22,189		20,398
Interest paid		(15,948)		(16,901)
Income taxes paid		(40,457)	-	(50,229)
Net cash generated from operating activities		667,708		625,387
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of financial assets at fair value through other				
comprehensive income		(228,470)		(227,990)
Proceeds from disposal of financial assets at fair value through other		(===,:,=)		(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
comprehensive income		155,874		97,854
Acquisition of property, plant and equipment		(251,313)		(517,612)
Increase in refundable deposits		-		(75)
Increase in other non-current assets		(32,790)		(21,289)
Net cash used in investing activities		(356,699)		(669,112)
		· ——		,
				(Continued)

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	1 01	the real En	acu December 51
		2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	\$	400,000	\$ 1,215,632
Repayment of short-term borrowings		(630,000)	(1,255,632)
Proceeds from short-term bills payable		200,000	500,000
Repayment of short-term bills payable		(200,000)	(500,000)
Proceeds from issuance of bonds		527,935	-
Proceeds from long-term borrowings		195,850	595,000
Repayment of long-term borrowings		(283,333)	(146,666)
Proceeds of guarantee deposits received		200	-
Repayment of the principal portion of lease liabilities		(18,137)	(17,340)
Dividends paid		(124,500)	(200,000)
Capital reduction by cash		<u>-</u>	(170,000)
Net cash generated from financing activities	_	68,015	20,994
NET INCREASE (DECREASE) IN CASH		379,024	(22,731)
CASH AT THE BEGINNING OF THE YEAR		286,386	309,117
CASH AT THE END OF THE YEAR	<u>\$</u>	665,410	\$ 286,386
			(C 1 1 1)

(Concluded)

For the Year Ended December 31

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

JMC Electronics Co., Ltd. (the "Corporation") was incorporated in 1973, and is primarily engaged in the business of manufacturing, processing, and trading of Chip on Film (Tape-COF).

As of December 31, 2021, Chang Wah Electromaterials Inc., the main shareholder of the Corporation, owned 42.8% of the Corporation's issued ordinary shares. In January 2017, the Corporation listed its shares on the Taiwan Stock Exchange.

The financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation's board of directors and authorized for issue on March 15, 2022.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Corporation's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Corporation shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets	To be determined by IASB
between An Investor and Its Associate or Joint Venture"	
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS17 and IFRS 19 -	January 1, 2023
Comparative Information"	
Amendments to IAS 1 "Classification of Liabilities as Current or	January 1, 2023
Non-current"	
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and	January 1, 2023 (Note 4)
Liabilities arising from a Single Transaction"	

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022

As of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities (assets) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of the Corporation, transactions in currencies other than the Corporation's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

e. Sale of accounts receivable

If all the following conditions are met, accounts receivable are deemed disposed of:

- 1) Accounts receivable have been isolated from the Corporation and presumed to be out of control of the Corporation.
- 2) Accounts receivable have been assigned and the assignee has the right to pledge or exchange accounts receivable, and there is no limitation to the assignee's exercise of its right to pledge or exchange accounts receivable.
- 3) The Corporation does not, by one of the following two ways, maintain effective control of the accounts receivable:
 - a) Before the due date, the Corporation has the right and obligation to redeem or repurchase the receivables.
 - b) Ability to unilaterally enable the holder to return specific assets.

When the receivables are sold, the difference between the proceeds from the selling price and the book value is recognized in non-operating income and expenses for the period.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

g. Property, plant, and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use and depreciated accordingly.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of property, plant and equipment and right-of-use assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment and right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, Financial assets at amortized cost, and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investment in debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value. Any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, accounts receivable at amortized cost, other receivables, other financial assets (current and non-current) and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit-impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and

impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and investments in debt instruments at FVTOCI.

The Corporation always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Corporation considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 60 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - issuance premium.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

4) Derivative financial instruments

The Corporation enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

j. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation to customers and performance obligations are satisfied. Unearned sales revenue is recognized as contract liabilities until performance obligations are satisfied.

Revenue is measured at the fair value, which is the transaction price (net of commercial discounts and quantity discounts) agreed to by the Corporation with customers. Estimated discount or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for any effect of a significant financing component.

k. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets and depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

1. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received. Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants are intended to compensate.

The benefit of a government-subsidized bank project loan received at a below-market rate of interest is treated as deferred government grant revenue, measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates, and revenue amortized throughout the loan term.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Corporation's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Corporation considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods. For details of the critical accounting judgments and key sources of estimation uncertainty, refer to Note 32 (3).

6. CASH

	December 31			
	2021	2020		
Cash on hand Demand deposits	\$ 17 665,393	\$ 17 286,369		
	<u>\$ 665,410</u>	\$ 286,386		

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2021
Financial assets mandatorily classified as at FVTPL	
Convertible bonds - put and redeem options (Note 17)	<u>\$ 550</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Decen	iber 31
	2021	2020
Current		
Domestic investments Listed shares	<u>\$ 6,803</u>	<u>\$ 587,623</u>
Non-current		
Domestic investments Listed shares	<u>\$ 942,597</u>	<u>\$</u>

These investments in domestic investments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

9. ACCOUNTS RECEIVABLE

	December 31		
	2021	2020	
Accounts receivable Measured at amortized cost FVTOCI	\$ 41,516 <u>345,434</u>	\$ 20,187 312,859	
	<u>\$ 386,950</u>	<u>\$ 333,046</u>	
Accounts receivable - related parties Measured at amortized cost	<u>\$ 43,494</u>	<u>\$ 23,893</u>	

a. Accounts receivable

For the credit risk arising from the significant concentration of the accounts receivable balance on major customers for the years ended December 31, 2021 and 2020, refer to Note 29.

The average credit period for sales of goods is up to 90 days; for the credit policies on the related accounts receivable, refer to Note 29.

1) Accounts receivable at amortized cost

The loss allowance for the Corporation's accounts receivable is recognized by using lifetime expected credit losses. The lifetime expected credit losses on accounts receivable were estimated by using a provision matrix by reference to the past collection experience and increase in late payments of customers beyond the credit period.

The Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments; hence, there is no further distinction between different customer segments.

The Corporation writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery after completing the follow-up procedures. For accounts receivable that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

2) Accounts receivable at FVTOCI

For accounts receivable owned by major customers, the Corporation will decide whether to sell these accounts receivable to banks without recourse based on its level of working capital and the trend of currency exchange rate. These accounts receivable are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collection of contractual cash flows and the sale of financial assets. In addition, the assessment method of allowance for loss is the same method for accounts receivable at amortized cost.

The Corporation's loss allowance of accounts receivable based on the allowance matrix is shown in the following table:

December 31, 2021

	Not Past Due
Expected credit loss rate	-
Gross carrying amount Loss allowance (Lifetime ECL)	\$ 430,444
	<u>\$ 430,444</u>
<u>December 31, 2020</u>	
	Not Past Due
Expected credit loss rate	-
Gross carrying amount Loss allowance (Lifetime ECL)	\$ 356,939

b. Factored accounts receivable for the years ended December 31, 2021 and 2020 were as follows:

Counterparty	Receivables Sold	Amount Collected	Advances Received - Used	Annual Interest Rates on Advances Received (%)	Credit
For the year ended December 31, 2021 CTBC Bank Taishin International Bank Chang Hwa Commercial Bank, Ltd.	\$ 316,568 219,507 	\$ 316,568 219,507 	\$ - - -	- - -	USD 17,000 thousand \$ 250,000 USD 5,000 thousand
	<u>\$ 641,547</u>	<u>\$ 641,547</u>	<u>s -</u>		
For the year ended December 31, 2020					
CTBC Bank	\$ 814,982	\$ 741,573	\$ 63,709	0.85	USD 17,000 thousand
Taishin International Bank	640,968	614,106	21,729	0.84-0.86	\$ 300,000
Chang Hwa Commercial Bank, Ltd.	376,889	356,005	18,144	0.83	USD 5,000 thousand
	\$ 1,832,839	<u>\$ 1,711,684</u>	\$ 103,582		

\$ 356,939

The above credit line is revolving and can be utilized within the validity period.

The Corporation provided commercial papers for the factored accounts receivable to the banks mentioned above as the collateral for commercial disputes. The amount from the factored receivables is collected after deducting the related fees, and the Corporation does not bear the risk of uncollectibility of the accounts receivable.

For the year ended December 31, 2021, the factored accounts receivable were fully received in cash. For the year ended December 31, 2020, NT\$16,112 thousand (cash) had not been received from the factored accounts receivable, for which the Corporation recognized as accounts receivable.

10. INVENTORIES

	December 31			
	2021	2020		
Raw materials Supplies Finished goods Work in progress	\$ 67,405 72,014 27,740 62,808	\$ 62,636 57,523 24,098 <u>86,048</u>		
	<u>\$ 229,967</u>	<u>\$ 230,305</u>		

The cost of inventories recognized as operating costs for the years ended December 31, 2021 and 2020 was NT\$2,403,390 thousand and NT\$2,269,081 thousand, respectively, which included the following items:

	For the Year Ended December 31			
	2021	2020		
Inventory write-downs	\$ 2,913	\$ 1,732		
Loss due to idle capacity	56,702	127,145		
Revenue from sale of scraps	(648)	(546)		

11. OTHER FINANCIAL ASSETS

	December 31		
	2021	2020	
Tax overpaid retained for offsetting future tax payable	\$ 39,780	\$ 69,591	
Input tax	24,991	28,879	
Prepaid expenses	14,766	12,513	
Others	298	<u>694</u>	
	<u>\$ 79,835</u>	<u>\$ 111,677</u>	

12. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2021

	Buildings	Machinery	Tooling Equipment	Office Equipment	Other Equipment	Construction in progress and Equipment to be inspected	Total
Cost							
Balance at January 1, 2021 Additions Disposals Balance at December 31, 2021	\$ 588,779 220,649 809,428	\$ 3,514,361 315,169 (5,754) 3,823,776	\$ 190,856 (12,283) 178,573	\$ 262,840 31,945 (4,889) 289,896	\$ 37,449 665 	\$ 1,189,406 (324,881) 	\$ 5,783,691 243,547 (22,926) 6,004,312
Accumulated depreciation and impairment							
Balance at January 1, 2021 Depreciation Disposals Balance at December 31, 2021	395,678 39,693 	2,500,039 258,419 (5,722) 2,752,736	190,856 (12,283) 178,573	231,438 16,849 (4,545) 243,742	20,424 6,709 	- - - -	3,338,435 321,670 (22,550) 3,637,555
Carrying amount at December 31, 2021	<u>\$ 374,057</u>	<u>\$ 1,071,040</u>	<u>\$ -</u>	<u>\$ 46,154</u>	<u>\$ 10,981</u>	<u>\$ 864,525</u>	\$ 2,366,757

For the Year Ended December 31, 2020

	Buildings	Machinery	Tooling Equipment	Office Equipment	Other Equipment	progress and Equipment to be inspected	Total
Cost	_						
Balance at January 1, 2020 Additions Disposals Balance at December 31, 2020 Accumulated depreciation and impairment	\$ 521,132 67,647 - 588,779	\$ 3,352,805 271,280 (109,724) 3,514,361	\$ 190,856 - - - - - - - - - - - - - - - - - - -	\$ 248,815 21,647 (7,622) 262,840	\$ 27,497 9,952 	\$ 709,981 479,425 	\$ 5,051,086 849,951 (117,346) 5,783,691
Balance at January 1, 2020 Depreciation Disposals Balance at December 31, 2020	366,843 28,835 395,678	2,398,172 211,476 (109,609) 2,500,039	190,856	227,519 11,541 (7,622) 231,438	14,396 6,028 	- - - -	3,197,786 257,880 (117,231) 3,338,435
Carrying amount at December 31, 2020	<u>\$ 193,101</u>	\$ 1,014,322	<u>\$ -</u>	<u>\$ 31,402</u>	\$ 17,025	\$ 1,189,406	\$ 2,445,256

The following items of property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

Buildings	
Main buildings	3-30 years
Building auxiliary equipment	2-10 years
Machinery	
Cutting and slitting machines	6 years
Etching machines	6-7 years
Mask aligner	6-7 years
Packaging and cleaning equipment	6 years
Coating machine	6 years
Measuring instruments	5-6 years
Packaging machines	6 years
Tooling equipment	2 years
Office equipment	
Computer equipment	2-6 years
Others	1-7 years
Other equipment	
Environmental engineering	6-7 years
Others	3-6 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	\$ 9,929	\$ 11,348
Buildings	90,429	107,941
	<u>\$ 100,358</u>	<u>\$ 119,289</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,419	\$ 1,421
Buildings	17,512	17,144
	<u>\$ 18,931</u>	<u>\$ 18,565</u>

Except for the above depreciation of right-of-use assets, there was no acquisition, sublease or impairment of right-of-use assets in 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	<u>\$ 18,589</u>	<u>\$ 18,137</u>
Non-current	\$ 85,442	\$ 104,031

Range of discount rate (%) for lease liabilities was as follows:

	Decem	December 31	
	2021	2020	
Land	2.4947	2.4947	
Buildings	1.2-2.4947	1.2-2.4947	

c. Material lease activities and terms

The Corporation leased land and buildings from the government, related parties and non-related parties for use as workshops, offices and warehouses, with lease periods of 3 to 10 years. For information on related party transactions, refer to Note 30. The Corporation does not have a purchase option to acquire the leased land and buildings at the expiration of the lease period. In addition, the lease agreement prohibited the Corporation from transferring the lease to other parties. The government has the option to adjust the lease payments based on changes in the announced land value.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Total cash outflow for leases	<u>\$ (21,210)</u>	<u>\$ (20,875)</u>

14. TECHNICAL EXPERTISE - YEAR 2020

	Cost	Accumulated Amortization	Carrying Amount
Balance at January 1, 2020 Amortization expenses	\$ 30,000	\$ (28,750) (1,250)	\$ 1,250 (1,250)
Balance at December 31, 2020	<u>\$ 30,000</u>	<u>\$ (30,000</u>)	<u>\$</u>

After Chang Wah Electromaterials Inc. acquired the equity and became the parent company of the Corporation, the Corporation paid a technology authorization fee to Sumitomo Metal Mining Co., Ltd for the technical expertise in order to keep the original production technology. The technical expertise is amortized over its useful life of 6 years as assessed by management; and as of December 31, 2020, the amortization was fully completed.

15. OTHER NON-CURRENT ASSETS

The production consumables are amortized over their useful lives of 2 to 3 years as follows:

	Costs	Accumulated Amortization	Carrying Amount
Balance at January 1, 2021 Additions Amortization Disposals	\$ 127,591 32,790 - (64,296)	\$ (98,756) - (28,265) <u>64,296</u>	\$ 28,835 32,790 (28,265)
Balance at December 31, 2021	<u>\$ 96,085</u>	<u>\$ (62,725)</u>	\$ 33,360 (Continued)

	Costs	Accumulated Amortization	Carrying Amount
Balance at January 1, 2020 Additions Amortization Disposals	\$ 135,369 21,289 - (29,067)	\$ (81,784) - (46,039) 	\$ 53,585 21,289 (46,039)
Balance at December 31, 2020	<u>\$ 127,591</u>	<u>\$ (98,756)</u>	\$ 28,835 (Concluded)

16. BORROWINGS

a. Short-term borrowings - December 31, 2020

	December 31, 2020
Bank credit loans	<u>\$ 230,000</u>
Interest rate (%)	0.8-0.86

b. Long-term borrowings

	December 31	
	2021	2020
Bank credit loans Less: Current portion	\$ 945,013 6,250	\$ 1,029,938 66,667
	<u>\$ 938,763</u>	<u>\$ 963,271</u>
Interest rate (%) Maturity date	0.45-0.5 2024.12-2027.03	0.45-1.2 2023.08-2027.03

Under the loan agreements, the Corporation should meet certain percentages and amounts for the current ratio, debt ratio, interest coverage ratio and total equity. If the Corporation is not in compliance with the aforementioned restrictions on the financial ratios and amounts, the bank could request the Corporation to improve within a time limit. If the restrictions on the financial ratios and amounts are met within the improvement period, it would not be considered a default of contract. The Corporation was in compliance with the loan restrictions based on the audited annual financial statements for the years ended December 31, 2021 and 2020.

In September 2019, the Corporation obtained the Ministry of Economic Affairs' approval letter for the qualification of enterprises in Taiwan based on the project of "Action Plan for Accelerated Investment by Domestic Corporation." According to the regulations, the Corporation should complete the investment within 3 years from the day after the approval letter is issued.

The Corporation signed a credit agreement with the bank in response to the project of "Action Plan for Accelerated Investment by Domestic Corporation." The interest rate for the first 5 years of the loan is the postal savings two-year time deposit rate minus 0.395%. If the project regulations are violated or the National Development Fund is frozen by legislative budget review, the interest rate will be changed to the postal savings two-year time savings interest rate plus 0.105%.

17. BONDS PAYABLE

December 31, 2021

Secured domestic convertible bonds

\$ 481,212

On October 25, 2021, the Corporation issued its first domestic secured convertible bonds in the amount of \$500,000 thousand with a zero coupon rate and a duration of 5 years. Taishin International Bank is the guarantor of the secured convertible bonds.

Each holder of the bonds has the right to convert the bonds into ordinary shares of the Corporation at the conversion price of NT\$63.5 per share. In the event of any circumstances stipulated in the measures for issuance and conversion of bonds, the convertible price shall be adjusted according to the conversion price adjustment formula. As of December 31, 2021, the conversion price was NT\$63.5 per share. Conversion may occur at any time between January 26, 2022 and October 25, 2026. If the bonds are not converted, they will be redeemed on October 25, 2026 in cash.

From January 26, 2022 to September 15, 2026, if the closing price of the Corporation's common stock in the centralized trading market exceeds the current conversion price by 30% or more for 30 consecutive business days, or when the outstanding balance of the bonds is less than 10% of the total amount upon the original issuance, the Corporation may redeem them in cash at the par value of the bond within five business days after the base date of recalling the bonds.

The base date for selling back the bonds in advance is October 25, 2024. The bondholders may exercise the right of selling back the bonds at par value 40 days prior to the repurchase date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - share options. The liability component contains derivative financial instruments and non-derivative financial instruments. The related amounts were as follows:

Proceeds from issuance (less transaction costs of NT\$5,236 thousand)	\$ 527,935
Equity component (less transaction costs allocated to the equity component of NT\$479	
thousand)	(48,342)
Liability component at the date of issuance (less transaction costs allocated to the	
liability component of NT\$4,757 thousand)	479,593
Interest charged at an effective interest rate of 0.80661%	969
Losses on change in value of financial instruments	100
Net liability component at December 31, 2021 (including financial assets measured at	
FVTPL of NT\$550 thousand and bonds payable of NT\$481,212 thousand)	<u>\$ 480,662</u>

18. ACCOUNTS PAYABLE

	December 31	
	2021	2020
Accounts payable Accounts payable - related parties	\$ 165,928 	\$ 204,407 1,238
	<u>\$ 167,231</u>	\$ 205,645

The Corporation has established financial risk management policies to ensure that all payments are made on the agreed due date.

19. OTHER PAYABLES

	December 31		
	2021	2020	
Payables for salaries and bonuses	\$ 139,335	\$ 123,020	
Payables for consumables	37,141	30,563	
Payables for equipment	26,343	61,585	
Sales tax payables	11,043	14,322	
Freight payables	9,387	4,573	
Payables for insurance	7,614	7,177	
Payables for utilities	6,846	7,430	
Payables for professional fees	6,359	6,830	
Others	12,755	15,983	
	\$ 256,823	\$ 271,483	

20. OTHER CURRENT LIABILITIES

	December 31			
	2021	2020		
Refund liabilities Others	\$ 14 <u>4,862</u>	\$ 23,804 4,877		
	<u>\$ 4,876</u>	<u>\$ 28,681</u>		

The estimation of sales returns and discounts (refund liabilities) was based on historical experience, management's judgments and other known reasons, and recognized as a reduction of operating revenues.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

Some of the Corporation's employees are entitled to a defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Corporation's defined benefit plans were as follows:

	December 31			
	2021	2020		
Fair value of plan assets Present value of defined benefit obligation	\$ 9,472 (9,807)	\$ 9,769 (9,376)		
Net defined benefit assets (liabilities)	<u>\$ (335)</u>	<u>\$ 393</u>		

Movements of net defined benefit assets (liabilities) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
Balance at January 1, 2020	\$ (9,317)	\$ 9,155	<u>\$ (162)</u>
Service cost Current service cost Interest income (expense) Recognized in profit or loss	(46) (93) (139)	93 93	(46) (46)
Remeasurement Return on plan assets Actuarial loss - changes in demographic	- (21)	280	280
assumptions Actuarial loss - changes in financial assumptions Actuarial gain - experience adjustments Recognized in other comprehensive income	$ \begin{array}{r} (31) \\ (644) \\ \phantom{00000000000000000000000000000000$	- - - 280	$ \begin{array}{r} (31) \\ (644) \\ \phantom{00000000000000000000000000000000$
Contributions from the employer	_	241	241
Balance at December 31, 2020	<u>\$ (9,376)</u>	\$ 9,769	<u>\$ 393</u>
Balance at January 1, 2021	\$ (9,376)	\$ 9,769	\$ 393
Service cost Current service cost Interest income (expense) Recognized in profit or loss	(38) (47) (85)	50 50	$ \begin{array}{r} (38) \\ 3 \\ \hline (35) \end{array} $
Remeasurement Return on plan assets Actuarial loss - changes in demographic assumptions Actuarial loss - experience adjustments	(304) (749)	114	(304) (749)
Recognized in other comprehensive income	<u>(1,053)</u>	114	<u>(939)</u>
Contributions from the employer		246	246

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)	
Benefits paid	<u>\$ 707</u>	<u>\$ (707)</u>	<u>\$ -</u>	
Balance at December 31, 2021	<u>\$ (9,807)</u>	<u>\$ 9,472</u>	\$ (335) (Concluded)	

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31		
	2021	2020	
Operating costs Operating expenses	\$ 33 2	\$ 33 13	
	<u>\$ 35</u>	<u>\$ 46</u>	

Through the defined benefit plans under the Labor Standards Act, the Corporation is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31		
	2021	2020	
Discount rate (%)	0.5	0.5	
Expected rate of salary increase (%)	2.25	2.25	
Mortality rate	Based on the 6th	Based on the 5th	
	Taiwan	Taiwan	
	Standard	Standard	
	Ordinary	Ordinary	
	Experience	Experience	
	Mortality Table	Mortality Table	
Turnover rate (%)	0-11	0-11	
Voluntary retirement rate (%)	3-100	3-100	

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31		
	2021	2020	
Discount rate 0.25% increase 0.25% decrease	\$ (337) \$ 353	\$ (329) \$ 345	
Expected rate of salary increase/decrease 0.25% increase 0.25% decrease	\$ 341 \$ (328)	\$ 334 \$ (321)	

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31		
	2021	2020	
Expected contributions to the plan for the next year	<u>\$ 224</u>	<u>\$ 238</u>	
Average duration of the defined benefit obligation	14.2 years	14.6 years	

22 EQUITY

a. Ordinary shares

	December 31		
	2021	2020	
Number of shares authorized (in thousands)	<u>111,000</u>	111,000	
Shares authorized	<u>\$ 1,110,000</u>	\$ 1,110,000	
Number of shares issued and fully paid (in thousands)	<u>83,000</u>	83,000	
Shares issued	<u>\$ 830,000</u>	\$ 830,000	

For the purposes of adjusting the capital structure and enhancing the return on shareholders' equity, the Corporation resolved in its shareholders' meeting in June 2020 to implement a capital reduction in cash through the return of share proceeds to shareholders. The total capital reduction amounted to \$170,000 thousand, which represented the cancellation of 17,000 thousand shares. The record date of the capital reduction was set as August 31, 2020.

b. Capital surplus

	December 31		
	2021	2020	
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Premium from the issuance of mergers Premium from the issuance of capital shares Exercise of employee share options	\$ 233,087 357,000 225	\$ 233,087 357,000 225	
May not be used for any purpose			
Equity component of convertible bonds payable	48,342	-	
	<u>\$ 638,654</u>	\$ 590,312	

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year)

c. Retained earnings and dividend policy

Pursuant to the Corporation's Articles of Incorporation, the current year's earnings, if any, shall be first used to pay taxes and offset deficit in prior years. The remaining earnings would be appropriated in the following order:

- 1) Setting aside 10% of the remaining earnings, as legal reserve, until the accumulated legal reserve equals the Corporation's paid-in capital.
- 2) Setting aside or reversing a special reserve in accordance with the laws and regulations.
- 3) Any remaining earnings together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, and resolved in the shareholders' meeting.

In line with the overall environment and the growth characteristics of the industry, as well as the Corporation's long-term financial planning in order to achieve sustainable operations and stable business development, the Corporation's dividend policy is based on the residual dividend policy, which is based on the Corporation's future capital budget plan in the measurement of the annual capital requirements, and the remaining earnings are distributed in the form of cash and stock dividends after reserving the necessary capital for financing. The distribution steps are as follows:

- 1) Determine the best capital budget.
- 2) Determine the amount of financing needed to meet the previous capital budget.
- 3) Determine the amount of capital to be financed by retained earnings.

4) The remaining earnings may be distributed to the shareholders in the form of dividends, after reserving an appropriate amount for operating needs, and the distribution should be no less than 10% of the Corporation's distributable earnings for the year, provided that the portion of cash dividends is no less than 10% of the total dividends to be paid.

The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019, which had been approved in the shareholders' meetings in July 2021 and June 2020, were as follows:

	Appropriations of earnings		Dividends per share (NT			NT\$)
	2020	2019	9 2020		2019	
Legal reserve	\$ 15,052	\$ 52,435				
Reversal of special reserve	-	(9,218)				
Cash dividends	124,500	200,000	\$	1.5	\$	2

The appropriation of earnings for 2021 proposed by the Corporation's board of directors in March 2022 was as follows:

	Appropriations of earnings	Dividend per share (NT\$)
Legal reserve Cash dividends	\$ 40,190 166,000	\$ 2

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held in June 2022.

d. Other equity items

Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance, beginning of the year	\$ 261,855	\$ 32,605
Unrealized gains and losses - equity instruments	289,181	231,149
Cumulative unrealized gains and losses of equity instruments		
transferred to retained earnings due to disposal	<u>(78,240)</u>	(1,899)
Balance, end of the year	<u>\$ 472,796</u>	<u>\$ 261,855</u>

23. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Sales of goods	\$ 3,002,845	\$ 2,646,833
Rendering of services	14	20
	<u>\$ 3,002,859</u>	\$ 2,646,853

a. Details of contracts with customers, refer to Note 4.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (including related parties; refer to Note 9)	<u>\$ 430,444</u>	\$ 356,939	<u>\$ 407,269</u>
Contract liabilities - current Sale of goods	<u>\$ 53,759</u>	<u>\$ 43,853</u>	<u>\$ 9,982</u>

The changes in the balance of contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment; there were no other significant changes in 2021 and 2020.

c. Disaggregation of revenue

The main source of revenue of the Corporation is revenue from the sale of goods. The chief operating decision maker regards the Corporation as a single reporting segment. For the revenue from contracts with customers, please refer to the statement of comprehensive income.

24. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Year Ended December 31	
	2021	2020
Dividend income – investments in equity instrument at FVTOCI Government grant revenue	\$ 22,189 13,630	\$ 20,398 9,737
Others	4,918	3,329
	<u>\$ 40,737</u>	\$ 33,464

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange gains (losses) Gains (losses) on financial assets at FVTPL Losses on disposal of property, plant and equipment Others	\$ 8,234 (2,055) (376) (326)	\$ (10,376) 553 (115) (822)
	<u>\$ 5,477</u>	<u>\$ (10,760</u>)

Disaggregation of net foreign exchange gains (losses) were as follows:

		For the Year Ended December 31	
		2021	2020
г і і і		f 47 42 4	Ф 20 122
Foreign exchange gains Foreign exchange losses		\$ 47,424 (39,190)	\$ 38,122 (48,498)
1 oreign exchange losses		(37,170)	(40,470)
Net gains and losses		\$ 8,234	<u>\$(10,376)</u>
T-1			
c. Finance costs			
		For the Year En	ded December 31
		2021	2020
Interest on bank loans		\$ 12,248	\$ 10,019
Interest on lease liabilitie	es t on corporate bonds payable	2,828 969	3,254
Interest on factored acco		651	3,188
		<u>\$ 16,696</u>	<u>\$ 16,461</u>
1 D			
d. Depreciation and amortiz	zation		
		For the Year En	ded December 31
		2021	2020
Depreciation expense	win m ant	¢ 221.670	¢ 257 000
Property, plant and eq Right-of-use assets	urpment	\$ 321,670 18,931	\$ 257,880 18,565
raght of use ussets		10,731	
		<u>\$ 340,601</u>	<u>\$ 276,445</u>
. 1 . 61	1 6		
Analysis of depreciation Operating costs	expense by function	\$ 335,447	\$ 273,419
Operating expenses		5,154	3,026
			
		<u>\$ 340,601</u>	<u>\$ 276,445</u>
Amortization expense			
Technical expertise		\$ -	\$ 1,250
Other non-current asso	ets	28,265	46,039
			4
		<u>\$ 28,265</u>	<u>\$ 47,289</u>
Analysis of amortization	expense by function		
Operating costs	1 3	\$ 26,571	\$ 45,792
Operating expenses		1,694	1,497
		© 20265	\$ 47.280
		<u>\$ 28,265</u>	<u>\$ 47,289</u>

e. Employee benefits

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits		
Salaries	\$ 446,861	\$ 412,250
Labor and health insurance	46,295	42,427
Others	4,209	3,722
	497,365	458,399
Post-employment benefits		
Defined contribution plans	12,443	12,492
Defined benefit plans (Note 21)	35	46
•	12,478	12,538
	\$ 509,843	<u>\$ 470,937</u>
Analysis of employee benefits by function		
Operating costs	\$ 379,950	\$ 363,942
Operating expenses	129,893	106,995
	<u>\$ 509,843</u>	<u>\$ 470,937</u>

f. Employees' compensation and remuneration to directors

Pursuant to the Corporation's Articles of Incorporation, 2% to 16% of the current year's profit shall be distributed as the employee's compensation. The compensation of the employees shall be distributed in shares or cash by the resolution of the board of directors, and may include the Corporation's employees that meet requirements. In addition, not more than 1% shall be distributed as the remuneration of directors. The distribution of compensation and remuneration shall be reported in the shareholders' meeting. However, if the Corporation still has accumulated losses, the Corporation shall set aside a specific amount of retained earnings to cover the loss and then accrue the compensation and remuneration as mentioned above. The Corporation distributed the compensation of employees and remuneration of directors for 2020 and 2021 at the rates of 2% and 1%, respectively, of income exceeding a specified amount of pre-tax profit; the distributed amounts approved by the Corporation's board of directors in March 2021 and March 2022, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Compensation of employees	\$ 8,061	\$ 3,900
Remuneration of directors	4,030	1,950

The difference between the amounts recognized and the amounts approved by Corporation's board of directors is recorded as a change in accounting estimate and will be adjusted in the next year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors approved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax were as follow:

	For the Year Ended December 31	
	2021	2020
Current tax In respect of the current year Income tax on unappropriated earnings	\$ 68,830	\$ 39,146 7,101 (23)
Adjustments for prior years Deferred tax	<u>(7,224)</u> 61,606	46,224
In respect of the current year	4,919	(5,395)
	<u>\$ 66,525</u>	<u>\$ 40,829</u>

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2021	2020
Profit before income tax	\$ 390,936	<u>\$ 189,157</u>
Income tax expense calculated at the statutory rate Tax-exempt income Income tax on unappropriated earnings Adjustments for prior years	\$ 78,187 (4,438) - (7,224)	\$ 37,831 (4,080) 7,101 (23)
	<u>\$ 66,525</u>	<u>\$ 40,829</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Remeasurement of defined benefit plans	<u>\$ (188</u>)	<u>\$ 72</u>

c. Current tax liabilities

	For the Year End	led December 31
	2021	2020
Current tax liabilities		
Income tax payable	<u>\$ 67,394</u>	<u>\$ 46,245</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred tax assets				
Temporary differences Unrealized write-down of				
inventories	\$ 3,265	\$ 583	\$ -	\$ 3,848
Defined benefit plan	158	72	188	418
Unrealized exchange losses	1,575	(955)	=	620
Refund liabilities	4,761	(4,758)	=	3
Idle capacity	-	421	=	421
Others		511		511
	<u>\$ 9,759</u>	<u>\$(4,126)</u>	<u>\$ 188</u>	<u>\$ 5,821</u>
Deferred tax liabilities				
Temporary differences				
Defined benefit plan	\$ 168	\$ 183	\$ -	\$ 351
Unrealized exchange gains	<u>144</u>	<u>610</u>	-	<u>754</u>
	<u>\$ 312</u>	<u>\$ 793</u>	<u>\$ -</u>	<u>\$ 1,105</u>

For the Year Ended December 31, 2020

Deferred tax assets		Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Unrealized write-down of inventories \$ 2,918 \$ 347 \$ - \$ 3,265 Defined benefit plan 230 - (72) 158 Unrealized exchange losses 2,261 (686) - 1,575 Refund liabilities - 4,761 - 4,761 Deferred tax liabilities Temporary differences Defined benefit plan \$ 168 \$ - \$ - \$ 168 Unrealized exchange gains 1,117 (973) - 144	Deferred tax assets				
Defined benefit plan 230 - (72) 158 Unrealized exchange losses 2,261 (686) - 1,575 Refund liabilities - 4,761 - 4,761 \$ 5,409 \$ 4,422 \$ (72) \$ 9,759 Deferred tax liabilities Temporary differences Defined benefit plan \$ 168 \$ - \$ - \$ 168 Unrealized exchange gains 1,117 (973) - 144	ž *				
Unrealized exchange losses 2,261 (686) - 1,575 Refund liabilities - 4,761 - 4,761 \$ 5,409 \$ 4,422 \$ (72) \$ 9,759 Deferred tax liabilities Temporary differences Defined benefit plan \$ 168 \$ - \$ - \$ 168 Unrealized exchange gains 1,117 (973) - 144	inventories	\$ 2,918	\$ 347	\$ -	\$ 3,265
Refund liabilities - 4,761 - 4,761 \$ 5,409 \$ 4,422 \$ (72) \$ 9,759 Deferred tax liabilities Temporary differences Defined benefit plan \$ 168 \$ - \$ - \$ 168 Unrealized exchange gains 1,117 (973) - 144	Defined benefit plan	230	-	(72)	158
\$ 5,409 \$ 4,422 \$ (72) \$ 9,759 Deferred tax liabilities Temporary differences Defined benefit plan \$ 168 \$ - \$ - \$ 168 Unrealized exchange gains \$ 1,117 (973) - 144		2,261	(686)	-	1,575
Deferred tax liabilities Temporary differences Defined benefit plan \$ 168 \$ - \$ - \$ 168 Unrealized exchange gains	Refund liabilities	_	<u>4,761</u>	_	<u>4,761</u>
Temporary differences Defined benefit plan \$ 168 \$ - \$ - \$ 168 Unrealized exchange gains		<u>\$ 5,409</u>	<u>\$ 4,422</u>	<u>\$ (72)</u>	<u>\$ 9,759</u>
Defined benefit plan \$ 168 \$ - \$ - \$ 168 Unrealized exchange gains 1,117 (973) - 144	Deferred tax liabilities				
Unrealized exchange gains <u>1,117</u> <u>(973)</u> <u>- 144</u>	Temporary differences				
		\$ 168	\$ -	\$ -	\$ 168
<u>\$ 1,285</u>	Unrealized exchange gains	<u>1,117</u>	<u>(973</u>)	-	<u>144</u>
		<u>\$ 1,285</u>	<u>\$ (973)</u>	<u>\$ -</u>	<u>\$ 312</u>

f. Income tax assessment

The Corporation's income tax returns through 2019 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31		
	2021	2020	
Net profit for the year	<u>\$ 324,411</u>	<u>\$ 148,328</u>	

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the		
computation of basic earnings per share	83,000	94,333
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u> 154</u>	<u>128</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>83,154</u>	94,461

As of December 31, 2021, the conversion rights of the convertible bonds are not yet exercisable; therefore, they are not included in the calculation of diluted earnings per share.

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. NON-CASH TRANSACTIONS

For the years ended December 31, 2021 and 2020, the Corporation entered into the following non-cash investing activities that were not reflected in the statements of cash flows:

	For the Year Ended December 31		
	2021	2020	
Increase in property, plant and equipment	\$ 243,547	\$ 849,951	
Decrease in prepayments for equipment	(27,476)	(350,665)	
Decrease in payables for equipment	35,242	18,326	
Cash paid	<u>\$ 251,313</u>	<u>\$ 517,612</u>	

28. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The key management personnel of the Corporation review the capital structure periodically, based on the condition of industry operations and future development of the Corporation, and consider the changes in the external environment. As part of the review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Corporation adjusts the number of new shares issued and the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

- b. Fair value of financial instruments that are measured at fair value on a recurring basis
 - 1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Financial instruments at FVTPL Call option and put option of convertible bonds, net	<u>\$</u>	<u>\$</u>	<u>\$ 550</u>	<u>\$ 550</u>
Financial instruments at FVTOCI Equity instruments -				
domestic listed shares Debt instrument -	\$ 949,400	\$ -	\$ -	\$ 949,400
account receivable		_	345,434	345,434
	<u>\$ 949,400</u>	<u>\$</u>	\$ 345,434	\$ 1,294,834
December 31, 2020				
Financial instruments at FVTOCI				
Equity instruments - domestic listed shares	\$ 587,623	\$ -	\$ -	\$ 587,623
Debt instrument - account receivable	_		312,859	312,859
	<u>\$ 587,623</u>	<u>\$</u>	\$ 312,859	<u>\$ 900,482</u>

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments - For the year ended December 31, 2021

Reconciliation of the fair value measurements of the financial instruments at FVTPL was as follows:

	For the years ended December 31, 2021
Balance, beginning of the year Purchases	\$ - 650
Recognized in profit or loss	<u>(100</u>)
Balance, end of the year	<u>\$ 550</u>

3) Valuation techniques and inputs applied for fair value measurement

The Corporation uses the market price quotations as fair value inputs (level 1). The market price of the listed shares is the closing price of the shares on the Taiwan Stock Exchange.

The Corporation considers that the impact of discounting accounts receivable classified as at FVTOCI is immaterial; hence, the fair value is measured according to the book value (level 3).

The fair value of derivative assets - convertible bonds redemption rights and sell-back rights is measured using the binominal tree model (level 3) by using the significant but unobservable input - fluctuation of stock price. When the fluctuation of stock price increases, the fair value is deemed to increase.

c. Categories of financial instruments

	December 31		1		
	2021			2020	
Financial assets					
Financial assets mandatorily classified as at FVTPL Financial assets at FVTOCI - debt instruments	\$	550 345,434	\$	312,859	
Financial assets at FVTOCI - equity instruments Financial assets at amortized cost (Note 1)		949,400 757,548		587,623 357,600	
Financial liabilities					
Financial liabilities at amortized cost (Note 2)	1	,850,529		1,737,116	

Note 1: The balances included financial assets at amortized cost, which comprise cash, accounts receivable (including related parties), other receivables, other financial assets (including current and non-current portion) and refundable deposits.

Note 2: The balances included financial liabilities at amortized cost, which comprise long-term and short-term borrowings, accounts payable, other payables, bonds payable, and guarantee deposits.

d. Financial risk management objectives and policies

The Corporation's major financial instruments include equity investments, accounts receivable, accounts payable, other payables, bonds payable, borrowings and lease liabilities. The Corporation's treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The significant financial activities of the Corporation are reviewed by the board of directors in accordance with relevant regulations and internal controls. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other prices (see (c) below).

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation was exposed to foreign currency risk due to sales and purchases denominated in foreign currencies. Exchange rate exposures were managed by natural hedges of foreign deposits, foreign exchange forward contracts, foreign borrowings or the same category of foreign currency right and debts from transaction.

For the carrying amounts of the Corporation's non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 34.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY. The following table details the Corporation's sensitivity to a 1% increase and decrease in the New Taiwan dollar against the USD and JPY. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%.

The sensitivity analysis included only outstanding foreign currency denominated monetary items as follows:

		Sensitivity Analysis				
	For the Yo	ear Ended	For the Y	ear Ended		
	December	r 31, 2021	December 31, 2020			
	Magnitude of change (%)	Impact on Profit or Loss	Magnitude of change (%)	Impact on Profit or Loss		
Profit before income tax (Note)						
USD: NTD	1	\$ (6,271)	1	\$ (4,219)		
JPY: NTD	1	191	1	1,096		

Note: This was mainly attributable to the exposure on outstanding cash, accounts receivable (including related parties), accounts payable and other payables in USD and JPY which were not hedged at the balance sheet date.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period. Sales in U.S. dollar will fluctuate according to the terms of contracts and business cycle.

b) Interest rate risk

The Corporation was exposed to interest rate risk because the Corporation borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Corporation' financial assets and liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31		
	2021	2020	
Fair value interest rate risk Financial liabilities	\$ 585,243	\$ 485,501	
Cash flow interest rate risk Financial assets Financial liabilities	665,393 945,013	306,369 896,605	

The sensitivity analysis below was determined based on the Corporation's exposure to financial instruments at the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the balance sheet date were outstanding for the whole year. A 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial liabilities had been higher/lower by 1% and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by NT\$9,450 thousand and NT\$8,966 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in domestic listed shares. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2021 and 2020 would have increased/decreased by NT\$9,494 thousand and NT\$5,876 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As of the balance sheet date, the Corporation's maximum exposure to credit risk is the carrying amount of the financial assets on the balance sheets.

Business units grant credit amounts according to their experience in various credit transactions, and monitor customer payment situations regularly. The Corporation does not expect significant credit risk because the counterparties are creditworthy financial institutions. In recent years, the actual

occurrence of bad debts is very rare, and therefore no significant credit risk is expected.

Counterparties of accounts receivable are concentrated in a number of significant customers. They are mostly engaged in commercial activities, and have similar economic characteristics and similar abilities to fulfill contracts affected by the economic or other conditions. The receivables with significant credit risk were as follows:

	December 31		
Customer	2021	2020	
Novatek Microelectronics Corp.	\$ 184,434	\$ 118,582	
Himax Technologies, Inc	83,269	109,335	
Raydium Semiconductor Corp.	77,731	84,942	
Chang Wah Electromaterials Inc.	43,494	23,893	
	<u>\$ 388,928</u>	\$ 336,752	

3) Liquidity risk

The management of the Corporation continuously monitor the movements of cash flows, net cash position and the utilization of bank loan commitments to control the proportion of long-term and short-term bank loans and ensure compliance with loan covenants.

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Corporation's unused credit facilities were NT\$2,556,990 thousand and NT\$2,448,440 thousand, respectively.

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows.

To the extent that interest flows are at floating rate, the undiscounted amount was estimated by the interest rate at the end of the reporting period.

	Less than 1 Year		1-5 Years		Over 5 Years		Total	
December 31, 2021								
Long-term borrowings (including current								
portion)	\$	10,645	\$	931,548	\$	30,347	\$	972,540
Accounts payable		167,231		_		-		167,231
Other payables		256,823		-		-		256,823
Bonds payable		-		500,000		-		500,000
Lease liabilities (including current and non-current		20,965		82,434		7 996		111,285
portion) Refund liabilities		20,903		62,434		7,886		111,283
		14		250		-		250
Guarantee deposits		<u>-</u>		250		<u>=</u>		230
	<u>\$</u>	455,678	<u>\$</u>	1,514,232	<u>\$</u>	38,233	<u>\$</u>	2,008,143
								(Continued)

(Continued)

	Le	ess than 1 Year	1-5 Years		Over 5 Years		Total	
December 31, 2020								
Short-term borrowings Long-term borrowings (including current	\$	230,300	\$	-	\$	-	\$	230,300
portion)		70,633		778,577		212,899		1,062,109
Accounts payable		205,645		-		-		205,645
Other payables		271,483		-		-		271,483
Lease liabilities (including current and non-current								
portion)		20,965		82,884		28,401		132,250
Refund liabilities		23,804		-		-		23,804
Guarantee deposits		<u>-</u>		50		<u>-</u>		50
	<u>\$</u>	822,830	<u>\$</u>	861,511	<u>\$</u>	241,300	<u>\$</u> (1,925,641 (Concluded)

30. TRANSACTIONS WITH RELATED PARTIES

a. Related party names and relationships

Relationship			
Key management personnel			
Key management personnel			
Other related party			
Key management personnel			
Key management personnel			

b.

	For the Year Ended December 31				
Related Party Category	2021	2020			
Key management personnel	<u>\$ 204,184</u>	<u>\$ 123,213</u>			

Sales to related parties were made at the prices and terms that were not significantly different from the transactions of non-related parties.

c. Purchase of goods

	For the Year Ended December 31				
Related Party Category	2021	2020			
Key management personnel Other related party	\$ 8,452 	\$ 6,803 <u>5</u>			
	<u>\$ 8,452</u>	<u>\$ 6,808</u>			

Purchases from related parties were made at the prices and terms that were not significantly different from the transactions of non-related parties.

d. Remuneration of key management personnel

Remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31		
	2021	2020	
Short-term employee benefits Post-employment benefits	\$ 30,735 	\$ 30,173 1,294	
	<u>\$ 31,922</u>	\$ 31,467	

e. Lease arrangement - the Corporation is lessee

The Corporation leases a building from Chang Wah Electromaterials Inc. under the agreement expiring on March 31, 2027, and the rent is paid monthly. As of December 31, 2021 and 2020, the lease liabilities recognized by the Corporation due to the above lease agreement were NT92,935 thousand and NT109,299 thousand respectively, which were listed under lease liabilities (including current and non-current portion).

f. Lease arrangement - the Corporation is lessor

The Corporation leases part of their buildings to Chang Wah Technology Co., Ltd. under the agreement for 2 years. The annual revenue amounted was NT\$458 thousand for the year ended December 31, 2021.

g. Balance at period-end

	Related Party	December 31		
Account Item	Category/Name	2021	2020	
Accounts receivable - related parties	Chang Wah Electromaterials Inc.	<u>\$ 43,494</u>	<u>\$ 23,893</u>	
Other receivables	Wan-Hsia Li (Note) Mei-Hsueh Huang (Note)	\$ 1,000 1,000	\$ 1,000 1,000	
		\$ 2,000	\$ 2,000	
Refundable deposits	Chang Wah Electromaterials Inc.	<u>\$ 1,575</u>	<u>\$ 1,575</u>	
Accounts payable	Key management personnel	<u>\$ 1,303</u>	<u>\$ 1,238</u>	
Other payables	Key management personnel	<u>\$ 1,575</u>	<u>\$ 1,575</u>	
Guarantee deposits	Chang Wah Technology Co., Ltd.	<u>\$ 200</u>	<u>\$</u>	

Note: Refers to the bail amount paid by the Corporation on behalf of the management for the criminal proceedings mentioned in Note 32.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the Government Research and Development Subsidy Project and Cooperative Education program:

	December 31	
	2021	2020
Pledged time deposits (classified as other financial assets - current) Demand deposits (classified as other financial assets - non-current)	\$ 1,785 	\$ 1,785
	<u>\$ 1,785</u>	<u>\$ 21,785</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. The amount of the customs duties guarantee provided by the Corporation through bank credit guarantee is NT\$25,000 thousand, and NT\$17,912 thousand has been used.
- b. The Corporation signed the contract for the purchase of property, plant and equipment with a total amount NT\$442,407 thousand, of which NT\$85,417 thousand had not been paid.
- c. In March 2014, Chipbond Technology Corp. filed a criminal lawsuit against the Corporation for the breach of trade secrets. Subsequently, in September 2019, the criminal incidental civil lawsuit was made for requested compensation of damages amounting to NT\$1,000,000 thousand. In August 2021, an additional claim was made for the amount of damages. The aforementioned case has not been adjudged by the court as of March 15, 2022. In September 2016, Chipbond Technology Corp. filed a civil lawsuit against the Corporation for infringement of business secrets. The main contents of the lawsuit include the prohibition on the use or disclosure of business secrets of Chipbond Technology Corp., the destruction of relevant files, the prohibition on the people involved in the case to serve the Corporation during a specific period of time, and the destruction of products that infringed business secrets. Chipbond Technology Corp. sought for an indemnification of NT\$1,765,137 thousand. Based on the legal opinion issued by the Corporation's lawyers for the aforementioned litigation case, no significant adverse impact on the Corporation was concluded after the assessment of the lawyers. Therefore, the management of the Corporation believes that the lawsuit will not have a significant impact on the Corporation's business and financial position. The aforementioned case is not adjudged by the court as of March 15, 2022.

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In January 2022, the board of directors approved the investment of NT\$280,000 thousand in Shing Zheng Investment Co., Ltd., holding 35% of the issued shares.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currency of the Corporation and the exchange rates between the foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Excha	nge Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2021				
Financial assets				
Monetary items		•= -0	(7.7.2.2.7.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2	A (A = 400
USD	\$ 22,666	27.68	(USD:NTD)	\$ 627,400
JPY	333,944	0.2405	(JPY:NTD)	80,313
Financial liabilities				
Monetary items				
JPY	413,488	0.2405	(JPY:NTD)	99,444
USD	10	27.68	(USD:NTD)	285
December 31, 2020	<u></u>			
Financial assets				
Monetary items				
USD	15,638	28.48	(USD:NTD)	445,376
JPY	156,414	0.2763	(JPY:NTD)	43,217
Financial liabilities				
Monetary items				
JPY	553,078	0.2763	(JPY:NTD)	152,816
USD	826	28.48	(USD:NTD)	23,514
Significant foreign currency exc	hange gains and losses we	re as follows:		
				Not foreign

Foreign Currency	Exchai	nge Rate	Net foreign currency exchange gains (losses) (In Thousands of New Taiwan Dollars)
For the Year Ended December 31, 2021 USD JPY	27.68 0.2405	(USD:NTD) (JPY:NTD)	\$ (16,720) <u>24,954</u>
For the Year Ended December 31, 2020			\$ 8,234
USD JPY	28.48 0.2763	(USD:NTD) (JPY:NTD)	\$ (30,423) 20,047
			\$ (10,376)

35. ADDITIONAL DISCLOSURES

- a. Information about significant transactions and investees:
 - 1) Financing provided to others (None)
 - 2) Endorsements/guarantees provided (None)
 - 3) Marketable securities held (Table 1)
 - 4) Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital (Table 2)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 9) Trading in derivative instruments (Note 7)
- b. Information on investees (None)
- c. Information on investments in mainland China (None)
- d. Information of major shareholders (Table 4)

36. SEGMENT INFORMATION

The chief operating decision maker regards the Corporation as a single reporting segment. Thus, the information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance regarded the Corporation information as a whole. Please refer to the content of this financial report for relevant information on the operating segment.

a. Revenue from major products and services

	For the year ended December 31	
	2021	2020
Sales of goods		
Flexible IC substrate - Chip on Film	\$ 2,922,730	\$ 2,596,534
Tooling revenue	80,115	50,299
Revenue from rendering of services	14	20
	\$ 3,002,859	\$ 2,646,853

b. Geographical information

The Corporation operates mainly in Taiwan.

The Corporation's revenue from external customers by location of operations and information about its non-current assets by location of assets is detailed below:

		Revenue from External Customers				
		For the Year Ended		For the Year Ended Non-current A December 31 December 3		
	2021	2020	2021	2020		
Taiwan Asia	\$ 1,677,284 	\$ 2,011,628 635,225	\$ 2,493,333	\$ 2,618,239		
	\$ 3,002,859	<u>\$ 2,646,853</u>	<u>\$ 2,493,333</u>	\$ 2,618,239		

Non-current assets exclude refundable deposits, deferred tax assets, financial instruments, net defined benefit assets and other non-current assets.

c. Information about major customers

	For the Year Ended December 31					
		2021		2020		
		Amount	%	1	Amount	%
Chipone (Hong Kong) Co., Limited	\$	662,960	22	\$	355,294	13
Novatek Microelectronics Corp.		556,273	19		779,696	29
Raydium Semiconductor Corp.		417,344	14		399,492	15
Himax Technologies, Inc		382,333	13		647,219	24
Hefei Tongfu Micro-Electrons Co., Ltd.		306,595	<u>10</u>		34,397	1
	<u>\$</u>	2,325,505	<u>78</u>	\$	<u>2,216,098</u>	<u>82</u>

JMC Electronics Co., Ltd.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

JMC Electronics Co., Ltd.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Note	Note 5
Ending Balance	Amount	\$ 409.745
Endin	Number of Shares	3.921,000
	Gain (Loss) on Disposal	77,11,77
Disposal	Carrying Amount	\$ 76,859
Die	Amount	\$ 153,976
	Number of Shares	1,599,000
Acquisition	Amount	\$ 217,307
Acqui	Number of Shares	2,677,000
dance (Note 3)	Amount	s 170,012
Beginning B	Number of Amount	2,843,000
	Relationship	
	Counterparty	Note 1
	Financial Statement Account	Financial assets at fair value through other comprehensive incomenon-current
	Type and Name of Marketable Securities	Stock - ordinary shares Chang Wah Technology Co., Financial assets at fair value Ltd. comprehensive income - non-current
	Company Name	The Corporation

Note 1: Acquired through the open market

Note 2: Gains and losses on disposal are directly transferred to retained earnings and are not reclassified to profit or loss; year-end amounts include unrealized gains or losses on financial assets.

Note 3: Beginning amount was classified at financial assets at fair value through other comprehensive income - current, and reclassified to non-current for the current year.

JMC Electronics Co., Ltd.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Note		
ints (vable)	% to Total	9
Notes/Accounts Receivable (Payable)	Ending Balance	43,494
	Payment Term	
Abnormal Transaction	Unit Price	Not significantly different
	Payment Terms	commercial terms
Details	% to Total	E
Transaction Details	Amount	\$ (204,184)
	Purchases/Sales	Sales
Relationship		personnel
Related Party		Chang Wah Electromaterials Inc.
Buver		The Corporation

INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2021

	Share	s
Name of Major Shareholder	Number of Shares	Percentage of Ownership (%)
Chang Wah Electromaterials Inc ChipMOS Technology Inc.	35,531,390 8,300,000	42.80 10.00

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STATEMENT OF CASH DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Abstract	Amount
Bank deposits		
NTD deposits		¢ 200 122
Demand deposits		\$ 388,122
Foreign-currency deposits Demand deposits	USD 7,115,494.59 and JPY	277,271
Demand deposits	333,943,752 (Note)	2//,2/1
	333,743,732 (11010)	665,393
		,
Cash on hands		17
		<u>\$ 665,410</u>

Note: USD:NTD=1:27.68

JPY:NTD=1:0.2405

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

			Fair Valu	ie (Note)	
Name of Marketable Securities	Number of Shares	Original Cost	Unit Price (NT\$)	Amount	Remark
Domestic Listed Shares					
Chipbond Technology	102,000	\$ 6,691	\$ 66.7	\$ 6,803	
Corp.					
Adjustment for		112			
valuation of					
financial asset.					
		<u>\$ 6,803</u>			

Note: Fair value of listed shares is measured on the basis of the closing price on the balance sheet date.

STATEMENT OF NET ACCOUNTS RECEIVABLE DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Customer Name	Amount	Remark
Related parties Chang Wah Electromaterials Inc.	<u>\$ 43,494</u>	Sales
Non-related parties		
Novatek Microelectronics Corp.	\$ 184,434	Sales
Himax Technologies, Inc.	83,269	Sales
Raydium Semiconductor Corp.	77,731	Sales
Others (Note)	41,516	Sales
	\$ 386,950	

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT OF INVENTORIES DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars)

	Amou	ınt
Item	Carrying Amount	Fair Value (Note)
Raw materials	\$ 67,405	\$ 70,028
Supplies	72,014	88,394
Finished goods	27,740	34,948
Work-in-process	62,808	128,387
	<u>\$ 229,967</u>	<u>\$ 321,757</u>

Note: Refer to Note 4 for the accounting policy used in determining net realizable value.

JMC Electronics Co., Ltd.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Beginning	of the Year	Additions	ions	Decr		End of t	he Year	Guaranteed or
	Number of Shares Fair V	Fair Value	Number of Shares	Amount (Note 1)	Number of Amount Shares (Note 2)		Number of Shares Fair V	Fair Value	Pledged as Collateral
Domestic listed shares Chang Wah Electromaterials Inc.	1	· •	13,698,000	\$ 532,852	ı	· ·	13,698,000	\$ 532,852	N _o
Chang Wah Technology Co., Ltd.	1		5,420,000	556,636	1,499,000	146,891	3,921,000	409,745	No
		\$		\$ 1,089,488		\$ 146,891		\$ 942,597	

Note 1: The additions for the year are due to increase in investment, reclassification and valuation adjustment.

Note 2: The decreases for the year are due to disposal and valuation adjustment.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Balance, Beginning of the Year	Additions	Decrease	Balance, End of the Year	Remark
Cost Land Buildings	\$ 14,219 142,155	\$ - -	\$ - -	\$ 14,219 142,155	
Total	<u>156,374</u>	<u>\$</u>	<u>\$</u>	156,374	
Accumulated depreciation Land Buildings	2,871 34,214	\$ 1,419 17,512	\$ - -	4,290 51,726	
Total	37,085	<u>\$ 18,931</u>	<u>\$</u>	56,016	
	<u>\$ 119,289</u>			<u>\$ 100,358</u>	

STATEMENT OF ACCOUNTS PAYABLE DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Related parties Chang Wah Electromaterials Inc.	<u>\$ 1,303</u>
Non-related parties	
Sumitomo Metal Mining Co., Ltd.	46,717
Eliting Technology Corp.	19,668
MEC Taiwan Co., Ltd.	11,123
Showa Denko International (Taiwan) Co., Ltd.	10,840
Unitech Technology Yeh Corp.	10,642
DDP Specialty Products Taiwan Co., Ltd.	8,369
Others (Note)	58,569
	165,928
	<u>\$ 167,231</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

JMC Electronics Co., Ltd.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

		Interest Rate		Balance, End of the Year	Ŀ		
Creditor	Contract Period and Repayment Method	(%)	Current	Over 1 Year	Total	Pledged as Collateral	Remark
Bank loans Chang Hwa Commercial Bank	48 monthly installments due in January	0.50	•	\$ 168,838	\$ 168,838	No	1
Chang Hwa Commercial Bank	2023 33 monthly installments due in April 2024	0.50	ı	53.057	53.057	Ž	
Hua Nan Commercial Bank	24 monthly installments due in January	0.45	1	68,317	68,317	No	1
Taishin Bank	2023 48 monthly installments due in April 2023	0.45	,	71 017	71 017	Z	,
Taishin Bank	48 monthly installments due in April 2023	0.45		141,925	141,925	S S	,
Taishin Bank	48 monthly installments due in April 2023	0.45		40,384	40,384	No	,
Taishin Bank	48 monthly installments due in April 2023	0.45		14,771	14,771	No	1
Taishin Bank	48 monthly installments due in April 2023	0.45	•	49,235	49,235	No	
Taishin Bank	48 monthly installments due in April 2023	0.45		837	837	No	,
Taishin Bank	48 monthly installments due in April 2023	0.45		40,343	40,343	No	,
CTBC Bank	48 monthly installments due in December	0.45	3,958	183,717	187,675	No	
	2022						
CTBC Bank	48 monthly installments due in December 2022	0.45	771	35,776	36,547	No	•
CTBC Bank	48 monthly installments due in December 2022	0.45	1,521	70,546	72,067	No	1
			\$ 6,250	\$ 938,763	\$ 945,013		

STATEMENT OF LEASE LIABILITIES DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Abstract	Lease Term	Discount Rate (%)	Balance, End of the Year	Remark
Land Buildings	Note 1 Note 1	2018.12.18-2028.12.17 2017.04.01-2027.03.31	2.4947 1.2-2.4947	\$ 10,281 <u>93,750</u>	Note 2 Note 2
				<u>\$ 104,031</u>	

Note 1: Refer to Note 13 for leasing activities and terms.

Note 2: The portion of lease liabilities due within one year has been classified as current liabilities.

STATEMENT OF OPERATING REVENUE FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Quantity	Amount
Operating revenue Sales of goods		
Flexible IC substrate - Chip on Film Tooling revenue Revenue from rendering of services	625,893,979 PCS	\$ 2,922,730 80,115 <u>14</u>
		\$ 3,002,859

STATEMENT OF OPERATING COSTS FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount
Direct raw materials consumed	
Raw materials, beginning of the year	\$ 62,636
Raw materials purchased	707,735
Raw materials, end of the year	(67,405)
Others	<u>(11,775</u>)
Raw materials consumed	691,191
Direct labor	278,607
Manufacturing expense	1,412,406
Loss due to idle capacity	(56,702)
Manufacturing cost	2,325,502
Work in progress, beginning of the year	86,048
Work in progress, end of the year	(62,808)
	2,348,742
Finished goods, beginning of the year	24,098
Finished goods, end of the year	(27,740)
Costs of goods sold	2,345,100
Loss due to idle capacity	56,702
Income from sale of scraps	(648)
Write-down of supplies	2,600
Others	(364)
Operating costs	<u>\$ 2,403,390</u>

Note: The amounts of beginning inventory and ending inventory are expressed net of write-down of inventories.

STATEMENT OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	\$ 6,901	\$ 67,008	\$ 40,699	\$ 114,608
Professional fees	568	39,631	-	40,199
Used materials	-	-	17,702	17,702
Freight	24,651	1	-	24,652
Insurance expense	810	2,990	4,573	8,373
Management service fee	-	6,555	-	6,555
Depreciation expense	9	4,550	595	5,154
Pension	362	1,067	2,083	3,512
Employee benefits	13	3,178	70	3,261
Repair cost	-	2,044	520	2,564
Others	915	8,272	2,705	11,892
	<u>\$ 34,229</u>	<u>\$ 135,296</u>	<u>\$ 68,947</u>	<u>\$ 238,472</u>

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2021			For the Year Ended December 31, 2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Payroll expense						
Salaries	\$ 332,253	\$ 107,800	\$ 440,053	\$ 319,288	\$ 88,276	\$ 407,564
Labor and health						
insurance	37,965	8,330	46,295	34,767	7,660	42,427
Pension	8,966	3,512	12,478	9,078	3,460	12,538
Remuneration of						
directors	-	6,808	6,808	-	4,686	4,686
Others	<u>766</u>	3,443	4,209	809	2,913	3,722
	\$ 379,950	<u>\$ 129,893</u>	\$ 509,843	\$ 363,942	<u>\$ 106,995</u>	<u>\$ 470,937</u>
Depreciation	\$ 335,447	\$ 5,154	\$ 340,601	\$ 273,419	\$ 3,026	\$ 276,445
Amortization	26,571	1,694	28,265	45,792	1,497	47,289

- 1. As of December 31, 2021 and 2020, the Corporation had 865 and 894 employees (excluding temporary employees), respectively, which included 9 non-employee directors for both years.
- 2. Average employee benefit for the years ended December 31, 2021 and 2020 was \$588 thousand and \$527 thousand, respectively.
- 3. Average salary for the years ended December 31, 2021 and 2020 was \$514 thousand and \$461 thousand, respectively.
- 4. Change of average salary was 11%.
- 5. The Corporation does not have any supervisors.
- 6. The Corporation's remuneration and compensation policy (including directors, managers, and employees) is described as follows:

Pursuant to the Company's Articles of Incorporation, the remuneration paid to the directors shall be submitted to the board of directors for resolution. The compensation of managers and employees is determined based on their personal performance and contribution to the Corporation, with reference to the industry standards. When deciding the remuneration based on its operating performance, the Corporation has fully considered its operating objectives, financial status, professional capabilities and responsibilities, and comprehensively analyzed future operating risks. Furthermore, the Corporation shall review the remuneration and compensation policy at any time under the actual operating situation and related laws to seek for a balance of the Corporation's sustainability and risk control.

- (V). Individual financial reports verified and certified by the CPA in recent year, but not including detailed statement of important accounting items: The Company has no consolidated statements and therefore this paragraph is same as "IV. Financial reports in recent years".
- (VI). If the Company and its affiliates are involved in a situation of difficulty in financial turnover in recent years and as of the date of publication of the annual report, the influence of such situation on the Company's financial status shall be specified: None.

VII. Review and Analysis of Financial Status and Financial Performance and

Risk Management

(I). Financial status:

Unit: NT\$ THOUSANDS

Year	End of 2021	End of 2020	Deviation		
Item	End of 2021	E110 01 2020	Amount	%	
Current assets	1,416,795	1,576,722	(159,927)	(10%)	
Real estate, plants and equipment	2,366,757	2,445,256	(78,499)	(3%)	
Other assets	1,111,696	235,312	876,384	372%	
Total assets	4,895,248	4,257,290	637,958	15%	
Current liabilities	574,922	910,711	(335,789)	(37%)	
Other liabilities	1,516,652	1,079,588	437,064	40%	
Total liabilities	2,091,574	1,990,299	101,275	5%	
Capital stock	830,000	830,000	-	-	
Capital reserve	638,654	590,312	48,342	8%	
Retained earnings	862,224	584,824	277,400	47%	
Other equity	472,796	261,855	210,941	81%	
Total equity	2,803,674	2,266,991	536,683	24%	

- 1. Analysis and explanation of changes of increase/decrease ratios:
 - (1) Increase of other assets was resulted from the classification of financial assets from current assets to noncurrent assets as well as increase of investment.
 - (2) Decrease of current liabilities was mainly resulted from issuance of corporate bond to repay short-term bank loans.
 - (3) Increase of other liabilities was mainly resulted from the issuance of corporate bond.
 - (4) Increase of retained earnings was mainly resulted from the growth of profits.
 - (5) Increase of other equity was mainly resulted from the evaluation of financial assets for investment in valuable securities.
- 2. Future responsive plans for those with significant influence: None.

(II). Financial performance:

(A) Comparative analysis of financial performance

Unit: NT\$ THOUSANDS

	Year	2021	2020	Deviation		
Item		2021	2020	Amount	%	
Net income	operating	3,002,859	2,646,853	356,006	13%	
Operating	g cost	2,403,390	2,269,081	134,309	6%	
Gross profit	operating	599,469	377,772	221,697	59%	
Operating	g expenses	238,472	195,266	43,206	22%	
Operating	g income	360,997	182,506	178,491	98%	

Year	2021	2020	Deviation		
Item	2021	2020	Amount	%	
Non-operating					
revenue and	29,939	6,651	23,288	350%	
expenditure					
Net profit before tax	390,936	189,157	201,779	107%	
Income tax expense	66,525	40,829	25,696	63%	
Net profit after tax	324,411	148,328	176,083	119%	
Other					
comprehensive	288,430	231,437	56,993	25%	
profit (loss)					
Total comprehensive	612,841	379,765	233,076	61%	
profit (loss)					

Analysis and explanation of changes of increase/decrease ratios:

The deviations from previous year mainly resulted from the changes of product portfolios and increase of market demands; increase of other comprehensive profit (loss) was mainly resulted from the increase of investment in valuable securities to generate evaluation interests.

(B) Estimated sales volume and its basis as well as possible influence on the Company's future financial business and responsive plan

The Company hasn't issued financial budget, and thus estimated sales volume and its basis are not applied. Besides, no major abnormality has occurred to the Company's overall operation, it is thus not required to draft a responsive plan.

(III). Cash flows:

(A) Analysis of changes of cash flows in recent years

Unit: NT\$ THOUSANDS

Item	2021	2020	Increase
			(decrease)
Net cash inflows from operating activities	667,708	625,387	42,321
Net cash outflows from investing activities	356,699	669,112	(312,413)
Net cash inflows from financing activities	68,015	20,994	47,021

Analysis of changes:

- (1) Increase of net cash inflows from operating activities: Mainly resulting from the increase of market demand to increase profits.
- (2) Decrease of net cash outflows from investing activities: Mainly resulting from the decrease of purchase of machinery equipment.
- (3) Increase of net cash inflows from financing activities: Mainly resulting from issuance of corporate bond.
- (B) Plan for implementation of insufficient liquidity: The Company has relatively abundant capital now and hasn't been involved in insufficient liquidity.

(C) Analysis of cash liquidity in the next year

Unit: NT\$ THOUSANDS

		Estimated net			measure for
	cash flows	cash flows	Estimated	estimated cas	sh insufficiency
Beginning	from	from investing	remaining		
cash balance	operating	and financing	`		Financing plan
	activities in	activities in	cash amount	plan	rmancing plan
	the whole year	the whole year			
665,410	678,744	(675,124)	669,030	-	-

Analysis and explanation:

- 1. Analysis of estimated changes of cash flows in 2021:
 - (1) Operating activities: Sales were estimated to be maintained, to result in the net cash inflows from operating activities
 - (2) Investing and financing activities: New production related equipment and bank financing were estimated to be increased, to result in the net cash outflows from overall investing and financing activities.
- 2. Remedial measure for estimated cash insufficiency and liquidity analysis: N/A
- (IV). Influence of major capital expenditure on financial business in recent years: None.
- (V). Reinvestment policies in recent years, main reasons for profit or loss, improvement plan, and investment plan for the next year: None.
- (VI). Risk issues:
 - (A) Risk factors
 - 1. Influence of interest rate, change in exchange rate, and inflation on the Company's profit or loss as well as future responsive measures
 - (1) Influence of change in interest rate on the Company's profit or loss and future responsive measures
 - The interest expenditure of the Company reached NT\$ 16,696,000 and NT\$ 16,461,000 in 2021 and 2020 respectively, taking up 0.56% and 0.62% of operating income in each period respectively, and thus it didn't have a significant influence on the Company's profit or loss.
 - (2) Influence of change in exchange rate on the Company's profit or loss and future responsive measures
 - Currently, the products sold by the Company are mainly priced in USD, while JPY is used for pricing of raw materials purchased. Therefore, fluctuation of exchange rate has a certain influence on the Company's profitability. The net exchange gain and exchange loss of the Company reached NT\$ 8,234,000 (income) and NT\$10,376,000 (gain) respectively in 2021 and 2020, taking up 0.27% and 0.39% of operating income in each period respectively; the Company searches information on change in exchange rate at any time, master the trends of exchange rates, makes judgments on change in exchange rate, and take hedging strategies in due time to avoid the risk of change in exchange rate, and reduce the adverse influence of change in exchange rate on the Company's profit or loss.
 - (3) Influence of inflation on the Company's profit or loss and future responsive measures

The Company hasn't been involved in any situation in which a major adverse influence of inflation has been imposed on the Company's profit or loss as of the date of publication of the annual report. In addition to the close observation of market price fluctuation and active development of the sources of supply of raw materials to lower production cost, the Company maintains good relationship with customers and reflect production cost to the customers in due time. Therefore, the Company is still capable of effectively controlling the influence of inflation on its profitability at present.

- 2. Policies for engaging in high-risk and high-leverage investments, lending of funds to others, endorsement guarantee and derivatives trading, main reasons for profit or loss, and future responsive measures.
 - (1) The Company has always dedicated to its own business, run business in principle of practicality, and adopted steady and conservative financial policies and has never engaged in high-risk and high-leverage investments.
 - (2) The Company didn't offer endorsement guarantee for others or lend funds to others as of the publication date of annual reports in 2021 and 2020. If the Company has the need to offer endorsement guarantee or lend funds to others in the future, it will handled the matter according to its "Procedures for Endorsement Guarantee" and "Procedures for Lending Funds to Others".
 - (3) The financial derivatives of the Company are all implemented for the purpose of avoiding the risk of exchange rate fluctuation. Relevant trades of the Company were executed according to its "Procedures for Acquisition or Disposal of Assets" as of the publication date of annual reports in 2021 and 2020.
- 3. Future R&D plans and estimated investments in R&D expenses
 The Company is engaged in the manufacturing of advanced Tape-COF IC substrate
 used for driver IC packages of LCD displays, and all the R&D activities are closely
 combined with panel factories and driver IC factories. It is expected to invest
 NT\$ 80,639,000 in the R&D expenses in 2022.

Future technical directions for development and improvement:

- (1) Continuously develop subtractive technology to the precision of 20um pitch and 18um pitch and improve its quality and efficiency to lower cost and improve market competitiveness of COF products with 20um pitch and above.
- (2) Improve the product design capacity on the basis of the process technology expertise and products of fine pitches below 20um pitch, especially 18um, 16um and 14um pitch using semi-additive method and through cooperation with customers so as to comprehensively supply fine-pitch COF used in LCD driver ICs needed by customers' handheld device products and smartphones
- (3) Develop 2-Metal front-end process technology which will be applied in LCD driver IC with high pint-count and fine-pitch design requirements. In addition, utilize 2-Metal process technology to develop light, thin, short and small IC substrates and extend such characteristics in the application of advanced LED carriers and other types of IC carriers to create new-type IC package through cooperation with customers.

- (4) Develop a new generation of substrates through cooperation with suppliers of raw materials.
- 4. Influence of changes of important domestic and foreign policies and laws on the Company's financial business and responsive measures
 - The Company has always adhered to integrity principle for its operation and followed regulations issued by relevant governments and institutions at home and abroad. In addition to the execution of business according to existing laws and regulations, the Company also pays close attention to the trends, formation, legislation progress and detailed connotations of important domestic and foreign policies related to its operation, and then actively works out responsive measures in due time on this basis. The Company hasn't been involved in the influence of its finance and business due to changes of important domestic and foreign policies and laws in recent years and as of the date of publication of the annual report.
- 5. Influence of changes of technology (including information security risks) and industry on the Company's financial business and responsive measures
 - 1. The Company has already completed several improvements for information security of its information system architecture:
 - (1) Purchase new firewall to readjust the architecture, eliminate the old model that does not support application layer protection, and enhance protection performance.
 - (2) Partition independent logic domains according to network service demands, and establish proper information security protection and control measures for different operating environments.
 - (3) Update data backup mechanism, provide comprehensive and quick recovery of each system and improve the recovery time.
 - 2. Estimated reinforcement plans to be established in current year:
 - (1) Advanced persistent threat and attack defense measures to detect, prevent and block encrypted blackmails and threats and explore "unknown" malicious programs, etc.
 - (2)Network service defense measures to automatically search assets in the whole network, formulate security management policies and obstruct violating devices in a real-time way.
 - (3) Social engineering drills: The reinforcement of employees' awareness of information security requires long-term continuous training and coaching. These drills can improve employees' awareness of information security and avoid hacking.
 - (4) Strengthen the recovery contingency operation mechanism, identify the probability and degree of influence of events that may lead to interruption of operation, clearly establish recovery time objective (RTO) of core business as well as data recovery point object (RPO) and set up proper backup mechanism and plan.

The Company is committed to achieving the goal of not being affected by emerging risks and attacks amid the every-changing network security threats and strengthening real-time protection against any network attacks or events so as to avoid causing major adverse influence on the Company's financial business.

The Company hasn't discovered any network attack or event to have an adverse influence on the Company's financial business in recent years and as of the date of publication of the annual report.

6. Influence of change of corporate image on the enterprise's crisis management and responsive measures

The Company has observed the provisions of relevant laws and regulations, actively strengthened internal management and improved management quality and performance, and maintained a harmonious labor-capital relationship to continuously sustain an excellent corporate image since its establishment. The Company hasn't been involved in any situation that affects its corporate image in recent years and as of the date of publication of the annual report.

- 7. Expected benefits and possible risks of merger and acquisition and responsive measures: The Company hasn't been involved in any merger and acquisition in recent years and as of the date of publication of the annual report.
- 8. Expected benefits and possible risks of enlargement of plants and responsive measures: The Company has increased plants for the expansion of production capacity through comprehensive evaluation of appropriate industry and market prospects and cost with the expectation of increasing its profits.
- 9. Risks existing in centralized purchasing or sale and responsive measures: 01
 - (1) Centralized purchasing

The main raw material used by the Company for the production of advanced Tape-COF IC substrates is 2PI (1 polyimide layer and 1 metal layer). The main supplier of 2PI is Sumitomo Metal Mining Co., Ltd. (hereinafter referred to as SMM), taking up 51% of net purchasing amount of the Company in 2021. Currently, there are only two 2PI suppliers in the world, i.e. SMM from Japan and Toray. SMM is a main supplier in the market, while Toray mainly supplies to Stemco (Samsung) of South Korea. Additionally, the quality, technology and production capacity of 2PI supplied by SMM have already been verified and approved by the Company during the development of processes and machines, and SMM is a raw material supplier recognized and designed by the Company's customers. Furthermore, the Company was formerly an affiliate of SMM and has maintained good partnership with SMM for many years. Also, SMM has signed procurement contracts with the Company. As a result, situation like shortage or interruption of supply of raw materials hasn't occurred. The Company has already established long-term sound partnership with the main supplier with supply contracts. The delivery status of relevant supplier has been favorable, no situation such as shortage, interruption or delay of supply has occurred to influence the Company's production and source of supply has been stable in recent three years.

(2) Centralized sale

Due to the characteristics of IC design industry, the products of the Company require mutual coordination from upstream and downstream manufacturers from design to certification. In this case, in order to obtain stable and reliable production capacity, shorten the marketing time of products, and consider factors like process technology, quality yield and delivery period coordination, IC design manufacturers would choose to use suppliers in the same semiconductor process as much as possible. Therefore, it is often the case that upstream and

downstream manufacturers establish long-term strategic alliance. Since the industry where the Company belongs is a technology- and capital-intensive industry with relatively high entry threshold, a trend of strong industry customers becoming stronger has appeared. In addition, there are only five enterprises owning Tape-CFO product processes in the world at present, and they have their respective production and sales systems due to different terminal display panel enterprises. In consideration of confidentiality of industry IC design, coordination degree of processes and time-consuming of product certification and testing, few enterprise would substantially change their manufacturers. With the production lines of the Company becoming increasingly complete and product quality continuously being recognized by the customers as well as the competitiveness of product prices, the Company needs backup from enough supply chain manufacturers and thus would not easily replace manufacturers which have coordinated with the Company favorably for a long run and been certified and trusted by the customers in order to satisfy the quick delivery services of the downstream terminal customers. For the purpose of effectively spreading the possible risks brought by centralized sale, the Company is dedicated to the development of new customers and new processes. After the products of the Company are recognized by the customers and then successively put under volume production and delivery in the future, the Company's dependence on a single customer can be effectively lowered so as to spread the risk of centralized sale.

- 10. Influence and risks of massive transfer or replacement of equity held by directors, supervisors or major shareholders holding more than ten percent of shares on the Company, and responsive measures: None.
- 11. Influence and risks of change of managerial right on the Company, and responsive measures:

The Company hasn't been involved in any situation or risk of change of managerial right in recent years and as of the date of publication of the annual report.

12. Litigation or non-litigation events

(1) Major influence possibly caused by the results of major litigation, non-litigation or administrative dispute events of the Company already judged and confirmed or still pending to the shareholders' equity or securities prices in recent years and as of the date of publication of the annual report:

The Company has currently been involved in an civil suit collateral to criminal proceedings brought up by Chipbond Technology Corporation against the Company concerning violation of business secrets in recent years and as of the date of publication of the annual report, and Chipbond requested a damage compensation amount of NT\$ THOUSANDS,000,000. Later in August 2021, Chipbond applied for the increase of the aforesaid damage compensation amount, and lodged a civil suit for the exclusion of infringement on its business secrets and the request of joint and several compensation amount of NT\$ 1,765,137,000 in August 2021. The company commissioned a lawyer to assess this lawsuit and later the lawyer concluded that this lawsuit didn't have an adverse influence on the Company so far. In addition, the management of the Company also made a judgment that it hadn't imposed any significant

influence on the Company's business and finance yet. However, the aforesaid case hasn't been ruled the judicial authority, and the final result of the lawsuit is to be heard by judicial authority as of March 15, 2022.

- (2) Major influence possibly caused by the results of major litigation, non-litigation or administrative dispute events of directors, supervisors, general manager and substantial principal of the Company, major shareholders holding more than ten percent of shares and subordinate companies already judged and confirmed or still pending to the shareholders' equity or securities prices in recent years and as of the date of publication of the annual report:
 - Directors of the Company, Chang Wah Electromaterials Inc. as a major shareholder holding more than ten percent of shares, chairman Chia Neng Huang, and general manager Wan Hsia Li are currently involved in a pending civil lawsuit brought up by Chipbond against them concerning the exclusion of infringement upon its business secrets. Please refer to the description of "12. Litigation or non-litigation events (1)" above.

13. Other important risks and responsive measures: None. (VII). Other important events: None.

VIII. Special Notes

- (I). Related information of affiliates: None.
- (II). Handling status of private placement of valuable securities in recent years and as of the date of publication of the annual report: None.
- (III). Status of subsidiaries' holding or disposal of the Company's stock in recent years and as of the date of publication of the annual report: None.
- (IV). Other necessary supplementary clarifications: None.

IX. Occurrence of events having a major influence on the shareholders' equity or securities prices specified in subparagraph 2, paragraph 3 of Article 36 of the Securities Exchange Act in recent years and as of the date of publication of the annual report:

The Company has currently been involved in an civil suit collateral to criminal proceedings brought up by Chipbond Technology Corporation against the Company concerning violation of business secrets in recent years and as of the date of publication of the annual report, and Chipbond requested a damage compensation amount of NT\$ THOUSANDS,000,000. Later in August 2021, Chipbond applied for the increase of the aforesaid damage compensation amount, and lodged a civil suit for the exclusion of infringement on its business secrets and the request of joint and several compensation amount of NT\$ 1,765,137,000 in August 2021. The company commissioned a lawyer to assess this lawsuit and later the lawyer concluded that this lawsuit didn't have an adverse influence on the Company so far. In addition, the management of the Company also made a judgment that it hadn't imposed any significant influence on the Company's business and finance yet. However, the aforesaid case hasn't been ruled the judicial authority, and the final result of the lawsuit is to be heard by judicial authority as of March 15, 2022. The Company will regularly release major information and announce the latest progress of this case within 10 days since the end of each quarter after listing. If the court has made a judgment or there is major litigation progress, the Company will handle the information disclosure in a real-time manner. According to the Company's evaluation, the aforesaid changes have no significant influence on shareholders' equity or securities prices.

Chairman: Huang, Chia-Neng

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