

Stock code: 4912

Lemtech Holdings Co., Limited and its subsidiaries

Consolidated Financial Report and Independent Auditors'
Report

For the Years Ended December 31, 2021 and 2020

Address: Suite 102, Cannon Place, P.O. Box 712, North Sound Rd., Grand
Cayman, KY1-9006 Cayman Islands

Phone: (+886) 2-8684-1618

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China, If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Independent Auditors' Report

Lemtech Holdings Co., Limited public notice:

Audit opinion

Lemtech Holdings Co., Limited (Lemtech Holding Group) and its subsidiaries' Consolidated Balance Sheets as of December 31, 2021 and 2020, in addition to the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statements of Cash Flows, and Notes for Consolidated Financial Statement (including a summary of significant accounting policies) from January 1 to December 31, 2021 and 2020, have been audited by the CPAs.

In our opinion, the consolidated financial statements mentioned above have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission in all material aspects, and are considered to have reasonably expressed the consolidated financial conditions of Lemtech Holding Group and its subsidiaries as of December 31, 2021 and 2020, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2021 and 2020.

Basis for Auditor's Opinions

We conducted review work in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and generally accepted auditing standards, we implemented the review work. Our responsibilities required under said standards will be detailed in the paragraph about the external auditor's responsibility on auditing consolidated financial statements. We are independent of the company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other obligations under the Norm. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Lemtech Holding Group for the year ended December 31, 2021. 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.

Key audit matters for the consolidated financial statements of Lemtech Holding Group and its subsidiaries for the year ended December 31, 2021 are stated as follows:

Key Audit Matters: Revenue recognition authenticity of partial specific customer

The revenue of Lemtech Holding Group is mainly derived from computer, communication, consumer electronics, automotive parts, and fitness equipment. Since the materiality and the Statements on Auditing Standards has defaulted revenue recognition as a significant risk. Therefore, the assessment of the authenticity of sales transactions with major customers meeting certain conditions was listed as a key audit matter. For details of the revenue recognition policy, please refer to Note 4 and 25 of the consolidated financial report.

In addition to testing related internal control, our major audit procedures executed on the key audit matter are as follows.

1. Sampling check the details of sales revenue transactions of specific customer groups and the corresponding sales orders, bills of offset and receipts to confirm that sales transactions have actually occurred.
2. Confirm the authenticity of the foregoing transactions after the implementation of the balance sheet date that whether there is a major sales return and discount test and whether the return discount is reasonable.

Responsibility of the management and the governing body for the consolidated financial statements

It is the management's responsibility to fairly present the consolidated financial statements in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRS, IAS, IFRIC, and SIC endorsed by the FSC, and to sustain internal controls respecting preparation of the consolidated financial statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the consolidated financial statements, the responsibility of management includes assessing the company's ability to continue as a going concern, disclosing going concern related matters, as well as adopting going concern basis of accounting unless the management intends to liquidate the company or terminate the business, or has no realistic alternative but to do so.

The governing bodies of the company (including the audit committee) have the responsibility to oversee the procedures for financial reporting.

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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the consolidated financial statements, they will be deemed as material.

We have utilized our professional judgment and maintained professional skepticism when exercising auditing work according to the auditing standards generally accepted in the Republic of China. We also execute the following tasks:

1. Identify and assess the risks of material misstatement within the consolidated financial statements, whether due to fraud or error; design and execute counter-measures in response to those risks; and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances. However, the purpose is not to express an opinion on the effectiveness of the company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Based on the audit evidence obtained, to conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on the company's ability to continue as a going concern. 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 circumstances may cause the company to no longer continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of

entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the 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 governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them on all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

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

Deloitte & Touche

Taipei, Taiwan (Republic of China)

March 30, 2021

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Lemtech Holdings Co., Limited and its subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Units: NT\$1,000

Code	Total assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6 and 33)	\$ 3,392,595	42	\$ 1,639,999	26
1110	Financial assets at fair value through profit or loss - Current (Note 7 and 33)	43,606	-	8,788	-
1136	Financial assets at amortized cost - Current (Note 8, 9, 33, and 35)	-	-	4,141	-
1150	Note receivables (Note 10, 25, and 33)	3,847	-	3,537	-
1170	Account receivables (Note 10, 25, 33, and 34)	1,910,320	24	2,203,951	34
1197	Finance lease receivables (Note 11 and 33)	6,412	-	5,921	-
1200	Other receivables (Note 10 and 33)	36,218	-	16,178	-
1220	Current tax assets (Note 27)	3,947	-	13	-
130X	Inventory (Note 12)	874,565	11	626,344	10
1410	Prepayments (Note 19)	64,662	1	115,293	2
1470	Other current assets (Note 19)	6,627	-	122	-
11XX	Total Current Assets	6,342,799	78	4,624,287	72
	Non-current assets				
1510	Financial assets at fair value through profit or loss - Non-current (Note 7 and 33)	-	-	1,224	-
1550	Investment using equity method (Note 14)	49,226	1	30,758	1
1600	Real estate, plant, and equipment (Note 15, 31, and 35)	1,246,778	15	1,260,496	20
1755	Right-of-use assets (Note 16)	209,754	3	257,686	4
1805	Goodwill (Note 17)	72,062	1	82,175	1
1821	Other intangible assets (Note 18)	32,545	-	40,098	1
1840	Deferred tax assets (Note 27)	15,868	-	13,819	-
194D	Finance lease receivables - Non-current (Note 11 and 33)	1,931	-	8,099	-
1915	Prepayments for equipment (Note 19)	118,991	2	64,161	1
1920	Refundable deposits (Note 19 and 33)	6,248	-	8,916	-
15XX	Total Non-current Assets	1,753,403	22	1,767,432	28
1XXX	Total Assets	\$ 8,096,202	100	\$ 6,391,719	100
	Liabilities and Equity				
	Current liabilities				
2100	Short-term borrowings (Note 20 and 33)	\$ 934,539	12	\$ 772,658	12
2130	Contract liabilities - Current (Note 25)	116,476	2	70,142	1
2150	Note payables (Note 22 and 33)	193,092	2	174,106	3
2170	Account payables (Note 22 and 33)	1,324,506	16	1,566,068	24
2219	Other payables (Note 23 and 33)	318,354	4	280,432	4
2230	Current tax liabilities (Note 27)	29,102	-	52,906	1
2280	Lease liabilities (Note 16, 31, and 33)	46,474	1	54,985	1
2399	Other current liabilities (Note 23)	13,249	-	46,597	1
21XX	Total Current Liabilities	2,975,792	37	3,017,894	47
	Non-current liabilities				
2500	Financial liabilities at fair value through profit or loss - Non-current (Note 7 and 33)	965	-	-	-
2530	Bonds payables (Note 21 and 33)	1,544,106	19	346,352	5
2570	Deferred tax liabilities (Note 27)	376,152	5	290,743	5
2580	Lease liabilities - Non-current (Note 16, 31, and 33)	93,987	1	134,661	2
2645	Deposited Margin (Note 33)	9,134	-	9,467	-
25XX	Total non-current liabilities	2,024,344	25	781,223	12
2XXX	Total Liabilities	5,000,136	62	3,799,117	59
	Equity attributable to owners of the company (Note 24)				
	Equity				
3110	Ordinary stock	625,208	8	505,535	8
3200	Capital surplus	1,480,562	18	1,114,494	18
	Retained earnings				
3320	Special reserve	113,584	1	100,707	2
3350	Unappropriated retained earnings	941,152	12	903,900	14
3300	Total Retained Earnings	1,054,736	13	1,004,607	16
3410	Exchange differences on translation of foreign financial statements	(82,410)	(1)	(48,667)	(1)
31XX	Equity attributable to shareholders of the parent	3,078,096	38	2,575,969	41
36XX	Uncontrolled equity	17,970	-	16,633	-
3XXX	Total equity	3,096,066	38	2,592,602	41
	Total Liabilities and Equity	\$ 8,096,202	100	\$ 6,391,719	100

The accompanying notes are an integral part of the consolidated financial report.

Chairman: Hsu, Chi-Feng
Manager: Eu, Ricky
Accounting Supervisor: Chien, Yi-Ling

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Lemtech Holdings Co., Limited and its subsidiaries
Consolidated Statement of Comprehensive Income
Jan. 1 to Dec. 31, 2021 and Jan. 1 to Dec. 31, 2020

(Units: NT\$1,000, Except Earnings Per Share)

Code		2021		2020	
		Amount	%	Amount	%
	Operating revenue (Note 25 and 34)				
4110	Sales	\$ 6,410,268	101	\$ 5,508,588	101
4190	Sales returns and allowances	(41,150)	(1)	(37,338)	(1)
4000	Total operating revenue	6,369,118	100	5,471,250	100
5000	Operating cost (Note 12 and 34)	(5,037,774)	(79)	(4,190,903)	(76)
5900	Gross profit	1,331,344	21	1,280,347	24
	Operating expenses (Note 26 and 34)				
6100	Selling expenses	(175,927)	(3)	(149,493)	(3)
6200	Administrative expenses	(365,476)	(6)	(326,675)	(6)
6300	Research and development expenses	(163,125)	(2)	(130,398)	(2)
6450	Expected credit impairment loss	5,018	-	11,480	-
6000	Total operating expenses	(699,510)	(11)	(595,086)	(11)
6900	Net operating profit	631,834	10	685,261	13
	Non-operating income and expenses (Note 26)				
7100	Interest income	8,435	-	5,196	-
7010	Other income	15,279	-	18,745	-
7020	Other gains and losses	(9,072)	-	(27,104)	-
7050	Finance costs	(21,282)	-	(38,744)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method	2,705	-	(337)	-
7000	Total non-operating income and expenses	(3,935)	-	(42,244)	(1)

(Continued)

(Continued from previous page)

Code		2021		2020	
		Amount	%	Amount	%
7900	Net income before taxes from continuing operations	\$ 627,899	10	\$ 643,017	12
7950	Income tax expenses (Note 27)	(160,727)	(3)	(188,094)	(4)
8200	Net profit for the period	<u>467,172</u>	<u>7</u>	<u>454,923</u>	<u>8</u>
	Other comprehensive income (loss)				
8360	Items that may be reclassified subsequently to gain or loss:				
8361	Exchange differences on translation of foreign financial statements	(33,861)	-	20,065	1
8300	Other comprehensive income/(loss) for the year, net of income tax	(33,861)	-	20,065	1
8500	Total comprehensive income	<u>\$ 433,311</u>	<u>7</u>	<u>\$ 474,988</u>	<u>9</u>
	Net income attributable to				
8610	Shareholders of the parent	\$ 465,717	7	\$ 455,845	8
8620	Uncontrolled equity	1,455	-	(922)	-
8600		<u>\$ 467,172</u>	<u>7</u>	<u>\$ 454,923</u>	<u>8</u>
	Total comprehensive income (loss) attributable to				
8710	Shareholders of the parent	\$ 431,974	7	\$ 475,527	9
8720	Uncontrolled equity	1,337	-	(539)	-
8700		<u>\$ 433,311</u>	<u>7</u>	<u>\$ 474,988</u>	<u>9</u>
	Earnings per share (Note 28)				
	From continuing business				
9710	Basic	<u>\$ 7.51</u>		<u>\$ 8.32</u>	
9810	Diluted	<u>\$ 6.48</u>		<u>\$ 8.11</u>	

The accompanying notes are an integral part of the consolidated financial report.

Chairman: Hsu, Chi-Feng
 Manager: Eu, Ricky
 Accounting Supervisor: Chien, Yi-Ling

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Lemtech Holdings Co., Limited and its subsidiaries
Consolidated Statement of Changes in Equity
Jan. 1 to Dec. 31, 2021 and Jan. 1 to Dec. 31, 2020

Units: NT\$1,000

Code		<i>Equity attributable to owners</i>									
		Share capital		Retained earnings			Exchange differences on translation of financial statements of foreign operations	Treasury stock	Total	Uncontrolled equity	Total equity
Number of Shares (in Thousands)	Amount	Capital surplus	Special reserve	Unappropriated retained earnings							
A1	Balance as of January 1, 2020	47,472	\$ 474,720	\$ 802,102	\$ 13,500	\$ 731,348	(\$ 68,349)	\$ -	\$ 1,953,321	\$ 17,172	\$ 1,970,493
	Appropriation of earnings										
B3	Special reserve	-	-	-	87,207	(87,207)	-	-	-	-	-
B5	Cash dividend attributable to shareholders	-	-	-	-	(165,647)	-	-	(165,647)	-	(165,647)
	Other changes in capital surplus										
M7	Changes in ownership interests in subsidiaries	-	-	584	-	(584)	-	-	-	-	-
C5	Issuance of convertible corporate bonds with recognized equity component	-	-	26,181	-	-	-	-	26,181	-	26,181
I1	Corporate bonds converted into common shares	3,586	35,865	289,191	-	-	-	-	325,056	-	325,056
L1	Treasury shares buyback	-	-	-	-	-	-	(38,469)	(38,469)	-	(38,469)
L3	Retirement of treasury shares	(505)	(5,050)	(3,564)	-	(29,855)	-	38,469	-	-	-
D1	2020 Net Profit	-	-	-	-	455,845	-	-	455,845	(922)	454,923
D3	2020 Other Comprehensive Income (Loss) after tax	-	-	-	-	-	19,682	-	19,682	383	20,065
D5	Total comprehensive income (loss) in 2020	-	-	-	-	455,845	19,682	-	475,527	(53)	474,988
Z1	Balance as of December 31, 2020	50,553	505,535	1,114,494	100,707	903,900	(48,667)	-	2,575,969	16,633	2,592,602
	Appropriation of earnings										
B3	Special reserve	-	-	-	12,877	(12,877)	-	-	-	-	-
B5	Cash dividend attributable to shareholders	-	-	-	-	(334,150)	-	-	(334,150)	-	(334,150)
B9	Stock dividend attributable to shareholders	8,144	81,438	-	-	(81,438)	-	-	-	-	-
I1	Corporate bonds converted into common shares	3,824	38,235	306,759	-	-	-	-	344,994	-	344,994
	Other changes in capital surplus										
C5	Issuance of convertible corporate bonds with recognized equity component	-	-	59,309	-	-	-	-	59,309	-	59,309
D1	2021 Net profit	-	-	-	-	465,717	-	-	465,717	1,455	467,172
D3	2021 other comprehensive profit and loss after tax	-	-	-	-	-	(33,743)	-	(33,743)	(118)	(33,861)
D5	2021 total comprehensive profit and loss	-	-	-	-	465,717	(33,743)	-	431,974	1,337	433,311
Z1	Balance as of December 31, 2021	62,521	\$ 625,208	\$ 1,480,562	\$ 113,584	\$ 941,152	(\$ 82,410)	\$ -	\$ 3,078,096	\$ 17,970	\$ 3,096,066

The accompanying notes are an integral part of the consolidated financial report.

Chairman: Hsu, Chi-Feng
Manager: Eu, Ricky
Accounting Supervisor: Chien, Yi-Ling

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Lemtech Holdings Co., Limited and its subsidiaries

Consolidated Statement of Cash Flows

Jan. 1 to Dec. 31, 2021 and Jan. 1 to Dec. 31, 2020

Code		2021	Units: NT\$1,000 2020
	Cash flows from operating activities		
A10000	Net income before tax of the current year	\$ 627,899	\$ 643,017
A20010	Income Charges (Credits):		
A20100	Depreciation expenses	284,805	250,630
A20200	Amortization expense	11,940	10,960
A20300	Expected credit (returning profits) impairment loss	(5,018)	(11,480)
A20400	Net (profit) loss of financial assets and liabilities measured at fair value through profit and loss	(5,296)	(2,263)
A20900	Finance costs	21,282	38,744
A21200	Interest income	(8,435)	(5,196)
A22300	Share of profit (loss) of associates and joint ventures accounted for using the equity method	(2,705)	337
A22500	Gains on disposal of real estate, plant, and equipment	(359)	(26,363)
A23700	Goodwill impairment loss	10,000	-
A23700	Allowance for inventories	23,108	-
A23800	Reversal of write-downs of inventories	-	(38,291)
A29900	gain on Disposal of subsidiary company of investments	(11,778)	-
A24100	Net foreign currency exchange profits	(3,035)	(21,424)
A24200	Loss from redemption and reversal of corporate bonds payables	8	5,961
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(10)	1,147
A31150	Accounts receivable	269,187	(115,754)
A31180	Other receivables	(13,210)	944
A31200	Inventories	(291,308)	148,469
A31230	Prepayments	50,479	(30,225)
A31240	Other current assets	(6,505)	1,925
A32125	Contract liabilities	20,421	16,647
A32130	Notes payable	18,986	(9,198)
A32150	Accounts payable	(215,295)	99,843
A32180	Other payables	(37,842)	50,655
A32230	Other current liabilities	(7,556)	5,539
A33000	Cash from operating activities	729,463	1,014,624
A33300	Interest paid	(12,083)	(29,253)
A33500	Income tax paid	(95,269)	(76,415)
AAAA	Net cash flows from operating activities	622,111	908,956

(Continued)

(Continued from previous page)

Code		2021	2020
	Cash flows from investing activities		
B00050	Disposal of financial assets at amortized cost	4,141	75,295
B00100	Acquisition of financial assets at fair value through profit or loss	(43,471)	(52,524)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	8,694	44,357
B01800	Acquisition of affiliates	(20,085)	-
B02300	Net cash inflow from dispossessed subsidiaries	56,682	-
B02700	Purchase of real estate, plant, and equipment	(271,477)	(165,309)
B02800	Disposal of real estate, plant, and equipment	21,810	526,498
B03700	Refundable deposits paid	(1,463)	(1,884)
B04500	Purchase of intangible asset	(7,772)	(8,667)
B07100	Increases Prepayments for business facilities	(54,830)	-
B06100	Decreases in finance lease receivables	6,250	6,147
B07500	Interest received	7,862	4,358
		7,862	4,358
BBBB	Net cash generated from/(used in) investing activities	(293,659)	428,271
	Cash flows from financing activities		
C00100	Increases in short-term borrowings	161,881	-
C00200	Decrease in short-term borrowings	-	(192,654)
C01200	Proceeds from issuance of convertible bonds	1,602,305	694,436
C01300	Repayments of bonds	(200)	(595,016)
C01700	Repayment of long-term loan	-	(350,000)
C03000	Guarantee deposits received	-	2,579
C03100	Guarantee deposits received return	(64)	-
C04020	Cash payments for the principal portion of the lease liability	(56,947)	(57,516)
C04500	Dividend paid to shareholders	(271,628)	(118,680)
C04900	Payments for buy-back of ordinary shares	-	(38,469)
CCCC	Net cash (outflow) inflow from fundraising activities	1,435,347	(655,320)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(11,203)	15,760
EEEE	Net increase in cash and cash equivalents	1,752,596	697,667
E00100	Cash and cash equivalents at beginning of year	1,639,999	942,332
E00200	Cash and cash equivalents at end of year	\$ 3,392,595	\$ 1,639,999

The accompanying notes are an integral part of the consolidated financial report.

Chairman: Hsu, Chi-Feng
 Manager: Eu, Ricky
 Accounting Supervisor: Chien, Yi-Ling

Lemtech Holdings Co., Limited and its subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

Lemtech Holdings Co., Limited (hereinafter referred to as "the company") was established in the British Cayman Islands in September 2009. It is founded during organizational restructure mainly to apply for registration with the Taipei Exchange to facilitate stock trading. After the restructuring, the company became the controlling company of Lemtech Global Solution Co. Ltd. (hereinafter referred to as "Global Solution"), and obtained shares of Global Solution at a conversion ratio of 24.99: 1. The company, Global Solution and its subsidiaries (hereinafter referred to as the "combined company") mainly engaged in the production and design of various types of fine blanking die, non-metal die-casting toolings, computer connectors, computer cooling modules and other new electronic plug-ins and the sales of self-produced products. The company's stock has been traded in the Taipei Exchange since Apr. 29, 2011, and it was listed and traded in the Taiwan Stock Exchange Corporation since May 21, 2015.

The company's functional currency is New Taiwan Dollars.

II. Approval Date and Procedures of the Financial Statements

The Consolidated Financial Statements have been approved by the Board of Directors on March 31, 2021.

III. Application of New and Amended Standards and Interpretations

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC")

With the exception of the following, the application of the IFRSs endorsed and issued into effect by the FSC should not result in major changes in the accounting policies of the Group:

1. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Changes to Interest Rate Indicators – Stage 2"

The merged company chose to apply the revised practical expedient to deal with changes in the contractual cash flow basis for determining financial assets, financial liabilities and lease liabilities caused by changes in interest rate

indicators. If the aforementioned changes are necessary as a direct result of the change in interest rate indicators, and the new basis is economically equivalent to the basis before the change, it shall be deemed as a change in the effective interest rate when the change in the basis is determined.

2. Amendment to IFRS 16 "COVID-19 related rent concessions after 30 June 2021"
The merged company chooses to apply the amendment, extending the application conditions of the practical expedient to the payment due before June 30, 2022. Please refer to the summary of significant accounting policies in the 2020 consolidated financial report for the relevant accounting policies of the practical expedient.

The Amendment will apply to the merged company from January 1, 2021.

(II) FSC-endorsed IFRSs that are applicable from 2021 onward

<u>New Standards, Interpretations, and Amendments</u>	<u>Effective Date Issued by IASB</u>
"Annual Improvements in IFRSs 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to Conceptual Frameworks"	January 1, 2022 (Note 2)
Amendment to IAS 16 "Property, Plant and Equipment: The Price Before the Condition for Intended Use"	January 1, 2022 (Note 3)
Amendment to IAS 37 "Onerous Contracts - Costs of Fulfilling Contracts"	January 1, 2022 (Note 4)

Note 1: Amendments to IFRS 9 apply to exchanges or modification of terms of financial liabilities for annual reporting periods beginning after 1 January 2022; amendments to IAS 41 "Agriculture" apply to transactions beginning after 1 January 2022 Fair value measurement for annual reporting periods; the amendments to IFRS 1 "First application of IFRSs" apply retrospectively to annual reporting periods beginning after 1 January 2022.

Note 2: This amendment applies to business combinations where the acquisition date begins after January 1, 2022 during the annual reporting period.

Note 3: This amendment applies to plant, property and equipment that is in the necessary location and condition for the way management expects to function after January 1, 2021.

Note 4: This amendment applies to contracts for which all obligations have not been fulfilled as at 1 January 2022.

In addition to the above impacts, as of the date of adoption of this consolidated financial report, the amendments to other standards and interpretations of the consolidated company's assessment will not have a significant impact on its financial position and financial performance.

(III) Standards issued by IASB but not yet endorsed by FSC

<u>New Standards, Interpretations, and Amendments</u>	<u>Effective Date Published by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	TBD
IFRS17 "Insurance Contracts"	January 1, 2023
Amendment of IFRS 17	January 1, 2023
Amendments of IFRS 17 "Initial application of IFRS 17 and IFRS 9 - Comparative information"	January 1, 2023
Amendments to IAS1 "Classify Liabilities as Current or Non-current"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendment to IAS 8 "Definition of Accounting Estimation"	January 1, 2023 (Note 3)
Amendment to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023 (Note 4)
Note 1: Unless otherwise specified, the aforementioned New/Revised/Amended Standards and Interpretations shall be effective for the fiscal year after the reporting period.	
Note 2: This amendment prospectively applies to annual periods beginning after January 1, 2023.	
Note 3: This amendment applies to changes in accounting estimation and changes in accounting policies that occur during the annual reporting period beginning after January 1, 2023.	
Note 4: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred tax on temporary differences in lease and decommissioning obligations at January 1, 2022	

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The Consolidated Financial Report was formulated in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed by the FSC that have entered into effect.

(II) Basis of Preparation

The consolidated financial reports were prepared on a historical cost basis, except for financial instruments measured at fair value.

The fair value measurement is classified into 3 levels based on the observability and importance of related input:

1. Level 1 inputs: Quoted (unadjusted) prices of identical assets or liabilities obtainable in active markets on the measurement date.
2. Level 2 inputs: Inputs, other than quoted market prices within level 1, that are observable directly (i.e. the price) or indirectly (deduced from the price) for the assets or liabilities.
3. Level 3 inputs: Unobservable inputs for the assets or liabilities.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalent (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities to be settled within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred till at least 12 months after the balance sheet date.

The company shall classify all other assets or liabilities that are not specified above as non-current.

(IV) Basis of Consolidation

The Consolidated Financial Report includes the financial reports of the company and its wholly owned subsidiaries. Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The financial reports of subsidiaries have been reorganized to bring uniformity in their accounting policies and those of the combined company. In the Consolidated Financial Report, all intercompany transactions, account balances, income and expenses between the entities have been offset. A subsidiary's total comprehensive income is attributed to the shareholders of the company and non-controlling interests, even if non-controlling interests become deficit balance in the process.

When a change is effected in the ownership of the subsidiary, the combined company does not lose control of it and it will be treated as equity transaction. The carrying amounts of the combined company and its non-controlling interests have been adjusted to reflect the relative changes in the interest of the subsidiaries. The difference between the adjusted amount in non-controlling interest and the fair value of consideration will be considered as interest belonging to the owners of the company.

Please refer to Note 13 and Attachment 8 and 9 for details, shareholding ratio, and operations of subsidiaries.

(V) Foreign currencies

In preparing each individual financial statement, transactions denominated in a currency other than the entity's functional currency (i.e. foreign currency) are translated into the entity's functional currency by using the exchange rate at the date of the transaction before they are recorded by each entity.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising on the settlement or on translating of monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in gain or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries, affiliated companies, and branch office that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Where exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity and attributed to the proprietors of the company and non-controlling interests as appropriate.

(VI) Inventories

Inventories include raw materials, materials, work in progress and finished goods. The value of inventory shall be determined based on the cost and Net Realizable Value (NRV), whichever is lower. With the exception of inventory of the same category, individual items shall be assessed when comparing the cost and NRV. The NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Cost of inventory is calculated using weighted-average method.

(VII) Investment in the affiliates

Affiliates are entities over which the combined company has significant influence but they are neither subsidiaries nor joint ventures.

The combined company follows equity method for investment in affiliates.

Under the equity method, the investment on affiliates is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's interest in gain and loss, shares in other comprehensive income and profit distribution by the affiliates. Also, the combined company's interest in affiliates and joint ventures are recognized in accordance with the shareholding ratio.

Any excess of acquisition cost over the combined company's share of an affiliate's or a joint venture's identifiable assets and liabilities measured at the fair value on the date of acquisition is recognized as goodwill. The goodwill shall be included in the carrying amount of the investment but not allowed for amortization. If the combined company's share of the net fair value of the identifiable assets and liabilities exceeds acquisition cost, the excessive amount is recognized immediately in gain or loss.

When the combined company's share of loss derived from the investment of an affiliate equals or exceeds the combined company's interest (including the carrying amount of the investment and other long-term substantial interests in the affiliate's net asset in proportion to ownership percentage), the combined company shall cease recognizing losses further. The combined company only recognizes extra losses and liabilities to the extent that there is a legal obligation, constructive obligation, or payment on behalf of an affiliate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of the value in use and fair value less costs to sell) with its carrying amount. Any impairment loss will not be recognized as a charge against the carrying amount of an investment (including goodwill). Any reversal of the impairment loss shall be recognized after subsequent increases in the recoverable amount of investment.

Gain or loss in upstream and downstream transactions between the combined company and the affiliates or transactions between investees needs to be shown in the Consolidated Financial Report when not affecting the interests of the combined company or the affiliate.

(VIII) Property, Plant and Equipment

Property, Plant and Equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and impairment.

Property, Plant and Equipment under construction are recognized at cost less accumulated impairment. The cost shall include professional service expenses and the cost of loans eligible for capitalization. Such assets shall be classified into appropriate Property, Plant and Equipment categories upon completion and reaching the expected use status and the depreciation shall begin.

Except that the depreciation of own land is not mentioned, the depreciation of real estate, plant, and equipment in its useful life is made on a straight-line basis for each major part/component separately. The combined company must conduct at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods and infer the effect of changes in accounting estimates.

When derecognizing Property, Plant and Equipment, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in gain or loss.

(IX) Goodwill

The value of goodwill received through business combination has to be shown as the amount of goodwill recognized on the acquisition date and subsequently evaluated as cost less accumulated impairment loss.

To evaluate impairment, the goodwill is distributed among various cash-generating units or cash-generating groups which the combined company hopes to derive benefit from the overall performance after business combination (hereinafter referred to as the "cash-generating units").

The cash-generating units that were allocated the goodwill will compare the unit's carrying amount and its recoverable amount including goodwill every year (and whenever there are signs of impairment) to evaluate the impairment of the unit. If the goodwill was obtained by the cash-generating unit through a business combination in the current year, an impairment test is to be conducted prior to the end of the current year. If the recoverable amount of the cash-generating unit that received goodwill is lower than the carrying amount, the loss on impairment is added to the carrying cost of the unit that got goodwill allocation. The proportion of reduction in other carrying amounts of assets in the unit will be used to reduce the carrying cost of such asset. Any impairment loss is recognized directly as loss in the current period. Loss in impairment of goodwill cannot be reversed subsequently.

When disposing a certain operation within the cash-generating unit with amortized goodwill, the amount of goodwill related to the disposed operations is included in the carrying amount of the operations to determine the disposal of gain or loss.

(X) Intangible assets

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and loss. Amortization is recognized using the straight-line method. The combined company must conduct at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods and infer the effect of changes in accounting estimates.

2. Acquisition from business combinations

Intangible assets acquired in a business combination are recognized at fair value at the acquisition date, with goodwill recognized separately and are subsequently measured the same separately as intangible assets acquired separately.

3. Derecognition

When derecognition of an intangible asset, the difference between the net proceed of disposal and the carrying amount of the asset is recognized in gain or loss for the period.

(XI) Impairment of real estate, plant, and equipment, right-of-use assets, intangible assets (excluding goodwill), and contract costs

On each balance sheet date, the Group reviews the carrying amounts of real estate, plant, and equipment, right-of-use assets, intangible assets (excluding goodwill), to determine whether there is any indication that those assets have suffered an impairment loss. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the combined company must determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the individual asset or recoverable amount of the cash generating unit is lower than the carrying amount, the carrying amount of the asset or of the cash generating unit will be reduced to the extent of recoverable amount and the impairment loss will be recognized in gain or loss.

The amount of the impairment loss on inventories, real estate, plant and equipment and intangible assets recognized due to customer contracts shall be recognized, firstly, in accordance with rules governing the impairment of inventory and the above rules governing the recognition of impairment. Secondly, where the carrying amount of the contract cost relevant assets exceeds the sum of the estimated balance that the relevant product or service is expected to be received minus relevant costs, such amount shall be recognized as impairment loss. Subsequently, the carrying amount of the contract cost relevant assets shall be accounted for in the cash-generating unit in which they belong in order to conduct impairment assessment on the cash-generating unit.

When the impairment loss is subsequently reversed, the carrying amount of an asset, the cash generating unit, or the contract cost-related asset is reversed to the extent not exceed the carrying amount (minus amortization or depreciation) of the asset, cash generating unit, or contract cost-related asset that had not been impaired in the previous years. The reversed impairment loss will be recognized in gain or loss.

(XII) Financial instruments

Financial assets and liabilities will be recognized in the balance sheet when the combined company becomes a party to the contract of financial instrument.

When recognizing the original financial assets and liabilities, if they are not measured at fair value through profit or loss, it is assessed based on the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss shall be immediately recognized in profit and loss.

1. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

Financial assets held by the combined company are classified as financial assets at fair value through profit or loss and the financial assets at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and financial assets designated as at fair value through profit or loss. Such assets include investments in equity instruments that are not designated by the combined company to be measured at fair value through other comprehensive income and investments in debt instruments that fail to meet the criteria as to be measured at amortized cost or at fair value through other comprehensive income.

Financial assets are designated as measured at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency.

Such assets are measured at fair value, their interest and remeasurement benefits or losses are recognized in other profits and losses. Please refer to Note 33 for the methods for determining fair values.

B. Financial assets at amortized cost

When the combined company's investments in financial assets satisfy the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

- a. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- b. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, such assets (including cash and cash equivalents, note receivables, accounts receivable, other receivables, finance lease receivables, and refundable deposits that are measured at amortized cost) are measured at the amortized cost equal to the gross carrying amount as determined using the effective interest method less any impairment loss; any foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Except for the following two circumstances, interest revenue is calculated at the value of effective interest rate times the gross carrying amount of financial assets:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- b. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

Cash equivalents include fixed deposits obtained within three months with high liquidity and relatively low price changes convertible to cash any time. They are used for meeting short-term cash commitments.

(2) Impairment of financial assets and contract assets

On each balance sheet date, the combined company assesses the impairment loss of financial assets (including accounts receivable) and finance lease receivables measured at amortized cost based on expected credit losses.

Loss allowance shall be recognized for accounts receivable and finance lease receivable based on lifetime expected credit losses. Other financial assets are first assessed based on whether the credit risk has increased significantly since the original recognition. If there is no significant increase in risks, an allowance for expected credit loss shall be recognized based on a 12-month period. If the risks have increased significantly, loss allowance shall be recognized in the lifetime of such assets.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses from possible defaults of the financial instrument within 12 months after the reporting date. The lifetime expected credit losses represent the expected credit losses from all possible defaults of the financial instrument during the expected period of existence.

For the purpose of internal credit risk management, without consideration of the collateral held, the combined company shall determined that a default of financial instrument has occurred if one of the following applies:

- A. Internal or external information indicates that it is not possible for the debtor to settle the debt.
- B. Overdue for more than one year, unless there is reasonable evidence showing that a delayed basis of default is more appropriate.

The impairment loss of all financial assets is accrued from their carrying amount based on the allowance account. However, the allowance for the investment in the debt instruments measured at fair value through other comprehensive income is recognized in other comprehensive income and shall not reduce its carrying amount.

(3) Derecognition of financial assets

The combined company may only derecognize the financial assets when the contractual rights to the cash flow from the asset expire or when the company transfers all the risks and rewards of ownership of the financial assets to other enterprises substantially.

On derecognition of a financial asset measured at amortized cost in its entirety, the difference between the carrying amount and the sum of the consideration received is recognized in gain or loss. On derecognition of debt instruments measured at fair value through other comprehensive income in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. When the equity instrument investment measured at fair value through other comprehensive profits and losses is derecognized as a whole, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost, using the effective interest method, except for:

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through profit or loss are designated as measured at fair value through profit or loss.

The combined company designated the financial liabilities as being measured at fair value through profit or loss in the original recognition in the following cases:

- A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- B. a group of financial assets, financial liabilities or both 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 investment is provided internally on that basis to the key management personnel.

C. Designate the overall mixed (combined) contract containing one or more embedded derivatives.

Once designated as financial liabilities at fair value through profit or loss, its amount of changes in fair value due to changes in credit risk is recognized in other comprehensive income, and will not be reclassified to profit or loss, will only be reclassified to retained earnings when derecognizing such financial liabilities. Except for the interest accrued, which is recognized in financial costs, the changes in fair value of such liability are reported in other gains and losses. However, if change in fair value due to credit risk is recognized in other comprehensive income, its will cause or worsen the accounting mismatch, then such changes in fair value of the liability in its entirety shall be fully recognized in gain or loss.

Please refer to Note 33 for the methods for determining fair values.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between its carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in gain or loss.

3. Convertible bonds

Compound financial instruments issued by the combined company (convertible bonds) are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of a financial liability and an equity instrument.

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

Conversion option is the equity component of a compound financial instrument which is measured at the amount of the fair value of the overall compound instrument deducted by the fair value of the liability component. The amount of the conversion option net of tax is recognized as equity so is not subsequently remeasured. When the conversion option is exercised, the associated liability component and the amounts recognized in equity are transferred to share capital and reserves – premium. If the conversion option of convertible bonds remains unexercised at the maturity date, the amount recognized in equity will be transferred to capital surplus – premium.

Transaction costs that relate to the issuance of the convertible bonds are divided into liability (list the carrying amount of liability) and equity (list in equity) components and in proportion to the respective values of the liability and equity components of the overall instrument.

4. Derivatives

The derivative instruments signed by the combined company are structured time deposits, which are for managing its exposure to interest rate risks and foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

If derivatives are embedded in the asset master contract within the scope of IFRS 9, the classification of financial assets is determined by the overall contract. If derivatives are embedded in an asset master contract that is not in the scope of IFRS 9 (e.g., embedded in the master contract of financial liabilities), and if the derivatives embedded meet the definition of a derivative of which their risks and characteristics are not closely related to those of the master contract, and the contracts are not measured at fair value through profit or loss, the derivatives are recognized as separate derivatives.

(XIII) Revenue Recognition

After the combined company identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

Revenue from sales of goods

Revenue is derived from the sales of computer, communication, consumer electronics, automotive components and fitness equipment. Because the customer has the right to use the product when the product is sold, and bears the risk of loss or damage to the product, the combined company recognizes the revenue and accounts receivable at that point.

(XIV) Leases

The combined company assesses whether a contract is (or contains) a lease on the execution date of the contract.

1. The combined company is a lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

When the combined company subleases the right-of-use asset, it determines the classification of the sublease by the right-of-use asset (not the underlying asset). However, if the main lease is a short-term lease where the recognition exemption is applicable for the combined company, the sublease is classified as an operating lease.

Under finance leases, lease payments are fixed payments. Net lease investment is measured as the sum of the present value of lease receivables and unguaranteed residual value plus the original direct cost and expressed as finance lease receivable. Financing income is allocated to each accounting period to reflect the fixed rate of return on the unexpired net lease investment of the combined company in each period.

2. The combined company is a Lessee

A right-of-use asset and a lease liability are recognized for all leases at the inception date of such leases, except for leases qualified for recognition exemption, e.g. leases with low-value underlying assets and short-term leases, for which an expense is recognized on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability,) and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. Right-of-use assets are expressed separately in the consolidated balance sheet.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful lives, or to the end of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at the interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate of interest shall be used.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. In the case that future lease payments change as a result of a change in the lease term, the combined company remeasures the lease liability and correspondingly adjusts the right-of-use asset, except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in gain or loss. Lease liabilities are expressed separately in the consolidated balance sheet.

(XV) Government subsidies

Government subsidies are only recognized when they can be reasonably assured that the combined company will comply with the conditions imposed by government subsidies and that such subsidies will be recognized when received.

If the government subsidy is used to compensate fees or losses that had occurred, or is given to the combined company for the purpose of immediate financial support without related future costs, it can be recognized as income within the collectible period.

(XVI) Employee benefits

1. Short-term employee benefits

Related liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Benefits after retirement

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

(XVII) Income tax

Income tax expenses are the sum of current income tax and deferred income tax.

1. Current income tax

The Group determines the current income (loss) in accordance with the laws and regulations established by each income tax jurisdiction, and calculates the income tax payable (recoverable) on such basis.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to income tax payable from previous years are recognized in the income tax of current year.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized when there are likely to be taxable income for the deductible temporary differences or the carryforward of unused tax losses.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and affiliates, except where the combined company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences

associated with these investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. Assets that have not been recognized as deferred income tax assets are re-examined at each balance sheet date and the carrying amount is increased for assets that are likely to generate sufficient taxable income to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the combined company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred taxes for the year

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

If current income or deferred tax arises from business combination, the income tax effects are included in the accounting of business combination.

V. Significant Accounting Judgments, Estimates and Key Sources of Uncertainty over Assumptions

When the combined company adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from original estimates.

The merged company will take the recent development of the novel coronavirus pneumonia epidemic in my country and the possible impact on the economic environment into consideration of cash flow estimates, growth rates, discount rates, profitability and other relevant major accounting estimates. The management will continue to Examine estimates and underlying assumptions. If the revision of the estimate affects only the current period, it is recognized in the current period of revision; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the current year and future periods.

VI. Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and working capital	\$ 1,029	\$ 1,467
Checking accounts and demand deposits	1,674,888	1,255,643
Cash equivalents (investments with original maturity date of less than three months)		
Bank fixed deposit	1,716,678	382,889
	<u>\$ 3,392,595</u>	<u>\$ 1,639,999</u>

VII. Financial instruments measured at fair value through profit or loss

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets - Current		
Mandatorily measured at fair value through profit or loss		
Mixed financial assets - Structured deposits (I)	<u>\$ 43,606</u>	<u>\$ 8,788</u>
Financial assets - Non-current		
Designated as fair value through profit and loss		
Derivatives (hedge unspecified) - Redemption Option	<u>\$ -</u>	<u>\$ 1,224</u>
Financial liabilities - Non-current		
Designated as fair value through profit and loss		
Derivatives (hedge unspecified) - Redemption Option	<u>\$ 965</u>	<u>\$ -</u>

(I) In 2021, the combined company signed a 6-month structured time deposit contract with the bank. The structured deposits include an embedded derivative that is not closely related to the main contract. Because the main contract included in the hybrid contract is an asset within the scope of IFRS 9, the overall hybrid contract evaluation is mandatory to be classified as fair value through profit or loss.

VIII. Financial assets at amortized cost

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current		
Domestic investment		
Bank deposits - restricted	<u>\$ -</u>	<u>\$ 4,141</u>

Please refer to Note 35 for information on the pledge of financial assets measured at amortized cost.

IX. Credit Risk Management for Debt Instruments

All debt instruments invested by the combined company are financial assets measured at amortized cost.

December 31, 2021

Measured at

	<u>amortized cost</u>
Total carrying amount	\$ -
Loss allowance	-
Amortized cost	<u>\$ -</u>

December 31, 2020

	<u>Measured at amortized cost</u>
Total carrying amount	\$ 4,141
Loss allowance	-
Amortized cost	<u>\$ 4,141</u>

To mitigate credit risk, the management of the combined company shall perform credit rating assessments to assess the default risk of debt instrument investment institutions. For credit rating items which lacks external rating information, appropriate internal rating shall be given by referencing public financial information. The combined company continuously tracks information such as material information from the financial institutions to monitor changes in the credit risk of the debt instruments it has invested in, and evaluates whether the credit risk of the debt instrument investments has increased significantly since its original recognition.

The combined company takes stock of the historical default records and current financial conditions of financial institutions provided by the internal credit rating team, so as to measure the 12-month expected credit loss or the lifetime expected credit loss of the debt instrument investment.

The combined company's current credit risk rating mechanism and the total carrying amount of investments in debt instruments at each credit rating are as follows:

<u>Credit Rating</u>	<u>Definition</u>	<u>Basis of Recognition of Expected Credit Losses</u>
Normal	The debtor has a low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses

The total book value of each credit rating debt instrument investment and the applicable expected credit loss rate are as follows:

December 31, 2021

<u>Credit Rating</u>	<u>Expected credit loss rate</u>	<u>Total carrying amount Measured at amortized cost</u>
Normal	0%	\$ 0

December 31, 2020

<u>Credit Rating</u>	<u>Expected credit loss rate</u>	<u>Total carrying amount Measured at amortized cost</u>
Normal	0%	\$ 4,141

X. Notes receivable, accounts receivable and other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Notes receivable - operating</u>		
Measured at amortized cost		
Total carrying amount	\$ 3,847	\$ 3,537
Deduct: Loss allowance	-	-
	<u>\$ 3,847</u>	<u>\$ 3,537</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 1,925,884	\$ 2,224,808
Deduct: Loss allowance	(15,564)	(20,857)
	<u>\$ 910,320</u>	<u>\$ 2,203,951</u>
<u>Other receivables</u>		
Others	<u>\$ 36,218</u>	<u>\$ 16,178</u>

Note receivables and account receivables

Note receivables and account receivables measured at amortized cost

The average credit granting period for product sales of combined company is 150 days. The combined company adopts a policy of treating transactions with counterparties approved by the company's credit ratings assessment and where necessary, sufficient collateral is obtained to mitigate the risk of financial losses arising from defaults. The combined company shall use publicly obtainable financial information and past transaction records to grade main customers. The combined company continues to monitor credit risk exposure and the credit ratings of counterparties, and diversify total transaction amounts among qualified customers. It also controls credit risk exposure through reviews and credit line approval by the management.

The combined company recognizes loss allowance for accounts receivable in accordance with lifetime expected credit loss. Lifetime expected credit losses are calculated based on the bad debt provision matrix which accounts for the customer's past default records, current financial status, and economic conditions in the industry. GDP forecasts and the outlook of the industry are also considered. The combined company separates individual customers into different risk groups and recognizes loss allowance based on the expected loss rate of each group.

The combined company has no notes receivable that are overdue but for which allowance has not been recognized as of the balance sheet date, and considering that no impairment has occurred in the past, the expected credit impairment loss rate of notes receivable is set at 0%.

The combined company writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivable that have been written off, the

combined company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in gain or loss.

Measurement of loss allowance for notes receivable and accounts receivable based on provisional matrix by the combined company is as follows:

December 31, 2021

	Not overdue	1 - 60 days overdue	61 - 120 days overdue	121 - 180 days overdue	181 - 240 days overdue	241 - 365 days overdue	Overdue over 365 days	Total
Expected credit loss rate	0%~7.17%	0%~12.4%	0%~17.89%	0%~27.16%	16.12%~38.88%	17.7%~70.94%	44.67%~100%	
Total carrying amount	\$ 1,770,677	\$ 135,214	\$ 6,808	\$ 5,965	\$ 2,099	\$ 2,419	\$ 6,549	\$1,929,731
Loss allowance (lifetime expected credit loss)	(837)	(5,412)	(371)	(606)	(157)	(1,688)	(6,493)	(15,564)
Amortized cost	\$ 1,769,840	\$ 129,802	\$ 6,437	\$ 5,359	\$ 1,942	\$ 731	\$ 56	\$ 1,914,167

December 31, 2020

	Not overdue	1 - 60 days overdue	61 - 120 days overdue	121 - 180 days overdue	181 - 240 days overdue	241 - 365 days overdue	Overdue over 365 days	Total
Expected credit loss rate	0%~25%	0.04%~19.83%	6.27%~24.60%	19.85%~34.73%	24.82%~54.18%	28.36%~100%	56.43%~100%	
Total carrying amount	\$ 2,021,448	\$ 159,400	\$ 23,663	\$ 5,159	\$ 9,630	\$ 1,917	\$ 7,128	\$ 2,228,345
Loss allowance (lifetime expected credit loss)	(1,557)	(2,989)	(3,388)	(1,425)	(3,654)	(1,033)	(6,811)	(20,857)
Amortized cost	\$ 2,019,891	\$ 156,411	\$ 20,275	\$ 3,734	\$ 5,976	\$ 884	\$ 317	\$ 2,207,488

Changes in loss allowance for accounts receivable are as follows:

	<u>2021</u>	<u>2020</u>
Opening balance	\$ 20,857	\$ 32,348
Deduct: Amounts actual written off	(12)	-
Deduct: Reversal impairment loss of the year	(5,018)	(11,480)
Foreign currency translation differences	(263)	(11)
Balance at the end of the year	<u>\$ 15,564</u>	<u>\$ 20,857</u>

XI. Finance lease receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Undiscounted lease payments		
Year 1	\$ 6,684	\$ 6,488
Year 2	1,949	6,488
Year 3	-	1,892
	<u>8,633</u>	<u>14,868</u>
Less: unearned finance income	(290)	(848)
Lease payment receivable	<u>8,343</u>	<u>14,020</u>
Net investment in a lease (expressed as finance lease receivables)	<u>\$ 8,343</u>	<u>\$ 14,020</u>

The combined company sub-leased part of the leased plant in 2019 and received a fixed lease payment annually. Since the remaining period of the main lease was fully sub-leased, it was classified as a finance lease.

The interest rate implicit in a lease during the lease period will not change after a determination on the contract date. The interest rate implicit in the finance lease as of Dec. 31, 2021 is 5% per annum.

The combined company measures the loss allowance of finance lease receivables based on lifetime expected credit losses. Finance lease payment receivables are pledged by leased equipment. As of the balance sheet date, there were no overdue outstanding finance lease receivables. At the same time, considering counterparties' past default records, the future development of the relevant industry of the subject if the lease and the value of collateral, the combined company deemed that no impairment has occurred for the above financial lease payment receivable.

XII. Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Finished goods	\$ 447,623	\$ 256,155
Work-in-progress	188,469	181,892
Raw materials	<u>238,473</u>	<u>188,297</u>
	<u>\$ 874,565</u>	<u>\$ 626,344</u>

The nature of cost of goods sold is as follows:

	<u>2021</u>	<u>2020</u>
Cost of inventory sold	\$ 5,014,666	\$ 4,229,194
Loss of inventory falling price (recovery profit)	<u>(23,108)</u>	<u>(38,291)</u>
	<u>\$ 5,037,774</u>	<u>\$ 4,190,903</u>

The rebound in the net realizable value of inventories was due to the de-allocation of slow moving inventories.

XIII.Subsidiaries

Subsidiaries included in the consolidated financial reports

The entities involved in the preparation of the Consolidated Financial Statements are listed as follows:

Investor company	Name of subsidiaries	Business activities	Percentage of equity interest held		Description
			December 31, 2021	December 31, 2020	
Lemtech Global Solution Co. Ltd.	Lemtech Global Solution Co. Ltd. (formerly Super Solution Co., Ltd., hereinafter referred to as "Global Solution")	Investment holding companies	100	100	On November 23, 2009, all shares were obtained by a stock swap.
Lemtech Global Solution Co. Ltd.	Lemtech Precision Material (China) Co., Ltd (China) (hereinafter referred to as "Lemtech Precision Material")	Production and design of various types of fine blanking die, non-metal die-casting toolings, computer connectors, computer cooling modules and other new electronic plug-ins, sales of self-produced products, etc.	0.19	0.19	Merged LDC Precision Engineering Co., Ltd (Kunshan) on March 17, 2010. (Note 2)
Lemtech Global Solution Co. Ltd.	Zhenjiang Emtron Surface Treatment Limited Company (hereinafter referred to as "Emtron Company")	Surface treatment of mechanical, electronic and automotive components	83.33	83.33	Investment funds were remitted on January 22, 2019. (Note 1 and 3)
Lemtech Global Solution Co. Ltd.	Lemtech Industrial Services Ltd (hereinafter referred to as "LIS")	Sales of electronics and computer peripheral component	57	57	Note 1.
Lemtech Global Solution Co. Ltd.	Lemtech Cooling System Limited (hereinafter referred to as "Lemtech Cooling")	Investment holding companies	100	100	Established on June 12, 2019, and funds remitted for the shares on August 22, 2019. (Note 1)
Global Solution	LemTech Global Industries Ltd. (hereinafter referred to as " LemTech Global Industries")	Manufacturing and wholesale of electrical appliances, audio-visual products, other motors and electronic mechanical equipment, automobiles and their parts, and other optical and precision machinery	100	-	Established on May 13, 2021. (Note 1)
Global Solution	Lemtech Precision Material (China) Co., Ltd (China) (hereinafter referred to as "Lemtech Precision Material")	Production and design of various types of fine blanking die, non-metal die-casting toolings, computer connectors, computer cooling modules and other new electronic plug-ins, sales of self-produced products, etc.	99.81	99.81	Merged LDC Precision Engineering Co., Ltd (Kunshan) on March 17, 2010. (Note 2)
Lemtech Cooling	Lemtech Philippine Thermal System Inc. (hereinafter referred to as "Lemtech Philippine")	Manufacturing, purchasing, sales, distribution, wholesale sales, and precision metal stamping tools, customized metal hinges, cooling modules, slides, mechanical components and other related items	-	100	Established on July 15, 2019, and funds remitted for the shares on October 30, 2019. (Note 1 and 3)
Lemtech Cooling	Lemtech Energy Solutions Corporation (Taiwan) (hereinafter referred to as "Lemtech Energy Solutions Corporation")	Manufacturing and wholesale of mechanical equipment, dies, electrical appliances and audio-visual products, other motors and electronic mechanical equipment, automobiles and their parts, and other optical and precision equipment	100	100	(Note 1)
Lemtech Cooling	Kunshan Lemtech Electronics Technology Co., Ltd. (hereinafter referred to as "Lemtech Electronics Company")	R&D, manufacturing of electronic components, special electronic materials, and thermal modules, sales of self-produced products, and wholesale, import and export of products similar to those produced by the company and their raw materials and mechanical equipment	100	100	Established on October 9, 2019, and funds remitted for the shares on December 3, 2019.
Lemtech Cooling	Lemtech Electronics Technology (Changshu) Co., Ltd. (hereinafter referred to as Lemtech Electronics Technology (Changshu))	Electronic component manufacturing, electronic component wholesale, electronic special material manufacturing, electronic special material sales, electronic special material research and development, lighting equipment manufacturing, lighting equipment sales, manufacturing of auto parts and accessories, manufacturing of solar equipment and components, sales of solar equipment and components, manufacturing of computer software and hardware equipment, sales of communication equipment	100	100	Manufacturing and wholesale of electrical appliances, audio-visual products, other motors and electronic mechanical equipment, automobiles and their parts, and other optical and precision machinery
Lemtech Precision Material	LDC Precision Engineering Co., Ltd. (hereinafter referred to as "LDC Company")	Manufacturing and wholesale of electrical appliances, audio-visual products, other motors and electronic mechanical equipment, automobiles and their parts, and other optical and precision machinery	100	100	Established on May 10, 2010. (Note 1)
Lemtech Precision Material	Lemtech Technology Limited (hereinafter referred to as "Lemtech HK")	Sales of automotive, electronics and computer peripheral parts	100	100	Established on April 9, 2014.

(Continued)

(Continued from previous page)

Investor company	Name of subsidiaries	Business activities	Percentage of equity interest held		Description
			December 31, 2021	December 31, 2020	
Lemtech Precision Material	Lemtech Precision Material (CZECH) s.r. o. (hereinafter referred to as Lemtech CZ)	Manufacture of automotive parts (sunroof, brakes, seat belts, airbags, etc.) and assemblies (drive shafts for steering wheel, etc.), supply of consumer electronics parts and server product	100	100	Operations began on January 1, 2017. (Note 1)
Lemtech HK	Lemtech USA Inc. (hereinafter referred to as "Lemtech USA")	U.S. business development, business information collection, provision of market intelligence and industry information	100	100	Established on May 31, 2013. (Note 1)
LIS	Kunshan Lemtech Slide Technology Co., Ltd. (China) (hereinafter referred to as "Lemtech Slide Company")	Design and production of slide rails, shafts and related accessories, and sales of self-produced products, etc.	100	100	Established on July 21, 2016. (Note 1)

Note

1. Lemtech Electronics Company (Changshu), Emtron Company, Lemtech Cooling, Lemtech Energy Solutions Corporation, Lemtech USA, Lemtech CZ, LIS, Lemtech Slide Company, and LemTech Global Industries are all non-essential subsidiaries. The financial reports of the rest have not been audited by a certified public accountant; however, the management of the combined company deemed that the fact that the financial reports of the above-mentioned non-essential subsidiaries have been audited by a certified public accountant would not result in significant differences.
2. In March 2021, the Global Solution of the combined company failed to increase its capital in Lemtech Precision Material according to its shareholding ratio. Therefore, the shareholding ratio increased from 99.80% to 99.81%, of which the equity attributable to Liande Holdings Co., Ltd. increased from 0.20% The decrease was 0.19%
3. Lemtech Cooling sold 100% equity interest in Lemtech Philippine on July 12, 2021 for a total consideration of \$67,200,000, please refer to Note 30.

XIV. Investment using equity method

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Affiliates not individually significant		
Aapico Lemtech (I)	\$ 29,945	\$ 30,758
Keycore Technology Corp. (II)	\$ 19,281	\$ -
	<u>\$ 49,226</u>	<u>\$ 30,758</u>

- (I) The combined company signed an investment agreement with Thai listed company Aapico Hitech Plc. (AH: TB) on February 1, 2013, invested in cash, and jointly established Aapico Lemtech (Thailand) Co. on March 1, 2013. , Ltd. (hereinafter referred to as "Aapico Lemtech"). In accordance with the company's operating plan, on June 30, 2016, the combined company adjusted the equity held of Aapico Lemtech, the holding is assigned to Global Solution to Lemtech HK.
- (II) The merged company signed an investment agreement with Keycore Technology Corp. on October 6, 2021 and made a cash contribution to acquire 28.42% of the equity of Keycore Technology Corp. on October 6, 2021.
- (III) The combined company the percentage of ownership, equities, and voting rights of the combined company in affiliated companies on the balance sheet date are as follows:

Name	Business activities	Principal place of business	Percentage of Ownership and Votes	
			December 31, 2021	December 31, 2020
Aapico Lemtech	R&D, production, manufacturing and assembly of automotive, electronics and computer peripheral parts	Thailand	40%	40%
Keycore Technology Corp.	Electronic component manufacturing, general instrument manufacturing, energy technology services, biotechnology services and research and development services, etc.	Taiwan	28.42%	-

The profit and loss and other comprehensive income proportions of affiliates using the equity method in 2021 and 2020 were recognized and disclosed based on the financial report of the investee without CPAs' verification during the same period; however, the management of the combined company deemed that no significant influence will occur from the use of such financial reports.

Please refer to Attachment 8 for the aforementioned associates' nature of business, main business premises, and countries of registration.

XV. Real estate, Plant and Equipment

For self-use December 31, 2021
\$ 1,246,778 December 31, 2020
\$ 1,260,496

For self-use

	Land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Unfinished constructions and equipment to be tested	Total
Cost									
Balance as of January 1, 2021	\$ -	\$ 498,009	\$1,100,639	\$ 34,073	\$ 40,610	\$ 82,658	\$ 463,891	\$ 3,811	\$2,223,691
Addition	-	-	118,254	1,916	6,020	27,930	69,727	62,296	286,143
Disposal	(-)	(152)	(34,684)	(6,134)	(4,386)	(82,104)	(4,366)	(362)	(132,188)
Reduced by corporate sanction	-	-	(11,207)	-	(798)	-	(18,797)	-	(30,802)
Reclassification	-	-	805	537	65	-	1,163	-	2,570
Net exchange differences	-	(3,402)	(7,630)	(224)	(246)	(555)	(9,965)	(43)	(22,065)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 494,455</u>	<u>\$1,166,172</u>	<u>\$ 30,168</u>	<u>\$ 41,265</u>	<u>\$ 27,929</u>	<u>\$ 501,653</u>	<u>\$ 65,702</u>	<u>\$2,327,349</u>
Accumulated depreciation and impairment									
Balance as of January 1, 2021	\$ -	\$ 112,828	\$ 475,229	\$ 24,380	\$ 30,998	\$ 49,148	\$ 270,612	\$ -	\$ 963,195
Addition	-	24,853	109,618	4,157	3,700	34,304	59,330	-	235,962
Disposal	(-)	(152)	(18,647)	(5,534)	(2,656)	(82,104)	(1,643)	-	(110,736)
Reduced by corporate sanction	-	-	(1,467)	-	(186)	-	(142)	-	(1,795)
Reclassification	-	-	805	537	65	-	1,163	-	2,570
Net exchange differences	-	(729)	(3,076)	(153)	(191)	(285)	(4,191)	-	(8,625)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 136,800</u>	<u>\$ 562,462</u>	<u>\$ 23,387</u>	<u>\$ 31,730</u>	<u>\$ 1,063</u>	<u>\$ 325,129</u>	<u>\$ -</u>	<u>\$1,080,571</u>
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 357,655</u>	<u>\$ 603,715</u>	<u>\$ 6,781</u>	<u>\$ 9,535</u>	<u>\$ 26,866</u>	<u>\$ 176,524</u>	<u>\$ 65,702</u>	<u>\$1,246,778</u>
Cost									
Balance as of January 1, 2020	\$ 493,598	\$ 489,308	\$1,025,482	\$ 31,708	\$ 37,359	\$ 81,302	\$ 391,138	\$ 23,579	\$2,573,474
Addition	-	645	73,121	3,025	4,056	-	52,502	3,811	137,160
Disposal	(493,598)	(68)	(17,002)	(1,212)	(2,185)	-	(4,939)	-	(519,004)
Reclassification	-	-	2,031	-	817	-	20,817	(23,665)	-
Net exchange differences	-	8,124	17,007	552	563	1,356	4,373	86	32,061
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 498,009</u>	<u>\$1,100,639</u>	<u>\$ 34,073</u>	<u>\$ 40,610</u>	<u>\$ 82,658</u>	<u>\$ 463,891</u>	<u>\$ 3,811</u>	<u>\$2,223,691</u>
Accumulated depreciation and impairment									
Balance as of January 1, 2020	\$ -	\$ 86,473	\$ 372,764	\$ 21,006	\$ 28,675	\$ 40,135	\$ 216,116	\$ -	\$ 765,169
Addition	-	24,431	105,709	4,168	3,949	8,174	53,629	-	200,060
Disposal	-	-	(11,422)	(1,212)	(2,134)	-	(4,101)	-	(18,869)
Reclassification	-	-	-	-	-	-	-	-	-
Net exchange differences	-	1,924	8,178	418	508	839	4,968	-	16,835
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 112,828</u>	<u>\$ 475,229</u>	<u>\$ 24,380</u>	<u>\$ 30,998</u>	<u>\$ 49,148</u>	<u>\$ 270,612</u>	<u>\$ -</u>	<u>\$ 963,195</u>
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 385,181</u>	<u>\$ 625,410</u>	<u>\$ 9,693</u>	<u>\$ 9,612</u>	<u>\$ 33,510</u>	<u>\$ 193,279</u>	<u>\$ 3,811</u>	<u>\$1,260,496</u>

In 2021 and 2020, No impairment losses have been recognised or reversed.

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

Buildings	
Plant main building	20 years
Other projects	5 years
Machinery equipment	3 to 10 years
Office equipment	2 to 5 Years
Transportation equipment	3~5 years
Leasehold improvements	3~15 years
Other Equipment	2~10 years

Please refer to Note 35 for the amount of real estate, plant, and equipment set as a loan guarantee.

XVI. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying value of right-of-use assets		
Land	\$ 81,375	\$ 84,137
Buildings	123,031	169,108
Transportation equipment	<u>5,348</u>	<u>4,441</u>
	<u>\$ 209,754</u>	<u>\$ 257,686</u>
	<u>2021</u>	<u>2020</u>
Addition to right-of-use assets	<u>\$ 29,277</u>	<u>\$ 70,280</u>
Depreciation expenses of right-of-use assets		
Land	\$ 2,185	\$ 2,158
Buildings	44,203	46,441
Transportation equipment	<u>2,455</u>	<u>1,971</u>
	<u>\$ 48,843</u>	<u>\$ 50,570</u>

Other than the above increase in right-of-use assets and recognition of depreciation expenses, the combined company's right-of-use assets did not undergo significant sublease or impairment for the years ended December 31, 2021 and 2020.

The right-of-use asset includes long-term prepaid rent for leased land in China, and the combined company has obtained certificate for the land use rights of such land.

(II) Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of lease liabilities		
Current	<u>\$ 46,474</u>	<u>\$ 54,985</u>
Non-current	<u>\$ 93,987</u>	<u>\$ 134,661</u>

The discount rate intervals for lease liabilities are as follows:

	<u>2021</u>	<u>2020</u>
Buildings	0.85%~5.00%	1.1%~7.42%
Transportation equipment	1.00%~3.16%	1%~3.16%

(III) Important Leasing Activities and Terms

The combined company rent certain land, buildings, and transportation equipment as plant, office, and office use by employees. The lease period is 1 to 50 years. At the end of the lease term, the combined company has no preferential right to take over the leased building.

(IV) Sublease

For information on subleasing, please refer to Note 11.

(V) Other lease information

	<u>2021</u>	<u>2020</u>
Expense on short-term leases of low-value assets	\$ 17,318	\$ 7,156
Total cash outflow from lease	<u>\$ 74,265</u>	<u>\$ 64,672</u>

The combined company chooses to apply the recognition exemption for leases that qualify for low-value asset leases, and does not recognize related right-of-use assets and lease liabilities for such leases.

XVII. Goodwill

	<u>2021</u>	<u>2020</u>
<u>Cost</u>		
Opening balance	\$ 82,175	\$ 82,387
Net exchange differences	(113)	(212)
Balance at the end of the year	<u>\$ 82,062</u>	<u>\$ 82,175</u>
<u>Accumulated impairment losses</u>		
Opening balance	\$ -	\$ -
Recognized Impairment of the Year	<u>10,000</u>	<u>-</u>
Balance at the end of the year	<u>\$ 10,000</u>	<u>\$ -</u>
Net balance at the end of the year	<u>\$ 72,062</u>	<u>\$ 82,175</u>

The combined company acquired Zhenjiang Emtron Surface Treatment Limited on January 22, 2019, gained goodwill of NT\$78,155 thousand, which is mainly due to the benefits expected from a stable production supply chain of automotive components in China.

Due to the impact of the Covid-19 epidemic and the unsatisfactory market development, the combined company was unable to adjust its sales strategy in a timely manner, resulting in a less than expected growth in actual operating income after the merger. It was assessed that the recoverable amount of Zhenjiang Emtron Surface Treatment Limited was less than the book amount, so it was recognized in 2011. Goodwill impairment loss of 10,000,000.

The recoverable amount of Zhenjiang Emtron Surface Treatment Limited is determined on the basis of value in use. The cash flow estimate of the financial budget for the next 5 years approved by the management of the merged company is calculated using the annual discount rate of 16.15%. The cash flow over 5 years is 4.9%. % growth rate extrapolation. Other key assumptions include estimated operating income and gross profit on sales, which are based on the past operations of the cash-generating unit and management's expectations on the market.

The combined company acquired Lemtech Energy Solutions Corporation on July 1, 2020, gained goodwill of NT\$4,585 thousand, which was mainly due to the benefits expected from the production and sales of server cooling products in Taiwan.

XVIII. Other Intangible Assets

	Computer software cost	Fair value of franchises and customer relationships	Total
<u>Cost</u>			
Balance as of January 1, 2021	\$ 55,508	\$ 26,811	\$ 82,319
Separate acquisition	7,772	-	7,772
Disposal	(4,903)	-	(4,903)
Net exchange differences	(367)	-	(367)
Balance as of December 31, 2021	<u>\$ 58,010</u>	<u>\$ 26,811</u>	<u>\$ 84,821</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2021	(\$ 31,878)	(\$ 10,343)	(\$ 42,221)
Amortization	(6,805)	(5,135)	(11,940)
Disposal	1,702	-	1,702
Net exchange differences	183	-	183
Balance as of December 31, 2021	<u>(\$ 36,798)</u>	<u>(\$ 15,478)</u>	<u>(\$ 52,276)</u>
Net profit as of December 31, 2021	<u>\$ 21,212</u>	<u>\$ 11,333</u>	<u>\$ 32,545</u>
<u>Cost</u>			
Balance as of January 1, 2020	\$ 46,245	\$ 26,811	\$ 73,056
Separate acquisition	8,667	-	8,667
Disposal			
Net exchange differences	596	-	596
Balance as of December 31, 2020	<u>\$ 55,508</u>	<u>\$ 26,811</u>	<u>\$ 82,319</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2020	(\$ 25,564)	(\$ 5,288)	(\$ 30,852)
Amortization	(5,905)	(5,055)	(10,960)
Net exchange differences	(409)	-	(409)
Balance as of December 31, 2020	<u>(\$ 31,878)</u>	<u>(\$ 10,343)</u>	<u>(\$ 42,221)</u>
Net profit as of December 31, 2020	<u>\$ 23,630</u>	<u>\$ 16,468</u>	<u>\$ 40,098</u>

Amortized expenses were calculated on a straight-line basis over estimated useful lives listed as follows:

Computer software	1~10 year(s)
Fair value of franchises and customer relationships	5 years

XIX. Other Assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Prepayments		
Prepayments for goods	\$ 24,863	\$ 47,844
Other prepayments	<u>39,799</u>	<u>67,449</u>
	<u>\$ 64,662</u>	<u>\$ 115,293</u>
Other current assets		
Temporary payments	\$ 6,627	\$ 122
Payments on behalf of others	<u>-</u>	<u>-</u>
	<u>\$ 6,627</u>	<u>\$ 122</u>
 <u>Non-current</u>		
Prepayments for equipment	\$ 118,991	\$ 64,161
Refundable deposit	<u>6,248</u>	<u>8,916</u>
	<u>\$ 125,239</u>	<u>\$ 73,077</u>

XX. Loans

Short-term loans

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Unsecured loans</u>		
Line of credit loans	<u>\$ 934,539</u>	<u>\$ 772,658</u>

The interest rates of bank revolving loans were 0.67% to 4.5% and 0.73% to 4% on December 31, 2021 and 2020, respectively.

XXI. Bond payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The Third domestic unsecured convertible corporate bond	\$ -	\$ 360,000
Less: Discount on corporate bonds payable	-	(13,648)
	<u>\$ -</u>	<u>\$ 346,352</u>
The fourth domestic unsecured convertible corporate bond	\$ 1,600,000	\$ -
Less: Discount on corporate bonds payable	(55,894)	-
	<u>\$ 1,544,106</u>	<u>\$ -</u>

(I) The Third domestic unsecured convertible corporate bond

The company issued 7 thousand units of unsecured convertible bonds in NTD in Taiwan on August 4, 2020 with a nominal amount of NT\$100 thousand per unit and an interest rate of 0%, issued at a premium of 100% of the par value, or NT\$ 700,000 thousand; the total amount received is NT\$ 700,000 thousand.

1. Each unit of corporate bondholders has the right to convert the Company's converted corporate bonds into common stock of the Company. The conversion period is from November 5, 2020 to August 4, 2023.
2. Where the abovementioned corporate bonds are not converted during the conversion period, the outstanding corporate bonds will redeemed in cash at par value on August 4, 2023.

These convertible bonds include assets, liabilities and equity components; the equity component is recorded in capital surplus-stock options under equity. The equity component is initially recognized at the effective interest rate of 1.49%.

Issue price (minus transaction cost NT\$ 5,564 thousand)	\$ 694,436
Equity component (less transaction cost allocated to equity of NT\$ 210,000)	(26,181)
Financial assets	<u>1,120</u>
Liability component (less the liability transaction cost of NT\$ 5,354 thousand)	<u>\$ 669,375</u>
Liability component as of January 1, 2020	\$ 669,375
Interest calculated at effective interest rate 1.49%	3,393
Corporate bonds converted into ordinary shares	<u>(326,416)</u>
Liability component as of December 31, 2020	<u>\$ 346,352</u>
Liability component as of January 1, 2021	\$ 346,352
Interest calculated at effective interest rate 1.49%	610
Corporate bonds converted into ordinary shares	(346,770)
redemption of corporate bonds	<u>(192)</u>
Liability component as of December 31, 2021	<u>\$ -</u>

(II) The fourth domestic unsecured convertible corporate bond

The company issued 16 thousand units of unsecured convertible bonds in NTD in Taiwan on October 18, 2021 with a nominal amount of NT\$100 thousand per unit and an interest rate of 0%, issued at a premium of 100.5% of the par value, or NT\$ 1,600,000 thousand; the total amount received is NT\$1,608,000 thousand.

1. Each unit of corporate bondholders has the right to convert the Company's converted corporate bonds into common stock of the Company. The conversion period is from January 27, 2022 to October 26, 2024.
2. Where the abovementioned corporate bonds are not converted during the conversion period, the outstanding corporate bonds will redeemed in cash at par value on October 26, 2024.
3. At the end of two years from the issuance date (October 26, 2023), bondholders have the right to sell the bonds back to the company at par value.

The equity component is recorded in capital surplus-stock options under equity. The equity component is initially recognized at the effective interest rate of 1.26%.

Issue price (minus transaction cost NT\$ 5,695 thousand)	\$ 1,602,305
Equity component (less transaction cost allocated to equity of NT\$ 211 thousand)	(59,309)
Financial liability	<u>(2,408)</u>
Liability component (less the liability transaction cost of NT\$ 5,492 thousand)	<u>\$ 1,540,588</u>
Liability component as of October 26, 2021	\$ 1,540,588
Interest calculated at effective interest rate 1.26%	3,518
Liability component as of December 31, 2021	<u>\$ 1,544,106</u>

XXII. Note Payables and Account Payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes payable		
Arising from operations	\$ <u>193,092</u>	\$ <u>174,106</u>
Accounts payable		
Arising from operations	\$ <u>1,324,506</u>	\$ <u>1,566,068</u>

The average credit period for accounts payable is approximately 120 days, and interest is not added to accounts payable. The combined company has established financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

XXIII. Other Liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current		
Other payables		
Equipment payment and construction payment payable	\$ 20,066	\$ 5,400
Payroll and bonus payable	82,784	105,418
Benefits payable	1,491	1,093
Remuneration payable to employees, directors and supervisors	42,852	32,862
Interest payable	339	1,224
Commissions payable	164	355
Customs and logistics fees payables	20,877	23,314
Cash dividends distributed by the Company payables	62,522	46,967
Others	<u>87,259</u>	<u>63,799</u>
	<u>\$ 318,354</u>	<u>\$ 280,432</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other liability		
Temporary payment	\$ 2,400	\$ 2
Others	<u>10,849</u>	<u>20,682</u>
	<u>\$ 13,249</u>	<u>\$ 20,684</u>

XXIV. Equity

(I) Share capital

Common shares

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Authorized shares (in thousands shares)	<u>100,000</u>	<u>100,000</u>
Authorized capital stock	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousand shares)	<u>62,521</u>	<u>50,553</u>
Issued capital	<u>\$ 625,208</u>	<u>\$ 505,535</u>

The board of directors resolved to write off the untransferred treasury shares of 505 thousand shares on May 13, 2020, of which NT\$10 per share. The base date of the capital reduction was May 13, 2021, and the paid-in share capital after the capital reduction was NT\$ 469,670 thousand.

The change in the Company's equity is due to the conversion of some of the convertible bonds. For details, please refer to Note 21.

On July 5, 2021, the company passed the resolution of the shareholders' meeting to increase the capital was NT\$ 81,438 thousand from the surplus, of which NT\$10 per share. The base date for the capital increase was September 12, 2021, and the paid-in share capital after the capital increase was NT\$ 625,208 thousand.

(II) Capital surplus

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>May be used to offset deficits, appropriated as cash dividends or transferred to capital (1)</u>		
Stock issuance premium	\$ 331,432	\$ 331,432
Treasury share transactions	9	9
Premium on conversion of convertible bonds	970,007	649,791
Difference between the proceeds received from acquisition or disposal of shares to a subsidiary and its carrying amount	15,969	15,969

(Continued)

(Continued from previous page)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>May only be used to offset deficits</u>		
Recognized value of changes in equity of ownership of subsidiaries (2)	\$ 78,314	\$ 78,314
Forfeited stock subscription	25,523	25,515
<u>Not for any purpose</u>		
Issuance of convertible bonds with recognized equity component	59,308	13,464
	<u>\$ 1,408,562</u>	<u>\$ 1,114,494</u>

1. This type of capital surplus may be used to cover loss or issue cash or replenish capital when there are no loss, but capital replenishment is restricted to the ratio of actual capital stock each year.
2. This type of capital surplus recognized as equity transaction effect due to changes in subsidiary equity, when the Company's has not acquired or disposed of subsidiary shares.

(III) Retained earnings and dividend policy

According to the company's articles of association, the laws and regulations of the Cayman Islands and listing regulations, in the case of a surplus in the company's annual final accounts, such surplus shall be first subject to taxation, reimbursement of accumulated deficit, followed by a provision for special reserve, if any. Unless the board of directors resolves to keep the remainder as retained earnings, any remainder may be distributed as stock dividend and cash dividend for the shareholders based on their shareholding ratios. Such distribution shall be proposed by the board of directors and submitted to the shareholders' meeting for resolution.

The company's dividend policy considers factors such as the company's stable growth, sustainable operation, capital requirements, sound financial structure, and maintenance of shareholders' equity. The total shareholder dividend shall be not less than 10% of the distributable surplus and may be distributed in stock or in cash, of which cash dividends shall account for no less than 50% of the total dividend distributed. If the company has incurred no loss, it may allocate all or part of the legal capital reserve and capital surplus in accordance with the laws or regulations of the competent authority in consideration of the company's financial, business and operating factors.

For distribution of dividends or bonuses in accordance with the preceding article, the company may, in accordance with the listing regulations, by resolution of the shareholders' meeting, issue all or a portion of the dividends and bonuses by issuing new shares; amounts less than one share may be distributed in cash.

For the valuation basis and actual distribution of the remuneration for employees and directors and supervisors, please refer to Note 26 [7] for remuneration of employees and directors and supervisors.

The shareholders' meetings approved the distribution of earnings for years ended December 31, 2020 and 2019 on June 5, 2021 and June 15, 2020 as follows:

	<u>2020</u>	<u>2018</u>
Special reserve	(\$ 52,040)	\$ 54,849
Cash dividends	\$ 162,876	\$ 118,680
Stock dividend	\$ 81,438	\$ -
Cash dividend capital bonus for each share (NT\$)	\$ 3	\$ 2.5
Stock dividend capital bonus for each share (NT\$)	\$ 1.5	\$ -

The proposals to appropriate earnings for the years 2021 and 2020 resolved by the board of directors are as follows:

	2020Q3 November 12, 2020	2021Q1 May 12, 2021	2021Q2 August 18, 2021	2021Q3 November 11, 2021
Date of resolution by the board of directors				
Special reserve	<u>\$ 32,358</u>	<u>\$ 22,774</u>	<u>\$ 25,370</u>	<u>\$ 16,773</u>
Cash dividends	<u>\$ 46,967</u>	<u>\$ 54,377</u>	<u>\$ 54,377</u>	<u>\$ 62,521</u>
Cash dividend capital bonus for each share (NT\$)	\$ 1	\$ 1	\$ 1	\$ 1

On March 30, 2021, the board of directors approved the distribution of earnings and the dividend per share for 2021 as follows:

	<u>2021Q4</u>
Special reserve	(\$ 31,173)
Cash dividend (Note 1)	<u>\$ 62,521</u>
Cash dividend capital bonus for each share (NT\$)	\$ 1

Note 1: The equity calculated for shareholder dividends is the actual number of shares outstanding as of March 30, 2022 of 62,521 thousand shares.

The distribution of earnings for 2021 is subject to the resolution of the Stockholders' meeting to be held on June 30, 2022.

(IV) Treasury shares

<u>Reason of repatriate</u>	<u>Repurchase for Cancellation (in Thousand Shares)</u>
Number of shares as of January 1, 2020	-
Increase of the year	505
Decrease of the year	(505)
Number of shares as of December 31, 2020	<u>-</u>

1. In order to secure the Company's credit and shareholders' rights and interests, the board of directors of the Company determined to purchase and write off 1,000 thousand shares of treasury shares in accordance with Article 28-2 of the Securities Exchange Act in March 2021. As of the expiry date of the repurchase period, 505

thousand shares have been repurchased at a repurchase cost of NT\$ 38,469 thousand. In order to take into account the market mechanism and not affect the stock price, the Company repurchased it according to the stock price changes and trading volume status, therefore, the execution has not been completed.

2. The Company wrote off 505 thousand treasury shares in May 2021, which was based on the original purchase cost of NT\$38,469 thousand yuan, and the capital reserve was reduced in proportion to the wrote off equity - the stock issuance premium was NT\$ 3,564 thousand and the retained surplus was NT\$ 29,855 thousand. This cancellation has been approved by the Ministry of Economic Affairs and the change registration has been completed.

XXV. Revenue

	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers		
Revenue from sales of goods	<u>\$ 6,369,118</u>	<u>\$ 5,471,250</u>

(I) Revenue from the sale of goods

3. Revenue from sales of goods derived from the sales of computer, communication, consumer electronics and automotive components. Because the customer has the right to use the product when the product is sold, and bears the risk of loss or damage to the product, the combined company recognizes the revenue and accounts receivable at that point.

(II) Contract Balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes receivable (Note X)	<u>\$ 3,537</u>	<u>\$ 3,537</u>	<u>\$ 4,684</u>
Accounts receivable (Note X)	<u>1,910,320</u>	<u>2,203,951</u>	<u>2,076,706</u>
	<u>\$ 1,914,167</u>	<u>\$ 2,207,488</u>	<u>\$ 2,081,390</u>
Contract liabilities -			
Current	<u>\$ 116,476</u>	<u>\$ 96,055</u>	<u>\$ 79,408</u>

(III) Disaggregation of Revenue from Customer Contracts

Please refer to Note 42 for information on revenue breakdown.

XXVI. Net profit of continuing operation unit

(I) Interest income

	<u>2021</u>	<u>2020</u>
Bank deposits	\$ 7,862	\$ 4,358
Net lease investment	<u>573</u>	<u>838</u>
	<u>\$ 8,435</u>	<u>\$ 5,196</u>

(II) Other income

	<u>2021</u>	<u>2020</u>
Subsidy income (Note 29)	\$ 12,336	\$ 8,938
Others	<u>2,943</u>	<u>9,807</u>
	<u>\$ 15,279</u>	<u>\$ 18,745</u>

(III) Other profits and (losses)

	<u>2021</u>	<u>2020</u>
Profit (loss) of financial assets and financial liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	\$ 3,301	\$ 620
Designated as financial assets at fair value through profit or loss	552	1,464
Designated as financial liabilities at fair value through profit or loss	1,443	179
Foreign exchange loss - Net	(12,244)	(43,577)
Gains on disposal of real estate, plant, and equipment	359	26,363
Goodwill impairment loss	(10,000)	-
Gains on disposal of affiliated companies	11,778	-
Loss from redemption and reversal of corporate bonds payables	(8)	(5,961)
Others	<u>(4,253)</u>	<u>(6,192)</u>
	<u>(\$ 9,072)</u>	<u>(\$ 27,104)</u>

(IV) Finance cost

	<u>2021</u>	<u>2020</u>
Interest on bank loans	(\$ 11,198)	(\$ 25,025)
Interest on lease liabilities	(5,956)	(5,085)
Interest on convertible bonds	<u>(4,128)</u>	<u>(8,634)</u>
	<u>(\$ 21,282)</u>	<u>(\$ 38,744)</u>

(V) Depreciation and amortization expenses		
	<u>2021</u>	<u>2020</u>
Depreciation expenses summarized by function		
Operating costs	\$ 200,302	\$ 177,267
Operating expenses	<u>84,503</u>	<u>73,363</u>
	<u>\$ 284,805</u>	<u>\$ 250,630</u>
Amortized cost summarized by function		
Operating costs	\$ 284	\$ 239
Operating expenses	<u>11,656</u>	<u>10,721</u>
	<u>\$ 11,940</u>	<u>\$ 10,960</u>
(VI) Employee benefits		
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 660,996	\$ 554,074
Benefits after retirement		
Defined contribution plans	<u>25,808</u>	<u>3,493</u>
Total employee benefit expenses	<u>\$ 686,804</u>	<u>\$ 557,567</u>
Summarized by functions		
Operating costs	\$ 303,317	\$ 256,822
Operating expenses	<u>383,487</u>	<u>300,745</u>
	<u>\$ 686,804</u>	<u>\$ 557,567</u>

(VII) Remuneration of employees, directors and supervisors

In accordance with the regulations of the Articles of Incorporation, the Company deducts the pre-tax profits before the distribution of employees, directors, and supervisors' remuneration for the current year, and allocates the remuneration of employees, directors, and supervisors at a rate of no less than 0.5% and no more than 2%, respectively. Remunerations for employees and directors for 2021 and 2020 were resolved by the Board of Directors on March 30, 2022 and March 31, 2021 respectively.

Estimated ratio

	<u>2021</u>	<u>2020</u>
Remunerations for employees	1%	1%
Remunerations for directors and supervisors	1%	1%

Sum

	<u>2021</u>	<u>2020</u>
	<u>Cash</u>	<u>Cash</u>
Remunerations for employees	\$ 4,792	\$ 4,686
Remunerations for directors and supervisors	4,792	4,686

If changes are made to the amount after the publication of the consolidated annual financial report, they apply in accordance with accounting estimation changes and will be included in the financial reports of the following year.

The amounts of employee remunerations distributed for the years ended December 31, 2020 and 2019 and those recognized in the consolidated financial statements are consistent.

For information on the Company's remunerations for employees and Directors as resolved by the Board of Directors, please visit the "Market Observation Post System" of Taiwan Stock Exchange.

(VIII) Foreign currency exchange (profit) and loss

	<u>2021</u>	<u>2020</u>
Total currency exchange gains	\$ 88,921	\$ 105,939
Total currency exchange losses	(101,165)	(149,516)
Net (loss) profit	<u>(\$ 12,244)</u>	<u>(\$ 43,577)</u>

XXVII. Income tax of continuing operation units

(I) Income tax recognized in profit or Loss

	<u>2021</u>	<u>2020</u>
Current tax		
Generated in the current year	\$ 80,982	\$ 111,430
Land value increment tax	-	1,369
Additional tax on undistributed earnings	3,094	1,167
Adjustments from the previous years	<u>(16,538)</u>	<u>(10,646)</u>
	<u>67,538</u>	<u>103,320</u>
Deferred income tax		
Generated in the current year	33,477	20,957
Undistributed earnings of subsidiaries	<u>59,712</u>	<u>63,817</u>
	<u>93,189</u>	<u>84,774</u>
Income tax expenses recognized in gain or loss	<u>\$ 160,727</u>	<u>\$ 188,094</u>

Adjustments for accounting income and income tax expenses are as follows:

	<u>2021</u>	<u>2020</u>
Net income before taxes from continuing operations	<u>\$ 627,899</u>	<u>\$ 643,017</u>
Income tax expenses calculated as the product of income before income tax and the statutory tax rate	\$ 136,445	\$ 135,063
Non-deductible expenses	1,172	377
Tax-exempted income	-	(1,369)
Effects on the deferred income tax of subsidiaries' earnings	59,712	63,817
Additional tax on undistributed earnings	\$ 3,094	1,167
Unrecognized deductible temporary difference	(23,173)	(1,889)
Land value increment tax	-	1,369
Others	15	205
Adjustments on income tax of prior periods	(<u>16,538</u>)	(<u>10,646</u>)
Income tax expenses recognized in gain or loss	<u>\$ 160,727</u>	<u>\$ 188,094</u>

The tax rate applicable to Long Dachang Company, a subsidiary of the combined company, is 20%; the Chinese subsidiary of the combined company, Liande Fine Materials Co., Ltd., obtained the local government's high-tech enterprise certificate on November 30, 2016 and November 7, 2019, and enjoys a 15% preferential tax rates between 2016 and 2022.

(II) Income tax assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current income tax assets		
Tax refunds receivables	<u>\$ 3,947</u>	<u>\$ 13</u>
Current income tax liabilities		
Income tax payables	<u>\$ 29,102</u>	<u>\$ 52,906</u>

(III) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities were described as follows:

<u>2021</u>					
	<u>Opening balance</u>	<u>Recognized in gain or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Exchange differences</u>	<u>Balance at the end of the year</u>
<u>Deferred income tax assets</u>					
Temporary differences					
Allowance for inventory valuation loss	\$ 5,459	\$ 2,559	\$ -	\$ 33)	\$ 7,985
Allowance for doubtful accounts	2,229	-	-	(15)	2,214
Exchange differences on translation of foreign operations	192	-	2,611	2	2,805
Unrealized exchange profits and losses	1,288	(1,225)	-	-	63

(Continued)

(Continued from previous page)

	Opening balance	Recognized in gain or loss	Recognized in other comprehensive income	Exchange differences	Balance at the end of the year
Deductible loss	3,086	(1,776)	-	-	1,310
Others	1,565	(63)	-	(11)	1,491
Subtotal of deferred income tax assets	<u>\$ 13,819</u>	<u>(\$ 505)</u>	<u>\$ 2,611</u>	<u>(\$ 57)</u>	<u>\$ 15,868</u>
<u>Deferred income tax liabilities</u>					
Temporary differences					
Recognition of investment gains and losses by foreign equity method	\$ 96,081	\$ 32,996	\$ -	(\$ 614)	\$ 128,463
Others	194,662	59,688	-	(6,661)	247,689
Subtotal of deferred income tax liabilities	<u>\$ 290,743</u>	<u>\$ 92,684</u>	<u>\$ -</u>	<u>(\$ 7,275)</u>	<u>\$ 376,152</u>

2020

	Opening balance	Recognized in gain or loss	Recognized in other comprehensive income	Exchange differences	Balance at the end of the year
<u>Deferred income tax assets</u>					
Temporary differences					
Allowance for inventory valuation loss	\$ 7,370	(\$ 1,989)	\$ -	\$ 78	\$ 5,459
Allowance for doubtful accounts	4,372	(2,170)	-	27	2,229
Recognition of investment gains and losses by foreign equity method	-	-	188	4	192
Unrealized exchange profits and losses	545	743	-	-	1,288
Deductible loss	\$ 1,180	\$ 1,906	\$ -	\$ -	\$ 3,086
Others	1,905	(365)	-	25	1,565
Subtotal of deferred income tax assets	<u>\$ 15,372</u>	<u>(\$ 1,875)</u>	<u>\$ 188</u>	<u>\$ 134</u>	<u>\$ 13,819</u>
<u>Deferred income tax liabilities</u>					
Temporary differences					
Recognition of investment gains and losses by foreign equity method	\$ 75,349	\$ 19,071	\$ -	\$ 1,661	\$ 96,081
Exchange differences on translation of foreign operations	5,350	-	(5,328)	(22)	-
Allowance for doubtful accounts	12	(12)	-	-	-
Others	139,422	63,840	-	(8,600)	194,662
Subtotal of deferred income tax liabilities	<u>\$ 220,133</u>	<u>\$ 82,899</u>	<u>(\$ 5,328)</u>	<u>(\$ 6,961)</u>	<u>\$ 290,743</u>

(IV) Income tax approval status

For business income tax returns of LDC Company, part of the combined company, the filed cases before the year 2019 have been approved by the tax collection authority.

XXVIII. Earnings per Share

	2020	Unit: NT\$ per share 2020
Basic earnings per share	<u>\$ 7.51</u>	<u>\$ 8.32</u>
Diluted earnings per share	<u>\$ 6.48</u>	<u>\$ 8.11</u>

When calculating earnings per share, the impact of the free allotment has been adjusted retrospectively, and the base date of the free allotment is set on September 12, 2021. Due to retrospective adjustments, changes in basic and diluted earnings per share in 2020 are as follows:

	Before retrospective adjustment	After retrospective adjustment
	2020	2020
Basic earnings per share	\$ 9.57	\$ 8.32
Diluted earnings per share	\$ 9.33	\$ 8.11

For the calculation of earnings per share and the weighted average number of ordinary shares are as follows:

Net profit for the period

	2021	2020
Net profit attributable to owners of the Company	\$ 465,717	\$ 455,845
Net profit used in calculating basic earnings per share	\$ 465,717	\$ 455,845
Impact on ordinary shares with dilutive effect:		
after-tax interest on convertible bonds	4,128	3,393
Net profit used in calculating diluted earnings per share	\$ 469,845	\$ 459,238

Number of shares

	2021	Unit: Thousand shares 2020
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	62,002	54,768
Impact on ordinary shares with dilutive effect:		
Convertible bonds	10,432	1,791
Remunerations for employees	37	60
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	72,471	56,619

If the combined company chooses to offer employees remuneration by way of shares or cash, then while calculating the diluted earnings per share, assuming that the remuneration is paid in the form of stocks, the potential ordinary shares with dilutive effect will be included in the weighted average number of outstanding shares to calculate the diluted earnings per share. The dilutive effect of such potential ordinary stocks shall continue to be considered when calculating the diluted earnings per share before resolving the number of stocks to be distributed as employee remunerations in the following year.

XXIX. Government Grants

The Chinese subsidiary obtains financial subsidies from the local competent authority in accordance with the regulations. In 2021 and 2020, the amounts were recognized in other income at NT\$ 12,336 thousand and NT\$ 8,938 thousand.

XXX. A Disposal of a subsidiary \

(I) Consideration received

	<u>Lemtech Philippine</u>
Cash and cash equivalents	\$ 60,200
Receivable disposition investment	<u>7,000</u>
Total consideration	<u>\$ 67,200</u>

The investment receivables for disposal are expected to be collected in January 2022 and January 2023, respectively, at NTD 3,500 thousand (US\$125,000).

(II) Analysis of assets and liabilities out of control

	<u>Lemtech Philippine</u>
<u>Current assets</u>	
Cash and cash equivalents	\$ 3,518
Account receivables	29,725
Other receivables	170
Inventory	20,226
Prepayment	152
<u>Non-current assets</u>	
Real estate, plant, and equipment	29,007
Refundable deposits	4,131
Right-of-use assets	24,506
<u>Current liabilities</u>	
Account payables	(26,267)
Other payables	(418)
Current tax liabilities	(7)
Lease liabilities	(9,967)
<u>Non-current liabilities</u>	
Lease liabilities	(16,851)
Deposited Margin	(<u>269</u>)
Disposal of net assets	<u>\$5 7,656</u>

(III) Benefit of Disposal of Subsidiary

	<u>Lemtech Philippine</u>
Consideration received	\$ 67,200
Disposal of net assets	(57,656)
Accumulated exchange differences on net assets of subsidiaries reclassified from equity to profit or loss due to loss of control over subsidiaries	<u>2,234</u>
Disposal benefits	<u>\$ 11,778</u>

(IV) Net cash flow of disposed subsidiaries

	<u>Lemtech Philippine</u>
Consideration received in cash and cash equivalents	\$ 60,200
Less: Disposal cash and cash equivalent balance	(3,518)
	<u>\$ 56,682</u>

XXXI. Information on Cash flow information

(I) Non-cash transactions

Except for those disclosed in other Notes, the Group has invested and raised funds for the following non-cash transactions in 2021 and 2020:

The adjustment of cash payments for the purchase of real property, plant and equipment is as follows:

	<u>2021</u>	<u>2020</u>
Added this year (including prepayment for equipment)	\$ 286,143	\$ 160,093
Changes in equipment payments and construction payments payable	(\$ 14,666)	<u>5,216</u>
Cash amount paid for procurement of property, plants and equipment	<u>\$ 2715,666</u>	<u>\$ 165,309</u>

(II) Changes in liabilities from financing activities

2021

	<u>2021</u>		<u>Non-cash flow changes</u>		<u>2021</u>
	<u>January 1</u>	<u>Cash flow</u>	<u>New lease</u>	<u>Others</u>	<u>December 31</u>
Lease liabilities	<u>\$ 189,6463</u>	<u>(\$ 56,947)</u>	<u>\$ 29,277</u>	<u>(\$ 21,515)</u>	<u>\$ 140,461</u>

2020

	<u>2020</u>		<u>Non-cash flow changes</u>		<u>2020</u>
	<u>January 1</u>	<u>Cash flow</u>	<u>New lease</u>	<u>Others</u>	<u>December 31</u>
Lease liabilities	<u>\$ 168,143</u>	<u>(\$ 57,516)</u>	<u>\$ 70,280</u>	<u>\$ 8,739</u>	<u>\$ 189,646</u>

XXXII. Capital Risk Management

The combined company manages its capital based on the policy to ensure the continual operations of the entities in the combined company. By optimizing its debts and liabilities, the combined company can maximize return for stakeholders.

The combined company's capital structure consists of net debts (i.e. loans and corporate bonds less cash and cash equivalents) and equities (i.e. equity, capital reserve, retained earnings, and other equity).

The combined company is not subject to any other external capital requirements.

The combined company's management periodically reassesses the combined company's capital structure; the inspection items include capital costs of various categories and related risks. The combined Company will distribute dividend, issue new stocks and new debts, repurchase shares, or repay old debts among other methods to balance its overall capital structure (in accordance with the recommendations of its

management).

XXXIII. Financial Instruments

- (I) Fair value information - financial instruments not measured at fair value
The combined company's financial assets and financial liabilities whose carrying amounts are not measured at fair value are close to their fair value.
- (II) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Structured deposits	\$ -	\$ 43,606	\$ -	\$ 43,606
<u>Financial liabilities at fair value through profit or loss</u>				
Redemption rights of corporate bonds payable	\$ -	\$ -	\$ 965	\$ 965

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Redemption rights of corporate bonds payable	\$ -	\$ -	\$ 1,224	\$ 1,224
Structured deposits	-	8,788	-	8,788
	<u>\$ -</u>	<u>\$ 8,788</u>	<u>\$ 1,224</u>	<u>\$ 10,012</u>

There was no transfer between Level 1 and Level 2 fair value measurements in 2021 and 2020.

(Continued)

(Continued from previous page)

2. Reconciliation of financial instruments at Level 3 fair value measurement 2021

	<u>Derivatives instruments</u>
Financial assets at fair value through profit or loss	
Opening balance	\$ 1,224
Recognized in gain or loss (other gains and losses)	552
Disposal/settlement	(1,776)
Balance at the end of the year	<u>\$ -</u>
Changes in unrealized profits or losses of the year related to the assets held at the end of the year are recognized in profit or loss.	<u>\$ 552</u>
Financial liabilities at fair value through profit or loss (FVTPL)	
Opening balance	\$
Recognized in gain or loss (other gains and losses)	(2,4086)
Disposal/settlement	1,443
Balance at the end of the year	<u>(\$ 965)</u>
Changes in unrealized benefits or losses in the current year related to liabilities held at the end of the year and recognized in gains or losses.	<u>\$ 1,443</u>

2020

	<u>Derivatives instruments</u>
Financial assets at fair value through profit or loss	
Opening balance	\$ -
Recognized in gain or loss (other gains and losses)	1,464
Addition	\$ 1,120
Disposal/settlement	(1,360)
Balance at the end of the year	<u>\$ 1,224</u>
Changes in unrealized profits or losses of the year related to the assets held at the end of the year are recognized in profit or loss.	<u>\$ 1,464</u>
Financial liabilities at fair value through profit or loss (FVTPL)	
Opening balance	(\$ 3,392)
Recognized in gain or loss (other gains and losses)	179
Disposal/settlement	3,213
Balance at the end of the year	<u>\$ -</u>
Changes in unrealized benefits or losses in the current year related to liabilities held at the end of the year and recognized in gains or losses.	<u>\$ 179</u>

3. Valuation techniques and inputs of Level 2 fair value measurement

Category of Financial Instruments	Valuation Technique and Inputs
Structured deposits	Discounted cash flow method: Estimate future cash flows based on observable interest rates at the end of the period and discount them at a discount rate that reflects credit risk.

4. Valuation techniques and inputs of Level 3 fair value measurement
 Derivatives - Convertible corporate bond redemption rights are based on the use of binary tree convertible bond evaluation model to estimate the fair value, the significant unobservable input value adopted is the stock price volatility. When stock price volatility increases, the fair value of these derivatives will increase.

(III) Classification of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Measured at fair value through gain or loss		
Designated as fair value through profit and loss	\$ -	\$ 1,224
Mandatorily measured at fair value through profit or loss	43,606	8,788
Financial assets measured at amortized cost (Note 1)	5,357,571	3,890,742
<u>Financial liabilities</u>		
Measured at fair value through gain or loss		
Designated as fair value through profit and loss	-	-
Valuation of cost after amortization (Note 2)	4,323,731	3,149,083

Note 1: The balances include cash and cash equivalents, accounts receivable, notes receivable, other receivables, finance lease receivables and refundable deposits, which are measured at amortized cost.

Note 2: The balances include financial liabilities measured at amortized cost such as short-term loans, notes payable, accounts payable, other payables, long-term loans, corporate bonds payable, and guarantee deposits.

(IV) Objectives and policies of financial risk management

The main financial instruments of the combined company include cash and cash equivalent, accounts receivable, accounts payable, corporate bonds payable and loans. The financial management department of the combined company provides services to the business units, including coordinating operations in the domestic and international financial markets, and managing financial risks relating to the operations of the

combined company based on the degree of risk and the degree of the breadth of the exposure. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

The financial management department reports monthly to the management of the combined company, and the management would carry out risk monitoring and policy implementation based on its duties and responsibilities to mitigate risk exposure.

1. Market risks

The combined company's activities expose it primarily to the financial risks of changes in foreign exchange rates (see (1) and the changes in interest rates (see (2) below).

The management and measurement of market risks of financial instruments and risk exposure of the combined company remain unchanged.

(1) Foreign currency exchange risk

The Group's sales and purchase transactions are denominated in foreign currency; as a consequence, the Group is exposed to the risk of fluctuation in the exchange rate.

For the monetary assets and liabilities of the combined company denominated in non-functional currencies on the balance sheet date (including those monetary items denominated in non-functional currencies that have been written off in the consolidated financial statements), please refer to Note 40.

Sensitivity analysis

The combined company is mainly impacted by the exchange rate fluctuations in USD.

The following table includes the sensitivity analysis of the combined company's financial position under circumstances that the exchange rate of a foreign currency to NTD (the function currency) increases or decreases by 1%. The hypothetical increase of 100 basis point (1%) in exchange rates is used in the Management's internal sensitivity analysis report on currency exchange risks; it also reflects the reasonable range of change in exchange rates the management believes would be. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and the adjustment of their translation at the end of the period for a 1% change in exchange rate. A positive number in the table below indicates an increase in net profit before income tax that would result when the functional currency strengthens 1% against the relevant currency. For a 1% weakening of NTD against the relevant currency, the effect on the net profit before income tax would be the same amount in negative.

	<u>Impact of USD</u>	
	<u>2021</u>	<u>2020</u>
Increase in net profit before tax	<u>\$ 674</u>	<u>\$ 4,555</u>

The impact of profit and loss is mainly derived from the USD-denominated cash and cash equivalents, receivables, and payables that are still in

circulation at the balance sheet date of the combined company and have not been hedged with cash flow.

(2) Interest rate risk

By taking out loans at both the fixed rate and the floating rate at the same time, the Group is exposing to interest rate risk. The policy of the combined company is to maintain floating-rate borrowings to reduce the risk of interest rate changes, and currently does not operate interest rate hedging tools. The management of the combined company will monitor the interest rate risk timely, and will take necessary measures to respond to the risk control caused by the huge changes in market interest rates if necessary.

The carrying value of financial assets and liabilities exposed to interest rate risk of the combined company on the balance sheet date are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Interest rate risks with cash flow		
— Financial assets	\$ 3,391,566	\$ 1,642,673
— Financial liabilities	934,539	772,658

Sensitivity analysis

The sensitivity analysis below is based on the non-derivative instruments' interest rate risk exposure at the balance sheet date. For liabilities at floating interest rates, the analysis assumes they are outstanding throughout the reporting period if they are outstanding at the balance sheet date. The rate of change used when reporting interest rates within the Group to key management levels increased or decreased by 0.5%, which also represents the management's assessment on the reasonably possible scope of the interest rate.

If interest rate increases/decreases by 0.5%, held other variables constant, the combined company's income before tax will increase/decrease by NT\$ 12,285 thousand and NT\$ 4,350 thousand for 2021 and 2020, respectively.

2. Credit risk

Credit risks refer to risks that cause financial loss of the combined company due to the counterparty's delay in performing contractual obligations. Due to the nature of the industry in which it operates, the combined company has no significant concentration of credit risk. The combined company has formulated a policy that when assessing the credit line granted to customers, it must obtain appropriate financial information from customers to conduct credit ratings of customers to ensure that sales services do not generate significant credit risk. The maximum amount of credit risk of the combined company is the net amount of the carrying amount of financial assets after deducting the amounts that can be offset according to regulations and the impairment losses recognized in accordance with regulations without considering collateral and other credit enhancement policies.

The main objects of the accounts receivable and other receivables of the

combined company are foreign-funded enterprises established in China and internationally renowned manufacturers. The credit risk management and impairment status are detailed in Note 10.

The bank deposits of the combined company and other investment in financial assets are mainly deposited in banks with good credit ratings assigned by international credit rating agencies, so this credit risk is not significant.

3. Liquidity risk

The combined company supports its business operations and reduces cash flow fluctuation through appropriate management and the maintenance of sufficient cash and cash equivalents. The combined company's management supervises bank financing conditions and ensures compliance with loan contracts.

The bank loans are a significant source of liquidity for the combined company. Please refer to (2) Financing limit below for the unfunded financing amount of the combined company as of December 31, 2021 and 2020.

(1) Liquidity and interest rate risk of non-derivative financial liabilities

The non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flow. Therefore, the Consolidated Company may be required to repay a bank loan immediately and the possibility is listed in the table below and categorized into the earliest period line item disregard the probability of exercising such right on instance by the bank. The analysis of the maturity of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

Further information on the maturity analysis of lease liabilities is listed as follows:

	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities</u>			
Bank loans	\$ 934,539	\$ -	\$ -
Notes payable	193,092	-	-
Accounts payable	1,324,506	-	-
Other payables	318,354	-	-
Lease liabilities	46,474	93,987	-
Corporate bonds payable	-	1,600,000	-
	<u>\$ 2,816,965</u>	<u>\$ 1,693,987</u>	<u>\$ -</u>
	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
Lease liabilities	<u>\$ 51,559</u>	<u>\$ 99,581</u>	<u>\$ -</u>

December 31, 2020

	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities</u>			
Bank loans	\$ 772,658	\$ -	\$ -
Notes payable	174,106	-	-
Accounts payable	1,566,068	-	-
Other payables	280,432	-	-
Lease liabilities	54,985	130,619	4,042
Corporate bonds payable	-	360,000	-
	<u>\$ 2,848,249</u>	<u>\$ 490,619</u>	<u>\$ 4,042</u>

	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
Lease liabilities	<u>\$ 62,977</u>	<u>\$ 141,962</u>	<u>\$ 4,067</u>

(2) Credit limit

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank loan line		
– Amount used	\$ 934,539	\$ 772,658
– Amount unused	<u>1,826,821</u>	<u>1,813,667</u>
	<u>\$ 2,761,360</u>	<u>\$ 2,586,325</u>

XXXIV. Related Party Transactions

All transactions, account balances, income, and expenses between the Company and its subsidiaries (related parties of the Company) are fully offset by intercompany netting and therefore are not shown in this Note. The transactions between the Group and other related parties are as follows.

(I) The names and relations of related parties

<u>Name of related party</u>	<u>Relationship with the combined company</u>
Aapico Lemtech	Affiliates
Total Vantage Technology Limited Taiwan Branch	Substantial relationship

(II) Operating revenue

<u>Accounting item</u>	<u>Category of related parties</u>	<u>2021</u>	<u>2020</u>
Sales	Affiliates	<u>\$ 5,173</u>	<u>\$ 7,331</u>

There are no significant differences between the terms and conditions of sales and collection for related parties and that of general transactions.

(III) Purchase of goods

<u>Category of related parties</u>	<u>Category of related parties</u>	<u>2021</u>	<u>2020</u>
Purchase of good	Substantial relationship	<u>\$ 352</u>	<u>\$ -</u>

There are no significant differences between the terms and conditions of purchase and payment for related parties and that of general transactions.

(IV) Account receivables from related parties (excluding loans extended to related parties and contract assets)

<u>Accounting item</u>	<u>Category of related parties</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	Affiliates	<u>\$ 344</u>	<u>\$ 3,625</u>

The related parties in circulation did not receive guarantees, and no loss allowances were set aside for receivables from related parties for the years ended December 31, 2021 and 2020.

(V) Account payables to related parties (excluding loans extended to related parties and contract assets)

<u>Accounting item</u>	<u>Category of related parties</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Account payables	Substantial relationship	<u>\$ 352</u>	<u>\$ -</u>

The outstanding balance of payables to related parties is not guaranteed.

(VI) Remuneration to the management

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	<u>\$ 34,631</u>	<u>\$ 35,5176</u>

The remuneration for directors and other key management is determined by the remuneration committee based on personal performance and market trends.

XXXV. Pledged Assets

The following assets have been provided as the collateral for financing borrowings:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank deposits-restricted (accounts for financial assets measured at amortized cost)	<u>\$ -</u>	<u>\$ 4,141</u>

XXXVI. Material Contingent Liabilities and Unrecognized Contractual Commitments

Except for those disclosed in other Notes, significant commitments and contingencies of the combined company on the balance sheet date are as follows:

(I) significant commitments

The unrecognized contractual commitments of the merged company are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Acquisition of Land and Immovable Property, Plant and Equipment (Attachment 4)	<u>\$ 1,055,000</u>	<u>\$ -</u>

(II) contingencies

Contingent liabilities

The subsidiary of the combined company was served a civil complaint from King Slide Works Co., Ltd. (hereinafter referred to as "King Slide") on June 26, 2018. The complaint was filed with the Higher People's Court of Jiangsu Province on June 19, 2018 by King Slide, suing Lemtech Precision Material and Lemtech Slide Company for the production, manufacture, and sale of rail products without King Slide's license, infringing its patent rights, and request compensation of CNY 100 million, rights maintenance costs of CNY 183,090, and NT\$31,748. The attorney appointed for the case states that since Lemtech Precision Material mainly engages in the research and development, production, and sales of precision metal stamping components and toolings with the cooling module, automobile modules, and components and stamping toolings for other components. For rail products, it only produced stamping components, it is not a manufacturer or dealer of rail product, thus no infringement has occurred in this case. The rail product produced by Lemtech Slide Company is all subject to its relevant patents (some still in the application process), which by the attorney's initial judgment are different from that of King Slide. Furthermore, King Slide failed to produce evidence to prove its claim, thus the payment of compensation is unlikely. The case was first trialed in court on January 25, 2020. The merged company received a judgment from the Higher People's Court of Jiangsu Province on August 23, 2021, and King Slide filed should immediately stop the manufacture and sales as mentioned in the judgment. Products and compensated King Slide filed RMB 3,000,000 and paid some lawyers and litigation costs of RMB 450,000. The amount of claims adjudicated by the Jiangsu Higher People's Court has no significant impact on the consolidated company's finances. In addition, since the consolidated company's sliding rail product revenue does not account for a large portion of the consolidated company's overall revenue, it has no significant impact on the consolidated company's business. The merged company has appointed a lawyer to continue to submit a petition to the Supreme Court of the People's Republic of China for ruling.

King Slide filed infringement claims with the Higher People's Court of Jiangsu Province, and issued statement letters to the customers of Lemtech Precision Material, which had a negative impact on the reputation of Lemtech Precision Material. Therefore, the company represented Lemtech Precision Material and filed a claim with the Taiwan Ciaotou District Court on January 15, 2019.

XXXVII. Losses Due to Major Disasters: None.

XXXVIII. Other Matters

The combined company is affected by the global pandemic of COVID-19, which has

caused the suspension of economic and commercial activities in various countries. After evaluating items such as operating conditions and capital use, the epidemic did not cause significant abnormal effects on the combined company, and sales and production activities related to operations were operating normally. However, the epidemic has directly affected global market operations. The combined company will also pay close attention to the follow-up impact of the epidemic, evaluate market changes immediately, and take relevant anti-epidemic measures timely.

XXXIX. Significant Events after the Balance Sheet Date: None.

XL. Information on Foreign Currency-denominated Assets and Liabilities of Significant Influence

The following summary is presented in foreign currencies other than the functional currency. The exchange rates disclosed in the summary refers to the exchange rate of a foreign currency to the functional currency.

Information on foreign currency-denominated assets and liabilities of significant influence is as follows:

December 31, 2021

Foreign currency	Foreign currency	Exchange rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 31,176	27.6600 (USD:NTD)	\$ 862,315
USD	15,206	6.3674 (USD:RMB)	420,609
RMB	896	4.3440 (RMB:NTD)	3,894
RMB	17	0.1570 (RMB:USD)	75
JPY	500	0.2411 (JPY:NTD)	121
JPY	79,593	0.0555 (JPY:RMB)	19,189
EUR	1	31.3198 (EUR:NTD)	29
EUR	5,072	7.2099 (EUR:RMB)	158,845
SGD	195	0.7397 (SGD:USD)	3,987
SGD	21	20.4598 (SGD:NTD)	423
			<u>\$ 1,469,487</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	34,308	27.6600 (USD:NTD)	\$ 948,969
USD	9,637	6.3674 (USD:RMB)	266,546
JPY	25,359	0.0555 (JPY:RMB)	6,114
EUR	-	7.2100 (EUR:RMB)	-
SGD	18	20.4598 (SGD:NTD)	360
			<u>\$ 1,221,989</u>

December 31, 2020

Foreign currency assets	Foreign currency	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD	\$ 20,748	28.5595 (USD:NTD)	\$ 592,566
USD	24,271	6.5249 (USD:RMB)	693,173
RMB	2,235	4.3770 (RMB:NTD)	9,785
RMB	17	0.1533 (RMB:USD)	75
JPY	500	0.2763 (JPY:NTD)	138
JPY	67,745	0.0631 (JPY:RMB)	18,718
EUR	1	35.0200 (EUR:NTD)	32
EUR	2,842,557	8.0009 (EUR:RMB)	99,546
			<u>\$ 1,414,033</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	18,509	28.5595 (USD:NTD)	\$ 528,611
USD	10,562	6.5249 (USD:RMB)	301,633
JPY	7,555	0.0631 (JPY:RMB)	2,087
EUR	1,850	8.0009 (EUR:RMB)	64,787
			<u>\$ 897,118</u>

The combined company is mainly exposed to foreign currency exchange rate risks of RMB, USD, CZK, and PHP. The following information is aggregated in terms of the functional currency of the foreign currency held. The exchange rate disclosed is the exchange rate of the functional currency into the presentation currency. The realized and unrealized foreign currency exchange profits and losses that have a significant impact are as follows:

Functional currency	2021		2020	
	Functional Currency and Presentation Currency	Net exchange gains and losses	Functional Currency and Presentation Currency	Net exchange gains and losses
NTD	1.0000 (NTD:NTD)	\$ 5,806	1.0000 (NTD:NTD)	\$ 4,226
RMB	4.344 (RMB:NTD)	(23,346)	4.3770 (CNY:NTD)	(44,762)
USD	27.66 (USD:NTD)	56	28.5595 (USD:NTD)	(764)
CZK	1.2656 (CZK:NTD)	4,829	1.3303 (CZK:NTD)	(764)
PHP	0.5809 (PHP:NTD)	471	0.5861 (PHP:NTD)	518
		<u>(\$ 12,184)</u>		<u>(\$ 43,577)</u>

XLI. Supplementary Disclosures

Information on (I) Significant Transactions and (II) Investees:

1. Financings provided (Attachment 1)
2. Endorsements/guarantees provided to others (Attachment 2)

3. Marketable securities held at the end of year (excluding investments in subsidiaries, affiliates and interest in joint ventures) (Attachment 3)
 4. Accumulated purchase or disposal of individual marketable securities equal to or in excess of NT\$300 million or 20% of paid-in capital (None)
 5. Acquisition of real estate at cost in excess of NT\$300 million or 20% of paid-in capital (Attachment 4)
 6. Disposal of real estate at cost in excess of NT\$300 million or 20% of paid-in capital (None)
 7. Purchases or sales to related parties of at least NT\$100 million or 20% of paid-in capital (Attachment 5)
 8. Accounts receivable from related parties equal to or in excess of NT\$100 million or 20% of paid-in capital (Attachment 6)
 9. Engage in derivative transactions (Note 7 and 33)
 10. Others: Business relationships, important transactions and the amounts between parent company and subsidiaries (Attachment 7)
 11. Information on investees (Attachment 8)
- (III) Information on investments in China:
1. Information on any investee company in China; disclose the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in China. (Attachment 9)
 2. Significant transactions with investee companies in China, either directly or indirectly through a third region, and their prices, payment terms, and unrealized gains or losses. (Attachment 9)
 - (1) Purchase amount and percentage, and the ending balance and percentage of payables.
 - (2) Sales amount and percentage, and the ending balance and percentage of payments receivables.
 - (3) Property transaction amount and the resulting gain or loss.
 - (4) Ending balance of endorsement, guarantee or collateral provided and purposes.
 - (5) The maximum balance, ending balance, interest rate range and total amount of interest of financing for the current year.
 - (6) Other transactions having a significant influence on profit or loss or financial status of the current year, such as providing or receiving services.
- (IV) Information on major shareholders: Names of shareholders with a shareholding ratio of 5% or more and the amount and proportion of shareholding. (Attachment 10)

XLII. Segment Information

The information is provided to the main decision-maker to allocate resources and assess the performance of each department and focus on each type of product or

service delivered or provided. information on the combined company's reporting segments is presented as follows:

Taiwan R&D segment

China manufacturing segment

Others

Department revenues and the results of operations

(I) The combined company's revenue and operational results by reportable segment are analyzed as follows:

2021

	Taiwan R&D segment	China manufacturing segment	Others	Intercompany netting	Total
Revenue from external customers	\$ 1,969,151	\$ 2,731,173	\$ 1,668,794	\$ -	\$ 6,369,118
Intercompany revenue	250,150	681,809	49,513	(981,472)	-
Department Revenue	<u>\$ 2,219,301</u>	<u>\$ 3,412,982</u>	<u>\$ 1,718,307</u>	<u>(\$ 981,472)</u>	6,369,118
Interest income	\$ 68	\$ 14,887	\$ 1,175	(\$ 7,695)	8,435
Other company's income					15,280
					<u>\$ 6,392,833</u>
Finance costs	1,165	19,519	8,293	(7,695)	\$ 21,282
Depreciation and amortization	16,226	252,313	28,206	-	296,745
Share of gains (losses) of affiliates accounted for using equity method	-	219,975	1,054,855	(1,272,125)	2,705
Income tax expenses (benefits)	34,807	59,203	66,717	-	160,727
Departments gain (loss)	<u>\$ 128,429</u>	<u>\$ 518,104</u>	<u>\$ 1,092,764</u>	<u>(\$ 1,272,125)</u>	<u>\$ 467,172</u>
Departments assets	<u>\$ 965,548</u>	<u>\$ 5,228,470</u>	<u>\$ 10,814,288</u>	<u>(\$ 8,912,104)</u>	<u>\$ 8,096,202</u>
Departments liabilities	<u>\$ 548,319</u>	<u>\$ 1,613,820</u>	<u>\$ 3,496,583</u>	<u>(\$ 658,586)</u>	<u>\$ 5,000,136</u>

2020

	Taiwan R&D segment	China manufacturing segment	Others	Intercompany netting	Total
Revenue from external customers	\$ 804,053	\$ 3,082,679	\$ 1,584,518	\$ -	\$ 5,471,250
Intercompany revenue	160,448	666,208	177,970	(1,004,626)	-
Department Revenue	<u>\$ 964,501</u>	<u>\$ 3,748,887</u>	<u>\$ 1,762,488</u>	<u>(\$ 1,004,626)</u>	5,471,250
Interest income	\$ 203	\$ 9,015	\$ 8,485	(\$ 12,507)	5,196
Other company's income					18,745
					<u>\$ 5,495,191</u>
Finance costs	709	25,076	25,466	(12,507)	\$ 38,744
Depreciation and amortization	12,566	212,436	36,588	-	261,590
Share of gains (losses) of affiliates accounted for using equity method	-	174,446	964,821	(1,139,604)	(337)
Income tax expenses (benefits)	21,148	99,655	67,291	-	188,094
Departments gain (loss)	<u>\$ 75,776</u>	<u>\$ 523,605</u>	<u>\$ 995,146</u>	<u>(\$ 1,139,604)</u>	<u>\$ 454,923</u>
Departments assets	<u>\$ 769,054</u>	<u>\$ 5,213,797</u>	<u>\$ 7,944,209</u>	<u>(\$ 7,535,341)</u>	<u>\$ 6,391,719</u>
Departments liabilities	<u>\$ 480,255</u>	<u>\$ 2,194,922</u>	<u>\$ 1,735,691</u>	<u>(\$ 611,751)</u>	<u>\$ 3,799,117</u>

Interdepartmental sales are based on market prices.

Segment profit refers to the profit earned by each segment, including the apportionable headquarters management cost and directors' remuneration, the share of profits and losses of affiliated companies that adopt the equity method, rental income, interest income, disposition of real estate, plant, and equipment profits and losses, foreign currency exchange net (profit) losses, financial instrument evaluation profits and losses, financial cost, and Income tax expenses. The assessment is provided to the main

decision- maker to allocate resources to departments and assess their performance.

(II) Revenue from major products and services

The analysis of profits from the main products and services of the combined company's continuing business units is as follows:

	<u>2021</u>	<u>2020</u>
Computer, communication and consumer electronics	\$ 2,325,391	\$ 2,713,905
Motor vehicles	1,821,153	1,664,095
Building materials	50,527	62,913
Fitness Equipment	1,917,870	737,618
Toolings and others	<u>254,177</u>	<u>292,719</u>
	<u>\$ 6,369,118</u>	<u>\$ 5,471,250</u>

(III) Regional information

The combined company mainly operates in two areas - Taiwan and China.

Revenue of the combined company's continuing operations from external customers classified by the location of the business and the non-current assets is listed as follows:

	<u>Revenue from external customers</u>		<u>NON-CURRENT ASSETS</u>	
	<u>2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Asia	\$ 4,192,761	\$ 4,740,212	\$ 1,737,535	\$ 1,753,613
America	1,932,465	447,348	-	-
Europe	<u>243,8900</u>	<u>283,690</u>	-	-
	<u>\$ 6,369,118</u>	<u>\$ 5,471,250</u>	<u>\$ 1,737,535</u>	<u>\$ 1,753,613</u>

Non-current assets do not include deferred income tax assets.

(IV) Information of main customer

The annual revenues of 2021 and 2020 are NT\$6,369,118 thousand and NT\$5,471,250 thousand, the revenue from single customers of the company reaching more than 10% of the total revenue of the combined company are as follows:

	<u>2021</u>	<u>2020</u>
Customer F (Note 2)	\$ 696,781	\$ 631,185
Customer G (Note 2)	1,091,176	Note 3
Customer G (Note 1)	Note 3	1,041,466
Customer C (Note 1)	Note 3	<u>791,490</u>

Note 1: This is revenue from electronics categories.

Note 2: This is revenue from Fitness Equipment

Note 3: The amount of income did not reach 10% of the total income of the consolidated company..

Lemtech Holdings Co., Limited and its subsidiaries
Loans extended to others
2021

Attachment 1

Unit: Unless Specified Otherwise
, NTD thousands.

No. (Note 1)	Lending company	Borrower	General ledger account	Related party or not	Maximum Balance for the Period	Balance at the end of period (Note 2)	Actual expenditure	Interest range	Nature of loan	Business transaction amount	Reason for short-term financing	Allowance for bad debts recognized	Collateral		Financing limit for each borrower (Note 3)	Total loan limit (Note 3)	Remarks
													Name	Value			
0	Lemtech Holdings Co., Limited	Zhenjiang Yelianchuang Surface Treatment Technology Co., Ltd.	Other receivables	Yes	\$ 50,500	\$ 50,500	\$ -	1%	Necessity of short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,231,238	\$ 1,231,238	
1	Lemtech Global Solution Co. Ltd.	Lemtech Technology Limited	Other receivables	Yes	70,975	-	-	5%	Necessity of short-term financing	-	Operating capital	-	-	-	1,238,045	1,238,045	
2	Lemtech Precision Material	Zhenjiang Emtron Surface Treatment Limited	Other receivables	Yes	166,592	165,072	165,072	5%	Necessity of short-term financing	-	Operating capital	-	-	-	1,295,908	1,295,908	
2	Lemtech Precision Material	Kunshan Lemtech Electronics Technology Co.,Ltd	Other receivables	Yes	65,760	-	-	5%	Necessity of short-term financing	-	Operating capital	-	-	-	1,295,908	1,295,908	
3	Lemtech Technology Limited	Lemtech Cooling System Limited	Other receivables	Yes	111,840	110,720	55,360	0.25%	Necessity of short-term financing	-	Operating capital	-	-	-	209,469	209,469	

Note 1: Explanations for the numbering column are as follows:

- (1) The issuer is coded 0.
- (2) Investees are numbered consecutively from 1 in the order presented in the attachment above.

Note 2: If a public company extend loans by submitting each loan for the board resolution in accordance with Paragraph 1, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although the drawdown had not been made, the amount resolved by the board shall be included in the balance announced in order to disclose the risks borne; however, if subsequently the amount is repaid, the balance after repayment shall be disclosed to reflect the adjustment of risk. If a publicly company authorized the chairman of the board of directors to extend loans in installments or to make a revolving credit line within a certain amount and within a period of one year in accordance with Article 14 (2) of the regulation, the loan limit resolved by the board shall be the reported balance. Although the amount may subsequently be repaid, considering the that further installments may be made, the loan limit resolved by the board shall still be the reported balance.

- Note 3: (1) The loan limit to others is approved by the shareholders' meeting of Lemtech Holdings Co., Limited in accordance with the Operational Procedures for Loaning Funds to Others: For loans extended to companies with business ties, 1. the loan limit shall not exceed 20% of the company's net worth; amount of individual loans shall not exceed the total amount of trading between the parties in the most recent year. The amount of trading means the sales or purchasing amount between the parties, whichever is higher. 2. Where the extension of loans for companies with short-term financing needs is necessary, the total amount of loan extended shall not exceed 40% of the company's net value; the amount extended for each individual loans shall not exceed 40% of the company's net value.
- (2) According to the above regulations, the maximum value of short-term financing extended by Lemtech Holdings Co., Limited out of necessity is net value of NT\$3,078,096 thousand x 40% = NT\$1,231,238thousand; the limit for a single entity is NT\$3,078,096 thousand x 40% = NT\$1,231,238 thousand.
 - (3) According to the above regulations, the maximum value of short-term financing extended by Lemtech Global Solution Co. Ltd. out of necessity is net value of NT\$3,095,113thousand x 40% = NT\$1,238,045thousand; the limit for a single entity is NT\$3,095,113 thousand x 40% = NT\$1,238,045thousand.
 - (4) In accordance with the above regulations. According to the above regulations, the maximum value of short-term financing extended by Lemtech Precision Material (China) Co., Ltd (China) out of necessity is net value of NT\$3,239,769 thousand x 40% = NT\$1,295,908 thousand; the limit for a single entity is NT\$3,239,769 thousand x 40% = NT\$1,295,908 thousand.
 - (5) In accordance with the above regulations. According to the above regulations, the maximum value of short-term financing extended by Lemtech Technology Limited out of necessity is net value of NT\$523,673 thousand x 40% = NT\$209,469 thousand; the limit for a single entity is NT\$523,673thousand x 40% = NT\$209,469 thousand.

Lemtech Holdings Co., Limited and its subsidiaries
Endorsement/guarantee provided for others
2021

Attachment 2

(In Thousands of NTD, Unless Stated Otherwise)

No. (Note 1)	Endorsement/guarantee provider name	Subject of endorsements/guarantees		Limit on endorsements/guarantees provided for a single party	Maximum balance for this period	Endorsement and guarantee closing balance	Actual expenditure	Amount of endorsement/guarantee collateralized by properties	Ratio of Accumulated Endorsements/Guarantees to Net Worth per Latest Financial Statements (%)	Endorsements/Guarantees Maximum limit	Guarantee provided by parent company to a subsidiary	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in China
		Name	Relationship (Note 2)										
0	Lemtech Holdings Co., Limited	Kunshan Lemtech Slide Technology Co., Ltd.	2	\$ 3,693,715	\$ 28,535	\$ 27,680	\$ -	\$ -	0.90%	\$ 9,234,288	Yes	No	Yes
0	Lemtech Holdings Co., Limited	Lemtech Precision Material (Czech) s.r.o.	2	3,693,715	189,000	187,920	125,280	-	6.11%	9,234,288	Yes	No	No
0	Lemtech Holdings Co., Limited	Lemtech Technology Limited	2	3,693,715	727,643	705,840	255,431	-	22.93%	9,234,288	Yes	No	No
0	Lemtech Holdings Co., Limited	Lemtech Precision Material	2	3,693,715	340,680	179,920	-	-	5.85%	9,234,288	Yes	No	Yes
0	Lemtech Holdings Co., Limited	Lemtech Energy Solutions Corporation	2	3,693,715	125,600	125,360	50,488	-	4.07%	9,234,288	Yes	No	No
0	Lemtech Holdings Co., Limited	LDC Precision Engineering Co., Ltd	2	3,693,715	100,000	100,000	-	-	3.25%	9,234,288	Yes	No	No
0	Lemtech Holdings Co., Limited	Lemtech Electronics Technology(Changshu)Co., Ltd	2	3,693,715	43,600	43,440	-	-	1.41%	9,234,288	Yes	No	Yes
0	Lemtech Holdings Co., Limited	LemTech Global Industries Ltd.	2	3,693,715	250,000	250,000	-	-	8.12%	9,234,288	Yes	No	No
1	Lemtech Technology Limited	Lemtech Holdings Co., Limited	3	628,408	142,675	138,400	138,400	-	4.5%	1,571,019	No	Yes	No
2	Lemtech Precision Material	Kunshan Lemtech Electronics Technology Co.,Ltd	4	3,887,723	131,520	-	-	-	-	9,719,307	No	No	Yes
2	Lemtech Precision Material	Kunshan Lemtech Slide Technology Co., Ltd.	4	3,887,723	17,440	17,376	17,376	-	0.56%	9,719,307	No	No	Yes

Note 1: Explanations for the numbering column are as follows:

- (1) The issuer is coded 0.
- (2) Investees are numbered consecutively from 1 in the order presented in the attachment above.

Note 2: The relationships between endorsers/guarantors and endorsees/guarantees are categorized into the following 7 types. Please specify the type.

- (1) A company that has business transactions with the Company.
- (2) Companies in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (3) Companies that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- (4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company fulfills its contractual obligations by providing mutual endorsement/guarantee for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) All capital contributing shareholders make endorsement/guarantee 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: (1) The endorsement/guarantee limit is determined by Lemtech Global Solution Co. Ltd. in accordance with Article 36 and 38 of the Securities and Exchange Act and Operational Procedures for Endorsements/Guarantees resolved by the shareholders' meeting: the total amount of endorsement/guarantee provided by Lemtech Global Solution Co. Ltd. shall not exceed 300% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall not exceed 120% of the net worth of the current period. If the endorsement is guaranteed by the business relationship, the amount of endorsement shall not exceed the total amount of transactions with the company in the most recent year (the number of goods purchased or sold between the two parties, whichever is higher). The net worth shall be based on the most current financial statements audited or reviewed by the certified public accountants. Endorsements and guarantees not exceeding 10 percent of this company's net worth may be made between companies in which the company directly and indirectly holds 90% voting interest. However, endorsements and guarantees made between companies in which the company directly and indirectly holds 100% voting interest shall not be subject to the above restriction.

- (2) According to the above regulations, the maximum limit for guarantee for endorsement by Liande Holding Co., Ltd. is 3,078,096thousand x 300% = 9,234,288 thousand; the limit for endorsement guarantee

for a single enterprise is $3,078,096 \text{ thousand} \times 120\% = 3,693,715 \text{ thousand}$.

According to the above provisions, the maximum limit for Lemtech Technology Limited's external endorsement guarantee is $523,673 \text{ thousand} \times 300\% = 1,571,019 \text{ thousand}$; the limit for endorsement guarantee for a single enterprise is $523,673 \text{ thousand} \times 120\% = 628,408 \text{ thousand}$.

According to the above regulations, the maximum limit for guarantee for endorsement by Lemtech Precision Material (China) is $3,239,769 \text{ thousand} \times 300\% = 9,719,307 \text{ thousand}$; the limit for endorsement guarantee for a single enterprise is $3,239,769 \text{ thousand} \times 120\% = 3,887,723 \text{ thousand}$.

Lemtech Holdings Co., Limited and its subsidiaries
 Securities Held at End of Period
 December 31, 2021

Attachment 3

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

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Remarks
				Number of Shares (in Thousands)	Carrying amount	Shareholding percentage	Fair value	
Lemtech Precision Material (China) Corporation	Structured deposits - structured deposits of Kunshan Rural Commercial Bank	-	Financial assets at fair value through profit or loss	-	\$ 43,606	-	\$ 43,606	-

Lemtech Holdings Co., Limited and its subsidiaries
Acquire of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More
2021

Attachment 4

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

Company acquiring real estate	Property name	Date of fact	Transaction amount	Price payment situation	Object of transaction	Relations	If the transaction object is a related person, the previous transfer data				Reference basis for price determination	Purpose of acquisition and usag	Other agreed matters
							Owner	Relationship with the issuer	Transfer date	Amount			
Lemtech Holdings Co., Limited	Land registration No. 143 in Zhongli District, Taoyuan City (3 items) Building registration No. 657 in Zhongli District, Taoyuan City (2 items)	2021/12/29	\$ 1,055,000	\$ -	Primasia Asset Management Corporation	無	—	—	—	\$ -	Mutual agreement on price	To set up the headquarters in Taiwan and integrate the subsidiaries in Taiwan to operate in the same factory area to save rental expenses.	—

Note 1: If the acquired assets should be appraised according to regulations, the appraisal result shall be indicated in the column "Reference Basis for Price Determination".

Note 2: paid-in capital refers to the paid-in capital of the parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the regulation regarding 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of occurrence means the contracting date for the transaction, payment date, consignment trade date, transfer date, resolution date of the board of directors, or other dates on which the transaction party and amount can be ascertained, whichever is earlier.

Lemtech Holdings Co., Limited and its subsidiaries
Amount of purchases from and sales to related parties reaching NT\$100 million or 20% of its paid-in capital
2021

Attachment 5

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

Name of company selling or purchasing	Counterparty	RELATIONS	Transaction details				Situation and reason of why trading conditions are different from general trading		Accounts and notes receivable (payable)		Remarks
			Purchase/sale	Sum	Ratio to Total Purchase (sell)	Loan period	Unit price	Loan period	Balance	Ratio to total note or account receivables (payables)	
Lemtech Precision Material (China) Co., Ltd	Lemtech Technology Limited	Parent company	Sales	\$ 234,337	3.68	90 days	According to the company's transfer pricing policy system	-	Accounts receivable \$ 111,528	5.83%	
Lemtech Technology Limited	Kunshan Lemtech Slide Technology Co., Ltd.	Affiliates	Purchase	142,624	2.50	120 days	According to the company's transfer pricing policy system	-	Accounts Payable 35,327	2.33%	
LDC Precision Engineering Co., Ltd.	Lemtech Technology Limited	Affiliates	Sales	118,192	1.86	60 days	According to the company's transfer pricing policy system	-	Accounts receivable 38,912	2.03%	

Lemtech Holdings Co., Limited and its subsidiaries
 Account receivables from related parties reaching NT\$100 million or 20% of its paid-in capital
 December 31, 2021

Attachment 6

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

Name of company with accounts receivable on account	Name of the counterparty	RELATIONS	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amounts received from related parties in subsequent period	Allowance for loss amount
					Sum	Action taken		
Lemtech Precision Material	Zhenjiang Emtron Surface Treatment Limited	Affiliates	Other receivables \$ 168,201	Notes:	\$ -	-	\$ 46,607	\$ -

Notes: Categorized as other receivables, thus turnover rate is not calculated.

Lemtech Holdings Co., Limited and its subsidiaries
Intercompany Relationships and Significant Intercompany Transactions
2021

Attachment 7

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

No. (Note 1)	Name of the trader	Name of the transaction counterparty	Relationship (Note 2)	Conditions of transactions			
				Account	Sum	Terms of transaction	Percentage of Consolidated Total Revenue or Total Assets (%) (Note 3)
3	Lemtech Precision Material	Lemtech Precision Material (Czech) s.r.o.	1	Account receivables (payment)	\$ 31,084	General Terms of Transaction	0.38%
3	Lemtech Precision Material	Lemtech Precision Material (Czech) s.r.o.	1	Sales revenue (purchase)	54,335	General Terms of Transaction	0.85%
3	Lemtech Precision Material	Lemtech Technology Limited	1	Account receivables (payment)	111,528	General Terms of Transaction	1.38%
3	Lemtech Precision Material	Lemtech Technology Limited	1	Sales revenue (purchase)	40,074	General Terms of Transaction	0.49%
3	Lemtech Precision Material	Lemtech Technology Limited	1	Sales revenue (purchase)	234,337	General Terms of Transaction	3.68%
3	Lemtech Precision Material	Zhenjiang Emtron Surface Treatment Limited	3	Other receivables (payables)	168,201	General Terms of Transaction	2.08%
4	Lemtech Technology Limited	Kunshan Lemtech Slide Technology Co., Ltd.	3	Account payables (receivables)	35,327	General Terms of Transaction	0.44%
4	Lemtech Technology Limited	Kunshan Lemtech Slide Technology Co., Ltd.	3	Sales revenue (purchase)	142,624	General Terms of Transaction	2.24%
4	Lemtech Technology Limited	Lemtech Energy Solutions Corporation	3	Sales revenue (purchase)	67,201	General Terms of Transaction	1.06%
3	Lemtech Technology Limited	Lemtech Cooling System Limited	3	Other receivables (payables)	55,448	General Terms of Transaction	0.68%
5	LDC Precision Engineering Co., Ltd.	Lemtech Technology Limited	3	Account receivables (payment)	38,912	General Terms of Transaction	0.48%
5	LDC Precision Engineering Co., Ltd.	Lemtech Technology Limited	3	Sales revenue (purchase)	118,192	General Terms of Transaction	1.86%
5	LDC Precision Engineering Co., Ltd.	Lemtech Energy Solutions Corporation	3	Purchase/Sales revenue	39,883	General Terms of Transaction	0.63%
5	LDC Precision Engineering Co., Ltd.	Kunshan Lemtech Slide Technology Co., Ltd.	3	Purchase/Sales revenue	41,598	General Terms of Transaction	0.65%

Note 1: The information on business dealings between the parent company and subsidiaries should be numbered in the "Code" column with the following coding method:

1. Parent company will be coded "0".
2. The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: The transaction relationships with the counterparties are as follows. Please specify the type (the same transaction shall not be disclosed repetitively for transaction between the parent company and the subsidiaries or between the subsidiaries. For example, if the parent company has already disclosed its transaction with a subsidiary, the subsidiary does not need to disclose the information again; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, the other one does not need to disclose it again.)

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Between subsidiaries.

Note 3: For calculations of ratio of the transaction amount accounts to consolidated total revenue or total assets, where the item is either an asset or a liability, the ratio of the ending balance to the consolidated total assets shall be calculated; where the item is either a gain or a loss, the ratio of the aggregated amount at the end of the period to the consolidated total revenue shall be calculated.

Note 4: The above transactions have been offset in the consolidated statements.

Note 5: The significant transactions of this form may be determined by the company according to the principle of materiality.

Lemtech Holdings Co., Limited and its subsidiaries
Name of investee, location, etc.
2021

Attachment 8

Units: NT\$1,000

Investor company	Name of investees	Location	Principal business activities	Original investment amount		Balance at the end of the period			Net gain or loss of the investee	Recognized investment gain/loss of the current period	Remarks
				End of the period	End of last year	Shares	Ratio %	Carrying amount			
The Company	Controllable Lemtech Global Solution Co. Ltd.	Republic of Mauritius	General investment	\$ 112,397	\$ 112,397	2,500,000	100	\$ 2,698,060	\$ 426,860	\$ 426,860	Subsidiaries
The Company	Lemtech Cooling System Limited	Hong Kong	General investment	214,320	214,320	7,000,000	100	280,837	67,758	67,758	Subsidiaries
The Company	Lemtech Industrial Services Ltd	Samoa	Sales of electronics and computer peripheral components	6,583	6,583	1,425,000	57	34,649	13,748	7,836	Subsidiaries
The Company	LemTech Global Industries Ltd.	Taiwan	Manufacturing and wholesale of electrical appliances, audio-visual products, other motors and electronic mechanical equipment, automobiles and their parts, and other optical and precision machinery	30,000	-	3,000,000	100	34,649	12,369	12,369	Subsidiaries
Lemtech Cooling System Limited	Lemtech Energy Solutions Corporation	Taiwan	Manufacturing and wholesale of mechanical equipment, dies, electrical appliances and audio-visual products, other motors and electronic mechanical equipment, automobiles and their parts, and other optical and precision equipment	30,000	30,000	3,000,000	100	12,503	11,535	11,535	Second-tier subsidiaries
Lemtech Cooling System Limited	Lemtech Philippine Thermal System Inc.	Philippines	Manufacturing, purchasing, sales, distribution, wholesale sales, and precision metal stamping tools, customized metal hinges, cooling modules, slides, mechanical components and other related items	-	75,227	-	-	56,272	2,730	2,730	Second-tier subsidiaries
Lemtech Precision Material (China)	Lemtech Technology Limited	Hong Kong	Sales of automotive, electronics and computer peripheral parts	597	597	20,000	100	448,808	92,763	92,763	Third-tier subsidiary
Lemtech Precision Material (China)	LDC Precision Engineering Co., Ltd.	Taiwan	Manufacturing and wholesale of electrical appliances, audio-visual products, other motors and electronic mechanical equipment, automobiles and their parts, and other optical and precision machinery	9,524	9,524	-	100	280,323	116,895	116,895	Third-tier subsidiary
Lemtech Precision Material	Lemtech Precision Material (Czech) s.r.o.	Czechia	Manufacture of automotive parts (sunroof, brakes, seat belts, airbags, etc.) and assemblies (drive shafts for steering wheel, etc.), supply of consumer electronics parts and server product	195,984	195,984	-	100	96,083	10,539	10,539	Third-tier subsidiary
Lemtech Technology Limited	Lemtech USA Inc.	USA	U.S. business development, business information collection, provision of market intelligence and industry information	1,502	1,502	50,000	100	462	309	309	Third-tier subsidiary
Lemtech Technology Limited	With significant influence Aapico Lemtech Co.,Ltd.	Thailand	R&D, production, manufacturing and assembly of automotive, electronics and computer peripheral parts	16,452	16,452	160,000	40	30,758	4,977	3,318	Investees recognized under the equity method
Lemtech Global Solution Co. Ltd.	Keycore technology corp.	Taiwan	Electronic component manufacturing, general instrument manufacturing, energy technology services, biotechnology services and research and development services, etc.	718,348	-	2,900,000	28.42	30,758	(1,544)	(613)	Investees recognized under the equity method

Note 1: Please refer to Attachment 9 for information on investee in China.

Lemtech Holdings Co., Limited and its subsidiaries
Information on investments in China
2021

Attachment 9

Unit: Thousand of NTD; foreign currency (thousand)

1. For investments in China, disclose the name of the investee, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss for the period, carrying amount of the investment, repatriated investment gains:

Investee Company	Principal business activities	Actual paid-in capital	Method of investment	Beginning balance of accumulated outflow of investment from Taiwan	Remittance or recovery of investment amount in the current period		Ending balance of accumulated outflow of investment from Taiwan	Net gain or loss of the investee	The Company's percentage of ownership directly or indirectly %	Investment gains (losses) recognized in the current period	Carrying amount of investment	Investment revenue transferred back to Taiwan as of the end of the period
					Remit	Regain						
Zhenjiang Emtron Surface Treatment Limited	Surface treatment of mechanical, electronic and automotive components	\$ 65,043 (RMB 2,160)	83.33% equity held by Lemtech Holdings Co., Limited	\$ -	\$ -	\$ -	\$ -	(\$ 26,741)	83.33	(\$ 22,284)	(\$ 5,097)	\$ -
Lemtech Precision Material	Production and design of various types of fine blanking die, non-metal die-casting toolings, computer connectors, computer cooling modules and other new electronic plug-ins, sales of self-produced products, etc.	286,242 (RMB 66,000)	99.81% equity held by Lemtech Global Solution Co. Ltd.	-	-	-	-	481,167	99.81	480,253	3,233,613	52,287 (USD 1,780)
Lemtech Precision Material	Production and design of various types of fine blanking die, non-metal die-casting toolings, computer connectors, computer cooling modules and other new electronic plug-ins, sales of self-produced products, etc.	286,242 (RMB 66,000)	0.19% equity held by Lemtech Holdings Co., Limited	-	-	-	-	481,167	0.19	914	6,156	-
Kunshan Lemtech Slide Technology Co., Ltd.	Design and production of slide rails, shafts and related accessories, and sales of self-produced products, etc.	69,758 (RMB 15,000)	100% invested by Lemtech Industrial Services Ltd.	-	-	-	-	16,235	100	16,235	74,585	-
Kunshan Lemtech Electronics Technology Co., Ltd	R&D, manufacturing of electronic components, special electronic materials, and thermal modules, sales of self-produced products, and wholesale, import and export of products similar to those produced by the company and their raw materials and mechanical equipment	60,990 (RMB 14,060)	100% owned by Lemtech Cooling System Limited	-	-	-	-	63,976	100	63,976	239,162	-

(Continued)

(Continued from previous page)

Investee Company	Principal business activities	Actual paid-in capital	Method of investment	Beginning balance of accumulated outflow of investment from Taiwan	Remittance or recovery of investment amount in the current period		Ending balance of accumulated outflow of investment from Taiwan	Net gain or loss of the investee	The Company's percentage of ownership directly or indirectly %	Investment gains (losses) recognized in the current period	Carrying amount of investment	Investment revenue transferred back to Taiwan as of the end of the period
					Remit	Regain						
Lemtech Electronic Technology (Changshu) Co., Ltd. (hereinafter referred to as Lemtech (Changshu) Company)	Electronic component manufacturing, electronic component wholesale, electronic special material manufacturing, electronic special material sales, electronic special material research and development, lighting equipment manufacturing, lighting equipment sales, manufacturing of auto parts and accessories, manufacturing of solar equipment and components, sales of solar equipment and components, manufacturing of computer software and hardware equipment, sales of communication equipment	\$ 155,265 (RMB 5,500)	100% owned by Lemtech Cooling System Limited	\$ -	\$ -	\$ -	\$ -	(\$ 15,830)	100	(\$ 15,830)	\$ 137,125	\$ -

Notes: The investment gain (loss) is recognized in accordance with the parent company's financial statements for the same period audited by a certified public accountant.

2. Limit on the amount of investment in China

Accumulated investment remitted from Taiwan to China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on the amount of investment in China authorized by MOEAIC
\$ -	Not applicable	Not applicable

3. Major transactions with any investee company in mainland China directly or indirectly through a third region: Attachment 7.
4. Endorsements, guarantees or provision of collateral directly or indirectly between the company and the investees in China through business in a third region: Attachment 2.
5. Financing extended directly or indirectly between the company and the investees in China through business in a third region: Attachment 1.
6. Other transactions that have significant influence on the profits and losses or financial status of the current period: none.

Lemtech Holdings Co., Limited and its subsidiaries
Information on Major Shareholders
December 31, 2021

Attachment 10

Shareholder's name	Shareholding	
	Shareholding (shares)	Shareholding percentage
Hsu, Chi-Feng	8,383,981	13.40%
Chan Kim Seng Maurice	5,864,618	9.38%
CTBC BANK CO., LTD IN CUSTODY FOR Yehang Investment Account	5,737,238	9.17%

Notes: The major shareholder information in this table is based on Taiwan Depository & Clearing Corporation's data of shareholders who hold more than 5% of the Company's ordinary shares and preferred stock (including treasury shares), for which electronic registration and delivery were completed, on the last business day of the quarter. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of the different basis of preparation.