Stock Code: 2481

強茂股份有限公司
PANJIT International Inc.

2021 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

The URL of the information reporting website designated by the FSC: https://mops.twse.com.tw/
The website where the Company discloses relevant information about the annual report: https://www.panjit.com.tw/

May 10, 2022

I. Contact Information of Spokesperson and Deputy Spokesperson

Spokesperson: SHEN, YING-XIU
Spokesperson Title: Chief Financial Officer
Spokesperson Phone: (07) 961- 1105
Spokesperso Email：investor@panjit.com.tw

Deputy Spokesperson: XIE, BAI-CHENG
Deputy Spokesperson Title: Chief Accountant and Head of Corporate Governance
Deputy Spokesperson Phone: (07) 961- 1105
Deputy Spokesperson email：investor@panjit.com.tw

II. Contact Information of Headquarters, Branches and Plants:

Headquarter: No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City
Phone: (07) 621-3121

III. Contact Information of Stock Transfer Agency

Name of stock transfer agency: Yuanta Securities Co., Ltd.
Address: B1, No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City
Phone: (02) 2586-5859
Website: https://www.yuanta.com.tw/

IV. Contact Information of the CPAs for the Latest Financial Statements

Names of CPAs: CHEN, ZHENG-CHU, FU, WEN-FANG
CPA firm: Ernst & Young Taiwan
Address: 17F., No. 2, Zhongzheng 3rd Rd., Xinxing Dist., Kaohsiung City
Phone (07) 238-0011
Website: https://www.ey.com/

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry

Global Depositary Receipt
Stock exchange: Luxembourg Stock Exchange
Website: https://www.bourse.lu/Accueil.jsp

VI. Company Website: https://www.panjit.com.tw/

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Chapter 1 Report to Shareholders

I. Overview of 2021 Business Results

(I) Business plan implementation results

In 2021, consolidated revenue was NT$13.9 billion, and in 2021, consolidated operating gross profit was NT$4.4 billion. The Company's 2021 consolidated operating income was NT$2.29 billion. Based on the above information, the consolidated net profit per share in 2021 is NT$5.66.

Regarding the cash dividend, the Board of Directors approved the allotment of NT$3 per share.

(II) Budget Execution

The Company did not disclose 2021 financial forecasts, and therefore budget execution is irrelevant.

(III) Financial Income and Expenditure and Profitability Analysis

(Parent Company Only)

Units: NT$ thousands

Items			2021	2020	Percentage change (%)
Financial revenue and expense	Revenue		8,706,119	6,710,919	29.73
	Operating margin		2,565,755	1,335,827	92.07
	Post-tax profit or loss		1,926,975	897,435	114.72
Profitability	Return on assets (%)		10.68	7.05	51.49
	ROE (%)		19.27	13.45	43.27
	Proportion to the paid-in capital (%)	Operating profit	31.61	14.84	113.01
		Net pre-tax income	58.30	28.35	105.64
	Net profit rate (%)		22.13	13.37	65.52
	Earnings per share (NT$)		5.66	2.70	109.63

(Consolidated)

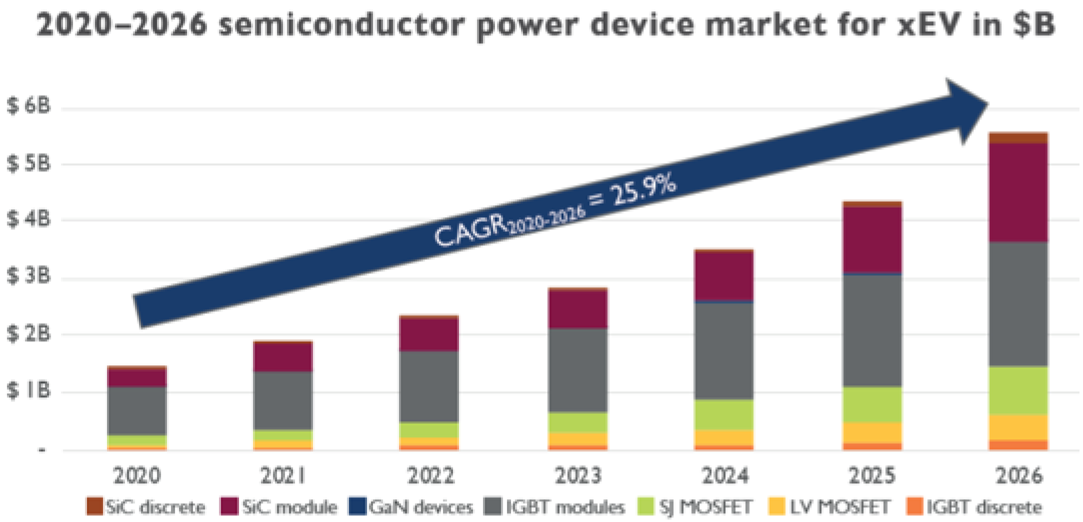
Units: NT$ thousands

<table>
<tr><th colspan="3">Items</th><th>2021</th><th>2020</th><th>Percentage change (%)</th></tr>
<tr><td rowspan="4">Financial revenue and expense</td><td colspan="2">Revenue</td><td>13,861,744</td><td>10,485,100</td><td>32.20</td></tr>
<tr><td colspan="2">Operating margin</td><td>4,395,638</td><td>2,446,772</td><td>79.65</td></tr>
<tr><td colspan="2">Post-tax profit or loss</td><td>1,978,030</td><td>900,541</td><td>119.65</td></tr>
<tr><td colspan="2">Profit attributable to owners of the parent company</td><td>1,926,975</td><td>897,435</td><td>114.72</td></tr>
<tr><td rowspan="6">Profitability</td><td colspan="2">Return on assets (%)</td><td>9.26</td><td>5.82</td><td>59.11</td></tr>
<tr><td colspan="2">ROE (%)</td><td>19.43</td><td>13.22</td><td>46.97</td></tr>
<tr><td rowspan="2">Proportion to the paid-in capital (%)</td><td>Operating profit</td><td>59.80</td><td>29.81</td><td>100.60</td></tr>
<tr><td>Net pre-tax income</td><td>65.69</td><td>30.98</td><td>112.04</td></tr>
<tr><td colspan="2">Net profit rate (%)</td><td>14.27</td><td>8.59</td><td>66.12</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td><td>5.66</td><td>2.70</td><td>109.63</td></tr>
</table>

(IV) Research and Development

PAN-JIT Group has been providing semiconductor electronic products from semiconductor wafer design, manufacturing to assembly components for more than 30 years. The Company's innovative business unit (IBU) is developing advanced semiconductor discrete device products from upstream to downstream. Also included is the technology development of third-generation compound semiconductors, such as SiC semiconductors. Also included is the technology development of third-generation compound semiconductors, such as SiC semiconductors. SiC semiconductors have excellent material properties for the manufacture of high-speed power electronics for automotive, military and other high-end applications.

By 2026, the power semiconductor discrete device market in electric vehicles will reach 6 billion US dollars. The CAGR from 2020 to 2026 is 25.9%. In order to meet the trend of the electronic market, products for electric vehicles play an important role in the development of PANJIT.



(Yole Développement, February 2021)

For the entire product development, PAN-JIT completed and released 97 semiconductor power discrete devices in 2021, including: HV MOSFETs, MV MOSFETs, SiC SBDs and FREDs.

From the perspective of semiconductor device technology, it can be said that 600V/650V High Voltage Super Junction (HV SJ) MOSFET Gen.1, 100V Medium Voltage Shielded Gate Trench (MV SGT) MOSFET 100V Gen.2, 650V/1200V SiC Schott Fabrication techniques for base diodes (SiC SBDs) Gen.1 and 600V/1200V FREDs Gen.1 have been successfully developed and commercialized.

II. Summary of 2022 Business Plan:

(I) Operation guidelines

Core technologies:

It is continuing the 2020 development of high-power components (MOSFET, IGBT, SiC) products. In addition to the first-generation SiC Diode components and the power components required for IGBTs, which were launched in 2019, the high-power Super Junction, MOSFET and SGT MOSFET independently developed by PAN-JIT have also been launched. Also, the 8-inch key process wafer fab inhouse has also entered the trial production stage. Over the years, Pan-JIT has continued to invest in R&D resources. At present, it has built the core technology of high-power components and successfully met the product needs of the high-end market.

Market planning:

PAN-JIT has been working hard in the automotive application market for a long time. In recent years, whether it is the certification and approval of Qiangmao products by new automobile customers, or the number of vehicle certifications passed by new products, the number of vehicle certifications has increased year by year, which has been recognized by international manufacturers. In addition to the existing products and services, in order to ensure that it can provide customers with more solutions, PAN-JIT is also actively deploying high-power products (MOSFET, IGBT, SiC) and Bridge and has successively made gains. In addition, PAN-JIT joined the Digi-key platform in 2021. In the fourth quarter of same year, in response to increased demand for consumer applications and automotive applications, the Board of Directors invested in advanced packaging product lines to meet future market demand.

(II) Sales Projection and its Basis

2022 sales target of rectifier diodes:

Product category	Sales forecast (KK)
Rectifier diodes	37,225

(III) Major operation & sales policies

Strengthen the competitiveness of the Company, invest in production resources and continue to improve automation equipment and management to optimize the efficiency of production deployment. At the same time, it shall integrate internal and external resources and seek for external third-party manufacturers on highly competitive items to create cost competitiveness. In addition, and continue to inject into the international management team, actively promote newly developed products to attack niche markets such as automotive, industrial control, electric vehicles and power management, etc. In order to strengthen the Company's leadership in the discrete component market.

At the same time, in response to the rapidly changing market, three sales policies were adopted. First, the Company shall expand the sales capabilities for basic products to cover existing customer groups and market applications in consumer, power, NB, and networking & communication. Second, car-regulated products, targeting the world's top 100 auto customers and emerging electric vehicle market customers, using new products as a key weapon. Third, continue to explore and develop the development trends and design requirements of higher-end global consumer products, automobiles, and industrial control products. Master the Time to Market and meet the certification of more world-class automotive electronics manufacturers and industrial instrument manufacturers.

The Company will continue to pay attention to the application needs of various markets, including consumer electronics industries such as Micro/Min LED TV, notebook computers, tablet computers, Metaverse, and 5G communication products, as well as 5G communication equipment and industrial products such as low-orbit satellites. , power management, electric vehicles, electric vehicle charging device market and other application fields. It will also strengthen the sales force in order to increase the overall market share and create a higher profit margin.

III. Future development strategies of the Company

PAN-JIT has gradually realized its investment and strategic layout in the field of power semiconductors. From consumer applications to automotive applications and industrial applications gradually, complete solutions from traditional diode components to high power components, from the procurement of wafers to the design of mid-to-high-power masks and the casting of wafers in foundries, from local professionals to the recruitment of international talents, PAN-JIT is constantly improving in products, technology and R&D energy. In the future, the funds raised by the issuance of overseas depositary receipts (GDRs) in 2021 will continue to be invested in the investment in the field of power semiconductors and the development of technology. And the link to market channels and brand marketing increases market share and product profitability for sustainable development.

IV. Impact of the external competitive environment, regulatory environment, and overall business environment

It is affected by the epidemic in 2021. Even though the market is gradually recovering, the supply of the wafer market is tight. It makes the market competition environment for semiconductor discrete components more severe. In the future, in addition to continuing to invest resources in the research and development of high-margin new products, it will combine its own wafer fab and external wafer fab platforms, and add a new Xuzhou factory with fully automated equipment to speed up the mass production of new products and improve the quality. In terms of sales competition, adjust product mix to improve gross profit. We shall leverage the advantages of brand channels and e-commerce platform development, plus the out-sourcing practice, to increase the overall product competitiveness.

In addition to complying with relevant laws and regulations, the Company also pays attention to important domestic and foreign policies and statutory changes. We shall immediately develop necessary countermeasures to meet the Company’s operational needs. So that the impact on the Company's financial adoption of important policies due to changes in the legal environment at home and abroad can be minimized.

Chapter 2 Company Introduction

I. Date of founding

May 20, 1986

II. Company History

1986 May	The Company was approved to be registered with a capital of NT$5 million. It was engaged in the import and export trading business of electronic parts.
1988~1992	The new Taiwan dollar has appreciated abruptly. Since the Company is engaged in import and export trading, it has caused a huge reduction in profits.Therefore, with the approval of the shareholders and the Board of Directors, the Company temporarily suspended.
1993 March	The Company resumed operation. Being optimistic about the prospects of the electronics industry, the Company started the business of buying and selling semiconductor rectifiers.
1993 June	The Company began to research and develop the production of surface mount rectifiers and surge suppressors.
1994 March	The Company developed and mass-produced the surge suppressor (TVS).
1994 Noverbem	The Company increased capital by NT$ 9.5 million in cash. After the capital increase, the paid-in capital became NT$100 million.
1995 July	The Company developed and mass-produced Schottky (SKY) and Zener (ZENER) components.
1996 February	The Company moved to Gangshan for a new plant and started production.
1997 October	The Company increased capital by NT$2.9 million in cash, and NT$70 million through earnings. After the capital increase, the paid-in capital amounted to NT$199 million. The Company acquired QS-9000 system certification.
1998 April	The Company proceeded with retroactive handling of public issuance. The Company increased capital by NT$99.5 million in cash, and NT$59.7 million through earnings. After the capital increase, the paid-in capital amounted to NT$358.2 million.
1998 June	The Investment Review Committee approved the Company’ s investment in PAN-JIT ASIA (BVI). And through PAN-JIT ASIA (BVI), the Company reinvested in PAN-JIT HK and set up a processing plant in Shenzhen, Mainland China.
1998 October	The Company increased capital by NT$49.8 million in cash. After the capital increase, the paid-in capital amounted to NT$408 million.
1999 August	TPEx’ s OTC Securities Listing Review Committee approved the Company's listing. The Company increased capital by NT$81.6 million

	through earnings, and NT$40.8 million through capital reserve. After the capital increase, the paid-in capital amounted to NT$530.4 million.
1999 December	The Company's stock was officially listed on the OTC.
2000 February	The Company invested in the establishment of PYNMAX Technology CO., LTD to produce upstream epitaxial wafers and Schottky wafers.
2000 March	The Company established a processing plant for incoming materials in Wuxi, mainland China and started mass production.
2000 May	The Company established a R&D center in Phoenix, USA, responsible for the market information and R&D of new products.
2000 July	The Company increased capital by NT$58,697,600 in cash, and NT$159.12 million through earnings. After the capital increase, the paid-in capital amounted to NT$748,217,600.
2001 May	The Company issued convertible corporate bonds in the amount of NT$900 million.
2001 September	The Company’s stock is officially listed in the open market. The Company increased capital by NT$149,643,520 through earnings, NT$74,821,760 through capital reserve, and NT$12 million through employee bonus. After the capital increase, the paid-in capital amounted to NT$984,682,880.
2002 September	The Company increased capital by NT$98,468,290 through earnings, NT$49,234,140 through capital reserve, and NT$6,420,000 through employee bonus. After the capital increase, the paid-in capital amounted to NT$1,138,805,310.
2002 December	The Company issued overseas convertible corporate bonds, and the total amount of issuance was limited to no more than 25 million U.S. dollars.
2003 April	The Company issued first overseas convertible corporate bonds in the amount of NT$25 million U.S. dollars.
2003 July	The Company reinvested in Suzhou Grande Electronics Co. Ltd. through PAN-JIT ASIA (BVI).
2003 October	The Company increased capital by NT$44,667,820 through earnings, NT$33,50,860 through capital reserve, and NT$5,097,000 million through employee bonus. After the capital increase, the paid-in capital amounted to NT$1,375,304,910.
2004 March	The Company issued second overseas convertible corporate bonds in the amount of NT$20 million U.S. dollars.
2004 May	The Company reinvested in Pan-Jit Electronics (Suzhou) Co., Ltd. through PAN-JIT ASIA (BVI).
2004 July	The Company increased capital by NT$131,952,800 through earnings, NT$43,984,260 through capital reserve, and NT$43,984,260 million through employee bonus. After the capital increase, the paid-in capital amounted to

	NT$1,677,189,560.
2004 December	The Company invested in the establishment of Weiquan International Co., Ltd. to engage in the trading of diode products.
2005 January	The Company reinvested in MAX DIODE ELECTRONIC CO., LTD., DYNAMIC TECH GROUP LIMITED, and Shenzhen Max Diode Co., Ltd. through PAN-JIT ASIA (BVI).
2005 February	The Company compulsorily redeemed the first domestic convertible corporate bonds and terminated the listing on the OTC.
2005 May	The Company’s subsidiary Mildex Technology Co., Ltd. spinned off Mildex Optical Co., Ltd. to engage in the production of PC optical lenses.
2005 August	The Company increased capital by NT$98,104,780 through earnings, NT$65,403,180 through capital reserve, and NT$853 through employee bonus. After the capital increase, the paid-in capital amounted to NT$1,849,227,520.
2005 October	The Company cancelled the first repurchased treasury stocks of NT$2,110,000. After the capital reduction, the paid-in capital amounted to NT$1,847,117,520.
2006 April	The Company's subsidiary Mildex Optical Co., Ltd. indirectly invested in MILDEX OPTICAL USA, INC. through Mildex Asia.
2006 September	Mildex Optical Co., Ltd., a subsidiary of the Company, acquired the equity of Mildex Technology Co., Ltd. By the end of 2006, it reached 99.67%, and its shareholding reached 100% at the end of April 2007.
2006 November	The Company increased capital by NT$ 200 million in cash and issued the second domestic unsecured conversion corporate bond of NT$300 million. Mildex Optical Co., Ltd., a subsidiary of the Company, purchased 34.18% of Mildex Asia's equity from Mildex Technology Co., Ltd., and its shareholding ratio reached 100%
2007 July	The Company issued the third domestic unsecured conversion corporate bond of NT$350 million.
2007 August	The Company increased capital by NT$114,108,750 through earnings, NT$39,499,180 through capital reserve, NT$14,597,000 through employee bonus, and NT$100 million in cash. The Company's subsidiary Mildex Optical Co., Ltd. is approved for public offering.
2007 September	The Company's subsidiary Mildex Optical Co., Ltd. acquired 100% of SINANO TECHNOLOGY CORP. through Mildex Asia and indirectly acquire 100% of Yana Technology (Shenzhen) Co., Ltd. Mildex Optical Co., Ltd., a subsidiary of the Company, was registered for emerging market.

2007 November	The Company acquired 60% of the equity of Jiangsu Aide Solar Technology Co., Ltd. and officially entered the solar energy business.
2007 December	The Company issues 10,000 units of employee stock option certificates, and the number of shares subscribed for each unit of stock option certificates is 1,000 shares. The total number of new ordinary shares to be issued due to the exercise of the options is 10 million shares.
2008 April	The Company's subsidiary Mildex Optics Co., Ltd. indirectly established a 100% shareholding of NEW POPULAR TECHNOLOGY CO., LTD. through Mildex Technology, and indirectly invested a 51% shareholding in Dongguan Dragon Crown Vacuum Technology Co., Ltd.
2008 May	The Company acquired 10% equity of Jiangsu Aide Solar Technology Co., Ltd., holding a total of 70% shares. At the same time, it participated in a cash capital increase of US$8,400,000 in proportion to its shareholding.
2008 Jun	The Company issued the fourth domestic unsecured conversion corporate bond of NT$500 million. The Company established Panjit (Sola Energy) Holding Limited under Panjit Asia BVI and adjusted as a new holding Company for Jiangsu Aide Solar Technology Co., Ltd.
2008 August	The Company increased capital by NT$260,995,060 through earnings, NT$78,298,510 through capital reserve, NT$24,205,000 through employee bonus, and NT$200 million in cash.
2008 September	The Company changed the name of Panjit (Sola Energy) Holding Limited to Aide Solar Energy (HK) Holding Limited.
2009 February	The Company's subsidiary Mildex Optical Co., Ltd. shares are officially listed on the OTC.
2009 September	The Company compulsorily redeemed the third domestic convertible corporate bonds and terminated the listing.
2009 November	In consideration of the future plans of Jiangsu Aide Solar Technology Co., Ltd. returning to Taiwan, the Company was reorganized in November. AIDE Energy (Cayman) Holding Co., Ltd. was established under Panjit Asia BVI as the main body of Jiangsu Aide's return to Taiwan's IPO market. After the organizational reorganization, the investment structure was changed to Panjit Asia (BVI) to invest in AIDE Energy (Cayman) Holding Co., Ltd., then to invest in Aide Solar Energy (HK) Holding Limited, and then to invest in Jiangsu Aide Solar Technology Co., Ltd..
2010 March	In cooperation with the competent authority to promote the full non-physical issuance of marketable securities, the Company's Board of Directors resolved to fully convert the issued physical stocks into non-physical stocks.
2010 April	The Company compulsorily redeemed the fourth domestic convertible

	corporate bonds and terminated the listing.
2010 June	The Company issued the fith domestic unsecured conversion corporate bond of NT$500 million.
2010 September	The Company increased capital by NT$ 300 million in cash.
2010 October	The Company acquired 20 million privately placed ordinary shares of MILDEX OPTICAL INC.
2011 April	The Company's subsidiary Mildex Optical Co., Ltd. absorbed and merged its 100%-owned subsidiary Mildex Technology Co., Ltd.
2011 September	The Company cancelled the seventh repurchased treasury stocks of NT$30,000,000. After the capital reduction, the paid-in capital amounted to NT$3,747,856,230.
2011 October	The Company cancelled the eighth repurchased treasury stocks of NT$30,000,000. After the capital reduction, the paid-in capital amounted to NT$3,719,356,230.
2012 July	The Company compulsorily redeemed the fifth domestic convertible corporate bonds and terminated the listing.
2013 June	The Company issued the sixth domestic secured conversion corporate bond of NT$350 million and the seventh domestic unsecured conversion corporate bond of NT$150 million..
2014 October	The Company cancelled the ninth repurchased treasury stocks of NT$30,000,000. After the capital reduction, the paid-in capital amounted to NT$3,847,161,580.
2015 January	The Company cancelled the eighth repurchased treasury stocks of NT$15,000,000. After the capital reduction, the paid-in capital amounted to NT$3,833,354,890.
2016 January	The Company cancelled the 11th and 12th repurchased treasury stocks of NT$380,000,000. After the capital increase, the paid-in capital amounted to NT$3,524,482,170. The Company compulsorily redeemed the seventh domestic convertible corporate bonds and terminated the listing.
2016 August	The Company compulsorily redeemed the sixth domestic convertible corporate bonds and terminated the listing.
2018 January	Jiangsu Aide Solar Technology Co., Ltd. has not seen any improvement in its operating performance. The Board of Directors considers the overall operating conditions and plans for the future vision, and decides to reduce the scale of operations. Therefore, in accordance with the International Accounting Standards (IAS) No. 36 Bulletin, the total amount of financial and non-financial assets of Jiangsu Aide Solar Technology Co., Ltd. is set aside for impairment losses of approximately NT$1,285 million.

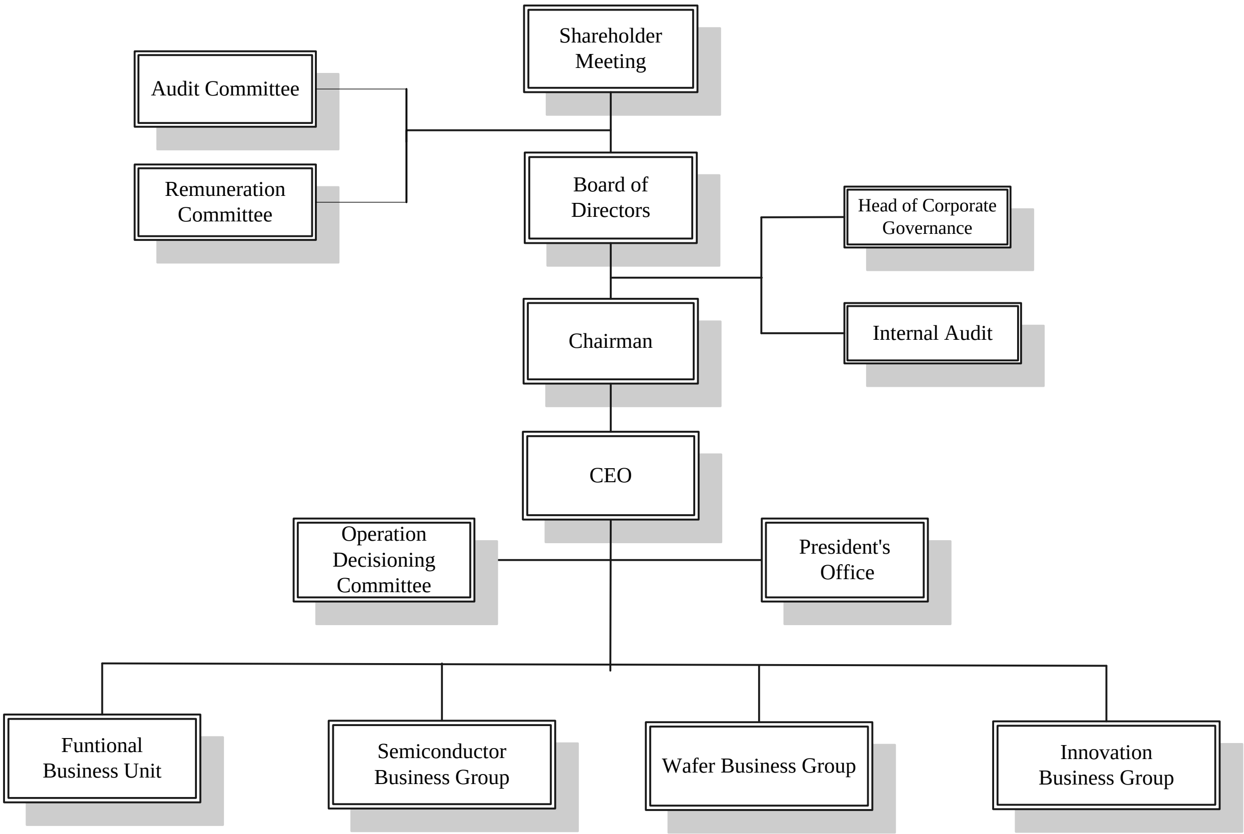
2018 October	In order to assist the Company's subsidiary Mildex Optical Co., Ltd. to introduce strategic investors, the Company sold some of the shares of Mildex Optics held to strategic investors and lost control of Mildex Optics.
	The Company carried out a cash reduction of NT$369,794,360. After the capital increase, the paid-in capital amounted to NT$3,328,149,270.
2019 June	The Company acquired 19.97% of the equity of Alltop Technology Co., Ltd. (stock code: 3526) through a public acquisition.
2021 March	
2021 November	The Company handled the cash capital increase, issued ordinary shares, and participated in the issuance of Global Depositary Receipt of NT$500 million. After the capital increase, the paid-in capital amounted to NT$3,828,149,270.
2022 March	The Company acquired 30.00% of the equity of Champion Microelectronic Corp. (stock code: 3257) through a public acquisition.

Chapter 3 Corporate Governance Report

I. Organization

(I) Organization Chart

2022/5/10



(II) Department Functions

Departments	Main Responsibility
Internal Audit	Formulate and improve the Company's internal control system, plan and implement the auditing operations of the Company's various systems, report regularly and track improvements
President's Office	Assist the general manager to implement business and assist in the formulation, review and business performance analysis of business plans
Operation Decisioning Committee	Strengthen operational strategy and decision-making efficiency. To guide and review the group's overall growth strategy to enhance the overall practice of Pan-JIT Group's sustainable operation,
Funtional Business Unit	Including group finance, accounting, information, human resources and other units to assist and support the management and growth of the various business units of the Group

Departments	Main Responsibility
Semiconductor Business Group	Responsible for business operation management, market development, product manufacturing, manufacturing technology development and integration of production and services for semiconductor global customers
Wafer Business Group	Responsible for business operation management, market development, product manufacturing, manufacturing technology development and integration of production and services for wafer global customers
Innovation Business Unit	Responsible for new business development evaluation, R&D and management

II. Information on the Company's Directors, Supervisors, President, Vice Presidents, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

(I) Directors and Supervisors

1. Directors and Supervisors (A)

April 16, 2022; Units: shares

Position title (Note 1)	Nationality or Registration Location	Name	Gender Age (Note 2)	Date of Appointment. Date of founding	Term of Office	at Appointment Shares Held		at Present Number of Shares Held		Spouse & minor shareholding Shares		Shares Held in the Name of Other Persons		Major experience/academic background	Positions concurrently held at the Company and other companies	Other supervisory or director roles held by spouse or second-degree relatives:			Remark (Note 3)
						Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Position title	Name	Relation	
Chairman	R.O.C	FANG, MIN-QING	Male 61-70 years old	2020/6/12	Three years	8,522,888	2.56%	8,522,888	2.23%	3,903,560	1.02%	0	0.00%	Department of Mechanical Engineering, Cheng Shiu Technical College Chairman of Kun Hexing Brick Manufacturing Co., Ltd.	Note 1	Directors	FANG, MIN-ZONG	Elder Brother	Note 7
Directors	R.O.C	ZHONG, YUN-HUI	Male 71-80 years old	2020/6/12	Three years	2,778,319	0.83%	2,225,319	0.58%	0	0.00%	0	0.00%	Department of Electronic Engineering, China Technical College Plant Manager of Rectron	Note 2	None	None	None	
Directors	R.O.C	Jinmao Investment Co., Ltd.	Male 61-70 years old	2020/6/12	Three years	49,076,710	14.75%	50,496,710	13.19%	0	0.00%	0	0.00%	None	None	None	None	None	
		Representative: FANG, MIN-ZONG				2,554,629	0.77%	2,554,629	0.67%	9,393,480	2.45%	0	0.00%	Department of Civil Engineering, Cheng Shiu Technical College Chairman of Mildex Optical Inc.	Note 3	Chairman	FANG, MIN-QING	Younger Brother	

Position title (Note 1)	Nationality or Registration Location	Name	Gender Age (Note 2)	Date of AppointmentI. Date of founding	Term of Office	at Appointment Shares Held		at Present Number of Shares Held		Spouse & minor shareholding Shares		Shares Held in the Name of Other Persons		Major experience/academic background	Positions concurrently held at the Company and other companies	Other supervisory or director roles held by spouse or second-degree relatives:			Remark (Note 3)
						Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Position title	Name	Relation	
Directors	R.O.C	Jinmao Investment Co., Ltd.	Male 51-60 years old	2020/6/12	Three years	49,076,710	14.75%	50,496,710	13.19%	0	0.00%	0	0.00%	None	None	None	None	None	
		Representative: ZHAN, WEN-XIONG (Resigned on March 16, 2022)				0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of International Business Administration, National Taiwan University Vice Chairman of Giantplus Technology Co., Ltd., Vice President of Investment Research, JKO Asset Management	Note 4	None	None	None	
Independent Directors	R.O.C	FAN, LIANG-FU	Male 71-80 years old	2020/6/12	Three years	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Chemical Engineering, Oklahoma State University, USA Chief Operating Officer of Hanyang Semiconductor Co., Ltd.; VP of LAM Research, USA, Factory Director of TI, USA Vice President of Hermes Microvision Technology Co., Ltd.; Vice President of Hermes-Epitek Corporation	Vice President of Hermes-Epitek Corporation; Director, Representative of Genese Intelligent Technology Co., Ltd. ; Director, Representative of High Power Opto.Inc.	None	None	None	

Position title (Note 1)	Nationality or Registration Location	Name	Gender Age (Note 2)	Date of AppointmentI. Date of founding	Term of Office	at Appointment Shares Held		at Present Number of Shares Held		Spouse & minor shareholding Shares		Shares Held in the Name of Other Persons		Major experience/academic background	Positions concurrently held at the Company and other companies	Other supervisory or director roles held by spouse or second-degree relatives:			Remark (Note 3)
						Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Position title	Name	Relation	
Independent Directors	R.O.C	CHEN, YI-CHENG	Male 51-60 years old	2020/6/12	Three years	9,975	0.00%	9,975	0.00%	0	0.00%	0	0.00%	Master of Finance and Management, Sun Yat-Sen University Vice President of Finance, FENG SHEHG ENTERPRISE COMPANY; Vice President of F&A and Spokesperson, Asia Vital Components Co., Ltd	Note 5	None	None	None	
Independent Directors	R.O.C	CHEN, SHI-ZHEN	Male 41-50 years old	2020/6/12	Three years	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Law, Soochow University Attorney of Lee and Li, Attorneys-at-Law, Supervisor of Sentelic Corporation	Note 6	None	None	None	

Note 1: For institutional shareholders, the title of the institutional shareholder as well as the name of the representative shall be indicated (If it is a representative of a institutional shareholder, the name of the institutional shareholder shall be indicated). The following table should be filled out.

Note 2: Please list the actual age, and it must be expressed in intervals, such as 41-50 years old or 51-60 years old.

Note 3: If the chairman of the Board and the President or their equivalent (chief manager) are the same person, each other’s spouse or a relative of the first degree of kinship, the reason, reasonableness, necessity and response measures (e.g. increase in the number of independent directors, and more than half of the directors do not concurrently serve as employees or managers) shall be stated.

Note 1: Chairman and President of the Company; Chairman and General Manager of Pynmax Technology Co., Ltd; Director of JOYSTAR INTERNATIONAL CO., LTD.; Director of PAN-JIT ASIA INTERNATIONAL INC.; Director of PAN JIT AMERICAS, INC.; Chairman and General Manager of Pan-JIT Electronics (Wuxi) Co., Ltd.; Director of Pan-JIT Electronics (Beijing) Co., Ltd.; Chairman of Shandong Pan-JIT Electronic Technology Co., Ltd.; Chairman and President of PAN-JIT INTERNATIONAL (H.K.) LTD.; Director of Suzhou Grande Electronics Co. Ltd.; Director of Wuxi Sumnergy Technology Co., Ltd.; Director of CONTINENTIAL LIMITED; Director of PAN JIT EUROPE GMBH; Director of DYNAMIC TECH GROUP LIMITEDYUN-HUI; General Manager of Shenzhen Max Diode Co., Ltd.; Director of Aide Energy (CAYMAN) Holding Co., Ltd.; Corporate Director; Representative of LIFETECH ENERGY INC.; Corporate Director, Representative of MILDEX OPTICAL INC.; Director of MILDEX OPTICAL USA, INC.; Supervisor of Jinmao Investment Co., Ltd.; Chairman of PAN-JIT Semiconductor (Xuzhou) Co., Ltd.

Note 2: Chairman of Shenzhen Max Diode Co., Ltd.; Director of Aide Energy (CAYMAN) Holding Co., Ltd.; Director of MILDEX OPTICAL INC.; Director of PAN-JIT Semiconductor (Xuzhou) Co., Ltd.; Current Chairman of Siyang Grande Electronics Co., Ltd.

Note 3: Coporate Director, Representative of Pynmax Technology Co., Ltd.; Director of PAN JIT AMERICAS, INC.; Director of Pan-Jit Electronics (Wuxi) Co., Ltd.; Director of Pan-JIT Electronics (Beijing) Co., Ltd.; Director of Suzhou Grande Electronics Co. Ltd.; Director of Wuxi Sumnergy Technology Co., Ltd.; Vice Chairman of Shenzhen Max Diode Co., Ltd.; Chairman and President of Aide Energy (CAYMAN) Holding Co., Ltd.; Chairman, Director and General Manager of Aide Solar Energy (HK) Holding Limited; Partner of AIDE Energy Europe Coöperatie U.A.; Director of AIDE ENERGY EUROPE B.V.; Chairman of EC Solar C1 SRL; Chairman of LIFETECH ENERGY INC.; Chairman of Mildex Optics Co., Ltd.; Director of MILDEX ASIA Co.,LTD.; Chairman of MILDEX OPTICAL USA, INC.; Chairman and President of Mildex Technology (Wuxi) Co., LTD.; Director of SINANO TECHNOLOGY CORP.; Chairman and General Manager of MILDEX OPTICAL INC.; Director of MILDEX TECHNOLOGY HOLDING (CAYMAN) CO.,LTD.; Director of JUMPLUS CO.,LTD.; Chairman of Jinmao Investment Co., Ltd.; Director of PAN-JIT Semiconductor (Xuzhou) Co., Ltd.; Corporate Director, Representative of Alltop Technology Co., Ltd.; Coporate Director, Representative of EVER OHMS TECHNOLOGY CO., LTD.

Note 4: Directyor of Adlink Technology Inc.; Chairman of ICATCH TECHNOLOGY, INC.; Coporate Director, Representative of Canon Enterprise Co., Ltd.; Independent Director of BIOSTAR MICROTECH INTERNATIONAL CORP.; Supervisor of HIYES INTERNATIONAL CO., LTD.; Chairman of ECHEM SOLUTIONS CORP.; Corporate Director, Representative of OPALS CHEMICAL TECHNOLOGY LTD.; Independent Director of Nien Hsing Textiles; Director of ECHEM Trading (Guangzhou) Co., Ltd.; Director of Yanwen Asset Management Consultants Co., Ltd.; Corporate Director, Representative of Oulide Material Technology Co., Ltd.

Note 5: Board Director and Vice President of Asia Vital Components Co., Ltd.; Director of Sentelic Corporation; Director of SHENG-SHING CORP.; Corporate Director, Representative of Rayney International LTD.; Corporate Director, Representative of Hongye Investment Co., Ltd.; Corporate Director, Representative of ZIMAG TECHNOLOGY CO., LTD.; Chairman of Licheng Investment Co., Corporate Director, Representative of FOSITEK CORP.; Supervisor of SteadyBeat Technology Corporation

Note 6: Attorney of Throne Intellectual Property Office; Independent Director of HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.; Supervisor of ONATION CORPORATION; Legal Advisor of Chang Gung Medical Foundation Legal Person Industry-University Cooperation Center

Note 7: Due to operational and management needs, the Company’s chairman holds the concurrent position as the President to enhance the overall operating efficiency and decision execution. However, in order to improve the supervisory function of the Board of Directors, strengthen the management function, and conform to the spirit of corporate governance, the Company has the following specific measures:

(1) Implementing BoD diversification policy: Board members shall have academic experience and expertise in accounting, law, semiconductor and other fields

(2) Improving BoD independence: There are three independent directors, and more than half of the directors are not concurrently employees or managers of the Company

(3) Setting up functional committees: Functional committees such as Audit Committee and Remuneration Committee shall assist the Board of Directors in major decisions

1-1 Major shareholders of institutional shareholders

2022/4/16

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	
Jinmao Investment Co., Ltd.	CHEN, CHUN-MIN	15 %
	FANG, MIN-QING	15 %
	CAI, LI-XIANG	10 %
	FANG, HONG-RONG	10 %
	YAN, QING	10 %
	FANG, MIN-ZONG	10 %
	ZHUANG, GUO-CHEN	6 %
	SILIGOLD TECHNOLOGY INC.	5 %
	FANG, SHU-YA	5 %
	FANG, SHU-LING	5 %
	FANG, SHU-QI	5 %

Note 1:If the directors or supervisors are a representative of a corporate shareholder, the name of the corporate shareholder shall be indicated.

Note 2:Fill in the name of the major shareholder of the corporate shareholder (the shareholding ratio accounts for the top ten) and its shareholding ratio. If its major shareholder is a corporate, the following table should be filled out.

Note 3:If a corporate shareholder is not a company or an institute, the name of the shareholder and shareholding ratio that should be disclosed in the previous disclosure is the name of the investor or donor (Please refer to the announcement of the Judicial Yuan for inquiries) and the ratio of capital contribution or donation. Donors who have passed away are marked "deceased".

1-2 Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders

2022/4/16

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholder shareholders (Note 2)	
SILIGOLD TECHNOLOGY INC.	CAI, MING-HUI	50%
	ZHUANG, GUO-CHEN	50%

Note 1:If the major shareholder in the table above is a corporate shareholder, the name of the corporate shareholder shall be indicated.

Note 2:Fill in the name of the major shareholder of legal person shareholder (the shareholding ratio accounts for the top ten) and its shareholding ratio.

Note 3:If a corporate shareholder is not a company or an institute, the name of the shareholder and shareholding ratio that should be disclosed in the previous disclosure is the name of the investor or donor (Please refer to the announcement of the Judicial Yuan for inquiries) and the ratio of capital contribution or donation. Donors who have passed away are marked "deceased".

2. Directors and Supervisors (B)

2-1 Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

Criteria / Name	Professional qualifications and experience (Note 1)	Status of Independence (Note 2)	Currently serving as an independent director in other public companies
Chairman FANG, MIN-QING	More than five years of work experience required by the Company's business. Currently serving as the general manager and chairman of the Company. There are no circumstances under Article 30 of the Company Act.	Chairman FANG, MIN-QING concurrently serves as the general manager of the Company and a director or employee of an affiliated company. Acted as the supervisor of Jinmao Investment Co., Ltd., the corporate director of the Company. Himself and the spouse hold 3.25% of the Company's total issued shares. Both of them are the top ten shareholders of the Company. Young brother of Director FANG, MIN-ZONG	None
Directors ZHONG, YUN-HUI	More than five years of work experience required by the Company's business. Currently serving as the general manager and chairman of the Company. There are no circumstances under Article 30 of the Company Act.	Director ZHONG, YUN-HUI also serves as a director of the Company's affiliated companies. Himself hold 0.58% of the Company's total issued shares.	None
Directors Representative of Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	More than five years of work experience required by the Company's business. Current Chairman of MILDEX OPTICAL INC. (Stock code: 4729). There are no circumstances under Article 30 of the Company Act.	Chairman FANG, MIN-ZONG concurrently serves as the employed by manager of the Company and a director or employee of an affiliated company. Acted as the Responsible person of Jinmao Investment Co., Ltd., the corporate director of the Company. Himself and the spouse hold 3.12% of the Company's total issued shares. The spouse is the top ten shareholders of the Company. Chairman and General Manager, FANG, MIN-QING, is the younger brother.	None
Directors Representative of Jinmao Investment Co., Ltd. Representative: ZHAN, WEN-XIONG (Resigned on March 16, 2022)	More than five years of work experience required by the Company's business. Master of International Business Administration, National Taiwan University. Current Chairman of ECHEM SOLUTIONS CORP. (Stock code: 4749). There are no circumstances under Article 30 of the Company Act.	Director ZHAN, WEN-XIONG did not concurrently serve as a director, supervisor or employee of the Company's affiliated companies. His spouse or relatives within the second degree have not acted as directors, supervisors or employees of the Company and its affiliated companies. None of the above-mentioned persons hold shares of the Company, nor serve as directors, supervisors or employees of companies that have a specific relationship with the Company. In the past 2 years, the Company or its affiliated companies have not provided business, legal, financial, accounting and other services.	2

Criteria / Name	Professional qualifications and experience (Note 1)	Status of Independence (Note 2)	Currently serving as an independent director in other public companies
Independent director CHEN, YI-CHENG	More than five years of work experience required by the Company's business. And engaged in accounting work for many years. Since Asia Vital Components Co., Ltd. (stock code: 3017) was listed on September 27, 2002, he has served as the director of the accounting department (later promoted to vice president). Up to now, he is still the head of finance and accounting of Asia Vital Components Co., Ltd, wiith more than 17 years of financial accounting experience in listed companies. Meet the requirements of audit committee members with accounting or financial expertise. He is currently the convener of the Audit Committee and Remuneration Committee of the Company. There are no circumstances under Article 30 of the Company Act.	None of the items in paragraph 1 of Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed"	None
Independent director FAN, LIANG-FU	More than five years of work experience required by the Company's business. Master of Chemical Engineering, Oklahoma State University, USA. Vice President of Hermes Microvision Technology Co., Ltd. From 2004 to 2012. Currently Vice President of Hermes-Epitek Corporation. There are no circumstances under Article 30 of the Company Act.	None of the items in paragraph 1 of Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed"	None
Independent director CHEN, SHI-ZHEN	More than five years of work experience required by the Company's business. Master of Law, Soochow University. Passed the 2003 Special Vocational and Technical Personnel Higher Examination for Lawyers, and have a lawyer's certificate. Previous Attorney of Lee and Li, Attorneys-at-Law. urrently Attorney of Throne Intellectual Property Office. There are no circumstances under Article 30 of the Company Act.	None of the items in paragraph 1 of Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed"	1

Note 1:Professional qualifications and experience. Describe the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or finance expertise, they should state their accounting or finance background and work experience. States none of the in the paragraphs of Article 30 of the Company Act applies.

Note 2:Independent directors shall state that they meet the circumstances of independence, including but not limited to whether I, my spouse, or relatives within the second degree act as directors, supervisors or employees of the Company or its affiliated companies; The number and proportion of the Company's shares held by the person, spouse, relatives within the second degree of kinship (or in the name of others); Whether to serve as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Obeyed); The amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

2-2 Board Diversity and Independence

2-2-1 Board Diversity:

In order to enhance the functions of the board of directors and improve the structure of the board of directors, the Company has formulated the "Board Diversity Policy". We also select members with diverse backgrounds and perspectives based on the Company's operation, business model and development needs. Please refer to pages 58 to 61 of the annual report for the specific management objectives and achievement of the diversity policy of the Board of Directors of the Company and the implementation of the diversity policy.

2-2-2 Independence of the Board of Directors:

The Company has set up seven director seats in accordance with the provisions of the Company's articles of association. There are currently six (note) members of the board of directors, including three independent directors, accounting for 42.86% of the seats on the board of directors. The qualifications of independent directors meet the provisions of Articles 2 and 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed".

The board members, Chairman FANG, MIN-QING and Director FANG, MIN-ZONG, have employee status and have kinship within the second degree, accounting for 28.57% of the seats on the board of directors. Therefore, there is no circumstance specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(Note) Mr. ZHAN, WEN-XIONG, the representative of the legal person director PAN-JIT Investment Co., Ltd., resigned from the director position on March 16, 2022. As of the publishing date of the annual report, the legal person director has not appointed a representative.

(II)President, Vice President, Senior Managers, Heads of Departments and Branches

April 16, 2022; Units: shares

Position title (Note 1)	Nationality	Name	Gender	Date of appointment	Shares Held		by spouse or minor children Shares Held		Shares Held in the Name of Other Persons		Major Work (Academic) Experience (Note 2)	Concurrent as Positions in other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Remark (Note 3)
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Position title	Name	Relation	
President	R.O.C	FANG, MIN-QING	Male	1994.12.03	8,522,888	2.23%	3,903,560	1.02%	0	0.00%	Department of Mechanical Engineering, Cheng Shiu Technical College Chairman of Kun Hexing Brick Manufacturing Co., Ltd.	Note 1	None	None	None	Note 5
Chief Operating Officer (Vice President)	R.O.C	CHEN, ZUO-MING	Male	2018.08.15	0	0.00%	441	0.00%	0	0.00%	Master of Business Management, Sun Yat-Sen University General Manager of Greater China Business, Yageo Co., Ltd.	None	None	None	None	
Vice President	Germany	KOENIG ROLAND HERBERT	Male	2019.02.11	0	0.00%	0	0.00%	0	0.00%	• MSc. in Chemistry, Ludwig-Maximilians-University, Munich, Germany • Nexperia GmbH, Hamburg, Germany, Director – Head of Global Customer Care • NXP Semiconductors Germany GmbH, Hamburg, Germany, Director - Head of Quality Complaints BL General Applications	None	None	None	None	
Vice President	R.O.C	YANG, ZHAO-QUAN	Male	2017.10.01	15,475	0.00%	0	0.00%	0	0.00%	Wichita State University (Bachelor of Marketing and Business Administration), Friends University MBA study Senior Marketing Manager of IBU and SBU, PAN-JIT Co., Ltd.	None	None	None	None	

Position title (Note 1)	Nationality	Name	Gender	Date of appointment	Shares Held		by spouse or minor children Shares Held		Shares Held in the Name of Other Persons		Major Work (Academic) Experience (Note 2)	Concurrent as Positions in other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Remark (Note 3)
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Position title	Name	Relation	
Senior Associate Manager	Mala ysia	Chiew Teo Ann (Promoted to Vice President on 2022/01/14)	Male	2019.03.11	0	0.00%	0	0.00%	0	0.00%	• B Cs(Electronics Eng),Hanyang Universty,Seoul • Manufacturing Director,Osram Opto Semiconductor(M)Sdn Bhd • Operations Director, Infineon Technologies(M)Sdn Bhd	None	None	None	None	
Senior Associate Manager	South Korea	Myoung Ho Lee (2022/01/14 discharged)	Male	2019.05.20	0	0.00%	0	0.00%	0	0.00%	• BSEE Inha University • Marketing & Applications Director (Industreial Segment), Fairchild Semiconductor Bucheon Korea • Head of ATV High Power Center, Infineon Technologies Seoul Korea	None	None	None	None	
Chief Strategy Officer	R.O.C	LI, XUE-HAN	Male	2018.04.09	0	0.00%	0	0.00%	0	0.00%	Master of Georgetown University, Alcatel Asia Pacific Chief Financial Officer; Zyxel European Chief Operating Officer; Vice President of Hermes Microvision Technology Co., Ltd.; President of Lien Chang Electronic Enterprise Co., Ltd	Note 2	None	None	None	
Chief Information Officer (CIO)	R.O.C	YANG, WU-ZHONG (2022/01/14 discharged)	Male	2019.09.02	0	0.00%	0	0.00%	0	0.00%	MBA of YOUNGSTOWN STATE UNIVERSITY, USA General Manager of IBM Taiwan Distribution Business Group and Business Group; Vice President, Central and Southern Region, IBM Taiwan	None	None	None	None	

Position title (Note 1)	Nationality	Name	Gender	Date of appointment	Shares Held		by spouse or minor children Shares Held		Shares Held in the Name of Other Persons		Major Work (Academic) Experience (Note 2)	Concurrent as Positions in other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Remark (Note 3)
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Position title	Name	Relation	
Chief Accounting Officer (Accounting Supervisor, Head of Corporate Governance)	R.O.C	XIE, BAI-CHENG	Male	2010.09.01	0	0.00%	0	0.00%	0	0.00%	Accounting Institute of Chung Cheng University Senior Manager of Auditing, Ernst & Young Taiwan	Note 3	None	None	None	
Chief Financial Officer (Financial supervisor)	R.O.C	SHEN, YING-XIU	Female	1999.05.04	164,504	0.04%	2,285,710	0.60%	0	0.00%	Graduate School, University of Texas, USA Yufu Securities Commissioner	Note 4	None	None	None	

Note 1: President, Vice President, Senior Managers, Heads of Departments and Branches shall be included. And any position equivalent to President, Vice President, or Senior Managers, regardless of job title, should also be disclosed.

Note 2: Experience relevant to the current position. If one has worked in a audit firm or related company during the previous disclosure period, one should state the job title and the responsible position.

Note 3: If the Chairman of the Board and the President or their equivalent (chief manager) are the same person, each other's spouse or a relative of the first degree of kinship, the reason, reasonableness, necessity and response measures (e.g. increase in the number of independent directors, and more than half of the directors do not concurrently serve as employees or managers) shall be stated:

Note 1: Please refer to Note 1 on page 16 of this annual report.

Note 2: Coporate Director, Representative of Pynmax Technology Co., Ltd.; General Manager of LIFETECH ENERGY INC.; Chairman and President of Wuxi Sumnergy Technology Co., Ltd.

Note 3: Supervisor of Pynmax Technology Co., Ltd.; Supervisor of Pan-Jit Electronics (Wuxi) Co., Ltd.; Supervisor of Pan-JIT Electronics (Beijing) Co., Ltd.; Supervisor of Shandong Pan-Jit Electronic Technology Co. Ltd.; Supervisor of Pan-Jit Electronics (Qufu) Co., Ltd.; Supervisor of Suzhou Grande Electronics Co. Ltd.; Supervisor of LIFETECH ENERGY INC.; Director of Zibo Micro Commercial Components Corp.

Note 4: Supervisor of Pynmax Technology Co., Ltd.; Supervisor of Wuxi Sumnergy Technology Co., Ltd.; Corporate Director, Representative of LIFETECH ENERGY INC.

Note 5: Please refer to Note 7 on page 17 of this annual report.

Ⅲ. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, President, and Vice Presidents

(I) Remuneration to Directors and Independent Directors

Units: NT$ thousands

Job title	Name	Directors remuneration								Percentage of the total sums of A, B, C and D to net income after text (Note 10)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income (%) (Note 10)		Compensation paid to directors from an investee company other than the Company's subsidiaries or parent company (Note 11)
		Base compensation (A) (Note 2)		Severance pay and pension (B)		Directors compensation (C) (Note 3)		Business execution expenses (D) (Note 4)				Salaries, bonuses, and special expenses (E) (Note 5)		Severance pay and pension (F)		Employee compensation (D) (Note 6)						
																The Company		All Companies listed in this financial report (Note 7)				
		The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in the financial statements (Note 7)	Cash Amount	Amount of shares	Cash Amount	Stock Amount	The Company	All companies listed in this financial report	
Directors	FANG, MIN-QING	0	0	0	0	14,000	14,000	230	230	14,230 0.74%	14,230 0.74%	12,842	28,666	180	180	11,611	0	12,011	0	38,863 2.02%	55,087 2.86%	3,954
	ZHONG, YUN-HUI																					
Corporate Director Representative	FANG, MIN-ZONG																					
	ZHAN, WEN-XIONG (Resigned on March 16, 2022)																					
Corporate Director	Jinmao Investment Co., Ltd.	0	0	0	0	33,016	33,016	0	0	33,016 1.71%	33,016 1.71%	0	0	0	0	0	0	0	0	33,016 1.71%	33,016 1.71%	0
Independent Directors	CHEN, YI-CHENG	0	0	0	0	1,500	1,500	210	210	1,710 0.09%	1,710 0.09%	0	0	0	0	0	0	0	0	1,710 0.09%	1,710 0.09%	0
	FAN, LIANG-FU																					
	CHEN, SHI-ZHEN																					

1. Description of the policies, systems, standards and structure of the remuneration packages of independent directors and their correlations with the amount of remuneration paid, taking into account their responsibilities, risks and time commitment:
The remuneration policy for independent directors of the Company is determined by the Board of Directors in accordance with the provisions of Article 16 of the Company’ s articles of association, referencing the industry’ s usual standards. The achievement of the performance goals of the board members and the standard and structure of the remuneration are reviewed and approved by the Remuneration Committee after considering the directors’ participation in the Company’ s operations and the value of their contributions, and then submitting to the Board of Directors for resolutions.
2. In addition to those disclosed in the above table, the remuneration received by the directors of the Company in the most recent year for providing services (such as serving as a consultant for non-employees of the parent company / all companies listed in the fina report / transfer investment enterprises, etc.): None.

Range of remuneration

Range of remuneration paid Range of remuneration of director	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies listed in the financial statements (Note 9) H	The Company (Note 8)	Parent company and all reinvested businesses (Note 9) I
Less than NT$1,000,000	FANG, MIN-ZONG, ZHAN, WEN-XIONG, CHEN, YI-CHENG, FAN, LIANG-FU, CHEN, SHI-ZHEN	FANG, MIN-ZONG, ZHAN, WEN-XIONG, CHEN, YI-CHENG, FAN, LIANG-FU, CHEN, SHI-ZHEN	ZHAN, WEN-XIONG, CHEN, YI-CHENG, FAN, LIANG-FU, CHEN, SHI-ZHEN	ZHAN, WEN-XIONG, CHEN, YI-CHENG, FAN, LIANG-FU, CHEN, SHI-ZHEN,
NT$1,000,000 (inclusive) – 2,000,000 (non inclusive)	None	None	None	None
NT$2,000,000 (inclusive) – 3,500,000 (non inclusive)	ZHONG, YUN-HUI	ZHONG, YUN-HUI	ZHONG, YUN-HUI	ZHONG, YUN-HUI
NT$3,500,000 (inclusive) – 5,000,000 (non inclusive)	None	None	None	None
NT$5,000,000 (inclusive) – NT$10,000,000 (exclusive)	None	None	None	None
NT$10,000,000 (inclusive) – 15,000,000 (non inclusive)	FANG, MIN-QING	FANG, MIN-QING	FANG, MIN-ZONG	None
NT$15,000,000 (inclusive) – 30,000,000 (non inclusive)	None	None	FANG, MIN-QING	FANG, MIN-ZONG
NT$30,000,000 (inclusive) – 50,000,000 (non inclusive)	Jinmao Investment Co., Ltd.	Jinmao Investment Co., Ltd.	Jinmao Investment Co., Ltd.	FANG, MIN-QING, Jinmao Investment Co., Ltd.
NT$50,000,000 (inclusive) – 100,000,000 (non inclusive)	None	None	None	None
NT$100,000,000 and above	None	None	None	None
Grand total	8 people	8 people	8 people	8 people

Note 1: The names of the Directors shall be listed separately (For corporate shareholders, the title of the corporate shareholder as well as the name of the representative shall be indicated), and the names of the

general Directors and independent Directors shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If the director is also the President or Vice President, please fill in this form and the following table (3-1), or table (3-2-1) and (3-2-2).

Note 2: Refers to the remuneration of directors in the most recent fiscal year (including directors' salary, job bonus, severance payment, various bonuses, incentives, etc.).

Note 3: It refers to bonus distributed to directors upon approval by the Board of Directors in the most recent fiscal year.

Note 4: It refers to business expenses paid to directors in the most recent fiscal year (including transport, special expenses, various allowances, accommodation, and provision of physical items such as vehicles) If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation.

Note 5: Remuneration for directors concurrently holding positions (including President, Presidents, vice presidents, other managerial officers, or employees) in the Company shall include salaries, job remuneration, severance pay, various bonuses, rewards, transportation allowance, special expenses, various allowances, accommodation, and provision of physical items such as vehicles. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. Salary expenses recognized under IFRS 2 - "Share-based Payment", including employee stock warrant, new restricted employee shares, and participation in subscription of stocks in cash capital increase, shall also be included in the calculation of remuneration.

Note 6: Refers to those who have received employee remuneration (including stocks and cash) from concurrent directors (including concurrently serving as President, Vice President, other managers and employees) in the most recent fiscal year. The amount of employee remuneration approved by the Board of Directors in the most recent fiscal year shall be disclosed. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached table 1-3 shall be filled out.

Note 7: The total amount of remuneration paid to directors of the Company by all companies (including the Company) as listed in the financial statements shall be disclosed.

Note 8: The name of individual director shall be disclosed in the remuneration ranges to which the amount of remuneration paid to individual director by the Company correspond, respectively.

Note 9: The name of individual director shall be disclosed in the remuneration ranges to which the amount of remuneration paid to individual director by all the companies (including the Company) listed in the financial statements correspond, respectively.

Note 10: Net income refers to that in the latest parent-only or individual financial statements.

Note 11: a. Remuneration received by the president and vice presidents of the Company from investee companies other than subsidiaries or parent company shall be specified (If none, please fill in "None").

b. If the directors of the Company receive remuneration from investee companies other than subsidiaries or parent company, the remuneration received by the directors of the Company from investee companies other than subsidiaries or parent company shall be included in Column E in the Remuneration Range Table, and the column heading shall be changed to "Parent company and all investee companies."

c. Remuneration in this case refers to remuneration, bonuses (including employee, director, or supervisor bonuses), and allowances received by the directors of the Company as the directors, supervisors, or managerial officers of invested companies other than subsidiaries or parent Company.

* The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation

(II) Remuneration for the President and Vice Presidents

Units: NT$ thousands

Position title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and special expenses (C) (Note 3)		Employee compensation (D) (Note 4)				Percentage of the total sums of A, B, C and D to net income after text (%) (Note 8)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 9)
		The Company	All companies listed in this financial report (Note 5)	The Company	All companies listed in this financial report (Note 5)	The Company	All companies listed in this financial report (Note 5)	The Company		All Companies listed in this financial report (Note 5)		The Company	All companies listed in this financial report	
								Cash Amount	Amount of shares	Amount of cash	Amount of shares			
President	FANG, MIN-QING	20,537	31,574	428	428	8,160	15,956	18,936	0	19,336	0	48,061 2.49%	67,294 3.49%	18
Chief Operating Officer (Vice President)	CHEN, ZUO-MING													
Vice President	KOENIG ROLAND HERBERT													
Vice President	YANG, ZHAO-QUAN													
Chief Strategy Officer	LI, XUE-HAN													

*Regardless of job title, all positions equivalent to President or Vice President (for example: president, chief executive officer, director... etc.) should be disclosed.

Range of remuneration

Range of remuneration paid to the president and vice presidents	Name of President and Vice Presidents	
	The Company (Note 6)	Parent company and all reinvested businesses (Note 7) E
Less than NT$1,000,000	None	None
NT$1,000,000 (inclusive) – 2,000,000 (non inclusive)	None	None
NT$2,000,000 (inclusive) – 3,500,000 (non inclusive)	None	None
NT$3,500,000 (inclusive) – 5,000,000 (non inclusive)	None	None
NT$5,000,000 (inclusive) – 10,000,000 (exclusive)	LI, XUE-HAN; YANG, ZHAO-QUAN; CHEN, ZUO-MING	YANG, ZHAO-QUAN
NT$10,000,000 (inclusive) – 15,000,000 (non inclusive)	FANG, MIN-ZONG; OENIG ROLAND HERBERT	LI, XUE-HAN; KOENIG ROLAND HERBERT
NT$15,000,000 (inclusive) – 30,000,000 (non inclusive)	None	FANG, MIN-ZONG; CHEN, ZUO-MING
NT$30,000,000 (inclusive) – 50,000,000 (non inclusive)	None	None
NT$50,000,000 (inclusive) – 100,000,000 (non inclusive)	None	None
NT$100,000,000 and above	None	None
Grand total	5 people	5 people

Note 1: The names of the President and Vice President shall be listed separately, and the names of the President and Vice President shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If the director is also the President or Vice President, please fill in this form and the above table (1-1), or (1-2-1) and (1-2-2).

Note 2: Salary, job allowance, and severance pay paid to the president and vice presidents in the most recent fiscal year.

Note 3: It includes the amount of various bonuses, rewards, transport fees, special expenses, various allowances, accommodation, provision of physical items such as vehicles, and other types of remuneration for President, Presidents, and vice presidents in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. Salary expenses recognized under IFRS 2 - "Share-based Payment", including employee stock warrant, new restricted employee shares, and participation in subscription of stocks in cash capital increase, shall also be included in the calculation of remuneration.

Note 4: The names of the Directors shall be listed separately, and the names of the general Directors and independent Directors shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached table 1-3 shall be filled out.

Note 5: Total remuneration in various items paid out to this Company's President, Presidents and vice presidents by all companies (including this Company) listed in the consolidated statement shall be disclosed.

Note 6: The name of President, Presidents, and vice presidents shall be disclosed in the remuneration ranges to which the amount of remuneration paid to President, each President and each vice president by the Company correspond, respectively.

Note 7: The name of President, Presidents, and vice presidents shall be disclosed in the remuneration ranges to which the amount of remuneration paid to President, each President and each vice president by all the companies (including the Company) listed in the financial statements correspond, respectively.

Note 8: Net income refers to that in the latest parent-only or individual financial statements.

Note 9: a. Remuneration received by the president and vice presidents of the Company from investee companies other than subsidiaries or parent company shall be specified (If none, please fill in "None").

b. If the president and vice presidents of the Company receive remuneration from invested companies other than subsidiaries or parent company, the remuneration received by the president and vice presidents of the Company from invested companies other than subsidiaries or parent company shall be included in Column E in the Remuneration Range Table, and the column heading shall be changed to "Parent company and all investee companies."

c. Remuneration in this case refers to remuneration, bonuses (including employee, director, or supervisor bonuses), and allowances received by the president and vice presidents of the Company as the directors, supervisors, or managerial officers of invested companies other than subsidiaries or parent Company.

* The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation

(III) The top five executive remuneration:

Position title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and allowances (C) (Note 3)		Employee compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 6)		Compensation paid to directors from an investee company other than the Company's subsidiaries or parent company (Note 7)
		The Company	All companies listed in the financial statements (Note 5)	The Company	All companies listed in the financial statements (Note 5)	The Company	All companies listed in the financial statements (Note 5)	The Company		All companies listed in the financial statements (Note 5)		The Company	All companies listed in this financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	FANG, MIN-QING	5,135	10,336	104	104	2,260	6,446	6,715	0	7,115	0	14,214 0.74%	24,001 1.25%	12,088
Chief Operating Officer (Vice President)	CHEN, ZUO-MING	3,264	7,111	108	108	3,258	5,282	3,150	0	3,150	0	9,780 0.51%	15,651 0.81%	0
Vice President	KOENIG ROLAND HERBERT	5,613	5,613	0	0	1,228	1,228	4,166	0	4,166	0	11,007 0.57%	11,007 0.57%	0
Vice President	YANG, ZHAO-QUAN	2,157	2,157	108	108	1,414	1,414	1,620	0	1,620	0	5,299 0.27%	5,299 0.27%	0
Chief Strategy Officer	LI, XUE-HAN	4,368	6,357	108	108	0	1,586	3,285	0	3,285	0	7,761 0.40%	11,336 0.59%	0

Note 1: The "top five top executives with remuneration" refers to the managers of the Company. The criteria for the identification of relevant managers shall be handled in accordance with the scope of application of "managers" stipulated in the decree of the former Securities and Futures Commission of the Ministry of Finance dated March 27, 2003, Tai Cai Zheng San Zi No. 0920001301. As for the calculation and determination principle of "top five with the highest remuneration", it refers to the fact that the managers of the Company receive salaries, retirement pensions, bonuses and special expenses from all companies in the consolidated financial report, plus the total amount of employee remuneration (that is, the total amount of the four items A, B, C and D). After sorting, the top five with the highest remuneration will be identified. If the director concurrently serves as the former supervisor, this form and the above form (1-1) should be filled out.

Note 2: Fill in the salary, position bonus and severance pay of the top five top executives in the most recent year.

Note 3: Fill in the amount of various bonuses, incentives, car and horse fees, special expenses, various allowances, dormitory, car allocation and other remuneration amounts for the top five top executives in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. Salary expenses recognized under IFRS 2 - "Share-based Payment", including employee stock warrant, new restricted employee shares, and participation in subscription of stocks in cash capital increase, shall also be included in the calculation of remuneration.

Note 4: Fill in the amount of employee remuneration (including stock and cash) approved by the board of directors to distribute the top five remuneration executives in the most recent year. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached table 1-3 shall be filled out.

Note 5: The total amount of remuneration paid by all companies (including the Company) to the Company's top five remuneration executives in the consolidated report should be disclosed.

Note 6: Net income refers to that in the latest parent-only or individual financial statements.

Note 7: a. This column should clearly indicate the amount of remuneration related to the remuneration of the top five executives of the Company who received the remuneration from the subsidiary's outbound investment business or the parent company (if none, please fill in "None").

b. Remuneration refers to the remuneration, remuneration (including remuneration of employees, directors and supervisors) and business execution received by the top five top executives of the Company as directors, supervisors or managers of subsidiaries or parent companies. Fees and other related remuneration.

* The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation

(IV) Names of managerial officers who receive employee bonus, and distribution of employee bonus

As of April 16, 2022 (Unit: NT$ thousands)

<table>
<tr><th></th><th>Position title (Note 1)</th><th>Name (Note 1)</th><th>Amount of shares</th><th>Amount of cash</th><th>Grand total</th><th>Ratio of total amount to net income (%)</th></tr>
<tr><td rowspan="10">Managerial Officer</td><td>President</td><td>FANG, MIN-QING</td><td rowspan="10">0</td><td rowspan="10">31,974</td><td rowspan="10">31,974</td><td rowspan="10">1.66%</td></tr>
<tr><td>Chief Operating Officer (Vice President)</td><td>CHEN, ZUO-MING</td></tr>
<tr><td>Vice President</td><td>KOENIG ROLAND HERBERT</td></tr>
<tr><td>Vice President</td><td>YANG, ZHAO-QUAN</td></tr>
<tr><td>Senior Associate Manager</td><td>Chiew Teo Ann (Promoted to Vice President on 2022/01/14)</td></tr>
<tr><td>Senior Associate Manager</td><td>Myoung Ho Lee (2022/01/14 discharged)</td></tr>
<tr><td>Chief Strategy Officer</td><td>LI, XUE-HAN</td></tr>
<tr><td>Chief Information Officer (CIO)</td><td>YANG, WU-ZHONG (2022/01/14 discharged)</td></tr>
<tr><td>Chief Accounting Officer (Accounting Supervisor, Head of Corporate Governance)</td><td>XIE, BAI-CHENG</td></tr>
<tr><td>Chief Financial Officer (Financial supervisor)</td><td>SHEN, YING-XIU</td></tr>
</table>

Note 1: Individual names and titles should be disclosed. However, the profit distribution can be revealed in a summary.

Note 2: The names of the managerial officers shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year. Net income refers to that for the most recent fiscal year; where the IFRS Standards are adopted, net income refers to that in the latest parent-only or individual financial statements.

Note 3: Based on 2003.03.27 Tai-Cai-Zheng-San-Zi No. 0920001301 Letter, the scope of applicable managers is as follows:
(1) President and equivalent
(2) Vice President and equivalent
(3) Associate Manager and equivalent
(4) Head of Finance Department
(5) Head of Accounting Department
(6) Other persons who have the right to manage affairs and sign for the Company

Note 4: If the director, President and Vice President receive employee compensation (including stocks and cash), in addition to table 1-2, this table should be filled out.

(V) Separately compare and describe total remuneration, as a percentage of net income stated in the parent Company only financial reports or individual financial reports, as paid by this Company and by each other Company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, Presidents, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

Position title	2021		2020	
	The Company	All companies listed in this financial report	The Company	All companies listed in this financial report
Directors	6.31%	8.15%	7.87%	10.69%
Presidents and Vice Presidents				

1. Analysis of the proportion of the total remuneration paid by the Company and all companies in the consolidated statements to the Company's directors, president and vice presidents in the net profit after tax of parent Company only or individual financial reports in the most recent two fiscal years:
   (1) In terms of the total amount of remuneration paid, the total amount of remuneration paid by the Company and all companies in the consolidated statements to the Company's directors, general managers and deputy general managers in 2021 was NT$121,650 thousands and NT$157,107 thousands. Compared with NT$70,638 thousands and Nt$95,920 thousands in 2020, an increase of NT$51,012 thousands and NT$61,187 thousands respectively. The main reason is that the Company's profit in 2021 increased by 114% compared with that in 2020. Therefore, the remuneration of directors, employee remuneration and bonuses of the general manager and deputy general manager increased with the Company's operating performance.
   (2) In terms of proportion difference, the total remuneration paid by the Company and all companies in the consolidated statements to the Company's directors, general managers, and deputy general managers in 2021 accounted for 6.31% and 8.15% of the net profit after tax in the individual financial report, compared with 7.87% and 10.69% in 2020. The decrease is mainly because the profit of the Company in 2021 has increased significantly compared with the previous year, and the salary structure of the general manager and deputy general manager is a relatively high proportion of fixed salary, so the total remuneration of the aforementioned managers is higher than that of the previous year. Compared with the previous year, it increased, but its ratio to net profit after tax decreased slightly.
2. Policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its connection to business performance and future risk exposure:
   (1) Directors:
   The Company's directors remuneration is in accordance with the Article of Association, Article 16: "The remuneration of all directors, regardless of profit or loss, may be agreed upon by the authorized board meeting according to the usual standards of the industry" and Article 19: "If the Company makes profits during the year, no more than 2% should be proposed for directors

remuneration. The proposal shall be drafted and reviewed by the Renumeration Committee in consideration of the participation in the Company’ s operations, contribution value and overall Company operating performance.

The Company conducts performance assessment on board members every year in accordance with the "Board of Directors and Functional Committee Performance assessment Measures". It is incorporated to evaluate individual performance achievement and contribution to company performance and served as referencing basis. Directors’ performance appraisal indicators include six major aspects: mastery of company goals and tasks, awareness of directors’ responsibilities, participation in company operations, internal relation management and communication, directors’ professional and continuing education, and internal control.

(2) Presidents and Vice Presidents:

The salary and compensation of the Company’ s President and Vice President refer to the common level of the industry's payment level and consider the time invested by the individual, the responsibilities, degrees of achieving personal goals, performance in other positions, the Company's salary and compensation to the same position in recent years, and the Company’ s overall operating conditions, etc. Also, the Company’ s Articles of Association, Article 19: "If the Company makes a profit during the year, no less than 6% shall be allocated for employee compensation" shall be followed.

The Company's remuneration process has taken into account the performance evaluation results of the general manager and deputy general managers. Evaluation indicators include financial indicators (such as the Company’ s revenue achieving rate, etc.) and non-financial indicators (such as practice of the Company’ s five core values and operational management capabilities, etc.)

The performance assessment and remuneration of the directors, president, and vice president of the Company are reviewed by the Remuneration Committee and submitted to the Board of Directors for discussion, and review the remuneration system on time based on the actual operating conditions and relevant laws and regulations, to seek sustainable the Company’ s balanced control of operation and risks.

IV.The state of the Company's implementation of corporate governance

(I) Operation of the Board of Directors

A total of 7 (A) Board of Directors' meeting were held in the most recent fiscal year with the following attendance records from directors:

Position title	Name (Note 1)	Actual presence (attendance) Times B	Delegated presence Times	Rate of Attendance in Person (%) [B/A] (Note 2)	Remark
Chairman	FANG, MIN-QING	7	0	100.00%	
Directors	ZHONG, YUN-HUI	4	0	57.14%	
Directors	Jinmao Investment Co., Ltd. Representative: ZHAN, WEN-XIONG (Resigned on March 16, 2022)	5	2	71.43%	
Directors	Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	7	0	100.00%	
Independent director	CHEN, YI-CHENG	7	0	100.00%	
Independent director	FAN, LIANG-FU	7	0	100.00%	
Independent director	CHEN, SHI-ZHEN	7	0	100.00%	

Other mandatory items:

I. If any of the following applies to the operation of Board of Directors, the date and session of the Board of Directors' meeting, the content of proposals, independent directors' opinions and the Company's actions in response to independent directors' opinions shall be stated.

i. Items listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, the provision of Article 14-3 shall not apply according to the provision of Article 14-5.

ii. Other than the matters mentioned above, other resolutions on which the independent directors have dissenting or reserved opinions: None.

II. With regard to the recusal of independent directors from voting due to conflict of interests, the name of independent directors, the content of proposals, reasons for recusal due to conflict of interests and participation in voting shall be stated:

Board date	Name of director	Proposal	Reasons for Recusal	Participation in Voting
2021/01/22	Chairman FANG, MIN-QING Director FANG, MIN-ZONG	Proposal of 2020 Q4 managerial performance bonus of the Company	When discussing the 2020 Q4 managerial performance bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 6 directors present)
2021/01/22	Chairman FANG, MIN-QING Director FANG, MIN-ZONG	Proposal of the Company's 2020 Managerial Officers Annual Bonus	When discussing the annual bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 6 directors present)
2021/05/11	Chairman FANG, MIN-QING Director FANG, MIN-ZONG	Proposal of 2021 Q1 managerial performance bonus of the Company	When discussing the 2021 Q1 managerial performance bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 5 directors present)
2021/08/11	Chairman FANG, MIN-QING Director FANG, MIN-ZONG	The Company’s 2021 Q2 managerial performance bonus	When discussing the 2021 Q2 managerial performance bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 6 directors present)

Board date	Name of director	Proposal	Reasons for Recusal	Participation in Voting
2021/08/11	Chairman FANG, MIN-QING Director FANG, MIN-ZONG	Proposal of 2020 employee bonus amount to the Company's managerial officers.	When discussing the amount of 2020 employee bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 6 directors present)
2021/08/11	Chairman FANG, MIN-QING Director ZHONG, YUN-HUI Director FANG, MIN-ZONG Director ZHAN, WEN-XIONG Independent director CHEN, YI-CHENG Independent director FAN, LIANG-FU Independent director CHEN, SHI-ZHEN	Approval of 2020 director bonus distribution plan	When discussing the remuneration for directors, the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING, Director ZHONG, YUN-HUI, Director FANG, MIN-ZONG, Director ZHAN, WEN-XIONG, Independent director CHEN, YI-CHENG, Independent director FAN, LIANG-FU, and Independent director CHEN, SHI-ZHEN have avoided conflict of interest and there were 6 directors present)
2021/11/10	Chairman FANG, MIN-QING Director FANG, MIN-ZONG	Proposal of 2021 Q3 managerial performance bonus of the Company	When discussing the 2021 Q3 managerial performance bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 5 directors present)

III. Assessment of the Board of Directors and various functional committees:

<table>
<tr><th>Assessment Cycle</th><th>Assessment Period</th><th>Assessment Scope</th><th>Assessment Method</th><th>Assessment content</th></tr>
<tr><td rowspan="3">Once a year</td><td rowspan="3">2021/01/01 To 2021/12/31</td><td>Board performance assessment</td><td>Board of directors self-assessment</td><td>1. The degree of participation in the Company's operations
2. Improvement in the quality of decision making by the Board of Directors
3. The composition and structure of the Board of Directors
4. Election and continuing education of the Directors
5. Internal controls</td></tr>
<tr><td>Performance assessment of individual board members</td><td>Board member self-assessment</td><td>1. Their grasp of the Company's goals and missions
2. Their recognition of director's duties
3. Their degree of participation in the Company's operations
4.Their management of internal relationships and communication
5. Their professionalism and continuing professional education
6. Internal controls</td></tr>
<tr><td>Performance assessment of functional committees (Audit Committee, Remuneration Committee)</td><td>Self-assessment of functional committees</td><td>1. The degree of participation in the Company's operations
2. Their recognition of the duties of the functional committee
3. Improvement in the quality of decision making by the functional committee
4. The composition of the functional committee, and election and appointment of committee members
5. Internal controls</td></tr>
</table>

IV. Goals for enhancing the functions of the Board of Directors (such as establishing an Audit Committee or increasing information transparency) for the current year and most recent fiscal year as well as the assessment of the actions implemented:

1. The operation of the board of directors is carried out in accordance with the Company's "Regulations of Procedures for the Board of Directors".
2. In order to improve the structure of the board of directors, the Company has formulated the "Board Diversity Policy" in accordance with the "Code of Practice on Governance of Listed Companies".
3. In order to enhance the functions of the board of directors and strengthen the operation efficiency of the board of directors, the "Measures for the Performance Evaluation of the Board of Directors and Functional Committees" has been formulated. In accordance with the regulations, the internal board performance evaluation shall be carried out at least once a year, and report the evaluation results to the board of directors.

4. In order to assist directors in performing their duties and enhance the effectiveness of the board, "Standard Operating Procedures for Handling Directors' Requests" has been established.
5. In order to strengthen the corporate governance function and improve information transparency, the Company will announce the resolutions of the board of directors on the Company's website after the board of directors for investors to inquire. If the board of directors has a major resolution (such as a proposal for distribution of earnings, a proposal for convening a shareholders' meeting), it will be announced on the public information observatory at the same time according to regulations.
6. The Company has completed the establishment of independent directors and audit committee on June 13, 2017 according to regulations.
7. The Company has completed the establishment of the corporate governance director on November 11, 2020.
8. The Company has renewed the directors' and managers' liability insurance on March 8, 2022 to strengthen the Company's risk management and protect the rights and interests of shareholders.
9. In order to strengthen corporate governance and improve corporate risk management, the Company passed the "Risk Management Measures" on January 22, 2021. It is to establish a risk management mechanism for early identification, accurate measurement, effective supervision and strict control, to prevent possible losses within the acceptable risk range. According to changes in the internal and external environment, the Company continuously adjust and improve the best risk management practices, to protect the interests of employees, shareholders, partners and customers, increasing the Company's value and achieve the optimal principle of the Company's resource allocation. The implementation of risk management in the most recent fiscal year has been reported to the Board of Directors on March 25, 2022.

Note 1: If the directors and supervisors are legal persons, the names of the legal person shareholders and their representatives shall be disclosed.

Note 2: (1) If directors or supervisors resign before the end of the year, the date of resignation should be included in the notes. The actual attendance (%) shall be calculated based on the number of meetings held by the Board of Directors and the actual presence (attendance) during the term of service.

(2) In case any seat of director or supervisor has been re-elected before the end of the year, both the previous and current director or supervisor shall be filled, and the Remarks column shall indicate whether a director or supervisor was from a previous term, new, or re-appointed, and the date of re-election. The director's percentage of attendance in person (%) shall be calculated based on the number of Board of Directors' Meetings held and the actual attendance in person during his/her term of office.

(II) Operation of Audit Committee

The Audit Committee held 6 meetings (A) in the most recent fiscal year. The attendance of independent directors is as follows:

Position title	Name	Attendance in person (B)	Attendance by proxy	Percentage of attendance in person (%) (B/A) (Note 1, 2)	Remark
Convener	CHEN, YI-CHENG	6	0	100.00%	
Committee member	FAN, LIANG-FU	6	0	100.00%	
Committee member	CHEN, SHI-ZHEN	6	0	100.00%	

Other mandatory items:

I. If any of the following applies to the operations of the Audit Committee, the audit committee meeting date, period, content of proposals, independent directors' objections, reservations or major recommendations, the results of the audit committee's resolutions, and the Company's handling of the audit committee's opinions should be stated..

(I) Items listed in Article 14-5 of the Securities and Exchange Act:

Audit committee Session & date	Proposal	Audit committee Voting results	Corporation's responses to the comments of the Audit Committee
The 4th meeting of the second term 2021/01/22	1. Amendments to the Company's Articles of Incorporation. 2. The Company's public acquisition of common shares of Fanjia Technology Co., Ltd.	All Members present voted in favor of the resolution without objections on 2021/01/22 Audit Committee meeting.	All Directors present voted in favor of the resolution without objections.
The 5th meeting of the second term 2021/03/26	1. 2020 Business Report and Financial Report 2. Proposal of 2020 earning distribution. 3. Independence evaluation and appointment and remuneration of certified accountants of the Company. 4. Review of 2020 "Internal Control System" and "Statement on Internal Control System." 5. PAN-JIT ASIA INTERNATIONAL INC. Capital Increase. 6. Issuing Common Stock for Cash and Issuing Global Depositary Receipt. 7. Issuing New Employee Restricted Shares. 8. The Company's asset transaction.	All Members present voted in favor of the resolution without objections on 2021/3/26 Audit Committee meeting.	All Directors present voted in favor of the resolution without objections.

The 6th Meeting of the second term 2021/05/11	Reports only No Discussions	Not applicable	Not applicable
The 7th Meeting of the second term 2021/08/11	1.The Company handled the cash capital increase, issued ordinary shares, and participated in the issuance of Global Depositary Receipt. 2.The Company plans to invest in mainland China through capital increase PAN-JIT ASIA INTERNATIONAL INC.	All Members present voted in favor of the resolution without objections on 2021/8/11 Audit Committee meeting.	All Directors present voted in favor of the resolution without objections.
The 8th Meeting of the second term 2021/10/12	1. Signed the panel level packaging process technology transfer contract.	All Members present voted in favor of the resolution without objections on 2021/10/12 Audit Committee meeting.	All Directors present voted in favor of the resolution without objections.
The 9th Meeting of the second term 2021/11/10	1. 2022 internal audit plan. 2.The Company's capital expenditure budget	All Members present voted in favor of the resolution without objections on 2021/11/10 Audit Committee meeting.	All Directors present voted in favor of the resolution without objections.

None of the above proposals has any dissenting opinions, reservations or major suggestions issued by independent directors.

(II) Except the aforementioned matters, other resolutions approved by two-thirds or more of all the directors but yet to be approved by the Audit Committee: None.

II. Execution process where the independent director abstain from begin a stakeholder, the name of the director, the content of proposal, the reason of abstinence and the results of the voting should be stated: None.

III. Communication among Independent Directors, internal audit Supervisors, and CPAs (including important matters, methods, and results of the Company's finance and operations):

(I) Communication between independent directors and Internal Auditing Officer:

The internal audit Director of the Company quarterly reported the audit reports to independent directors in the Audit Committee meetings, communicating the results of the audit report.

Auditing officer Meeting date	Content of the communication	COMMUNICATION METHODS	Results
The 4th meeting of the second term 2021/01/22	1. Amendments to the Company's rules and regulations.	Attend to reports and discuss related issues	It has been fully communicated and reviewed and approved by the Audit Committee.

The 5th meeting of the second term 2021/03/26	1. 2020 Q4 internal audit report. 4. Review of 2020 "Internal Control System" and "Statement on Internal Control System."	Attend to reports and discuss related issues	It has been reported or approved by the Audit Committee.
The 6th Meeting of the second term 2021/05/11	1. 2021 Q1 internal audit report.	Attend to reports and discuss related issues	It has been fully communicated and reported at the Audit Committee.
The 7th Meeting of the second term 2021/08/11	1. 2021 Q2 internal audit report.	Attend to reports and discuss related issues	It has been fully communicated and reported at the Audit Committee.
The 9th Meeting of the second term 2021/11/10	1. 2021 Q3 internal audit report. 2. 2022 internal audit plan.	Attend to reports and discuss related issues	It has been reported or approved by the Audit Committee.

*The above communication matters have been submitted to the report of the board of directors or passed the resolution on the same day after the audit committee report or deliberation.

(II) Communication between independent directors and CPAs:

In addition to discussions with independent directors on matters such as the audit results and findings of the annual financial statements in the audit committee every year, the certified accountants of the Company also participate in the audit committee and the board of directors from time to time to provide professional consultation and suggestions for the decision-making of the Company's major resolutions.

CPA Meeting date	Content of the communication	COMMUNICATION METHODS	Results
The 5th meeting of the second term 2021/03/26	2020 business report and financial statements.	Attend to consult, discuss, and recommend on the related issues.	It has been fully communicated and approved by the Audit Committee and Board of Directors.

IV. The annual work focus of the Audit Committee of the Company:

(I) The operation of the audit committee of the Company focuses on the supervision of the following matters:

(1) Fair representation of the Company's financial statements.

(2) Selection (dismissal), remuneration, independence and performance of certified accountants.

(3) Effective implementation of internal control

(4) Relevant laws and regulations shall be followed.

(5) Management and control of existing or potential risks of the Company.

(II) The main functions and powers of the Audit Committee of the Company are listed as follows:

(1) Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

(2) Assessment of the effectiveness of an internal control system.

(3) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
(4) A matter bearing on the personal interest of a director.
(5) A material asset or derivatives transaction.
(6) A material monetary loan, endorsement, or provision of a guarantee.
(7) The offering, issuance, or private placement of any equity-type securities.
(8) The hiring, discharge, or compensation of an attesting CPA.
(9) The appointment or discharge of a financial, accounting, or internal audit officer.
(10) The annual financial report signed or stamped by the chairman, manager and accounting supervisor, and the second quarter financial report that must be verified and certified by an accountant.
(11) Any other material matter so required by the competent authority.

Note 1: If independent directors resign before the end of the year, the date of resignation should be included in the notes. The actual attendance (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual presence during the term of service.

Note 2: If independent directors are re-elected before the end of the year, new and former independent directors shall be listed accordingly and the "Remark" column shall indicate whether the status of an independent director is "Former", "New" or "Re-elected" and the date of re-election. Percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

(III) Implementation of corporate governance, discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and disclose on the public information observatory.	No differences
II. Shareholder structure and shareholders' rights and interest				
(I) Has the Company established an internal operating procedure for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	✓		(I) The Company has formulated the "Measures for Handling Suggestions and Representations of Stakeholders" to handle matters such as shareholders' suggestions and implement them in accordance with the procedures.	No differences
(II) Does the Company maintain a list of major shareholders who have actual control over the Company and persons who have ultimate control over the major shareholders?	✓		(II) The Company regularly asks the stock agent to provide the latest register of shareholders, so as to know the list of major shareholders and the ultimate controllers of major shareholders.	No differences
(III) Has the Company established and implemented risk control and firewall mechanisms among its affiliated companies?	✓		(III) The Company has formulated the "Regulations Related to Financial Business between Affiliated Enterprises" and "Administrative Measures for Subsidiaries" to implement risk control with related enterprises.	No differences
(IV) Has the Company formulated internal regulations that	✓		(IV) The Company has established "internal material	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
prohibit insiders of the Company from trading securities using undisclosed information in the market?			information processing operating procedures" and "preventing internal transaction management operating procedures" to avoid improper leakage of information and ensure the consistency and accuracy of information published by the Company.	
III. Composition and responsibilities of Board of Directors (I) Does the board of directors formulate a diversity policy, specific management objectives and implement them?	✓		(I) In order to enhance the functions of the board of directors and improve the structure of the board of directors, the Company has formulated the "Board Diversity Policy". We also select members with diverse backgrounds and perspectives based on the Company's operation, business model and development needs. The 7 members of the current board of directors of the Company are composed of industry professionals with professional backgrounds, skills and industrial experience in mechanical engineering, electronic engineering, civil engineering, international business management, financial management, chemical engineering, and law. Please refer to pages 14-17 of this annual report). All were male Taiwanese, with an average age of about 61. Please refer to Note 2. for the specific management objectives and implementation of the Company's Board	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			of Directors Diversity Policy.	
(II) Has the Company voluntarily established other functional committees, other than the Remuneration Committee and Audit Committee that are established in accordance with the law?		✓	(II)The Company has not voluntarily established other functional committees, other than the Remuneration Committee and Audit Committee that are established in accordance with the law.	The Company will continue to evaluate and cooperate with the Company's needs and the regulations of the competent authorities.
(III) Did the Company stipulate regulations for assessing the performance of the Board and the process of assessment, conduct performance appraisals on an annual basis on a regular basis, and submit the results of the performance appraisal to the Board? Are the results used as reference for the remuneration of individual Directors and the nomination for re-appointment?	✓		(III) On November 11, 2016, the board of directors of the Company passed the "Measures for the Performance Evaluation of the Board of Directors", and since 2016, at the end of each year, the performance evaluation of the board of directors of the current year will be implemented. In addition, in line with the planning content of the new version of the corporate governance blueprint of the competent authority, and the revision of the Securities and Exchange Law and its related sub-laws, on January 25, 2019, the Board of Directors approved the revision of the "Measures for the Performance Evaluation of the Board of Directors", which was renamed as "Performance Evaluation of the Board of Directors and Functional Committees". Please refer to page 40 of this annual report for the implementation of the evaluation by the Board of	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			Directors and various functional committees. The most recent (2021) board performance assessment results are as follows: Overall board performance assessment: The score is 97.56, which shows that the overall operation of the board of directors of the Company is still perfect, which is in line with the spirit of corporate governance. Performance assessment of individual board members: The overall average score is 97.62, and the assessment results show that the directors of the Company have positive comments on the efficiency and effectiveness of the operation of various assessment indicators. The aforementioned performance assessment results were reported to the Board of Directors on March 26, 2022.	
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		(IV)The general manager's office of the Company follows the "Professional Ethics Bulletin" No. 10, evaluation items that affect the independence of accountants and Article 47 of the "Accountant Law", not to undertake the evaluation project of the financial report sign-off work, and formulates the "Accountant Independence Assessment Form" to assess the independence of accountants every	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			year, and to ask the accountant to issue a statement of independence, and submit it to the audit committee and the board of directors to discuss the independence and suitability of the accountant. The latest assessment of the independence of certified accountants was discussed and approved by the Audit Committee and the Board of Directors on March 25, 2022. For the independent assessment items and assessment results of accountants, please refer to Note 3.	
IV. Does the TWSE/TPEx listed company have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be in charge of corporate governance related matters (including but not limited to supplying information requested by the directors and supervisors for the execution of their duties, assisting the directors and supervisors in compliance with legal regulations, handling matters related to board meetings and shareholders' meetings and preparing minutes of board meetings and shareholders' meetings)?	✓		The Company designates the general manager's office as a special unit, responsible for corporate governance related affairs. It is supervised by the corporate governance supervisor. The main business responsibilities and promotion of this unit are described as follows: 1. Plan and implement the convening of various functional committees (including the board of directors, remuneration committee, audit committee, etc.), including: scheduling the agenda, sending the meeting notice at least seven days before the meeting. In order to provide sufficient discussion information for members to understand the content of the proposal, and send minutes of proceedings within 20 days after the meeting, so that members can	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			know the results of each resolution. 2. Plan and implement the annual shareholders' meeting, including: registering the date of the shareholders' meeting within the prescribed time limit. It includes also the preparation of the meeting notice, handbook, annual report, and meeting minutes within statutory deadlines, as well as changing registration after amendment of the articles of association or re-election of the Board of Directors. 3. Plan and execute boar and distribute the "Self-assessment Form for Board Member Performance Evaluation" to all directors to fill in. According to the actual operation of the board of directors, the "Board of Directors Operation Performance Evaluation Form" will be graded for each evaluation item, and the results of the board of directors' performance evaluation will be compiled and reported to the board of directors. The most recent (2021) board performance assessment results were reported to the Board of Directors on March 25, 2022. 4. Strengthen information transparency and improve shareholders' rights and interests. It includes announcing the Company's important financial business information on the website designated by the competent authority, meeting	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			the information needs of stakeholders in a timely manner. Set up and maintain an investor zone on the Company's website to enhance the transparency of information disclosure and provide accurate and detailed information to the public. 5. Establish and maintain communication channels for stakeholders: The Company formulated "Stakeholder Suggestions and Appeal Management Measures". And set up the stakeholder's advice and complaint service window on the Company's website to serve as a complaint channel for stakeholders when their rights and interests are infringed. In order to promote the full communication between the Company and employees, customers, suppliers, investors and other stakeholders. And report the complaints received through the "Stakeholders' Suggestions and Complaints Service Window" and their follow-up handling in the quarterly audit committee. 6. Continue to pay attention to the corporate governance norms announced by the competent authorities. The Company develops and plans an appropriate organizational structure and company system, including: independent directors, the selection and establishment of functional committees, the formulation and revision of corporate	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			governance regulations, etc. 7. Continue to provide relevant information on continuing education courses for directors and assist in registration and other related tasks. 8. Evaluate and purchase suitable director and manager liability insurance, and complete the renewal on March 8, 2022, and report the insurance-related content to the board of directors on March 25, 2022 as required.	
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on material corporate social responsibility (CSR) issues?	✓		The Company has set up a special area for stakeholders on the Company's website. In addition, a complaint mailbox and a complaint window are set up in this area as a communication channel with stakeholders. Respond appropriately to important corporate social responsibility issues of concern to stakeholders such as employees, customers, suppliers, investors, competent authorities, and community residents. Please refer to Note 4. for the identities of stakeholders, issues of concern, communication channels and response methods identified by the Company. The relevant issues were reported in the Board of Directors on March 25, 2022.	No differences
VI. Does the Company commission a professional shareholder services agency to handle shareholders meetings and other relevant affairs?	✓		The Company has commissioned a professional stock affair agency to manage Shareholders meetings and other relevant affairs.	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
VII. Information disclosure (I) Has the Company established a website to disclose information on financial operations and corporate governance?	✓		(I) The Company established a website (www.panjit.com.tw) to disclose information on financial operations and corporate governance.	No differences
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?	✓		(II)The Company has an English website, and a designated person is responsible for the collection and disclosure of company information. And set up a spokesperson and proxy spokesperson system in accordance with the law; In addition, the Company's website also has a special area for legal person briefings, and the relevant information of the legal person will be placed on the Company's website.	No differences
(III) Has the Company published and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.		✓	(III)The Company's 2021 financial report was approved by the board of directors on March 25, 2022, and the announcement was completed within the prescribed time limit. The financial report from the first quarter to the third quarter of 2021 and the operating conditions of each month are all completed within the prescribed time limit.	The Company will continue to evaluate and cooperate with the Company's needs and the regulations of the competent authorities.
VIII. Does the Company provide other important information that can help establish a better understanding of the state of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations,	✓		1. Employee rights: The Company and its subsidiaries have always treated employees with integrity and follow relevant labor laws and regulations to protect the legitimate rights and interests of employees.	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
stakeholders' rights, continuing education among directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors of the Company)?			2. Employee Care: Through enriching the welfare system and good education and training system to stabilize the life of employees and establish a good relationship of mutual trust and mutual dependence with employees. 3. Investor Relations: The Company has established a system of spokespersons and deputy spokespersons for handling shareholders' proposals, inquiries, and other relevant matters. 4. Supplier Relations: The Company, its subsidiaries and suppliers have always maintained a good relationship. 5. Stakeholders' Rights: Stakeholders can communicate with the Company and put forward suggestions through the special mailbox for suggestions and complaints to safeguard their legitimate rights and interests. 6. Continuing Education and Training of Directors: All directors of the Company have academic backgrounds and practical experiences in business management applicable to the business scope of the Company and continue to study according to actual needs, please refer to Note 5.	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			7. Implementation of risk management policies and risk measurement standards: Various internal regulations are formulated in accordance with the law, and various risk management and assessment are carried out. 8. Implementation of customer policies: The Company and its subsidiaries maintain a stable and good relationship with customers to create company profits. 9. The Company purchases liability insurance for directors: The Company has renewed the director's and managers' liability insurance on March 8, 2022. 10. Situation of advanced accounting supervisor and audit supervisor: please refer to Note 5. 11. Circumstances of obtaining the relevant certificates and licenses specified by the competent authority for the personnel related to the transparency of financial information of the Company: The Company's accounting supervisor has the certificate of accountant of the Republic of China 12. In order to prevent insider trading, protect investors and safeguard the rights and interests of the Company, the Company implements the following measures:	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			(1) Formulate "internal material information processing procedures" and "prevent insider trading management procedures", and prohibit insiders such as company directors or employees from using undisclosed information on the market to buy and sell securities for profit (2) Conduct education and training on "prohibition of insider trading" for directors and managers every year. The course contents include: "Requirements for Insider Trading", "Punishments for Violating Insider Trading", "How to Avoid Accidental Insider Trading" and other topics. (3) To conduct quarterly publicity to directors and managers on "Insider Shareholding Changes Violating the Violation of Securities and Exchange Law"	
IX. Improvements made in the most recent fiscal year in response to the results of corporate governance assessment conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and prioritized matters and measures to be improved upon for matters that have not been improved. Securities and Futures Institute of Taiwan Corporate Governance Association released the results of the eighth (2021) corporate governance assessment,				

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	

Metric category	Question number and index content (or overview)	Improvements and future enhancement priorities and measures
Improving information transparency	Question number: 3.6 Indicator content: Does the Company disclose the interim financial report in English within two months after the filing deadline of the Chinese version of the interim financial report?	The Company has planned to disclose the interim financial report in English within two months after the filing deadline of the Chinese version of the interim financial report
Implementation of Corporate Social Responsibility	Question number: 4.4 Indicator content: Does the Company compile and upload the corporate social responsibility report on the public information observatory and the Company's website before the end of September in accordance with the internationally accepted report compilation guidelines?	The Company has planned to prepare a sustainability report in accordance with the GRI standards issued by the Global Susta inability Reporting Institute (GRI) before the end of September 2023 and obtain third-party verification. And upload it on the public information observatory and the Company's website.
	Question number: 4.5 Indicator content: Has the corporate social responsibility report prepared by the Company obtained third-party verification?	

Note 1: No matter whether you tick "Yes" or "No", the operation status should be stated in the summary description field.

Note 2: The specific management objectives and achievement of the diversity policy of the Board of Directors of the Company and the implementation of the diversity policy are as follows:

(1) The specific management objectives and achievement of the Board Diversity Policy:

Management goals	Achievement	Discription
The number of directors who are employees of the Company should not exceed one-third of the number of directors	Achieved	Only two of the seven members of the Company's current Board of Directors are employees of the Company (28.6%), which does not exceed one-third of the number of directors, which is not more than one-third of the number of directors
Talents with different	Achieved	1.The professional ability of the members of the last board of directors of the Company is more focused on the

Management goals	Achievement	Discription
professional backgrounds, skills and industry experience are recruited		background of financial accounting (three members in total, accounting for 42.9%). In order to make the composition of the board of directors more complete, it is proposed to add a board member with legal background as the management goal. And the re-election of directors was reached on June 12, 109. The new independent director Chen Shizhen is a practicing lawyer. Please refer to page 16 of this annual report for information on his educational experience. 2. The seven current board members of the Company are composed of industry professionals with professional backgrounds, skills and industrial experience in mechanical engineering, electronic engineering, civil engineering, international business management, financial management, chemical engineering, and law.
Age distribution is even.	Achieved	Among the seven members of the current board of directors of the Company, one director is under the age of 50 (14.2%), two directors are between the ages of 51 and 60 (28.6%), and 61 to 70 are There are 2 persons (28.6%) and 2 persons over 71 years old (28.6%). There is no age distribution of directors.
The consecutive term of independent directors should not exceed three consecutive terms	Achieved	The consecutive terms of the three independent directors of the current board of directors of the Company have not exceeded three consecutive terms

(2) The Board Diversity Policy is disclosed on the Company' s website and annual report.

Aspect 1: Basic Components

Position title	Name	Nationality	Gender	Concurrent Employees of the Company	Distribution of independent directors' seniority			Age distribution of directors			
					3- years	3-9 years	9 years or more	50 years old or under	51-60 years old	61-70 years old	71 years old or above
Chairman	FANG, MIN-QING	Republic of China	Male	✓	Not applicable					✓	
Directors	ZHONG, YUN-HUI	Republic of China	Male		Not applicable						✓
Directors	Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	Republic of China	Male	✓	Not applicable					✓	
Directors	Jinmao Investment Co., Ltd. Representative: ZHAN, WEN-XIONG	Republic of China	Male		Not applicable				✓		

Position title	Name	Nationality	Gender	Concurrent Employees of the Company	Distribution of independent directors' seniority			Age distribution of directors			
					3- years	3-9 years	9 years or more	50 years old or under	51-60 years old	61-70 years old	71 years old or above
	(Resigned on March 16, 2022)										
Independent director	CHEN, YI-CHENG	Republic of China	Male			✓			✓		
Independent director	FAN, LIANG-FU	Republic of China	Male			✓					✓
Independent director	CHEN, SHI-ZHEN	Republic of China	Male		✓			✓			

Aspect 2: Background Experience

Position title	Name	Professional background	Professional skills			Industrial experience		
			Business decision and management	Financial analysis and decision	Legal practice	Manufacturing industry	Asset management	Legal affair service
Chairman	FANG, MIN-QING	✓	✓			✓		
Directors	ZHONG, YUN-HUI	✓	✓			✓		
Directors	Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	✓	✓			✓		
Directors	Jinmao Investment Co., Ltd. Representative: ZHAN, WEN-XIONG (Resigned on March 16, 2022)	✓		✓			✓	
Independent director	CHEN, YI-CHENG	✓		✓		✓		

Position title	Name	Professional background	Professional skills			Industrial experience		
			Business decision and management	Financial analysis and decision	Legal practice	Manufacturing industry	Asset management	Legal affair service
Independent director	FAN, LIANG-FU	✓	✓			✓		
Independent director	CHEN, SHI-ZHEN	✓			✓			✓

Aspect 3: overall ability

Position title	Diversified core Items / Name of director	Operational judgment	Accounting and finance analytical abilities	Management ability	Crisis management capabilities	Industry knowledge	International market perspective	Leadership	Decision-making capacity
Chairman	FANG, MIN-QING	✓	*	✓	✓	✓	✓	✓	✓
Directors	ZHONG, YUN-HUI	✓	*	✓	✓	✓	✓	✓	✓
Directors	Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	✓	*	✓	✓	✓	✓	✓	✓
Directors	Jinmao Investment Co., Ltd. Representative: ZHAN, WEN-XIONG (Resigned on March 16, 2022)	✓	✓	✓	✓	✓	✓	✓	✓
Independent director	CHEN, YI-CHENG	✓	✓	✓	✓	✓	✓	✓	✓
Independent director	FAN, LIANG-FU	✓	*	✓	✓	✓	✓	✓	✓
Independent director	CHEN, SHI-ZHEN	✓	*	✓	✓	✓	✓	✓	✓

(Note) * means partial ability

Note 3: The Company's accountant independence assessment items are summarized as follows:

Assessment Item	Assessment Result	Whether it meets the required independence
A: "Professional Ethics Bulletin" No. 10, evaluation items that affect the independence of accountants：		
1. According to Article 8 of the Bulletin on the Code of Professional Ethics for Accountants of the Republic of China, No. 10, whether the independence of the evaluated object is affected by "self-interest"	No	Yes
2. According to Article 9 of the Bulletin on the Code of Professional Ethics for Accountants of the Republic of China, No. 10, whether the independence of the evaluated object is affected by the "self-assessment"	No	Yes
3. According to Article 10 of the Bulletin on the Code of Professional Ethics for Accountants of the Republic of China, No. 10, whether the independence of the evaluated object is affected by the "defense"	No	Yes
4. According to Article 11 of No. 10 of the Bulletin on the Code of Professional Ethics for Accountants of the Republic of China, whether the independence of the evaluated object is affected by "familiarity"	No	Yes
5. According to Article 12 of the Bulletin on the Code of Professional Ethics for Accountants of the Republic of China, No. 10, whether the independence of the evaluated object is affected by "coercion"	No	Yes
B. Article 47 of the "Accountant Law", shall not undertake the evaluation items of the financial report sign-off work:		
1. Whether the evaluated object is employed by the Company as a regular job, receives a fixed salary, or serves as a director or supervisor.	No	Yes
2. Whether the subject has been a director, supervisor, manager of the Company or an employee who has a significant influence on the Company, and has left the Company for less than two years.	No	Yes
3. Whether the assessed object has a spouse, direct blood relative, direct in-law or second relative with the person in charge or manager of the Company.	No	Yes
4. Whether the subject himself or his spouse or minor children has any relationship with the Company to invest or share financial interests.	No	Yes
5. Whether the subject himself or his spouse or minor children has a loan with the Company.	No	Yes
6. Whether the subject of the evaluation is the Company performing management consulting or other non-visa business, and it is sufficient to affect independence.	No	Yes
7. Whether the subject under evaluation has any circumstance that does not comply with the business event competent authority's rotation of accountants, handling of accounting affairs on behalf of others, or other circumstances that may affect independence.	No	Yes

Note 4: The identity of the stakeholders, issues of concern, communication channels and response methods identified by the Company:

Stakeholder	Agenda	Communication and response	2021 communication performance
Employee	1. Labor Relations 2. Working conditions 3. Operation performance 4. Salary & benefits 5. Employee recognition and retention	1. Corporate announcements 2. Quarterly general manager dialogue time 3. Works Council 4. Employee Welfare Committee 5. Regular education, training, and promotion: 6. Multiple opinion channels: appeal mailbox, employee satisfaction survey, stakeholder opinions set up on the Company's official website, and appeal service window	1. Diversified corporate announcements: Through channels such as writing, video wall, computer screen saver, etc., 4 to 5 announcements are regularly released every month. 2. General manager dialogue time: twice 3. Internal education and training: (1) New personnel training (including: HR and environmental safety and health training) 389 person-times (2) Plant safety education and training: 1,260 (all plant personnel) (3) Road safety education and training: digital and physical bulletin boards, video walls (all factory staff) (4) Fire extinguisher drill: 250 person-times (5) Emergency evacuation drill: all plant personnel (6) Health education promotion activities: all plant personnel (7) Health education and health guidance activities: 296 person-times (8) New Coronary Pneumonia Prevention and Prevention Activities: All plant personnel 4. Regular quarterly labor-management and corporate social responsibility meetings: 4 times 5. Employee Welfare Committee meetings: 7 times 6. Staff suggestions and appeals: (1) Employee suggestion box: 2 employee suggestions have been received, both of which have been filed and the cases have been properly fed back and dealt with. (2) Stakeholders' Suggestions and Complaints Service Window: No suggestions or complaints from employees have been received
Customers	1. Product quality 2. Customer Care 3. Supply chain management 4. RBA implementation	1. Company website 2. Irregular customer visits 3. Customer complaints or feedback through business units 4. Customer audit meeting 5. Stakeholders' suggestion and appeal service window set up on the Company's official website	1. Completed 23 times customer audits (including 4 external SGS audits) and received 2 customer visits this year 2. Due to the impact of the epidemic this year, overseas exhibition activities were cancelled 3. A total of 13 Webinar/Seminar sessions were held, including: 1 session for agents in Taiwan, 2 sessions for agents in India, 1 session for agents in Japan, 4 sessions for agents in America, and 5 sessions for internal Webinar 4. Continue to optimize the design of the Company's official website to strengthen customer relationship management
Suppliers	1. Supply chain	1. Dedicated supplier	1. By the end of 2021, a total of 55 suppliers had signed the letter of commitment against

Stakeholder	Agenda	Communication and response	2021 communication performance
	management 2. Vendor CSR assessment 3. Environment, safety and hygiene administration	communication unit 2. Supplier audit 3. Supplier meeting 4. Stakeholders' suggestion and appeal service window set up on the Company's official website	corruption and anti-bribery, and the signing rate was 100% 2. In 2021, a total of 45 suppliers nuclear operations (including raw materials and outsourcing suppliers) were completed 3. Suggestions and complaints service window for stakeholders: no suggestions or complaints from suppliers were received this year
Investors	1. Corporate governance 2. Operation performance 3. Dividend policy 4. Shareholder participation 5. Information transparency	1. Annual general meeting 2. Tramp road show 3. Regularly/irregularly publish information on the public information observatory or publish the Company's various financial business information on the Company's website 4. Reply to questions from investors and analysts by phone or email, and collect feedback on a regular basis 5. Stakeholders' suggestion and appeal service window set up on the Company's official website	1. The general meeting of shareholders was held on July 13, 2021 2. Timely and correctly disclose the financial and business information of the Company to the public at the public information observatory and the Company's official website 3. Participated in 1 corporate briefing this year to explain the Company's operating status 4. Suggestions and complaints service window for stakeholders: no suggestions or complaints from investors were received this year
Competent authority	1. Legal compliance 2. Corporate governance 3. Competent authority communicatio n	1. Official correspondence 2. Active communication and explanation of major issues 3. Feedback on the government unit's investigation work	1. Participate in various publicity meetings organized by competent authorities. The publicity meetings participated in in 2021 are as follows: (1) Securities laws and regulations: Prevention of insider trading and insider equity transaction publicity seminar, promotion of enterprises to adopt Inline XBRL to declare financial report publicity seminar, business publicity seminar of listed companies, promotion of my country's adoption of international financial reporting standards publicity seminar , Corporate Governance Evaluation and Promotion Conference (2) Environmental safety and health related: The personnel of the safety and health center participated in a total of 29 activities such as publicity and briefing sessions, education and

Stakeholder	Agenda	Communication and response	2021 communication performance
			training on environmental safety and health related issues this year. 2. Actively and promptly respond to various questionnaires issued by the competent authority
Community	1. Neighborhood care 2. Social participation 3. Corporate image 4. Compliance with environmental regulations	1. Neighborhood activities and festival visits 2. Company website 3. Referral information about auxiliary stations or employees 4. Participate in local meetings from time to time or exchange opinions with village cadres 5. Stakeholders' suggestion and appeal service window set up on the Company's official website	1. Regularly donate social donations to children in neighboring elementary schools to assist them in running schools, teaching equipment and nutritious lunch expenses 2. Regularly donate social donations to Little Angel Home to assist in the adoption of bereaved infants and young children 3. Regularly make social donations to create a foundation to assist in the care of vegetative people 4. Participate in annual police/firefighter gatherings and festival-related activities in the jurisdiction, and cooperate with annual fire drills 5. Participate in the employment promotion activities handled by the employment service station, and provide job vacancies to the residents of the neighboring community 6. Participate in Limin networking activities and have interactive discussions with Limin 7. Stakeholders' suggestion and appeal service window: No suggestions or complaints from community residents were received this year

Note 5: Situation of further education for directors, accounting supervisors and audit supervisors:

Position title	Name	Training date	Organizer	Curriculum	Course hours
Chairman	FANG, MIN-QING	2021/03/19	Taiwan Listed Company Association	Taiwan Leaders Lecture	3
		2021/11/12	Securities and Futures Institute of Taiwan Corporate Governance Association	2021 Prevention of Insider Trading and Insider Equity Trading Publicity Seminar	3
Directors	FANG, MIN-ZONG	2021/03/19	Taiwan Listed Company Association	Taiwan Leaders Lecture	3
		2021/11/13	Dadushan Industrial Innovation Foundation	The impact of legal risks on enterprises and advanced subordinates, digital technology and industrial innovation, digital intelligent manufacturing, a new future, and making good use of resources to achieve low-carbon economic development - taking Sinosteel Group's green growth as an example	6
	ZHAN, WEN-XIONG	2021/11/16	Securities and Futures Institute of Taiwan Corporate Governance Association	The trend of ESG/CSR and sustainable governance in 2021	3
		2021/11/16	Securities and Futures Institute of Taiwan Corporate	Blockchain technology development and business model	3

Position title	Name	Training date	Organizer	Curriculum	Course hours
			Governance Association		
Independent director	CHEN, YI-CHENG	2021/04/20	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
		2021/07/29	Securities and Futures Institute of Taiwan Corporate Governance Association	Insider Equity Transaction Notice	3
	FAN, LIANG-FU	2021/10/26	Accounting Research and Development Foundation	Aspects of new policies for sustainable development, climate governance and low-carbon management	6
	CHEN, SHI-ZHEN	2021/10/20	Securities and Futures Institute of Taiwan Corporate Governance Association	2021 annual insider Equity transaction legal compliance publicity seminar	3
		2021/12/07	Cathay Pacific Financial Holdings and its subsidiaries, Taiwan Stock Exchange	2021 Cathay Pacific Sustainable Finance and Climate Change Summit	6
Accounting Supervisor	XIE, BAI-CHENG	2021/09/27~ 2021/09/28	Accounting Research and Development Foundation	Continuing Training Course for Principal Accounting Officers of Issuers, Securities Firms and Securities Exchanges	12
Head of Corporate Governance	XIE, BAI-CHENG	2021/10/21~ 2021/10/22	Accounting Research and Development Foundation	Continuing Training Course for Principal Accounting Officers of Issuers, Securities Firms and Securities Exchanges	12
		2021/10/28	Accounting Research and Development Foundation	Common deficiencies, preparation process and practice of "self-preparation of financial reports" by enterprises	6
Auditing officer	FANG, SHU-YING	2021/12/02	The Institute of Internal Auditors-Chinese Taiwan	Matters needing attention and practical analysis of "Shareholders' Meeting" and "Company Act"	6
		2021/12/27	The Institute of Internal Auditors-Chinese Taiwan	Necessary labor law knowledge for supervisors at all levels: recruitment interview, general and special management of on-the-job labor, performance appraisal	6

(IV) If the Company has set up a Remuneration Committee, it shall disclose its constitution, duties and operations.

1. Information on the members of the Remuneration Committee

April 16, 2022

Category Of identity (Note 1) / Criteria / Name		Professional qualifications and experience (Note 2)	Status of Independence (Note 3)	Number of salary and Remuneration Committee memberships concurrently held in other public companies
Independent director (Convener)	CHEN, YI-CHENG	Please refer to "Disclosure of Professional Qualifications of Directors and Supervisors and Disclosure of Independence of Independent Directors" on page 19~20 of the annual report.		None
Independent director	FAN, LIANG-FU			None
Independent director	CHEN, SHI-ZHEN			1

2. Operations of the Remuneration Committee:

(1) the Company's Remuneration Committee comprises 3 members.

(2) Duration of the current term of service: June 12, 2020, until June 11, 2023, a total of 5 Remuneration Committee meetings (A) were held in the most recent fiscal year, members qualifications and attendance as follow:

Position title	Name	Attendance in person Times (B)	Delegated presence Times	Percentage of attendance in person (%) (B/A) (Notes)	Remark
Convener	CHEN, YI-CHENG	5	0	100%	
Committee member	FAN, LIANG-FU	5	0	100%	
Committee member	CHEN, SHI-ZHEN	5	0	100%	

Other mandatory items:

I. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date and session of the Board of Directors' meeting, resolutions, voting results and handling of opinions from the Remuneration Committee by the Company shall be disclosed (if the remuneration approved by the Board of Directors is better than that recommended by the Remuneration Committee, the discrepancies and related reasons shall be stated): None.

None.

II. If members of the Remuneration Committee have any dissenting opinion or qualified opinion on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions shall be stated: None.

None.

III. The annual report reveals the Remuneration Committee’s agenda and resolution, and the Company’s decisions on committee members’ recommendations.

compensation committee	Proposal	Voting results	The Company's actions in response to the opinions of the Remuneration Committee
The 3rd meeting of the 4th term 2021/01/22	1. The Company’s 2020 Q4 managerial performance bonus. 2. Proposal of the Company's 2020 Managerial Officers Annual Bonus. 3. Proposal of salary adjustment for the Company’s managerial officers. 4. Proposal of 2020 remuneration and performance assessment for the Company's managerial officers 5. Proposal of 2020 remuneration and performance assessment for the Company's directors	All members present voted in favor of the resolution without objections on 2021/01/22 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.
The 4th meeting of the 4th term 2021/03/26	1. Approval of 2020 director bonus distribution plan.	All members present voted in favor of the resolution without objections on 2021/03/26 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.
The 5th meeting of the 4th term 2021/05/11	1. The Company’s 2021 Q1 managerial performance bonus.	All members present voted in favor of the resolution without objections on 2021/5/11 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.

	The 6th meeting of the 4th term 2021/08/11	1. The Company’ s 2021 Q2 managerial performance bonus. 2. Proposal of 2020 employee bonus amount to the Company’ s managerial officers.. 3.Approval of 2020 director bonus distribution plan.	All members present voted in favor of the resolution without objections on 2021/8/11 Remuneration Committee meeting. (Notes)	All Directors present voted in favor of the resolution without objections.	
	The 7th meeting of the 4th term 2021/11/10	1. The Company’ s 2021 Q3 managerial performance bonus.	All members present voted in favor of the resolution without objections on 2021/11/10 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.	
	The 8th meeting of the 4th term 2022/01/14	1. The Company’ s 2021 Q4 managerial performance bonus. 2. Proposal of the Company's 2021 Managerial Officers Annual Bonus. 3. Proposal of salary increase for the Company's managerial officers 4. Proposal of 2021 remuneration and performance assessment for the Company's managerial officers 5. Proposal of 2021 remuneration and performance assessment for the Company's directors 6. Proposal of discharging the Company's managerial officers	All members present voted in favor of the resolution without objections on 2022/01/14 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.	
	The 9th meeting of the 4th term 2022/03/25	1. Approval of 2021 director bonus distribution plan.	All members present voted in favor of the resolution without objections on 2022/03/25 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.	

The 10th meeting of the 4th term 2022/05/10	1. The Company's 2022 Q1 managerial performance bonus. 2. Proposal of 2021 employee bonus amount to the Company's managerial officers.. 3. Approval of 2021 director bonus distribution plan. 4. Adjustment of the remuneration of independent directors of the Company.	All members present voted in favor of the resolution without objections on 2022/05/10 Remuneration Committee meeting. (Notes)	All Directors present voted in favor of the resolution without objections.

(Notes) When discussing the remuneration for directors, the relevant stakeholders (convenor CHEN, YI-CHENG, member FAN, LIANG-FU, member CHEN, SHI-ZHEN) have avoided conflict of interest in accordance with regulations.. The proposal was approved without objection after consulting all the members present by the (acting) chairman (convenor CHEN, YI-CHENG, FAN, LIANG-FU, and member CHEN, SHI-ZHEN have avoided conflict of interest and there were 2 members present).

IV. The main functions and powers of the Remuneration Committee of the Company are listed as follows:

1. Regularly review the "Organizational Regulations of the Remuneration Committee" and propose amendments.
2. Formulating and regular review of the Company's directors and managers' annual and long-term performance targets and remuneration policies, systems, standards and structures.
3. Regularly evaluate the achievement of the performance goals of the directors and managers of the Company, and determine the content and amount of their individual salaries.

Note: (1) Where a member of the Remuneration Committee resigns before the end f the fiscal year, the "Remark" column shall be filled with the member's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(2) If Remuneration Committee are re-elected before the end of the year, new and former Remuneration Committee shall be listed accordingly and the "Remark" column shall indicate whether the status of a member is "Former", "New" or "Re-elected" and the date of re-election. Percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(V) The implementation of the promotion of sustainable development and the differences and reasons from the code of practice for sustainable development of TWSE/TPEx companies:

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
I. Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?	✓		In order to improve the management of sustainable development, the Company established the Corporate Social Responsibility Management Committee in 2012. The general manager serves as the chairman, and the heads of various departments and representatives from labor elections serve as committee members. The corporate social responsibility management committee is responsible for the formulation and implementation of the Company's corporate social responsibility policies, systems or related management guidelines and specific promotion plans, and reports to the board of directors at least once a year. When necessary, the board of directors will make recommendations and supervise the implementation of the management policies, strategies and objectives of the corporate social responsibility management committee, as well as the formulation and implementation of measures.	No differences
II. The Company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or	✓		On issues that have a significant impact on investors and other stakeholders on environmental, social and corporate governance issues, the Company refers to the communication experience with internal and external stakeholders, reports on ESG issues, and integrates the internal information of the Company. Formulate risk management policies and take specific action plans to reduce the impact of related risks.	No differences

<table>
<tr><th rowspan="2">Current project</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary and Explanation</th></tr>
<tr><td>strategies? (Note 2)</td><td></td><td></td><td>The organizational structure of risk management of the Company is as follows:
<table>
<tr><th>Major issues</th><th>Reisk assessment Items</th><th>Risk management policies</th></tr>
<tr><td>Environment</td><td>Environmental protection</td><td>In addition to abiding by international environmental protection standards and developing products that comply with RoHS, the Company continues to maintain ISO14001, IECQ QC080000 and other system certifications, and abides by relevant environmental protection laws and regulations, and implements pollution prevention work to ensure that the Company is moving in an environmentally friendly direction.</td></tr>
<tr><td>Society</td><td>Human Right</td><td>On the basis of passing the SA8000 system and referring to the RBA (Responsible Business Alliance Code of Conduct) specification, the Company creates a safe, healthy and fair workplace environment for</td></tr>
</table></td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Current project</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary and Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td>employees, and continues to meet the requirements of corporate social responsibility and safeguard labor rights and interests as the target.</td></tr>
<tr><td rowspan="2">Corporate Governance</td><td>Legal compliance</td><td>Through the establishment of a corporate governance mechanism and the implementation of an internal control system, it is ensured that all colleagues truly comply with relevant laws and regulations.</td></tr>
<tr><td>Strengthen the functions of the board of directors</td><td>Appoint a diverse board of directors, plan relevant education topics for directors and insure directors' liability insurance.</td></tr>
</table></td><td></td></tr>
<tr><td>III. Environmental Issues
(I) Has the Company referred to the nature of its industry to establish a suitable environmental management system (EMS)?</td><td>✓</td><td></td><td>In promoting the management of the environment and hazardous substances, the Company continues to obtain ISO 14001 (validity: 2022.01.05~2025.01.05) and IECQ QC080000 (validity: 2019.09.05~2022.09.04) certification.</td><td>No differences</td></tr>
</table>

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
(II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		In order to improve the utilization efficiency of resources and reduce the environmental load, the measures adopted by the Company and their achievements are as follows: 1. Electronic waste and waste solution recycling: The Company entrusts professional e-waste recycling and processing manufacturers to carry out e-waste and waste solution recycling: (1)Electronic waste: high-purity precious metals gold and silver can be refined after the recycling of wafer waste. The reprocessing volume in 2021 and 2020 will be 2,024.1 kg and 1,804 kg, respectively. (2)Waste solution recovery: After the waste acid liquid containing heavy metals produced in the process is reprocessed, it can be made into industrial raw material nickel sulfate, and the reprocessed raw material can be recycled and reused. The reprocessing volume in 2021 and 2020 will be 5.34 ton and 2.99 ton, respectively. 2. sludge reduction The Company introduced a sludge dryer in 2019. The sludge produced by the process is firstly reduced in sludge and then entrusted to a qualified waste removal and treatment industry for final disposal. The sewage separated during the drying process will enter the Company's wastewater. The treatment system is processed to meet the discharge water discharge standard, and the sludge treatment capacity in 2021 and 2020 will be 102.75 metric tons and	No differences

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			81.15 metric tons respectively. 3. Wastewater reclamation The Company's process wastewater is discharged after in-plant wastewater treatment, and is managed according to the drainage characteristics. In this way, in addition to increasing the recovery rate of water, some waste acid liquids, organic waste liquids, etc. still have economic value for recycling. Separate diversion can not only reduce the dosing amount of wastewater treatment, but also reduce the difficulty and environmental load of back-end waste treatment. The reprocessing recovery volume in 2021 and 2020 will be 82,366 ton and 58,310 ton, respectively. 4. Green power generation The Company's staff dormitories and some of the factory roofs are equipped with solar panels, with a total installation capacity of about 154.63KW. The electricity it generates is supplied to the dormitory for use and sold to Taipower. The electricity sales in 2021 and 2020 will be 171,636 kWh and 185,292 kWh, respectively.	
(III) Has the Company assessed the current and future potential risks and opportunities of climate change for the Company, and taken relevant countermeasures?	✓		The Company has set up a risk management team under the CSR Committee. The chairman of the committee serves as the convener of the risk management team, and the main supervisors of each department serve as team members. The risk management team is responsible for conducting risk assessments related to the Company's operations in accordance with the principle of	No differences

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			materiality, and managing and reviewing the status of risk management implementation and risk taking. Its risk assessment items also include the impact of climate change. The aforementioned evaluation content will be reported to the Board of Directors by the Corporate Social Responsibility Committee at least once a year. The frequency and damage of natural disasters accompanied by climate change are becoming more frequent and severe. Such disasters will affect the supply of key components, product transportation, warehousing, and sales in some supply chains, thereby causing fluctuations in overall business operating costs. In this regard, the Company will reduce such impacts through measures such as supply chain management. Heavy rains, typhoons, etc. caused by climate change may cause equipment, property damage, computer server host or communication equipment interruption, which may affect the Company's daily operations and production. In this regard, the Company has formulated emergency response measures and purchased sufficient property insurance, in order to respond to and reduce damage in a timely manner when a disaster occurs. In the face of climate change and global warming, consumers' awareness of green procurement is increasing day by day. In order to meet market demands and fulfill our commitment to environmental sustainability, In response to the needs of global customers, the Company actively promotes various	

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			energy/resource inventory and management. Strive for the manufacturing process and environment to comply with environmentally friendly designs such as low pollution and low energy consumption. In order to comply with the trend of energy saving and carbon reduction, reduce energy consumption for end consumers.	
(IV) Has the Company the calculated the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and established the policies with regard to greenhouse gas reductions, water consumption, and waste management?	✓		The impact of climate change on the environment has become the focus of the world's attention. The Company has also actively invested in energy conservation and waste reduction to reduce carbon emissions. Since 2011, it has implemented a greenhouse gas emission inventory in accordance with ISO14064-1. In line with the Ministry of Economic Affairs' "Energy Conservation Targets and Execution Plan Regulations for Energy Users", the Company promotes energy conservation plans and expects to achieve the goal of achieving an average annual electricity saving rate of more than 1% from 2015 to 2024. In 2021, the Company achieved an average annual power saving rate of 1.46% and reduced carbon emissions by about 466,020.65kg/CO_2e through measures such as updating motor equipment, variable frequency air compressors, replacing cooling towers, and installing solar photovoltaic power generation systems. In addition to purchasing relevant pollution prevention and control equipment to reduce the impact of factory operations on the environment. In terms of improving the utilization efficiency of various resources, implement paperless administrative operations, including: issuing electronic invoices, adopting	No differences

<table>
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<tr><td>Yes</td><td>No</td><td>Summary and Explanation</td></tr>
<tr><td></td><td></td><td></td><td>electronic sign-off system for internal administrative procedures, and promoting the reuse of recycled paper. In order to reduce paper consumption and achieve the purpose of energy saving and carbon reduction; In addition, promote employees to participate in activities of garbage sorting and recycling of recyclable resources; Regarding waste management, there are "Waste Management Operation Procedures” in order to ensure that the waste generated by the Company's various activities or operations can be properly collected, removed and disposed of in compliance with relevant government regulations.

The Company's greenhouse gas emissions, water consumption and waste statistics for the last two years are listed below:
1. Greenhouse gases (data coverage - Gangshan plant):
Emission unit: ton
<table>
<tr><td>Fiscal year</td><td>Revenue (NT$ million)</td><td>Items</td><td>direct emissions</td><td>Energy indirect emissions Emission volume</td><td>Additional indirect emissions Emission volume</td></tr>
<tr><td rowspan="2">2021</td><td rowspan="2">8,706</td><td>Emission volume</td><td>1,479.683</td><td>25,063.263</td><td>394.890</td></tr>
<tr><td>Intensity</td><td>0.1700</td><td>2.8788</td><td>0.0454</td></tr>
<tr><td rowspan="2">2020</td><td rowspan="2">6,711</td><td>Emission volume</td><td>1,361.9276</td><td>23,655.8911</td><td>496.7490</td></tr>
<tr><td>Intensity</td><td>0.2029</td><td>3.5249</td><td>0.0740</td></tr>
</table>
(Note) Greenhouse gas emission intensity: greenhouse gas emissions (tons)/revenue (NT$ million)</td><td></td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Summary and Explanation</th></tr>
<tr><td></td><td></td><td></td><td>
2. Water consumption (data coverage - Gangshan plant):
Water consumption: units
<table>
<tr><th>Fiscal year</th><th>revenue (NT$ million)</th><th>Water consumption</th><th>Intensity</th></tr>
<tr><td>2021</td><td>8,706</td><td>350,833</td><td>40</td></tr>
<tr><td>2020</td><td>6,711</td><td>349,300</td><td>52</td></tr>
</table>
(Note) Water consumption intensity: water consumption (kWh) / revenue (NT$ million)
3. Waste (data coverage - Gangshan plant):
Waste unit: ton
<table>
<tr><th>Fiscal year</th><th>Revenue (NT$ million)</th><th>Items</th><th>General Industrial waste</th><th>Hazardous Industrial waste</th><th>Total</th></tr>
<tr><td rowspan="2">2021</td><td rowspan="2">8,706</td><td>Weight</td><td>326.68</td><td>68.42</td><td>395.10</td></tr>
<tr><td>Intensity</td><td>0.0375</td><td>0.0079</td><td>0.0454</td></tr>
<tr><td rowspan="2">2020</td><td rowspan="2">6,711</td><td>Weight</td><td>326.9440</td><td>74.48187</td><td>401.42587</td></tr>
<tr><td>Intensity</td><td>0.0487</td><td>0.0111</td><td>0.0598</td></tr>
</table>
(Note) Waste intensity: weight (tons)/revenue (NT$ million)
</td><td></td></tr>
<tr><td>IV. Social Issues
(I) Has the Company referred to relevant laws and international human rights instruments to stipulate relevant management policies and procedures?</td><td>✓</td><td></td><td>The Company has obtained SA8000 certificate in 2014, In accordance with the requirements of SA8000, international conventions, the United Nations Declaration and other international standards on corporate social responsibility, as well as domestic labor-related laws and regulations, the "Corporate Social Management Manual" has been formulated. Formulate vision and policies for</td><td>No differences</td></tr>
</table>

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			corporate social responsibility, Its contents include: compliance with laws and regulations, energy conservation and waste reduction, risk mitigation, respect for human rights, disciplinary responsibility, and continuous improvement. In terms of human rights management, the Company has actively introduced the "Responsible Business Alliance Code of Conduct" (RBA) since 2019, and is assisted by professional consultants to ensure that employees are provided with a safe working environment and that employees are respected and dignity. Please refer to Note 3. for the specific measures taken by the Company to promote human rights.	
(II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		1. Employee compensation: (1)In order to reflect the Company's operating performance in employee remuneration, the Company has established a quarterly performance bonus system. If the operating goals set by the Company for the current quarter are achieved, it will be based on the achievement of the performance indicators of each business In addition, after the settlement at the end of the year, the year-end bonus will be calculated and distributed before the Spring Festival according to the Company's operating conditions and the results of the annual performance appraisal of employees.unit. (2)The Company clearly stipulates in the articles of association that if the Company has a profit in the year, in addition to the accumulated loss, it should be reserved in advance to make up the additional amount, and will	No differences

<table>
<tr><th rowspan="2">Current project</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary and Explanation</th></tr>
<tr><td></td><td></td><td></td><td>be allocated not less than 6% of the pre-tax net profit as employee compensation.
2. Workplace diversity and equality:
The Company is committed to the implementation of work equality and a friendly working environment that is diverse and inclusive. All employees regardless of gender are entitled to equal pay for equal work and equal opportunities for promotion. In the Company's 2021, the proportion of female employees is 62%, and female supervisors account for 42%.
<table><tr><td>Items</td><td>Staff</td><td>Manager</td></tr><tr><td>Number of women / total</td><td>807 / 1,293</td><td>105 / 248</td></tr><tr><td>Percentage</td><td>62%</td><td>42%</td></tr></table>3. Vacation system:
The Company's leave system complies with the laws and regulations of the state on leave and work. According to the actual situation, the employees are free to plan their personal arrangements and vacations, in order to achieve compliance with laws and regulations and the balance arrangement of employees' lives.
4. Other welfare policies:
Please refer to pages 145-147 of the Annual Report.</td><td></td></tr>
</table>

<table>
<tr><td rowspan="2">Current project</td><td colspan="3">Implementation Status (Note 1)</td><td rowspan="2">Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary and Explanation</td></tr>
<tr><td>(III) Has the Company provided employees with safe and healthy work environments as well as regular classes on health and safety?</td><td>✓</td><td></td><td>1. Measures for employee safety and healthy working environment:
In terms of promoting occupational health and safety, in addition to continuing to maintain the ISO45001 (validity period: 2022.02.02~2025.02.02) and TOSHMS system, the factory also has nurses and outsourced occupational medicine physicians stationed in the factory. The factory cooperates with doctors from E-Da Hospital, Tainan Madou Xinlou Hospital, and Xiangquan Clinic to carry out health promotion and management, conduct regular employee health checks, provide psychological counseling, and organize education and training on fire prevention and occupational safety and hygiene.
2. Employee safety and health education policy and its implementation in 2021:<table>
<tr><td>Items</td><td>Number of participants</td><td>Man hour</td></tr>
<tr><td>Occupational Safety and Health General Course</td><td>1,260</td><td>3,780</td></tr>
<tr><td>ISO14001 and ISO45001 Internal Auditor Training</td><td>40</td><td>280</td></tr>
<tr><td>Factory emergency evacuation training course</td><td>Whole plant</td><td>0.5 Hour / person</td></tr>
<tr><td>Hazard Communication and Chemical Spill Handling Drill</td><td>30</td><td>90</td></tr>
</table></td><td>No differences</td></tr>
</table>

<table>
<tr><th rowspan="2">Current project</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies between its implementation and the Corporate <u>Sustainable development</u> Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary and Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Practical operation of fire extinguisher on-the-job education and training</td><td>250</td><td>125</td></tr><tr><td>ERT area fire marshalling drill</td><td>20</td><td>160</td></tr></table>3. Employee occupational disaster situation and related improvement measures in 2021:
In 2021, there were 4 occupational accidents in the factory, and 4 people were injured due to temporary disability (accounting for 2.6‰ of the total number of employees), and the total number of days lost was 79 days. Since all occupational accidents caused by the factory floor this year (3 cases in the public area; 1 case in the work area), we focus on improving the level of the ground, reducing the height difference of the environment, and reducing the risk of harm. In addition, a monthly theme-based publicity is carried out for occupational disasters outside the factory - commuting traffic accidents to strengthen the traffic safety awareness of colleagues.</td><td></td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Summary and Explanation</th></tr>
<tr><td>(IV) Has the Company established effective career competence training plan for its employees?</td><td>✓</td><td></td><td>Each department of the Company proposes an annual training plan in accordance with the training procedures, and provides various trainings for the functional gaps of managers and colleagues at all levels and future development plans from the plan. The implementation of the 2021 training plan is as follows:<table><tr><th>Items</th><th>Onboard training</th><th>Professional development</th></tr><tr><td>Number of participants</td><td>372</td><td>2,148</td></tr><tr><td>Man hour</td><td>2,232</td><td>1,038,665</td></tr></table></td><td>No differences</td></tr>
<tr><td>(V) Does the Company comply with relevant laws and international standards, and formulate relevant consumer or customer rights protection policies and grievance procedures for issues such as customer health and safety, customer privacy, marketing and labelling of products and services?</td><td>✓</td><td></td><td>The Company and its subsidiaries are component suppliers. The main sales customers are assembly foundries and do not sell directly to consumers. However, in order to protect the rights and interests of sales customers, the Company has set up a contact window for each of the Group's operating bases, distributors and agents on the official website. Handle issues related to customer rights complaints, so as to handle customer complaints in a fair and timely manner.
In addition, the Company has formulated the "Administrative Measures for Suggestions and Complaints of Stakeholders", And set up the stakeholder's advice and complaint service window on the Company's website to serve as a complaint channel for stakeholders when their rights and interests are infringed.</td><td>No differences</td></tr>
<tr><td>(VI) Has the Company established the supplier management policies</td><td>✓</td><td></td><td>The Company has formulated the "Supplier Evaluation, Guidance and Development Procedures" to regularly manage, evaluate and track suppliers'</td><td>No differences</td></tr>
</table>

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?			improvement. The specific management measures are briefly described as follows: 1. Vendor assessment: (1) In terms of quality: Suppliers with high risk and medium risk must be certified by international (or national) quality system, such as ISO9001 or ISO/IATF1649. (2) Environmental protection: Suppliers with high risk and medium risk are required to provide a test report issued by a third-party verification agency if they are evaluated according to the "Supplier No Hazardous Substance Management System". (3) Labor human rights: The evaluation is carried out according to the "Supplier Corporate Social Responsibility Evaluation Report Form". The evaluation content covers issues such as environmental protection, occupational safety and health, and labor rights to ensure that suppliers meet the Company's requirements for the CSR corporate social responsibility system. 2. Vendor audit: The Company arranges the audit method and audit frequency according to the supplier's risk level, transaction frequency and scale, and quality status.	

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			3. Coaching improvement and tracking: (1) The Company will provide supplier guidance and improvement suggestions for the deficiencies seen in the audit process and keep track of its improvement. (2) If the supplier still fails to improve after a certain period of counseling, or there is a major hazard to environmental safety, labor violations, or violation of the relevant regulations on the management of chemical substances, the Company will propose to stop the procurement or cancel the supplier qualification in accordance with internal regulations.	
V. Did the Company, following internationally recognized guidelines, prepare and publish reports such as its Sustainability report to disclose non-financial information of the Company? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution?		✓	The Company has not prepared a sustainability report.	The Company will cooperate with the competent authorities to issue the 2022 annual sustainability report in 2023
VI. Where the Company has stipulated its own Best Practices on CSR according to the Sustainablity Best Practice Principles for TWSE/TPEx Listed Companies, please describe any gaps between the prescribed best practices and actual activities taken by the Company: The Company's "Code of Practice for Corporate Social Responsibility" was approved by the board of directors in March 2015. On March 25, 2022, the				

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
board of directors approved the revision of the code and changed its name to "Code of Practice for Sustainable Development". The code reviews the implementation and improves accordingly, and there is no difference in implementation so far.				

VII. Any important information useful for understanding the state of Sustainability operations:

1. Community participation, social contribution, social service and social welfare:
   (1) Donate NTD$5,000 each month to four elementary schools for use as nutritious lunch subsidies or improvement of teaching resources.
   (2) Donate NTD$50,000 each quarter to Little Angel Home and Creation Foundation to help take care of infants and vulnerable groups who have lost their family or suffered family changes.
   (3) Sheltered workshops (such as Eden Foundation, Xinlu Foundation, Slow Fei’ er, Xihan’ er) will be the priority ordering objects for employees’ New Year gifts.
   (4) Organize blood donation activities
   (5) Co-organized and sponsored the activities and funds of the Kaohsiung City Association for Planting Trees. Organized a charity fundraising concert for protecting a mountain Assisted in environmental protection.
   (6) Participate in humanitarian relief and emergency relief through donating social groups when needed
   In 2021, the Company spent a total of NT$650,000 on public welfare.
2. Employee care:
   - Provide employees with diverse and smooth communication channels. The Company received 2 employee suggestions and complaints in 2021. All relevant cases have special personnel investigating and mediating, and reporting the follow-up handling situation at the labor-management and corporate social responsibility meeting.
   - The Company implements the following projects to promote the physical and mental health of employees:

Project name	Project detail	Implementation effectiveness
Maternal Health Protection Program	Provide maternal health protection for employees who are pregnant and one year after childbirth. The content of the plan includes: assessment of	A total of 33 pregnant women implemented a maternal health protection plan in 2021

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	

	work and individual hazards, risk control of protection plans, health guidance, adjustment or replacement of work content, adjustment of working hours, education and training and health protection measures	
Health risk assessment and management	1. Anomaly tracking and health education of new and incumbent employees' health check data 2. Graded management of statutory special health inspections 3. If the health check data is abnormal, follow the doctor's advice to carry out tracking and health education management	In 2021, a total of about 115 colleagues participated in the health risk assessment and management plan
Health promotion	1. Organize blood donation activities 2. Provide health information and post it on the bulletin board	In 2021, a total of 88 people participated in blood donation activities
Biological Hazard Control and Response	1. Influenza vaccination once a year to avoid influenza cluster infection 2. Severe special infectious pneumonia (COVID-19) prevention and response	1. In 2021, because the number of people who signed up for public-funded vaccinations was insufficient, the standard for the number of people to provide in-plant vaccination services stipulated by the health center, so it was to publicize influenza vaccination for all colleagues in the factory. 2. At the end of January 2020, due to the international epidemic news, an in-plant "epidemic prevention team" was established to hold weekly meetings to pay attention to the epidemic information,

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
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		and to purchase masks and alcohol. Since February of the same year, in addition to cooperating with the relevant government policies, masks have been distributed to all colleagues every week, and colleagues are encouraged to be vaccinated.
Quit smoking activities	Promote the concept of smoking harm, provide smoking cessation referral line or smoking cessation clinic	Tobacco harm prevention and smoking cessation propaganda to all colleagues in the factory
Doctor on-site service	1. Provide health consultation and conduct health education, tracking and health management for employees with abnormal health examination results 2. Site visit plan: identify and evaluate the work hazards of the on-site unit (for example, prevent human hazards and avoid repetitive musculoskeletal injuries, etc.), And put forward improvement plans and suggestions.	1. In 2021, a total of about 115 colleagues received health consultation and health management services from resident doctors 2. Physicians in the factory conduct on-site visits once a month, and evaluate the results of the visits and discuss improvement plans in the following month. In 2021, a total of 6 on-site visit plans for production line stations were completed.
Employee health check	1. Physical examination of new recruits 2. Regular health check of incumbents 3. Special health check for special operators	In 2021, a total of about 964 on-the-job staff participated in employee health examinations, of which 313 colleagues

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
				received special health examinations
	Weight management	Promote the concept of healthy weight loss, establish a correct attitude towards life and diet, and help colleagues to effectively manage their own health	The 2021 annual weight loss class uses propaganda to convey the correct concept of weight loss. A total of 60 employees participated, and they have successfully lost 121 kilograms.	

Note 1: If "Yes" is checked in the execution situation. Please specify in detail the important policies, strategies, measures and implementations adopted; If you tick "No" for the implementation, please explain the difference and reasons in the column "Differences and Reasons from the Code of Practice for Sustainable Development of Listed OTC Companies". And explain the plans to adopt relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the Company's investors and other stakeholders.

Note 3: The Company's specific measures for the promotion of human rights are as follows:

Items	Specific measures
Prohibition of forced labor	Strictly abide by local laws and regulations and comply with the requirements of corporate social responsibility formulated by the Company. And formulate a procedural book prohibiting forced labor, implement the relevant norms for the implementation of the procedural book. Do not force or coerce anyone to engage in involuntary labor.
Prohibition of child labor	In accordance with corporate social responsibility and relevant human rights declarations, formulate procedures for the prohibition of child labor, and implement relevant norms in the implementation procedures. The Company also strictly requires that only those who are over 18 years old apply for the Company's work. Employees who are subsequently hired will undergo two-factor authentication to ensure the implementation of relevant procedures.
Prohibit discrimination	In accordance with the requirements of corporate social responsibility and local laws and regulations, formulate management procedures related to non-discrimination, and implement relevant norms in the implementation procedures. Not to discriminate against any person based on any factors that may cause discrimination (such as race, party, constellation, blood type, etc.) in accordance with the procedures. And modify related work forms and processes, and do our best to provide non-discriminatory work processes and environments.

Provide a safe working environment	According to the working environment of employees, improve the software and hardware and continuously revise and improve the relevant management procedures. It also implements four major protection plans for labor health (maternal health protection, unlawful violations in the execution of duties, abnormal workload, and human-induced hazards) to protect all laborers and provide a safer working environment.
Assist employees with physical and mental health/work-life balance	Provide a variety of employee activities (such as: general manager's quarterly coffee time, whole factory employee travel, whole factory annual regular health check, fixed occupational medicine doctor stationed in the factory), based on employees' health needs, care for colleagues; And set up exclusive breastfeeding space and signed a special kindergarten, so that employees can work without worries, and try their best to create a work-life balance work environment.
Corporate Social Responsibility Education and Training - All newcomers and the whole factory	The training of new recruits for each new recruit should include complete training related to labor (such as: prohibition of discrimination, prohibition of forced labor, etc.), workplace safety and hygiene environment training, health promotion instructions, workplace anti-bullying, anti-sexual harassment, etc. Let all personnel clearly understand the Company's regulations when they enter the office; In addition, corporate social responsibility training is carried out for department heads, through the description of diversity, let the supervisor more clearly understand the relevant regulations. Supervisors and colleagues work together to achieve a win-win situation for enterprises and labor, and together they are part of corporate social responsibility.

(VI) The state of performance of ethical operation and its differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and its reasons:

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
I. Formulating ethical corporate management policies and programs (I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	✓		(I) The Company has established the "Integrity Management Code" and has been approved by the board of directors. The aforementioned measures are disclosed on the Company's website and public information observatory, expressing the policies and practices of honest management. The Company has also formulated the "Corporate Social Responsibility Policy (Guideline)", which expressly expresses the Company's belief in clean operation and fair trade in the policy (guideline).	No differences
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		(II) The Company has established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies".	No differences
(III) Has the Company specified in its prevention programs the	✓		(III) In order to actively prevent dishonest behavior, the	No differences

<table>
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<tr><th>Yes</th><th>No</th><th>Summary and Explanation</th></tr>
<tr><td>operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?</td><td></td><td></td><td>Company has formulated regulations such as "Integrity Management Operation Procedures and Behavior Guidelines", "Stakeholders' Suggestions and Complaints Management Measures", etc. Specifically regulate the matters that the personnel of the Company and its subsidiaries should pay attention to when carrying out business, as well as the punishment and appeal system in the event of violations. The specialized unit shall handle the revision, implementation, interpretation, consulting services, registration and filing of notification contents and other related operations and supervise the implementation of the aforementioned regulations, and review and revise them regularly.</td><td></td></tr>
<tr><td>II. Implementing ethical corporate management
(I) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct?</td><td>✓</td><td></td><td>(I) In addition to assessing their integrity records, the Company also requires the signing of the "Supplier Incorruptibility and Anti-Bribery Commitment". And the signed contract also stipulates the terms of integrity and morality, and states the responsibility for breach of contract.</td><td>No differences</td></tr>
<tr><td>(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the</td><td>✓</td><td></td><td>(II) The company designates the general manager’s office depending on the business detail to organize the“Integrity Management Promotion Team”as a</td><td>No differences</td></tr>
</table>

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
implementation of the ethical corporate management policies and prevention programs against unethical conduct?			dedicated unit under the board of directors. And report to the Board of Directors about the implementation of the integrity management policies and plans to prevent dishonest behavior and supervise the implementation. The Company's 2021 integrity management promotion situation is as follows: 1. Continue to promote and supervise the signing of the Anti-Bribery Commitment. 2. Implement the management and maintenance of the special e-mail mailbox for appeals and the handling of appeal cases. 3.Conduct online education and training on "prohibition of insider trading" for all directors and managers, The course contents include: "Requirements for Insider Trading", "Punishments for Violating Insider Trading", "How to Avoid Accidental Insider Trading" and other topics. The duration of the course is 45 minutes, with a total of 16 participants. The aforementioned performance assessment results were reported to the Board of Directors on March 25, 2022.	
(III) Has the Company established policies to prevent conflicts of interest, provided an appropriate channel for reporting such conflicts	✓		(III)The Company and its subsidiaries have special e-mail mailboxes for complaints as a channel for	No differences

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
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and implemented them?			representation. In addition, the supervisors of the administrative management units of each company are responsible for the processing of file-building projects, and the auditing office cooperates with the legal affairs office to track the progress, so as to deal with the complaints in a fair and timely manner.	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	✓		(IV)The Company has established an effective accounting system and internal control system to prevent behaviors with potential high risk of dishonesty. The internal audit unit formulates an annual audit plan or project plan based on the risk assessment results, and executes the audit work accordingly. The risk assessment project includes the impact of dishonest behavior on the Company's operations.	No differences
(V) Does the Company regularly hold internal and external training related to ethical corporate management?	✓		(V)In addition to regular education and training on Sustainablity and integrity management when new recruits arrive, the Company also plans to hold integrity management publicity and briefing sessions in the Company and its subsidiaries by the "integrity management promotion team" to declare the Company's integrity management. Determination.	No differences
III. Implementation of the Company’ s whistleblowing system (I) Has the Company established a specific whistleblowing and reward	✓		(I)In the "Guidelines for Operational Procedures and	No differences

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?			Behaviors of Integrity Management" formulated by the Company, it clearly defines the reporting and reward system, reporting channels, and designated personnel for acceptance. All reports of dishonest conduct or misconduct shall be handled in accordance with these regulations.	
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓		(II)In the "Guidelines for Operational Procedures and Behaviors of Integrity Management" formulated by the Company, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms. All reports of dishonest conduct or misconduct shall be handled in accordance with these regulations.	No differences
(III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	✓		(III) The "Guidelines for Operational Procedures and Behaviors of Integrity Management" formulated by the Company clearly stipulates measures to protect whistleblowers from being improperly dealt with due to whistleblowing. All reports of dishonest conduct or misconduct shall be handled in accordance with these regulations.	No differences
IV. Enhancing information disclosure (I) Has the Company disclosed the contents of its best practices for ethical corporate management and the effectiveness of relevant activities upon its official website or Market Observation Post System (MOPS)?	✓		The Company has disclosed the content and effectiveness of its ethical corporate management best practice principles on its website and the Market Observation Post System (MOPS) and disclosed the Company's performance of	No differences

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status of implementation (Note 1)</th><th rowspan="2">Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary and Explanation</th></tr>
<tr><td></td><td></td><td></td><td>integrity management and the measures taken in the annual report of the shareholders' meeting and the Company's website.</td><td></td></tr>
<tr><td colspan="5">V. If the Company has formulated its own principles of integrity operation based on "Code of Integrity Practice Rules for TWSE/TPEx Listed corporations", please state the difference between its principles and its operation: No difference.
Based on the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, the Company has set up “Ethical Corporate Management Best Practice Principles”. All operating activities are carried out in accordance with this code, and there is no difference.</td></tr>
<tr><td colspan="5">VI. Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles)
1. In order to implement the business philosophy of honest management, the Company has formulated the "Administrative Measures for Suggestions and Complaints of Stakeholders". And set up the stakeholder's advice and complaint service window on the Company's website to serve as a complaint channel for stakeholders when their rights and interests are infringed.
2. On August 8, 2019 and January 17, 2020, the board of directors of the Company approved the revision of the "Integrity Management Code" and "Integrity Management Operating Procedures and Behavior Guidelines", which were reported at the 2020 Annual General Meeting of Shareholders.
3. On August 12, 2020, the board of directors of the Company approved the revision of the "Code of Ethics and Conduct" and reported it at the 2021th Annual General Meeting of Shareholders.</td></tr>
</table>

Note 1: No matter whether you tick “Yes” or “No”, the operation status should be stated in the summary description field.

(VII). If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched.

1. The Company has established the corporate governance best practice principles and other relevant regulations, as follows:
   (1) Ethical Corporate Management Best Practice Principles
   (2) The Company' s "Procedures for Ethical Management and Guidelines for Conduct".
   (3) Code of Ethical Conduct
   (4) Sustainable Development Code of Practice
   (5) Operational specifications related to financial business between related enterprises
   (6) Organizational Rules of the Remuneration Committee
   (7) Key points of executive training for directors
   (8) Suggestions from stakeholders and methods for handling complaints
   (9) Procedures for preventing insider trading management
   (10) The Board Diversity Policy is disclosed on the Company' s website and annual report.
   (11) The performance evaluation method of the board of directors and functional committees
   (12) Corporate Governance Best Practice Principles
   (13) Rules on the scope of duties of independent directors
   (14) Organizational Rules of Audit Committee
   (15) Standard operating procedures for handling directors' requests
2. Inquiry method:
   You can go to the Public Information Observatory (https://mops.twse.com.tw/) under "Corporate Governance" under "Determine the Rules and Regulations of Corporate Governance" or the Company's website (https://www.panjit.com .tw/) "Important Company Rules" under "Corporate Governance" in "Investor Zone".

(VIIII) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed: None

(IX) The section on the state of implementation of the Company's internal control system shall furnish the following:

1. Statement on Internal Control System: detailed in Appendix IV.
2. If a CPA has been hired to carry out a special audit of the internal control system, please furnish the CPA audit report: None.

(X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, for any sanctions imposed in accordance with the law upon the Company or its internal personnel, or any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, of which the penalty may significantly affect the shareholders' interests or the security prices, the penalty details, principal deficiencies, and the state of any efforts to make improvements shall be disclosed.

(XI) Material resolutions of a shareholders meeting or a Board Meeting during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report.

1. Major resolutions of the Shareholders Meeting

Date of meeting	Major Resolutions of the Board of Directors	Implementation Status
2021/07/13	1. Approval of 2020 Business Report and Financial Statements 2. Approval of 2020 Disposition of Net Income 3. Amendments to the Rules of Procedure for Shareholder Meetings 4. Issuing Common Stock for Cash and Issuing Global Depositary Receipt. 5. Issuing New Employee Restricted Shares.	1. Completed. 2. Cash dividends are distributed at NT$1.5 per share; according to the authorization of the board of directors, the chairman has set August 13, 2021 as the ex-dividend base date, and cash dividends will be fully distributed on September 3, 2021. 3. It has been handled in accordance with the revised procedures and announced on the Company's website. 4. The Company issued 50,000,000 ordinary shares through cash capital increase, and participated in the issuance of Global Depositary Receipt totaling 50,000,000 units. The issue price per unit was US$3.02, and the total issuance amount was US$151,000,000. The Ministry approves the change of registration on November 11, 2021. 5. Not yet issued.

2. Important resolutions of the Board of Directors

Date of meeting	Major resolutions of the Shareholders Meeting
2021/01/22	1. Approval of the Company's public acquisition of common shares of Fanjia Technology Co., Ltd. 2. Approval of the application for performance bond from a financial institution. 3. Approval of the application for comprehensive credit line, foreign exchange comprehensive line and derivative financial product transaction line. 4. Approval of the cancellation of 2020 comprehensive credit line, foreign exchange comprehensive line and financial product transaction line approved but not used. 5. Approval of 2021 business plan. 6. Approved amendments to the Company's Articles of Incorporation. 7. Approval of the Company's 2020 Q4 performance bonus for managerial officers. 8. Proposal of salary adjustment for the Company's managerial officers in 2020.

Date of meeting	Major resolutions of the Shareholders Meeting
	9. Approved the salary adjustment for managerial officers. 10. Approval of the Company's 2020 annual manager salary remuneration and performance assessment proposal. 11. Approval of the Company’s 2020 director remuneration and performance assessment.
2021/03/26	1. Approval of 2020 employee bonus distribution plan. 2. Approval of 2020 employee bonus distribution plan. 3. Approval of 2020 business report and financial statements. 4. Approved the proposal for distribution of 2020 profits. 5. assessment of Independence for the Company's CPAs appointment. 6. Approved the proposal for the 2020 "Statement on Internal Control System”. 7. Approval of PAN-JIT ASIA INTERNATIONAL INC. Capital Increase. 8. Approved amendments to the Company's Articles of Incorporation. 9. Approval of Issuing Common Stock for Cash and Issuing Global Depositary Receipt. 10. Approval of Issuing New Employee Restricted Shares. 11. Approval of Amendments to the Rules of Procedure for Shareholder Meetings 12. Approved amendments to the Company's Articles of Incorporation. 13. Approval of the relevant matters for convening the Company's 2021 annual general meeting.
2021/05/11	1. Approval of the application for new or increasing comprehensive credit line, foreign exchange comprehensive line and derivative financial product transaction line. 2. Passing application, on the other hand, a draft consent form. 3. Approval of the Company’s 2021 Q1 performance bonus for managerial officers.
2021/06/23	1. The proposal of re-setting the date and place of the 2021 shareholder’s annual general meeting.
2021/08/11	1. Approval of the Company handled the cash capital increase, issued ordinary shares, and participated in the issuance of overseas depositary receipts. 2. Approval of the Company plans to invest in mainland China through capital increase PAN-JIT ASIA INTERNATIONAL INC. 3. Approval of the application for new or increasing comprehensive credit line, foreign exchange comprehensive line and derivative financial product transaction line. 4. Approval of 2021 rules of issuing new employee restricted shares amendment 5. Approval of the Company’s 2021 Q2 performance bonus for managerial officers. 6. Approval of 2020 employee bonus distribution plan. 7. Approval of 2020 employee bonus distribution plan.
2021/10/12	1. By signing a contract for the transfer of panel-level packaging process technology.
2021/11/10	1. Approval of 2022 business plan. 2. Approval of the Company's capital expenditure budget 3. Approval of the application for new or increasing comprehensive credit line, foreign exchange comprehensive line and derivative financial product transaction line. 4. Approval of the Company’s 2021 Q3 performance bonus for managerial officers.
2022/01/14	1. Approval of the Company’s 2022 business plan. 2. Approval of the application for comprehensive credit line, foreign exchange comprehensive

Date of meeting	Major resolutions of the Shareholders Meeting
	line and derivative financial product transaction line. 3. Approval of the cancellation of the comprehensive credit line, foreign exchange comprehensive line and financial product transaction line Approval of by the Board of Directors in 2021 but not used. 4. Approval of application On the other hand, a draft consent form. 5. Approval of the Company's 2021 Q4 performance bonus for managerial officers. 6. Approval of the Company's 2021 annual bonus for managerial officers. 7. Approval of salary adjustment for the Company's managerial officers. 8. Approval of the Company's 2021 annual manager salary remuneration and performance assessment proposal. 9. Approval of the Company's 2021 director remuneration and performance assessment. 10. Approval of discharging the Company's managerial officers
2022/02/14	1. Approval of the Company's public acquisition of common shares of Champion Microelectronic Corp. 2. Approval of the application for performance bond from a financial institution. 3. Approval of capital loan and structural adjustment. 4. Approval of the transfer of creditor's rights between the Company's subsidiaries.
2022/03/25	1. Approval of 2021 employee bonus distribution plan. 2. Approval of 2021 employee bonus distribution plan. 3. Approval of the Company's 2021 business report and financial statements. 4. Approval of the Company's 2021 profit distribution. 5. assessment of Independence for the Company's CPAs appointment. 6. Approval of capital loan and structural adjustment. 7. Approval of the transfer of creditor's rights between the Company's subsidiaries. 8. Approval of the investment structure adjustment proposal. 9. Approval of the Company's subsidiary to apply for a joint bank credit line, apply to the Company for an endorsement guarantee. 10. Approval of the application for comprehensive credit line, foreign exchange comprehensive line and financial product transaction line. 11. Approval of Changes to the Funds Utilization Plan of the Company's 2021 Issuing Common Stock for Cash and Issuing Global Depositary Receipt. 12. Approval of the Company's cancellation of the investment in the mainland through the capital increase of PAN-JIT ASIA INTERNATIONAL INC. 13. Approval of 2021 effectiveness review of the internal control system and "Statement on Internal Control System". 14. Approval of amendments to the Company's rules and regulations. 15. Approval of amended "Procedure for Acquisition and Disposal of Assets" of the Company. 16. Approval of amendments to the Company's Articles of Incorporation. 17. Approval of Amendments to the Rules of Procedure for Shareholder Meetings 18. Approval of amendment to the Company's "Measures for the Election of Directors". 19. Approval of the relevant matters for convening the Company's 2022 annual general meeting.

Date of meeting	Major resolutions of the Shareholders Meeting
2022/05/03	1. Approval of cash capital increase private common stock proposal. 2. Approval of the relevant matters for convening the Company's 2022 annual general meeting (newly added shareholder's annual general meeting).
2022/05/10	1. Adoption of the Company's 2022 Q1 Financial Statements 2. Approval of the application for comprehensive credit line, foreign exchange comprehensive line and financial product transaction line. 3. Approval of the Company's 2022 Q1 performance bonus for managerial officers. 4. Approval of 2021 employee bonus distribution plan. 5. Approval of 2021 employee bonus distribution plan. 6. Approval of the remuneration adjusment of independent directors of the Company.

(XII) Where, during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XIII) Any resignation or dismissal of the Company's chairperson of the board, President, accounting manager, financial executive, internal audit manager, and R&D executive in the most recent fiscal year up to the publication date of this report: None. None.

V. Information on certified public accountant Professional Fees

Unit: NTD Thousand Dollars

Name of accounting firm	Name of certified public accountant	Audit period	Audit fee	Non-audit fee	Remarks
Ernst & Young Taiwan	CHEN, ZHENG-CHU	2021/010/1~ 2021/12/31	6,190	8,001	1. Service fees related to the issuance of overseas depositary receipts: NT$7,831 thousands (USD$280 thousands) 2. Tax certification fee: NT$120 thousands 3. Salary information inspection service fee of NT$50 thousands for non-supervisor employees
	FU, WEN-FANG				

Note: If the Company has replaced the CPAs or accounting firm in the current year, the audit period shall be listed separately, and the reason for replacement shall be stated in the Remark column. Non-audit public fees and should be annotated to explain its service content

(I) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.

(II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: Not applicable.

VI. Information on Replacement of certified public accountant:

(I) Regarding the former certified public accountant

<table>
<tr><td>Date of Replacement</td><td colspan="5">March 26, 2021</td></tr>
<tr><td>Reasons for Replacement and explanations</td><td colspan="5">In line with the adjustment of the internal work of the firm, since the first quarter of 2021, it has been replaced by CPA CHEN, ZHENG-CHU and CPA FU, WEN-FANG</td></tr>
<tr><td rowspan="3">Whether the appointer terminates the appointment or the certified public accountants reject the appointment</td><td colspan="3">Client
Condition</td><td>CPA</td><td>Appointer</td></tr>
<tr><td colspan="3">Terminate the Appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="3">Reject (Continue) the Appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>The audit reports which were other than "Unqualified Opinion" in the recent two years, and the reasons</td><td colspan="5">None</td></tr>
<tr><td rowspan="7">Different opinions from the issuer</td><td rowspan="5">Presence</td><td></td><td colspan="3">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="3">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="3">Scope or procedure of audit</td></tr>
<tr><td></td><td colspan="3">Others</td></tr>
<tr><td></td><td colspan="3"></td></tr>
<tr><td>None</td><td colspan="4">✓</td></tr>
<tr><td colspan="5">Discription</td></tr>
<tr><td>Other Matters
Other Disclosures (Items that shall be Disclosed in accordance with Item 1-4 to 1-7 of Paragraph 6, Article 10)</td><td colspan="5">None</td></tr>
</table>

(II) Regarding the successor certified public accountants

Name of accounting firm	Ernst & Young Taiwan
Name of CPA	CPA CHEN, ZHENG-CHU and CPA FU, WEN-FANG
Date of Appointment	March 26, 2021
If prior to the formal engagement of the successor certified public accountant, the Company consulted the newly engaged accountant regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the Company's financial report, the Company shall state and identify the	None

subjects discussed during those consultations and the Consultation matters and results	
Written views from the successor certified public accountant regarding the matters on which the Company did not agree with the former certified public accountant.	None

(III) Former CPAs' reply to Item 1 and Item 2-3, Paragraph 6, Article 10 of this Principle: Not applicable

VII. Company Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm:None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(I) Share changes by directors, supervisors, managers, and major shareholders

unit: shares

Position title (Note 1)	Name	2021		For the current year up to April 16 in the current fiscal year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman and President	FANG, MIN-QING	0	0	0	0
Directors	ZHONG, YUN-HUI	(468,000)	0	0	0
Corporate Director	Jinmao Investment Co., Ltd.	1,320,000	(8,000,000)	0	2,000,000
Corporate Director Representative	ZHAN, WEN-XIONG (Resigned on March 16, 2022)	0	0	0	0
Corporate Director Representative	FANG, MIN-ZONG	0	0	0	0
Independent Director	CHEN, YI-CHENG	0	0	0	0
Independent Director	FAN, LIANG-FU	0	0	0	0
Independent Director	CHEN, SHI-ZHEN	0	0	0	0
Chief Strategy Officer	LI, XUE-HAN	0	0	0	0
Vice President	CHEN, ZUO-MING	0	0	0	0
Vice President	KOENIG ROLAND HERBERT	0	0	0	0
Vice President	YANG, ZHAO-QUAN	0	0	0	0
Chief Information Officer	YANG, WU-ZHONG (2022/01/14 discharged)	0	0	0	0
Senior Associate Manager	Myoung Ho Lee (2022/01/14 discharged)	0	0	0	0
Senior Associate Manager	Chiew Teo Ann (Promoted to Vice President on 2022/01/14)	0	0	0	0

Position title (Note 1)	Name	2021		For the current year up to April 16 in the current fiscal year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chief Financial Officer (Financial supervisor)	SHEN, YING-XIU	0	0	0	0
Chief Accountant (Accounting Supervisor, Corporate Governance Supervisor)	XIE, BAI-CHENG	0	0	0	0
Major shareholders	Jinmao Investment Co., Ltd.	1,320,000	(8,000,000)	0	2,000,000

Note 1: Shareholders holding more than 10% of the Company's total shares should be marked as major shareholders and listed separately.

Note 2: Where the counterparty for equity transfer or pledge is a related person, the following form should be filled out.

Note 3: For directors and managers who took office or dismissed during 2021 and 2022, the number of shares held or pledged shares increased (decreased) based on the number of shares on the day they took office or dismissed.

(II) Where the counterparty for equity transfer is a related person: None.

(III) Where the counterparty of equity pledged is a related party: None.

IX Relationship information, if among the Company's ten largest shareholders any one is a related party or a relative within the second degree of kinship of another

April 16, 2022; Units: shares

NAME (NOTE 1)	SELF SHARES HELD		BY SPOUSE OR MINOR CHILDREN SHARES HELD		IN THE NAME OF OTHER PERSONS SHARES HELD COMBINED		Title or name and relationship of the 10 largest shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (NOTE 3)		REMARK
	Number of shares	Shareholding %	Number of shares	Shareholding ratio	Number of shares	Shareholding %	Name (or Name)	Relation	
Jinmao Investment Co., Ltd.	50,496,710	13.19%	0	0.00%	0	0.00%	FANG, MIN-ZONG FANG, MIN-QING CAI, LI-XIANG CHEN, CHUN-MIN	Note 4 Note 4 Note 6 Note 5	
Representative: FANG, MIN-ZONG	2,554,629	0.67%	9,393,480	2.45%	0	0.00%	Jinmao Investment Co., Ltd. FANG, MIN-QING CAI, LI-XIANG CHEN, CHUN-MIN	Note 4 Younger Brother Sister-in-law Wife	
CHEN, CHUN-MIN	9,393,480	2.45%	2,554,629	0.67%	0	0.00%	Jinmao Investment Co., Ltd. FANG, MIN-ZONG FANG, MIN-QING CAI, LI-XIANG	Note 5 Husband Brother in law Sister-in-law	
FANG, MIN-QING	8,522,888	2.23%	3,903,560	1.02%	0	0.00%	Jinmao Investment Co., Ltd. FANG, MIN-ZONG CHEN, CHUN-MIN CAI, LI-XIANG	Note 4 Elder Brother Elder sister-in-law Wife	
Taifong Investment Co., Ltd.	7,419,935	1.94%	0	0.00%	0	0.00%	None	None	
Representative: YAN, QING	1,139,400	0.30%	0	0.00%	0	0.00%	None	None	
The American JPMorgan Chase Bank Taipei Branch is entrusted	5,367,740	1.40%	0	0.00%	0	0.00%	None	None	

NAME (NOTE 1)	SELF SHARES HELD		BY SPOUSE OR MINOR CHILDREN SHARES HELD		IN THE NAME OF OTHER PERSONS SHARES HELD COMBINED		Title or name and relationship of the 10 largest shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (NOTE 3)		REMARK
	Number of shares	Shareholding %	Number of shares	Shareholding ratio	Number of shares	Shareholding %	Name (or Name)	Relation	
with Investment account of the Vanguard Emerging Markets Stock Index Fund									
Bank SinoPac entrusted special account of Fuhua Small and Medium Selected Securities Investment Trust Fund	5,201,000	1.36%	0	0.00%	0	0.00%	None	None	
The American JP Morgan Chase Bank Taipei Branch is entrusted with the investment account of the Advanced Stars International Stock Index Fund as part of the advanced Stars fund series.	4,878,398	1.27%	0	0.00%	0	0.00%	None	None	
HSBC Managed Mattthews Asian & China SME	4,581,000	1.20%	0	0.00%	0	0.00%	None	None	
The 2019 Annual Domestic Discretionary Entrustment of Fuhua Investment Trust Company Investment Account by the Civil Service Retirement Pension Fund Management Committee	4,245,000	1.11%	0	0.00%	0	0.00%	None	None	
CAI, LI-XIANG	3,903,560	1.02%	8,522,888	2.23%	0	0.00%	Jinmao Investment Co., Ltd. FANG, MIN-ZONG CHEN, CHUN-MIN FANG, MIN-QING	Note 6 Brother-in-law Sister-in-law Husband	

Note 1: The 10 largest shareholders shall be listed. For corporate shareholders, the title of the corporate shareholder as well as the name of the representative shall be indicated.

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio in their own name, spouse, minor children or in the name of others.

Note 3: Shareholders to be disclosed in the preceding item shall include corporates and natural persons. Relationships between shareholders shall be disclosed according to the financial reporting standards used by the issuer.

Note 4: They are the chairman of the Company (FANG, MIN-ZONG) and the supervisor (FANG, MIN-QING)

Note 5: The chairman of the Company (FANG, MIN-ZONG) and the supervisor (FANG, MIN-QING) are her husband or her brother-in-law.

Note 6: The Company's chairman (FANG, MIN-ZONG) and supervisor (FANG, MIN-QING) are her brother-in-law or her husband.

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

December 31, 2021. Units: shares

Reinvestment in other companies (Notes)	Investments of the Company		Investment by directors/supervisors/managers and by companies directly or indirectly controlled by the Company		Total investments	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
PAN-JIT ASIA INTERNATIONAL INC.	244,086,493	100.00%	0	0.00%	244,086,493	100.00%
Pynmax Technology Co., Ltd.	84,462,023	94.60%	8,399	0.01%	84,470,422	94.61%
MILDEX OPTICAL INC.	21,470,166	21.01%	9,120,998	8.92%	30,591,164	29.93%
LIFETECH ENERGY INC.	871,071	20.57%	2,890,184	68.26%	3,761,255	88.83%
Alltop Technology Co., Ltd.	11,162,009	19.08%	0	0.00%	11,162,009	19.08%

Note: The Company adopts the equity method for long-term investment.

Chapter 4 Financing Status

I. Capital and Shares

(I) Source of Equity

1. Share type:

April 16, 2022: Units: shares

Type of shares	Authorized capital			Remarks
	Outstanding shares (note)	Unissued shares	Total	
Ordinary shares	382,814,927	217,185,073	600,000,000	

Note: TaiEx listed company stocks

2. Formation of share capital:

2022/4/16

Month / Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousands)	Number of shares (thousand shares)	Amount (NT$ thousands)	Source of equity	Capital increase by assets other than cash	Others
1986.05	1000	5	5,000	5	5,000	Note (1)	None	None
1994.12	1000	100	100,000	100	100,000	Note (2)	None	None
1997.10	10	19,900	199,000	19,900	199,000	Note (3)	None	None
1998.07	10	35,820	358,200	35,820	358,200	Note (4)	None	None
1998.12	10	55,740	557,400	40,800	408,000	Note (5)	None	None
1999.08	10	70,000	700,000	53,040	530,400	Note (6)	None	None
2000.07	10	111,000	1,110,000	74,821.8	748,218	Note (7)	None	None
2001.09	10	160,000	1,600,000	98,468.3	984,683	Note (8)	None	None
2002.09	10	210,000	2,100,000	113,880.5	1,138,805	Note (9)	None	None
2003.07	10	210,000	2,100,000	124,406.4	1,244,064	Transformation from corporate bond	None	None
2003.09	10	210,000	2,100,000	137,530.5	1,375,305	Note (10)	None	None
2004.01	10	210,000	2,100,000	140,888.4	1,408,884	Transformation from corporate bond	None	None
2004.03	10	210,000	2,100,000	148,825.2	1,488,252	Transformation from corporate bond	None	None
2004.07	10	280,000	2,800,000	167,719.0	1,677,190	Note (11)	None	None
2005.08	10	280,000	2,800,000	184,922.8	1,849,228	Note (12)	None	None
2005.11	10	280,000	2,800,000	184,711.8	1,847,118	Treasury stocks write-off	None	None
2006.04	10	280,000	2,800,000	194,168.3	1,941,683	Transformat	None	None

Month / Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousands)	Number of shares (thousand shares)	Amount (NT$ thousands)	Source of equity	Capital increase by assets other than cash	Others
						ion from corporate bond		
2006.07	10	280,000	2,800,000	195,681.3	1,956,813	Transformation from corporate bond	None	None
2007.01	10	280,000	2,800,000	215,698.5	2,156,985	Note (13)	None	None
2007.04	10	280,000	2,800,000	222,324.9	2,223,249	Transformation from corporate bond	None	None
2007.07	10	280,000	2,800,000	224,600.8	2,246,008	Transformation from corporate bond	None	None
2007.08	10	280,000	2,800,000	241,421.2	2,414,212	Note (15)	None	None
2007.10	10	500,000	5,000,000	257,054.3	2,570,543	Note (14)	None	None
2008.01	10	500,000	5,000,000	260,995.1	2,609,951	Transformation from corporate bond	None	None
2008.08	10	500,000	5,000,000	296,966.9	2,969,669	Note (16)	None	None
2008.10	10	500,000	5,000,000	316,966.9	3,169,669	Note (17)	None	None
2009.10	10	500,000	5,000,000	317,445.4	3,174,454	Transformation from corporate bond	None	None
2010.01	10	500,000	5,000,000	326,335.3	3,263,353	Transformation from corporate bond	None	None
2010.04	10	500,000	5,000,000	331,732.4	3,317,324	Transformation from corporate bond	None	None
2010.07	10	500,000	5,000,000	340,614.4	3,406,144	Transformation from corporate bond Employee stock option	None	None
2010.10	10	500,000	5,000,000	370,614.4	3,706,144	Note (18)	None	None
2010.11	10	500,000	5,000,000	370,727.1	3,707,271	Transformation from corporate bond Employee stock option	None	None
2011.01	10	500,000	5,000,000	372,854.8	3,728,548	Transformat	None	None

Month / Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousands)	Number of shares (thousand shares)	Amount (NT$ thousands)	Source of equity	Capital increase by assets other than cash	Others
						ion from corporate bond Employee stock option		
2011.05	10	500,000	5,000,000	377,150.1	3,771,501	Transformation from corporate bond Employee stock option	None	None
2011.08	10	500,000	5,000,000	377,785.6	3,777,856	Transformation from corporate bond	None	None
2011.09	10	500,000	5,000,000	374,785.6	3,747,856	Treasury stocks write-off	None	None
2011.10	10	500,000	5,000,000	371,935.6	3,719,356	Employee stock option Treasury stocks write-off	None	None
2014.04	10	500,000	5,000,000	382,726.9	3,827,269	Transformation from corporate bond	None	None
2014.07	10	500,000	5,000,000	385,675.7	3,856,757	Transformation from corporate bond	None	None
2014.10	10	500,000	5,000,000	387,716.2	3,877,162	Transformation from corporate bond	None	None
2014.11	10	500,000	5,000,000	384,716.2	3,847,162	Treasury stocks write-off	None	None
2015.03	10	500,000	5,000,000	383,335.5	3,833,355	Transformation from corporate bond Treasury stocks write-off	None	None
2015.05	10	500,000	5,000,000	388,158.0	3,881,580	Transformation from corporate bond	None	None
2015.08	10	500,000	5,000,000	388,991.4	3,889,914	Transformation from corporate bond	None	None

Month / Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousands)	Number of shares (thousand shares)	Amount (NT$ thousands)	Source of equity	Capital increase by assets other than cash	Others
2016.02	10	500,000	5,000,000	352,448.2	3,524,482	Transformation from corporate bond Treasury stocks write-off	None	None
2016.04	10	500,000	5,000,000	363,598.8	3,635,988	Transformation from corporate bond	None	None
2016.08	10	500,000	5,000,000	364,148.5	3,641,485	Transformation from corporate bond	None	None
2016.10	10	500,000	5,000,000	369,794.4	3,697,944	Transformation from corporate bond	None	None
2019.08	10	600,000	6,000,000	332,814.9	3,328,149	Cash capital reduction	None	None
2021.11	10	600,000	6,000,000	382,814.9	3,828,149	Common Stock for Cash and Issuing Global Depositary Receipt	None	None

Note: (1) When it was founded in May 1986, the share capital was NT$5 million.

(2) In December 1994, the Ministry of Economic Affairs Department of Commerce approved a cash capital increase of NT$95,000,000. (1995.1.11 Jing (84) Shang No. 100006)

(3) In October 1997, the Ministry of Economic Affairs Department of Commerce approved par value change to NT$10, capital increase of NT$29,000,000 in cash and NT$70,000,000 through earnings. (1997.10.29 Jing (86) Shang No. 120510)

(4) In April 1998, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$99,500,000 in cash and NT$59,700,000 through earning at a par value of NT$10 and a total of 15,920,000 new shares. (1998.4.17 (1998) Tai-Cai-Zheng (I) No. 30874)

(5) In October 1998, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$49,800,000 in cash at a par value of NT$10 and a total of 4,980,000 new shares. (1998.10.31 (87) Tai-Cai-Zheng (I) No. 91485)

(6) In August 1999, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$81,600,000 through earnings and NT$40,800,000 through capital reserve at a par value of NT$10 and a total of 12,240,000 new shares. (1998.4.20 (88) Tai-Cai-Zheng (I) No. 76284)

(7) In April 2000, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$159,120,000 through earnings and NT$58,697,600 in cash at a par value of NT$10 and a total of 21,781,760 new shares. (2000.4.12 (89) Tai-Cai-Zheng (I) No. 30271)(2000.5.3 (89) Tai-Cai-Zheng (I) No. 38406)

(8) In August 2001, the Securities and Futures Management Committee of the Ministry of Finance approved a

capital increase of NT$149,643,520 through earnings, NT$74,821,760 through capital reserve, and NT$12,000,000 through employee bonus at a par value of NT$10 and a total of 23,646,528 new shares. (2001.8.27 (90) Tai-Cai-Zheng (I) No. 153914)

(9) In June 2002, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$98,468,290 through earnings, NT$49,234,140 through capital reserve, and NT$6,420,000 through employee bonus at a par value of NT$10 and a total of 15,412,243 new shares. (2002.6.28 (91) Tai-Cai-Zheng (I) No. 910135577)

(10) In July 2003, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$44,667,820 through earnings, $33,500,860 through capital reserve, and NT$5,097,000 through employee bonus at a par value of NT$10 and a total of 8,326,568 new shares. (2003.7.4 Tai-Cai-Zheng (I) No. 920129806)

(11) In June 2004, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$131,952,800 through earnings, $43,984,260 through capital reserve, and NT$11,474,000 through employee bonus at a par value of NT$10 and a total of 18,741,106 new shares and transferred 52,631 shares from convertible coporate bond. (2004.6.8 Tai-Cai-Zheng (I) No. 930125243)

(12) In July 2005, the Financial Supervisory Commission approved a capital increase of NT$98,104,780 through earnings, $65,403,180 through capital reserve, and NT$8,530,000 through employee bonus at a par value of NT$10 and a total of 17,203,796 new shares. (2005.7.5 Jin-Guan-Zheng (I) No. 0940127020)

(13) In October 2006, the Financial Supervisory Commission approved a capital increase of NT$200,000,000 in cash at a par value of NT$10 and a total of 20,000,000 new shares and 17,241 transferred share from convertible corporate debt. (2006.10.17 Jin-Guan-Zheng (I) No. 0950146573)

(14) In October 2007, the Financial Supervisory Commission approved a capital increase of NT$100,000,000 in cash at a par value of NT$10 and a total of 10,000,000 new shares and 5,633,075 transferred share from convertible corporate debt. (2007.6.15 Jin-Guan-Zheng (I) No. 0960029324)

(15) In July 2007, the Financial Supervisory Commission approved a capital increase of NT$114,108,750 through earnings, $39,499,180 through capital reserve, and NT$14,597,000 through employee bonus at a par value of NT$10 and a total of 16,820,493 new shares. (2007.7.3 Jin-Guan-Zheng (I) No. 0960033639)

(16) In July 2008, the Financial Supervisory Commission approved a capital increase of NT$260,995,060 through earnings, $78,298,510 through capital reserve, and NT$20,425,000 through employee bonus at a par value of NT$10 and a total of 35,971,857 new shares. (2008.7.1 Jin-Guan-Zheng (I) No. 0970032540)

(17) In May 2008, the Financial Supervisory Commission approved a capital increase of NT$200,000,000 in cash at a par value of NT$10 and a total of 20,000,000 new shares. (2008.5.15 Jin-Guan-Zheng (I) No. 09700196561)

(18) In May 2010, the Financial Supervisory Commission approved a capital increase of NT$300,000,000 in cash at a par value of NT$10 and a total of 30,000,000 new shares. (2010.5.26 Jin-Guan-Zheng (I) No. 0990025195)

(19) In September 2021, the Financial Supervisory Commission approved a capital increase with a total of 50,000,000 to 60,000,000 new shares and 10 transferred share from convertible corporate debt. (Jin-Guan-Zheng No. 1100357515)

3. General information about the reporting system: Not applicable.

(II) Shareholder structure

April 16, 2022; Units: shares: %

Shareholder structure / Qty.	Government agency	Financial institution	Others Institutional investor (Note 1)	Individual investor	Foreign institutions & individuals	Total
Number of people	4	11	280	70,959	192	71,446
Number of Shares Held	9,500,000	3,856,951	99,317,074	230,784,016	39,356,886	382,814,927
Shareholding ratio	2.48	1.01	25.95	60.28	10.28	100.00

Note: Primary listed (counter) companies and emerging cabinet companies should disclose their mainland-owned shareholding ratios; Mainland capital refers to the people, legal persons, organizations, other institutions of the Mainland area, or companies investing in the third area as stipulated in Article 3 of the Mainland Area People's Investment Permitting Regulations in Taiwan.

Note 1. The number of shares held by other legal persons includes the 700,000 shares of the Company that have been repurchased.

(III) Shareholding distribution status

1. Ordinary share

At par value of NT$10 April 16, 2022; Units: shares

Shareholding grading	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 - 999	15,352	2,695,366	0.70
1,000 - 5,000	50,000	87,638,749	22.89
5,001 - 10,000	3,686	29,269,796	7.65
10,001 - 15,000	826	10,673,616	2.79
15,001 - 20,000	541	10,139,359	2.65
20,001 - 30,000	381	9,842,515	2.57
30,001 - 40,000	164	5,960,711	1.56
40,001 - 50,000	91	4,266,969	1.11
50,001 - 100,000	178	12,603,613	3.29
100,001 - 200,000	92	13,397,715	3.50
200,001 - 400,000	54	14,956,723	3.91
400,001 - 600,000	17	8,807,579	2.30
600,001 - 800,000	22	15,416,801	4.03
800,001 - 1,000,000	8	7,384,355	1.93
Over 1,000,001 Grading according to the actual situation	34	149,761,060	39.12
Total	71,446	382,814,927	100.00

(Note) The shareholding classification of 600,001 to 800,000 includes 700,000 shares of the Company that have been bought back.

2. Preferred share: none.

(IV) List of major shareholders:List all shareholders with a stake of 5 percent or greater, if less than ten shareholders, disclose the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list.

April 16, 2022; Units: shares

Shares / Name of substantial shareholders	Number of Shares Held	Shareholding ratio
Jinmao Investment Co., Ltd.	50,496,710	13.19%
CHEN, CHUN-MIN	9,393,480	2.45%
FANG, MIN-QING	8,522,888	2.23%
Taifong Investment Co., Ltd.	7,419,935	1.94%
The American JPMorgan Chase Bank Taipei Branch is entrusted with Investment account of the Vanguard Emerging Markets Stock Index Fund	5,367,740	1.40%
Bank SinoPac entrusted special account of Fuhua Small and Medium Selected Securities Investment Trust Fund	5,201,000	1.36%
The American JP Morgan Chase Bank Taipei Branch is entrusted with the investment account of the Advanced Stars International Stock Index Fund as part of the advanced Stars fund series.	4,878,398	1.27%
HSBC Managed Mattthews Asian & China SME	4,581,000	1.20%
The 2019 Annual Domestic Discretionary Entrustment of Fuhua Investment Trust Company Investment Account by the Civil Service Retirement Pension Fund Management Committee	4,245,000	1.11%
CAI, LI-XIANG	3,903,560	1.02%

(V) Share prices for the past two fiscal years, with company net worth per share, earnings per share, dividends per share, and related information

Fiscal year / Items			FY2020	FY2021	As of March 31, 2022 (Note 8)
Market price per share (Note 1)	Highest		55.90	125.00	114.00
	Lowest		13.70	39.60	84.60
	Average		37.19	88.87	101.30
Net worth per share (Note 2)	Before distribution		21.33	33.69	32.72
	After distribution		19.83	30.69(Note 9)	(Note 10)
Earnings per share	Weighted average number of shares (1000 shares)		332,349	340,448	382,115
	Earnings per share(Note 3)		2.70	5.66	1.60
Stock dividend per share	Cash dividend		1.50	3.00	(Note 10)
	Bonus stock	Stock dividend from earnings	0	0	(Note 10)
		Stock dividend from capital reserve	0	0	(Note 10)
	Accumulated dividends unpaid (Note 4)		0	0	(Note 10)
Return on investment analysis	Price earnings ratios(Note 5)		11.50	14.07	(Note 11)
	Price to dividend ratio (Note 6)		20.71	26.54	(Note 10)
	Dividend yield ratio (Note 7)		0.05	0.04	(Note 10)

If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market prices of common stocks in each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 2: Please refer to the number of issued shares at the end of the year and fill in the information according to the resolution of the board of directors or the shareholders' meeting of the following year.

Note 3: If retrospective adjustment is required due to free allotment, etc., the earnings per share before and after adjustment shall be listed.

Note 4: If the conditions for the issuance of equity securities stipulate that the undistributed dividends in the current year shall be accumulated and distributed in the year with surplus, the accumulated and unpaid dividends up to the current year shall be disclosed separately.

Note 5: Price/earnings ratio = Average closing price per share for the year/Earnings per share

Note 6: Price/dividend ratio = Average closing price per share for the year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividends per share/Average closing price per share for the current fiscal year.

Note 8: The net value per share and earnings per share should be filled with the information checked (reviewed) by the accountants in the most recent quarter up to the printing date of the annual report; other fields should be filled with the information of the current year up to the printing date of the annual report.

Note 9: The cash dividend distribution proposal for 2021 has been approved by the board of directors and is planned to be reported at the 2022 Annual General Meeting of Shareholders.

Note 10: There is no distribution of surplus in cash and free allotment as resolved by the board of directors and shareholders' meeting respectively.

Note 11: The 2022 surplus settlement has not been completed yet.

(VI) Company's dividend policy and implementation thereof

1. Dividend policy stipulated in the Company's articles of association:

If there is a surplus in the Company’ s annual final accounts, the Company should accrue for taxes and make up for accumulated losses first, then withdraw 10% as a legal reserve and the special surplus reserve under the regulations of the competent authority.Afterward, the Board of Directors shall draft a surplus distribution proposal for the balance. When new shares are issued, they shall be distributed after a resolution of the shareholders meeting.

In accordance with Article 240, Paragraph 5 of the Company Act, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to assign all or part of the dividends and bonuses payable. The resolutions shall be reported to the shareholders meeting.

The Company's dividend policy is determined by the Board of Directors based on operating plans, investment plans, capital budgets, and changes in internal and external environments. The Company's business is a capital-intensive industry and is currently in the stage of operational growth. Considering the Company's future capital needs and long-term financial planning, and meeting shareholders' demand for cash inflows, the principles of surplus distribution are as follows: The balance to be distributed for the current year is given priority to cash dividends and can also be distributed to shareholders in the form of stock dividends, but the total amount of cash dividends shall not be less than 10% of the total amount of dividends paid to shareholders.

In accordance with Article 241 of the Company Act, the Company will issue all or part of the statutory surplus reserve and capital reserve as new shares or cash in proportion to the shareholders' original shares. When cash is assigned, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to make a resolution and report to the shareholders meeting. When new shares are issued, they shall be distributed after a resolution of the shareholders meeting.

2. The situation of the proposed dividend distribution at the shareholders meeting:

The Company's FY2021 Net Income of NT$1,926,974,775, plus the opening undistributed earnings of NT$428,650,386, and disposal of investments in equity instruments measured at fair value through other comprehensive income of NT$51,990,920 and FY2021 other comprehensive income (re-measurement of defined benefit plan) of NT$1,920,539,and deducting the changes of equities in subsidiary ownership, NT$204,899,901,the total earnings available for distribution is NT$2,204,636,719. Excluding the legal reserve of NT$177,598,633,it is proposed to distribute a dividend of NT$3 per share to shareholders. All payments will be made in cash, with a total amount of NT$1,146,344,781.

The aforementioned cash dividend distribution has been approved by the Board of Directors of the Company, and it is planned to submit a report to the 2022 Annual General Meeting of Shareholders in accordance with the Articles of Association.

3. Significant changes in expected dividend policy: none

(VII) The proposed free share allotment of the shareholders meeting on the Company's business performance and per share impact of earning

There is no free allotment proposed at the shareholders meeting, so it is not applicable.

(VIII) The distribution of employee and director remunerations

1. The percentages or ranges with respect to employee and director remuneration, as set forth in the Company's articles of incorporation.After annual earnings first offset against any deficit, a minimum of 6% shall be allocated as employee compensation and a maximum of

2% as directors' remuneration. But the Company shall reserve a portion of profit to offset accumulated losses, if any.

The aforementioned employee compensation can be made in stock or cash. Its subjects may include employees of controlling or associates that meet certain conditions which are set by the Board of Directors.

2. The basis for estimating the amount of employee and directorcompensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

   The recognition is based on the Company's Articles of Association which stipulates in Article 19 that, "after annual earnings first offset against any deficit, a minimum of 6% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. But the Company shall reserve a portion of profit to offset accumulated losses, if any..." It is required to estimate. The estimated remuneration of staff and directors is recognized as salary expense in the current period. If the Board of Directors decides to pay employee compensation in stocks, the closing price on the day before the Board of Directors resolution is used as the basis for calculating the number of allotted shares. If there is a difference between the estimated number and the actual allotted amount by the Board of Directors, it is recognized as gain or loss in the following year .

3. Information on any approval by the Board of Directors of distribution of compensation:

   (1) The amount of employee compensation and directors' compensation distributed in cash or stocks:

   After deducting the reserved 2021 offsetting amount, the profit is NT$2,425,800,611. The Company's Board of Directors proposed to allocate 2% for director remuneration, totaling NT$48,516,011, and 6% for employee compensation, totaling NT$145,548,038. All are issued in cash.

   (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation:

   The Board of Directors does not propose to distribute employee remuneration by stocks, so it is not applicable.

4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares

distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

	Previous fiscal year (2020)			
	Actual allotment	Board of Directors Proposed allotment	Variance	Reasons for differences
1.Cash compensation for employees	NT$61,527,645	NT$61,527,645	NT$0	Not applicable
2. Employee stock compensation				
(1) Number of shares	0 shares	0 shares	0 shares	
(2) Amount	NT$0	NT$0	NT$0	
(3) stock price	$0	$0	NT$0	
3. Directors' remuneration	NT$20,509,214	NT$20,509,214	NT$0	

(IX) Share repurchases:

1. Those who have completed the execution

2022/4/16

Buyback terms	The 1st (term)	The 2nd (term)	The 3rd (term)	The 4th (term)	The 5th (term)
Buyback purpose	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Buyback time	2002/7/26 To 2002/9/25	2003/1/22 To 2003/3/21	2004/5/19 To 2004/7/18	2005/5/3 To 2005/7/2	2006/6/13 To 2006/8/12
Buyback prices	17.1 - 36.9	16.0 - 37.5	19.6 - 53	11.2 - 30.36	8.90 - 23.95
Type and quantity of shares bought back	Common stock: 211,000 shares	Common stock: 2,000,000 shares	Common stock: 2,000,000 shares	Common stock: 2,000,000 shares	Common stock: 2,000,000 shares
The bought-back quantity accounts for the scheduled buy-back quantity Ratio (%)	10.55%	100.00%	100.00%	100.00%	100.00%
Amount of shares bought back	NT$4,837,573 (Fee included)	NT$45,445,789 (Fee included)	NT$53,743,150 (Fee included)	NT$32,587,050 (Fee included)	NT$25,797,190 (Fee included)
Number of shares cancelled and transferred	211,000 shares	2,000,000 shares	2,000,000 shares	2,000,000 shares	2,000,000 shares
The cumulative number of shares held in the Company	0 shares	0 shares	0 shares	0 shares	0 shares
The cumulative number of shares held in the Company accounted for Ratio of total issued shares (%)	0.00%	0.00%	0.00%	0.00%	0.00%

Buyback terms	The 6th (terms)	The 7th (terms)	The 8th (terms)	The 9th (terms)	The 10th (terms)
Buyback purpose	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Buyback time	2006/8/31 To 2006/10/30	2008/7/3 To 2008/9/2	2008/9/8 To 2008/11/7	2011/8/30 To 2011/10/29	2011/12/1 To 2012/1/31
Buyback prices	9.00 - 21.75	13.65 - 41.60	12.05 - 32.40	12.50 - 36.95	8.75 - 23.30
Type and quantity of shares bought back	Common stock: 3,000,000 shares	Common stock: 3,000,000 shares	Common stock: 3,000,000 shares	Common stock: 3,000,000 shares	Common stock: 1,500,000 shares
The bought-back quantity accounts for the scheduled buy-back quantity Ratio (%)	100.00%	100.00%	100.00%	30.00%	30.00%
Amount of shares bought back	NT$42,412,379 (Fee included)	NT$62,805,907 (Fee included)	NT$52,033,225 (Fee included)	NT$50,114,346 (Fee included)	NT$24,248,643 (Fee included)
Number of shares cancelled and transferred	3,000,000 shares	3,000,000 shares	3,000,000 shares	3,000,000 shares	1,500,000 shares
The cumulative number of shares held in the Company	0 shares	0 shares	0 shares	0 shares	0 shares
The cumulative number of shares held in the Company accounted for Ratio of total issued shares (%)	0.00%	0.00%	0.00%	0.00%	0.00%

Buyback terms	The 11th (term)	The 12th (term)	The 13th (term)
Buyback purpose	To maintain corporate credit and shareholders' equity	To maintain corporate credit and shareholders' equity	Transfer of shares to employees
Buyback time	2015/9/24 To 2015/11/23	2015/11/11 To 2016/1/10	2020/3/24 To 2020/5/23
Buyback prices	6.72 - 14.34	8.37 - 19.08	10.54 - 34.50
Type and quantity of shares bought back	Common stock: 20,000,000 shares	Common stock: 18,000,000 shares	Common stock: 10,000,000 shares
The bought-back quantity accounts for the scheduled buy-back quantity Ratio (%)	100.00%	100.00%	7.00%
Amount of shares bought back	$246,547,489 (Fee included)	$263,515,489 (Fee included)	$16,507,418 (Fee included)
Number of shares cancelled and transferred	20,000,000 shares	18,000,000 shares	0 shares
The cumulative number of shares held in the Company	0 shares	0 shares	700,000 shares
The cumulative number of shares held in the Company accounted for Ratio of total issued shares (%)	0.00%	0.00%	0.21%

2. Those who are still in execution: none.

II. Corporate bond

None.

III. Preferred shares

None.

IV. Global Depositary Receipt

Items \ Date of issuance (execution) (Note 2)	2021/10/25
Date of issuance (execution)	2021/10/25
Issuance and Trading Location	Luxembourg Stock Exchange
Total amounts issued	USD$151,000,000
Issuance unit price	USD$3.02
Total number of units issued	50,000,000 Unit(s)
Recognizing Sources of Securities	Ordinary shares of the Company
Amount of Commended Securities	50,000,000 shares
Rights and Obligations of Depository Receipt Holders	The rights and obligations of the holders of Global Depositary Receipt s shall be handled in accordance with the relevant laws and regulations of the Republic of China and the relevant provisions of the depository deed. The main stipulations of the depositary deed are as follows: (1) Exercise of voting rights Unless otherwise provided by laws and regulations, holders of overseas depositary receipts may exercise the voting rights of Pan-JIT's ordinary shares recognized by their overseas depositary receipts in accordance with the depositary agreement and the laws and regulations of the Republic of China. (2) Dividend distribution, preemptive rights for new shares and other rights Unless otherwise stipulated in the depositary deed, holders of overseas depositary receipts shall, in principle, enjoy the same rights of dividend distribution and other rights to share shares as shareholders of Pan-JIT's ordinary shares.
Trustee	None
Depository institution	CitiBank, N.A.
Custodian	First Commercial Bank
Outstanding balance	1,610,000 Unit(s)
Apportionment method of related expenses during the issuance and existence period	The relevant expenses during the issuance and existence period shall be borne by the issuing

Items / Date of issuance (execution) (Note 2)			2021/10/25
			company
Important stipulations of depository deed and custody deed			Please refer to the Company's prospectus and depository deed
Per Unit market price (Note 3)	2021	Highest	USD$4.4345
		Lowest	USD$3.02
		Average	USD$3.848
	As of 2022/3/31	Highest	USD$3.8945
		Lowest	USD$3.2195
		Average	USD$3.5509

Note 1: The handling of overseas depositary receipts includes public offering and private placement of overseas depositary receipts. The public offering overseas depositary receipts in process refer to those that have been approved by the Association; the private placement overseas depositary receipts that are in process refer to those that have been approved by the board of directors.

Note 2: The number of fields is adjusted according to the actual number of transactions.

Note 3: For those who have participated in the issuance of overseas depositary receipts, the relevant market price of the overseas depositary receipts in the most recent year and as of the date of publication of the annual report shall be listed. In addition, if there are multiple transaction locations for foreign depositary receipts, they shall be listed separately according to the transaction locations.

V. Employee stock warrant

None.

VI. Issuance of new shares in connection with the merger or acquisition of other companies

None.

VII. Implementation of capital utilization plan

2021 issuing common stock for cash and issuing global depositary receipt:

(I) The Plan

1. The contents of the previous change plans and the benefits before and after the change:

Unit: NT$ thousands

Application of funds Items	Before		After	
	Amount	Expected possible benefits	Amount	Expected possible benefits
Repay bank loan	931,000	In 2021, it can save about NT$1,148 thousand in interest expenses, and about NT$6,832 thousand in interest expenses in the following years	931,000	Same As Before
Foreign currency for material	4,269,000	If the Company's current average borrowing rate for purchasing materials in US	3,297,000	If the Company's current average borrowing rate for US dollar purchases is

Application of funds Items	Before		After	
	Amount	Expected possible benefits	Amount	Expected possible benefits
purchase		dollars is 0.734%, it can save NT$31,332 thousand in interest expenses in the future.		0.83%, it can save NT$27,356 thousand in interest expenses each year in the future.
Investment in overseas subsidiaries (PAN-JIT Wuxi)	420,000	The investment income recognized by the Company in accordance with the shareholding ratio in each year from 2022 to 2026 will be US$1,255 thousand, 2,844 thousand, 4,106 thousand, 4,603 thousand, and 4,603 thousand, respectively.	-	The original purpose of using funds was to increase capital in overseas subsidiaries to meet their capital expenditure needs, and now the overseas subsidiaries use their own funds to support
Investment in overseas subsidiaries (PAN-JIT Semiconductor Xuzhou)	980,000	The investment income recognized by the Company in accordance with the shareholding ratio in each year from 2022 to 2027 is US$3,773 thousand, 5,965 thousand, 7,163 thousand, 6,879 thousand, 6,603 thousand, and 6,334 thousand, respectively.	-	

2. Reasons of change

Due to the recent domestic and foreign political and economic situation and the rapid changes in the capital market, the actual funds raised in this case are US$151,000 thousands (equivalent to NT$4,228,000 thousands), which is higher than the originally planned capital requirement of US$235,714 thousands (equivalent to NT$6,600,000 thousands). After evaluating the business strategy, and considering the flexibility of the use of funds and market changes, it is planned to change the use of funds to repay bank loans and purchase materials in foreign currencies, and adjust the progress of fund use. This change in the capital utilization plan was approved by the board of directors on

March 25, 2022, and was proposed to be approved at the 2022 Annual General Meeting of Shareholders.

(II) Implementation Status:

As of the quarter before the publication date of the annual report, the implementation situation and the comparison with the original estimated benefit:

Unit: NT$ thousands

Items	Implementation status		As of 2022/3/31	Reasons behind or ahead of schedule and improvement plan
Repay bank loan	Amount paid	Planned	931,000	Completed as planned
		Actual	931,000	
	Progress (%)	Planned	100.00%	
		Actual	100.00%	
Foreign currency for material purchase	Amount paid	Planned	1,816,920	In response to the booming market demand, the purchase schedule is slightly ahead of schedule, but there is no significant difference
		Actual	1,897,000	
	Progress (%)	Planned	55.10%	
		Actual	57.54%	

Chapter 5 Operation Summary

I. Business content

(I) Business scope

1. The main content of the business:

The Company and its subsidiaries are divided into different operating departments according to the different industrial attributes of manufacturing and selling products. The main business contents of each operating department are as follows:

A. Diode business group: engaged in the manufacturing and sales of wafers, power components and control modules.

B. Solar energy business group: sales of solar power plants.

2. Proportion of operating business:

Units: NT$ thousands

Product category	2021	
	Sales Amount	Sales ratio (%)
Rectifier diodes	12,282,345	88.61%
Others (Note)	1,579,399	11.39%
Total	13,861,744	100.00%

Note: Including the income from solar power plant power generation... etc. Due to the large number of product items, it is listed as other.

3. The Company's current commodity items:

Operating Segments	Main products:
Diode business group	Rectifier diodes, surge suppressors, small signal components, transistors, wafers, chips
Solar energy business group	Development and management of solar power plants

4. New products planned to be developed:

Here is an explanation of the planned new products for the main sales product - rectifier diodes:

(1) Silicon-based power devices and advanced discrete devices:

1-1. High-voltage Super-junction MOSFETs:

HV SJ MOSFETs 600V/650V Gen.1.5 – FR

HV SJ MOSFETs 600V/650V Gen.2 – EASY

HV SJ MOSFETs 600V/650V Gen.2 – FR

1-2. Middle Voltage Shielded-Gate Trench MOSFETs:

MV SGT MOSFET 100V Gen.2

MV SGT MOSFETs 80V Gen.2-SL

MV SGT MOSFETs 80V Gen.2-LL

MV SGT MOSFETs 60V Gen.2

MV SGT MOSFETs 40V Gen.2

MV SGT MOSFETs- Vehicle AU

1-3. Fast recovery epitaxial diode (FREDs)

FREDs 600V/1200V Gen.2

1-4. Field-stop trench, FST, IGBTs

FST IGBTs 650V/1200V Gen.1

FST IGBTs 650V/1200V Gen.2

(2) 3rd generation semiconductor, silicon carbide, high-speed power silicon carbide devices:

2-1. SiC Schottky diode (SC SDBs)

SiC SBDs 650V/1200V Gen.2

SiC SBDs 650V / 1200V / 1700v 3rd generation

2-2. Silicon Carbide MOSFETs

SiC MOSFET 1200V Gen.1

SiC MOSFET 650V Gen.1

SiC MOSFET 1200V Gen.2

2-3. Gallium Nitride High Electron Conductivity Transistors (GaN HEMTs)

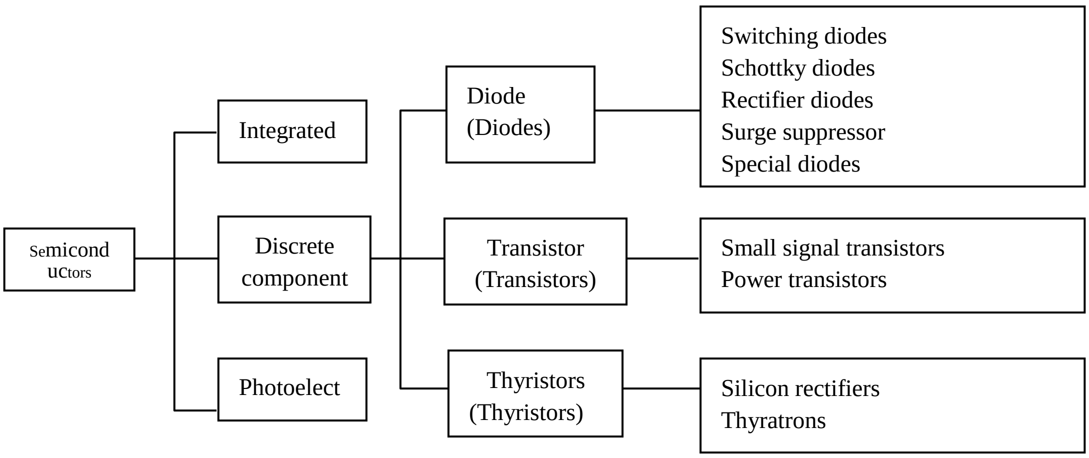
GaN E-HEMTs 650V:

(II) Market summary

Here is an explanation of the industry status

1. Current status and development of the industry

Discrete devices are one of semiconductors, and their functions are mainly current amplification, power protection and power management. Discrete components can be divided into three categories: Transistors, Diodes, and Thyristors according to their performance.Product classification diagram



Source of data: Institute of Electronics, ITRI

The development of the discrete component industry. Before the 2010s, European, American, and Japanese manufacturers relied on their own component technology development, perfect manufacturing production and quality management capabilities, and made good use of their own brand marketing channels to divide up the overall discrete component market for a long time. The share is about 70%. In contrast, Taiwanese manufacturers are slightly weak in technology and marketing because they started out as OEMs, and their market share is only about 10%.

In recent years, factories in Europe, the United States and Japan have faced fierce market cost competition, as well as policy subsidies from specific countries, and have readjusted their operating models, which in turn led to a wave of consolidation. For example, Infineon acquired International Rectifier in 2015 to expand some channels and product lines. In 2016, NXP sold its diode business to a Chinese-funded enterprise, and in the second half of 2017, Littelfuse and IXYS merged. In 2018, Micro Chip acquired Miscrosemi to integrate discrete semiconductors in the aerospace, defense, and communications markets. In 2019, Wingtech, a major mainland mobile phone ODM manufacturer, acquired Nexperia B.V. from the Netherlands. Undoubtedly, the official announcement of the direction of international manufacturers towards discrete high-power semiconductors highlights the ever-big trend of international manufacturers to integrate the discrete semiconductor market.

Due to geopolitics and the impact of the epidemic, the niche of Taiwan-related manufacturers is brought out. The Taiwan factory mainly produces surface mount and other high value-added products, including metal oxide semiconductor transistors (MOSFETs), third-generation semiconductors - also known as wide bandgap semiconductors (WBG), that is, silicon carbide (SiC) and Gallium Nitride (GaN), Schottky, Surge Suppressor (TVS) and Electrostatic Protection (ESD) and other fields. And a few low-priced product lines, such as STD Rectifier and Fast Rectifier, are transferred to mainland China where labor costs are lower. Even some manufacturers are worried about the impact of Sino-US trade, and they have not ruled out moving production capacity back to Taiwan or expanding production capacity equipment in Southeast Asia.

2. The relationship between the upper, middle and lower reaches of the industry

The industrial structure of discrete components can be divided into: upstream wafer raw materials, midstream wafer manufacturing, packaging and testing, and downstream applications.

Upstream raw materials mainly include wafers/epi wafers, precious metals, non-ferrous metals, aluminum alloys, non-metals, etc. Among them, Taiwan can be partially self-sufficient in wafers/epi wafers, while other precious metals such as gold, silver, platinum and some non-ferrous metals need to be imported.

Midstream wafer manufacturing and packaging testing, mainly 4"/6"/8"/12" wafer manufacturing and back-end packaging and testing.

In terms of downstream applications, it covers a very wide range. Including: information, communications, consumer electronics, aerospace, medical and automotive (including electric vehicles). The demand for components in these markets is still increasing year by year, which directly affects the development prospects of discrete components.

3. Various development trends of products

With the development of science and technology, in response to the needs of various circuit designs, discrete components have been developing towards diversification in recent years. For example, for high-voltage current applications such as electromechanical equipment, it needs to be equipped with high-power components suitable for higher voltage tolerance for voltage regulation and rectification. For electronic information products, separate components with smaller size and higher precision are required for protection.

Due to the increasing popularity of broadband networks, 5G has been determined to enter the first year of commercialization in 2019, which has indeed increased the demand for discrete components suitable for high-frequency and low-interference communication equipment. Secondly, in the electronic design of electric vehicles, as various electronic products gradually have compatible interfaces and can communicate with each other, more attention is paid to the functions of current regulation and protection.

The electrical function of discrete components is, in fact, determined from the wafer design and manufacturing stages. Product characteristics are closely related to the wafer process. In order to achieve one-stop design and production efficiency, many manufacturers have adopted an upward process integration model. Including the diffusion into the wafer, and even the process of epiwafer.

There is no doubt that such upwardly integrated wafer manufacturing has considerable advantages in raw material costs. nd because of the mastery of the wafer process, chips with different electrical functions can be produced according to different product requirements. This makes the production schedule more flexible and effectively improves the utilization of machine capacity.

If classified according to packaging methods, discrete components range from traditional Axial packaging, power packaging (TO type), bridge (Bridge), module (Module) packaging, to the recent trend towards very small surface mount DSN. , WLCSP, SMD, DFN and QFN packaging development.

As for product development, the general standard products with the lowest technical level are moving towards high-tech high-voltage, fast and Schottky high-power rectifier diodes, such as: focus on Shielded Gate design technology. The third generation compound semiconductor SiC SBD silicon carbide Schottky wide bandgap diode, SiC MOSFET silicon carbide metal oxide semiconductor transistor and insulated gate bipolar transistor IGBT.

4. Product competition

At present, the main domestic and listed companies that produce discrete components are Dazhong, Fuding, Nexen, Quanyuxin, Lizhi, Dewei, Hongyang and Taiwan Semiconductor, etc., and foreign manufacturers include Infineon, STMicroelectronics , ROHM, VISHAY, Diodes Inc., Onsemi, Nexperia, Silan Microelectronics, Yangjie and China Microelectronics in the mainland. As mentioned above, large international manufacturers such as Europe, America and Japan have gradually reduced the production of discrete components under the pressure of cost, or changed them to outsourced OEMs, and then turned to other semiconductor product lines such as high-tech ICs.

Looking at the overall semiconductor industry, discrete components belong to relatively mature process technology and relatively low barriers to entry. To obtain continuous trust from customers and the market, ensure product quality reaches a certain level, save production costs and increase gross profit margin, it has become a top priority for manufacturers. . In view of the rapid development of the industry, Pan-JIT Semiconductor Business Group will focus more on forward-looking market changes in the future, join talent teams in various fields, actively integrate relevant resources of the group, and strive for sustainable and stable growth.

(III) Overview of technology and research and development

1. R&D expenses invested in the most recent fiscal year and as of the printing date of the annual report

Units: NT$ thousands

Items	2021	Q1 2022
R&D expenses	422,578	132,363
Percentage of net sales	3.05%	3.56%

2. Technologies or products that have been successfully developed in the most recent fiscal year and as of the publication date of the annual report:

Pan-JIT has been committed to the market and product component technology development of advanced semiconductor discrete devices. In recent years, relying on the advantages of self-developed semiconductor chips and packaging, silicon-based semiconductor power components, such as power metal oxide field effect transistor Si

Power MOSFETs, insulated gate bipolar transistors Insulated-Gate Bipolar Transistors (IGBTs), Fast Recovery Epitaxial Diodes (FREDs); and third-generation semiconductors (also known as "wide bandgap semiconductors") Silicon carbide (SiC) high-speed and high-power components, such as SiC SBDs, SiC MOSFETs, etc. Various advanced products are developed.

Pan-JIT has successfully released 97 semiconductor power discrete device products, which are listed as follows:

(1) Silicon-based power devices and advanced discrete semiconductor components:

1-1. High Voltage Super Junction MOSFETs: Super Junction (SJ, MOSFETs) Technology
HV SJ MOSFET - 600V/650V, Gen1.5: 23 products released

1-2. Middle Voltage Shielded-Gate Trench, SGT, MOSFETs:
Medium Voltage SGT MOSFETs-100V Gen.2: 6 Products Released

1-3. High-speed recovery epitaxial diodes (FREDs)
FREDs 600V/1200V Gen.1: 37 products released

(2) 3rd generation semiconductor, silicon carbide, high-speed power silicon carbide devices:

2-1. SiC Schottky diode (SC SDBs)
SiC SBDs 650V/1200V Gen.1: 31 products released

(IV) The Company's long- and short-term business development plans.

Here is an explanation of the important use and production process of the main product - rectifier diodes

(1) The Company's short-term business development plans.

Looking at the future development of the discrete component industry, the growth driver is driven by the explosive growth of the global electric vehicle-related application demand, followed by the smart city, 5G communication, new energy and metaverse markets. The Company grasps the market application design trends, and conforms to the design needs of different customers. In addition to making full use of external resources to supply products that meet the needs of customers in the consumer market, it also actively strengthens input resources to research and develop separate components for vehicles, smart cities, smart factories, new energy and other related products. We will strive to become strategic partners with international first-tier brand manufacturers, and strive to pass the certification of international car manufacturers, so that the Company's operating conditions can grow sustainably and stably.

(2) The Company's long-term business development plans.

All parties in the Company have recruited international teams to respond to the explosive growth of global demand for electric vehicles in the future, as well as the huge business opportunities brought about by the high development of smart cities, smart factories, and new energy. The long-term strategy will make full use of external resources more efficiently to supply customer needs. t the same time, it will also invest more actively in wafer R&D and design resources, focusing on the development of niche products that meet the design needs of automotive, new energy and industrial control. We will strive to become strategic partners with international first-tier brand manufacturers, and strive to pass the certification of international car manufacturers, so that the Company's operating conditions can grow sustainably and stably. We will strive to pass the certification of international car manufacturers, so that the Company's operating conditions can grow sustainably and stably.

II. Market, production and sales summary

(I) Market Analysis

1. Sales area of main products

Units: NT$ thousands

Sales territories \ Fiscal year		2020		2021	
		Amount	%	Amount	%
Export	ASIA	8,838,771	84.30	11,618,931	83.82
	AMERICAS	252,248	2.41	373,576	2.70
	EUROPE	734,163	7.00	960,059	6.93
	Others	31,335	0.30	52,946	0.38
Subtotals		9,856,517	94.01	13,005,512	93.83
Domestic		628,583	5.99	856,232	6.17
Total		10,485,100	100.00	13,861,744	100.00

2. Market share

Here is an explanation of the market share

At present, the listed and OTC companies that produce diodes in China are mainly Taiwan Semiconductor, Dewei Technology and Hongyang-KY. The sales value shares of the Company and the aforementioned companies in the global diodes are listed as follows:

Unit: NT$ millions

Items \ Fiscal year		2020	2021
Global Diode Sales Value		671,928.64	833,168.00
Pan-Jit	Sales	10,226.97	13,597.79
	Market share (%)	1.52	1.63
Taiwan Semiconductors	Sales	4,671.43	6,286.59
	Market share (%)	0.70	0.75
Eris Tech	Sales	1,537.47	2,056.72
	Market share (%)	0.23	0.25

Items \ Fiscal year		2020	2021
Hongyang-KY	Sales	1,613.55	2,102.79
	Market share (%)	0.24	0.25

Source of data:
Global Diode Sales Value: World Semiconductor Trade Statistics(“WSTS”)
Sales value of each company: It is estimated based on the consolidated revenue announced by the Taiwan Stock Exchange Stock Market Observatory
Note: Because the revenue details of rectifier diode products of various companies are different and have not been announced.Therefore, the calculation of market share can only be estimated based on its announced consolidated revenue.

3. The supply and demand situation and growth potential of the market in the future

This is to explain the future supply and demand situation and growth of the market with respect to the main sales product - rectifier diodes

From the perspective of the discrete component industry, its application ranges all kinds of electrical and electronic products, including various consumer electronics products, PCs, communications, automotive markets, etc. Its market size is closely related to the number of newly developed IC products and the output of chip production plants. Therefore, the shipment status of its terminal application

According to the MIC report of the Information Policy Association, the global semiconductor market will reach US$550.9 billion in 2021, with a growth rate of 25.1%; Looking forward to 2022, it is estimated that the global market size will reach US$606.5 billion, with a growth rate of 10.1%. Among them, the development of emerging applications, such as AI combined with emerging technologies and applications such as the Internet of Things, automotive electronics, and compound semiconductors, will drive the continued growth of demand for more types and quantities of semiconductor components, becoming the main driving force for the growth of the semiconductor industry in the post-epidemic era.

The following is an analysis of the supply, demand and growth potential of the main terminal application markets of the industry:

In terms of smartphones, global smartphone shipments are expected to successfully shake off the impact of the Covid-19 epidemic next year, with a modest annual growth rate of about 3.8%. According to the latest report released by TrendForce, a research institute, it is expected that in 2022, with the global economic activity returning to the right track, the annual production volume of smartphones is estimated to reach 1.386 billion units, returning to the pre-epidemic water level. The driving force of injection still mainly comes from the cyclical replacement demand of the mobile phone family, as well as the new demand from emerging countries. In terms of 5G mobile phones, driven by the Chinese government's active promotion of 5G commercialization. After two years to 2021, the global 5G mobile phone market will account for 37.4%, and the total annual production will be 500 million. Looking ahead, as the market share of 5G mobile phones in China has exceeded 80%, the focus of market development will shift to other regions. However, due to the different progress of 5G construction in various countries and the higher communication costs than 4G communication, under the inference that the market share growth rate will slow down, it is estimated that the global 5G mobile phone market share will reach 47.5% in 2022, and the total production will be about 660 million.

In terms of personal computers, market research firm IDC said that after two consecutive years of strong double-digit growth, personal computers (PCs) are expected to slow down in 2022. However, the compound annual growth rate (CAGR) from 2021 to 2025 is 3.3%, and most of the growth comes from notebook computers. As for tablet shipments, it will continue to decline as the category is still challenged by smartphones and laptops. IDC said OEMs have prioritized commercial market demand in recent months as supply chains continue to be challenged. Compared with the consumption and education fields, the commercial market demand is higher and more stable. The recent slowdown in the home market is expected to continue into 2022. But in the long run, the home PC market has five years of growth similar to commercial growth.

TrendForce predicts that in 2021, notebook shipments will break a record high of 236 million units. Demand for key product Chromebooks begins to slow in the second half of 2021. But it will still peak at 47 million units, with a growth rate of up to 50% in 2021. Looking forward to 2022, TrendForce pointed out that despite the slowdown in demand for laptops, under the support of hybrid working modes and commercial laptops, the overall laptop market shipments in 2022 will be revised slightly, with an annual decrease of about 6% to 220 million tower.

In the automotive market, as the issue of global warming has attracted attention, countries around the world have also adopted relevant decarbonization policies in order to achieve carbon emission targets, forcing car manufacturers to actively transform. In addition, governments around the world are also actively providing relevant subsidy measures, such as subsidies for electric vehicle purchases and wide-ranging charging piles. With the support of green energy policies of various governments and the decline in the price of key raw materials such as batteries, it will be beneficial to increase consumers' willingness to buy electric vehicles. ITRI estimates that the compound annual growth (CAGR) of global electric vehicles will be as high as 31.6% from 2021 to 2023; BNEF estimates that the number of passenger and commercial electric vehicles worldwide will rise to 677 million by 2040.

Electric vehicles have driven a huge increase in the types and demand of semiconductors, among which the third-generation semiconductors - gallium nitride (GaN) and silicon carbide (SiC) have received the most attention. Silicon carbide has the characteristics of high temperature resistance, high pressure, high frequency, high power, etc. One of the reasons why Tesla's electric vehicles are leading in battery life is the bold use of silicon carbide parts to reduce the loss of energy transfer between components. The gradual upgrade of the global electric vehicles towards the 800V high-voltage architecture will also push up the demand for silicon carbide. Market research agency TrendForce estimates that the global electric vehicle market's demand for 6-inch silicon carbide wafers will double from 120,000 in 2021 to 230,000 in 2022. It will also maintain this growth trend and will reach 1.69 million in 2025. Among the electronically controlled power components, the diode is the most important. At present, car manufacturers have switched from traditional diodes (STDs) to high-efficiency diodes (LLDs). Considering the requirements of safety and the comfort of the driving space, in addition to the existing low-power components, voltage regulators, etc., the introduction of sensors or equipment such as navigation, temperature, image monitoring, safety detection, etc. Driven by a substantial increase in the demand for automotive diodes.

4. Competitive strength

Here is an explanation of the competitive strength

(1) Excellent quality and brand

The Company has always adhered to excellent quality, and accumulated many years of skilled technology and experience. Not only has established a good reputation and reputation, but also obtained ISO9001, IATF16949, ESDS20.20, IECQ QC080000, ISO45001, ISO14001 and other product quality, environment and corporate social responsibility certifications, and a member of the Responsible Business Alliance (RBA), becoming one of the leading brands in the industry in Taiwan.

(2) Rich experience in manufacturing technology

The Company's management team, adhering to the concept of sustainable enterprise management, continues to invest in research and development and equipment. With R&D and process teams in various professional fields, they have accumulated many years of experience in professional semiconductor manufacturing technology, focusing on improving production efficiency, which helps to simplify and even optimize the process. In addition, by putting advanced equipment into production automation, it not only reduces production costs, but also improves product quality, thereby effectively enhancing operational efficiency and market competitiveness.

In addition, in recent years, the Company has been actively investing in fully automated surface-mounted discrete component production equipment, as well as optimizing production control systems, such as introducing MES. All these investments can effectively increase unit production and help to greatly reduce the rate of defective product quality. At present, the Company's overall non-performing rate can maintain a world-class level of less than 5PPM (five parts per million).

(3) Complete product line

The Company also produces a variety of separate components with different uses and specifications, which can meet the needs of customers for one-time purchase. Therefore, the customer base covers all kinds of electronic companies, so it is not limited by the changes in the prosperity of a single downstream industry. It is also an important niche for market competition because it provides a complete product line to customers.

(4) Control of raw material cost

In general discrete component factories, the production process is only packaging. Only companies with a larger scale can step into the diffusion of wafers and even the process of epitaxy. If it is only the packaging process, the Company is just a simple processing factory, and the profit margin is only the processing fee income. If the process involves the diffusion of the wafer, the control of the cost of raw materials becomes active. s long as the Company purchases plain chips with more general specifications, the Company will produce chips according to different product requirements. Not only can the cost of raw materials be further reduced, but the production schedule can also flexibly cope with market changes, and the control over the sales of raw materials and finished products is more direct and effective.

(5) New product development

SiC semiconductors have excellent material properties and can be fabricated for automotive, military and other high-speed power electronic devices. Therefore, in order to enter the industrial control and automotive fields, SiC semiconductors will be the main focus of the Company's product development. In addition, in response to the market demand for smart phones, tablet PCs and related peripheral products, the Company's current development of related ESD protection components is available. In particular, the adoption of USB3.0/4.0 and HDMI x is becoming more and more mature in the market. The Company continues to develop related HI PIN COUNT components to meet customer needs.

In terms of product portfolio, with the current company has a variety of PACKAGE mass production advantages. For example, SMD and DFN thin series to respond to the development of increasingly thin and light end products. With the rise of the concept of greening the earth, in response to the needs of customers for energy saving, the Company will also develop products that can reduce losses, such as: low RDS (ON) MOSFET, FRED, IGBT, SiC MOSFET, GaN E-HEMT development .

5. Advantages, disadvantages and countermeasures of development prospects

This article explains the advantages, disadvantages and countermeasures of the development prospect with respect to the main sales product - rectifier diodes

(1) Positive drivers

A. With the increase in the penetration rate of Covid-19 vaccines and the recovery of the semiconductor industry such as integrated circuits, the demand for the provision of discrete components has also recovered. According to OMDIA's market forecast, the power control market for notebook computers, battery chargers, 5G electronics, and automotive, medical electronics will grow, so the Company can develop in this direction.

B. The establishment of an e-commerce platform, Mouser, Digi-Key and TECHDesign allow customers to purchase online, provide last-mile services, and expand the customer base.

C. Large manufacturers of discrete components in Europe and the United States, such as VISHAY and Onsemi, have increased the search for external resources under consideration of production costs, including the opportunity for manufacturers in Taiwan to seek OEM foundry, which is actually a potential customer base for the strong semiconductor business group, or Derivative product line opportunity points. And this is actually the potential customer base of PAN-JIT semiconductor business group, or a product line opportunity point that can be derived.

D. The Company sells its own brand in Europe, America and Taiwan, and is widely recognized and adopted by world-class manufacturers. The Company obtained ISO-9002 certification in 1996 and IATF16949 (QS-9000) certification in 1997, which is a very strict quality standard.

E. Develop advanced semiconductor discrete device products from upstream to downstream, more in line with customer and market needs.

(2) Unfavorable factors and countermeasures

A. There is a trend of labor shortage in Taiwan

Countermeasures:

In order to reduce the dependence on manpower and improve the quality, the Company has been committed to the automation of production equipment for many years, with good results. Actively develop recruitment briefing sessions for graduates of colleges and universities, and invite all students to join.

B. Market competition is becoming increasingly fierce

Countermeasures:

Strengthen automated production and actively develop markets to win orders, so as to increase production scale and reduce production costs; And take advantage of the increase in scale to make purchase bargaining and payment terms more favorable. Simultaneously develop high value-added and niche products that are differentiated from the market. And increase the proportion of production of new products to improve the Company's overall gross profit margin.

(II) Usage and manufacturing processes for the Company's main products.

Here is an explanation of the important use and production process of the main product - rectifier diodes

1. Usage of the Company's main products.

Separate components are mainly used to provide power rectification, protection and switching of various electronic products, and are indispensable components in the circuits of various electronic products. The Company produces a complete range of products, which are widely used in various electronic products. Its application fields can be slightly divided as follows:

A. Computer computing: desktop computers, notebook computers, tablet computers, servers, computer peripheral accessories, etc.

B. Communication: 5G base stations, switches, mobile/small/micro base stations, STB set-top boxes, Netcom servers, satellite receivers, PoE, RF tuners, etc.

C. Consumer electronics: unmanned aerial vehicles, wearable devices, virtual reality VR, smart doorbells, smart audio, home appliances.

D. Automotive electronics: electric vehicle on-board charger, ADAS, active headlight steering system, airbag, car audio and video system, 48V power system, etc.

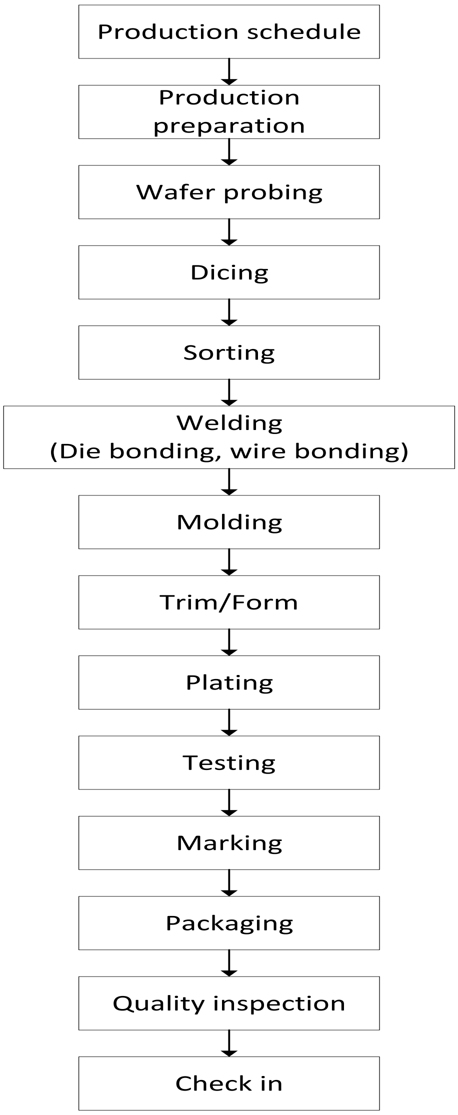
E. Power supply: consumer electronics power supply, server power supply, charging pile, wireless charging, etc.

F. Industrial control: power-off system, ESS, motor drive, inverter, solar junction box, etc.

2. Manufacturing processes for the Company's main products.

Assembly process flow chart

Product line (SOD, SOT, MOS)



(III) Supply situation for the Company's major raw materials.

The Company's production plants at home and abroad have long-term and stable cooperative relations with third-party factories and raw material suppliers. Therefore, suppliers can provide supply at the most competitive price and method, so that the Company can maintain its advantage in product cost and provide customers with the best service.

(IV) A list of any suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

1. Information of major suppliers in the last two fiscal years:

The main reason is that the market demand for small signal products is booming, and the group company's own production capacity cannot be satisfied in the short term, so the proportion of purchased finished products increased.

Units: NT$ thousands

Items	2020				2021				As of 2022 in the last quarter (note 2)			
	Name	Amount	Percentage of annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relation with the issuer
1	Company A	449,136	8.56%	None	Company A	719,772	10.04%	None	Company A	146,542	7.12%	None
2	Others	4,798,583	91.44%		Others	6,446,337	89.96%		Others	1,912,124	92.88%	
	Net purchase	5,247,719	100.00%		Net purchase	7,166,109	100.00%		Net purchase	2,058,666	100.00%	

Note 1.List the names of suppliers who have purchased more than 10% of the total purchases in the last two years, as well as the purchase amount and proportion. However, because the contract stipulates that the name of the supplier or the transaction object shall not be disclosed as an individual and not a related person, the code name can be used.

Note 2.The financial information for the year ended March 31, 2022 has been reviewed by by CPAs.

2. Information on major sales customers in the last two fiscal years:

The main sales customers in 2021 and 2020 are not much different.

Units: NT$ thousands

Items	2020				2021				As of 2022 in the last quarter (note 2)			
	Name	Amount	Percentage of annual net sales (%)	Relation with the issuer	Name	Amount	Percentage of annual net sales (%)	Relation with the issuer	Name	Amount	Percentage of annual net sales (%)	Relation with the issuer
1	Others	10,485,100	100.00%		Others	13,861,744	100.00%		Others	3,716,138	100.00%	
	Net sales	10,485,100	100.00%		Net sales	13,861,744	100.00%		Net sales	3,716,138	100.00%	

Note 1.List the names of customers who have more than 10% of the total sales in the last two years and their sales amount and proportion. However, because the contract stipulates that the name of client or the transaction counterparty shall not be disclosed as an individual and not a related person, the code name can be used.

Note 2:The financial information for the year ended March 31, 2022 has been reviewed by by CPAs..

(V) An indication of the production volume for the 2 most recent fiscal years.

Units: NT$ thousands

Fiscal year / produced Volume Value / Main products: (Or segments)	2020			2021		
	capacity	Production Quantity	Production value	capacity	Production Quantity	Production value
Rectifier diodes	18,506KK	17,579KK	5,871,237	23,698KK	22,374KK	6,989,804
Total			5,871,237			6,989,804

Note 1: Production capacity refers to the amount that the Company can produce under normal operation using existing production equipment after taking into account factors such as necessary shutdowns and holidays.
Note 2: If the production of each product is substitutable, the production capacity may be calculated on a consolidated basis, and an explanation should be attached.
Note 3: Production capacity and output are self-produced parts.

(VI) An indication of the volume of units sold for the 2 most recent fiscal years.

Units: NT$ thousands

Fiscal year old / Volume Value / Main products (Or segments)	2020				2021			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Rectifier diodes	1,785KK	588,660	24,360KK	8,854,000	2,350KK	848,226	29,262KK	11,434,120
Others	-	39,923	-	1,002,517	-	68,398	-	1,511,000
Total		628,583		9,856,517		916,624		12,945,120

III. Employee information in the two most recent fiscal years up to the publication date of this annual report:

Fiscal year		2020	2021	As of As of 2022/3/31
Employee Number of people Quantity	Administrative staff	168	168	175
	Technical staff	1,088	1,058	1,158
	Operators	1,639	1,663	1,661
	Total	2,895	2,889	2,994
Average age		35.90 years old	36.59 years old	36.54 years old
Average years of service		5.97 years	6.21 years	6.27 years
Educational ution ratio	PhD	0.21%	0.21%	0.20 %
	Master	5.35%	5.26%	5.11 %
	University/college	41.97%	43.89%	43.39 %
	High school	38.96%	37.56%	38.21 %
	High school and lower	13.51%	13.08%	13.09 %

IV. Environmental protection expenditure

In the most recent year and as of the date of publication of the annual report, the current and future estimated amount of losses due to environmental pollution and countermeasures:

Company Name	Disposal date	Disposal Fine document number	Violation Regulation details	Violation Regulation content	Fine detail	The current and future estimated amount of losses due to environmental pollution and countermeasures
PAN-JIT International Inc.	2021/05/18	Gao City Huan Ju Kong Chu No. 20-110-050013	Article 32, Paragraph 1, Paragraph 1 of the Air Pollution Prevention and Control Act	A fire in the Company caused thick smoke (gray granular pollutants) to be clearly visible outside the perimeter, and the fire spread into the atmosphere, causing air pollution	A fine of NT$150,000 and a two-hour environmental training	Increase fire extinguishing pipes, install detectors and other recovery monitoring, a total of NT$1.676 million
Pan-Jit Electronics (Wuxi) Co., Ltd.	2022.2.16	Xi-xin-huan Penalty Judgment [2021] No. 240	Article 10 of the Law of the People's Republic of China on the Prevention and Control of Water Pollution	The discharge of water pollutants shall not exceed the national or local water pollutant discharge standards and the total discharge control standards for key water pollutants	A fine of RMB 207,000	The violation was accidental. After internal investigation, it was caused by the inflow of cleaning water in the restaurant into the rainwater pipe. The Company has strengthened internal training and education, and strengthened restaurant operation standards to prevent such incidents from happening again.

V. Labor relations:

(I)Any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

(1) Employee welfare measures and their implementation:

A. Establish an employee welfare committee and regularly organize employee travel, provide wedding and funeral subsidies, scholarships, condolences for injuries and illnesses, gifts for three festivals, and group insurance for employees' major illnesses.

B. Labor insurance, health insurance, various maternity, injury, medical treatment, disability, old age, death and other benefits and payments shall be handled in accordance with relevant labor laws and regulations.

C. The Company' s festive gifts prioritize the products of public welfare units, so as to combine the welfare of employees with the social responsibility of giving back.

(2) Advanced education system and its implementation:

Reward employees for further education, set up a scholarship system, and issue different language allowances for English certification.

(3) The training system and its implementation:

A. Put forward education and training needs according to departments. And according to the Company's development goals and strategies to prepare an annual education and training plan, and then implement and review accordingly. And evaluate the effectiveness of employees, and make corrections when it is inappropriate.

B. The training courses for the improvement and improvement of the management functions of the department heads are held in a special way to strengthen the organization and leadership.

C. In order to strengthen the thinking and management skills of team members, provide relevant latest management information related books, newspapers and e-newsletters, so that relevant team members can learn and obtain the latest management information in a timely manner.

D. 2021 annual staff training and training expenses are about NT$974 thousands . The training and training hours and course content statistics are as follows:

Course category	Total hours	Course category	Total hours
Business management	26	Quality system	425
Financial accounting	36	Industrial safety and environmental safety	114
Information technology	48	Human resources general affairs	52
Production engineering	1,185	R&D design	124
Others	56		

(Note) The number of class hours is the combined statistics of internal and external training

(4) Retirement system and its implementation:

A. Since July 1, 1995, the Company has chosen to apply the labor pension regulations according to the proportion specified by the regulations (6% of the monthly salary paid by the labor pension monthly payment scale), and the monthly payment is made. Pay the new labor pension.

For senior employees of the old pension system, according to the ratio stipulated in Article 56, Paragraph 1 of the Labor Standards Act (2% of the total monthly salary of the labor), the labor retirement reserve shall be allocated monthly to a special account for storage.

In addition, from 2016 onwards, for those who meet the retirement requirements of Article 53 or 54 of the Labor Standards Act in the current year, the full amount of pension is allocated to the special account for labor retirement reserves. The calculation of pension is based on the employee's past six months. The average salary (full salary plus overtime pay) is calculated.

The 2021 legacy employee pension has been fully contributed by the end of March.

B. The applicable regulations of the Company in accordance with the Labor Standards Act and the Labor Pension Regulations are as follows:

a. Self-retired:

A worker who has one of the following circumstances may apply for retirement: (Those who choose to apply the Labor Pension Regulations shall follow the same regulations)

I.Those who have worked for more than 15 years and are at least 55 years old.

II.Those who have worked for more than 25 years.

III.Those who have worked for more than ten years and have reached the age of sixty.

b. Mandatory retirement:

The Company shall not compel an employee to retire unless he or she falls under any of the following circumstances:

Those who are sixty-five years old or older.

I. Physically and mentally handicapped incompetent workers.

II.The age specified in Subparagraph 1 of the preceding paragraph, the Company may report to the central competent authority to adjust the age for work with special characteristics such as dangerous and strong physical strength, but it shall not be less than fifty-five years old.

c. Retirement payment standard:

I.The length of service before and after the application of the Labor Standards Act and the choice of continuing to apply the pension provisions of the Labor Standards Act in accordance with the Labor Pension Act or retaining the length of service before the application of the Labor Pension Act. The standard of pension payment shall be calculated in accordance with Articles 55 and 84-2 of the Labor Standards Act.

II. Employees who have the preceding paragraph and who have been forced to retire in accordance with Paragraph 2, Paragraph 1, Article 54 of the Labor Standards Act, whose physical and mental disabilities are caused by the performance of their duties, shall be subject to Article 55, Paragraph 2 of the Labor Standards Act. One of the provisions of paragraph 1 shall be added to twenty percent.

III.For employees who are subject to the pension provisions of the Labor Pension Act, the Company will pay 6% of their wages to the individual pension account of the laborer on a monthly basis.

d. Pension payment:
The Company shall pay the retirement benefits to the employees within 30 days from the date of retirement of the employees.

(5) The labor-management agreement and various employee rights protection measures:
Any new or revised measures related to labor-management relations of the Company and its subsidiaries have been fully communicated by both parties, so there is no dispute.
The Company has established the "Corporate Social Responsibility Communication Management Procedure" in the RBA system, which specifies the channels and procedures for employee complaints and complaints. And has a special unit to accept appeal cases. In addition, the "Measures for the Management of Stakeholders' Suggestions and Complaints" has also been formulated. And set up a special area for stakeholders on the Company's website to provide a complaint mailbox as a channel for employees to protect their rights and interests; Other subsidiaries regularly communicate with labor representatives through labor-management meetings, and actively promote labor-management harmony.

(II) Any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken: none.

VI. Information security:

(I) Information security risks and countermeasures:

As the Company increasingly relies on systematization in its operations and often performs various businesses through the Internet, information security has become an unavoidable challenge. With the frequent occurrence of information security incidents in major companies around the world, information security threats such as hacking, social engineering, website hacking, and computer viruses are increasing day by day. The Company also actively enhances information security protection capabilities and establishes an effective information security management mechanism. Its purpose is not only to avoid waste and loss of company resources and to prevent damage to goodwill or image, but also to improve the operation process and improve the operation efficiency as a positive goal. The Company's management structure, policies and countermeasures related to information security are as follows:

1. information security management framework:

The responsible unit of the Company's information security is the information business entity, which is responsible for planning, implementing and promoting information security management matters, promoting information security awareness, and regularly reviewing information security policies. In addition, the audit office is used as the audit unit for information security supervision. If any deficiencies are found in the audit, the audited unit will be required to propose relevant improvement plans and report to the board of directors, and regularly track the improvement results to reduce internal information security risks.

2. Information security policy:
   (1) Formulate management regulations related to information security to ensure the confidentiality, integrity and availability of the information assets to which it belongs, so as to provide an information environment for the continuous operation of the Company's business.
   (2) Regularly evaluate the impact of various man-made and natural disasters on the Company's information assets. And formulate disaster countermeasures and disaster recovery plans for important information assets and key businesses to ensure the continuous operation of the Company's business.
   (3) Publicize the importance of information security and various possible security risks to all colleagues, so as to improve employees' information security awareness.
   (4) All colleagues and suppliers who use or link the Company's information system are required to abide by the Company's information security regulations.
3. Information security specific management plan:
   The Company takes strengthening the hardware and software prevention mechanism as the main axis of responding to information security risks. Prioritize strengthening cybersecurity, infrastructure protection, and disaster recovery. The control measures for information security are as follows:
   (1) System backup and backup: establish a backup mechanism and off-site backup storage for the Company's important systems, and schedule an annual backup drill for contingency operations.
   (2) Network security: Build exclusive enterprise-grade wired and wireless networks and bind computers to effectively control network usage. Control employees' Internet access and implement switching mechanisms to avoid virus infection or Trojan horse attacks via the Internet.
   (3) Mail control: establish a spam filtering and anti-blocking system, And continue to publicize email social engineering attacks related information, and conduct email click-through detection from time to time.
   (4) Security Scanning and Virus Protection: Assign a special person to scan the Company's external host for weaknesses quarterly, and carry out system weakness

repair operations.

(5) Build an information security and anti-virus system, and adopt third-party information security solutions. When a hacker attack or system poisoning is suspected, the system administrator will be notified by email.

(6) Control the installation of personal computer software and prevent unauthorized use of software.

(7) In terms of user endpoint security protection, in addition to building an antivirus system and delivering system updates through Windows, the Company's server host and client computers can be repaired in real time.

4. Invest in the resources of Zitong safety management:

The Company's vision of information security is to build a strict and effective information security defense network. Since 2020, considerable resources will be invested every year to reduce the risk of business interruption caused by information security issues, and it is expected to become an enterprise with outstanding performance in information security maturity. In order to strengthen the information security protection capability, the Company's relevant information security policies are as follows:

(1) Manufacturers are invited to conduct two email social tests every year, and use various phishing letters to test and strengthen the information security awareness of colleagues.

(2) Purchase a vulnerability scanning tool to scan and detect security vulnerabilities, and improve the major risks and high-risk items in the detection results.

(3) Promote information security policies through screen savers and promotional videos.

(4) In 2021, cooperate with the Information Security Institute to monitor internal network activities, and through relevant monitoring, we can immediately detect whether there are major information security risks.

(II) In the most recent year and as of the publication date of the annual report, the losses, possible impacts and countermeasures due to major information security incidents: None.

VII. Important Contracts:

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year.

Corporation	Contract nature	Client	Indenture Starting date of lease	Main content	Restrictions
PANJIT International Inc.	Syndicated loans	Land bank and a total of 10 financial institutions	2021/08/17 ~ 2026/08/17	Sydicated loan line of NT$4.2 billion.	Before the debts are fully repaid during the duration of the contract, the Company's annual consolidated financial statements must maintain: a. The current ratio must not be less than 100% b. The debt ratio shall not be higher than 200% c. The interest coverage must not be less than 2.5 times d. The net value shall not be less than NT$5.3 billion or its equivalent in US dollars.
	Loan and Credit Agreement for Taiwanese Businessmen Returning to Taiwan for Investment Projects	Taishin Bank	2019/12/6 ~ 2026/12/5	Credit Line A: The mid-term loan amount is NT$600 million.	No restrictive covenants
	Loan and Credit Agreement for Taiwanese Businessmen Returning to Taiwan for Investment Projects	Chang Hwa Bank	2020/1/16 ~ 2027/1/15	Credit Line A: The mid-term loan amount is NT$900 million.	No restrictive covenants
	Loan and Credit Agreement for Taiwanese Businessmen Returning to Taiwan for Investment Projects	First Commercial Bank	2020/1/16 ~ 2027/1/15	Credit Line A: The mid-term loan amount is NT$1.5 billion.	No restrictive covenants
	Loan and Credit Agreement for	Land bank	2020/2/27 ~ 2026/11/15	Credit Line A: The mid-term loan amount is	No restrictive covenants

Corporation	Contract nature	Client	Indenture Starting date of lease	Main content	Restrictions
	Taiwanese Businessmen Returning to Taiwan for Investment Projects			NT$1.0 billion.	
PAN-JIT ASIA INTERNATIONAL INC.	Syndicated loans	First Commercial Bank and a total of 17 financial institutions	2018/10/17 ~ 2023/10/17	Signed a syndicated loan of USD 66,000 thousand	Throughout the credit period, Pan-JIT Co., Ltd.'s annual and semi-annual consolidated financial statements must maintain: a. The current ratio must not be less than 100% b. The debt ratio shall not be higher than 200% c. The interest coverage must not be less than 2.5 times d. The net value shall not be less than NT$5.3 billion or its equivalent in US dollars.

Chapter 6 Financial Summary

I. Condensed balance sheet and statement of comprehensive income in the five most recent fiscal years

(I) Condensed balance sheet and statement of comprehensive income - International Financial Reporting Standards (IFRS)

1. Condensed balance sheet (consolidated) - International Financial Reporting Standards (IFRS)

Units: NT$ thousands

Items \ Fiscal year		Financial statements for the past five fiscal years (Note 1)					As of the year 2022/3/31 Financial statements (Note 3)
		2017	2018	2019	2020	2021	
Current asset		8,242,922	7,859,846	8,477,139	9,702,274	14,535,039	14,929,989
Property, Plant and equipment (Note 2)		6,349,295	5,279,567	3,165,965	3,691,739	5,306,044	5,637,269
Right-of-use assets		-	-	1,349,181	1,348,980	1,347,255	1,349,419
Intangible assets		306,975	332,043	328,967	253,937	218,378	222,844
Other assets (Note 2)		4,839,250	2,278,980	2,100,844	2,761,088	5,246,073	7,235,261
Total assets		19,738,442	15,750,436	15,422,096	17,758,018	26,652,789	29,374,782
Current Liabilities	Before distribution	5,752,976	4,876,304	5,044,193	5,268,736	8,245,623	10,294,650
	After distribution	5,752,976	5,061,201	5,393,649	5,766,908	9,391,968	Note 5
Non-current Liabilities		6,753,797	4,191,598	4,004,032	5,242,550	5,296,164	6,334,706
Liabilities Total amount	Before distribution	12,506,773	9,067,902	9,048,225	10,511,286	13,541,787	16,629,356
	After distribution	12,506,773	9,252,799	9,397,681	11,009,458	14,688,132	Note 5
Equity attributable to owners of parent company	Before distribution	5,999,892	6,515,838	6,248,695	7,099,421	12,895,868	12,525,232
	After distribution	5,999,892	6,330,941	5,899,239	6,601,249	11,749,523	Note 5
Capital stock		3,697,944	3,697,944	3,328,149	3,328,149	3,828,149	3,828,149
Capital surplus		2,202,190	2,196,674	2,202,946	2,196,674	6,086,155	6,072,280
Retained earnings	Before distribution	372,463	1,146,252	1,434,837	1,972,194	3,250,008	2,715,914
	After distribution	372,463	961,355	1,085,381	1,474,022	2,103,663	Note 5

Items \ Fiscal year		Financial statements for the past five fiscal years (Note 1)					As of the year 2022/3/31 Financial statements (Note 3)
		2017	2018	2019	2020	2021	
Other equities		(272,705)	(525,032)	(717,237)	(381,089)	(251,937)	(74,604)
Treasury stock		-	-	-	(16,507)	(16,507)	(16,507)
Non-controlling interests		1,231,777	166,696	125,176	147,311	215,134	220,194
Equity Total Sum	Before distribution	7,231,669	6,682,534	6,373,871	7,246,732	13,111,002	12,745,426
	After distribution	7,231,669	6,497,637	6,024,415	6,748,560	11,964,657	Note 5

* If the Company prepares an parent company only financial report, it shall separately prepare a condensed balance sheet and a statement of comprehensive income for the individual for the most recent five fiscal years.

Note 1: The financial information of each year has been verified and certified by an accountant.

Note 2: The financial information of each year has not been revalued asset.

Note 3: The financial information for the year ended March 31, 2022 has been reviewed by an accountant.

Note 4: The cash dividend distribution proposal for 2021 has been approved by the board of directors and is planned to be reported at the 2022 Annual General Meeting of Shareholders.

Note 5: As of March 31, 2022, there was no surplus distribution approved by the board of directors.

2. Condensed statement of comprehensive income (consolidated) - International Financial Reporting Standards (IFRS)

Units: NT$ thousands

Items \ Fiscal year	Financial statements for the past five fiscal years (Note 1)					As of the year 2022/3/31 Financial statements (Note 3)
	2017	2018	2019	2020	2021	
Operating revenue	11,894,196	11,365,605	9,142,650	10,485,100	13,861,744	3,716,138
Gross profit	2,658,101	2,537,743	1,921,610	2,446,772	4,395,638	1,177,051
Operating profit and loss	943,032	932,455	628,410	992,083	2,289,422	607,634
Non-operating income and expenses	(746,794)	20,261	(27,838)	39,051	225,454	146,829
Net profit before tax	196,238	952,716	600,572	1,031,134	2,514,876	754,463
Continuing operations Net income	(172,616)	842,531	503,012	900,541	1,978,030	619,590
Loss from discontinued operation	0	0	0	0	0	0
Net income (loss)	(172,616)	842,531	503,012	900,541	1,978,030	619,590
Other Comprehensive Income (net amount after tax)	(238,013)	(326,531)	(209,208)	348,788	186,633	175,698
Total comprehensive income	(410,629)	516,000	293,804	1,249,329	2,164,663	795,288
Net Income Attributable to Owners of the parent company	(339,290)	891,741	530,209	897,435	1,926,975	612,251
Profit attributable to non-controlling interests	166,674	(49,210)	(27,197)	3,106	51,055	7,339
Total comprehensive income attributable to Owners of the parent company	(366,069)	739,442	333,031	1,226,597	2,110,038	789,584
Total comprehensive income attributable to Non-controlling interests	(44,560)	(223,442)	(39,227)	22,732	54,625	5,704
Earnings per share	(0.92)	2.41	1.50	2.70	5.66	1.60

* If the Company prepares an parent company only financial report, it shall separately prepare a condensed balance sheet and a statement of comprehensive income for the individual for the most recent five fiscal years.

Note 1: The financial information of each year has been verified and certified by an accountant.

Note 2: The loss of the suspended business unit is presented as the net amount after deducting income tax.

Note 3: The financial information for the year ended March 31, 2022 has been reviewed by an accountant.

3. Condensed balance sheet (parent company only) - International Financial Reporting Standards (IFRS)

Units: NT$ thousands

Items \ Fiscal year		Financial statements for the past five fiscal years (Note 1)					As of Financial Information for 31 March 2022 (Note 3)
		2017	2018	2019	2020	2021	
Current asset		2,973,449	3,616,515	2,989,914	3,741,049	5,464,124	Not applicable
Property, Plant and equipment (Note 2)		1,711,151	1,805,856	1,892,469	2,524,877	3,957,765	
Right-of-use assets		-	-	6,894	27,837	22,612	
Intangible assets		33,974	44,450	51,975	77,792	97,127	
Other assets (Note 2)		7,280,875	6,632,075	7,149,702	8,253,162	12,938,292	
Total assets		11,999,449	12,098,896	12,090,954	14,624,717	22,479,920	
Current Liabilities	Before distribution	2,854,581	3,216,970	3,220,923	3,802,991	5,345,899	
	After distribution	2,854,581	3,401,867	3,570,379	4,301,163	6,492,244	
Non-current Liabilities		3,144,976	2,366,088	2,621,336	3,722,305	4,238,153	
Total liabilities	Before distribution	5,999,557	5,583,058	5,842,259	7,525,296	9,584,052	
	After distribution	5,999,557	5,767,955	6,191,715	8,023,468	10,730,397	
Equity attributable to owners of parent company	Before distribution	5,999,892	6,515,838	6,248,695	7,099,421	12,895,868	
	After distribution	5,999,892	6,330,941	5,899,239	6,601,249	11,749,523	
Capital stock		3,697,944	3,697,944	3,328,149	3,328,149	3,828,149	
Capital surplus		2,202,190	2,196,674	2,202,946	2,196,674	6,086,155	
Retained earnings	Before distribution	372,463	1,146,252	1,434,837	1,972,194	3,250,008	
	After distribution	372,463	961,355	1,085,381	1,474,022	2,103,663	
Other equities		(272,705)	(525,032)	(717,237)	(381,089)	(251,937)	

Items \ Fiscal year		Financial statements for the past five fiscal years (Note 1)					As of Financial Information for 31 March 2022 (Note 3)
		2017	2018	2019	2020	2021	
Treasury stock		0	0	0	(16,507)	(16,507)	
Non-controlling interests		0	0	0	0	0	
Equity Total Sum	Before distribution	5,999,892	6,515,838	6,248,695	7,099,421	12,895,868	
	After distribution	5,999,892	6,330,941	5,899,239	6,601,249	11,749,523	

Note 1: The financial information of each year has been verified and certified by an accountant.

Note 2: The financial information of each year has not been revalued asset.

Note 3: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

Note 4: The cash dividend distribution proposal for 2021 has been approved by the board of directors and is planned to be reported at the 2022 Annual General Meeting of Shareholders.

4. Condensed statement of comprehensive income (parent companly only) - International Financial Reporting Standards (IFRS)

Units: NT$ thousands

Fiscal year / Items	Financial statements for the past five fiscal years (Note 1)					Financial information for the year ended March 31, 2022 (Note 3)
	2017	2018	2019	2020	2021	
Operating revenue	5,999,664	6,837,612	5,941,910	6,710,919	8,706,119	Not applicable
Gross profit	1,111,975	1,479,693	1,209,113	1,335,827	2,565,755	
Operating profit and loss	504,713	789,638	544,938	493,790	1,209,920	
Non-operating income and expenses	(720,025)	159,763	65,873	449,634	1,021,817	
Net profit before tax	(215,312)	949,401	610,811	943,424	2,231,737	
Continuing operations Net income	(339,290)	891,741	530,209	897,435	1,926,975	
Loss from discontinued operation	0	0	0	0	0	
Net income (loss)	(339,290)	891,741	530,209	897,435	1,926,975	
Other Comprehensive Income (after tax)	(26,779)	(152,299)	(197,178)	329,162	183,063	
Total comprehensive income	(366,069)	739,442	333,031	1,226,597	2,110,038	
Net Income Attributable to Owners of the parent company	(339,290)	891,741	530,209	897,435	1,926,975	
Profit attributable to non-controlling interests	0	0	0	0	0	
Total comprehensive income attributable to Owners of the parent company	(366,069)	739,442	333,031	1,226,597	2,110,038	
Total comprehensive income attributable to Non-controlling interests	0	0	0	0	0	
Earnings per share	(0.92)	2.41	1.50	2.70	5.66	

Note 1: The financial information of each year has been verified and certified by an accountant.

Note 2: The loss of the suspended business unit is presented as the net amount after deducting income tax.

Note 3: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

(II) Name of CPAs and Audit Opinions for the Last Five Fiscal Years

Fiscal year	Name of accounting firm	Name of CPA	Opinion
2017	Ernst & Young Taiwan	LI, FANG-WEN, LIN, HONG-GUAN	Unqualified opinion
2018	Ernst & Young Taiwan	CHEN, ZHENG-CHU, LI, FANG-WEN	Unqualified opinion with emphasis of matter paragraph
2019	Ernst & Young Taiwan	TU, JIA-LING, TU, JIA-LING	Unqualified opinion with emphasis of matter paragraph
2020	Ernst & Young Taiwan	TU, JIA-LING, TU, JIA-LING	Unqualified opinion
2021	Ernst & Young Taiwan	CHEN, ZHENG-CHU, FU, WEN-FANG	Unqualified opinion

II. Financial analysis in the five most recent years

(I) Financial analysis - International Financial Reporting Standards (IFRS)

1. Finacial analysis (consolidated) - International Financial Reporting Standards (IFRS)

Items of analysis / Fiscal year		Financial analysis of the recent five fiscal years (Note 1)					As of the year 2022/3/31 (Note 2)
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt to Asset Ratio	63.36	57.57	58.67	59.19	50.81	56.61
	Proportion of long-term capitals to property, plant, and equipment	220.27	205.97	229.85	247.77	276.66	273.09
Debt service ability (%)	Current ratio	143.28	161.18	168.06	184.15	176.28	145.03
	Quick ratio	101.90	116.84	133.37	150.97	145.08	117.08
	Interest coverage ratio	2.34	7.75	8.10	13.77	27.01	30.82
Operate	Receivables turnover (cycle)	2.71	2.88	2.62	2.87	3.25	3.00
	Average collection days	135	127	139	127	112	122
	Inventory turnover ratio (cycle)	4.53	4.17	3.95	4.94	4.69	3.94
	Payables turnover (cycle)	4.50	4.62	4.45	4.21	3.75	3.47
	Average days of sales	81	88	92	74	78	93
	Property, plant, and equipment turnover (cycle)	1.72	1.95	1.87	2.19	2.37	2.18
	Total assets turnover (cycle)	0.60	0.64	0.59	0.63	0.62	0.53
Profitability	Return on asset (%)	(0.26)	5.38	3.66	5.82	9.26	2.28
	Return on equity (%)	(2.24)	12.11	7.71	13.22	19.43	4.79
	Ratio of net income before tax to paid-in capital (%) (Note 7)	5.31	25.76	18.05	30.98	65.69	19.71
	Profit margin (%)	(1.45)	7.41	5.50	8.59	14.27	16.67
	Earnings per share (NT$)	(0.92)	2.41	1.50	2.70	5.66	1.60
Cash flow	Cash flow ratio (%)	37.17	37.64	14.71	33.71	12.57	(11.55)
	Allowable cash flow ratio (%)	127.90	147.52	151.20	155.44	89.76	45.95
	Cash reinvestment ratio (%)	8.02	9.27	3.18	7.09	2.04	(4.36)
Leverage year	Operating leverage	4.93	4.31	5.20	3.59	2.24	2.37
	Financial leverage	1.18	1.18	1.16	1.09	1.04	1.04

Please explain the reasons for changes in various financial ratios in the last two years. (If the changes does not reach 20%, the analysis can be exempted)

1. Interest coverage ratio: The improvement compared with the same period last year was mainly due to the booming market demand for diodes, good sales conditions, and an increase in the profit of the current period compared with the previous period.
2. Various ratios of profitability: Increased compared with the same period of last year, the reasons are the same as the above description 1. The profit of the current period increased compared with the previous period.
3. Various ratios of cash flow: Decreased compared with the same period of last year, mainly due to the decrease in cash inflow from operating activities in the current period compared with the previous period, and the expansion of production capacity and equipment, the purchase of the Taipei Xike Office and the public acquisition of the common shares of Alltop, which resulted in capital expenditure and Long-term investment expenditure increased compared with the previous period.
4. Operating leverage: Decreased compared with the same period of last year, the reason is the same as the above description 1. The operating profit of the current period increased compared with the previous period.

* If a company prepares an individual financial report, it shall also prepare an analysis of the individual financial ratio of the Company.

Note 1: The financial information of each year has been verified and certified by an accountant.

Note 2: The financial information for the year ended March 31, 2022 has been reviewed by an accountant.

Note 3: Calculation formula:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets
   (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment
2. Debt service ability
   (1) Current ratio = Current assets/Current liabilities
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities
   (3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses
3. Operating ability
   (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
   (2) Average days for cash receipts = 365/Accounts receivable turnover
   (3) Inventory turnover rate= Cost of sales/Average inventory
   (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
   (5) Average days for sale of goods = 365/Inventory turnover
   (6) Turnover rate for property, plant and equipment = Net sales/Average net property, plant, and equipment
   (7) Total asset turnover rate = Net sales/Average total assets
4. Profitability
   (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets
   (2) Equity return ratio = Profit or loss after tax/Average total equity
   (3) Net profit ratio = Profit or loss after tax/Net sales
   (4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends)/Weighted average number of shares issued (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net Cash flow from operating activities/Current liabilities
   (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital) (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income (Note 6)

(2) Financial leverage = Operating income/(Operating income - Interest expenses)

Note 4: The financial information of each year has been verified and certified by an accountant.

1. Based on the weighted average number of ordinary shares, not the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or treasury stock trading, the weighted average number of shares shall be calculated considering its circulation period.
3. Where there is a capital increase from surplus or capital reserve, when calculating the earnings per share in previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether issued or not) should be deducted from the after-tax net profit or increased by the after-tax net loss. If the preferred stock is of a non-cumulative nature, if there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 5: Cash flow analysis should pay special attention to the following matters when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory at the end of the year decreases, it will be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the total property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If there are estimates or subjective judgments involved, they should pay attention to their rationality and maintain consistency.

Note 7: The Company's stocks have no denomination or the denomination per share is not NT$10. The calculation of the ratio of paid-in capital in the previous issue will be calculated based on the equity ratio attributable to the owner of the parent company on the balance sheet.

2. Financial analysis (parent company only) - International Financial Reporting Standards (IFRS)

Items of analysis	Fiscal year	Financial analysis of the recent five fiscal years (Note 1)					As of 2022/3/31 (Note 2)
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt to Asset Ratio	50.00	46.15	48.32	51.46	42.63	Not applicable
	Proportion of long-term capitals to property, plant and equipment	534.43	491.84	468.70	423.93	430.46	
Debt service ability (%)	Current ratio	104.16	112.42	92.83	98.37	102.21	
	Quick ratio	70.06	76.36	62.22	73.30	73.54	
	Interest coverage ratio	(3.01)	15.85	11.97	18.26	33.45	
Operate	Receivables turnover (cycle)	3.59	3.70	3.33	3.69	3.88	
	Average collection days	102	99	110	99	94	
	Inventory turnover ratio (cycle)	6.44	5.22	4.67	5.99	5.25	
	Payables turnover (cycle)	4.17	4.53	5.50	7.55	6.46	
	Average days of sales	57	70	78	61	70	
	Property, plant, and equipment turnover (cycle)	3.49	3.89	3.21	3.01	2.67	
	Total assets turnover (cycle)	0.51	0.57	0.49	0.50	0.47	
Profitability	Return on asset (%)	(2.50)	7.83	4.75	7.05	10.68	
	Return on equity (%)	(5.32)	14.25	8.31	13.45	19.27	
	Ratio of net income before tax to paid-in capital (%) (Note 7)	(5.82)	25.67	18.35	28.35	58.30	
	Profit margin (%)	(5.66)	13.04	8.92	13.37	22.13	
	Earnings per share (NT$)	(0.92)	2.41	1.50	2.70	5.66	
Cash flow	Cash flow ratio (%)	21.72	20.74	28.33	16.43	6.28	
	Allowable cash flow ratio (%)	76.62	67.65	59.76	56.61	38.07	
	Cash reinvestment ratio (%)	1.91	5.12	5.59	1.81	(0.75)	
Leverage year	Operating leverage	3.68	2.90	3.62	3.97	2.46	
	Financial leverage	1.12	1.09	1.11	1.12	1.06	

Please explain the reasons for changes in various financial ratios in the last two years. (If the changes does not reach 20%, the analysis can be exempted)

1. Interest coverage ratio: The improvement compared with the same period last year was mainly due to the booming market demand for diodes, good sales conditions, and an increase in the profit of the current period

compared with the previous period. 2. Various ratios of profitability: Increased compared with the same period of last year, the reasons are the same as the above description 1. The profit of the current period increased compared with the previous period. 3. Various ratios of cash flow: Decreased compared with the same period of last year, mainly due to the decrease in cash inflow from operating activities in the current period compared with the previous period, and the expansion of production capacity and equipment, the purchase of the Taipei Xike Office and the public acquisition of the common shares of Alltop, which resulted in capital expenditure and Long-term investment expenditure increased compared with the previous period. 4. Operating leverage: Decreased compared with the same period of last year, the reason is the same as the above description 1. The operating profit of the current period increased compared with the previous period.

Note 1: The financial information of each year has been verified and certified by an accountant.

Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

Note 3: Calculation formula:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets
   (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment
2. Debt service ability
   (1) Current ratio = Current assets/Current liabilities
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities
   (3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses
3. Operating ability
   (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
   (2) Average days for cash receipts = 365/Accounts receivable turnover
   (3) Inventory turnover rate= Cost of sales/Average inventory
   (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
   (5) Average days for sale of goods = 365/Inventory turnover
   (6) Turnover rate for property, plant and equipment = Net sales/Average net property, plant, and equipment
   (7) Total asset turnover rate = Net sales/Average total assets
4. Profitability
   (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets
   (2) Equity return ratio = Profit or loss after tax/Average total equity
   (3) Net profit ratio = Profit or loss after tax/Net sales
   (4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends)/Weighted average number of shares issued (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net Cash flow from operating activities/Current liabilities
   (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital) (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income (Note 6)
   (2) Financial leverage = Operating income/(Operating income - Interest expenses)

Note 4: The financial information of each year has been verified and certified by an accountant.

1. Based on the weighted average number of ordinary shares, not the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or treasury stock trading, the weighted average number of shares shall be calculated considering its circulation period.
3. Where there is a capital increase from surplus or capital reserve, when calculating the earnings per share in previous years

and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether issued or not) should be deducted from the after-tax net profit or increased by the after-tax net loss. If the preferred stock is of a non-cumulative nature, if there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 5: Cash flow analysis should pay special attention to the following matters when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory at the end of the year decreases, it will be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the total property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If there are estimates or subjective judgments involved, they should pay attention to their rationality and maintain consistency.

Note 7: The Company's stocks have no denomination or the denomination per share is not NT$10. The calculation of the ratio of paid-in capital in the previous issue will be calculated based on the equity ratio attributable to the owner of the parent company on the balance sheet.

III. Audit Committee Report for the most recent fiscal year's financial statement: Detailed in Appendix I.

IV. Financial statements in the most recent fiscal year (consolidated): Detailed in Appendix II.

V. The Company's parent company only financial statements audited and attested by CPAs in the most recent fiscal year: Detailed in Appendix III.

VI. In the most recent fiscal year and up to the date of publication of the annual report, any financial difficulties experienced by the Company or its affiliates and how said difficulties will affect the Company's financial situation: None.

Chapter 7 Review and Analysis of Financial Condition and Performance and Relevant Risk Events

I. Financial Position:

The main reasons for the significant changes in assets, liabilities and shareholders' equity in the last two years and their effects

Units: NT$ thousands

Items \ Fiscal year	2021	2020	Variance	
			Amount	%
Current asset	14,535,039	9,702,274	4,832,765	49.81
Property, Plant, and Equipment	5,306,044	3,691,739	1,614,305	43.73
Right-of-use assets	1,347,255	1,348,980	(1,725)	(0.13)
Intangible assets	218,378	253,937	(35,559)	(14.00)
Other assets	5,246,073	2,761,088	2,484,985	90.00
Total assets	26,652,789	17,758,018	8,894,771	50.09
Current Liabilities	8,245,623	5,268,736	2,976,887	56.50
Non-current Liabilities	5,296,164	5,242,550	53,614	1.02
Total liabilities	13,541,787	10,511,286	3,030,501	28.83
Equity attributable to owners of parent company	12,895,868	7,099,421	5,796,447	81.65
Capital stock	3,828,149	3,328,149	500,000	15.02
Capital surplus	6,086,155	2,196,674	3,889,481	177.06
Retained earnings	3,250,008	1,972,194	1,277,814	64.79
Other equities	(251,937)	(381,089)	129,152	33.89
Treasury stock	(16,507)	(16,507)	-	-
Non-controlling interests	215,134	147,311	67,823	46.04
Total equity	13,111,002	7,246,732	5,864,270	80.92

1. Analysis and explanation of the increase and decrease ratio:
   (1) The increase in current assets over the same period of last year was mainly due to the fact that the Company issued ordinary shares in cash to participate in overseas depositary receipts, and raised funds amounting to NT$4,110,956 thousands.
   (2) The increase in real estate, plant and equipment compared with the same period last year was mainly due to the expansion of production capacity of the diode business group and the addition of equipment, the purchase of 8-inch fab equipment and the acquisition of the Taipei office this year.
   (3) Other assets increased compared with the same period of last year, mainly due to the increase of NT$1,574,237 thousands in investment using the equity method due to the acquisition of the equity of Alltop and the expansion of production capacity of the diode business group, which resulted in an increase of 739,729 thousands in prepaid equipment and wafer purchase reservation deposits compared with the same period of last year.
   (4) Current liabilities increased over the same period last year, mainly due to the increase in short-term borrowings of NT$1,320,485 thousands in response to capital expenditure requirements, and the increase in bills payable and accounts by NT$931,354 thousands due to factors such as the increase in the price of semiconductor raw materials during the year.
   (5) The increase in equity attributable to owners of the parent company compared with the same period of last year was mainly due to the increase in share capital and Capital surplus due to the issuance of

ordinary shares to participate in overseas depositary receipts through capital increase in cash this year.

(6) The increase in capital reserve over the same period of last year was mainly due to the premium of NT$3,610,956 thousands for the issuance of ordinary shares for capital increase in cash.

(7) The increase in retained earnings compared with the same period last year was mainly due to the steady growth in the profit of the diode business group.

(8) The increase in other equity compared with the same period last year was mainly due to the continuous rise of the Taiwan stock market this year and the increase in the unrealized benefits of financial assets measured at fair value through other comprehensive gains and losses.

(9) The increase in non-controlling interests compared to the same period last year was mainly due to the decrease in the shareholding of non-controlling interests in the solar energy business group and the suspension of operations of Wuxi Sumnergy, a subsidiary of other business groups in the second half of the year.

2. Influence: No significant influence.

3. Future countermeasures: None.

II. Financial Performance

(I) The main reasons for the major changes in operating income, net operating profit and net profit before tax in the last two years

Units: NT$ thousands

Items \ Fiscal year	2021	2020	Increase (decrease) amount	Variable proportion
Operating revenue	13,861,744	10,485,100	3,376,644	32.20
Operating cost	9,466,106	8,038,328	1,427,778	17.76
Gross profit	4,395,638	2,446,772	1,948,866	79.65
Operating expense	2,106,216	1,454,689	651,527	44.79
Operating income (loss)	2,289,422	992,083	1,297,339	130.77
Non-operating income and expenses	225,454	39,051	186,403	477.33
Profit before tax (net loss)	2,514,876	1,031,134	1,483,742	143.89
Net income (loss) of continuing operations	1,978,030	900,541	1,077,489	119.65
Net Income (Loss)	1,978,030	900,541	1,077,489	119.65
Other comprehensive income of the current period (net amount after tax)	186,633	348,788	(162,155)	(46.49)
Total comprehensive income	2,164,663	1,249,329	915,334	73.27
Profit attributable to owners of the parent company	1,926,975	897,435	1,029,540	114.72
Profit attributable to non-controlling interests	51,055	3,106	47,949	1,543.75
Total comprehensive income attributable to owners of the	2,110,038	1,226,597	883,441	72.02
Total comprehensive income attributable to non-controlling	54,625	22,732	31,893	140.30
Earnings per share	5.66	2.70	2.96	109.63

Analysis and explanation of the increase and decrease ratio:

1. Operating income, operating gross profit, operating expenses and operating profit increased compared with last year, mainly due to the impact of the new crown pneumonia, home office and distance learning greatly increased the demand for computer applications, and automotive applications also gradually recovered this year, which caused the diode Business group revenue and related operating expenses have both increased, coupled with the successive launch of new products and improvement of product mix, the increase in the proportion of high-end products and the increase in gross profit margin.
2. The increase in net non-operating income and expenses compared with the previous year was mainly due to the exchange rate fluctuations affected by the international situation, which resulted in an increase of NT$74,314 thousands in net foreign currency exchange benefits and an increase of NT$75,340 thousands in the share of profits and losses of related companies recognized by the equity method.

3. The increase in net profit before tax, net profit of continuing business units and net profit of the current period compared with the previous year was mainly due to the influence of 1. and 2. above.
4. This year's other comprehensive profit and loss (net amount after tax) decreased compared with the previous year, mainly because the international situation in this year affected the strengthening of the Taiwan dollar, resulting in an increase of 163,938 thousands compared with the previous year.
5. This year's total comprehensive profit and loss, net profit attributable to the owners of the parent company, total comprehensive profit and loss attributable to the owners of the parent company, and earnings per share increased compared with the previous year, the reasons for which are the same as the above descriptions 1., 2. and 4..
6. The increase in net profit attributable to non-controlling interests over the previous year was mainly due to the increase in the net profit of non-controlling interests in the diode business group.
7. The total comprehensive profit and loss attributable to non-controlling interests has increased compared to last year, and the reason is the same as that of the description 6 above.

(II) The expected sales volume and its basis, as well as the possible impact on the Company's future financial business and its response plan:

The expected sales volume is mainly based on the consideration of the future and the estimated market demand will grow. For relevant market research and analysis, please refer to the future supply and demand situation and growth potential of the market (see page 135 of this annual report for details).

III. Cash flow:

(I) Analysis and explanation of changes in cash flow in recent years

Units: NT$ thousands

Open cash balance	Annual net cash flow (out) inflow from operating activities	Net cash inflow (outflow)	Effect of Exchange Rate Changes	Cash surplus (Insufficient) amount	Remedial measures for the shortfall in cash	
					Investment Program	Financial Planning
1,947,779	1,036,642	520,572	(91,286)	3,413,707	None	None

Analysis of changes in cash flow this year:
(1) The net cash inflow from operating activities was NT$1,036,642 thousands, which was mainly due to the steady growth of the profit of the diode business group.
(2) The net cash outflow from investing activities was NT$4,261,939 thousands, which was mainly due to the investment of NT$1,455,570 thousands obtained by the equity method in the current period, It was due to the acquisition of real estate, plant and equipment of NT$1,277,687 thousand and the increase of prepaid equipment payment of NT$1,326,789 thousand.
(3) The net cash inflow from financing activities was NT$4,782,511 thousands, which was mainly due to the increase of short-term borrowings of NT$1,324,854 thousands, the increase of cash capital of NT$4,110,956 thousands and the distribution of cash dividends of NT$498,169 thousands.
To sum up, after the cash flow (outflow) of the current period is added to the impact of exchange rate, the net cash inflow for the year is NT$1,465,928 thousands.

(II) Improvement plan for insufficient liquidity: none

(III) Cash flow analysis

Units: NT$ thousands

Beginning of the period cash balance	Estimated full-year net cash flow from operating activities	Estimated full-year net cash flow	(Insufficient) quantity of estimated balance of cash	Remedial measures for the anticipated shortfall in cash	
				Investment Program	Funding Program
3,413,707	3,460,000	(3,200,000)	3,673,707	None	N o n e

estimated future Cash flow

It is estimated that the cash inflow from operating activities will be approximately NT$3,460,000,000 thousand in the coming year, and the cash outflow is expected to increase by approximately NT$3,200,000,000 thousand due to the purchase of machinery and equipment, tender offer, etc. and the closing cash balance will be NT$3,673,707 thousand. There is no shortage of cash.

IV. Impact of material expenditures on the Company's finances and operations in the most recent fiscal year

The source of funds for the major capital expenditures of the Company and its subsidiaries in the most recent year is mainly the net cash inflows from operating activities, which are matched with some bank borrowings; and the benefits of capital expenditures have been shown in the growth of operating profits, so the overall financial impact of the Company is The business has a positive impact.

V. Investment policies in other companies, the main reasons for profit/losses, improvement plan, and investment plans for the upcoming year

Explanation Items	Investment Policy	Reason For Profit Or Loss	Improvement Plan	Investment Plan
Diode business group Including: Pynmax Technology Co., Ltd.; JOYSTAR INTERNATIONAL CO., LTD.; PAN-JIT ASIA INTERNATIONAL INC.; PAN JIT AMERICAS, INC.; Pan-Jit Electronics (Wuxi) Co., Ltd.; PANJIT Electronics (Beijing) Co., Ltd.; Shandong Pan-Jit Electronic Technology Co. Ltd.; Pan-Jit Electronics (Qufu) Co., Ltd.; PAN-JIT INTERNATIONAL (H.K.) LTD.; Suzhou Grande Electronics Co. Ltd.; CONTINENTAL LIMITED; PANJIT EUROPE GMBH; PANJIT KOREA CO.,LTD; DYNAMIC TECH GROUP LIMITED; Shenzhen Max Diode Co., Ltd.; PAN-JIT Semiconductor (Xuzhou) Co., Ltd.	Continue brand cultivation and cost saving, strengthen investment resources, improve the speed of new product development and product quality, and take advantage of packaging production capacity and quality advantages to win international manufacturers of first-line brands in Europe, the United States, Japan and China.	The profit was mainly due to the steady growth of market demand for discrete components.	None	Will depend on the Company's operating conditions
Solar energy business group Including: Aide Energy (CAYMAN)Holding Co.,Ltd; Aide Solar Energy (HK) Holding Limited; AIDE Energy Europe Coöperatie U.A.; AIDE Energy Europe B.V.; EC Solar C1 SRL; AIDE SOLAR USA INC.; Jiangsu Aide Solar Technology Co., Ltd.	The business group only solar power plant - EC Solar C1 SRL is still in operation. Its primary manufacturing plant- Jiangsu Aide Solar Technology Co., Ltd., has been shut down. And authorized the chairman of Jiangsu Aide to make the most favorable disposal of the Company's assets.	The profit was mainly due to the stable profit of the solar power plant - EC Solar C1 SRL.	In the operation of Jiangsu Aide Solar Technology Co., Ltd., the management team's efforts to seek strategic partners were unsuccessful. The overall industrial environment continued to deteriorate, and the operation declined sharply in 2017. The Company's board of directors decided on January 12, 2018 to reduce the scale of operations. According to international accounting Standard (IAS) Bulletin No. 36 listed asset impairment and authorized the chairman of Jiangsu Aide to make the most favorable disposal of the Company's assets.	Stop investment

VI. Risk:

(I) Effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

1. Effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

Units: NT$ thousands

Items	Profit and loss influence			Future countermeasures
	Subject	2021	Q1 2022	
Interest	Financial costs	96,683	25,300	Regularly evaluate bank borrowing rates, in addition to closely contacting banks to obtain more favorable borrowing rates, and adopting forward rate contracts for hedging risks as needed.
Exchange rate	Net foreign exchange (loss) gain	27,816	11,946	Pay close attention to the exchange rate trend, take the risk aversion action as much as possible for the net position of foreign currency assets and liabilities, and control the exchange profit and loss within a reasonable range

2. Effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future
Under the government's policy of stabilizing the financial market order and keeping prices stable, the operations and profit and loss in 2021 and up to the date of publication of the annual report are limited by inflation; In the future, we will continue to pay close attention to the development of the economic situation, increase the Company's revenue and reduce the impact of inflation.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

1. The Company and its subsidiaries do not engage in high-risk and high-leverage investments.
2. The Company's and its subsidiary's policy on capital loan to others and endorsement guarantee is handled in accordance with the Company's capital loan to others operating procedures and the relevant regulations of the endorsement guarantee method.
3. The policy of the Company and its subsidiaries' derivatives trading is implemented in accordance with the Company's derivatives trading procedures, with hedging transactions as the main trading method. Because from the Company’ s standpoint,

hedging is not absolutely necessary. Unless the benefits of hedging outweigh the costs of hedging, hedging creates another burden.

(III) R&D work to be carried out in the future, and further expenditures expected for R&D work

Through forward-looking thinking, combined with industry trends and market trends, the Company will invest more in research and development in the next few years to enhance the advantages and market competitiveness of various products. The following is a description of the future R&D plan and estimated R&D expenses for the main sales product - rectifier diodes:

1. Future R&D plan:

(1) HV MOSFETs：

In order to improve device efficiency, RDS-ON and Capacity are reduced by techniques such as trench structure design, such as Ciss, Coss, Crss. It can speed up the switching speed. In addition, due to such high-voltage power components, it will be applied to power systems or charging facilities. The design of component structure, packaging materials, heat conduction path design, and enhancing thermal conductivity/reducing thermal dissipation within the component are also the focus of research and development.

(2) MV MOSFETs：

The main research and development direction of such medium-voltage power application components is the same as that of HV MOSFETs. In addition, due to the increasing demand for automotive/electric vehicle (Automotives/EVs) applications, the development of automotive-grade MV MOSFETs is also a key R&D target.

(3) IGBTs ：

This device is a high-speed power device that integrates the advantages of MOSFET and Bipolar Junction Transistor (BJT) applications, mainly using Field-stop Trench technology. Designed with high density trench cells and optimization of field-stop layer. The purpose is to obtain a higher power gain than the current BJT and minimize its switching loss minimization at very high switching frequencies.

(4) FREDs：

The second-generation product was developed to further optimize the switching speed and forward voltage. And develop IGBT co-package FRED products to expand the scale of existing FRED products.

(5) SiC SBDs：

Under high frequency switching, the key goal of research and development is to minimize its switching loss minimization.

(6) SiC MOSFETs：

Silicon carbide (SiC) is a semiconductor material with wide bandgap semiconductors, which is resistant to high pressure and has high electron mobility. For high-frequency, high-pressure, high-temperature applications, such as electric vehicles, green energy, etc., it often comes out on top. Its component structure design and exclusive process development are the focus of research and development.

(7) GaN HEMTs：

Gallium Nitride GaN is a wide-gap compound semiconductor material. It has a special polarization effect, such as piezoelectric polarization (Piezoelectric Polarization) and spontaneous polarization (spontaneous polarization). In the absence of dopants, the polarization effect enables the AlGaN/GaN heterostructure to form two dimensional electron gases (2DEG) near the interface. Taking advantage of 2DEG, the fabricated electron mobility transistor enhancement-mode high electron mobility transistor, HEMT, whose speed is much higher than that of MOSFET. Currently cooperating with GaN HEMTs professional units, Pan-JIT will design its component structure and apply for an invention patent to pave the way for the future development of near-term products.

2. Estimated R&D expenses:

Unit: NT$ thousands

Product line	Planned development items	Estimated investment in research and development expenses
HV MOSFETs (Super Junction Technology)	HV SJ MOSFET 600V Gen.1.5-FR	1,625
	HV SJ MOSFET 600V Gen.2-Easy, FR	9,419
MV MOSFETs (Shielded-Gate Technology)	MV SGT MOSFET 100V Gen.2-SL, LL	36,997
	MV SGT MOSFET 80V Gen.2- SL, LL	24,006
	MV SGT MOSFET 60V Gen.2	26,849
	MV SGT MOSFET 40V Gen.2	8,389
FREDs	FRED 1200V/650V Gen.2	10,912
IGBTs (Field-stop Trench Technology)	FST- IGBT 1200V Gen.1	18,256
	FST-IGBT 650V Gen.1	15,436
SiC SDBs	SiC SDBs 1200V/650V G2	17,500
SiC MOSFETs	SiC MOS 1200V/650V G1	29,645

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

In addition to complying with relevant laws and regulations, the Company and subsidiaries also pays attention to important domestic and foreign policies and statutory changes. Therefore, in the most recent year and as of the publication date of the annual report, the Company and its subsidiaries have not had any significant impact on the Company's financial business due to changes in important domestic and foreign policies and laws.

(V) Effect on the Company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response

This is to explain the impact of technological changes and industrial changes on the Company' s financial business and corresponding measures with regard to the main product - rectifier diode

Diode rectifier is an indispensable and important part for converting alternating current into direct current. Therefore, rectifier diodes can be regarded as the cornerstone of the electronics industry. Therefore, with the change of technology and industry, the market demand for rectifier diodes is increasing day by day. In addition, the Company has a complete product line and actively invests in research and development to develop various high-performance high-power rectifier diodes to meet market trends and improve the Company's competitiveness. Therefore, technological changes and industry changes will have a positive impact on the financial business.

(VI) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response

The Company and its subsidiaries have always adhered to the business philosophy of integrity, law-abiding and fulfilling social responsibilities. Therefore, the Company's corporate image has always been good. In the recent year and up to the date of publication of the annual report, there has been no major event affecting the change of the Company's corporate image.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

The Company and its subsidiaries have not carried out merger and acquisition plans in the most recent year and as of the date of publication of the annual report.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

The expansion of the plant of the Company and its subsidiaries is based on a prudent assessment of existing production capacity and future operational growth. Significant capital expenditures are submitted to the board of directors for deliberation, and investment benefits and possible risks have been duly considered.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

This is to explain the risks and countermeasures faced by the purchase or sales concentration of the main produc t- rectifier diodes

There is no excessive concentration of sales. The purchases are concentrated in the subsidiaries within the group, mainly because the Company is committed to the vertical integration of upstream and downstream. The companies in the group adopt the method of division of labor and cooperation, specialize in the production of different product lines, and provide them to the companies in the group for sales. In order to achieve the maximum complementary effect of product lines between companies, and then enhance product competitiveness and company profitability. In addition, if the product scheduling between groups is excluded, the Company's purchase customers are not excessively concentrated, so the risk of purchase concentration should be small.

(X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

In the most recent fiscal year and as of the publication date of the annual report, the Company and its subsidiaries did not have directors, supervisors or major shareholders holding more than 10% of the shares transferred or replaced in large quantities.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

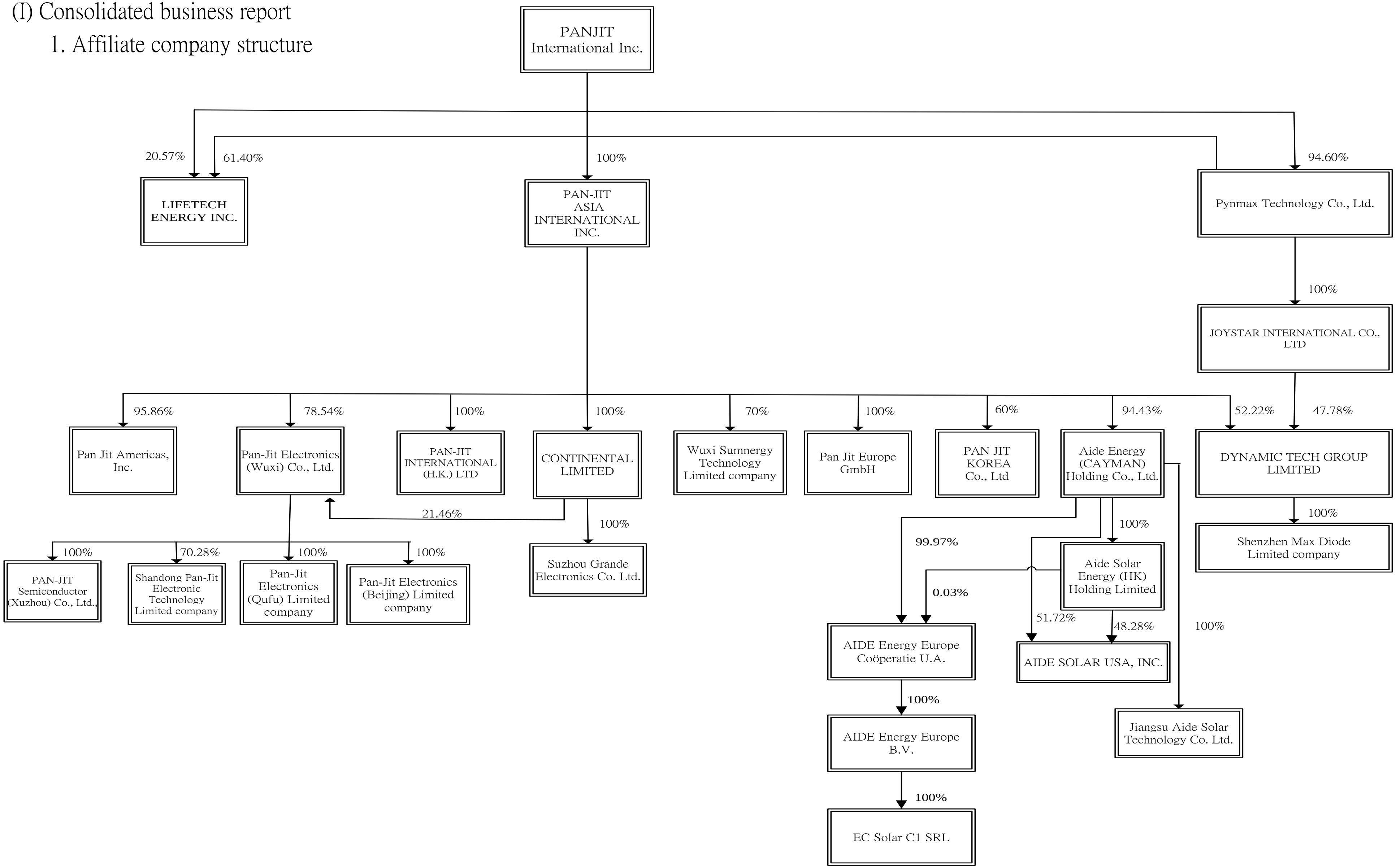
In the most recent year and as of the date of publication of the annual report, there has been no change in the management rights of the Company.

(XII) In the most recent year and as of the date of publication of the annual report, the Company and its directors, general managers, substantive persons in charge, major shareholders holding more than 10% of the shares, and affiliated companies have been judged to determine or not in respect of litigation or non-litigation events. In the case of a major lawsuit, non-litigation or administrative dispute, the result of which may have a significant impact on shareholders' rights and interests or securities prices, the facts of the dispute, the amount of the subject matter, the start date of the lawsuit, the main parties involved in the lawsuit and the handling situation shall be disclosed. : None

(XIII) Other important risks, and mitigation measures being or to be taken: None.

VII. Other important matters: None.

Chapter 8 Special Notes
I. Information on associates
(I) Consolidated business report
1. Affiliate company structure



2. Basic information of each affiliated enterprises

Units: NT$ thousands

Company name	Date of founding	Address	Share capital		Main business or production items
Pynmax Technology Co., Ltd.	2000.02.25	No. 17, Yonggong 1st Rd., Yong' an Dist., Kaohsiung City	NTD	892,800	Electronic component manufacturing and international trade
JOYSTAR INTERNATIONAL CO., LTD.	2006.06.06	4th Floor,Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	USD	17,522	Investing
PAN-JIT ASIA INTERNATIONAL INC.	1998.01.06	Vistra Corporate Services Centre Wickhams Cay II Road Town,Tortola,Vg1110 Virgin Islands,British	USD	244,086	Investing
PAN JIT AMERICAS, INC.	2000.08.08	2502 W. Huntington Drive Tempe, AZ 85282	USD	19,050	Electronics trade
Pan-Jit Electronics (Wuxi) Co., Ltd.	1999.12.21	No. 8, Hanjiang Road, National High-tech Industrial Development Zone, Wuxi	RMB	213,153	Rectifier processing and manufacutring
PANJIT Electronics (Beijing) Co., Ltd.	2014.09.03	Room 3315, 3rd Floor, Building 425, Wangjing West Park, Chaoyang District, Beijing	RMB	3,000	Sales of new types of electronic components, semiconductor rectifiers
Shandong Pan-Jit Electronic Technology Co. Ltd.	2010.07.09	No. 186, Zhongrun Avenue, High-tech Zone, Zibo City, Shandong Province	RMB	106,720	Manufacturing of semiconductor wafers for automobiles and protection of discrete devices, integrated circuit chips and packaging products
Pan-Jit Electronics (Qufu) Co., Ltd.	2018.05.02	North Chunqiu Road, Taiwan Industrial Park, Qufu City, Jining City, Shandong Province	RMB	500	Sales of new types of electronic components, semiconductor rectifiers
PAN-JIT INTERNATIONAL (H.K.) LTD.	1993.09.14	Unit 1-5 ,18/F., Wah Wai Centre,No. 38-40 Au Pui Wan Street,Fotan,Shatin, New Territories	HKD	24,711	Electronics trade
Suzhou Grande Electronics Co. Ltd.	1992.06.08	Room 903, Building 1, No. 88, Shishan Road, Suzhou New District, Jiangsu Province	RMB	93,169	Chip diodes, triodes, other new types of electronic semiconductor components and related products, as well as providing technology and after-sales service

Company name	Date of founding	Address	Share capital		Main business or production items
Wuxi Sumnergy Technology Co., Ltd.	2017.06.06	3rd Floor, No. 8, Hanjiang Road, Wuxi National High-tech Industrial Development Zone	RMB	36,000	Technical services of battery management system research, development, production and sales, etc.
CONTINENTAL LIMITED	2003.03.20	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	USD	10,226	Investing
PAN JIT EUROPE GMBH	2002.11.13	Otto-Hahn-Str. 285609 Aschheim Germany	EUR	700	Electronics trade
PANJIT KOREA Co., LTD.	2008.01.29	Tower A dong 3601 Ho, Heung Deuk IT Valey, Heung Deuk 1ro 13 Gi Heung-Gu, Yong In City GyungGi-Do, Korea	KRW	450,000	Electronics trade
DYNAMIC TECH GROUP LIMITED	2002.04.12	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	USD	2,156	Investing
Shenzhen Max Diode Co., Ltd.	2002.09.30	Room 708, Building 11, Tiedong Logistics, No. 3 Ping'an Avenue, Pinghu Community, Pinghu Street, Longgang District, Shenzhen	RMB	15,183	New types of electronic components, semiconductor rectifiers
Aide Energy (CAYMAN)Holding Co.,Ltd	2009.11.04	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	USD	83,263	Reinvestment business and solar energy products
Aide Solar Energy (HK) Holding Limited	2008.05.19	15/F, BOC Group Life Assurance Tower, No. 136 Des Voeux Road Central, Central, Hong Kong.	USD	43,101	Investing and trade
AIDE Energy Europe Coöperatie U.A.	2012.01.17	Corkstraat 46 ,3047 AC Rotterdam Nederland	EUR	18,625	Investing
AIDE ENERGY EUROPE B.V.	2012.01.17	Corkstraat 46 ,3047 AC Rotterdam Nederland	EUR	18,620	Investing and trade
EC SOLAR C1 SRL	2009.02.17	Viale Andrea Doria 7 Cap 20124	EUR	100	Electricity sales from solar power plants
AIDE SOLAR USA, INC.	2009.03.16	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	USD	2,900	Development, manufacturing and sales of solar energy products and self-acting

Company name	Date of founding	Address	Share capital		Main business or production items
					agents of various commodities and technologies, import and export
Jiangsu Aide Solar Technology Co., Ltd.	2006.12.28	No. 10, Fenghuang Avenue, Xuzhou Economic and Technological Development Zone	RMB	54,886	Development, manufacturing and sales of solar energy products and self-acting agents of various commodities and technologies, import and export
LIFETECH ENERGY INC.	2009.07.08	No. 17, Yonggong 1st Rd., Yong’ an Dist., Kaohsiung City	NTD	42,342	LiFePO4 battery manufacturing and sales
PAN-JIT Semiconductor (Xuzhou) Co., Ltd.,	2021/07/30	No. 10, Fenghuang Avenue, Xuzhou Economic and Technological Development Zone	RMB	77,267	Sales of new types of electronic components, semiconductor rectifiers

3. Where there is considered to be a controlled and subordinate relation, the information of the same shareholders:

Units: NT$ thousands; Share: %

Presumed cause	Company (or Name)	Shares Held		Date of founding	Address	Paid-up capital Registered capital	Main business or production items
		Number of shares	Shareholding ratio				
Not applicable							

4. Industries covered by the operation of the overall affiliated enterprise

Segment	Related enterprise name	Relationship with other related companies operating business
Investment	JOYSTAR INTERNATIONAL CO., LTD.	Invested DYNAMIC TECH GROUP LIMITED. 、Aide Energy (Cayman) Holding Co., Ltd.
	PAN-JIT ASIA INTERNATIONAL INC.	Invested in PAN JIT AMERICAS, INC.; Pan-Jit Electronics (Wuxi) Co., Ltd.; PAN-JIT INTERNATIONAL (H.K.)LTD.; CONTINENTAL LIMITED; Wuxi Sumnergy Technology Co., Ltd.; PANJIT EUROPE GMBH; PANJIT KOREA Co.,LTd.; Aide Energy (Cayman) Holding Co.,Ltd.; DYNAMIC TECH GROUP LIMITED
	CONTINENTAL LIMITED	Invested Suzhou Grande Electronics Co. Ltd. and Pan-Jit Electronics (Wuxi) Co., Ltd.
	DYNAMIC TECH GROUP LIMITED	Investment of Shenzhen Max Diode Co., Ltd.
	Aide Energy (Cayman)Holding Co.,Ltd.	Invested in Aide Solar Energy (HK) Holding Limited; AIDE SOLAR USA,INC.; AIDE Energy Europe Coöperatie U.A.; Jiangsu Aide Solar Technology Co., Ltd.; sales of solar energy products
	Aide Solar Energy (HK) Holding Limited	Invested AIDE SOLAR USA,INC., AIDE Energy Europe Coöperatie U.A., and trading
	AIDE Energy Europe Coöperatie U.A.	Invested AIDE Energy Europe B.V.
	AIDE ENERGY EUROPE B.V.	Invested in EC SOLAR C1 SRL and trading

Segment	Related enterprise name	Relationship with other related companies operating business
Manufacturing industry	Pynmax Technology Co., Ltd.	Electronic component manufacturing and international trade
	Pan-Jit Electronics (Wuxi) Co., Ltd.	Rectifier processing and manufacutring
	Shandong Pan-Jit Electronic Technology Co. Ltd.	Manufacturing of semiconductor wafers for automobiles and protection of discrete devices, integrated circuit chips and packaging products
	Wuxi Sumnergy Technology Co., Ltd.	Technical services of battery management system research, development, production and sales, etc.
	Shenzhen Max Diode Co., Ltd.	New types of electronic components, semiconductor rectifiers
	Jiangsu Aide Solar Technology Co., Ltd.	Development, manufacturing and sales of solar energy products and self-acting import agents of various commodities and technologies
	LIFETECH ENERGY INC.	LiFePO4 battery manufacturing and sales
	PAN-JIT Semiconductor (Xuzhou) Co., Ltd.,	Sales of new types of electronic components, semiconductor rectifiers
Merchandising	PAN JIT AMERICAS, INC.	Electronics trade
	Suzhou Grande Electronics Co. Ltd.	Chip diodes, triodes, other new types of electronic semiconductor components and related products, as well as providing technology and after-sales service
	PANJIT Electronics (Beijing) Co., Ltd.	Sales of new types of electronic components, semiconductor rectifiers
	Pan-Jit Electronics (Qufu) Co., Ltd.	Sales of new types of electronic components, semiconductor rectifiers
	PAN-JIT INTERNATIONAL (H.K.) LTD.	Electronics trade
	PAN JIT EUROPE GMBH	Electronics trade
	PANJIT KOREA Co.,LTd.	Electronics trade
	AIDE SOLAR USA,INC.	Development, manufacturing and sales of solar energy products and self-acting agents of various commodities
Electrisity supply	EC SOLAR C1 SRL	Electricity sales from solar power plants

5. Information on directors, supervisors, and presidents of affiliates

Unit: thousand shares

Company name	Position title	Name or representative	Shares Held	
			Number of shares	Shareholding ratio
Pynmax Technology Co., Ltd.	Chairman	PANJIT International Inc. Representative: FANG, MIN-QING	84,462	94.60
	Board director	PANJIT International Inc. Representative: FANG, MIN-ZONG	84,462	94.60
	Board director	PANJIT International Inc. Representative: LI, XUE-HAN	84,462	94.60
	Board director	FANG, HONG-RONG	0	0.00
	Board director	FANG, SHU-JUAN	135	0.15
	Supervisor	XIE, BAI-CHENG	0	
	Supervisor	SHEN, YING-XIU	8	0.00
	President	FANG, MIN-QING	0	0.01
				0.00
JOYSTAR INTERNATIONAL CO., LTD.	Board director	Pynmax Technology Co., Ltd. Representative: FANG, MIN-QING	17,522	100.00
PAN-JIT ASIA INTERNATIONAL INC.	Board director	PANJIT International Inc. Representative: FANG, MIN-QING	244,086	100.00
PAN JIT AMERICAS, INC.	Board director	PAN-JIT International Inc.. Representative: FANG, MIN-QING	2,431	95.86
	Board director	PAN-JIT International Inc. Representative: FANG, MIN-ZONG	2,431	95.86
	Board director	PAN-JIT International Inc. Representative: FANG, YAN-QIU	2,431	95.86
	Board director	PAN-JIT International Inc.. Representative: FANG, HONG-RONG	2,431	95.86
	President	Mike Coates	0	0.00

Company name	Position title	Name or representative	Shares Held	
			Number of shares	Shareholding ratio
Pan-Jit Electronics (Wuxi) Co., Ltd.	Chairman	PAN-JIT International Inc Representative: FANG, MIN-QING	Note 1	78.54
	Board director	PAN-JIT International Inc. Representative: FANG, MIN-ZONG		78.54
	Board director	PAN-JIT International Inc Representative: HUANG, GUO-CHEN		78.54
	Supervisor	PAN-JIT International Inc Representative: XIE, BAI-CHENG		78.54
	President	FANG, MIN-QING		0.00
PANJIT Electronics (Beijing) Co., Ltd.	Chairman	TIAN, LI	Note 1	0.00
	Board director	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-ZONG		100.00
	Board director	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-QING		100.00
	Supervisor	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: XIE, BAI-CHENG		100.00
Shandong Pan-Jit Electronic Technology Co. Ltd.	Chairman	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-QING	Note 1	70.28
	Board director	Zibo Micro Commercial Components Corp. Representative: LI, AN		29.72
	Board director	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: FANG, TING-YU		70.28
	Supervisor	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: XIE, BAI-CHENG		70.28
	Supervisor	Zibo Micro Commercial		29.72

Company name	Position title	Name or representative	Shares Held	
			Number of shares	Shareholding ratio
	President	Components Corp. Representative: ZHANG, QUN LI, AN		0.00
Pan-Jit Electronics (Qufu) Co., Ltd.	Executive Director Supervisor President	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: CHEN, MENG-SHUN Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: XIE, BAI-CHENG CHEN, MENG-SHUN	Note 1	100.00 100.00 0.00
PAN-JIT INTERNATIONAL (H.K.) LTD.	Chairman President	PAN-JIT International Inc. Representative: FANG, MIN-QING FANG, MIN-QING	24,711 0	100.00 0.00
Suzhou Grande Electronics Co. Ltd.	Chairman Board director Board director Supervisor President	CONTINENTAL LIMITED Representative: CHEN, MENG-SHUN CONTINENTAL LIMITED Representative: FANG, MIN-ZONG CONTINENTAL LIMITED Representative: FANG, MIN-QING CONTINENTAL LIMITED Representative: XIE, BAI-CHENG CHEN, MENG-SHUN	Note 1	100.00 100.00 100.00 100.00 0.00
Wuxi Sumnergy Technology Co., Ltd.	Chairman Board director Board director Supervisor	RICH PARAMOUNT INTERNATIONAL LIMITED Representative: LI, XUE-HAN PAN-JIT International Inc. Representative: FANG, MIN-ZONG PAN-JIT International Inc. Representative: FANG, MIN-QING PAN-JIT International Inc. Representative: SHEN, YING-XIU	Note 1	30.00 70.00 70.00 70.00

Company name	Position title	Name or representative	Shares Held	
			Number of shares	Shareholding ratio
CONTINENTAL LIMITED	Board director	PAN-JIT International Inc. Representative: FANG, MIN-QING	7,860	100.00
PAN JIT EUROPE GMBH	Chairman President	PAN-JIT International Inc. Representative: FANG, MIN-QING LI, JIA-HUI	Note 1	100.00 0.00
PANJIT KOREA Co., LTD	Director Supervisor President	KIM YONG TAE LEE CHUN YEON KIM YONG TAE	0 0 0	0.00 0.00 0.00
DYNAMIC TECH GROUP LIMITED	Board director	PAN-JIT International Inc. Representative: FANG, MIN-QING	1,126	52.22
Shenzhen Max Diode Co., Ltd.	Chairman Vice Chairman Board director President	DYNAMIC TECH GROUP LIMITED Representative: ZHONG, YUN-HUI DYNAMIC TECH GROUP LIMITED Representative: FANG, MIN-ZONG DYNAMIC TECH GROUP LIMITED Representative: ZHUANG, GUO-CHEN FANG, MIN-QING	Note 1	100.00 100.00 100.00 0.00
Aide Energy (CAYMAN) Holding Co.,Ltd	Chairman Board director Board director Supervisor President	PAN-JIT International Inc. Representative: FANG, MIN-ZONG PAN-JIT International Inc. Prepresentative: FANG, MIN-QING PAN-JIT International Inc. Representative: ZHONG, YUN-HUI YE, FANG-DE FANG, MIN-ZONG	246,249 246,249 246,249 0 895	94.43 94.43 94.43 0.00 0.34
Aide Solar Energy (HK) Holding Limited	Chairman	Aide Energy (CAYMAN)Holding Co.,Ltd Representative:	43,101	100.00

Company name	Position title	Name or representative	Shares Held	
			Number of shares	Shareholding ratio
	Board director President	FANG, MIN-ZONG FANG, MIN-ZONG FANG, MIN-ZONG	0 0	0.00 0.00
AIDE Energy Europe Coöperatie U.A.	Partners Partners	Aide Energy (CAYMAN)Holding Co.,Ltd Representative: FANG, MIN-ZONG Aide Solar Energy (HK) Holding Limited Representative: FANG, MIN-ZONG	Note 2	99.97 0.03
AIDE ENERGY EUROPE B.V.	Directors Executive Director	Aide Energy (CAYMAN)Holding Co.,Ltd Representative: FANG, MIN-ZONG FANG, HONG-RONG	0 0	0.00 0.00
EC SOLAR C1 SRL	Chairman Executive Director	AIDE ENERGY EUROPE B.V. Representative: FANG, MIN-ZONG FANG, HONG-RONG	Note 1	100.00 0.00
AIDE SOLAR USA, INC.	Board director Board director Board director President	Aide Solar Energy (HK) Holding Limited Representative: FANG, MIN-ZONG Aide Solar Energy (HK) Holding Limited Representative: FANG, HONG-RONG Aide Solar Energy (HK) Holding Limited Representative Ken K. Goto FANG, MIN-ZONG	140 140 140 0	48.28 48.28 48.28 0.00
Jiangsu Aide Solar Technology Co., Ltd.	Executive Director Supervisor	Aide Energy (CAYMAN) Holding Co.,Ltd Representative: LI, JIN-JIE Aide Energy (CAYMAN) Holding	Note 1	100.00 100.00

Company name	Position title	Name or representative	Shares Held	
			Number of shares	Shareholding ratio
	President	Co.,Ltd Representative: ZHANG, ZHONG-BIN LI, JIN-JIE		0.00
LIFETECH ENERGY INC.	Chairman	PANJIT International Inc. Representative: FANG, MIN-ZONG	871	20.57
	Board director	PANJIT International Inc. Representative: FANG, MIN-QING	871	20.57
	Board director	PANJIT International Inc. Representative: SHEN, YING-XIU	871	20.57
	Supervisor	Jinmao Investment Co., Ltd. Representative: XIE, BAI-CHENG	144	3.40
	President	LI, XUE-HAN	0	0.00
PAN-JIT Semiconductor (Xuzhou) Co., Ltd.,	Chairman	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-QING	Note 1	100.00
	Board director	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-ZONG		100.00
	Board director	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative ZHONG, YUN-HUI		100.00
	Supervisor	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative SHAO, YONG-HONG		100.00
	President	LUO, TIAN-XIU		0.00

(Note 1): It is a limited company, so there is no number of shares.

(Note 2): It is a merged company, so there is no number of shares.

6. Financial status and operating results of each affiliated enterprise:

Units: NT$ thousands

Company name	Share capital	Total assets	Total liabilities	Total equity	Operating revenue	Net operating income (loss)	Profit (loss) (After tax)	Earnings per share (NT$) (After tax)
Pynmax Technology Co., Ltd.	892,800	2,920,779	711,899	2,208,880	1,557,466	378,201	341,962	3.83
JOYSTAR INTERNATIONAL CO., LTD.	485,011	410,717	588	410,129	0	(2,404)	26,029	1.49
PAN-JIT ASIA INTERNATIONAL INC.	6,756,314	8,616,034	549,440	8,066,594	0	(21,627)	691,891	2.83
PAN JIT AMERICAS, INC.	527,304	251,602	80,221	171,381	200,324	(44,589)	37,449	14.77
Pan-Jit Electronics (Wuxi) Co., Ltd.	925,936	6,168,528	2,570,999	3,597,529	7,532,906	660,106	651,314	(Note 1)
PANJIT Electronics (Beijing) Co., Ltd.	13,032	17,609	716	16,893	11,492	6,848	6,694	(Note 1)
Shandong Pan-Jit Electronic Technology Co. Ltd.	463,592	496,516	60,199	436,317	187,118	54,472	57,965	(Note 1)
Pan-Jit Electronics (Qufu) Co., Ltd.	2,172	2,333	936	1,397	893	(301)	(305)	(Note 1)
PAN-JIT INTERNATIONAL (H.K.) LTD.	87,699	153,642	29,790	123,852	195,305	19,643	36,718	1.49
Suzhou Grande Electronics Co. Ltd.	404,728	756,715	42,907	713,808	101,686	18,999	(100,584)	(Note 1)
Wuxi Sumnergy Technology Co., Ltd.	156,384	33,055	16,250	16,805	43,058	(44,257)	46,625	(Note 1)
CONTINENTAL LIMITED	283,066	1,534,775	0	1,534,775	0	(9)	34,279	4.36
PAN JIT EUROPE GMBH	21,924	48,275	5,413	42,862	45,896	13,126	10,504	(Note 1)
PANJIT KOREA Co., LTD.	10,575	61,557	12,144	49,413	51,518	13,674	11,475	1.27.50
DYNAMIC TECH GROUP LIMITED	59,669	17,879	0	17,879	0	(96)	6,141	2.85
Shenzhen Max Diode Co., Ltd.	65,953	15,372	735	14,637	2,179	5,935	6,159	(Note 1)
Aide Energy (Cayman) Holding Co.,Ltd.	2,304,720	1,921,325	2,692,870	(771,545)	0	(8,621)	63,695	0.24
Aide Solar Energy (HK) Holding Limited	1,193,036	437	952,536	(952,099)	0	(104)	(89)	(0.00)
AIDE Energy Europe Coöperatie U.A.	583,335	685,054	0	685,054	0	(21)	50,290	(Note 2)
AIDE ENERGY EUROPE B.V.	583,178	1,186,495	501,489	685,006	0	(5,985)	50,311	25,155.50
EC SOLAR C1 SRL	3,132	1,218,629	652,481	566,148	214,486	76,530	46,853	(Note 1)

Company name	Share capital	Total assets	Total liabilities	Total equity	Operating revenue	Net operating income (loss)	Profit (loss) (After tax)	Earnings per share (NT$) (After tax)
AIDE SOLAR USA, INC. (Note)	80,272	0	0	0	0	0	0	0.00
Jiangsu Aide Solar Technology Co., Ltd.	238,427	220,677	1,955,740	(1,735,063)	6,414	(4,957)	15,895	(Note 1)
LIFETECH ENERGY INC.	42,342	309	576	(267)	0	(54)	(6,313)	(1.49)
PAN-JIT Semiconductor (Xuzhou) Co., Ltd.,	335,650	534,679	221,228	313,451	0	(19,290)	(22,243)	(Note 1)

(Note 1): It is a limited company and therefore there is no share number.
(Note 2): It is a merged company and therefore there is no share number.
(Note) AIDE SOLAR USA INC. was liquidated and cancelled on February , 2022.

(II) Consolidated Financial Statements of Related Companies

For 2021 (from January 01 to December 31, 2021), the Company's entities that are required to be included in the consolidated financial statements of associates under the "Criteria Governing Preparation of Consolidated Business Report of associates, Consolidated Financial Statements of associates, and Affiliation Reports" are the same as those required to be included in the parent-subsidiary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of associates has been fully disclosed in the aforementioned parent-subsidiary consolidated financial statements. Consequently, a separate set of consolidated financial statements of associates is not prepared.

(III) Relationship Report: None.

II. Where the Company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary, the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the Company, participation in the operations of the Company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the effect of the private placement on shareholders' equity, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan, and the realization of the benefits of the plan.

The Company did not issue private placement of securities during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or the Current Fiscal Year up to the Date of Publication of the Annual Report:

None.

IV. Other Supplementary Information

None.

X. Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or the Current Fiscal Year up to the Date of Publication of the Annual Report :

None.

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Appendix I

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Parent Company Only Financial Statements, Consolidated Financial Statements, and proposal for allocation of earnings. The CPA firm of Ernst & Young Taiwan was retained to audit the Parent Company Only Financial Statements and Consolidated Financial Statements and has issued an audit report relating to the Financial Statements.

The Business Report, Parent Company Only Financial Statements, Consolidated Financial Statements, and proposal for allocation of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Please approve.

Yours sincerely

2022 Annual General Meeting of PANJIT International Inc.

PANJIT International Inc.

Audit Committee convener: CHEN, YI-CHENG

March 25, 2022

Appendix II

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

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Independent Auditors' Report

To PANJIT INTERNATIONAL INC.

Opinion

We have audited the accompanying consolidated balance sheets of PANJIT INTERNATIONAL INC. (the "Company") and its subsidiaries as of 31 December 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other independent accountants (please refer to the Other Matter – Making Reference to the Audits of Other Independent Accountants section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2021 and 2020, and their consolidated financial performance and cash flows for the years ended 31 December 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission 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 Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other independent accountants, 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 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue Recognition

The consolidated operating revenues of the Company and its subsidiaries amounted to $13,861,744 thousand for the year ended 31 December 2021. The main source of revenue is manufacturing and selling diodes. As the operation spanned globally and the product combination and pricing methods were diverse, judgment of the performance obligation and when it is satisfied was required. Therefore, we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of revenue recognition; testing the design and operating effectiveness of internal controls around revenue recognition by management, including identifying completeness of performance obligation of client contracts and the accounting treatment of the timing of revenue recognition; performing analytical procedures on gross margin by products and departments; selecting samples to perform test of details and reviewing significant terms and conditions of contracts; performing cutoff procedures, testing general journal entry, reviewing sales transaction certificates before and after the balance sheet date to verify that revenue has been recorded in the correct accounting period. Accordingly, evaluating the appropriateness of significant sales returns and rebates. In addition, we also considered the appropriateness of the disclosures of sales. Please refer to Notes 4 and 6 to the Company's consolidated financial statements.

2. Evaluation of Inventories

As of 31 December 2021, the Company and its subsidiaries' net inventories amounted to $2,421,044 thousand, constituting 9% of consolidated total assets which was then identified as material to financial statement. The status of inventory was difficult to manage due to various types of stocks stored across various locations including outsourced warehouses. Such inventories are stated at the lower of cost and net realizable value. Evaluation involves management's significant accounting estimation and judgement, and the carrying amount of inventories is material to consolidated financial statements. Therefore we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of inventories evaluation; testing the design and operating effectiveness of internal controls around revenue recognition by management, including assessing the transfer of inventory cost, selecting major warehouse to observe physical stock taking to verify inventory quantity and status; and assessing the management's estimates of net realizable value by inventories evaluation, and selecting samples to verify related certificates to test the correctness of inventories aging interval; review whether obsolescence loss allowance was sufficient according to policy and assess the appropriateness of the provision policy. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the Company's consolidated financial statements.

Other Matter – Making Reference to the Audits of Other Independent Accountants

We did not audit the financial statements of certain investment accounted for under the equity method, which reflected the associates and joint ventures under equity method in the amount of $1,574,237 thousand, constituting 6% of consolidated total assets as of 31 December 2021. The related shares of profits from the associates and joint ventures under the equity method of $92,457 thousand, constituting 4% of consolidated pretax income, and the related shares of other comprehensive income from the associates and joint ventures under the equity method of ($3,467) thousand, constituting 2% of consolidated other comprehensive income for the year ended 31 December 2021. Those financial statements were audited by other independent accountants, whose reports there on have been furnished to us, and our audit results are based solely on the reports of the other independent accountants.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 consolidated financial statements.

As part of an audit in accordance with 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 consolidated 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 internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 2021 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2021 and 2020.

Chen, Cheng-Chu

Fuh, Wen-Fun

Ernst & Young, Taiwan
25 March 2022

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December, 2021 and 2020
(Expressed in Thousand of New Taiwan Dollars)

		31 December , 2021		31 December , 2020	
Assets	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	6(1)	$3,413,707	13	$1,947,779	11
Financial assets at fair value through profit or loss-current	6(2)	3,247,815	12	1,460,640	8
Notes receivable, net	6(5).(20)	579,449	2	368,096	2
Trade receivable, net	6(6).(20)	3,948,555	15	3,443,558	20
Trade receivable-related parties, net	6(6).(20), 7	140,689	1	58,720	-
Other receivable, net		151,860	1	197,406	1
Other receivables-related parties, net	7	6,524	-	39,245	-
Inventories, net	6(7)	2,421,044	9	1,614,459	9
Prepayments		520,106	2	482,799	3
Other current assets	8	105,290	-	89,572	1
Total current assets		$14,535,039	55	$9,702,274	55
Non-current assets					
Financial assets at fair value through other comprehensive income-non-current	6(3)	1,444,493	5	1,171,947	7
Financial assets measured at amortized cost-non-current	6(4)	25,604	-	136,939	1
Investments accounted for using the equity method	6(8)	2,004,283	8	393,508	2
Property, plant and equipment	6(9),7,8	5,306,044	20	3,691,739	21
Right-of-use assets	6(21)	1,347,255	5	1,348,980	8
Intangible assets	6(10).(11)	218,378	1	253,937	1
Deferred tax assets	6(25)	367,714	1	404,907	2
Prepayment for equipments		833,325	3	516,501	3
Refundable deposits		540,443	2	117,538	-
Other non-current assets	8	30,211	-	19,748	-
Total non-current assets		12,117,750	45	8,055,744	45
Total assets		$26,652,789	100	$17,758,018	100

		31 December , 2021		31 December , 2020	
Liabilities and Equity	Notes	Amount	%	Amount	%
Current liabilities					
Short-term borrowings	6(12)	$3,219,218	12	$1,898,733	11
Financial liabilities at fair value through profit or loss-current	6(13)	-	-	2,925	-
Contract liabilities-current	6(19)	16,850	-	12,772	-
Notes payable	6(14)	754,823	3	556,694	3
Trade payable		2,046,066	8	1,399,977	8
Trade payable-related parties	7	186,250	1	99,114	-
Other payables		1,553,563	6	1,086,400	6
Other payables-related parties	7	40,556	-	39,921	-
Current tax liabilities	6(25)	326,537	1	110,147	1
Lease liabilities-current	6(21),7	52,314	-	35,583	-
Long-term borrowings, current portion	6(16),8	32,458	-	-	-
Other current liabilities		16,988	-	26,470	-
Total current liabilities		8,245,623	31	5,268,736	29
Non-current liabilities					
Long-term borrowings	6(16), 8	4,551,794	17	4,643,731	26
Deferred tax liabilities	6(25)	78,229	-	72,620	-
Lease liabilities-non-current	6(21),7	351,589	1	202,441	1
Long-term deferred revenue	6(15)	102,150	-	100,701	1
Defined benefit liabilities-non-current	6(17)	105,561	1	113,342	1
Other non-current liabilities		106,841	1	109,715	1
Total non-current liabilities		5,296,164	20	5,242,550	30
Total liabilities		13,541,787	51	10,511,286	59
Equity attributable to the parent company					
Capital					
Common stock	6(18)	3,828,149	14	3,328,149	19
Capital Surplus	6(18)	6,086,155	23	2,196,674	12
Retained earnings	6(18)				
Legal reserve		328,134	1	239,453	1
Special reserve		717,237	3	717,237	4
Unappropriated earnings		2,204,637	8	1,015,504	6
Total retain earnings		3,250,008	12	1,972,194	11
Other components of equity		(251,937)	(1)	(381,089)	(2)
Treasury stock	6(18)	(16,507)	-	(16,507)	-
Total equity attributable to the parent company		12,895,868	48	7,099,421	40
Non-controlling interests	6(18)	215,134	1	147,311	1
Total equity		13,111,002	49	7,246,732	41
Total liabilities and equity		$26,652,789	100	$17,758,018	100

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

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December, 2021 and 2020

(Expressed in Thousand of New Taiwan Dollars)

Items	Notes	2021 Amount	2021 %	2020 Amount	2020 %
Operating revenues	6(19),7	$13,861,744	100	$10,485,100	100
Operating costs	6(7).(22),7	(9,466,106)	(68)	(8,038,328)	(77)
Gross profit		4,395,638	32	2,446,772	23
Operating expenses	6(20).(21).(22),7				
Selling expenses		(646,097)	(4)	(540,392)	(5)
General and administrative expenses		(1,039,765)	(8)	(568,569)	(5)
Research and development expenses		(422,578)	(3)	(348,046)	(3)
Expected credit gains	6(20)	2,224	-	2,318	-
Subtotal		(2,106,216)	(15)	(1,454,689)	(13)
Operating income		2,289,422	17	992,083	10
Non-operating income and expenses	6(23)				
Interest income		90,731	1	99,152	1
Other income	7	185,633	1	141,748	1
Other gains and losses	7	(3,942)	-	(95,470)	(1)
Finance costs		(96,683)	(1)	(80,754)	(1)
Share of profit or loss of associates under equity method	6(8)	49,715	-	(25,625)	-
Subtotal		225,454	1	39,051	-
Pretax income from continuing operations		2,514,876	18	1,031,134	10
Income tax expenses	6(25)	(536,846)	(4)	(130,593)	(1)
Profit from continuing operations		1,978,030	14	900,541	9
Net income		1,978,030	14	900,541	9
Other comprehensive income (loss)	6(24)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		2,070	-	(6,505)	-
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		346,756	3	394,573	4
Income tax related to items that will not be reclassified	6(25)	(2,117)	-	(12,800)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(195,703)	(1)	(31,765)	(1)
Income tax related to items that may be reclassified	6(25)	35,627	-	5,285	-
Total other comprehensive income (loss), net of tax		186,633	2	348,788	3
Total comprehensive income (loss)		$2,164,663	16	$1,249,329	12
Net income (loss) attributable to:					
Stockholders of the parent		$1,926,975	14	$897,435	9
Non-controlling interests		51,055	-	3,106	-
		$1,978,030	14	$900,541	9
Comprehensive income (loss) attributable to:					
Stockholders of the parent		$2,110,038	16	$1,226,597	12
Non-controlling interests		54,625	-	22,732	-
		$2,164,663	16	$1,249,329	12
Earnings per share (NTD)	6(26)				
Basic earnings per share		$5.66		$2.70	
Diluted earnings per share		$5.64		$2.69	

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

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December, 2021 and 2020

(Expressed in Thousand of New Taiwan Dollars)

	Equity Attributable to Parent Company											
	Capital		Retained Earnings			Other Components of Equity						
Items	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Others	Treasury Stock	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January, 2020	$3,328,149	$2,202,946	$186,432	$525,032	$723,373	($640,624)	($75,991)	($622)	$-	$6,248,695	$125,176	$6,373,871
Appropriation and distribution of 2019 retained earnings												
Legal reserve	-	-	53,021	-	(53,021)	-	-	-	-	-	-	-
Special reserve	-	-	-	192,205	(192,205)	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(349,456)	-	-	-	-	(349,456)	-	(349,456)
Changes in equity of associates accounted for using equity method	-	(489)	-	-	(154)	-	-	209	-	(434)	(73)	(507)
Net income in 2020	-	-	-	-	897,435	-	-	-	-	897,435	3,106	900,541
Other comprehensive income (loss) in 2020	-	-	-	-	(5,087)	(28,659)	362,908	-	-	329,162	19,626	348,788
Total comprehensive income (loss)	-	-	-	-	892,348	(28,659)	362,908	-	-	1,226,597	22,732	1,249,329
Repurchase of treasury shares	-	-	-	-	-	-	-	-	(16,507)	(16,507)	-	(16,507)
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	(8,489)	-	-	-	-	-	-	-	(8,489)	7,501	(988)
Increase (decrease) through changes in ownership interests in subsidiaries	-	2,706	-	-	(3,691)	-	-	-	-	(985)	66	(919)
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,094)	(8,094)
Disposal of euqity instrument investments at fair value through other comprehensive income	-	-	-	-	(1,690)	-	1,690	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	3	3
Balance as of 31 December, 2020	$3,328,149	$2,196,674	$239,453	$717,237	$1,015,504	($669,283)	$288,607	($413)	($16,507)	$7,099,421	$147,311	$7,246,732
Balance as of 1 January, 2021	$3,328,149	$2,196,674	$239,453	$717,237	$1,015,504	($669,283)	$288,607	($413)	$(16,507)	$7,099,421	$147,311	$7,246,732
Appropriation and distribution of 2020 retained earnings												
Legal reserve	-	-	88,681	-	(88,681)	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(498,172)	-	-	-	-	(498,172)	-	(498,172)
Changes in equity of associates accounted for using equity method	-	113,328	-	-	-	-	-	-	-	113,328	(452)	112,876
Net income in 2021	-	-	-	-	1,926,975	-	-	-	-	1,926,975	51,055	1,978,030
Other comprehensive income (loss) in 2021	-	-	-	-	1,920	(152,275)	333,418	-	-	183,063	3,570	186,633
Total comprehensive income (loss)	-	-	-	-	1,928,895	(152,275)	333,418	-	-	2,110,038	54,625	2,164,663
Issue of shares	500,000	3,610,956	-	-	-	-	-	-	-	4,110,956	-	4,110,956
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	165,193	-	-	(204,900)	-	-	-	-	(39,707)	20,496	(19,211)
Increase (decrease) through changes in ownership interests in subsidiaries	-	4	-	-	-	-	-	-	-	4	(4)	-
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,842)	(6,842)
Disposal of euqity instrument investments measured at fair value through other comprehensive income	-	-	-	-	51,991	-	(51,991)	-	-	-	-	-
Balance as of 31 December, 2021	$3,828,149	$6,086,155	$328,134	$717,237	$2,204,637	($821,558)	$570,034	($413)	($16,507)	$12,895,868	$215,134	$13,111,002

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

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December, 2021 and 2020
(Expressed in Thousand of New Taiwan Dollars)

Items	2021	2020
Cash flows from operating activities:		
Net income before tax	$2,514,876	$1,031,134
Adjustments to reconcile net income (loss) before tax to net cash provided by operating activities:		
Depreciation	628,594	636,673
Amortization	43,085	51,445
Expected credit losses (gains)	(2,224)	(2,318)
Net (gain) of financial assets or liabilities at fair value through profit or loss	(37,702)	(12,422)
Interest expense	96,683	80,754
Interest revenue	(90,731)	(99,152)
Dividend revenue	(22,308)	(11,262)
Share of (profit) loss of associates accounted for using equity method	(49,715)	25,625
Loss on disposal of property, plant and equipment	21,028	15,554
Loss (gain) on disposal of investments	133	(2,663)
Impairment loss on non-financial assets	18,710	43,331
Others	(118,929)	(26,720)
Subtotal	486,624	698,845
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(1,803,055)	(49,140)
Notes receivable	(211,353)	112,484
Ttrade receivable	(464,195)	(467,468)
Trade receivable-related parties	(81,969)	(16,678)
Other receivables	45,555	219,339
Other receivables-related parties	32,721	(8,151)
Inventories	(687,955)	21,153
Prepayments	(38,469)	(147,790)
Other current assets	(14,744)	(6,897)
Changes in operating liabilities:		
Contract liabilities	4,078	(30,689)
Notes payable	198,129	41,582
Trade payable	646,089	214,567
Trade payable-related parties	87,136	44,113
Other payables	492,830	201,314
Other payables-related parties	635	-
Other current liabilities	(9,870)	(19,987)
Net defined benefit liabilities-non-current	(7,877)	(2,226)
Deferred credit	-	2,155
Subtotal	(1,812,314)	107,681
Cash generated from operations	1,189,186	1,837,660
Interest received	90,731	99,152
Income tax (paid)	(243,275)	(160,750)
Net cash provided by operating activities	1,036,642	1,776,062
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(25,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	68,774	27,580
Acquisition of financial assets measured at amortized cost	-	(179,951)
Proceeds from disposal of financial assets measured at amortized cost	102,991	378,288
Acquisition of investments accounted for under the equity method	(1,455,570)	-
Proceeds from disposal of investments accounted for under the equity method	-	4,676
Proceeds from disposal of subsidiaries	-	288
Acquisition of property, plant and equipment	(1,277,687)	(340,776)
Proceeds from disposal of property, plant and equipment	53,326	40,145
Increase in refundable deposits	(422,905)	(69,616)
Acquisition of intangible assets	(17,258)	(31,286)
Increase in other non-current assets	-	18,692
Decrease in other non-current assets	(10,463)	-
Increase in prepayment for equipments	(1,326,789)	(1,106,283)
Dividends received	23,642	11,262
Net cash (used in) investing activities	(4,261,939)	(1,271,981)
Cash flows from financing activities:		
Increase in short-term loans	1,324,854	-
Decrease in short-term loans	-	(296,468)
Proceeds from long-term debt	-	1,281,617
Repayments of long-term debt	(8,923)	-
Repayments of lease liabilities	(47,742)	(42,854)
Increase in other non-current liabilities	-	14,424
Decrease in other non-current liabilities	(2,874)	-
Cash dividends paid	(498,169)	(349,456)
Proceeds from issuing shares	4,110,956	-
Repurchase of treasury stock	-	(16,507)
Acquisition of ownership interests in subsidiaries	(197)	(5,436)
Interest paid	(88,552)	(74,441)
Changes in non-controlling interests	(6,842)	(805)
Net cash provided by financing activities	4,782,511	510,074
Effect of exchange rate changes on cash and cash equivalents	(91,286)	(197,898)
Net increase in cash and cash equivalents	1,465,928	816,257
Cash and cash equivalents at beginning of period	1,947,779	1,131,522
Cash and cash equivalents at end of period	$3,413,707	$1,947,779

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

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

PANJIT INTERNATIONAL INC. (the Company) was incorporated on 20 May 1986, under the Company Act of the Republic of China on Taiwan. The Company's registered address is No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City. The principal activities of the Company are to manufacture, process, assemble and to import and export semiconductors. The Company also assembles, trades and transfers technological advancements of machinery parts. The Company also trades resins and paints for semiconductors.

The Company's shares commenced trading on Taipei Exchange Market (GreTai Securities Market) on 22 December 1999, and then trading on Taiwan Stock Exchange Corporation on 17 September 2001.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended 31 December 2021 and 2020 were authorized for issue by the Board of Directors on 25 March 2022.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2021. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37, and Annual Improvements	1 January 2022

(a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37, and Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 – 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41
The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2022. Have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

(1) estimates of future cash flows;
(2) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
(3) a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, and the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRSs, IASs, IFRIC and SIC, which are endorsed by FSC (TIFRSs).

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor	Subsidiary	Main businesses	31 Dec. 2021	31 Dec. 2020
The Company	PAN-JIT ASIA INTERNATIONAL INC.	Investment holding	100.00%	100.00%
The Company	PYNMAX TECHNOLOGY CO., LTD.	Manufacture of electronic components and international trade business	94.60%	94.60%
The Company	LIFETECH Energy Inc.	Manufacture and sale lithium iron phosphate battery pack	81.97% (Note 1)	81.97% (Note 1)
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT INTERNATIONAL (H.K.) LTD.	Sale of electronic products	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT EUROPE GMBH	Sale of electronic products	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT AMERICAS, INC.	Sale of electronic products	95.86%	95.86%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT ELECTRONIC (WUXI) CO., LTD.	Manufacture, and process of rectifier	100.00% (Note 2)	100.00% (Note 2)

Investor	Subsidiary	Main businesses	Percentage of ownership (%) 31 Dec. 2021	31 Dec. 2020
PAN-JIT ASIA INTERNATIONAL INC.	SUMMERGY CO., LTD	Battery management system research, development, production and sales of technical services	70.00%	70.00%
PAN-JIT ASIA INTERNATIONAL INC.	CONTINENTAL LIMITED	Investment holding	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	DYNAMIC TECH GROUP LIMITED	Investment holding	100.00% (Note 2)	100.00% (Note 2)
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT KOREA CO., LTD.	Sale of electronic products	60.00%	60.00%
PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Investment holding and sale of photovoltaic products	94.43% (Note 6)	91.71% (Note 3)
PYNMAX TECHNOLOGY CO., LTD.	JOYSTAR INTERNATIONAL CO., LTD.	Investment holding	100.00%	100.00%
DYNAMIC TECH GROUP LIMITED	MAX-DIODE ELECTRONIC., LTD.(SHENZHEN)	New types of electronics components and semiconductor controlled rectifier	100.00%	100.00%
DYNAMIC TECH GROUP LIMITED	MAX-DIODE ELECTRONIC CO., LTD.	New types of electronics components and semiconductor controlled rectifier	— (Note 5)	— (Note 5)
CONTINENTAL LIMITED	SUZHOU GRANDE ELECTRONICS CO., LTD.	Chip diodes, transistors and other new electronic semiconductor components and related products, sales of products and provide technical and after-sales service	100.00%	100.00%
PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN JIT ELECTRONIC (BEIJING) CO., LTD	Manufacture, process and sales of electronic products	100.00%	100.00%
PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN JIT ELECTRONICS (SHANDONG) CO., LTD.	Manufacture semiconductor wafer for automobile, protection of discrete devices, integrated circuit chip packaged product	70.28%	70.28%

Investor	Subsidiary	Main businesses	Percentage of ownership (%) 31 Dec. 2021	31 Dec. 2020
PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN JIT ELECTRONIC (QUFU) CO., LTD.	Manufacture, process and sales of electronic products	100.00%	100.00%
PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN JIT SEMICONDUCTOR (XUZHOU) CO., LTD.	Manufacture, process and sales of electronic products	100.00% (Note 7)	—
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Investment holding and sales	100.00%	100.00%
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE ENEREGY EUROPE COÖPERATIE U.A.	Investment holding	100.00% (Note 4)	100.00% (Note 4)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR USA, INC	Solar photovoltaic product development, manufacturing, sales, self-agency of goods and technology import and export business	100.00% (Note 4)	100.00% (Note 4)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	JIANGSU AIDE SOLAR ENERGY TECHNOLOGY CO., LTD.	Solar photovoltaic product development, manufacturing, sales, self-agency of goods and technology import and export business	100.00%	100.00%
AIDE Energy Europe Coöperatie U.A.	AIDE ENERGY EUROPE B.V.	Investment holding and sales	100.00%	100.00%
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Solar power generation and sales of electricity	100.00%	100.00%

(Note 1) The Company owned 81.97% of the shares with other subsidiaries, which are consolidated into the Company's financial statements.

(Note 2) PAN-JIT ASIA INTERNATIONAL INC. owned 100.00% of the shares with other subsidiaries, which are consolidated into the Company's financial statements.

(Note 3) PAN-JIT ASIA INTERNATIONAL INC. owned 91.71% of the shares with other subsidiaries, which are consolidated into the Company's financial statements.

(Note 4) AIDE ENERGY (CAYMAN) HOLDING CO., LTD. owned 100% of the shares with other subsidiaries, which are consolidated into the Company's financial statements.

(Note 5) The Company completed the equity interest transfer of MAX-DIODE ELECTRONIC CO., LTD. in November 2020.

(Note 6) In December 2021, PAN-JIT ASIA INTERNATIONAL INC. acquired 4.18% of the shares from JOYSTAR INTERNATIONAL CO., LTD., and other juridical persons, which increased the percentage of ownership interests from 90.25% to 94.43%.

(Note 7) PAN JIT ELECTRONIC (WUXI) CO., LTD invested in and founded the subsidiary, PAN JIT SEMICONDUCTOR(XUZHOU) CO., LTD., in September 2021, and owns 100% of the shares. PAN JIT SEMICONDUCTOR (XUZHOU) CO., LTD is therefore incorporated in the Company's consolidated financial statements

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including fixed-term deposits that have maturity within three months from the date of acquisition) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. <u>Financial instruments: Recognition and Measurement</u>

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Group’s business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

    (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:
(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or

ii. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are separated from the host contract and accounted for as a derivative.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials –Purchase cost on weighted average cost basis

Finished goods and work in progress – Cost of direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(13) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro-rata basis.

When the associate issues new stock, and the Group's interest in an associate is reduced or increased as the Group fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro-rata basis when the Group disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(14) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	1～52 years
Machinery and equipment	1～15 years
Utilities equipment	1～13 years
Transportation equipment	1～10 years
Office equipment	1～10 years
Leasehold improvements	1～20 years
Other equipment	1～25 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. These changes are treated as accounting estimates.

(15) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(16)Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software	Other intangible assets
Useful lives	Finite (1～10 years)	Finite (1～10 years)
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired

(17) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro-rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(18) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management’s judgement and other known factors.

(19) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(20) Revenue recognition

The Group’s revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is diode and rectifier and revenue is recognized based on the consideration stated in the contract.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. However, for some contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to transfers the goods subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, no significant financing component has arisen.

In contracts between the Group and its customers, the period during which the promised goods are delivered to the customer and the customer paid was not more than one year. Therefore, the Group didn't adjust the transaction price for the time value of money.

(21) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(22) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(23) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(24) Share-based payment transactions

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substitutes for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted shares issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(25) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(26) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired, and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 5% of the total property.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(c) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases.

(d) Revenue recognition – sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(f) Trade receivables–estimation of impairment loss

The Group estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(g) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices may decline. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Notes 6 for more details.

6. <u>Contents of significant accounts</u>

(1) Cash and cash equivalents

	As at	
	31 Dec. 2021	31 Dec. 2020
Cash on hand	$1,195	$2,040
Checking, demand deposits and time deposits	3,412,512	1,945,739
Total	$3,413,707	$1,947,779

(2) Financial assets at fair value through profit or loss-Current

	As at	
	31 Dec. 2021	31 Dec. 2020
Mandatorily measured at fair value through profit or loss:		
Financial products– structured deposits	$—	$660,927
Funds	2,810,350	786,883
Stocks	49,840	11,920
Notes and bills	387,520	—
Derivatives not designated as hedging instruments		
Forward exchange agreement and cross currency swap contracts	105	910
Total	$3,247,815	$1,460,640

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at fair value through other comprehensive income-Non-current

	As at	
	31 Dec. 2021	31 Dec. 2020
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Listed companies stocks	$1,172,635	$924,476
Unlisted companies stocks	271,858	247,471
Total	$1,444,493	$1,171,947

Financial assets at fair value through other comprehensive income were not pledged.

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended 31 December 2021 and 2020 are as follow:

	For the years ended 31 December	
	2021	2020
Dividends recognized during the period	$22,212	$11,262

In consideration of the Group's investment strategy, the Group disposed, and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended 31 December 2021 and 2020 are as follow:

	For the years ended 31 December	
	2021	2020
The fair value of the investments at the date of derecognition	$68,774	$27,580
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	$51,991	($1,690)

(4) Financial assets measured at amortized cost-Non-current

	As at	
	31 Dec. 2021	31 Dec. 2020
Financial products	$25,604	$136,939

Financial assets measured at amortized cost were not pledged.

(5) Notes receivables

	As at	
	31 Dec. 2021	31 Dec. 2020
Notes receivables arising from operating activities	$579,449	$368,096
Less: loss allowance	—	—
Total	$579,449	$368,096

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6.(20) for more details on loss allowance and Note 12 for details on credit risk management.

(6) Trade receivables and Trade receivables-related parties

	As at	
	31 Dec. 2021	31 Dec. 2020
Trade receivables	$5,362,136	$4,909,733
Less: loss allowance	(1,413,581)	(1,466,175)
Subtotal	3,948,555	3,443,558
Trade receivables-related parties	140,689	58,720
Total	$4,089,244	$3,502,278

Trade receivables were not pledged.

Trade receivables are generally on 30 to 120 day terms. The total carrying amount as of 31 December 2021 and 31 December 2020 were $5,502,825 thousand and $4,968,453 thousand respectively. Please refer to Note 6.(20) for more details on loss allowance of trade receivables for the years ended 31 December 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As at	
	31 Dec. 2021	31 Dec. 2020
Raw materials	$976,772	$685,783
Work in progress	181,081	170,834
Finished goods	1,263,191	757,842
Total	$2,421,044	$1,614,459

The cost of inventories recognized in expenses amounted to $9,466,106 thousand and $8,038,328 thousand for the years ended 31 December 2021 and 2020, respectively, including gain on inventory valuation of $117,608 thousand and $219 thousand for the years ended 31 December 2021 and 2020, respectively.

No inventories were pledged.

(8) Investments accounted for using the equity method

	As at			
	31 Dec. 2021		31 Dec. 2020	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$177,858	26.54%	$99,544	31.38%
MILDEX OPTICAL INC.	252,188	29.28%	293,964	29.28%
ALLTOP THCHNOLOGY CO., INC	1,574,237	19.08% (Note)	—	—
	$2,004,283		$393,508	

(Note) On 5 March 2021, the Group acquired 19.97% of common shares of ALLTOP TECHNOLOGY CO., LTD. In April 2021, the Group purchased additional 220,000 shares resulting in 19.99% of shares. Until December 2021, the conversion of convertible bonds into shares of ALLTOP TECHNOLOGY CO., LTD. caused a change in equity ownership. The percentage of common shares held by the Group was subsequently diluted to 19.08%.

Information on the material associate of the Group:

Company name: ALLTOP TECHNOLOGY CO., LTD.

Nature of the relationship with the associate: ALLTOP TECHNOLOGY CO., LTD. is in the business of research and development, manufacturing and sale of connectors, primarily for servers, automotive and industrial application. Alltop's future development strategy aligns with the Group's targeted business areas. The Group invests in the company with an aim to integrate the resources of both companies, and expand business areas including servers, laptops, automotive, industrial and networking equipment. This is to create synergies between the two firms and to provide customers with more full-range products and services.

Fair value of the investment in the associate when there is a quoted market price for the investment: ALLTOP TECHNOLOGY CO., LTD. is a listed entity on the Taipei Exchange (TPEx). The fair value of the investment in ALLTOP TECHNOLOGY CO., LTD. accounted for using the equity method amounted to $2,059,391 thousand as of 31 December 2021.

Reconciliation of the associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

	2021.12.31
Assets	$3,633,364
Liabilities	(1,135,335)
Equity	2,498,029
Proportion of the Group's ownership	19.08%
subtotal	476,624
Goodwill	968,326
Patent	102,726
Others(Note)	26,561
Carrying amount of the investment	$1,574,237

(Note) The variance was because the conversion of the convertible bonds into common stocks occurred after acquisition date.

The aggregate financial information of the Group's investments in associates is as follows:

	For the years ended 31 December	
	2021	2020
Operating revenue	$449,578	$－
Profit from continuing operations	$92,457	$－
Other comprehensive income (post-tax)	($3,467)	$－
Total comprehensive income	$88,990	$－

The Group's investments in ZIBO MICRO COMMERCIAL COMPONENT CORP. are not individually material. The aggregate carrying amount of the Group's interests in ZIBO MICRO COMMERCIAL COMPONENT CORP. is $177,858 thousand and $99,544 thousand as at ended 31 December 2021 and 2020. The aggregate financial information of the Group's investments in associates is as follows:

	For the years ended	
	31 Dec. 2021	31 Dec. 2020
(Loss) Profit from continuing operations	($4,851)	$7,668
Other comprehensive income (post-tax)	$−	$−
Total comprehensive income	($4,851)	$7,668

The Group's investments in MILDEX OPTICAL INC. are not individually material. The aggregate carrying amount of the Group's interests in MILDEX OPTICAL INC. is $252,188 thousand and $293,964 thousand as at 31 December 2021 and 2020. The aggregate financial information of the Group's investments in associates is as follows:

	For the years ended	
	31 Dec. 2021	31 Dec. 2020
Loss from continuing operations	($37,891)	($33,293)
Other comprehensive income (post-tax)	($3,885)	($1,909)
Total comprehensive income	($41,776)	($35,002)

($154) thousand of investment in the associate due to the changes in the net assets of an associate were recognized in retained earnings for the years ended 31 December 2020.

The associates had no contingent liabilities or capital commitments as at 31 December 2021 and 2020.

(9) Property, plant and equipment

	As at	
	31 Dec. 2021	31 Dec. 2020
Owner occupied property, plant and equipment	$5,306,044	$3,691,739

Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Utilities equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:										
As at 1 Jan. 2021	$374,462	$1,103,860	$7,901,300	$18,558	$172,545	$128,097	$98,388	$1,348,975	$824,539	$11,970,724
Additions	127	32,717	202,518	2,150	1,020	10,496	7,224	108,068	887,656	1,251,976
Disposals	—	(99)	(222,124)	(5,768)	(294)	(21,289)	(10,179)	(60,881)	(1,650)	(322,284)
Transfers	202,816	305,743	692,990	—	—	11,005	—	67,049	(287,152)	992,451
Exchange differences	(662)	(6,455)	(13,441)	(220)	—	(1,477)	(6,845)	(4,101)	(184)	(33,385)
As at 31 Dec. 2021	$576,743	$1,435,766	$8,561,243	$14,720	$173,271	$126,832	$88,588	$1,459,110	$1,423,209	$13,859,482
Depreciation and impairment:										
As at 1 Jan. 2021	$—	$623,283	$6,276,995	$14,286	$159,941	$105,886	$46,294	$1,052,300	$—	$8,278,985
Depreciation	—	37,469	372,104	1,585	2,793	12,382	6,079	95,386	—	527,798
Disposals	—	(96)	(161,140)	(4,828)	(294)	(20,445)	(1,704)	(60,073)	—	(248,580)
Impairment losses (reversal)	—	—	(348)	—	—	—	13,342	—	—	12,994
Transfers	—	(386)	3,897	—	—	1	—	(818)	—	2,694
Exchange differences	—	(3,389)	(8,890)	(152)	—	(1,386)	(3,507)	(3,129)	—	(20,453)
As at 31 Dec. 2021	$—	$656,881	$6,482,618	$10,891	$162,440	$96,438	$60,504	$1,083,666	$—	$8,553,438
Net carrying amount as at:										
31 Dec. 2021	$576,743	$778,885	$2,078,625	$3,829	$10,831	$30,394	$28,084	$375,444	$1,423,209	$5,306,044

	Land	Buildings	Machinery and equipment	Transportation equipment	Utilities equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:										
As at 1 Jan. 2020	$374,404	$1,092,729	$7,885,244	$17,287	$168,425	$126,617	$81,825	$1,289,826	$30,940	$11,067,297
Additions	—	1,047	112,923	1,025	4,120	2,556	14,035	63,426	243,098	442,230
Disposals	—	—	(233,544)	—	—	(1,352)	—	(24,357)	—	(259,253)
Transfers	—	—	108,303	—	—	—	—	12,544	550,506	671,353
Consolidation differences	—	—	—	—	—	(226)	—	(595)	—	(821)
Exchange differences	58	10,084	28,374	246	—	502	2,528	8,131	(5)	49,918
As at 31 Dec. 2020	$374,462	$1,103,860	$7,901,300	$18,558	$172,545	$128,097	$98,388	$1,348,975	$824,539	$11,970,724
Depreciation and impairment:										
As at 1 Jan. 2020	$—	$580,592	$6,052,569	$12,494	$157,656	$94,544	$37,324	$966,153	$—	$7,901,332
Depreciation	—	35,917	380,798	1,598	2,285	12,105	7,754	99,085	—	539,542
Disposals	—	—	(180,545)	—	—	(1,115)	—	(19,105)	—	(200,765)
Impairment losses (gains)	—	—	2,415	—	—	—	—	—	—	2,415
Transfers	—	—	2,783	—	—	—	—	—	—	2,783
Consolidation differences	—	—	—	—	—	(95)	—	(348)	—	(443)
Exchange differences	—	6,774	18,975	194	—	447	1,216	6,515	—	34,121
As at 31 Dec. 2020	$—	$623,283	$6,276,995	$14,286	$159,941	$105,886	$46,294	$1,052,300	$—	$8,278,985
Net carrying amount as at:										
31 Dec. 2020	$374,462	$480,577	$1,624,305	$4,272	$12,604	$22,211	$52,094	$296,675	$824,539	$3,691,739

Capitalized borrowing costs of construction in progress for the years ended 31 December 2021 and 2020 are both $0.
Please refer to Note 8 for more details on property, plant and equipment under pledge.

(10) Intangible assets

	Computer software	Other intangible assets	Goodwill	Total
Cost:				
As at 1 Jan. 2021	$157,558	$166,637	$591,869	$916,064
Addition-acquired separately	13,796	3,462	—	17,258
Disposals	(20,226)	—	—	(20,226)
Transfers	5,332	138	—	5,470
Exchange differences	(314)	(13,512)	(15,125)	(28,951)
As at 31 Dec. 2021	$156,146	$156,725	$576,744	$889,615
As at 1 Jan. 2020	$157,678	$162,093	$619,193	$938,964
Addition-acquired separately	19,336	11,950	—	31,286
Disposals	(19,531)	—	—	(19,531)
Transfers	—	(13,038)	—	(13,038)
Exchange differences	75	5,632	(27,324)	(21,617)
As at 31 Dec. 2020	$157,558	$166,637	$591,869	$916,064
Amortization and Impairment:				
As at 1 Jan. 2021	($90,069)	($77,418)	($494,640)	($662,127)
Amortization	(31,802)	(11,283)	—	(43,085)
Impairment losses	(5,716)	—	—	(5,716)
Disposals	20,226	—	—	20,226
Transfers	—	—	—	—
Exchange differences	248	6,128	13,089	19,465
As at 31 Dec. 2021	($107,113)	($82,573)	($481,551)	($671,237)
As at 1 Jan. 2020	($67,897)	($65,900)	($476,200)	($609,997)
Amortization	(41,738)	(9,707)	—	(51,445)
Impairment losses	—	—	(40,916)	(40,916)
Disposals	19,531	—	—	19,531
Transfers	—	609	—	609
Exchange differences	35	(2,420)	22,476	20,091
As at 31 Dec. 2020	($90,069)	($77,418)	($494,640)	($662,127)
Net carrying amount as at:				
31 Dec. 2021	$49,033	$74,152	$95,193	$218,378
31 Dec. 2020	$67,489	$89,219	$97,229	$253,937

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended 31. December	
	2021	2020
Operating costs	$14,061	$14,994
Operating expenses	$29,024	$36,451

(11) Impairment testing of goodwill

Goodwill acquired through business combinations for impairment testing as follows:

Carrying amount of goodwill allocated to each of the cash-generating units of diodes:

	As at	
	31 Dec. 2021	31 Dec. 2020
Goodwill	$95,193	$97,229

The impairment testing of goodwill was conducted for the cash-generating unit of diodes on 31 December 2021. This recoverable amount is $492,194 thousand, which has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management. The projected cash flows have been updated to reflect the change in demand for products and the going concern assumption for the unit. The pre-tax discount rate applied to cash flow projections in 2021 was between 11.75% and 14.81%, and the growth rate was the same as the long-term average growth rate for the industry. Based on the result of this analysis, management did not identify an impairment of goodwill which was allocated to this cash-generating unit.

Key assumptions used in value-in-use calculations

Gross margins – Gross margins are based on operating results and further average values achieved in the years preceding the start of the budget period.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest bearing loans that the Group has obligation to settle. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

Growth rate estimates – Rates are based on published industry research.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the diodes, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(12) Short-term borrowings

	As at	
	31 Dec. 2021	31 Dec. 2020
Unsecured bank loans	$3,219,218	$1,898,733
Interest rates	0.40%~3.85%	0.55%~2.35%
Due date	111.01.12～111.11.25	110.01.13～110.12.01

The Group’s unused short-term lines of credits amount to $7,162,605 thousand and $7,436,828 thousand, as at 31 December 2021 and 2020, respectively.

(13) Financial liabilities at fair value through profit or loss- Current

	As at	
	31 Dec. 2021	31 Dec. 2020
Held for trading:		
Derivatives not designated as hedging Instruments		
Forward exchange agreement and cross currency swap contracts	$—	$2,925

(14) Notes payable- Current

	As at	
	31 Dec. 2021	31 Dec. 2020
Notes payables rising from operating activities	$754,823	$556,694

(15) Long-term deferred revenue

	For the years ended 31 December	
	2021	2020
Beginning balance	$100,701	$124,062
Addition	26,719	7,647
Recognized to the statement of comprehensive income	(24,264)	(32,112)
Reclassification	(345)	—
Exchange differences	(661)	1,104
Ending Balance	$102,150	$100,701

	As at	
	31 Dec. 2021	31 Dec. 2020
Non-current deferred revenue - related to assets	$102,150	$100,701

Government grants have been received for the purchase of certain items of property, plant and equipment and land use right. There are no unfulfilled conditions or contingencies attached to these grants recognized to the statement of comprehensive income.

(16) Long-term borrowings

Details of long-term loans are as follows:

	As at	
Lenders	31 Dec. 2021	31 Dec. 2020
Syndicated loans(A) (Note)	$1,000,000	$2,487,500
Syndicated loans(B)	521,165	1,121,533
Project finance(C)	598,000	23,000
Project finance (D)	300,000	103,000
Project finance (E)	1,050,000	152,000
Project finance (F)	98,333	—
Unsecured bank loans	1,050,000	765,333
Subtotal	4,617,498	4,652,366
(Less): Due within one year	(32,458)	—
(Less): Discount on long-term notes	(1,065)	—
(Less): Unamortized cost of syndicated loan	(6,510)	(3,194)
(Less): Deferred government grants	(25,671)	(5,441)
Total	$4,551,794	$4,643,731

	As at	
	31 Dec. 2021	31 Dec. 2020
Interest rates	0.65%~1.35%	0.65%~1.79%

(Note) In August 2021, the Company renewed the syndicated loan contract which it entered into in 2018 with 16 financial institutions, including the Land Bank of Taiwan.

(A) On 17 August 2021, the Company entered into a syndicated loan contract with 10 financial institutions and the amount of the loan facility was $4,200,000 thousand for a period of five years starting from the first day the facility is drawn. The facility must be drawn within three months from the execution date of the contract, otherwise the maturity of the said three-month period shall be deemed the first drawdown day. The extract of terms of the contract as following:

a. The total amount of the syndicated loan is NT$4,200,000 thousand.

b. Terms of the syndicated loan agreement:
   i. Category 1: Medium-term loan up to $4,200,000 thousand.
   ii. Category 2: Commercial paper of $2,940,000 thousand.

c. The total amount of category 1 and category 2 shall not exceed the total amount of the syndicated loan.

d. Terms of financial ratios
   Within the contract period, the Company is required to calculate annually the financial ratios and agree with assigned threshold based on the figures from audited consolidated financial report.

i. Current ratio (current asset / current liability): higher than 100%.
ii. Debt ratio (liability / equity): lower than 200%.
iii. Interest coverage ratio【（net profit before tax + interest expense + depreciation + amortization ）/ interest expense】: higher than 2.5 times.
iv. Net worth: higher than NT$5,300,000 thousand or USD equivalent.

(B) On 17 October 2018, the subsidiary, PAN-JIT ASIA INTERNATIONAL INC., entered into a syndicated loan contract with 17 financial institutions and the amount of the loan facility was US$66,000 thousand for a period of five years starting from the first day the facility is drawn. The facility must be drawn within three months from the execution date of the contract, otherwise the maturity of the said three-month period shall be deemed the first drawdown day. The extract of terms of the contract as following:

a. Terms of the syndicated loan agreement:
i. Category 1: Medium-term loan up to US$35,000 thousand, which should be used in one time.
ii. Category 2: Medium-term loan up to US$31,000 thousand, which can be used as a revolving loan within the credit period.

b. Terms of financial ratios:
Within the contract period, the Company should annually calculate the financial ratios and agree with the assigned figures based on the data from audited consolidated financial report.

i. Current ratio (current asset / current liability): higher than 100%.
ii. Debt ratio (liability / equity): lower than 200%.
iii. Interest coverage ratio【（net profit before tax + interest expense + depreciation + amortization ）/ interest expense】: higher than 2.5 times.
iv. Net worth: higher than $5,300,000 thousand or USD equivalent.

Certain property, plant and equipment are pledged as first priority security as well as the top managements are grantors for the secured syndicated loans, please refer to Notes 7 and 8 for more details.

(C) On 9 September 2019, the Company entered into a credit agreement with Taishin International Bank in the amount of NT$600,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Credit line	Credit Period	Interest rate	Repayment method
$400,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
$200,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

(D) On 25 October 2019, the Company entered into a credit agreement with Chang HWA Bank in the amount of NT$900,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Credit line	Credit Period	Interest rate	Repayment method
$600,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
$300,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

(E) On 1 November 2019, the Company entered into a credit agreement with First Commercial Bank in the amount of NT$1,500,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Credit line	Credit Period	Interest rate	Repayment method
$1,000,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
$500,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

(F) On 21 November 2021, the Company entered into a credit agreement with Land Bank in the amount of NT$1,000,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Credit line	Credit Period	Interest rate	Repayment method
$700,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Sole interests will be paid per month in the first two years. The principal shall be paid back in monthly equal installments, from the third year, and interest calculated based on the amount of principal monthly.
$300,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Sole interests will be paid per month in the first two years. The principal shall be paid back in monthly equal installments, from the third year, and interest calculated based on the amount of principal monthly.

Certain property, plant and equipment are pledged as first priority security as well as the top managements are grantors for the secured syndicated loans, please refer to Notes 8 for more details.

(17) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.
Subsidiaries located in the People's Republic of China will contribute a certain percentage of employees' salaries or wages as national pension insurance to the employees' individual pension accounts in accordance with local regulations.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended 31 December 2021 and 2020 were $48,043 thousand and $43,126 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute $2,841 thousand to its defined benefit plan during the 12 months beginning after 31 December 2021.

The average duration of the defined benefits plan obligation as at 31 December 2021 and 2020, are 12 to 18 and 12 to 19 years, respectively.

The pension costs recognized in profit or loss for the years ended 31 December 2021 and 2020 are as follows:

	For the years ended 31 December	
	2021	2020
Current period service costs	$1,863	$2,024
Interest expense	462	828
Total	$2,325	$2,852

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As at		
	31 Dec. 2021	31 Dec. 2020	1 Jan. 2020
Defined benefit obligation	$193,097	$194,474	$187,860
Plan assets at fair value	(87,536)	(81,132)	(79,259)
Other non-current liabilities – Defined benefit liabilities recognized on the consolidated balance sheets	$105,561	$113,342	$108,601

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	As at		
	Defined benefit obligation	Fair value of plan assets	Defined benefit liability (asset)
As at 1 Jan. 2020	$187,860	($79,259)	$108,601
Current period service costs	2,024	—	2,024
Net interest expense (income)	1,444	(616)	828
Past service cost and gains and losses arising from settlements	—	—	—
Subtotal	191,328	(79,875)	111,453
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(822)	—	(822)
Actuarial gains and losses arising from changes in financial assumptions	9,811	—	9,811
Experience adjustments	1,191	—	1,191
Remeasurements of the defined benefit asset	—	(3,087)	(3,087)
Subtotal	201,508	(82,962)	118,546
Payments from the plan	(7,034)	7,034	—
Contributions by employer	—	(5,204)	(5,204)
Effect of changes in foreign exchange rates	—	—	—
As at 31 Dec. 2020	$194,474	($81,132)	$113,342
Current period service costs	1,863	—	1,863
Net interest expense (income)	789	(327)	462
Past service cost and gains and losses arising from settlements	—	—	—
Subtotal	197,126	(81,459)	115,667
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	365	—	365
Actuarial gains and losses arising from changes in financial assumptions	(2,116)	—	(2,116)
Experience adjustments	684	—	684
Remeasurements of the defined benefit asset	—	(1,162)	(1,162)
Subtotal	196,059	(82,621)	113,438
Payments from the plan	(2,962)	2,962	—
Contributions by employer	—	(7,877)	(7,877)
Effect of changes in foreign exchange rates	—	—	—
As at 31 Dec. 2021	$193,097	($87,536)	$105,561

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at	
	31 Dec. 2021	31 Dec. 2020
Discount rate	0.71%～0.73%	0.38%～0.41%
Expected rate of salary increases	1.50%～3.00%	1.50%～2.00%

A sensitivity analysis for significant assumption as at 31 December 2021 and 2020, is as shown below:

	Effect on the defined benefit obligation			
	2021		2020	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	$－	$11,273	$－	$12,891
Discount rate decrease by 0.5%	$13,338	$－	$14,322	$－
Future salary increase by 0.5%	$13,111	$－	$14,072	$－
Future salary decrease by 0.5%	$－	$11,207	$－	$12,809

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(18) Equities

A. Common stock

As at 31 December 2021 and 2020, the Company's authorized capital were $6,000,000 thousand, and issued capital were $3,828,149 thousand and $3,328,149 thousand respectively, each at a par value of NT$10. Each share has one voting right and a right to receive dividends.

On 25 October 2021, the Company issued 50,000 thousand units of Global Depository Shares ("GDS") on the Luxembourg Stock Exchange, each representing a unit of ordinary shares of the Company. And totals in new issuance of 50,000 thousand common stock shares, each unit of GDS was priced at USD3.02, equivalent to NT$84.5. Totals shares amounted to USD151,000 thousand. The rights and obligations of the new shares issued are the same as the original shares. As of December 31, 2021, the outstanding shares were 2,146 thousand units, representing 2,146 thousand shares.

B. Capital surplus

	As at	
	31 Dec. 2021	31 Dec. 2020
Additional paid-in capital	$4,611,840	$1,000,884
Premium on convertible bonds	1,083,418	1,083,418
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	165,193	–
Increase (decrease) through changes in ownership interests in subsidiaries	4	–
Share of changes in net assets of associates accounted and joint ventures for using the equity method	113,328	–
Employee stock option	24,527	24,527
Restricted stocks for employees	694	694
Others	87,151	87,151
Total	$6,086,155	$2,196,674

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

The transaction costs associated with the issuance of Global Depository Shares amounted to $94,847 thousand which were recognized in the deduction of capital reserve.

C. Treasury stock

To transfer shares to employees, the board of directors resolved to repurchase treasury stock on 23 March 2020. The estimated shares of repurchase were 10,000 thousand with the price range between $10.54 to $34.50, from 24 March 2020 to 23 May 2020.

As of 31 December 2021 and 2020, the treasury stock held by the Company were $16,507 thousand, and the number of treasury stock held by the Company were 700 thousand shares.

D. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues
b. Offset prior years' operation losses
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve
d. Set aside or reverse special reserve in accordance with law and regulations
e. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting

According to the provision of Article 240-5 of the Company Act, the Company should authorize the distributable dividends and bonuses in whole or in part are paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

The policy of dividend distribution approved by the Board should reflect factors such as the operating planning, investment plan, capital budgets, the changes of inner and outer environment. The Company in capital-intensive industries are currently in the stage of expansion. Considering the Company's need for future capital and the long-term financial planning; as well as the shareholders' need for cash inflow, the principle of earning distribution:

The dividend to shareholders should be paid in the form of cash as priority, or in the form of share dividend. Additionally, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to the provision of Article 241 of the Company Act, the Company shall distribute the whole or a part of the statutory surplus reserve and capital surplus to shareholders in new shares or cash according to their shareholding percentage. When cash is distributed, a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company shall be required and reported to the shareholders meeting. When new shares are issued, it shall be submitted to the shareholders' meeting for approval before distribution.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate 1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The special reserve upon first adoption amounted to $200,400 thousand as of 1 January 2021 and 2020. Because of unused, disposal or reclassification of related assets, there was no reversal from special reserve to unappropriated earnings during the nine-month periods ended of 2021 and 2020. As of 31 December 2021 and 2020, the special reverse upon first adoption amounted to $200,400 thousand.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the board of directors meeting on 25 March 2022 and shareholders' meeting on 13 July 2021, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2021	2020	2021	2020
Legal reserve	$177,599	$88,681	$—	$—
Special reserve	$—	$—	$—	$—
Common stock -cash dividend (Note)	$1,146,345	$498,172	$3.00	$1.50

(Note) The Company resolved at the board of directors' meeting held on 25 March 2022 and 26 March 2021 to distribute the dividends of 2021 and 2020 in form of cash.

Please refer to Note 6.(22) for further details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the years ended 31 December	
	2021	2020
Beginning balance	$147,311	$125,176
Profit (loss) attributable to non-controlling interests	51,055	3,106
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(7,801)	2,179
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	11,667	17,444
Remeasurements of defined benefits plans	(296)	3
Share of changes of associates and joint ventures accounted for using the equity method	(452)	(73)
Adjustments arising from changes in ownerships in subsidiaries	(4)	66
Acquisition of additional interest in a subsidiary	20,496	(1,133)
Increase in capital of a subsidiary	—	8,634
Cash dividends from a subsidiary	(6,842)	(8,094)
Others	—	3
Ending balance	$215,134	$147,311

(19) Operating revenue

Revenue from contracts with customers	For the years ended 31 December	
	2021	2020
Sale of goods	$13,845,094	$10,475,269
Other operating revenue	16,650	9,831
Total	$13,861,744	$10,485,100

Analysis of revenue from contracts with customers during the years ended 31 December 2021 and 2020 are as follows:

A. Disaggregation of revenue

For the year ended 31 December 2021:

	Diodes	Solar	Other	Total
Sale of goods	$13,597,786	$220,900	$43,058	$13,861,744

For the year ended 31 December 2020:

	Diodes	Solar	Other	Total
Sale of goods	$10,226,964	$187,980	$70,156	$10,485,100

B. Contract balances

Contract liabilities - current

	As at	
	31 Dec. 2021	31 Dec. 2020
Sales of goods	$16,850	$12,772

The changes in the balance of contract liabilities of the Group in 2021 and 2020 were due to the fact that some of the performance obligations have been satisfied to be reclassified to increase in revenue or increase in advance receipts.

(20) Expected credit gains (losses):

	For the years ended 31 December	
	2021	2020
Operation expense－Expected credit gains (losses)		
Trade receivables	$2,224	$2,318

Please refer to Note 12 for more details on credit risk management.

The Group measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2021 and 2020 are as follows:

The Group considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is measure by using a provision matrix, details as follows:

As at 31 Dec. 2021

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	$3,842,063	$866,922	$864	$—	$1,372,425	$6,082,274
Loss rate	—	4.73%	20%	—	100%	
Lifetime expected credit losses	—	(40,983)	(173)	—	(1,372,425)	(1,413,581)
Total	$3,842,063	$825,939	$691	$—	$—	$4,668,693

As at 31 Dec. 2020

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	$3,219,458	$682,886	$1,308	$3	$1,432,894	$5,336,549
Loss rate	—	4.84%	20%	50%	100%	
Lifetime expected credit losses	—	(33,024)	(256)	(1)	(1,432,894)	(1,466,175)
Total	$3,219,458	$649,862	$1,052	$2	$—	$3,870,374

Note: The Group's note receivables are not overdue.

The movement in the provision of impairment of trade receivables during the years ended 31 Dec. 2021 and 2020 are as follows:

	Trade receivables
As at 1 Jan. 2021	$1,466,175
Additional/(reversal) for the current period	(2,224)
Write off	(1,568)
Others (Note)	(10,225)
Effect of changes in exchange rate	(38,577)
As at 31 Dec. 2021	$1,413,581
As at 1 Jan. 2020	$1,543,365
Additional/(reversal) for the current period	(2,318)
Write off	(5,545)
Effect of changes in exchange rate	(69,327)
As at 31 Dec. 2020	$1,466,175

(Note) Reversal of credit losses recovered in previous years.

(21) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment and other equipment. The lease terms range from 1 to 50 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

(A) Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	31 Dec. 2021	31 Dec. 2020
Land	$71,716	$72,740
Buildings	263,693	71,656
Transportation equipment	1,427	1,174
Other equipment	1,010,419	1,203,410
Total	$1,347,255	$1,348,980

b. Lease liabilities

	As at	
	31 Dec. 2021	31 Dec. 2020
Current	$52,314	$35,583
Non-current	351,589	202,441
Total	$403,903	$238,024

Please refer to Note 6.(23)(d) for the interest on lease liabilities recognized during the years ended 31 December 2021 and 2020 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of 31 December 2021.

(B) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2021	2020
Land	$2,659	$2,628
Buildings	26,830	21,919
Transportation equipment	703	1,243
Other equipment	70,604	71,341
Total	$100,796	$97,131

(C) Income and costs relating to leasing activities

	For the years ended 31 December	
	2021	2020
The expenses relating to short-term leases	$11,901	$9,672
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	$353	$329
The expenses relating to variable lease payments not included in the measurement of lease liabilities	$90	$—
Income from subleasing right-of-use assets	$1,481	$4,918

(D) Cash outflow relating to leasing activities

During the year ended 31 December 2021 and 2020, the Group's total cash outflows for leases amounting to $47,742 thousand and $42,854 thousand, respectively.

(E) Other information relating to leasing activities

Extension and termination options

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(22) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function / Nature	For the year ended 31 December 2021			For the year ended 31 December 2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$1,020,403	$1,220,389	$2,240,792	$1,079,807	$667,465	$1,747,272
Labor and health insurance	$124,338	$65,034	$189,372	$103,787	$41,822	$145,609
Pension	$31,818	$18,550	$50,368	$30,922	$15,055	$45,977
Compensation of the directors	$－	$48,956	$48,956	$－	$21,029	$21,029
Other employee benefits expense	$73,802	$50,150	$123,952	$63,996	$22,210	$86,206
Depreciation	$523,920	$104,674	$628,594	$537,999	$98,674	$636,673
Amortization	$14,061	$29,024	$43,085	$14,994	$36,451	$51,445

According to the Company's Articles of Incorporation, 6% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered.

According to Article 235-1 of the Company Act, the Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended 31 Dec. 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2021 to be 6% of profit of current year and 2% of profit of current year, respectively, recognized the amount of $145,548 thousand and $48,516 thousand. Employees' compensation and remuneration to directors for the years ended 31 Dec. 2020 amount of $61,528 thousand and $20,509 thousand, respectively, recognized as employee benefits expense. If the Board of Directors resolves to distribute employee compensation through stock, the number of stocks distributed is calculated based on total employee compensation divided by the closing price of the day before the Board of Directors meeting. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment in the profit of loss in the subsequent period.

A resolution was passed at the board meeting on 25 March 2022 to distribute dividend in cash in the amount of $145,548 thousand and $48,516 thousand for the year end 2021, and of $ 61,528 thousand and $20,509 thousand for the year ended 2020 as employees' compensation and remuneration to directors and supervisors, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the years ended 2021 and 2020.

(23) Non-operating income and expenses

A. Interest income

	For the years ended 31 December	
	2021	2020
Finance assets measured at amortized cost	$90,731	$99,152

B. Other income

	For the years ended 31 December	
	2021	2020
Rental income	$1,498	$5,178
Dividend income	22,308	11,262
Others	161,827	125,308
Total	$185,633	$141,748

C. Other gains and losses

	For the years ended 31 December	
	2021	2020
(Losses) on disposal of property, plant and equipment	($21,028)	($15,554)
(Losses) Gains on disposal of investments	(133)	2,663
Foreign exchange gains (losses), net	27,816	(46,498)
Impairment losses	(18,710)	(43,331)
Gains on financial assets / financial liabilities at fair value through profit or loss (Note)	37,702	12,422
Others	(29,589)	(5,172)
Total	($3,942)	($95,470)

(Note) Balances were arising from financial assets and financial liabilities mandatorily measured at fair value through profit or loss.

D. Finance costs

	For the years ended 31 December	
	2021	2020
Interest on borrowings from bank	($86,636)	($72,597)
Interest on lease liabilities	(10,047)	(8,157)
Total	($96,683)	($80,754)

(24) Components of other comprehensive income

For the year ended 31 December 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$2,070	$—	$2,070	($446)	$1,624
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	346,756	—	346,756	(1,671)	345,085
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(195,703)	—	(195,703)	35,627	(160,076)
Total of other comprehensive income	$153,123	$—	$153,123	$33,510	$186,633

For the year ended 31 December 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	($6,505)	$—	($6,505)	$1,419	($5,086)
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	394,573	—	394,573	(14,219)	380,354
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(31,765)	—	(31,765)	5,285	(26,480)
Total of other comprehensive income	$356,303	$—	$356,303	($7,515)	$348,788

(25) Income tax

A. Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2021	2020
Current income tax expense:		
Current income tax charge	$442,214	$184,430
Adjustments in respect of current income tax of prior periods	19,174	(49,747)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	67,090	(11,018)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	6,838	7,749
Others	1,530	(821)
Total income tax expense	$536,846	$130,593

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2021	2020
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$446	($1,419)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	1,671	14,219
Exchange differences resulting from translating the financial statements of a foreign operation	(35,627)	(5,285)
Income tax relating to components of other comprehensive income	($33,510)	$7,515

C. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2021	2020
Accounting profit before tax from continuing operations	$2,514,876	$1,031,134
Tax at the domestic rates applicable to profits in the country concerned	$647,359	$289,885
Tax effect of revenues exempt from taxation	(63,726)	(28,942)
Tax effect of expenses not deductible for tax purposes	192	(746)
Tax effect of deferred tax assets/liabilities	(86,618)	(69,321)
Adjustments in respect of current income tax of prior periods	19,174	(49,747)
Others	20,465	(10,536)
Total income tax expense recognized in profit or loss	$536,846	$130,593

D. Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2021:

	Beginning balance as at 1 Jan. 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Exchange differences	Ending balance as at 31 Dec. 2021
Temporary differences					
Allowance for bad debts	$1,861	($412)	$ —	($13)	$1,436
Allowance for losses on inventory	62,737	(15,280)	—	(41)	47,416
Unrealized exchange gains (losses)	474	(7,084)	—	—	(6,610)
Share of profit (loss) of subsidiaries accounted for using the equity method	101,736	(28,471)	—	—	73,265
Changes in ownership interests of subsidiaries for using equity method	(71,014)	—	—	(1)	(71,015)
Exchange differences resulting from translating the financial statements of a foreign operation	118,506	—	35,627	2	154,135
Depreciation difference for tax purpose	(773)	302	—	(1)	(472)
Pension cost	22,669	(1,110)	(446)	(1)	21,112
Impairment losses	10,340	(70)	—	(24)	10,246
Financial assets measured at fair value through other comprehensive income	6,591	—	(1,671)	—	4,920
Others	79,160	(21,803)	—	(2,305)	55,052
Deferred tax (expense)/ income		($73,928)	$33,510	($2,384)	
Net deferred tax assets/(liabilities)	$332,287				$289,485
Reflected in balance sheet as follows:					
Deferred tax assets	$404,907				$367,714
Deferred tax liabilities	($72,620)				($78,229)

For the year ended 31 December 2020:

	Beginning balance as at 1 Jan. 2020	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Deferred tax assets (liabilities) acquired in business combinations	Exchange differences	Ending balance as at 31 Dec. 2020
Temporary differences						
Allowance for bad debts	$1,276	$564	$—	$—	$21	$1,861
Allowance for losses on inventory	60,996	1,648	—	—	93	62,737
Unrealized exchange gains (losses)	3,211	(2,737)	—	—	—	474
Share of profit (loss) of subsidiaries accounted for using the equity method	121,856	(20,120)	—	—	—	101,736
Changes in ownership interests of subsidiaries for using equity method	(71,014)	—	—	—	—	(71,014)
Exchange differences resulting from translating the financial statements of a foreign operation	113,221	—	5,285	—	—	118,506
Depreciation difference for tax purpose	(1,087)	311	—	—	3	(773)
Pension cost	21,720	(470)	1,419	—	—	22,669
Impairment losses	9,802	499	—	—	39	10,340
Financial assets measured at fair value through other comprehensive income	20,810	—	(14,219)	—	—	6,591
Other	45,531	31,323	—	2,018	288	79,160
Unused tax losses	7,749	(7,749)	—	—	—	—
Deferred tax income/ (expense)		$3,269	($7,515)	$2,018	$444	
Net deferred tax assets/(liabilities)	$334,071					$332,287
Reflected in balance sheet as follows:						
Deferred tax assets	$408,628					$404,907
Deferred tax liabilities	($74,557)					($72,620)

E. <u>The following table contains information of the unused tax losses of the Group:</u>

(i). LIFETECH Energy Inc.

Year	Tax losses for the period	Unused tax losses as at 31 Dec. 2021	Unused tax losses as at 31 Dec. 2020	Expiration year
2011	21,985	$21,985	$21,985	2021
2012	4,457	4,457	4,457	2022
2013	11,706	11,706	11,706	2023
2014	26,214	26,214	26,214	2024
2015	24,895	24,895	24,895	2025
2016	21,921	21,921	21,921	2026
2017	20,387	20,387	20,387	2027
		$131,565	$131,565	

(ii). Aide Energy (Cayman) Holding Co., Ltd. Taiwan Branch

Year	Tax losses for the period	Unused tax losses as at 31 Dec. 2021	Unused tax losses as at 31 Dec. 2020	Expiration year
2010	13,297	$—	$13,297	2020
2011	30,876	30,876	30,876	2021
2012	42,967	42,967	42,967	2022
2013	15,965	15,965	15,965	2023
2014	30,253	30,253	30,253	2024
2015	25,606	25,606	25,606	2025
2016	680	680	680	2026
2017	4,705	4,705	4,705	2027
		$151,052	$164,349	

(iii). Jiangsu Aide Solar Energy Technology Co., Ltd.

Year	Tax losses for the period	Unused tax losses as at 31 Dec. 2021	Unused tax losses as at 31 Dec. 2020	Expiration year
2016	297,519	$297,519	$297,519	2021
2018	87,960	87,960	87,960	2023
2019	719,704	719,704	719,704	2024
2020	3,463	3,463	—	2025
		$1,108,646	$1,105,183	

(iv). Sumnergy Co., Ltd.

		Unused tax losses as at		
Year	Tax losses for the period	31 Dec. 2021	31 Dec. 2020	Expiration year
2017	19,610	$19,610	$19,610	2022
2018	61,405	61,405	61,405	2023
2019	70,483	70,483	70,483	2024
2020	60,923	60,923	－	2025
		$212,421	$151,498	

F. Unrecognized deferred tax assets

As of 31 December 2021 and 2020, deferred tax assets that have not been recognized amounted to $245,523 thousand and $361,012 thousand, respectively.

G. The assessment of income tax returns

As of 31 December 2021, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2019
Pynmax Technology Inc.	Assessed and approved up to 2019
Lifetech Energy Inc.	Assessed and approved up to 2019
Aide Energy (Cayman) Holding Co., Ltd. Taiwan Branch	Assessed and approved up to 2020

(26) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2021	2020
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$1,926,975	$897,435
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand)	340,448	332,349
Basic earnings per share (NT$)	$5.66	$2.70

	For the years ended 31 December	
	2021	2020
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company and effect of potential common shares (in thousand NT$)	$1,926,975	$897,435
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand)	340,448	332,349
Effect of dilution		
Employee compensation－stock (in thousands)	1,360	1,855
Weighted average number of ordinary shares outstanding after dilution (in thousand)	341,808	334,204
Diluted earnings per share (NT$)	$5.64	$2.69

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements authorized for issue.

(27) Changes in parent’s interest in subsidiaries

A. The Company disposed of 100% shares of MAX-DIODE ELECTRONIC., LTD. in November 2020, with the price of $2,167 thousand (equivalent to USD 75,017.25), and lost control over it. The amount of $354 thousand was reclassified from exchange differences on transaction of foreign financial statements to profit/loss, and was recognized in comprehensive income statement as gain on disposal of investment.

The carrying amount of net assets of MAX-DIODE ELECTRONIC., LTD. is as follows:

	Book value
Cash and cash equivalents	$1,879
Notes receivables, trade receivables and other receivables	3,709
Inventories	673
Other current assets	232
Property, plant and equipment	599
Right-of-use assets	1,327
Other non-current asset	175
Trade payables and other payables	(4,991)
Other current liabilities	(1,132)
Other non-current liabilities	(304)
Net assets	$2,167

7. Related party transactions

The following is a summary of transactions between the Group and related parties during the reporting periods:

Name and Relationship of Related Parties

Name of related parties	Relationship with the Company.
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Associated Enterprises
MILDEX OPTICAL INC.	Associated Enterprises
MILDEX OPTOELECTRONICS(XUZHOU) CO., LTD.	Associated Enterprises
MILDEX OPTICAL USA, INC.	Associated Enterprises
Fang Minqing and other 13 people	The management level above Deputy general manager of the Group

(1) Sales

	For the years ended 31 December	
	2021	2020
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$426,219	$134,273
Other	144	46
Total	$426,363	$134,319

The sales price to the related parties was determined through mutual agreement in reference to market conditions. The collection periods to related parties were month-end 90 days, and non-related parties were month-end 30~120 days. The outstanding payment at the end of the year were not pledged, interest-free and subject to pay in cash.

(2) Purchase

	For the years ended 31 December	
	2021	2020
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$703,237	$333,220

The purchase price from the related parties was determined through mutual agreement in reference to market conditions. The payment periods to related parties were the same with other company, and were 30~90 days.

(3) Receivables -related parties

	As at	
	31 Dec. 2021	31 Dec. 2020
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$140,680	$58,720
Other	9	－
Total	$140,689	$58,720

(4) Other receivables -related parties (not loans).

	As at	
	31 Dec. 2021	31 Dec. 2020
MILDEX OPTOELECTRONICS(XUZHOU) CO., LTD.	$－	$37,754
MILDEX OPTICAL USA, INC.	5,956	1,302
Other	568	189
Total	$6,524	$39,245

(5) Payables - related parties

	As at	
	31 Dec. 2021	31 Dec. 2020
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$186,250	$99,114

(6) Other payable- related parties (not loans)

	As at	
	31 Dec. 2021	31 Dec. 2020
MILDEX OPTOELECTRONICS(XUZHOU) CO., LTD.	$40,556	$39,921

(7) Lease liabilities - related parties

	As at	
	31 Dec. 2021	31 Dec. 2020
MILDEX OPTOELECTRONICS(XUZHOU) CO., LTD.	$215,374	$－

(8) Rental income

	For the years ended 31 December	
	2021	2020
MILDEX OPTICAL USA, INC.	$1,481	$1,474

The rental price to the related parties was determined through mutual agreements in reference to market conditions.

(9) Rental expense

	For the years ended 31 December	
	2021	2020
MILDEX OPTICAL INC.	$139	$ –

The rental price to the Group was determined through mutual agreements in reference to market conditions.

(10) Disposal of property, plant and equipment

2021:

Name of the related parties	Asset Name	Sales price	Book value	Gain (Losses)
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Machinery	$960	$858	$102
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Other equipment	315	296	19
		$1,275	$1,154	$121

2020:

Name of the related parties	Asset Name	Sales price	Book value	Gain (Losses)
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Machinery	$2,874	$2,212	$662

(11) Acquisition of right-of-use assets

2021:

Name of the related parties	Asset Name	Acquisition Cost
MILDEX OPTOELECTRONICS(XUZHOU) CO., LTD.	right -of- use assets of property	$220,076

2020:

None

(12) Key management personnel compensation

	For the years ended 31 December	
	2021	2020
Short-term employee benefits	$152,688	$94,906
Post-employment benefits	608	633
Total	$153,296	$95,539

As at 31 December 2021 and 2020, certain key management personnel were joint guarantors for the Group's borrowings from financial institutions.

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

Items	31 Dec. 2021	31 Dec. 2020	Secured liabilities details
Other current assets	$23,459	$36,860	Financial products trade
Property, plant and equipment	—	938,438	Long-term loans
Other non-current assets	5,032	—	Long-term loans
Total	$28,491	$975,298	

9. Significant contingencies and unrecognized contractual commitments

Both as at 31 December 2021 and 2020, the Group provided a guaranteed deposit for customs in the amount of $12,000 thousand.

10. Losses due to major disasters

None

11. Significant subsequent events

The board of directors on 14 Feb. 2022 approved a tender offer for the common shares of Champion Microelectronic Corp. The shares of 23,996 thousand which amounted to NT$1,938,877 thousand have been settled on 24 Mar. 2022.

12. Other

(1) Categories of financial instruments

Financial assets

	As at	
	31 Dec. 2021	31 Dec. 2020
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	$3,247,815	$1,460,640
Financial assets at fair value through other comprehensive income	1,444,493	1,171,947
Financial assets measured at amortized cost	8,834,127	6,344,100
Total	$13,526,435	$8,976,687

Financial liabilities

	As at	
	31 Dec. 2021	31 Dec. 2020
Financial liabilities at amortized cost:		
Short-term borrowings	$3,219,218	$1,898,733
Trade and other payables	4,669,314	3,286,640
Long-term borrowings (including current portion)	4,584,252	4,643,731
Lease liabilities	403,903	238,024
Subtotal	12,876,687	10,067,128
Financial liabilities at fair value through profit or loss:		
Held for trading	—	2,925
Total	$12,876,687	$10,070,053

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and EUR.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

The sensitivity analysis of the change in the risk of exposure：

For the years ended 31 December

2021

Risk	Change	Profit / Loss (thousand)		Equity attribute (thousand)
Foreign currency	NTD/USD exchange rate ＋/－1％	＋/－	$3,849	$－
	NTD/EUR exchange rate ＋/－1％	－/＋	$4,652	$－
Interest rate	NTD market interest rate ＋/－100 basic points	－/＋	$44,231	$－
Equity price	Equity price ＋/－10％	＋/－	$319,787	$149,434

2020

Risk	Change	Profit (thousand)		Equity attribute (thousand)
Foreign currency	NTD/USD exchange rate ＋/－1％	＋/－	$6,269	$－
	NTD/EUR exchange rate ＋/－1％	－/＋	$4,866	$－
Interest rate	NTD market interest rate＋/－100 basic points	－/＋	$45,999	$－
Equity price	Equity price＋/－10％	＋/－	$1,192	$117,195

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group’s established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group’s internal rating criteria etc. Certain counter parties credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2021 and 2020, trade receivables from top ten customers represent 20% and 17% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group’s treasury in accordance with the Group’s policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings and finance leases. The table below summarizes the maturity profile of the Group’s financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 December 2021					
Loans	$3,286,381	$1,606,683	$1,605,695	$1,411,283	$7,910,042
Trade and other payables	$4,669,314	$−	$−	$−	$4,669,314
Lease liabilities	$66,221	$115,475	$94,257	$198,092	$474,045
As at 31 December 2020					
Loans	$1,912,752	$4,396,372	$3,543	$274,396	$6,587,063
Trade and other payables	$3,286,640	$−	$−	$−	$3,286,640
Lease liabilities	$37,921	$78,376	$55,383	$96,286	$267,966

Derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 December 2021					
Forward foreign exchange contracts − Inflows	$136,247	$−	$−	$−	$136,247
Forward foreign exchange contracts − Outflows	($136,146)	$−	$−	$−	($136,146)
As at 31 December 2020					
Forward foreign exchange contracts − Inflows	$390,151	$−	$−	$−	$390,151
Forward foreign exchange contracts − Outflows	($393,024)	$−	$−	$−	($393,024)

The table above contains the undiscounted cash flows of derivative financial liabilities.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2021	$1,898,733	$4,643,731	$238,024	$6,780,488
Cash flows	1,324,853	(8,924)	(47,742)	1,268,187
Non-cash changes	—	(22,129)	231,474	209,345
Foreign exchange movement	(4,368)	(28,426)	(17,853)	(50,647)
As at 31 Dec. 2021	$3,219,218	$4,584,252	$403,903	$8,207,373

Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2020	$2,195,201	$3,411,195	$221,577	$5,827,973
Cash flows	(296,468)	1,281,617	(42,854)	942,295
Non-cash changes	—	119	53,989	54,108
Foreign exchange movement	—	(49,200)	5,312	(43,888)
As at 31 Dec. 2020	$1,898,733	$4,643,731	$238,024	$6,780,488

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities is determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

a. The carrying amount of cash and cash equivalents, financial assets measured at amortized cost, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy of financial instruments

Please refer to Note 12.(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivatives financial instruments

The Group's derivative financial instruments include forward currency contracts and option contracts. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 31 December 2021 and 2020 is as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The paragraphs below lists the information related to forward currency contracts:

	Items (by contract)	Notional Amount (thousand)	Contract Period
As at 31 Dec. 2021			
PAN JIT ELECTRONIC (WUXI) CO., LTD. (Subsidiary)	Forward currency contract	Sell USD $ 4,900	28 January 2022~ 28 February 2022
As at 31 Dec. 2020			
PANJIT INTERNATIONAL INC.	Forward currency contract	Sell USD 13,500	7 January 2021~ 19 March 2021
PYNMAX TECHNOLOGY CO., LTD. (Subsidiary)	Forward currency contract	Sell USD $ 300	15 January 2021
PAN JIT ELECTRONIC (WUXI) CO., LTD. (Subsidiary)	Forward currency contract	Sell USD $ 5,100	29 January 2021~ 31 March 2021

The counterparties of aforementioned derivatives are well-known banks at domestic and abroad, with good credit, so the credit risk is low.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	$—	$2,810,350	$—	$2,810,350
Notes	$—	$387,520	$—	$387,520
Stocks	$49,840	$—	$—	$49,840
Forward currency contracts	$—	$105	$—	$105
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$1,172,635	$271,858	$—	$1,444,493

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	$—	$786,883	$—	$786,883
Financial products – structured deposit	$—	$—	$660,927	$660,927
Stocks	$11,920	$—	$—	$11,920
Forward currency contracts	$—	$910	$—	$910
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$924,476	$247,471	$—	$1,171,947
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward currency contracts	$—	$2,925	$—	$2,925

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

Information on significant unobservable inputs to valuation

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Financial assets at fair value through profit or loss structured deposit
Beginning balances as at 1 January 2021	$660,927
Total gains and losses recognized for the year ended 31 December 2021:	
Amount recognized in profit or loss (presented in "other profit or loss")	—
Acquisition/issues	744,885
Disposal/settlements	(1,400,979)
Exchange differences	(4,833)
Ending balances as at 31 December 2021	$—

	Financial assets at fair value through profit or loss structured deposit
Beginning balances as at 1 January 2020	$734,433
Total gains and losses recognized for the year ended 31 December 2020:	
Amount recognized in profit or loss (presented in "other profit or loss")	—
Acquisition/issues	36,767
Disposal/settlements	(122,556)
Exchange differences	12,283
Ending balances as at 31 December 2020	$660,927

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	31 December 2021		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$111,627	27.68	$3,089,839
EUR	$4,686	31.32	$146,770
HKD	$2,423	3.549	$8,601
RMB	$17,111	4.344	$74,332
Financial liabilities			
Monetary items:			
USD	$97,719	27.68	$2,704,852
EUR	$19,541	31.32	$612,011
RMB	$14,509	4.344	$63,028

	31 December 2020		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$65,323	28.48	$1,860,390
EUR	$6,768	35.02	$237,026
HKD	$1,788	3.673	$6,569
RMB	$14,923	4.377	$65,316
Financial liabilities			
Monetary items:			
USD	$47,860	28.48	$1,363,060
EUR	$20,663	35.02	$723,602
RMB	$3,846	4.377	$16,832
JPY	$140,218	0.2763	$38,742

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Group's functional currency are various, and hence is not able to disclose the information of exchange gains and losses by each significant assets and liabilities denominated in foreign currencies. The exchange (loss) gains of monetary financial assets and liabilities was 27,816 thousand and (46,498) thousand for the years ended 31 December 2021 and 2020, respectively.

(11)Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12)Jiangsu Aide Solar Energy (hereafter "Jiangsu Aide"), a subsidiary of the Company, and Xuzhou Zhongsheng Photovoltaic New Energy Company (hereafter "Zhong Sheng") signed an asset purchase contract on 2 July 2019. Zong Sheng purchased Jiangsu Aide's right-of-use asset, plant and certain equipment in the amount of $337,422 thousand (RMB79,300 thousand), and assumed Jiangsu Aide's liabilities of $262,691 thousand (RMB61,737 thousand). Jiangsu Aide and Zhong Sheng have entered into liabilities assignment agreement with the creditors of Jiangsu Aide that Zhong Sheng will assume the aforementioned liabilities.

As at the financial report date, as there were disputes regarding the transaction delivery terms and tax burden, the final payment of $74,731 thousand (RMB 17,563 thousand) has been delivered by Zong Sheng to Jiangsu Aide on 22 January 2021. Zong Sheng has received from JiangSu Aide the land value increment tax of $27,951 thousand (RMB 6,569 thousand). The amount of court fee was apportioned equally between both parties. JiangSu Aide has recognized the loss appropriately. The final judgement was immaterial to the financial statement in the current year.

(13)PANJIT International Inc. Gangshan factory had a fire incident on 29 March 2021, which caused damages on part of its building and equipment. The Company has resumed normal operation. The damaged assets were covered by insurance. The process of fire claims was completed.

13. Additional Disclosures

(1) Information about Significant Transitions

a. Financing provided to others: Please refer to Attachment 1.
b. Endorsement/Guarantee for others: Please refer to Attachment 2.
c. Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures): Please refer to Attachment 3.
d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock: Please refer to Attachment 4.

e. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock: Please refer to Attachment 5.
f. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock: None
g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock: Please refer to Attachment 6.
h. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock: Please refer to Attachment 7.
i. Financial instruments and derivative transactions: Please refer to Note 12(8).
j. Business relationships and significant transactions and amount between parent company and subsidiaries and among subsidiaries: Please refer to Attachment 10.

(2) Information of investees：

If the issuer directly or indirectly exercises significant influence or control over, or has a joint venture interest in, an investee company not in the Mainland Area, it shall disclose information on the investee company, showing the name, location, principal business activities, original investment amount, shareholding at the end of the period, profit or loss for the period, and recognized investment gain or loss: Please refer to Attachment 8.

(3) Information on investment in Mainland China:

a. Information on investment in Mainland China: Please refer to Attachment 9
b. Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss:
   i. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please refer to Attachment 6.
   ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to Attachment 6~7.
   iii. The amount of property transactions and the amount of the resultant gains or losses: None.
   iv. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please refer to Attachment 2.
   v. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please refer to Attachment 1.
   vi. Other transactions that have a material effect on the profit or loss for the period or on the financial position: None.

(4) Information on major shareholders: Please refer to Attachment 11.

14. Segment information

(1) For management purposes, the Group is consisted of business units on the basis of product characteristics and services, and has three reportable operating segments as follows:

a. Diodes: Manufacture and sale the wafers, power components and control module.
b. Solar: Sales of electricity.
c. Others: Lithium battery management system designed and manufactured.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured on the same basis with those in the consolidated financial statements. However financial cost, financial income and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

	For the years ended 31 December 2021				
	Diodes	Solar	Others	Adjustment	Total
Revenue					
External customers	$13,597,786	$220,900	$43,058	$—	$13,861,744
Inter-segment	(782)	—	—	782	—
Total revenue	$13,597,004	$220,900	$43,058	$782	$13,861,744
Segment profit	$2,282,876	$50,857	($44,311)	$225,454	$2,514,876

(a) Inter-segment revenues were eliminated on consolidation.
(b) The profit for each operating segment did not include non-operating income and expenses in the amount of $225,454 thousand and income tax expense in the amount of $536,846 thousand. Segment profit included inter-segment sales of $0 and non-operating income and expenses of $225,454 thousand.

	For the years ended 31 December 2020				
	Diodes	Solar	Others	Adjustment	Total
Revenue					
External customers	$10,226,964	$187,980	$70,156	$—	$10,485,100
Inter-segment	282	—	2	(284)	—
Total revenue	$10,227,246	$187,980	$70,158	($284)	$10,485,100
Segment profit	$1,027,183	$10,210	($45,310)	$39,051	$1,031,134

(a) Inter-segment revenues were eliminated on consolidation.

(b) The profit for each operating segment did not include non-operating income and expenses in the amount of $39,051 thousand and income tax expense in the amount of $130,593 thousand. Segment profit included inter-segment sales of $0 and non-operating income and expenses of $39,051 thousand.

As of 31 December 2021 and 2020, the assets and liabilities of reportable segment information were as follows:

	31 Dec. 2021				
	Diodes	Solar	Others	Adjustment	Total
Assets	$14,607,052	$1,137,041	$3,225	$10,905,471	$26,652,789

	31 Dec. 2020				
	Diodes	Solar	Others	Adjustment	Total
Assets	$9,504,216	$1,316,850	$97,992	$6,838,960	$17,758,018

	31 Dec. 2021				
	Diodes	Solar	Others	Adjustment	Total
Liabilities	$10,987,503	$206,674	$335	$2,347,275	$13,541,787

	31 Dec. 2020				
	Diodes	Solar	Others	Adjustment	Total
Liabilities	$8,617,451	$205,616	$13,205	$1,675,014	$10,511,286

(2) Geographic area information

a. Revenue from external customers: (Summarized by country)

Country	For the years ended 31 December	
	2021	2020
Taiwan	$856,232	$628,918
China (including Hong Kong)	10,381,387	7,947,475
Korea	545,326	457,764
U.S.A.	175,596	113,675
Japan	62,384	55,102
Germany	454,386	300,216
Italy	237,599	206,481
Others	1,148,834	775,469
Total	$13,861,744	$10,485,100

b. Non-current assets:

Area	31 Dec. 2021	31 Dec. 2020
Taiwan	$8,402,345	$4,426,194
China	2,194,531	1,312,502
Others	1,153,161	1,518,633
Total	$11,750,037	$7,257,329

(3) Major customers

Individual customer accounting for at least 10% of net sales for the years ended 31 December 2021 and 2020: None.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(Unit: NT$ thousands, unless otherwise indicated)
Financing provided to others

Attachment 1

No. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related Party	Maximum balance for the period	Ending balance (Note 6)	Actual amount provided	Interest rate	Nature of Financing (Note 3)	Amount of sales to (purchases from) counter-party (Note 4)	Reason for financing (Note 5)	Loss allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount	Note
													Item	Value			
0	PANJIT International Inc.	EC SOLAR C1 SRL	Other receivables	Yes	577,830	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	5,158,347	5,158,347	(Note 7、12)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY EUROPE B.V.	Other receivables	Yes	551,215	492,977	492,977	2.40%~2.50%	Short-term financing	-	Operating turnover	-	-	-	4,033,295	8,873,248	(Note 8、12)
1	PAN-JIT ASIA INTERNATIONAL INC.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	898,354	826,590	826,590	0.00%	Short-term financing	-	Operating turnover	-	-	-	4,033,295	8,873,248	(Note 8、12)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Other receivables	Yes	319,002	308,632	308,632	0.00%	Short-term financing	-	Operating turnover	-	-	-	4,033,295	8,873,248	(Note 8、12)
1	PAN-JIT ASIA INTERNATIONAL INC.	PANJIT International Inc.	Other receivables	Yes	858,300	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	4,033,295	8,873,248	(Note 8、12)
2	AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Other receivables	Yes	577,830	400,896	400,896	2.85%~2.90%	Short-term financing	-	Operating turnover	-	-	-	1,370,000	1,370,000	(Note 9、12)
3	Suzhou Grande Electronics Co. Ltd.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	454,024	424,548	420,780	0.00%	Short-term financing	-	Operating turnover	-	-	-	713,806	713,806	(Note 10、12)
3	Suzhou Grande Electronics Co. Ltd.	Sumnergy Co., Ltd.	Other receivables	Yes	213,328	120,416	107,384	0.00%	Short-term financing	-	Operating turnover	-	-	-	285,522	285,522	(Note 10、12)
4	Pan-Jit Electronics (Wuxi) Co., Ltd.	Shandong Pan-Jit Electronic Technology Co. Ltd.	Other receivables	Yes	44,040	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	1,439,012	1,439,012	(Note 11、12)
Total						2,574,059	2,557,259										

(Note 1): The numbering rule is as follows:

1. The parent company is coded "0".

2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2): Accounts receivable from associates, accounts receivable from related parties, shareholder transactions, advance payments, temporary payments... and other items, if they are in the nature of capital loans, must be filled in this form.

(Note 3): The nature of the fund loan should be listed as a business transaction or a short-run financing need.

(Note 4): If the nature of the fund loan is a business transaction, the business transaction amount should be disclosed. The business transaction amount refers to the amount of business transactions between the Company that lent the fund and the counterparty in the most recent year.

(Note 5): If the nature of the fund loan is short-run financing, the counterparty's reasons and the purpose for the loan should be specified, such as repayment of borrowings, purchase of equipment, business turnover... etc.

(Note 6): Pursuant to Article 14 Item 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, if a public company submits a capital loan to the Board of Directors for resolutions one by one, although the funds have not yet been allocated, the amount of the board of directors' resolutions should be included in the balance declared to expose the risk; however, if the funds are subsequently repaid, the balance after repayment shall be disclosed to reflect the adjustment of risk. Pursuant to Article 14 Item 2 of the Regulations, if a public company, through the resolution by the board of directors, authorizes the chairman of the board to allocate loans in installments or revolve them within a certain amount and within a one-year period, the capital loan and quota approved by the board of directors should still be used as the balance declared. Although the funds will be repaid thereafter, it is still possible to allocate the loan again, so the capital loan and quota approved by the board of directors should still be used as the balance declared.

(Note 7): For companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others by the Company shall not exceed 40% of the Company's net worth.

(1) PANJIT International Inc.: The net worth is NT$12,895,868 thousand.

(Note 8): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending, it is not subject to the above restrictions. However, the individual loan amount and the total amount of funds loaned to others shall not exceed 50% and 110% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT ASIA INTERNATIONAL INC.: The net worth is USD291,423 thousand, which is converted into NT$8,066,589 thousand.

(Note 9): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 200% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) Aide Energy Europe B.V.: The net worth is EUR21,871 thousand, which is converted into NT$685,000 thousand.

(Note 10): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures"and "Capital Loan to Others Processing Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 100% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) Suzhou Grande Electronics Co., Ltd.: The net worth is RMB164,320 thousand, which is converted into NT$713,806 thousand.

(Note 11): In accordance with the following regulations on the Capital Loan to Others Operating Procedures stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 50% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT Electronics (Wuxi) Co., Ltd.: The net worth is RMB828,161 thousand, which is converted to NT$3,597,531 thousand.

(Note 12): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Endorsement/guarantee for others

Attachment 2

No. (Note 1)	Endorsor/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided (Note 6)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to subsidiaries in Mainland China (Note 7)	Note
		Company Name	Relationship (Note 2)											
0	PANJIT International Inc.	PAN-JIT ASIA INTERNATIONAL INC.	2	$12,895,868	$1,888,260	$1,826,880	$1,826,880	-	14.17%	$12,895,868	Y	N	N	(Note 8)

(Note 1): The numbering rule is as follows:

1. The parent company is coded "0".

2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2): The relationship between endorsement guarantor and the subject of endorsement or guarantee is as follows:

(1) A company with which the Company has business relationship.

(2) A subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares.

(3) The investee company whose parent company and subsidiary hold more than 50% of the common stock.

(4) For the parent company that directly or indirectly holds more than 90% of its common stock equity through its subsidiaries.

(5) Mutually guaranteed companies among counterparts based on the need for undertaking projects.

(6) All capital contributing shareholders make endorsements/guarantees for their jointly invested Company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Note 3): Information to be filled out: According to the operating procedures of endorsement and guarantee for others, the Company's limit of endorsement/guarantee for individuals and the maximum amount of endorsement/guarantee. In the remarks column, explain the calculation method of the endorsement/guarantee for individuals and the total amount.

(Note 4): Highest amount of outstanding endorsement/guarantee for others in current period.

(Note 5): The amount approved by the Board of Directors should be filled. However, if according to Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,the Board of Directors has authorized the chairman, it refers to the amount decided by the chairman.

(Note 6): The actual amount spent by the endorsed company within the range of the endorsed guarantee balance.

(Note 7): Y is required only for those who are the listed parent company to endorse the subsidiary, those who are the subsidiary to endorse the listed parent company, and those who are located in the mainland area.

(Note 8): According to the Company’s “Procedures for Endorsement and Guarantee”, the limit of the endorsement and guarantee for a single enterprise shall not exceed 100% of the Company’s net worth (ie, NT$12,895,868 thousand);
The total amount of endorsement and guarantees for enterprises outside the Group shall not exceed 100% of the Company’s net worth.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

Attachment 3

Unit: USD, RMB, HKD thousand

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending Balance					Note (Note 4)
				Units/Shares (thousand shares)	Currency	Book value (Note 3)	Percentage of ownership	Fair value	
PANJIT International Inc.	Public shares								
	Jih Lin Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	717	NTD	$77,424	0.70%	$77,424	-
	OTC stock								
	Advanced Microelectronic Products,Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	11,552	NTD	141,517	2.64%	141,517	-
	Sentelic Corporation	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	191	NTD	15,296	0.63%	15,296	-
	Emerging Stock								
	KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	364	NTD	6,655	0.06%	6,655	-
	Unlisted stock								
	WELLAN SYSTEM CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	445	NTD	-	1.53%	-	-
	TAIDEVELOP INFORMATION CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	334	NTD	-	3.71%	-	-
	ENERGY MOANA TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,200	NTD	22,543	2.96%	22,543	-
	Neolink Capital Corp.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	5,000	NTD	50,915	4.28%	50,915	-
Pan-Jit Electronics (Wuxi) Co., Ltd.	Unlisted stock (Note 5)								
	Siyang Grande Electronics Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	16,626	15.00%	16,626	-
	Wuxi Danchen Intelligent Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	179	10.00%	179	-
	(Formerly Wuxi One-Light-For-All Technology Development Co., Ltd.)								
LIFETECH ENERGY INC.	Unlisted stock								
	VAYON HOLDING LIMITED	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	NTD	-	2.30%	-	-
PAN-JIT ASIA INTERNATIONAL INC.	Fund								
	HYPERION CAPITAL MANAGEMENT LTD.	-	Mandatory financial assets measured at fair value through profit or loss - non-current	-	USD	-	-	-	-
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	10,500	-	10,500	-
	Siegfried Supply Chain Finance Fund S.C.A., SICAV-SIF- Series 1	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	60,328	-	60,328	-
	VTEAM SIEGFRIED SUPPLY CHAIN FINANCE FUND	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	10,068	-	10,068	-
	Notes								
	VTeam Supply Chain Finance Limited	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	10,000	-	10,000	-
	Wealth management products by financial institution								
	ERSTE GROUP BANK AG	-	Financial assets at amortised cost - non-current	-	USD	459	-	459	-
	RAIFFEISEN BANK INTL	-	Financial assets at amortised cost - non-current	-	USD	466	-	466	-

(continued in next page)

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

(continued from previous page)

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending Balance					Note (Note 4)
				Units/Shares (thousand shares)	Currency	Book value (Note 3)	Percentage of ownership	Fair value	
Pynmax Technology Co., Ltd.	Public shares								
	Jih Lin Technology Co., LTd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	766	NTD	82,728	0.75%	82,728	-
	MOSEL VITELIC Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	19,000	NTD	849,015	12.17%	849,015	-
	Powerchip Semiconductor Manufacturing Corp.	-	Mandatory financial assets measured at fair value through profit or loss - current	700	NTD	49,840	0.02%	49,840	-
	Unlisted stock								
	HI-VAWT TECHNOLOGY CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,000	NTD	-	10.00%	-	-
	Fund								
	TCB Quantitative Taiwan Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	30,000	-	30,000	-
JOYSTAR INTERNATIONAL CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	9,650	-	9,650	-
	Notes								
	VTeam Supply Chain Finance Limited	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	4,000	-	4,000	-
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	4,500	-	4,500	-
AIDE ENERGY EUROPE B.V.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	EUR	3,800	-	3,800	-
Jiangsu Aide Solar Technology Co., Ltd.	Unlisted stock(Note 5)								
	MOTECH (Suzhou) New Energy Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	28,867	4.61%	28,867	Has been pledged to subsidaries
PAN-JIT INTERNATIONAL (H.K.) LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	HKD	8,580	-	8,580	-

(Note 1): The securities mentioned in this attachment refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 “Financial Instruments.”

(Note 2): If the securities issuer is not a related party, this column should be left blank.

(Note 3): Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

(Note 4): The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the foot NOTE if the securities presented herein have such conditions.

(Note 5): It is a limited company, so the number of shares and net worth per share are not available.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(Unit: NT$ thousands, unless otherwise indicated)
Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock

Attachment 4

Company	Type and name of the securities (Note 1)	Accounting item	Counter-party (Note 2)	Relationship (Note 2)	Currency	Beginning Balance		Addition(Note 3)		Disposal(Note 3)				Ending Balance	
						Share(thousand)	Amount(thousand)	Share(thousand)	Amount(thousand)	Share(thousand)	Amount(thousand)	Book value(thousand)	loss(gain) on disposal (thousand)	Shares(thousand)	Amounts(thousand)
PANJIT International Inc.	ALLTOP THCHNOLOGY CO., INC Common Stocks	Investments accounted for using the equity method	Centralized securities exchange market	-	NTD	-	$-	11,162	$1,455,570 (Note 4、7) 88,990 (Note 5) 29,677 (Note 6)	-	$-	$-	$-	11,162	$1,574,237

(Note 1): The securities mentioned in this attachment refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

(Note 2): Investors who adopt the equity method for securities accounts must fill in these two columns, the rest are not required.

(Note 3): The accumulated buying and selling amount shall be calculated separately at market price whether it reaches NT$300 million or 20% of the paid-in capital.

(Note 4): On 5 March 2021, the Group acquired 19.97% of common shares of ALLTOP TECHNOLOGY CO., LTD. In April 2021, the Group purchased additional 220,000 shares resulting in 19.99% of shares.
Until December 2021, the conversion of convertible bonds into shares of ALLTOP caused a change in equity ownership. The percentage of common shares held by the Group was subsequently diluted to 19.08%.

(Note 5): It is the share of profit and loss of subsidiaries accounted for using equity method, the exchange differences arising on translation of foreign operations, unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income, and departmental profit and loss elimination.

(Note 6): The adjustment to capital surplus does not apply to the change of investee's share of equity.

(Note 7): This amount is the original acquisition cost of NT$1,557,524 thousand after deducting the cash dividend of NT$101,954 thousand received this year.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock

Attachment 5

Company	Property	Transation Date	Transaction amount	Payment status	Counter-party	Relationship	Where counter-party is a related party, details of prior transactions				Price reference	Date of acquisition and status of utilization	Other commitments
							Former holder of property	Relationship between former holder and acquirer of property	Date of transaction	Transaction amount			
PANJIT International Inc.	Property and Bilding in Haotian Section Xizhi Dist., New Taipei City	110.03.26	$517,000	$517,000	Farglory Land Development Co., LTD	None	-	-	-	-	Appraisal report	Operational requirements	None

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock

Attachment 6

Purchaser (seller)	Counter-party	Relationship	Transactions				Situation and reason for difference between transaction condition and common transaction		Notes and accounts receivable(payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit Term	Unit price	Credit Term	Balance	Percentage of total receivables (payable)	
PANJIT International Inc.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	($1,124,840)	13%	General	Not applicable	Not applicable	$173,338	7%	(Note 2)
	PAN JIT AMERICAS, INC.	Subsidiaries	(Sales)	($141,517)	2%	General	Not applicable	Not applicable	$24,597	1%	(Note 2)
	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	Purchase	1,905,764	38%	General	Not applicable	Not applicable	(240,161)	21%	(Note 2)
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	656,778	13%	General	Not applicable	Not applicable	(64,792)	6%	(Note 2)
Pynmax Technology Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(656,778)	42%	General	Not applicable	Not applicable	64,792	21%	(Note 2)
	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(563,075)	36%	General	Not applicable	Not applicable	136,535	45%	(Note 2)
Pan Jit Electronics (Shandong) Co. Ltd.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(159,862)	85%	General	Not applicable	Not applicable	22,322	82%	(Note 2)
Pan Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(1,905,764)	25%	General	Not applicable	Not applicable	240,161	10%	(Note 2)
	Pan-Jit International (H.K) LTD	Subsidiaries	(Sales)	(110,793)	1%	General	Not applicable	Not applicable	14,623	1%	(Note 2)
	PANJIT International Inc.	The Company	Purchase	1,124,840	17%	General	Not applicable	Not applicable	(173,338)	8%	(Note 2)
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	563,075	8%	General	Not applicable	Not applicable	(136,535)	6%	(Note 2)
	Pan Jit Electronics (Shandong) Co. Ltd.	Subsidiaries	Purchase	159,862	2%	General	Not applicable	Not applicable	(22,322)	1%	(Note 2)
	ZIBO MICRO COMMERCIAL COMPONENT CORP.	Associates	(Sales)	(425,787)	6%	General	Not applicable	Not applicable	140,249	6%	-
	ZIBO MICRO COMMERCIAL COMPONENT CORP.	Associates	Purchase	703,237	11%	General	Not applicable	Not applicable	(186,250)	8%	-
Pan-Jit International (H.K) LTD	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	Purchase	110,793	61%	General	Not applicable	Not applicable	(14,623)	71%	(Note 2)
PAN JIT AMERICAS, INC.	PANJIT International Inc.	The Company	Purchase	141,517	89%	General	Not applicable	Not applicable	(24,597)	83%	(Note 2)

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer’s stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock

Attachment 7

The companies that record receivables	Counter-party	Relationship	Ending balance	Turnover rate	Overdue receivables		Amount received in subsequent period	Note
					Amount	Collection status		
PANJIT International Inc.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	$173,338	6.49	-	-	$173,338	(Note 2,3)
Pynmax Technology Co., Ltd.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	136,535	4.12	-	-	89,787	(Note 2,3)
Pan Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	240,161	7.94	-	-	240,161	(Note 2,3)
Pan Jit Electronics (Wuxi) Co., Ltd.	ZIBO MICRO COMMERCIAL COMPONENTS CORP.	Associates	140,249	3.04	-	-	88,531	-

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer’s stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): The consolidated financial report is prepared and the percentage of ownership is 100% and no allowance for loss is required.

(Note 3): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

Attachment 8

Investor company	Investee Companies (Note 1, 2)	Location	Main business items	Currency	Initial investment		Investment as of December 31, 2021			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
					Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
PANJIT International Inc.	PAN-JIT ASIA INTERNATIONAL INC.	Vistra Corporate Services Centre Wickhams Cay II Road Town,Tortola,Vg1110 Virgin Islands,British	Investing	NTD	$7,772,258	$7,318,104	244,086	100.00%	$6,538,446	$691,891	$655,936	Subsidiaries (Note 4、5)
	Pynmax Technology Co., Ltd.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	Electronic parts and components manufacturing and international trade	NTD	1,069,063	1,069,063	84,462	94.60%	1,883,028	341,962	249,615	Subsidiaries (Note 4、5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	259,523	259,523	21,470	21.01%	180,958	(129,410)	(27,189)	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	10,091	10,091	871	20.57%	(55)	(6,313)	(1,299)	Subsidiaries (Note 5)
	ALLTOP THCHNOLOGY CO., INC	3F., No. 102, Sec. 3, Zhongshan Rd., Zhonghe Dist., New Taipei City	Electronic parts and components manufacturing and international trade	NTD	1,455,570	-	11,162	19.08%	1,574,237	643,667	92,457	
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT INTERNATIONAL (H.K.) LTD.	Unit 1-5 ,18/F., Wah Wai Centre, No.38-40 Au Pui Wan Street, Fotan,Shatin,New Territories	Electronics trade	USD	3,330	3,330	24,711	100.00%	4,474	1,309	1,309	Sub-subsidiary (Note 5)
	PAN JIT AMERICAS, INC.	2502 W. Huntington Drive Tempe, AZ 85282	Electronics trade	USD	16,626	16,626	2,431	95.86%	5,966	1,331	1,445	Sub-subsidiary (Note 4, 5)
	PAN JIT EUROPE GMBH	Otto-Hahn-Str. 285609 Aschheim Germany	Electronics trade	USD	770	770	- (Note 3)	100.00%	1,548	374	374	Sub-subsidiary (Note 5)
	CONTINENTAL LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	10,226	10,226	7,860	100.00%	55,447	1,180	1,180	Sub-subsidiary (Note 5)
	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	914	1,436	1,126	52.22%	337	220	115	Sub-subsidiary (Note 5)
	PAN JIT KOREA CO.,LTD.	Tower A dong 3601 Ho, Heung Deuk IT Valey, Heung Deuk 1ro 13 Gi Heung-Gu, Yong In City GyungGi-Do, Korea	Electronics trade	USD	288	288	54	60.00%	1,071	410	246	Sub-subsidiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	145,868	145,857	246,249	94.43%	(26,321)	2,264	2,018	Sub-subsidiary (Note 4, 5)
Pynmax Technology Co., Ltd.	JOYSTAR INTERNATIONAL CO., LTD.	4th Floor,Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	Investing	NTD	536,686	593,385	17,522	100.00%	410,129	26,029	26,029	Sub-subsidiary (Note 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	288,852	288,852	8,454	8.27%	71,229	(129,410)	(10,702)	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	26,000	26,000	2,600	61.40%	(164)	(6,313)	(3,876)	Sub-subsidiary (Note 5)

(continued in next page)

Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

(continued from previous page)

Investor company	Investee Companies (Note 1, Note 2)	Location	Main business items	Currency	Initial investment		Investment as of December 31, 2021			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
					Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
JOYSTAR INTERNATIONAL CO., LTD.	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	$1,029	$1,507	1,030	47.78%	$309	$220	$105	Sub-subsidiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	-	6,724	-	0.00%	-	2,264	42	Sub-subsidiary (Note 5)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	15/F, BOC Group Life Assurance Tower, No. 136 Des Voeux Road Central, Central, Hong Kong.	Investing and trade	USD	24,707	24,707	43,101	100.00%	(34,397)	(3)	(3)	Sub-subsidiary (Note 5)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investing	USD	23,836	23,836	- (Note3)	99.97%	24,742	1,793	1,792	Sub-subsidiary (Note 5)
	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	1,500	1,500	150	51.72%	-	-	-	Sub-subsidiary (Note 5)
AIDE SOLAR ENERGY (HK) HOLDING LIMITED	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	1,400	1,400	140	48.28%	-	-	-	Sub-subsidiary (Note 5)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investing	USD	7	7	- (Note3)	0.03%	7	1,793	1	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE COÖPERATIE U.A.	AIDE ENERGY EUROPE B.V.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investing and trade	EUR	18,620	18,620	2	100.00%	21,871	1,492	1,492	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Viale Andrea Doria 7 Cap 20124 MILANO (MI), Italy.	Sales of solar power plants Electricity produced	EUR	17,000	17,000	- (Note3)	100.00%	19,959	1,389	1,210	Sub-subsidiary (Note 4, 5)

(Note 1): If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

(Note 2): If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of "Investee", "Location", "Main business activities", "Initial investment amount" and "Shares held as at December 31, 2021" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the "Note" column.

(2) The "Net income (loss) of investee company" column should fill in amount of net profit (loss) of the investee for this period.

(3) The "Investment income (loss) recognized" column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

(Note 3): It is a limited company or a merged company, so there is no number of shares.

(Note 4): The investment gain or loss recognized by the Company include the offset of unrealized gain or loss between associates and the amortization of net equity differences.

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Information on investment in mainland China

Attachment 9

Investor company	Investee Companies in Mainland China	Main business items	Total Amount of Paid-in Capital	Method of Investment (Note 1)		Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2021
							Outflow	Inflow						
PANJIT International Inc.	Pan Jit Electronics (Wuxi) Co., Ltd.	Rectifier processing and manufacutring	$752,896	2	PAN-JIT ASIA INTERNATIONAL INC.	$502,145	$-	$-	$502,145	$651,315	100.00%	$651,315 (Note 5)	$3,597,520 (Note 5)	$-
	Summergy CO., LTD.	Research & development of Battery management system Manufacturing and sales of technical services	$145,912	2	PAN-JIT ASIA INTERNATIONAL INC.	122,166	-	-	122,166	46,626	70.00%	32,638 (Note 5)	11,763 (Note 5)	-
	Suzhou Grande Electronics CO., LTD.	Chip diodes, triodes and other new types of electronics Sales of semiconductor components and related products, as well as technology and after service	$324,948	2	CONTINENTAL LIMITED	344,900	-	-	344,900	(100,584)	100.00%	(100,584) (Note 5)	762,732 (Note 5)	-
	Wuxi ENR Semiconductor Material Technology Co. Ltd. (Formerly Wuxi ENR Semiconductor Materials Technology Co. Ltd.)	Semiconductor pcaking materials Manufacturing and sales	$87,300	2	ENR APPLIED PACKING MATERIAL CORPORATION	9,037	-	-	9,037	-	-	-	-	-
	Max-Diode Electronic., LTD. (Shenzhen)	New types of electronic components, Semiconductor controlled rectifirer sales	$46,061	2	DYNAMIC TECH GROUP LIMITED	47,151	-	-	47,151	6,159	97.42%	6,000 (Note 5)	14,259 (Note 5)	-
	Pan Jit Electronics (Beijing) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	$13,032	3	Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	6,694	100.00%	6,694 (Note 5)	16,893 (Note 5)	-
	Pan Jit Electronics (Shandong) CO., LTD.	Semiconductor wafer manufacturing for automobile And protection of discrete devices, integrated circuit chips And production of packaging products	$463,592	3	Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	57,965	70.28%	40,738 (Note 5)	340,229 (Note 5)	-
	Pan Jit Electronics (Qufu) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	$2,172	3	Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(305)	100.00%	(305) (Note 5)	1,397 (Note 5)	-
	PAN JIT SEMICONDUCTOR(XUZHOU) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	$335,650	3	Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(22,243)	100.00%	(22,243) (Note 5)	313,451 (Note 5)	-

(continued in next page)

(Unit: NT$ thousands, unless otherwise indicated)

Information on investment in mainland China

(continued from previous page)

Investor company	Investee Companies in Mainland China	Main business items	Total Amount of Paid-in Capital	Method of Investment (Note 1)		Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2021
							Outflow	Inflow						
PANJIT International Inc.	Zibo Micro Commercial Components Corp.	Rectifier diode, rectifier bridge, Electronic devices	$724,877	3	Suzhou Grande Electronics Co. Ltd.	$-	$-	$-	$-	($18,276)	26.54%	($4,851)	$177,858	$-
	Jiangsu Aide Solar Energy Technology CO., LTD.	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	$221,795	2	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	1,573,193	-	-	1,573,193	15,895	94.43%	15,010 (Note 5)	(1,638,416) (Note 5)	-
Pynmax Technology Co., Ltd.	Max-Diode Electronic,. LTD. (Shenzhen)	New types of electronic components, Semiconductor controlled rectifirer	$46,061	2	DYNAMIC TECH GROUP LIMITED	34,806	-	-	34,806	6,159	47.78%	2,943 (Note 5)	6,994 (Note 5)	-

Cumulative investment amount remitted from Taiwan to Mainland China at the end of the period		Investment amount approved by Investment Review Committee of Ministry of Economy	Investment ceiling in Mainland China according to provisions of Investment Review Committee of Ministry of Economy
PANJIT International Inc.	$2,598,592	$2,989,163	(Note 3)
Pynmax Technology Co., Ltd.	$34,806	$34,806	(Note 4) $1,325,328

(Note 1): The methods for engaging in investment in Mainland China include the following:

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).

(3) Other methods.

(Note 2): The investment income (loss) recognized in current period:

(1) It should be indicated if the investee was still in the incorporation arrangement and had not yet any profit during this period.

(2) The investment income (loss) were determined based on the following basis,

A. The financial report was audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.

B. The financial statements were audited by the auditors of the parent company.

C. Others.

(Note 3): Due to the Company's establishment of the operating headquarters, in accordance with the provisions of the law, the amount of investment in mainland China is not limited.

(Note 4) Calculations of investment ceiling in Mainland China are as follows:

Pynmax Technology Co., Ltd.: NT$2,208,880 thousand × 60% = NT$1,325,328 thousand.

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Business relationships and significant transactions and amount between parent company and subsidiaries and among subsidiaries

Attachment 10

No. (Note 1)	Name of transaction party	Counter-party	Relationship (Note 2)	Transaction Status (Note 4) Subject	Amount (Notes 5)	Transaction condition	Percentage of total revenue or assets (Note 3)
0	PANJIT International Inc.	Pan Jit Electronics (Wuxi) Co., Ltd.	1	Purchase	$1,905,764	The transaction price is based on the average cost and marked on a certain ratio.	14%
				Accounts payable	240,161		1%
				Sales	1,124,840		8%
				Accounts receivable	173,338		1%
0	PANJIT International Inc.	Pynmax Technology Co., Ltd.	1	Purchase	656,778	The transaction price is based on the average cost and marked on a certain ratio.	5%
				Accounts payable	64,792		0%
0	PANJIT International Inc.	PAN JIT AMERICAS, INC.	1	Sales	141,517	The transaction price is based on the average cost and marked on a certain ratio.	1%
				Accounts receivable	24,597		0%
1	Pynmax Technology Co., Ltd.	Pan Jit Electronics (Wuxi) Co., Ltd.	3	Sales	563,075	The transaction price is based on the average cost and marked on a certain ratio.	4%
				Accounts receivable	136,535		1%
1	Pynmax Technology Co., Ltd.	PANJIT International Inc.	2	Sales	656,778	The transaction price is based on the average cost and marked on a certain ratio.	5%
				Accounts receivable	64,792		0%
2	Pan Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	2	Sales	1,905,764	The transaction price is based on the average cost and marked on a certain ratio.	14%
				Accounts receivable	240,161		1%
				Purchase	1,124,840		8%
				Accounts payable	173,338		1%
2	Pan Jit Electronics (Wuxi) Co., Ltd.	Pynmax Technology Co., Ltd.	3	Purchase	563,075	The transaction price is based on the average cost and marked on a certain ratio.	4%
				Accounts payable	136,535		1%
2	Pan Jit Electronics (Wuxi) Co., Ltd.	Pan Jit Electronic (Shandong) Co. Ltd.	3	Purchase	159,862	The transaction price is based on the average cost and marked on a certain ratio.	1%
				Accounts payable	22,322		0%
2	Pan Jit Electronics (Wuxi) Co., Ltd.	Pan-Jit International (H.K) LTD	3	Sales	110,793	The transaction price is based on the average cost and marked on a certain ratio.	1%
				Accounts receivable	14,623		0%
3	PAN JIT AMERICAS, INC.	PANJIT International Inc.	3	Purchase	141,517	The transaction price is based on the average cost and marked on a certain ratio.	1%
				Accounts payable	24,597		0%
4	Pan Jit Electronic (Shandong) Co. Ltd.	Pan Jit Electronics (Wuxi) Co., Ltd.	3	Sales	159,862	The transaction price is based on the average cost and marked on a certain ratio.	1%
				Accounts receivable	22,322		0%
5	Pan-Jit International (H.K) LTD	Pan Jit Electronics (Wuxi) Co., Ltd.	3	Purchase	110,793	The transaction price is based on the average cost and marked on a certain ratio.	1%
				Accounts payable	14,623		0%
6	Suzhou Grande Electronics CO., LTD.	Jiangsu Aide Solar Energy Technology CO., LTD.	3	Other receivables	420,780	Based on contract of loans.	2%
6	Suzhou Grande Electronics CO., LTD.	Summergy CO., LTD.	3	Other receivables	107,384	Based on contract of loans.	0%
7	PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY EUROPE B.V.	3	Other receivables	492,977	Based on contract of loans.	2%
7	PAN-JIT ASIA INTERNATIONAL INC.	Jiangsu Aide Solar Energy Technology Co., Ltd.	3	Other receivables	826,590	Based on contract of loans.	3%
7	PAN-JIT ASIA INTERNATIONAL INC.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	3	Other receivables	308,632	Based on contract of loans.	1%
8	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Jiangsu Aide Solar Energy Technology Co., Ltd.	3	Prepay for goods	430,795	-	2%
9	AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	3	Other receivables	400,896	Based on contract of loans.	2%

(Note 1): The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is "0."

(2) The subsidiaries are numbered in order starting from "1."

(Note 2): Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 3):Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(Note 4): If the transaction amount between parent and subsidiary reaches NT$100 million or more, it shall be disclosed.

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Information on Major Shareholders

Attachment 11

Unit: shares

Shares / Name of Major Shareholders	Number of shares	Percentage of ownership (%)
Jinmao Investment Co., Ltd.	50,496,710	13.19%

(Note 1): The major shareholders in this attachment are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation However, the Capital stock recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases

(Note 2): If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

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Appendix III

PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

Address: No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City
Tel: 886-7-621-3121

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese financial statements shall prevail.

Independent Auditor's Report

To: PANJIT INTERNATIONAL INC.

Opinion

We have audited the Parent Company Only Balance Sheets of PANJIT INTERNATIONAL INC. (the "Company") As of December 31, 2021, and 2020, the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2021, and 2020.

In our opinion, based on our audits, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2021 and 2020, and their parent company only financial performance and cash flows for the years ended 31 December 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other independent accountants, 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 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1.Revenue recognition

The operating revenues of the Company amounted to $8,706,119 thousand for the year ended 31 December 2021. The main source of revenue is manufacturing and selling diodes. As the operation spanned globally and the product combination and pricing methods were diverse, judgment of the performance obligation and when it is satisfied was required. Therefore, we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of revenue recognition; testing the design and operating effectiveness of internal controls around revenue recognition by management, including identifying completeness of performance obligation of client contracts and the accounting treatment of the timing of revenue recognition; performing analytical procedures on gross margin by products and departments; selecting samples to perform test of details and reviewing significant terms and conditions of contracts; performing cutoff procedures, testing general journal entry, reviewing sales transaction certificates before and after the balance sheet date to verify that revenue has been recorded in the correct accounting period. Accordingly, evaluating the appropriateness of significant sales returns and rebates. In addition, we also considered the appropriateness of the disclosures of sales. Please refer to Notes 4 and 6 to the Company's parent company only financial statements.

2. Evaluation of Inventories

As of 31 December 2021, the Company's net inventories amounted to $1,455,870 thousand, constituting 6% of total assets which was then identified as material to financial statement. The status of inventory was difficult to manage due to various types of stocks stored across various locations including outsourced warehouses. Such inventories are stated at the lower of cost and net realizable value. Evaluation involves management's significant accounting estimation and judgement, and the carrying amount of inventories is material to parent company only financial statements. Therefore we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of inventories evaluation; testing the design and operating effectiveness of internal controls around revenue recognition by management, including assessing the transfer of inventory cost, selecting major warehouse to observe physical stock taking to verify inventory quantity and status; and assessing the management's estimates of net realizable value by inventories evaluation, and selecting samples to verify related certificates to test the correctness of inventories aging interval; review whether obsolescence loss allowance was sufficient according to policy and assess the appropriateness of the provision policy. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the Company's parent company only financial statements.

Other matters– Making Reference to the Audits of Other Independent Accountants

We did not audit the financial statements of certain investment accounted for under the equity method, which reflected the associates and joint ventures under equity method in the amount of $1,574,237 thousand, constituting 7% of total assets as of 31 December 2021. The related shares of profits from the associates and joint ventures under the equity method of $92,457 thousand, constituting 4% of pretax income, and the related shares of other comprehensive income from the associates and joint ventures under the equity method of ($3,467) thousand, constituting 2% of other comprehensive income for the year ended 31 December 2021. Those financial statements were audited by other independent accountants, whose reports there on have been furnished to us, and our audit results are based solely on the reports of the other independent accountants.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 parent company only financial statements.

As part of an audit in accordance with 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 parent company only 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 internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 2021 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Ernst & Young Taiwan

March 25, 2022

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations 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 review such parent company only financial statements are those generally accepted and applied in the Republic of China.
Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
PANJIT INTERNATIONAL INC.
Parent Company Only Balance Sheets
December 31, 2020, and 2021
(Expressed in Thousand of New Taiwan Dollars)

Assets	Notes	31 December, 2021		31 December, 2020	
		Amount	%	Amount	%
Current asset					
Cash and cash equivalents	6(1)	$1,262,462	6	$600,879	4
Financial assets at fair value through profit or loss - current	6(2)	-	-	6,347	-
Notes receivable, net	6(4).(16)	60,686	-	36,344	-
Trade receivable, net	6(5).(16)	2,199,360	10	1,708,585	12
Trade receivable - related parties, net	6(5).(16),7	207,130	1	277,171	2
Other receivables, net	7	112,926	1	52,505	-
Inventories,net	6(6)	1,455,870	6	881,552	6
Other current assets	8	165,690	1	177,666	1
Total current assets		5,464,124	25	3,741,049	25
Non-current assets					
Financial assets at fair value through other comprehensive income - non-current	6(3)	314,350	1	279,068	2
Investments accounted for using the equity method	6(7)	10,176,614	45	7,320,777	50
Property, Plant, and Equipment	6(8) ,7,8	3,957,765	18	2,524,877	17
Right-of-use assets	6(17)	22,612	-	27,837	-
Intangible assets	6(9)	97,127	1	77,792	1
Deferred tax assets	6(21)	260,785	1	267,315	2
Prepayment for equipments		301,606	1	311,572	2
Prepayment for Investment		1,396,500	6	-	-
Other non-current assets		488,437	2	74,430	1
Total non-current assets		17,015,796	75	10,883,668	75
Total assets		$22,479,920	100	$14,624,717	100

Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Current Liabilities					
Short-term borrowings	6(10)	$2,931,307	13	$1,385,443	10
Financial liabilities at fair value through profit or loss - current	6(11)	-	-	2,822	-
Contractual liabilities - current	6(15)	5,982	-	399	-
Trade payable		818,210	4	457,354	3
Trade payable-related parties	7	310,724	1	313,750	2
Other payables	7	997,200	4	1,547,413	11
Current tax liabilities	6(21)	231,161	1	71,055	-
Lease liabilities - current	6(17)	7,981	-	7,864	-
Long-term borrowings, current portion	6(12)	32,458	-	-	-
Other current liabilities		10,876	-	16,891	-
Total current liabilities		5,345,899	23	3,802,991	26
Non-current liabilities					
Long-term borrowings	6(12),8	4,030,629	18	3,522,198	24
Deferred tax liabilities	6(21)	77,919	-	71,920	-
Lease liabilities - non-current	6(17)	14,767	-	20,033	-
Defined benefit liabilities-non-current	6(13)	89,167	1	102,713	1
Other non-current liabilities		25,671	-	5,441	-
Total non-current liabilities		4,238,153	19	3,722,305	25
Total liabilities		9,584,052	42	7,525,296	51
Equity					
Capital					
Common stock	6(14)	3,828,149	17	3,328,149	23
Capital surplus	6(14)	6,086,155	27	2,196,674	15
Retained earnings	6(14)				
Legal reserve		328,134	2	239,453	2
Special reserve		717,237	3	717,237	5
Unappropriated earnings		2,204,637	10	1,015,504	7
Total retained earnings		3,250,008	15	1,972,194	14
Other components of equity		(251,937)	(1)	(381,089)	(3)
Treasury stock	6(14)	(16,507)	-	(16,507)	-
Total equity		12,895,868	58	7,099,421	49
Total liabilities and equity		$22,479,920	100	$14,624,717	100

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December, 2021 and 2020

(Expressed in Thousand of New Taiwan Dollars)

Items	Note	2021		2020	
		Amount	%	Amount	%
Operating revenue	6(15),7	$8,706,119	100	$6,710,919	100
Operating cost	6(18),7	(6,127,183)	(70)	(5,375,874)	(80)
Gross profit		2,578,936	30	1,335,045	20
Unrealized profit (loss) from sales		(32,465)	-	(19,284)	-
Realized profit (loss) on from sales		19,284	-	20,066	-
Gross profit-net		2,565,755	30	1,335,827	20
Operating expense	6(16).(18) ,7				
Selling expenses		(497,893)	(6)	(395,712)	(6)
General and administrative expenses		(590,840)	(7)	(281,533)	(4)
Research and development expenses		(260,395)	(3)	(164,151)	(2)
Expected credit (losses)		(6,707)	-	(641)	-
Subtotal		(1,355,835)	(16)	(842,037)	(12)
Operating income		1,209,920	14	493,790	8
Non-operating income and expenses	6(19)				
Interest income		537	-	6,232	-
Other income		102,070	1	22,978	-
Other gains and losses		18,473	-	(44,868)	(1)
Finance costs		(68,783)	(1)	(54,657)	(1)
Share of profit or loss of subsidiaries and associates under equity method	6(7)	969,520	11	519,949	8
Subtotal		1,021,817	11	449,634	6
Pretax income from continuing operations		2,231,737	25	943,424	14
Income tax expenses	6(21)	(304,762)	(4)	(45,989)	(1)
Profit from continuing operations		1,926,975	21	897,435	13
Net income		1,926,975	21	897,435	13
Other comprehensive income (loss)	6(20)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans		3,727	-	(6,480)	-
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income		335,088	4	377,126	5
Income tax related to items that will not be reclassified subsequently		(3,477)	-	(12,825)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(188,795)	(2)	(31,085)	-
Income tax related to items that may be reclassified		36,520	-	2,426	-
Total other comprehensive income, net of tax		183,063	2	329,162	5
Total comprehensive income		$2,110,038	23	$1,226,597	18
Earnings per share (NTD)					
Basic earnings per share	6(22)	$5.66		$2.70	
Diluted earnings per share	6(22)	$5.64		$2.69	

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December, 2021 and 2020

(Expressed in Thousand of New Taiwan Dollars)

Items	Capital		Retained earnings			Other Components of Equity				
	Common Stock	Capital surplus	Legal Reserves	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Others	Treasury Stock	Total Equity
Balance as of January 1, 2020	$3,328,149	$2,202,946	$186,432	$525,032	$723,373	($640,624)	($75,991)	($622)	$-	$6,248,695
Appropriation and distribution of 2019 retained earnings										
Legal reserve	-	-	53,021	-	(53,021)	-	-	-	-	-
Special reserve	-	-	-	192,205	(192,205)	-	-	-	-	-
Cash dividend	-	-	-	-	(349,456)	-	-	-	-	(349,456)
Changes in equity of associates accounted for using equity method	-	(489)	-	-	(154)	-	-	209	-	(434)
Net income in 2020	-	-	-	-	897,435	-	-	-	-	897,435
Other comprehensive income (loss) in 2020	-	-	-	-	(5,087)	(28,659)	362,908	-	-	329,162
Total comprehensive income (loss)	-	-	-	-	892,348	(28,659)	362,908	-	-	1,226,597
Repurchase of treasury shares	-	-	-	-	-	-	-	-	(16,507)	(16,507)
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	(8,489)	-	-	-	-	-	-	-	(8,489)
Increase (decrease) through changes in ownership interests in subsidiaries	-	2,706	-	-	(3,691)	-	-	-	-	(985)
Disposal of euqity instrument investments at fair value through other comprehensive income	-	-	-	-	(1,690)	-	1,690	-	-	-
Balance as of 31 December, 2020	$3,328,149	$2,196,674	$239,453	$717,237	$1,015,504	($669,283)	$288,607	($413)	($16,507)	$7,099,421
Balance as of 1 January, 2021	$3,328,149	$2,196,674	$239,453	$717,237	$1,015,504	($669,283)	$288,607	($413)	($16,507)	$7,099,421
Appropriation and distribution of 2020 retained earnings										
Legal reserve	-	-	88,681	-	(88,681)	-	-	-	-	-
Cash dividend	-	-	-	-	(498,172)	-	-	-	-	(498,172)
Changes in equity of associates accounted for using equity method	-	113,328	-	-	-	-	-	-	-	113,328
Net income in 2021	-	-	-	-	1,926,975	-	-	-	-	1,926,975
Other comprehensive income (loss) in 2021	-	-	-	-	1,920	(152,275)	333,418	-	-	183,063
Total comprehensive income (loss)	-	-	-	-	1,928,895	(152,275)	333,418	-	-	2,110,038
Issue of shares	500,000	3,610,956	-	-	-	-	-	-	-	4,110,956
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	165,193	-	-	(204,900)	-	-	-	-	(39,707)
Increase (decrease) through changes in ownership interests in subsidiaries	-	4	-	-	-	-	-	-	-	4
Disposal of euqity instrument investments measured at fair value through other comprehensive income	-	-	-	-	51,991	-	(51,991)	-	-	-
Balance as of 31 December, 2021	$3,828,149	$6,086,155	$328,134	$717,237	$2,204,637	($821,558)	$570,034	($413)	($16,507)	$12,895,868

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY OF CASH FLOWS

For the years ended 31 December, 2021 and 2020

(Expressed in Thousand of New Taiwan Dollars)

Items	2021	2020
	Amount	Amount
Cash flow from operating activities		
Net income before tax	$2,231,737	$943,424
Adjustment items:		
Revenue and expenses:		
Depreciation	288,662	303,222
Amortization	35,450	36,204
Expected credit losses	6,707	641
Net (gain) loss of financial assets or liabilities at fair value through profit or loss	(1,475)	777
Interest expense	68,783	54,657
Interest revenue	(537)	(6,232)
Dividend revenue	(6,278)	(7,404)
Share of (profit) loss of subsidiaries and associates accounted for using equity method	(969,520)	(519,949)
Loss on disposal of property, plant and equipment	6,988	1,516
(Gain) on disposal of investments	(2,548)	-
Reversal of impairment loss on non-financial assets	(348)	(1,964)
Unrealized profit from sales	32,465	19,284
Realized (profit) on from sales	(19,284)	(20,066)
Others	(27,823)	(12,211)
Subtotal	(588,758)	(151,525)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	7,548	87,505
(Increase) decrease in notes receivable	(24,342)	1,608
(Increase) in trade receivable	(497,482)	(253,638)
Decrease (Increase) in trade payable - related parties	70,041	(155,667)
Other receivables (increase)	(53,615)	(23,105)
(Increase) Decrease in other receivable due from related parties	(6,806)	90
(Increase) Decrease in inventories	(539,905)	44,831
Other current assets decreases (increases)	11,587	(69,740)
Changes in operating liabilities:		
Increase in contract liabilities	5,583	210
Increase in trade payable	360,856	45,080
(Decrease) Increase in trade payable - related parties	(3,026)	73,458
(Decrease) Increase in other payables	(526,580)	159,362
(Decrease) Increase in other current liabilities	(6,015)	6,436
(Decrease) in net defined benefit liability	(6,799)	(1,357)
Subtotal	(1,208,955)	(84,927)
Cash generated from operations	434,024	706,972
Interest received	537	6,232
Income tax (paid)	(99,085)	(88,433)
Net cash provided by operating activities	335,476	624,771

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY OF CASH FLOWS

For the years ended 31 December, 2021 and 2020

(Expressed in Thousand of New Taiwan Dollars)

Items	2021 Amount	2020 Amount
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(25,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	68,288	4,437
Acquisition of investments accounted for under the equity method	(1,909,724)	(15,813)
Increase in prepayments for investments	(1,396,500)	-
Acquisition of property, plant and equipment	(1,026,213)	(210,494)
Proceeds from disposal of property, plant and equipment	6,440	291
Increase in refundable deposits	(414,007)	(69,508)
Acquisition of intangible assets	(50,049)	(25,099)
Increase in prepayment for equipments	(718,146)	(959,642)
Dividends received	127,548	149,300
Net cash (outflow) from investing activities	(5,312,363)	(1,151,528)
Cash flows from financing activities:		
Increase in short-term loans	1,545,864	-
Decrease in short-term loans	-	(604,289)
Proceeds from long-term debt	563,019	1,067,387
Increase in other payables - related parties	-	854,400
Payments of lease liabilities	(8,782)	(9,245)
Increase in other non-current liabilities	-	4,947
Decrease in other non-current liabilities	(6,144)	-
Cash dividends paid	(498,169)	(349,456)
Proceeds from issuing shares	4,110,956	-
Repurchase of treasury stock	-	(16,507)
Interest paid	(68,274)	(54,694)
Net cash inflow from investment activities	5,638,470	892,543
Net increase in cash and cash equivalents	661,583	365,786
Cash and cash equivalents at beginning of period	600,879	235,093
Cash and cash equivalents at end of period	$1,262,462	$600,879

(The accompanying notes are an integral part of the parent company only financial statements.)

PANJIT INTERNATIONAL INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2021, and 2020
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

PANJIT INTERNATIONAL INC. (the Company) was incorporated on 20 May 1986, under the Company Act of the Republic of China on Taiwan. The Company's registered address is No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City. The principal activities of the Company are to manufacture, process, assemble and to import and export semiconductors. The Company also assembles, trades and transfers technological advancements of machinery parts. The Company also trades resins and paints for semiconductors.

The Company's shares commenced trading on Taipei Exchange Market (GreTai Securities Market) on 22 December 1999, and then trading on Taiwan Stock Exchange Corporation on 17 September 2001.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended 31 December 2021 and 2020 were authorized for issue by the Board of Directors on 25 March 2022.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2021. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37, and Annual Improvements	1 January 2022

(a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37, and Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 – 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The Company has assessed that the above amendments applicable to the fiscal year beginning after January 1, 2022 will not have a significant impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2022
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b)IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

(1) estimates of future cash flows;
(2) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
(3) a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The above-mentioned standards or interpretations that have been issued by the International Accounting Standards Board but have not yet been approved by the FSC shall be subject to the actual application date of the FSC. The Company is currently assessing the potential impact of the newly announced or revised standards or interpretations in (3.) It is temporarily impossible to reasonably estimate the impact of the aforementioned standards or interpretations on the Company, and other newly announced or revised standards or interpretations have no significant impact on the Company.

4. Summary of significant accounting policies

(1) Statement of compliance

The parent only financial statements of the Company for the years ended 31 December 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of Preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent only financial statements are expressed in thousands of New Taiwan Dollars ("$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent only financial statements are presented in NT$. Transactions in foreign currencies are initially recorded at the respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Foreign currency conversion for financial statements

Each foreign operation of the Company determines its functional currency and uses that functional currency to measure its financial reports. When preparing parent Company only financial reports, the assets and liabilities of the foreign operations are converted into New Taiwan dollars at the closing exchange rate on the balance sheet date, and income and expenditure items are converted at the current average exchange rate. The conversion difference arising from the conversion is recognized as other comprehensive income, and the cumulative conversion difference that has been previously recognized in other comprehensive income and accumulated in the individual components under equity when the foreign operation is disposed of when the disposition gain or loss are recognized, shall be reclassified from equity to gain or loss. When involving the partial disposal of the loss of control of a subsidiary that includes a foreign operation, and after partial disposal of the equity of an associate or joint agreement including the foreign operation, if the retained equity is a financial asset that includes the foreign operation, it is also deemed to be disposal.

When disposing of a subsidiary that includes a foreign operation without losing control, the cumulative conversion difference recognized in other comprehensive income is adjusted by "investment by equity method" on a pro-rata basis, and not recognized as gain or loss; Under the influence or joint control, when part of the disposition includes an associate or joint agreement of a foreign operation, the accumulated exchange difference will be reclassified to gain or loss on a pro rata basis.

The Company's goodwill arising from the acquisition of a foreign operating organization and fair value adjustments to the carrying amount of its assets and liabilities are treated as the assets and liabilities of the foreign operating organization and presented in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle

(b) The Group holds the asset primarily for the purpose of trading

(c) The Group expects to realize the asset within twelve months after the reporting period

(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including fixed-term deposits that have maturity within three months from the date of acquisition) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

Financial assets and financial liabilities shall be recognized when the Company became a party to the terms of the financial instrument contract.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The recognition and derecognition of all financial assets of the Company's customary transactions shall be accounted for on the transaction day.

The Company classifies financial assets as financial assets that are subsequently measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss based on the following two items:

(a)Business model for managing financial assets
(b)Contractual cash flow characteristics of finanical assets

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

Financial asset measured at fair value through other comprehensive income A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
    (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:
(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

(d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When the Company and creditors exchange debt instruments with materially different terms or make major changes to all or part of the existing financial liabilities (regardless of whether it is due to financial difficulties), when dealing with derecognizing financial liabilities, the method of derecognizing the original liabilities and recognizing new liabilities, the difference between its carrying amount and the total consideration paid or payable (including transferred non-cash assets or liabilities assumed) is recognized as gain or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are separated from the host contract and accounted for as a derivative.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:
Raw materials –Purchase cost on weighted average cost basis
Finished goods and work in progress – Cost of direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

In the parent only statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Company retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(12) Investments accounted for using the equity method

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro-rata basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro-rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(13) Property, Plant, and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Assets	Useful life
Buildings	4 - 51 years
Machinery and equipment	1 - 10 years
Utilities equipment	6 - 13 years
Office equipment	1 - 6 years
Other equipment	1 - 20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. These changes are treated as accounting estimates.

(14) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

<u>The Company is the lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) Amounts expected to be payable by the lessee under residual value guarantees;
(d) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) Any original direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 "Asset Impairment" to determine whether the right-of-use asset has been impaired and to deal with any identified impairment losses.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

The Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straightline basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

	Computer software	Other intangible assets
Useful lives	Finite (1 to 5 years)	Finite (5 to 10 years)
Amortization method used	Amortized on a straightline basis over the estimated useful life	Amortized on a straightline basis over the estimated useful life
Internally generated or externally acquired	Externally acquired	Externally acquired

(16) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Compnay estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

The impairment loss and the reversal of continuing business units are recognized in gain or loss.

(17) Liability reserve

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(18) Treasury stock

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(19) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sales of goods

The Company manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is diode and rectifier and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 60 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. However, for some contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to transfers the goods subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, no significant financing component has arisen.

In contracts between the Company and its customers, the period during which the promised goods are delivered to the customer and the customer paid was not more than one year. Therefore, the Company didn’t adjust the transaction price for the time value of money.

(20) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(21) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(22) Post-employment benefits

All regular employees of the Company is entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company’s parent only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and

(b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(23) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

<u>Current income tax</u>

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders’ meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint agreements interests, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint agreements interests, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Parent Company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the parent company only financial statements:

Certain properties of the Company comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Company accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 5% of the total property.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(c) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases.

(d) Revenue recognition – sales returns and allowance

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(f) Trade receivables–estimation of impairment loss

The Company estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(g) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices may decline. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Notes 6 for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	2021/12/31	2020/12/31
Cash on hand	$210	$210
Checking, demand deposits and time deposits	1,262,252	600,669
Total	$1,262,462	$600,879

(2) Financial assets at fair value through profit or loss-Current

	2021/12/31	2020/12/31
Mandatorily measured at fair value through profit or loss:		
Funds	$-	$6,295
Derivatives not designated as hedging instruments Forward exchange agreement	-	52
Total	$-	$6,347
Current	$-	$6,347
Non-current	-	-
Total	$-	$6,347

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at fair value through other comprehensive income-Non-current

	2021/12/31	2020/12/31
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Listed companies stocks	$240,892	$205,195
Unlisted companies stocks	73,458	73,873
Total	$314,350	$279,068

Financial assets at fair value through other comprehensive income were not pledged.

(4) Notes receivables

	2021/12/31	2020/12/31
Notes receivables arising from operating activities	$60,686	$36,344
(Less): allowance loss	(-)	(-)
Total	$60,686	$36,344

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6.(16) for more details on loss allowance and Note 12 for details on credit risk management.

(5) Trade receivable and trade receivable from related parties (net)

	2021/12/31	2020/12/31
Trade receivables	$2,222,020	$1,724,538
(Less): allowance loss	(22,660)	(15,953)
Subtotals	2,199,360	1,708,585
Trade receivables-related parties	207,130	277,171
(Less): allowance loss	(-)	(-)
Subtotals	207,130	227,171
Total	$2,406,490	$1,985,756

The Company's trade receivable did not provide guarantees.

The Company's credit period to customers is usually from 60 days to 120 days for monthly settlements. As of 31 December 2021, and 2020, the total book value was NT$2,429,150 thousand and NT$2,001,7096 thousand, respectively. For information on allowances for losses in FY2021 and FY2020, please refer to Note 6(16), and for information related to credit risk, please refer to Note 12.

(6) Inventories

	2021/12/31	2020/12/31
Raw materials	$544,625	$365,514
Work in process	54,753	52,194
Finished goods	856,492	463,844
Total	$1,455,870	$881,552

The Company's inventory cost recognized as an expense in FY2021 was 6,127,183 thousand, of which, in addition to the inventory cost, it included NT$34,413 thousand in inventory recovery gain arising from the sale of part of the inventory in FY2021.

The Company's inventory cost recognized as an expense in FY2020 was 5,375,874 thousand, of which, in addition to the inventory cost, it included NT$16,044 thousand in inventory recovery gain arising from the sale of part of the inventory in FY2020.

(7) Investments accounted for using the equity method

Details of the Company's investment by equity method is as follows:

Investees	2021/12/31 Carrying amount	2021/12/31 Percentage of ownership (%)	2020/12/31 Carrying amount	2020/12/31 Percentage of ownership (%)
Investee subsidiaries:				
PAN-JIT ASIA INTERNATIONAL INC.	$6,538,446	100.00%	$5,548,456	100.00%
PYNMAX TECHNOLOGY CO., LTD.	1,883,028	94.60%	1,560,142	94.60%
LIFETECH Energy Inc.	(55) (Note 1)	20.57%	1,244	20.57%
Investments in associates:				
MILDEX OPTICAL INC.	180,958	21.01%	210,935	21.01%
ALLTOP THCHNOLOGY CO., INC	1,574,237	19.08% (Note 2)	-	-
Total	$10,176,614		$7,320,777	

(Note 1): The Company's equity investment in LIFETECH ENERGY INC. on December 31, 2021 was surplus in loan.

(Note 2): The Company acquired 19.97% equity of Alltop Technology Co., Ltd. on March 5, 2021. In April 2021, the company held an additional 220,000 shares, and the shareholding ratio increased to 19.99%. After the shareholding of Alltop Technology Co., Ltd. to December 2021, the Company has converted corporate bonds into ordinary shares, resulting in changes in equity, and the Company's shareholding ratio has been reduced to 19.08%.

A. Investee subsidiaries are expressed in Parent Company Only Financial reports as "investments by equity method", and necessary evaluation adjustments are made.
B. Information on material related enterprises to the Company:

Company Name: Alltop Technology Co., Ltd.

Nature of the relationship with the associate: ALLTOP TECHNOLOGY CO., LTD. is in the business of research and development, manufacturing and sale of connectors, primarily for servers, automotive and industrial application. Alltop’s future development strategy aligns with the Company’s targeted business areas. The Company invests in the company with an aim to integrate the resources of both companies, and expand business areas including servers, laptops, automotive, industrial and networking equipment. This is to create synergies between the two firms and to provide customers with more full-range products and services.

Fair value of the investment in the associate when there is a quoted market price for the investment: ALLTOP TECHNOLOGY CO., LTD. is a listed entity on the Taipei Exchange (TPEx). The fair value of the investment in ALLTOP TECHNOLOGY CO., LTD. accounted for using the equity method amounted to $2,059,391 thousand as of 31 December 2021.

Reconciliation of the associate’s summarized financial information presented to the carrying amount of the Company’s interest in the associate:

	2021/12/31
Assets	$3,633,364
Liabilities	(1,135,335)
Equity	2,498,029
Proportion of the Company’s ownership	19.08%
Subtotals	476,624
Goodwill	968,326
Patent	102,726
Difference between investment cost and entitlement	26,561
Carrying amount of the investment	$1,574,237

The summarized financial information was as follows:

	2021/12/31	2020/12/31
Operating revenue	$449,578	$-
Profit from continuing operations	$92,457	$-
Other comprehensive income (net after tax)	($3,467)	$-
Total comprehensive income	$88,990	$-

The Company's investment in MILDEX OPTICAL INC. is not material to the Company. The aggregate carrying amount of the Company’s investment in MILDEX OPTICAL

INC. on December 31, 2021 and December 31, 2020 was NT$180,958 thousand and NT$210,935 thousand, respectively. The aggregate financial statements based on proportion are as follows :

	2021/12/31	2020/12/31
(Loss) Profit from continuing operations	($27,189)	($23,906)
Other comprehensive income (post-tax)	($2,788)	($492)
Total comprehensive income	($29,977)	($24,398)

The aforementioned investee subsidiaries and associates have no contingent liabilities or capital commitments, nor have they provided guarantees.

The proportion of profits and losses of subsidiaries and associates recognized in FY2021 and FY2020 using the equity method is as follows:

Investee companies	FY2021	FY2020
PAN-JIT ASIA INTERNATIONAL INC.	$655,936	$421,959
Pynmax Technology Co., Ltd.	249,615	121,900
LIFETECH ENERGY INC.	(1,299)	(4)
MILDEX OPTICAL INC.	(27,189)	(23,906)
Alltop Technology Co., Ltd.	92,457	-
Total	$969,520	$519,949

(8) Property, plant, and equipment

	2021/12/31	2020/12/31
Owner occupied property, plant and equipment	$3,957,765	$2,524,877

Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Utilities equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As at 1 Jan. 2021	$449,280	$416,929	$5,007,133	$26,511	$52,148	$450,069	$823,366	$7,225,436
Additions	127	32,717	110,091	800	4,908	40,526	813,226	1,002,395
Disposal	-	-	(109,262)	-	(12,631)	(18,935)	(1,650)	(142,478)
Transfers	202,816	305,743	494,652	-	6,160	1,924	(285,128)	726,167
As at 31 Dec. 2021	$652,223	$755,389	$5,502,614	$27,311	$50,585	$473,584	$1,349,814	$8,811,520
Depreciation and impairment:								
As at 1 Jan. 2021	$-	$148,030	$4,131,106	$26,228	$45,195	$350,000	$-	$4,700,559
Depreciation	-	13,569	229,384	239	3,538	33,169	-	279,899
Disposals	-	-	(97,616)	-	(12,630)	(18,804)	-	(129,050)
Impairment losses	-	-	(348)	-	-	-	-	(348)
Transfers	-	(386)	3,848	-	-	(767)	-	2,695
As at 31 Dec. 2021	$-	$161,213	$4,266,374	$26,467	$36,103	$363,598	$-	$4,853,755

	Land	Buildings	Machinery and equipment	Utilities equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As at 1 Jan. 2020	$449,280	$416,929	$4,975,095	$26,511	$51,859	$432,171	$28,765	$6,380,610
Additions	-	-	51,774	-	289	17,625	239,714	309,402
Disposal	-	-	(84,371)	-	-	-	-	(84,371)
Transfers	-	-	64,635	-	-	273	554,887	619,795
As at 31 Dec. 2020	$449,280	$416,929	$5,007,133	$26,511	$52,148	$450,069	$823,366	$7,225,436
Depreciation and impairment:								
As at 1 Jan. 2020	$-	$135,884	$3,967,827	$26,111	$42,528	$315,791	$-	$4,488,141
Depreciation	-	12,146	245,023	117	2,667	34,209	-	294,162
Disposals	-	-	(82,564)	-	-	-	-	(82,564)
Impairment losses	-	-	(1,964)	-	-	-	-	(1,964)
Transfers	-	-	2,784	-	-	-	-	2,784
As at 31 Dec. 2020	$-	$148,030	$4,131,106	$26,228	$45,195	$350,000	$-	$4,700,559
Net Carrying Amount:								
2021/12/31	$652,223	$594,176	$1,236,240	$844	$14,482	$109,986	$1,349,814	$3,957,765
2020/12/31	$449,280	$268,899	$876,027	$283	$6,953	$100,069	$823,366	$2,524,877

Capitalized borrowing costs of construction in progress for the years ended 31 December 2021 and 2020 are both $0.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(9) Intangible assets

	Computer software	Other intangible assets	Total
Cost:			
2020/01/01	$82,156	$3,000	$85,156
Additions - separate acquisition	14,183	10,916	25,099
Disposal	(19,531)	-	(19,531)
Reclassification	-	36,922	36,922
2020/12/31	$76,808	$50,838	$127,646
Additions - separate acquisition	9,594	40,455	50,049
Disposal	(20,226)	-	(20,226)
Reclassification	4,736	-	4,736
2021/12/31	$70,912	$91,293	$162,205
Amortization:			
2020/01/01	$31,431	$1,750	$33,181
amortization	28,957	7,247	36,204
Disposal	(19,531)	-	(19,531)
2020/12/31	$40,857	$8,997	$49,854
amortization	19,509	15,941	35,450
Disposal	(20,226)	-	(20,226)
2021/12/31	$40,140	$24,938	$65,078
Net Carrying Amount:			
2021/12/31	$30,772	$66,355	$97,127
2020/12/31	$35,951	$41,841	$77,792

The amortized amount recognized as intangible assets:

	FY2021	FY2020
Operating cost	$1,789	$2,957
Operating expense	$33,661	$33,247

(10) Short-term borrowings

Details of the short loans are as follows:

Nature of borrowing	2021/12/31	2020/12/31
Unsecured bank loans	$2,931,307	$1,385,443

	2021/12/31	2020/12/31
Interest rate range	0.40% ~ 0.99%	0.55% ~ 1.12%

As of December 31, 2021, and 2020, the Company's total unused Short-term borrowings were approximately NT$6,160,144 thousand and NT$3,356,053 thousand, respectively.

(11) Financial liabilities at fair value through profit or loss - current

	2021/12/31	2020/12/31
Held for trading:		
Derivative instruments without specified hedging relationship		
Forward exchange contract and currency swaps contract	$-	$2,822

(12) Long-term borrowings

Details of the long-term loans are as follows:

Nature of borrowing	2021/12/31	2020/12/31
Syndicated bank Loan (A) (Note)	$1,000,000	$2,487,500
Project loan (B)	598,000	23,000
Project loan (C)	300,000	103,000
Project loan (D)	1,050,000	152,000
Project loan (E)	98,333	–
Credit loan	1,050,000	765,333
Subtotals	4,096,333	3,530,833
(less): long-term security discount	(1,065)	–
(Less): Unamortized cost of syndicated loan	(6,510)	(3,194)
(Less): Deferred gain from government grants	(25,671)	(5,441)
(Less): Maturity within one year	(32,458)	–
Total	$4,030,629	$3,522,198

	2021/12/31	2020/12/31
Interest rate range	0.65%~0.9480%	0.65%~1.7895%

(Note): In August 2021, the Company renewed the syndicated loan contract which it entered into in 2018 with 16 financial institutions, including the Land Bank of Taiwan.

(A) On 17 August 2021, the Company entered into a syndicated loan contract with 10 financial institutions and the amount of the loan facility was $4,200,000 thousand for a period of five years starting from the first day the facility is drawn. The facility must be drawn within three months from the execution date of the contract, otherwise the maturity of the said three-month period shall be deemed the first drawdown day. The extract of terms of the contract as following:

a. The total amount of the syndicated loan is NT$4,200,000 thousand.

b. Terms of the syndicated loan agreement:

i. Category 1: Medium-term loan up to $4,200,000 thousand.
ii. Category 2: Commercial paper of $2,940,000 thousand

c. The total amount of category 1 and category 2 shall not exceed the total amount of the syndicated loan.

d. Terms of financial ratios: Within the contract period, the Company is required to calculate annually the financial ratios and agree with assigned threshold based on the figures from audited consolidated financial report.
   i. Current ratio (current asset / current liability): higher than 100%.
   ii. Debt ratio (liability / equity): lower than 200%.
   iii. Interest coverage ratio【（net profit before tax + interest expense + depreciation + amortization）/ interest expense】: higher than 2.5 times.
   iv. Net worth: higher than NT$5,300,000 thousand or USD equivalent.

(B) On 9 September 2019, the Company entered into a credit agreement with Taishin International Bank in the amount of NT$600,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Line of credit	Credit period	Interest rate	Repayment method
$400,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
$200,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

(C) On 25 October 2019, the Company entered into a credit agreement with Chang HWA Bank in the amount of NT$900,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Line of credit	Credit period	Interest rate	Repayment method
$600,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
$300,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

(D) On 1 November 2019, the Company entered into a credit agreement with First Commercial Bank in the amount of NT$1,500,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Line of credit	Credit period	Interest rate	Repayment method
$1,000,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
$500,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

(E) On 21 November 2021, the Company entered into a credit agreement with Land Bank in the amount of NT$1,000,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Line of credit	Credit period	Interest rate	Repayment method
$700,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	Interest is paid monthly for the first two years, the principal is amortized on a monthly basis starting from the third year, and the interest is calculated monthly based on the principal balance.
$300,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	Interest is paid monthly for the first two years, the principal is amortized on a monthly basis starting from the third year, and the interest is calculated monthly based on the principal balance.

Certain property, plant and equipment are pledged as first priority security as well as the top managements are grantors for the secured syndicated loans, please refer to Notes7 and 8 for more details.

(13) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2021 and 2020 were $39,496 thousand and $33,922 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passiveaggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute $1,764 thousand to its defined benefit plan during the 12 months beginning after 31 December 2021.

As of December 31, 2021, and 2020, the Company's defined benefit plans are expected to expire in 12 years.

The following table summarizes and determines the cost of the benefit plan recognized to profit or loss:

	FY2021	FY2020
Current period service costs	$1,863	$2,024
Interest expense	422	728
Total	$2,285	$2,752

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	2021/12/31	2020/12/31	2020/01/01
Defined benefit obligation	$156,233	$164,303	$158,664
Plan assets at fair value	(67,066)	(61,590)	(61,561)
Other non-current liabilities – Defined benefit liabilities recognized on the consolidated balance sheets	$89,167	$102,713	$97,103

Adjustment of net defined benefit liabilities (assets):

	Defined benefit obligation	Fair value of plan assets	Defined benefit liability (asset)
As at 1 Jan. 2020	$158,664	($61,561)	$97,103
Current period service costs	2,024	-	2,024
Net interest expense (income)	1,190	(462)	728
Past service cost and gains and losses arising from settlements	-	-	-
Subtotal	161,878	(62,023)	99,855
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	7,157	-	7,157
Experience adjustments	2,302	-	2,302
Remeasurements of the defined benefit asset	-	(2,492)	(2,492)
Subtotal	9,459	(2,492)	6,967
Payments from the plan	(7,034)	7,034	-
Contributions by employer	-	(4,109)	(4,109)
As at 31 Dec. 2020	$164,303	($61,590)	$102,713
Current period service costs	1,863	-	1,863
Net interest expense (income)	674	(252)	422
Past service cost and gains and losses arising from settlements	-	-	-
Subtotal	166,840	(61,842)	104,998
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(6,538)	-	(6,538)
Experience adjustments	(1,603)	-	(1,603)
Remeasurements of the defined benefit asset	-	(891)	(891)
Subtotal	(8,141)	(891)	(9,032)
Payments from the plan	(2,466)	2,466	-
Contributions by employer	-	(6,799)	(6,799)
As at 31 Dec. 2021	$156,233	($67,066)	$89,167

The following main assumptions are used to determine the Company's defined benefit plan:

	2021/12/31	2020/12/31
Discount rate	0.71%	0.41%
Expected rate of salary increases	1.50%	1.50%

A sensitivity analysis for significant assumption as at 31 December 2021 and 2020, is as shown below:

	FY2021		FY2020	
	Increased defined benefit obligation	Decreased defined benefit obligations	Increased defined benefit obligation	Decreased defined benefit obligations
Discount rate added by 0.5%	$-	$8,165	$-	$10,246
Discount rate decrease by 0.5%	$9,908	$-	$11,390	$-
Future salary increase by 0.5%	$9,777	$-	$11,204	$-
Future salary decrease by 0.5%	$-	$8,151	$-	$10,191

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(14) Equities

A. Common stock

As at 31 December 2021 and 2020, the Company's authorized capital were $6,000,000 thousand, and issued capital were $3,828,149 thousand and $3,328,149 thousand respectively, each at a par value of NT$10. Each share has one voting right and a right to receive dividends

On 25 October 2021, the Company issued 50,000 thousand units of Global Depository Shares ("GDS") on the Luxembourg Stock Exchange, each representing a unit of ordinary shares of the Company. And totals in new issuance of 50,000 thousand common stock shares, each unit of GDS was priced at USD3.02, equivalent to NT$84.5. Totals shares amounted to USD151,000 thousand. The rights and obligations of the new shares issued are the same as the original shares. As of December 31, 2021, the outstanding shares were 2,146 thousand units, representing 2,146 thousand shares.

B. Capital surplus

Items	2021/12/31	2020/12/31
Additional paid-in capital	$4,611,840	$1,000,884
Premium on convertible bonds	1,083,418	1,083,418
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	165,193	-
Increase (decrease) through changes in ownership interests in subsidiaries	4	-
Employee stock option	24,527	24,527
Restricted stocks for employees	694	694
Share of changes in net assets of associates accounted and joint ventures for using the equity method	113,328	-
Others	87,151	87,151
Total	$6,086,155	$2,196,674

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

The transaction costs associated with the issuance of Global Depository Shares amounted to $94,847 thousand which were recognized in the deduction of capital reserve.

C.Treasury stock

To transfer shares to employees, the board of directors resolved to repurchase treasury stock on 23 March 2020. The estimated shares of repurchase were 10,000 thousand with the price range between $10.54 to $34.50, from 24 March 2020 to 23 May 2020. As of December 31, 2021, and 2020, the Company held treasury stocks of NT$16,507 thousand and the numbers of shares were 700,000 shares, respectively.

As of 31 December 2021 and 2020, the treasury stock held by the Company were $16,507 thousand, and the number of treasury stock held by the Company were 700 thousand shares.

D. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues
b. Offset prior years' operation losses
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve
d. Set aside or reverse special reserve in accordance with law and regulations
e. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting

According to the provision of Article 240-5 of the Company Act, the Company should authorize the distributable dividends and bonuses in whole or in part are paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

The policy of dividend distribution approved by the Board should reflect factors such as the operating planning, investment plan, capital budgets, the changes of inner and outer environment. The Company in capital-intensive industries are currently in the stage of expansion. Considering the Company's need for future capital and the long-term financial planning; as well as the shareholders' need for cash inflow, the principle of earning distribution:

The dividend to shareholders should be paid in the form of cash as priority, or in the form of share dividend. Additionally, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to the provision of Article 241 of the Company Act, the Company shall distribute the whole or a part of the statutory surplus reserve and capital surplus to shareholders in new shares or cash according to their shareholding percentage. When cash is distributed, a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company shall be required and reported to the shareholders meeting. When new shares are issued, it shall be submitted to the shareholders' meeting for approval before distribution.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate 1090150022, which sets out the following provisions for compliance:
On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The special reserve upon first adoption amounted to $200,400 thousand as of 1 January 2021 and 2020. Because of unused, disposal or reclassification of related assets, there was no reversal from special reserve to unappropriated earnings during the nine-month periods ended of 2021 and 2020.As of 31 December 2021 and 2020, the special reverse upon first adoption amounted to $200,400 thousand.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the board of directors meeting on 25 March 2022 and shareholders’ meeting on 13 July 2021, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	FY2021	FY2020	FY2021	FY2020
Legal reserve	$177,599	$88,681	$-	$-
Special reserve	$-	$-	$-	$-
Common stock –cash dividend (Note)	$1,146,345	$498,172	$3.00	$1.50

(Note) The Company resolved at the board of directors' meeting held on 25 March 2022 and 26 March 2021 to distribute the dividends of 2021 and 2020 in form of cash.

Please refer to Note 6(18) for further details on employees' compensation and remuneration to directors and supervisors.

(15) Operating revenue

Revenue from contracts with customers	FY2021	FY2020
Sale of goods	$8,706,119	$6,710,919

Analysis of revenue from contracts with customers during the years ended 31 December 2021 and 2020 are as follows:

A. Disaggregation of revenue

The Company is a single operating segment. The revenue generated from sales of goods in FY2021 and FY2020 were NT$8,706,119 thousand and NT$6,710,919 thousand, respectively, which were the income recognized at a certain point in time.

B. Contract balances

Contract liabilities - current

	2021/12/31	2020/12/31
Sales of goods	$5,982	$399

The reason for the changes in the balance of contract liabilities of the Company from January 1 to December 31, 2021, and 2020 was due to the fact that part of the performance obligations had been met and transferred into revenue or the increase in repay.

(16) Expected credit gains (losses)

	FY2021	FY2020
Operation expense－Expected credit gains (losses)		
Trade receivables	($6,707)	($641)

Please refer to Note 12 for more details on credit risk management.

The Company measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2021 and 2020 are as follows:

The Company considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is measure by using a provision matrix, details as follows:

As at 31 Dec. 2021

	1-90 days (Note 1)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Total carrying amount	$1,967,365	$250,929	$358	$-	$3,368	$2,222,020
Loss rate	0.34%	5%	20%	-	100%	
Lifetime expected credit losses	(6,674)	(12,546)	(72)	$-	(3,368)	(22,660)
Carrying amount	$1,960,691	$238,383	$286	$-	$-	$2,199,360

As at 31 Dec. 2020

	1-90 days (Note 1)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Total carrying amount	$1,568,291	$152,142	$895	$2	$3,208	$1,724,538
Loss rate	-	8.26%	20%	50%	100%	
Lifetime expected credit losses	-	(12,565)	(179)	(1)	(3,208)	(15,953)
Carrying amount	$1,568,291	$139,577	$716	$1	$-	$1,708,585

(Note 1): Notes receivable included. All notes receivable of the Company are not overdue.

(Note 2): Accounts receivable - related parties not included. The Company's trade receivable - related parties are not overdue.

Changes to the Company's allowance loss for accounts receivable from January 1 to December 31, 2021, and 2020, are as follows:

	Accounts receivable
As at 1 Jan. 2021	$15,953
Additional/(reversal) for the current period	6,707
Write off	-
As at 31 Dec. 2021	$22,660
As at 1 Jan. 2020	$15,733
Additional/(reversal) for the current period	641
Write off	(421)
As at 31 Dec. 2020	$15,953

(17) Lease

The Company as s lessee

The Company leases a number of different assets, including property (land, houses, and buildings) and transportation equipment. The lease period of each contract is between 3 to 5 years.

The impact of leasing on the Company's financial status, financial performance and cash flow is explained as follows:

A. Amounts recognized in the balance sheet:

(a) Right-of-use assets

The carrying amount of right-of-use assets

	2021/12/31	2020/12/31
Land	$1,742	$310
Buildings	19,054	26,353
Transportation equipment	1,428	1,174
Other assets	388	-
Total	$22,612	$27,837

The Company has added NT$3,695 thousand and NT$30,003 thousand, respectively to the right-of-use assets from January 1 to December 31 in FY2021 and FY2020.

(b) Lease liabilities

	2021/12/31	2020/12/31
Flow	$7,981	$7,864
Non-current	14,767	20,033
Total	$22,748	$27,897

Please refer to Note 6.(19)(c) for the interest on lease liabilities recognized during the years ended 31 December 2021 and 2020 and refer to Note 12.(5)

Liquidity Risk Management for the maturity analysis for lease liabilities as of 31 December 2021.

B. Amount recognized in statement of comprehensive income

Depreciation of right-of-use assets

	FY2021	FY2020
Land	$747	$745
Buildings	7,299	7,071
Transportation equipment	702	1,243
Other assets	111	-
Total	$8,859	$9,059

C. The lessee's income and expenditures related to leasing activities

	FY2021	FY2020
Expenses arising from short-run lease	$1,881	$1,550
Expenses arising from low-value asset lease (Excluding the expenses arising from short-run lease of low-value asset)	$163	$137
Variable lease payments not accounted for in lease liability	$90	$-

D. Cash outflow relating to leasing activities

During the year ended 31 December 2021 and 2020, the Company’s total cash outflows for leases amounting to $8,782 thousand and $9,245 thousand, respectively.

E. Other information relating to leasing activities

Extension and termination options

Some of the Company’s property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(18) The summary table of employee benefits, depreciation and amortization expenses by functions is as follows:

Function / Nature	FY2021			FY2020		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefits expense						
Salaries	$566,249	$727,833	$1,294,082	$637,499	$340,564	$978,063
Labor and health insurance	$72,371	$30,888	$103,259	$63,223	$18,198	$81,421
Pension	$27,235	$14,546	$41,781	$26,462	$10,212	$36,674
Compensation of the directors	$-	$48,956	$48,956	$-	$21,029	$21,029
Other employee benefit expenses	$59,211	$16,917	$76,128	$48,677	$10,352	$59,029
Depreciation	$260,837	$27,922	$288,759	$271,355	$31,867	$303,222
Amortization	$1,789	$33,661	$35,450	$2,957	$33,247	$36,204

Note: The number of employees in this year and the previous year was 1,499 and 1,360 respectively, of which the number of directors who were not concurrently employees was five.

Companies whose stocks have been listed on the stock exchange should disclose the following information:

A.The average employee benefit expense in the current year was NT$1,014 thousand. The average employee benefit expense in the previous year was NT$853 thousand.
The average employee salary expense in the current year was NT$866 thousand. The average employee salary expense in the previous year was NT$722 thousand.

B.The average employee salary expense has increased by 20%.

C.The Company has set up an audit committee to replace the supervisor, so the Company's supervisors remuneration for FY2021 and FY2020 were both 0.

D.The Company's salary and compensation policy:

(a) Directors:

The Company's directors remuneration is by the Article of Association, Article 16: "The remuneration of all directors, regardless of profit or loss, may be agreed upon by the authorized board meeting according to the usual standards of the industry" and Article 19: "If the Company makes profits during the year, no more than 2% should be proposed for directors remuneration. The proposal shall be drafted and reviewed by the Renumeration Committee in consideration of the participation in the Company's operations, contribution value and overall company operating performance, and submitted to the Board of Directors for discussion.

(b) Managerial officers and employees:

The salary and compensation of the Company's managerial officers and employees refer to the common level of the industry's payment level and consider the time invested by the individual, the responsibilities, degrees of achieving personal goals, performance in other positions, the Company's salary and compensation to the same position in recent years, and the Company's overall operating conditions, etc. Also, the company's Articles of Association, Article 19: "If the Company makes a profit during the year, no less than 6% shall be allocated for employee compensation" shall be followed. The managerial officers compensation must be reviewed by the remuneration committee and submitted to the Board of Directors for discussion; the employees compensation shall be submitted to the responsible supervisor for approval in accordance with the Company's hierarchical authorization rules.

The Company's Articles of Association stipulates that, after annual earnings first offset against any deficit, a minimum of 6% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. But the Company shall reserve a portion of profit to offset accumulated losses, if any. The aforementioned employee compensation can be made in stock or cash. Its subjects may include employees of controlling or associates that meet certain conditions which are set by the Board of Directors.

According to one of Article 235 of the Company Act, if the employee's compensation in the preceding paragraph is based on stocks or cash, the Board of Directors shall come to the resolution with more than two-thirds of the directors present and more than half of the present directors approve, and report to the shareholders meeting. For information about employee compensation and director renumeration approved by the Board of Directors, please visit "Market Observation Post System" of Taiwan Stock Exchange.

According to the profit status of the Company in FY2021, the employee compensation and directors renumeration were estimated to be 6% and 2%, respectively, and the amount of employee compensation and directors renumeration were NT$145,548 thousand and NT$48,516 thousand, respectively. In FY2020, the amount of employee compensation and directors renumeration were NT$61,528 thousand and NT$20,509 thousand, respectively. The foregoing amounts were accounted for under salary expenses. If the Board of Directors decides to pay employee compensation in stocks, the closing price on the day before the Board of Directors resolution is used as the basis for calculating the number of allotted shares. If there is a difference between the estimated number and the actual allotted amount by the Board of Directors, it is recognized as gain or loss in the following year.

The Company's Board of Directors resolved on March 25, 2022 and March 26, 2021 to provide cash for the employees compensation and directors renumeration in FY2021 and FY2020 and the amounts were NT$145,548 thousand, NT$48,516 thousand and NT$61,528 thousand, NT$20,509 thousand, respectively. There is no significant difference to the amounts recognized as expenses in the financial report of FY2021 and FY2020.

(19) Non-operating income and expenses

A. Interest income

	FY2021	FY2020
Finance assets measured at amortized cost	$537	$6,232

B. Other income

	FY2021	FY2020
Rental income	$8,188	$8,188
Dividend income	6,278	7,404
Others	87,604	7,386
Total	$102,070	$22,978

C. Other gains or losses

	FY2021	FY2020
Gains (losses) on disposal of property, plant, and equipment	($6,988)	($1,516)
Profits on disposal of investments	2,548	-
Net gain (loss) on foreign exchange	26,512	(44,390)
Valuation gain (loss) n of Financial assets and liabilities measured at fair value through profit or loss (Note)	1,475	(777)
Reversal of impairment gain - Property, plant, and equipment	348	1,964
Other expenses	(5,422)	(149)
Total	$18,473	($44,868)

(Note) Balances were arising from financial assets and financial liabilities mandatorily measured at fair value through profit or loss.

D. Financial costs

	FY2021	FY2020
Interest on borrowings from bank	($68,456)	($54,472)
Interest on lease liabilities	(327)	(185)
Total	($68,783)	($54,657)

(20) Components of other comprehensive income

	FY2021				
	Current amount	Occurred reclassification adjustments	Others Comprehensive income	Tax benefit (Expense)	After-tax amount
Items that may not be reclassified subsequently to gain or loss:					
Remeasurement of defined benefit plan	$3,727	$-	$3,727	($1,807)	$1,920
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	335,088	-	335,088	(1,670)	333,418
Items that may be reclassified subsequently to gain or loss:					
Exchange differences in translation of foreign financial statements	(188,795)	-	(188,795)	36,520	(152,275)
Total	$150,020	$-	$150,020	$33,043	$183,063

	FY2020				
	Current amount	Occurred reclassification adjustments	Others Comprehensive income	Tax benefit (Expense)	After-tax amount
Items that may not be reclassified subsequently to gain or loss:					
Remeasurement of defined benefit plan	($6,480)	$-	($6,480)	$1,393	($5,087)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	377,126	-	377,126	(14,218)	362,908
Items that may be reclassified subsequently to gain or loss:					
Exchange differences in translation of foreign financial statements	(31,085)	-	(31,085)	2,426	(28,659)
Total	$339,561	$-	$339,561	($10,399)	$329,162

(21) Income tax

A. Income tax recognized in profit or loss

	FY2021	FY2020
Current income tax expense:		
Current income tax payables	$239,096	$77,768
Adjustment of current deferred income tax of previous years in current year	20,094	(44,530)
Deferred income tax expense (gain):		
Deferred income tax expense (gain) related to the original creation of the temporary difference and its reversal	45,572	12,751
Income tax expense	$304,762	$45,989

B. Income tax recognized as other comprehensive income

	FY2021	FY2020
Deferred income tax expense (gain):		
Exchange differences in translation of foreign financial statements	$36,520	$2,426
Remeasurement of defined benefit plan	(1,807)	1,393
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	(1,670)	(14,218)
Income tax related to other comprehensive income components	$33,043	($10,399)

C. The amount of income tax expenses multiplied by accounting profits by the applicable tax rate is adjusted as follows:

	FY2021	FY2020
Pre-tax Net Profit from Continuing Business Units	$2,231,737	$943,424
Income tax calculated at statutory tax rate	$446,347	$188,684
Tax effects of tax exemption income	(55,179)	(28,131)
Income tax impact on deferred income tax assets / liabilities	(106,500)	(70,000)
Adjustment of current deferred income tax of previous years in current year	20,094	(44,530)
Others	-	(34)
Total income tax expense recognized in profit or loss	$304,762	$45,989

D. The deferred income tax assets (liabilities) balance related to the following items:

For the year ended 31 December 2021:

	Opening balance	Recognized in gain or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Allowance for price decline in inventories	$39,287	($6,883)	$-	$32,404
Unrealized exchange gain or loss	669	(6,970)	-	(6,301)
The proportion of gain or loss of subsidiaries recognized by equity method	39,802	(26,180)	-	13,622
Changes in the net worth of the subsidiary's equity recognized by equity method	(71,014)	-	-	(71,014)
The balance of translation of the financial reports of foreign operation institutions	111,547	-	36,520	148,067
Tax differentials in depreciation	(906)	302	-	(604)
Net defined benefit liability - non-current	20,543	(903)	(1,807)	17,833
Impairment Loss	1,091	(69)	-	1,022
Others	54,376	(4,869)	(1,670)	47,837
Deferred income tax (expense) gain		($45,572)	$33,043	
Net deferred income tax assets / liabilities	$195,395			$182,866
Below is the information contained in the balance sheet:				
Deferred income tax asset	$267,315			$260,785
Deferred tax liabilities	($71,920)			($77,919)

For the year ended 31 December 2020:

	Opening balance	Recognized in gain or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Allowance for price decline in inventories	$42,496	($3,209)	$-	$39,287
Unrealized exchange gain or loss	3,571	(2,902)	-	669
The proportion of gain or loss of subsidiaries recognized by equity method	58,748	(18,946)	-	39,802
Changes in the net worth of the subsidiary's equity recognized by equity method	(71,014)	-	-	(71,014)
The balance of translation of the financial reports of foreign operation institutions	109,121	-	2,426	111,547
Tax differentials in depreciation	(1,254)	348	-	(906)
Net defined benefit liability - non-current	19,421	(271)	1,393	20,543
Impairment Loss	1,484	(393)	-	1,091
Others	55,972	12,622	(14,218)	54,376
Deferred income tax (expense) gain		($12,751)	($10,399)	
Net deferred income tax assets / liabilities	$218,545			$195,395
Below is the information contained in the balance sheet:				
Deferred income tax asset	$290,905			$267,315
Deferred tax liabilities	($72,360)			($71,920)

E. Unrecognized deferred tax assets

As of 31 December 2021, and 2020, the Company’s unrecognized deferred income tax assets were NT$53,500 thousand and NT$160,000 thousand, respectively.

F. Situations of income tax declaration and verification

As of December 31, 2021, the Company’s income tax declaration was approved to FY2019.

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	FY2021	FY2020
A.Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$1,926,975	$897,435
Weighted average number of shares of common stock per share of earnings (thousand shares)	340,448	332,349
Basic earnings per share (NT$)	$5.66	$2.70

	FY2021	FY2020
B.Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company and effect of potential common shares (in thousand NT$)	$1,926,975	$897,435
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand)	340,448	332,349
Dilution effect:		
Employee compensation - stocks (thousand shares)	1,348	1,855
Weighted average number of ordinary shares after adjusting the dilution effect (thousand shares)	341,796	334,204
Diluted earnings per share (NT$)	$5.64	$2.69

After the reporting period and before the financial statements were approved for release, there were no other transactions that materially changed the number of common shares outstanding or the number of potential common shares at the end of the period.

7. Related Party Transaction

The following is a summary of transactions between the Company and related parties during the reporting periods:

Name and Relationship of Related Parties

Name of related parties	Relationship with the Company
PAN-JIT ASIA INTERNATIONAL INC.	The Company’s subsidiary
PAN JIT AMERICAS, INC.	The Company’s subsidiary
PAN-JIT INTERNATIONAL (H.K.) LTD.	The Company’s subsidiary
PAN JIT KOREA CO., LTD.	The Company’s subsidiary
PAN JIT EUROPE GMBH	The Company’s subsidiary
Suzhou Grande Electronics Co. Ltd.	The Company’s subsidiary
Shenzhen Max Diode Co., Ltd.	The Company’s subsidiary
PAN JIT ELECTRONIC (WUXI) CO., LTD.	The Company’s subsidiary
Pynmax Technology Co., Ltd.	The Company’s subsidiary
MILDEX OPTICAL INC.	Other related party
Zibo Micro Commercial Components Corp.	Other related party
Fang Minqing and other 13 people	The management level above Deputy general manager of the Company

(1) Sales

	FY2021	FY2020
PAN JIT ELECTRONIC (WUXI) CO., LTD.	$1,124,840	$866,486
Others	229,359	169,340
Grand total	$1,354,199	$1,035,826

The selling price from the Company to related parties is negotiated by both parties with reference to market conditions; the current year's circulating funds are unsecured, interest-free and must be settled in cash. No guarantee has been received for accounts receivable from related parties.

(2) Purchase

	FY2021	FY2020
PAN JIT ELECTRONIC (WUXI) CO., LTD.	$1,905,764	$1,489,242
Pynmax Technology Co., Ltd.	656,778	397,709
Others	29,041	17,689
Grand total	$2,591,583	$1,904,640

The price of the Company's purchase of goods from related parties is negotiated by both parties with reference to market conditions; the Company's payment terms for purchases of goods from related parties are equivalent to those of ordinary manufacturers.

(3) Trade receivable - related party

	2021/12/31	2020/12/31
PAN JIT ELECTRONIC (WUXI) CO., LTD.	$173,338	$268,799
PAN JIT AMERICAS, INC.	24,597	1,966
Others	9,195	6,406
Grand total	$207,130	$277,171

(4) Other receivable - related parties (not loans)

	2021/12/31	2020/12/31
PAN JIT ELECTRONIC (WUXI) CO., LTD.	$6,180	$188
Others	815	-
Grand total	$6,995	$188

(5) Trade payable - related parties

	2021/12/31	2020/12/31
PAN JIT ELECTRONIC (WUXI) CO., LTD.	$240,161	$270,696
Pynmax Technology Co., Ltd.	64,792	40,978
Others	5,771	2,076
Grand total	$310,724	$313,750

(6) Other payables - related parties

	2021/12/31	2020/12/31
PAN JIT EUROPE GMBH	$47,382	$36,914
Others	12,672	9,260
Grand total	$60,054	$46,174

(7) Disposal of property, plant and equipment

FY2021:

Name of related parties	Assets	Selling price	Carrying amount:	Sale (loss) gain
PAN JIT ELECTRONIC (WUXI) CO., LTD.	Machinery equipment	$6,184	$6,115	$69

FY2020:

Name of related parties	Assets	Selling price	Carrying amount:	Sale (loss) gain
PAN JIT ELECTRONIC (WUXI) CO., LTD.	Machinery equipment	$194	$-	$194

(8) Acquisition of property, plant, and equipment:

FY2021:

None

FY2020:

Name of related parties	Assets	Selling price
Pynmax Technology Co., Ltd.	Machinery equipment	$6,082
PAN JIT ELECTRONIC (WUXI) CO., LTD.	Machinery equipment	20,111
		$26,193

(9) Others

A. Operating expense

	FY2021	FY2020
a. Commission expenditure		
PAN JIT KOREA CO., LTD.	$49,572	$45,968
PAN JIT EUROPE GMBH	46,505	31,852
Total	$96,077	$77,820
b. Manage shipping warehouse costs and collection and payment items		
PAN-JIT INTERNATIONAL (H.K.) LTD.	$40,384	$34,253
Pynmax Technology Co., Ltd.	24,104	-
Total	$64,488	$34,253
c. Miscellaneous expenditure, consumables, etc.		
PAN JIT AMERICAS, INC.	$33,856	$23,012

B. Financing (recognized as other payables)

	FY2021				
	Maximum Balance	Closing balance	Interest rate range	Interest expense	Accrued interest at the end of current period
PAN-JIT ASIA INTERNATIONAL INC.	$858,300	$-	0.00%	$-	$-

	FY2020				
	Maximum Balance	Closing balance	Interest rate range	Interest expense	Accrued interest at the end of current period
PAN-JIT ASIA INTERNATIONAL INC.	$892,200	$854,400	0.00%	$-	$-

C. Endorsements/guarantees

Details of endorsement/guarantee provided by the Company to subsidiaries' borrowing are as follows:

	2021/12/31	2020/12/31
PAN-JIT ASIA INTERNATIONAL INC.	$1,826,880	$1,879,680

(10) Key management personnel compensation

	FY2021	FY2020
Short-term employee benefits	$117,233	$69,625
After-retirement benefits	608	633
Total	$117,841	$70,258

As of December 31, 2021, and 2020, part of the main management is the joint guarantor of the Company's loans from financial institutions.

8. Pledged Assets

The following assets of the Company have been provided as collateral:

	Carrying amount		secured debt
Items	2021/12/31	2020/12/31	Content
Property, Plant, and Equipment	$-	$938,438	Long-term loan
Other current assets	$14,394	22,214	Financial commodity trading
Total	$14,394	$960,652	

9. Significant Contingent Liability and Unrecognized Contract Commitment

(1) As of December 31, 2021, and 2020, the Company has provided customs bonded guarantees through bank guarantees both in the amount of NT$10,000 thousand.
(2) As of December 31, 2021, the commercial paper issued due to the joint loan case was NT$1,000,000 thousand.

10. Material Disaster Losses

None.

11. Material Subsequent Events

The board of directors on 14 Feb. 2022 approved a tender offer for the common shares of Champion Microelectronic Corp. The shares of 23,996 thousand which amounted to NT$1,938,877 thousand have been settled on 24 Mar. 2022.

12. Others

(1) Classification of financial tools

Financial assets

	2021/12/31	2020/12/31
Financial assets at FVTPL:		
Mandatory to measure at fair value through profit or loss	$-	$6,347
Financial assets measured at fair value through other comprehensive income	314,350	279,068
Financial assets measured at amortized cost	4,330,791	2,749,705
Total	$4,645,141	$3,035,120

Financial liabilities

	2021/12/31	2020/12/31
Financial liabilities measured at amortized cost:		
Short-term borrowings	$2,931,307	$1,385,443
Trade and other payables	2,126,134	2,318,517
Long-term borrowings (including maturity within one year)	4,063,087	3,552,198
Lease liabilities	22,748	27,897
Subtotals	9,143,276	7,284,055
financial liability at fair value through profit or loss:		
Held for trading	-	2,822
Total	$9,143,276	$7,286,877

(2) Financial risk management objectives and policies

The Company’s financial risk management objectives are mainly to manage market risks, credit risks and liquidity risks related to operating activities. The Company conducts the identification, measurement and management of the aforementioned risks in accordance with the Company's policies and risk preferences.

The Company has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with relevant regulations. Important financial activities must be reviewed by the Board of Directors and similar audit committee units in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Company must actually comply with the stipulated financial risk management regulations.

(3) Market risk

Market risk refers to the risk of fluctuations in fair value or cash flow of financial instruments due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk and other price risks (such as equity instruments.)

In practice, it is rare that a single risk variable changes independently, and the changes of each risk variable are usually related, but the sensitivity analysis of each risk below does not consider the interactive impact of related risk variables.

<u>Exchange rate risk</u>

The Company's exchange rate risk is mainly related to operating activities (when the currency used for revenue or expenses is different from the Company's functional currency) and the net investment of foreign operation.

The Company’s foreign currency receivables are in the same currencies as part of the foreign currency payables. At this time, a considerable part of the position will have a natural hedging effect. For some foreign currency payments, forward foreign exchange contracts are used to manage exchange rate risks, based on the aforementioned natural hedging. The use of forward foreign exchange contracts to manage exchange rate risks does not meet the requirements of hedging accounting, therefore it is not adopted. In addition, the net investment of foreign operation is a strategic investment, so the Company does not consider hedging.

The sensitivity analysis of the Company's exchange rate risk mainly focuses on the major foreign currency monetary items at the end of the financial reporting period, and the impact of related foreign currency appreciation/devaluation on the Company's gain or loss and equity. The Company's exchange rate risk is mainly affected by fluctuations in the exchange rate of the U.S. dollar.

Interest Rate Risk

Interest rate risk is the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in market interest rates. The Company's interest rate risk mainly comes from investment in floating-rate debt instruments, fixed-rate borrowings and floating-rate borrowings.

Sensitivity analysis of interest rate risk mainly focuses on interest rate risk insurance items at the end of the financial reporting period, including floating rate investments, floating rate borrowings and interest rate swap contracts.

Equity Price Risk

The Company holds domestic listed and unlisted equity securities, the fair value of which will be affected by the uncertainty of the future value of these investment targets. The listed and unlisted equity securities held by the Company belong to the category measured at fair value through other comprehensive income. The Company manages the price risk of equity securities by diversifying investment and setting limits for single and overall equity securities investment. The equity securities investment portfolio information needs to be regularly provided to the Company’s senior management. The Board of Directors must review and approve all equity securities investment decisions.

The sensitivity analysis of the related risk changes is as follows:

FY2021

Key risks	Variation range	Sensitivity to gain or loss (NT$ thousands)		Sensitivity to equity (NT$ thousands)
Exchange rate risk	NTD/USD exchange rate +/- 1%	-/+	$3,275	$-
Interest Rate Risk	NTD market interest rate +/- 100 basis points	-/+	$57,643	$-
Equity Price Risk	Taiwan Capitalization Weighted Stock Index +/- 10%	+/-	$-	$31,435

FY2020

Key risks	Variation range	Sensitivity to gain or loss (NT$ thousands)		Sensitivity to equity (NT$ thousands)
Exchange rate risk	NTD/USD exchange rate +/- 1%	-/+	$3,622	$-
Interest Rate Risk	NTD market interest rate +/- 100 basis points	-/+	$42,934	$-
Equity Price Risk	Taiwan Capitalization Weighted Stock Index +/- 10%	+/-	$-	$27,907

(4) Credit risk management

Credit risk refers to the risk that the counterparty cannot fulfill the obligations set out in the contract and will result in financial losses. The Company’s credit risk is due to operating activities (mainly accounts and notes) and financial activities (mainly bank deposits and various financial instruments.)

All units of the Company follow credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all counterparties is a comprehensive consideration of such factors as the counterparty's financial status, ratings of credit rating agencies, past historical transaction experience, current economic environment, and the Company's internal rating standards. The Company also uses certain credit enhancement tools (such as advance payment and insurance, etc.) at appropriate times to reduce the credit risk of specific counterparties.

As of December 31, 2021, and 2020, the top ten customer accounts receivable accounted for 32% and 29% of the Company’s balance of accounts receivable, respectively. The credit concentration risk of the remaining accounts receivable is relatively not significant.

The Company’s finance department manages the credit risk of bank deposits, fixed income securities, and other financial instruments in accordance with company policies. Since the Company’s trading partners are determined by internal control procedures, and are credit worthy banks and investment-grade financial institutions, corporate organizations, and government agencies, there is no significant credit risk.

(5) Liquidity risk management

The Company maintains financial flexibility through contracts such as cash and cash equivalents, high-liquidity securities and bank loans. The following table summarizes the maturity of the payments contained in the remaining contracts for non-derivative financial liabilities during the agreed repayment period of the Company. It is compiled based on the earliest possible repayment date and based on its undiscounted cash flows. The amounts listed are also Including agreed interest. For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	Later than 2 years but not later than 3 years	Later than 4 years but not later than 5 years	Later than 5 years	Total
2021/12/31					
Loan	$2,990,320	$1,079,196	$1,605,695	$1,411,283	$7,086,494
Payables	$2,126,134	$-	$-	$-	$2,126,134
Lease liabilities	$8,231	$11,721	$3,285	$-	$23,237
2020/12/31					
Loan	$1,398,399	$3,274,838	$3,543	$274,397	$4,951,177
Payables	$2,389,721	$-	$-	$-	$2,389,721
Lease liabilities	$7,864	$20,033	$-	$-	$27,897

Derivative financial liabilities

	Less than 1 year	Later than 2 years but not later than 3 years	Later than 4 years but not later than 5 years	Later than 5 years	Total
2021/12/31					
Forward exchange contracts - inflow	$-	$-	$-	$-	$-
Forward exchange contracts - outflow	$-	$-	$-	$-	$-
2020/12/31					
Forward exchange contracts - inflow	$381,710	$-	$-	$-	$381,710
Forward exchange contracts - outflow	($384,480)	$-	$-	$-	($384,480)

The disclosure of derivative liability instruments in the above table is expressed using undiscounted total cash flows.

(6) Adjustment in liabilities generated from financing activities

Adjustment information of liabilities in FY2021:

	Short loan	Long-term loan	Lease liabilities	Total liabilities from the financing activities
2021/1/1	$1,385,443	$3,522,198	$27,897	$4,935,538
Cash flows	1,545,864	563,019	(8,782)	2,100,101
Non-cash changes	-	(22,130)	3,633	(18,497)
2021/12/31	$2,931,307	$4,063,087	$22,748	$7,017,142

Adjustment information of liabilities in FY2020:

	Short loan	Long-term loan	Lease liabilities	Total liabilities from the financing activities
2020/01/01	$1,989,732	$2,450,978	$6,954	$4,447,664
Cash flows	(604,289)	1,067,387	(9,245)	453,853
Non-cash changes	-	3,833	30,188	34,021
2020/12/31	$1,385,443	$3,522,198	$27,897	$4,935,538

(7) Fair value of financial instruments

A. Valuation techniques and assumptions used to measure fair value

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The methods and assumptions used by the Company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

a. The carrying amounts of cash and cash equivalents, receivables, other current assets, payables and other current liabilities are a reasonable approximation of the fair value, which is mainly due to the short maturity period of such instruments.

b. The fair value of financial assets and financial liabilities that are traded in an active market with standard terms and conditions is determined by reference to market quotes (for example, listed stocks, beneficiary certificates, bonds and futures, etc.).

c. The fair value of equity instruments without active market transactions (for example, private equity stocks of listed companies, public company shares without active markets, and unpublished company shares) is estimated by the market method, and is estimated for the fair value with the price and other relevant information (such as lack of liquidity discount factors, similar company stock price-to-earning ratio, similar company stock price-to-net worth ratio and other input values) of the same or comparable company equity instruments generated by market transactions.

d. For investment in debt instruments, bank borrowings, corporate bonds payable and other non-current liabilities without active market quotations, the fair value is determined based on the counterparty's quotation or evaluation technology. The evaluation technology is determined based on discounted cash flow analysis. The interest rate and assumptions such as discount rate are mainly based on information related to similar tools (for example, OTC's reference yield curve, the average quotation of the Reuters commercial paper rate, and credit risk information.)

e. Derivative financial instruments without active market quotations, among which are non-option derivative financial instruments, are calculated based on discounted cash flow analysis using the counterparty's quotation or the applicable yield curve within duration; for option derivative financial instruments, use Counterparty quotations, appropriate option pricing models (such as the Black-Scholes model) or other evaluation methods (such as Monte Carlo Simulation) to calculate the fair value.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and financial liabilities measured at amortized cost is a reasonable approximation of the fair value.

C. Information about the fair value level of financial instruments

For information on the fair value levels of the Company's financial instruments, please refer to Note 12 (9).

(8) Derivative instruments

As of December 31, 2021, and 2020, information of the Company's holding on derivatives that do not comply with hedge accounting and have not yet expired is as follows:

Forward exchange contract

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The paragraphs below lists the information related to forward currency contracts:

2021/12/31

None

	Items	Contract amount (thousand)	Maturity date
2020/12/31			
The Company	Forward exchange contract	sell USD 13,500	2021/01/07~ 2021/03/19

The aforementioned derivatives transaction counterparties are well-known banks at home and abroad, and their credit is good, so the credit risk is not high.

For forward exchange and currency swaps contract transactions, it is mainly to avoid the risk of exchange rate and interest rate changes on net assets or net liabilities. There will be relative cash inflows or outflows at maturity, and working capital is sufficient to support, so there will be no significant cash flow risk.

(9) Fair value level

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Hierarchical Information on Fair Value Measurement

The Company does not have non-repetitive assets measured at fair value. The fair value level information of repetitive assets and liabilities is listed below:

December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at fair value through other comprehensive income				
Stock	$240,892	$73,458	$-	$314,350

December 31, 2020:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Forward exchange contract	$-	$52	$-	$52
Fund	$-	$6,295	$-	$6,295
Financial assets measured at fair value through other comprehensive income				
Stock	$205,195	$73,873	$-	$279,068
Liabilities measured at fair value				
Financial liabilities measured at fair value through profit or loss				
Forward exchange contract	$-	$2,822	$-	$2,822

Transfer between the first level and the second level of the fair value hierarchy

As of December 31, 2021, and 2020, there is no transfer between the first and second levels of the fair value hierarchy of assets and liabilities measured by the Company's repetitive fair value.

Changes in recurring fair value at level 3

The Company does not have repetitive fair value-measured assets and liabilities that fall into the third level of the fair value hierarchy.

(10) The information on foreign currency assets and liabilities with significant impact are as follows

The information on foreign currency assets and liabilities of the Company with significant influence is as follows

Monetary unit: NT$ thousands

	2021/12/31			2020/12/31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$95,713	27.6800	$2,649,342	$59,301	28.4800	$1,688,894
EUR	$3,830	31.3200	$119,971	$1,796	35.0200	$62,885
Non-monetary items:						
USD	$236,216	27.6800	$6,538,446	$194,819	28.4800	$5,548,456
Financial liabilities						
Monetary items:						
USD	$83,880	27.6800	$2,321,812	$37,560	28.4800	$1,069,718
EUR	$2,876	31.3200	$90,067	$-	-	$-

The above information is disclosed based on the foreign currency carrying amount (which has been converted to functional currency.)

The Company’s foreign currency transactions have a wide variety of functional currencies, which cannot be difficult to disclose each currency’s significant influence. Therefore, the exchange gain or loss of each currency are consolidated and disclosed. The Company’s currency financial assets and financial liabilities conversion gain (loss) in FY2021 and FY2020 were 26,512 thousand and (44,390) thousand, respectively.

(11) Capital management

The most important goal of the Company’s capital management is to confirm the maintenance of sound credit ratings and good capital ratios to support corporate operations and maximize shareholders' equity. The Company manages and adjusts the capital structure according to economic conditions, and may maintain and alter the capital structure by adjusting dividend payments, returning capital or issuing new shares.

13. Additional Disclosures

(1) Information on Significant Transactions:

a. Financing provided to others: Please refer to Attachment 1.
b. Endorsement/Guarantee for others: Please refer to Attachment 2.
c. Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures): Please refer to Attachment 3.
d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock: Please refer to Attachment 4.
e. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock: Please refer to Attachment 5.
f. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock: None
g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock: Please refer to Attachment 6.
h. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock: Please refer to Attachment 7.
i. Financial instruments and derivative transactions: Please refer to Note 12(8).

(2) Information on Investees:

If the issuer directly or indirectly exercises significant influence or control over, or has a joint venture interest in, an investee company not in the Mainland Area, it shall disclose information on the investee company, showing the name, location, principal business activities, original investment amount, shareholding at the end of the period, profit or loss for the period, and recognized investment gain or loss: Please refer to Attachment 8.

(3) Information of Investment in Mainland China:

a. Information on investment in Mainland China: Please refer to Attachment 9
b. Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss:
  i. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please refer to Attachment 6.
  ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to Attachment 6~7.
  iii. The amount of property transactions and the amount of the resultant gains or losses: None.

iv. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please refer to Attachment 2.

v. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please refer to Attachment 1.

vi. Other transactions that have a material effect on the profit or loss for the period or on the financial position: None.

(4) Information on major shareholders: Please refer to Attachment 10.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(Unit: NT$ thousands, unless otherwise indicated)
Financing provided to others

Attachment 1

No. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related Party	Maximum balance for the period	Ending balance (Note 6)	Actual amount provided	Interest rate	Nature of Financing (Note 3)	Amount of sales to (purchases from) counter-party (Note 4)	Reason for financing (Note 5)	Loss allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount	Note
													Item	Value			
0	PANJIT International Inc.	EC SOLAR C1 SRL	Other receivables	Yes	577,830	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	5,158,347	5,158,347	(Note 7、12)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY EUROPE B.V.	Other receivables	Yes	551,215	492,977	492,977	2.40%~2.50%	Short-term financing	-	Operating turnover	-	-	-	4,033,295	8,873,248	(Note 8、12)
1	PAN-JIT ASIA INTERNATIONAL INC.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	898,354	826,590	826,590	0.00%	Short-term financing	-	Operating turnover	-	-	-	4,033,295	8,873,248	(Note 8、12)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Other receivables	Yes	319,002	308,632	308,632	0.00%	Short-term financing	-	Operating turnover	-	-	-	4,033,295	8,873,248	(Note 8、12)
1	PAN-JIT ASIA INTERNATIONAL INC.	PANJIT International Inc.	Other receivables	Yes	858,300	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	4,033,295	8,873,248	(Note 8、12)
2	AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Other receivables	Yes	577,830	400,896	400,896	2.85%~2.90%	Short-term financing	-	Operating turnover	-	-	-	1,370,000	1,370,000	(Note 9、12)
3	Suzhou Grande Electronics Co. Ltd.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	454,024	424,548	420,780	0.00%	Short-term financing	-	Operating turnover	-	-	-	713,806	713,806	(Note 10、12)
3	Suzhou Grande Electronics Co. Ltd.	Sumnergy Co., Ltd.	Other receivables	Yes	213,328	120,416	107,384	0.00%	Short-term financing	-	Operating turnover	-	-	-	285,522	285,522	(Note 10、12)
4	Pan-Jit Electronics (Wuxi) Co., Ltd.	Shandong Pan-Jit Electronic Technology Co. Ltd.	Other receivables	Yes	44,040	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	1,439,012	1,439,012	(Note 11、12)
Total						2,574,059	2,557,259										

(Note 1): The numbering rule is as follows:

1. The parent company is coded "0".

2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2): Accounts receivable from associates, accounts receivable from related parties, shareholder transactions, advance payments, temporary payments... and other items, if they are in the nature of capital loans, must be filled in this form.

(Note 3): The nature of the fund loan should be listed as a business transaction or a short-run financing need.

(Note 4): If the nature of the fund loan is a business transaction, the business transaction amount should be disclosed. The business transaction amount refers to the amount of business transactions between the Company that lent the fund and the counterparty in the most recent year.

(Note 5): If the nature of the fund loan is short-run financing, the counterparty's reasons and the purpose for the loan should be specified, such as repayment of borrowings, purchase of equipment, business turnover... etc.

(Note 6): Pursuant to Article 14 Item 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, if a public company submits a capital loan to the Board of Directors for resolutions one by one, although the funds have not yet been allocated, the amount of the board of directors' resolutions should be included in the balance declared to expose the risk; however, if the funds are subsequently repaid, the balance after repayment shall be disclosed to reflect the adjustment of risk. Pursuant to Article 14 Item 2 of the Regulations, if a public company, through the resolution by the board of directors, authorizes the chairman of the board to allocate loans in installments or revolve them within a certain amount and within a one-year period, the capital loan and quota approved by the board of directors should still be used as the balance declared. Although the funds will be repaid thereafter, it is still possible to allocate the loan again, so the capital loan and quota approved by the board of directors should still be used as the balance declared.

(Note 7): For companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others by the Company shall not exceed 40% of the Company's net worth.

(1) PANJIT International Inc.: The net worth is NT$12,895,868 thousand.

(Note 8): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending, it is not subject to the above restrictions. However, the individual loan amount and the total amount of funds loaned to others shall not exceed 50% and 110% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT ASIA INTERNATIONAL INC.: The net worth is USD291,423 thousand, which is converted into NT$8,066,589 thousand.

(Note 9): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 200% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) Aide Energy Europe B.V.: The net worth is EUR21,871 thousand, which is converted into NT$685,000 thousand.

(Note 10): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures"and "Capital Loan to Others Processing Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 100% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) Suzhou Grande Electronics Co., Ltd.: The net worth is RMB164,320 thousand, which is converted into NT$713,806 thousand.

(Note 11): In accordance with the following regulations on the Capital Loan to Others Operating Procedures stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 50% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT Electronics (Wuxi) Co., Ltd.: The net worth is RMB828,161 thousand, which is converted to NT$3,597,531 thousand.

(Note 12): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Endorsement/guarantee for others

Attachment 2

No. (Note 1)	Endorsor/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided (Note 6)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to subsidiaries in Mainland China (Note 7)	Note
		Company Name	Relationship (Note 2)											
0	PANJIT International Inc.	PAN-JIT ASIA INTERNATIONAL INC.	2	$12,895,868	$1,888,260	$1,826,880	$1,826,880	-	14.17%	$12,895,868	Y	N	N	(Note 8)

(Note 1): The numbering rule is as follows:

1. The parent company is coded "0".

2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2): The relationship between endorsement guarantor and the subject of endorsement or guarantee is as follows:

(1) A company with which the Company has business relationship.

(2) A subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares.

(3) The investee company whose parent company and subsidiary hold more than 50% of the common stock.

(4) For the parent company that directly or indirectly holds more than 90% of its common stock equity through its subsidiaries.

(5) Mutually guaranteed companies among counterparts based on the need for undertaking projects.

(6) All capital contributing shareholders make endorsements/guarantees for their jointly invested Company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Note 3): Information to be filled out: According to the operating procedures of endorsement and guarantee for others, the Company's limit of endorsement/guarantee for individuals and the maximum amount of endorsement/guarantee. In the remarks column, explain the calculation method of the endorsement/guarantee for individuals and the total amount.

(Note 4): Highest amount of outstanding endorsement/guarantee for others in current period.

(Note 5): The amount approved by the Board of Directors should be filled. However, if according to Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,the Board of Directors has authorized the chairman, it refers to the amount decided by the chairman.

(Note 6): The actual amount spent by the endorsed company within the range of the endorsed guarantee balance.

(Note 7): Y is required only for those who are the listed parent company to endorse the subsidiary, those who are the subsidiary to endorse the listed parent company, and those who are located in the mainland area.

(Note 8): According to the Company’s “Procedures for Endorsement and Guarantee”, the limit of the endorsement and guarantee for a single enterprise shall not exceed 100% of the Company’s net worth (ie, NT$12,895,868 thousand);
The total amount of endorsement and guarantees for enterprises outside the Group shall not exceed 100% of the Company’s net worth.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

Attachment 3

Unit: USD, RMB, HKD thousand

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending Balance					Note (Note 4)
				Units/Shares (thousand shares)	Currency	Book value (Note 3)	Percentage of ownership	Fair value	
PANJIT International Inc.	Public shares								
	Jih Lin Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	717	NTD	$77,424	0.70%	$77,424	-
	OTC stock								
	Advanced Microelectronic Products,Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	11,552	NTD	141,517	2.64%	141,517	-
	Sentelic Corporation	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	191	NTD	15,296	0.63%	15,296	-
	Emerging Stock								
	KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	364	NTD	6,655	0.06%	6,655	-
	Unlisted stock								
	WELLAN SYSTEM CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	445	NTD	-	1.53%	-	-
	TAIDEVELOP INFORMATION CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	334	NTD	-	3.71%	-	-
	ENERGY MOANA TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,200	NTD	22,543	2.96%	22,543	-
	Neolink Capital Corp.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	5,000	NTD	50,915	4.28%	50,915	-
Pan-Jit Electronics (Wuxi) Co., Ltd.	Unlisted stock (Note 5)								
	Siyang Grande Electronics Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	16,626	15.00%	16,626	-
	Wuxi Danchen Intelligent Technology Co., Ltd. (Formerly Wuxi One-Light-For-All Technology Development Co., Ltd.)	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	179	10.00%	179	-
LIFETECH ENERGY INC.	Unlisted stock								
	VAYON HOLDING LIMITED	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	NTD	-	2.30%	-	-
PAN-JIT ASIA INTERNATIONAL INC.	Fund								
	HYPERION CAPITAL MANAGEMENT LTD.	-	Mandatory financial assets measured at fair value through profit or loss - non-current	-	USD	-	-	-	-
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	10,500	-	10,500	-
	Siegfried Supply Chain Finance Fund S.C.A., SICAV-SIF- Series 1	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	60,328	-	60,328	-
	VTEAM SIEGFRIED SUPPLY CHAIN FINANCE FUND	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	10,068	-	10,068	-
	Notes								
	VTeam Supply Chain Finance Limited	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	10,000	-	10,000	-
	Wealth management products by financial institution								
	ERSTE GROUP BANK AG	-	Financial assets at amortised cost - non-current	-	USD	459	-	459	-
	RAIFFEISEN BANK INTL	-	Financial assets at amortised cost - non-current	-	USD	466	-	466	-

(continued in next page)

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

(continued from previous page)

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending Balance					Note (Note 4)
				Units/Shares (thousand shares)	Currency	Book value (Note 3)	Percentage of ownership	Fair value	
Pynmax Technology Co., Ltd.	Public shares								
	Jih Lin Technology Co., LTd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	766	NTD	82,728	0.75%	82,728	-
	MOSEL VITELIC Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	19,000	NTD	849,015	12.17%	849,015	-
	Powerchip Semiconductor Manufacturing Corp.	-	Mandatory financial assets measured at fair value through profit or loss - current	700	NTD	49,840	0.02%	49,840	-
	Unlisted stock								
	HI-VAWT TECHNOLOGY CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,000	NTD	-	10.00%	-	-
	Fund								
	TCB Quantitative Taiwan Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	30,000	-	30,000	-
JOYSTAR INTERNATIONAL CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	9,650	-	9,650	-
	Notes								
	VTeam Supply Chain Finance Limited	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	4,000	-	4,000	-
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	4,500	-	4,500	-
AIDE ENERGY EUROPE B.V.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	EUR	3,800	-	3,800	-
Jiangsu Aide Solar Technology Co., Ltd.	Unlisted stock(Note 5)								
	MOTECH (Suzhou) New Energy Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	28,867	4.61%	28,867	Has been pledged to subsidaries
PAN-JIT INTERNATIONAL (H.K.) LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	HKD	8,580	-	8,580	-

(Note 1): The securities mentioned in this attachment refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 “Financial Instruments.”

(Note 2): If the securities issuer is not a related party, this column should be left blank.

(Note 3): Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

(Note 4): The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the foot NOTE if the securities presented herein have such conditions.

(Note 5): It is a limited company, so the number of shares and net worth per share are not available.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(Unit: NT$ thousands, unless otherwise indicated)
Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock

Attachment 4

Company	Type and name of the securities (Note 1)	Accounting item	Counter-party (Note 2)	Relationship (Note 2)	Currency	Beginning Balance		Addition(Note 3)		Disposal(Note 3)				Ending Balance	
						Share(thousand)	Amount(thousand)	Share(thousand)	Amount(thousand)	Share(thousand)	Amount(thousand)	Book value(thousand)	loss(gain) on disposal	Shares(thousand)	Amounts(thousand)
PANJIT International Inc.	ALLTOP THCHNOLOGY CO., INC Common Stocks	Investments accounted for using the equity method	Centralized securities exchange market	-	NTD	-	$-	11,162	$1,455,570 (Note 4、7) 88,990 (Note 5) 29,677 (Note 6)	-	$-	$-	$-	11,162	$1,574,237

(Note 1): The securities mentioned in this attachment refer to stocks, bonds, beneficiary certificates and securities derived from the above items.
(Note 2): Investors who adopt the equity method for securities accounts must fill in these two columns, the rest are not required.
(Note 3): The accumulated buying and selling amount shall be calculated separately at market price whether it reaches NT$300 million or 20% of the paid-in capital.
(Note 4): On 5 March 2021, the Group acquired 19.97% of common shares of ALLTOP TECHNOLOGY CO., LTD. In April 2021, the Group purchased additional 220,000 shares resulting in 19.99% of shares.
Until December 2021, the conversion of convertible bonds into shares of ALLTOP caused a change in equity ownership. The percentage of common shares held by the Group was subsequently diluted to 19.08%.
(Note 5): It is the share of profit and loss of subsidiaries accounted for using equity method, the exchange differences arising on translation of foreign operations, unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income, and departmental profit and loss elimination.
(Note 6): The adjustment to capital surplus does not apply to the change of investee's share of equity.
(Note 7): This amount is the original acquisition cost of NT$1,557,524 thousand after deducting the cash dividend of NT$101,954 thousand received this year.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock

Attachment 5

Company	Property	Transation Date	Transaction amount	Payment status	Counter-party	Relationship	Where counter-party is a related party, details of prior transactions				Price reference	Date of acquisition and status of utilization	Other commitments
							Former holder of property	Relationship between former holder and	Date of transaction	Transaction amount			
PANJIT International Inc.	Property and Bilding in Haotian Section Xizhi Dist., New Taipei City	110.03.26	$517,000	$517,000	Farglory Land Development Co., LTD	None	-	-	-	-	Appraisal report	Operational requirements	None

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock

Attachment 6

Purchaser (seller)	Counter-party	Relationship	Transactions				Situation and reason for difference between transaction condition and common transaction		Notes and accounts receivable(payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit Term	Unit price	Credit Term	Balance	Percentage of total receivables (payable)	
PANJIT International Inc.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	($1,124,840)	13%	General	Not applicable	Not applicable	$173,338	7%	(Note 2)
	PAN JIT AMERICAS, INC.	Subsidiaries	(Sales)	($141,517)	2%	General	Not applicable	Not applicable	$24,597	1%	(Note 2)
	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	Purchase	1,905,764	38%	General	Not applicable	Not applicable	(240,161)	21%	(Note 2)
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	656,778	13%	General	Not applicable	Not applicable	(64,792)	6%	(Note 2)
Pynmax Technology Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(656,778)	42%	General	Not applicable	Not applicable	64,792	21%	(Note 2)
	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(563,075)	36%	General	Not applicable	Not applicable	136,535	45%	(Note 2)
Pan Jit Electronics (Shandong) Co. Ltd.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(159,862)	85%	General	Not applicable	Not applicable	22,322	82%	(Note 2)
Pan Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(1,905,764)	25%	General	Not applicable	Not applicable	240,161	10%	(Note 2)
	Pan-Jit International (H.K) LTD	Subsidiaries	(Sales)	(110,793)	1%	General	Not applicable	Not applicable	14,623	1%	(Note 2)
	PANJIT International Inc.	The Company	Purchase	1,124,840	17%	General	Not applicable	Not applicable	(173,338)	8%	(Note 2)
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	563,075	8%	General	Not applicable	Not applicable	(136,535)	6%	(Note 2)
	Pan Jit Electronics (Shandong) Co. Ltd.	Subsidiaries	Purchase	159,862	2%	General	Not applicable	Not applicable	(22,322)	1%	(Note 2)
	ZIBO MICRO COMMERCIAL COMPONENT CORP.	Associates	(Sales)	(425,787)	6%	General	Not applicable	Not applicable	140,249	6%	-
	ZIBO MICRO COMMERCIAL COMPONENT CORP.	Associates	Purchase	703,237	11%	General	Not applicable	Not applicable	(186,250)	8%	-
Pan-Jit International (H.K) LTD	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	Purchase	110,793	61%	General	Not applicable	Not applicable	(14,623)	71%	(Note 2)
PAN JIT AMERICAS, INC.	PANJIT International Inc.	The Company	Purchase	141,517	89%	General	Not applicable	Not applicable	(24,597)	83%	(Note 2)

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer’s stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock

Attachment 7

The companies that record receivables	Counter-party	Relationship	Ending balance	Turnover rate	Overdue receivables		Amount received in subsequent period	Note
					Amount	Collection status		
PANJIT International Inc.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	$173,338	6.49	-	-	$173,338	(Note 2,3)
Pynmax Technology Co., Ltd.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	136,535	4.12	-	-	89,787	(Note 2,3)
Pan Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	240,161	7.94	-	-	240,161	(Note 2,3)
Pan Jit Electronics (Wuxi) Co., Ltd.	ZIBO MICRO COMMERCIAL COMPONENTS CORP.	Associates	140,249	3.04	-	-	88,531	-

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): The consolidated financial report is prepared and the percentage of ownership is 100% and no allowance for loss is required.

(Note 3): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(Unit: NT$ thousands, unless otherwise indicated)
Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

Attachment 8

Investor company	Investee Companies (Note 1, 2)	Location	Main business items	Currency	Initial investment		Investment as of December 31, 2021			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
					Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
PANJIT International Inc.	PAN-JIT ASIA INTERNATIONAL INC.	Vistra Corporate Services Centre Wickhams Cay II Road Town,Tortola,Vg1110 Virgin Islands,British	Investing	NTD	$7,772,258	$7,318,104	244,086	100.00%	$6,538,446	$691,891	$655,936	Subsidiaries (Note 4、5)
	Pynmax Technology Co., Ltd.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	Electronic parts and components manufacturing and international trade	NTD	1,069,063	1,069,063	84,462	94.60%	1,883,028	341,962	249,615	Subsidiaries (Note 4、5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	259,523	259,523	21,470	21.01%	180,958	(129,410)	(27,189)	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	10,091	10,091	871	20.57%	(55)	(6,313)	(1,299)	Subsidiaries (Note 5)
	ALLTOP THCHNOLOGY CO., INC	3F., No. 102, Sec. 3, Zhongshan Rd., Zhonghe Dist., New Taipei City	Electronic parts and components manufacturing and international trade	NTD	1,455,570	-	11,162	19.08%	1,574,237	643,667	92,457	
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT INTERNATIONAL (H.K.) LTD.	Unit 1-5 ,18/F., Wah Wai Centre, No.38-40 Au Pui Wan Street, Fotan,Shatin,New Territories	Electronics trade	USD	3,330	3,330	24,711	100.00%	4,474	1,309	1,309	Sub-subsidiary (Note 5)
	PAN JIT AMERICAS, INC.	2502 W. Huntington Drive Tempe, AZ 85282	Electronics trade	USD	16,626	16,626	2,431	95.86%	5,966	1,331	1,445	Sub-subsidiary (Note 4, 5)
	PAN JIT EUROPE GMBH	Otto-Hahn-Str. 285609 Aschheim Germany	Electronics trade	USD	770	770	- (Note 3)	100.00%	1,548	374	374	Sub-subsidiary (Note 5)
	CONTINENTAL LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	10,226	10,226	7,860	100.00%	55,447	1,180	1,180	Sub-subsidiary (Note 5)
	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	914	1,436	1,126	52.22%	337	220	115	Sub-subsidiary (Note 5)
	PAN JIT KOREA CO.,LTD.	Tower A dong 3601 Ho, Heung Deuk IT Valey, Heung Deuk 1ro 13 Gi Heung-Gu, Yong In City GyungGi-Do, Korea	Electronics trade	USD	288	288	54	60.00%	1,071	410	246	Sub-subsidiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	145,868	145,857	246,249	94.43%	(26,321)	2,264	2,018	Sub-subsidiary (Note 4, 5)
Pynmax Technology Co., Ltd.	JOYSTAR INTERNATIONAL CO., LTD.	4th Floor,Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	Investing	NTD	536,686	593,385	17,522	100.00%	410,129	26,029	26,029	Sub-subsidiary (Note 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	288,852	288,852	8,454	8.27%	71,229	(129,410)	(10,702)	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	26,000	26,000	2,600	61.40%	(164)	(6,313)	(3,876)	Sub-subsidiary (Note 5)

(continued in next page)

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

(continued from previous page)

Investor company	Investee Companies (Note 1, Note 2)	Location	Main business items	Currency	Initial investment		Investment as of December 31, 2021			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
					Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
JOYSTAR INTERNATIONAL CO., LTD	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	$1,029	$1,507	1,030	47.78%	$309	$220	$105	Sub-subsidiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	-	6,724	-	0.00%	-	2,264	42	Sub-subsidiary (Note 5)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	15/F, BOC Group Life Assurance Tower, No. 136 Des Voeux Road Central, Central, Hong Kong.	Investing and trade	USD	24,707	24,707	43,101	100.00%	(34,397)	(3)	(3)	Sub-subsidiary (Note 5)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investing	USD	23,836	23,836	- (Note3)	99.97%	24,742	1,793	1,792	Sub-subsidiary (Note 5)
	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	1,500	1,500	150	51.72%	-	-	-	Sub-subsidiary (Note 5)
AIDE SOLAR ENERGY (HK) HOLDING LIMITED	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	1,400	1,400	140	48.28%	-	-	-	Sub-subsidiary (Note 5)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investing	USD	7	7	- (Note3)	0.03%	7	1,793	1	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE COÖPERATIE U.A.	AIDE ENERGY EUROPE B.V.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investing and trade	EUR	18,620	18,620	2	100.00%	21,871	1,492	1,492	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Viale Andrea Doria 7 Cap 20124 MILANO (MI), Italy.	Sales of solar power plants Electricity produced	EUR	17,000	17,000	- (Note3)	100.00%	19,959	1,389	1,210	Sub-subsidiary (Note 4, 5)

(Note 1): If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

(Note 2): If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of "Investee", "Location", "Main business activities", "Initial investment amount" and "Shares held as at December 31, 2021" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the "Note" column.

(2) The "Net income (loss) of investee company" column should fill in amount of net profit (loss) of the investee for this period.

(3) The "Investment income (loss) recognized" column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

(Note 3): It is a limited company or a merged company, so there is no number of shares.

(Note 4): The investment gain or loss recognized by the Company include the offset of unrealized gain or loss between associates and the amortization of net equity differences.

(Note 5): It had been written off in preparing the consolidated financial report.

(Unit: NT$ thousands, unless otherwise indicated)

Information on investment in mainland China

Attachment 9

Investor company	Investee Companies in Mainland China	Main business items	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2021
						Outflow	Inflow						
PANJIT International Inc.	Pan Jit Electronics (Wuxi) Co., Ltd.	Rectifier processing and manufacutring	$752,896	2 PAN-JIT ASIA INTERNATIONAL INC.	$502,145	$-	$-	$502,145	$651,315	100.00%	$651,315 (Note 5)	$3,597,520 (Note 5)	$-
	Summergy CO., LTD.	Research & development of Battery management system Manufacturing and sales of technical services	$145,912	2 PAN-JIT ASIA INTERNATIONAL INC.	122,166	-	-	122,166	46,626	70.00%	32,638 (Note 5)	11,763 (Note 5)	-
	Suzhou Grande Electronics CO., LTD.	Chip diodes, triodes and other new types of electronics Sales of semiconductor components and related products, as well as technology and after service	$324,948	2 CONTINENTAL LIMITED	344,900	-	-	344,900	(100,584)	100.00%	(100,584) (Note 5)	762,732 (Note 5)	-
	Wuxi ENR Semiconductor Material Technology Co. Ltd. (Formerly Wuxi ENR Semiconductor Materials Technology Co. Ltd.)	Semiconductor pcaking materials Manufacturing and sales	$87,300	2 ENR APPLIED PACKING MATERIAL CORPORATION	9,037	-	-	9,037	-	-	-	-	-
	Max-Diode Electronic., LTD. (Shenzhen)	New types of electronic components, Semiconductor controlled rectifirer sales	$46,061	2 DYNAMIC TECH GROUP LIMITED	47,151	-	-	47,151	6,159	97.42%	6,000 (Note 5)	14,259 (Note 5)	-
	Pan Jit Electronics (Beijing) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	$13,032	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	6,694	100.00%	6,694 (Note 5)	16,893 (Note 5)	-
	Pan Jit Electronics (Shandong) CO., LTD.	Semiconductor wafer manufacturing for automobile And protection of discrete devices, integrated circuit chips And production of packaging products	$463,592	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	57,965	70.28%	40,738 (Note 5)	340,229 (Note 5)	-
	Pan Jit Electronics (Qufu) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	$2,172	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(305)	100.00%	(305) (Note 5)	1,397 (Note 5)	-
	PAN JIT SEMICONDUCTOR(XUZHOU) CO., LTD	New types of electronic components, Semiconductor controlled rectifier sales	$335,650	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(22,243)	100.00%	(22,243) (Note 5)	313,451 (Note 5)	-

(continued in next page)

(Unit: NT$ thousands, unless otherwise indicated)

Information on investment in mainland China

(continued from previous page)

Investor company	Investee Companies in Mainland China	Main business items	Total Amount of Paid-in Capital	Method of Investment (Note 1)		Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2021
							Outflow	Inflow						
PANJIT International Inc.	Zibo Micro Commercial Components Corp.	Rectifier diode, rectifier bridge, Electronic devices	$724,877	3	Suzhou Grande Electronics Co. Ltd.	$-	$-	$-	$-	($18,276)	26.54%	($4,851)	$177,858	$-
	Jiangsu Aide Solar Energy Technology CO., LTD.	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	$221,795	2	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	1,573,193	-	-	1,573,193	15,895	94.43%	15,010 (Note 5)	(1,638,416) (Note 5)	-
Pynmax Technology Co., Ltd.	Max-Diode Electronic,. LTD. (Shenzhen)	New types of electronic components, Semiconductor controlled rectifirer	$46,061	2	DYNAMIC TECH GROUP LIMITED	34,806	-	-	34,806	6,159	47.78%	2,943 (Note 5)	6,994 (Note 5)	-

Cumulative investment amount remitted from Taiwan to Mainland China at the end of the period		Investment amount approved by Investment Review Committee of Ministry of Economy	Investment ceiling in Mainland China according to provisions of Investment Review Committee of Ministry of Economy
PANJIT International Inc.	$2,598,592	$2,989,163	(Note 3)
Pynmax Technology Co., Ltd.	$34,806	$34,806	(Note 4) $1,325,328

(Note 1): The methods for engaging in investment in Mainland China include the following:

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).

(3) Other methods.

(Note 2): The investment income (loss) recognized in current period:

(1) It should be indicated if the investee was still in the incorporation arrangement and had not yet any profit during this period.

(2) The investment income (loss) were determined based on the following basis,

A. The financial report was audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.

B. The financial statements were audited by the auditors of the parent company.

C. Others.

(Note 3): Due to the Company's establishment of the operating headquarters, in accordance with the provisions of the law, the amount of investment in mainland China is not limited.

(Note 4) Calculations of investment ceiling in Mainland China are as follows:

Pynmax Technology Co., Ltd.: NT$2,208,880 thousand × 60% = NT$1,325,328 thousand.

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(Unit: NT$ thousands, unless otherwise indicated)

Information on Major Shareholders

Attachment 10 Unit: shares

Shares / Name of Major Shareholders	Number of shares	Percentage of ownership (%)
Jinmao Investment Co., Ltd.	50,496,710	13.19%

(Note 1): The major shareholders in this attachment are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation However, the Capital stock recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases

(Note 2): If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

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Tables of Material Accounting Items

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PANJIT International Inc.

1. Detail list for Cash and Cash equivalents

December 31, 2021

Units: NT$ thousands

Items	Summary		Amount	Remark
Petty cash			$210	The exchange rate of U.S. dollar to New Taiwan dollar is 1:27.68
Bank deposit:				The exchange rate for Japanese Yen to New Taiwan Dollar is 1:0.2405
NTD deposit			676,041	The exchange rate for Euro to New Taiwan Dollar is 1:31.32
Foreign currency deposit	USD	20,261,470.23	560,838	The exchange rate of Hong Kong dollar to New Taiwan dollar is 1:3.549
	EUR	346,255.56	10,845	
	JPY	768,434.00	185	The exchange rate of RMB to New Taiwan dollar is 1:4.344
	HKD	170,017.43	603	
	CNY	3,163,010.51	13,740	
	(Unit: in each foreign currency)			
Bank deposit total			1,262,252	
Grand total			$1,262,462	

PANJIT International Inc.

2. Details of the net notes receivable

December 31, 2021

Units: NT$ thousands

Account Name	Summary	Amount	Remark
HANWEI ELECTRONICS CO., LTD.	Payment for goods	$24,406	
PIDEX INTERNATIONAL CO., LTD.	Payment for goods	14,052	
JUNSUN ENTERPRISE CO., LTD.	Payment for goods	13,170	
GREAT TREASURE INC.	Payment for goods	4,326	
Others	(Notes)	4,732	
Total		60,686	
(Less): allowance loss		-	
Net amount		$60,686	

(Note): The balance of a single item does not exceed 5% of the notes receivable balance.

PANJIT International Inc.

3. Schedule of Net Account of Trade Receivable

December 31, 2021

Units: NT$ thousands

Account Name	Summary	Amount	Remark
HongKong FoxPort Technology Company Limited		$127,352	
Others	(Notes)	2,094,668	
(Less): allowance loss		(22,660)	
Net amount		$2,199,360	

(Note): The balance of a single item does not exceed 5% of the accounts receivable balance.

PANJIT International Inc.

4. Schedule of Net Account of Trade Receivable - related parties

December 31, 2021

Units: NT$ thousands

Account Name	Summary	Amount	Remark
PAN JIT ELECTRONIC (WUXI) CO., LTD.	Payment for goods	$173,338	Subsidiaries included in the consolidated financial statements may not make allowances for losses
PAN JIT AMERICAS, INC.	Payment for goods	24,597	
Others	(Notes)	9,195	
Total		207,130	
(Less): allowance loss		-	
Net amount		$207,130	

(Note): The balance of a single item does not exceed 5% of the accounts receivable balance from related parties.

PANJIT International Inc.

5. Statement of Other Receivables

December 31, 2021

Units: NT$ thousands

Items	Summary	Amount	Remark
Non-related parties			
Tax refund receivables	Sales tax	$99,388	
Other receivables	Excise tax, import duty	6,543	
Subtotals		105,931	
Related parties			
PAN JIT ELECTRONIC (WUXI) CO., LTD.	Equipment, miscellaneous revenues	6,180	
Others	(Notes)	815	
Subtotals		6,995	
(Less): allowance loss		-	
Total		$112,926	

(Note): The balance of a single item does not exceed 5% of the other accounts receivable balance.

PANJIT International Inc.

6. Statement of inventories

December 31, 2021

Units: NT$ thousands

Items	Summary	Costs	Net realisable value	Remark
Raw material		$637,296	$544,625	raw materials refers to
				the balance of finished products (including commodities)
Work in process		54,753	54,753	after subtracting the costs
				and sales expenses that
have to be invested to completion		925,842	856,492	.
Total		1,617,891		
Less: Allowance for price decline in inventories		(162,021)		The allowance for inventory depreciation
				is estimated based on the possibility of the
Net amount		$1,455,870		of the inventory and the net slow-moving value.

PANJIT International Inc.

7. Statement of Other current assets

December 31, 2021

Units: NT$ thousands

Items	Summary	Amount	Remark
Prepay	Advance payment, advance expenses, inventory of supplies, etc.	$111,484	
Temporary payment	Labor and health insurance, pension, etc.	27,210	
Other financial assets	Pledged time deposit	14,394	
Other current assets	Advance payment for deposit	12,602	
Total		$165,690	

PANJIT International Inc.

8. Financial assets measured at fair value through other comprehensive profit or loss - non-current

From Jan 01 to Dec 31, 2021

Units: NT$ thousands

Name of financial instrument	Opening balance		Increase in the Period		Decrease in current period		Closing balance			Guarantee or Pledge status	Remark
	Number of shares (thousand shares)	Fair value	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio	Fair value		
Advanced Microelectronic Products,Inc.	11,552	$92,419	-	$49,098	-	$-	11,552	2.64%	$141,517	None	
				(Note 1)							
Jih Lin Technology Co., LTd.	1,222	92,620	-	49,390	505	$63,252	717	0.70%	77,424	None	
				(Note 1)		(Note 3)					
						1,334					
						(Note 4)					
KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	454	9,096	-	-	90	2,081	364	0.06%	6,655	None	
						(Note 3)					
						360					
						(Note 1)					
Sentelic Corporation	226	11,060	-	7,191	35	2,955	191	0.63%	15,296	None	
				(Note 1)		(Note 3)					
WELLAN SYSTEM CO., LTD.	445	-	-	-	-	-	445	1.53%	-	None	
TAIDEVELOP INFORMATION CORP.	334	-	-	-	-	-	334	3.71%	-	None	
ENERGY MOANA TECHNOLOGY CO., LTD.	1,200	22,543	-	-	-	-	1,200	2.96%	22,543	None	
Neolink Capital Corp.	5,000	51,330	-	-	-	415	5,000	4.28%	50,915	None	
						(Note 1)					
Total		$279,068		$105,679		$70,397			$314,350		

(Note 1): Fair value valuation adjustment

(Note 2): Acquired in the period

(Note 3): Disposal in current period

(Note 4): Dividend distributed from capital reserve

PANJIT International Inc.

9. Statement of Changes in Investments Accounted for Using Equity Method

From Jan 01 to Dec 31, 2021

Units: NT$ thousands

Name	Opening balance		Increase in the Period		Decrease in current period		Closing balance			Market Value or Net Equity		Guarantee or Pledge status	Remark
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio	Amount	Unit price	Total price		
PAN-JIT ASIA INTERNATIONAL INC.	228,086	$5,548,456		$655,936		$182,599	244,086	100.00%	$6,538,446	$33.05	$8,066,594	None	
				(Note 1)		(Note 2)					(Note 4)		
			16,000	454,154									
				(Note 5)									
				62,499									
				(Note 3)									
Pynmax Technology Co., Ltd.	84,462	1,560,142		249,615			84,462	94.60%	1,883,028	$24.74	2,089,600	None	
				(Note 1)							(Note 4)		
				1,720									
				(Note 2)									
				71,551									
				(Note 3)									
MILDEX OPTICAL INC.	21,470	210,935		1,661		27,189	21,470	21.01%	180,958	$13.70	294,139	None	
				(Note 3)		(Note 1)					(Note 4)		
						4,449							
						(Note 2)							
LIFETECH ENERGY INC.	871	1,244				1,299	871	20.57%	(55)	($0.06)	(55)	None	
						(Note 1)					(Note 4)		
Alltop Technology Co., Ltd.	-	-		88,990		3,467	11,162	19.08%	1,570,770	$184.50	2,059,389	None	
				(Note 3)		(Note 2)					(Note 4)		
			11,162	1,455,570									
				(Note 5)									
				29,677									
				(Note 4)									
Total		$7,320,777		$3,071,373		$219,003			$10,173,147		$12,509,667		

(Note 1): The share of the subsidiary's profit or loss, the upstream unrealized sales benefits, counter-current realized sales benefits, and the profit or loss of side-stream transactions between subsidiaries recognized by the equity method.

(Note 2) The balance of translation of the financial statements of foreign operation institutions recognized by equity method

(Note 3): Obtaining or disposing of equity differences in subsidiaries, downstream unrealized profits and losses, insurance of cash dividends, actuarial profits and losses of defined benefit plan, unrealized (gains) and losses of financial assets measured at fair value through other comprehensive income, unearned compensation for employees, etc. recognized under the equity method.

(Note 4): It is recognized based on the shareholding ratio of the investee company.

(Note 5): Based on the seasoned equity offering of the investee company.

PANJIT International Inc.

10. Statement of Changes in Right-of-Use Assets

From Jan 01 to Dec 31, 2021

Units: NT$ thousands

Items	Begining balance	Current change			Closing balance	Remark
		Increase	Decrease	Reclassification		
Land	$1,800	$2,239	($1,800)	-	$2,239	
Buildings	39,689	-	(10,795)	-	28,894	
Transportation equipment	3,675	956	(2,567)	-	2,064	
Other assets	-	499	-	-	499	
Total	$45,164	$3,694	($15,162)	-	$33,696	

PANJIT International Inc.

11. Statement of Accumulated depreciation - Changes in Right-of-Use Assets

From Jan 01 to Dec 31, 2021

Units: NT$ thousands

Items	Begining balance	Current change			Closing balance	Remark
		Increase	Decrease	Reclassification		
Land	$1,490	$747	($1,739)	-	$498	
Buildings	13,336	7,299	(10,795)	-	9,840	
Transportation equipment	2,501	703	(2,567)	-	637	
Other assets	-	111	-	-	111	
Total	$17,327	$8,860	($15,101)	-	$11,086	

PANJIT International Inc.

12. Statement of Other non-current assets

December 31, 2021

Units: NT$ thousands

Items	Summary	Amount	Remark
Prepay for equipment		$301,606	
Prepay for Investment		$1,396,500	
Other non-current assets, others			
Procurement margin	Sinopower Semiconductor Inc.	$210,000	
Procurement margin	Potens Semiconductor Corp.	120,000	
Procurement margin	MOSEL VITELIC Inc.	81,240	
Procurement margin	inergy Technology Inc.	70,000	
Refundable deposit	Others (Note)	7,197	
Total		$488,437	

(Note): The individual balance contained does not exceed other non-current assets - 5% of other balances

PANJIT International Inc.
13. Statement of Short-term Borrowings
December 31, 2021

Units: NT$ thousands

Type of loans	Explanation	Term	Interest rate range	Closing balance	Financing credit	Pledge or Collateral	Note
Credit loan	The Export-Import Bank of the Republic of China- Kaohsiung Branch	2021/10/8～2022/10/8	0.7900%	$150,000		None	
Credit loan	The Export-Import Bank of the Republic of China- Kaohsiung Branch	2021/10/27～2022/10/27	0.7900%	300,000		None	
Credit loan	First Bank - Luzhu Branch	2021/10/29～2022//1/27	0.7500%	150,000		None	
Credit loan	Shanghai Commercial Savings Bank	2021/11/25～2022//11/25	0.8000%	300,000		None	
Export collection financing	Chinatrust Commercial Bank - Minzu Branch	2021/10/29～2022/3/29	0.9000%	304,480		None	
Export collection financing	Chinatrust Commercial Bank - Minzu Branch	2021/11/15～2022/3/30	0.9000%	107,675		None	
Export collection financing	Chinatrust Commercial Bank - Minzu Branch	2021/11/29～2022/5/27	0.9900%	49,547		None	
Export collection financing	Chinatrust Commercial Bank - Minzu Branch	2021/9/3～2022/3/2	0.5500%	34,452		None	
Export collection financing	Yuanta Bank Linya branch	2021/11/15～2022/1/28	0.6934%	107,952		None	
Export collection financing	Yuanta Bank Linya branch	2021/11/29～2022/2/25	0.7142%	68,093		None	
Export collection financing	Yuanta Bank Linya branch	2021/11/15～2022/2/25	0.7694%	168,848		None	
Export collection financing	Yuanta Bank Linya branch	2021/11/29～2022/3/10	0.8025%	14,311		None	
Export collection financing	Yuanta Bank Linya branch	2021/11/29～2022/3/31	0.8025%	71,968		None	
Export collection financing	Yuanta Bank Linya branch	2021/11/29～2022/4/29	0.8025%	8,941		None	
Export collection financing	Cathay United Bank - Gangshan Branch	2021/12/20～2022/3/18	0.7000%	97,434		None	
Export collection financing	Cathay United Bank - Gangshan Branch	2021/12/20～2022/3/18	0.7000%	40,966		None	
Export collection financing	Cathay United Bank - Gangshan Branch	2021/12/28～2022/3/28	0.7300%	53,699		None	
Export collection financing	Cathay United Bank - Gangshan Branch	2021/12/28～2022/3/28	0.7300%	30,448		None	
Export collection financing	Cathay United Bank - Gangshan Branch	2021/12/28～2022/3/28	0.7300%	43,734		None	
Export collection financing	Cathay United Bank - Gangshan Branch	2021/12/28～2022/3/28	0.7300%	65,878		None	
Export collection financing	Taiwan Cooperative Bank Gangshan Branch	2021/11/15～2022/1/28	0.7515%	185,456		None	
Export collection financing	Taiwan Cooperative Bank Gangshan Branch	2021/12/30～2022/3/30	0.7651%	69,200		None	
Export collection financing	Taipei Fubon Commericial Bank Kaohsiung Branch	2021/11/15～2022/2/14	0.8100%	168,848		None	
Export collection financing	Taipei Fubon Commericial Bank Kaohsiung Branch	2021/12/6～2022/3/3	0.8300%	31,832		None	
Export collection financing	Taipei Fubon Commericial Bank Kaohsiung Branch	2021/12/6～2022/4/14	0.8600%	106,568		None	
Export collection financing	Taipei Fubon Commericial Bank Kaohsiung Branch	2021/10/14～2022/1/12	0.4000%	9,396		None	
Export collection financing	Taipei Fubon Commericial Bank Kaohsiung Branch	2021/12/15～2022/3/18	0.4000%	10,148		None	
Export collection financing	Taipei Fubon Commericial Bank Kaohsiung Branch	2021/12/15～2022/4/14	0.4000%	34,452		None	
Export collection financing	O-Bank	2021/11/15～2022/1/14	0.7928%	37,368		None	
Export collection financing	O-Bank	2021/11/15～2022/1/28	0.7928%	54,253		None	
Export collection financing	Mizuho Bank Kaohsiung Branch	2021/11/30～2022/3/31	0.8400%	55,360		None	
Total				$2,931,307			

PANJIT International Inc.

14. Contractual liabilities - current

December 31, 2021

Units: NT$ thousands

Account Name	Summary	Amount	Remark
Phoenix GmbH	Sales payment	$2,453	
VS-ELECTRONIC	Sales payment	1,520	
Phoenix Blomg	Sales payment	1,348	
FCTK	Sales payment	361	
Others	(Notes)	300	
Total		$5,982	

(Note): The single item balance contained does not exceed the contract liability - 5% of the current account balance.

PANJIT International Inc.

15. Statement of Trade Payable

December 31, 2021

Units: NT$ thousands

Account Name	Summary	Amount	Remark
Lefram Technology Corporation	Purchase payment	$166,698	
Jih Lin Technology Co., LTd.	Purchase payment	147,612	
E'DALE TECHNOLOGY CO., LTD.	Purchase payment	59,100	
inergy Technology Inc.	Purchase payment	44,969	
Others	(Notes)	399,831	
Total		$818,210	

(Note): The balance of a single item does not exceed 5% of the accounts payable balance.

PANJIT International Inc.

16. Statement of Trade Payable - Related Parties

December 31, 2021

Units: NT$ thousands

Account Name	Summary	Amount	Remark
Pan-Jit Electronics (Wuxi) Co., Ltd.	Purchase payment	$240,161	
Pynmax Technology Co., Ltd.	Purchase payment	64,792	
Others	(Notes)	5,771	
Total		$310,724	

(Note): The balance of a single item does not exceed 5% of the accounts payable balance from related parties.

PANJIT International Inc.

17. Statement of Other Payables

December 31, 2021

Units: NT$ thousands

Item	Description	Amount	Remarks
Awards and salaries payable	December salary, year-end bonus and estimated cashed-out leaves	$489,859	
Commissions payable	Including NT$47,382 thousand of commissions payable to related parties - Pan-Jit Europe	65,581	
Processing fee payable		103,741	
Equipment expense payable		96,884	
Other expenses payable	Utility expenses, import and export expenses, insurance expenses, labor expenses, pensions, Interest and rent, etc.	241,135	
Total		$997,200	

PANJIT International Inc.

18. Statement of Other current liabilities - others

December 31, 2021

Units: NT$ thousands

Item	Description	Amount	Remarks
Agency fund	Collection for labor and health insurance, food, etc.	$10,069	
temporary receipts	To be written-off	523	
Others		284	
Total		$10,876	

PANJIT International Inc.

19. Other non-current liabilities - Others

December 31, 2021

Units: NT$ thousands

Item	Description	Amount	Remarks
Deferred gain from government grants	Government low-interest loan	$25,671	

PANJIT International Inc.

20. Lease liabilities

December 31, 2021

Units: NT$ thousands

Items	leasing term	Discount rate	Closing balance	Remarks
Land	2021.05.20-2024.05.19	1.3400%	$1,749	
House and building	2020.12.01-2022.11.30	1.3400%	1,311	
House and building	2020.09.05-2025.09.04	1.3400%	17,627	
House and building	2020.04.01-2022.03.31	1.3400%	281	
Transportation equipment	2021.05.28-2023.05.27	1.3400%	221	
Transportation equipment	2021.03.08-2023.03.07	1.3400%	184	
Transportation equipment	2021.01.25-2023.01.24	1.3400%	158	
Transportation equipment	2021.12.04-2024.12.03	1.3400%	813	
Other assets	2021.05.28-2024.05.27	1.3400%	404	
Total			22,748	
Lease liabilities due within one year			(7,981)	
Lease Liabilities - non-current			$14,767	

PANJIT International Inc.

21. Statement of Long-term Borrowings

December 31, 2021

Units: NT$ thousands

Creditor	Summary	Amount borrowed	Term	Interest rate	Pledge or guarantee	Remark
KGI Bank Kaohsiung Branch	Medium-term and long-term loans	200,000	2021.11.03～2022.01.28	0.9100%	None	Repayment method: Due to the different ways of granting credit, there are two repayment methods. The details are as follows: 1. Credit Line A: The borrower shall treat the two years from the date of first use of the credit as the first period, and thereafter shall be a period of three with a total of thirteen installments. The principal shall be repaid on the date of the expiry of each period The first to twelfth periods shall amortize 7.5% of the actual principal balance in each period, and the thirteenth period shall amortize all the outstanding principal balance and interest. 2. Credit Line B: After the borrower applies for the use of the credit line B in accordance with the provisions of this contract one by one, it shall repay all the principal of each quota used on the day when the agreed loan period for each loan principal expires. If the borrower intends to renew the loan upon the expiration of any loan period, it shall notify the credit management bank with the application form seven business days before the expiry date of each loan period or a shorter period agreed by the credit management bank. According to the credit conditions of this contract, the loan will be renewed in whole or in part. The bank for credit line B is able to directly repay the borrower’s unpaid part due to the newly allocated quota, and the part of the same amount does not need to be remitted or allocated separately, and the borrower is deemed to have received the money. The principal used for renewal shall still be repaid in accordance with the method agreed in this paragraph.
Mizuho Bank Kaohsiung Branch	Medium-term and long-term loans	350,000	2021/12/02~2022/06/02	0.8500%	None	
EnTie Bank Kaohsiung Branch	Medium-term and long-term loans	500,000	2021/12/28~2022/03/28	0.9000%	None	
Chang Hwa Commercial Bank Gangshan Branch	Investing Taiwan by Taiwanese Project (Line B)	113,000	2021/03/26~2027/01/15	0.6500%	None	
Chang Hwa Commercial Bank Gangshan Branch	Investing Taiwan by Taiwanese Project (Line B)	84,000	2021/01/29~2027/01/15	0.6500%	None	
Chang Hwa Commercial Bank Gangshan Branch	Investing Taiwan by Taiwanese Project (Line B)	59,000	2020/08/11~2027/01/15	0.6500%	None	
Chang Hwa Commercial Bank Gangshan Branch	Investing Taiwan by Taiwanese Project (Line B)	44,000	2020/01/16~2027/01/15	0.6500%	None	
Taishin International Bank Linya branch	Investing Taiwan by Taiwanese Project (Line B)	23,000	2019/12/06~2026/12/05	0.6500%	None	
Taishin International Bank Linya branch	Investing Taiwan by Taiwanese Project (Line B)	175,000	2021/03/30~2026/12/05	0.6500%	None	
Taishin International Bank Linya branch	Taiwanese businessmen returning to Taiwan (Line A)	400,000	2021/01/15~2026/12/05	0.6500%	None	
Land Bank Gangshan Branch	Investing Taiwan by Taiwanese Project (Line B)	98,333	2021/12/02~2026/11/15	0.8500%	None	
First Commercial Bank Luzhu Branch	Investing Taiwan by Taiwanese Project (Line B)	100,000	2021/04/28~2027/01/15	0.6500%	None	
First Commercial Bank Luzhu Branch	Investing Taiwan by Taiwanese Project (Line B)	9,000	2020/01/16~2027/01/15	0.6500%	None	
First Commercial Bank Luzhu Branch	Investing Taiwan by Taiwanese Project (Line B)	143,000	2020/10/15~2027/01/15	0.6500%	None	
First Commercial Bank Luzhu Branch	Investing Taiwan by Taiwanese Project (Line B)	248,000	2021/03/26~2027/01/15	0.6500%	None	
First Commercial Bank Luzhu Branch	Taiwanese businessmen returning to Taiwan (Line A)	550,000	2021/09/29~2026/12/05	0.8500%	None	
Yuanta Bank Linya branch	Joint loan Line B	500,000	2021/11/15~2022/02/11	0.9502%	Commercial paper guarantee	
Land Bank Gangshan Branch	Joint loan Line B	500,000	2021/11/15~2022/02/11	0.9502%	Commercial paper guarantee	
Total		4,096,333				
(Less): Maturity within one year		(32,458)				
Discount of long-term notes payable		(1,065)				
Unamortized syndication expense		(6,510)				
Deferred gain from government grants		(25,671)				
Net amount		$4,030,629				

PANJIT International Inc.

22. Statement of Operating Revenue

From Jan 01 to Dec 31, 2021

Units: NT$ thousands

Items	QTY (thousand units)	Amount	Remark
Diode rectifier	25,777	$8,207,139	
Surge suppressor	385	392,875	
Others	255	157,594	Raw materials
Total		8,757,608	
(Less): Sales return or discount	(30)	(51,489)	
Net amount		$8,706,119	

(Note): The balance of the individual items contained does not exceed 5% of the operating income balance.

PANJIT International Inc.
23. Statement of Operating Costs
From Jan 01 to Dec 31, 2021

Units: NT$ thousands

Items		Amount
Direct raw material:		
Inbound for the current period		$2,992,901
Plus:	Beginning stock	469,855
	Amount of other transfers	452,868
(Less):	Raw Materials at the end of the period	(637,295)
	Raw materials sold	(142,413)
	Inventory (gain) loss	(208)
	Transfer to other accounts	(156,474)
Consumed for the current period		2,979,234
Direct labour		498,968
Manufacturing expense		942,870
Manufacturing cost		4,421,072
Plus:	Initial goods in process	52,199
	Amount of other transfers	1,782
(Less):	Work in process at the ending of the period	(54,753)
	Transfer to finished products	(543,795)
	Transfer to other accounts	(19,933)
Finished good cost		3,856,572
Plus:	Initial finished goods	555,933
	Acquired in the period	2,041,904
	Work in process inbound	543,795
	Amount of other transfers	1
(Less):	Finished goods at the end of the period	(925,842)
	Inventory (gain) loss	(1,081)
	Transfer to other accounts	(6,620)
Cost of Goods Sold		6,064,662
other operating cost		14,154
Raw materials sold		142,413
Inventory reversal gain		(34,413)
Others (revenue from scrap sales and inventory gain or loss)		(59,633)
Total Operating Cost		$6,127,183

PANJIT International Inc.

24. Statement of Operating Expenses

From Jan 01 to Dec 31, 2021

Units: NT$ thousands

Items	Summary	Selling expense	Remark
Payrolls		$144,707	
Expense for import and export		116,497	
Commission expenditure		115,002	
Miscellaneous expenses		62,704	
Others	The account of which the balance does not exceed 5% of the balance of this account	58,983	
Total		$497,893	

Items	Summary	Administrative expense	Remark
Payrolls		$471,502	
Others	The account of which the balance does not exceed 5% of the balance of this account	119,338	
Total		$590,840	

Items	Summary	Research and development expenses	Remark
Payrolls		$127,745	
Materials		30,698	
Miscellaneous expenses		29,654	
Amortization		23,363	
Others	The account of which the balance does not exceed 5% of the balance of this account	48,935	
Total		$260,395	

PANJIT International Inc.

25. Statement of Non-operating income and expenditures

From Jan 01 to Dec 31, 2021

Units: NT$ thousands

Item	Description	Amount	Note
Interest earned	Interest on bank deposits	$537	
rental receipt		$8,188	
Dividend income		6,278	
Other revenues	Revenue of payment repossession and sample income, etc.	87,604	
Total other revenues		$102,070	
Disposition of plant, property and equipment		($6,988)	
Net loss (gain) on foreign currency exchange		26,512	
Financial assets measured at fair value through profit or loss and liability valuation gain or loss	Stock and forward foreign exchange valuation gain or loss	1,475	
Profits on disposal of investments		2,548	
Miscellaneous expenses		(5,422)	
Impairment of rotary interests of real estate, plant and equipment		348	
Other interests and losses total		$18,473	
Financial cost	Bank loan and lease liabilities	($68,783)	
Proportion of gain or loss from subsidiaries and associates recognized by equity method		$969,520	
Total non-operating income and expenditure		$1,021,817	

Appendix IV

PANJIT International Inc.

Statement of Internal Control System

Date: March 25, 2022

The Statement of Internal Control System is issued based on the Company's 2021 self-assessment:

I. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Company's Board of Directors and managerial officers, and have established such a system. The objectives of this system are to meet various goals including achieving operational benefits and efficiency (including profitability, performance, as well as asset and safety protection), and ensuring the reliability, timeliness, transparency and regulatory compliance of reporting, thereby providing reasonable assurance.

II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the abovementioned objectives. In addition, the effectiveness of an internal control system may change with the environment and under different situations. However, the Company's internal control system is setup with self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiency.

III. The Company determines whether or not the design and implementation of its internal control system is effective according to the items for determining the effectiveness of internal control system as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system is divided into 5 key components according to the process of management control to generate internal control system assessment items adopted by the Regulations, including: 1. control environment; 2. risk assessment; 3. control operations; 4. information and communications and; 5. monitoring operations. Each key component also includes a number of items. Refer to the Regulations for more information on the items above.

IV. The Company has adopted the aforementioned internal control system assessment items to evaluate the effectiveness of its ICS design and implementation.

V. Based on the findings of such evaluation, the Company believes that, on December

31, 2021, it has maintained, in all material respects, an effective internal control system (that includes 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.

VI. The Statement shall be a major content of the Company that the design and implementation shall be publicly disclosed. Should the content above contain illegalities such as fraudulent and hidden information, the Corporation shall be subject to legal responsibilities provided in Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Board of Directors on March 25, 2022, amongst the 6 directors that attended the meeting. With zero objection, and the remaining have all agreed with the contents of this statement.

PANJIT International Inc.

Chairman: FANG, MIN-QING

President: FANG, MIN-QING

PANJIT International Inc.

Chairman:

FANG, MIN-QING