

Stock Code: 6230

**NIDEC CHAUN-CHOUNG
TECHNOLOGY CORPORATION
(Original: Chaun-Choung Technology Corporation)**

2021

Annual Report

Annual Report Available at:

MOPS: <http://mops.twse.com.tw>

Website of the Company <http://www.ccic.com.tw>

Printed on: May 13, 2022

I. Name, Title, Contact Number, and E-mail of Spokesperson and Acting Spokesperson

Spokesperson: Chih-Ren Lin

Title: Vice President

Tel: (02) 2995-2666 (general line)

E-mail: allen_lin@ccic.com.tw

Acting Spokesperson: Pi-Yun Lin

Title: Senior Manager of Administration Department

Tel: (02) 2995-2666 (general line)

E-mail: miss_lin@ccic.com.tw

II. Address and Contact Number of the Headquarters, Branches, and Plant Sites

Head Office Address: No. 184-3, Zhongxing North Street, Sanchong District, New Taipei City

Tel: (02) 2995-2666 (general line)

Plant Address: No. 184, Zhongxing North Street, Sanchong District, New Taipei City

Tel: (02) 2995-2369~72

III. Name, Address, Website, and Contact Number of Share Service Agency

Name: Stock Affairs Administration Department, Yuanta Securities Co., Ltd.

Address: B1, No. 210, Section 3, Chengde Road, Taipei City

Website: <http://www.yuanta.com.tw>

Tel: 0800-037-888 or (02) 2586-5859 (general line)

IV. Auditors and the Name, Address, Website, and Contact Number of the Accounting Firm for the Latest Financial Report

Name of CPAs: Hsin-Yi Kuo, Hui-Chih Ko

Name of Firm: KPMG

Address: 68F, No. 7, Section 5, Xinyi Road, Xinyi District, Taipei City 11049

Website: <http://www.kpmg.com.tw>

Tel: (02) 8101-6666 (general line)

V. Name of Overseas Exchange Where Securities are Listed, and Method of Inquiry: N/A

VI. Website of the Company: <http://www.ccic.com.tw>

Table of Contents

	Pages
One. Letter to Shareholders	1
I. 2021 Business Report	1
II. Summary of 2022 Business Plan	3
III. Future development strategies	5
IV. Impacts of the competitive environment, regulatory environment, and the overall business environment	5
Two. Company Profile	6
I. Date of incorporation	6
II. Company History	6
Three. Corporate Governance Report	8
I. Organization	8
II. Profile of the directors, supervisors, general manager, vice presidents, assistant vice presidents, and heads of various departments and branches	13
III. Remuneration paid to the directors, supervisors, general manager, and vice presidents in the last year	29
IV. Corporate Governance	40
V. Disclosure of CPA's fees	98
VI. Change of CPAs	98
VII. The Company's chairman, general manager, or managerial officers involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated companies in the last year	100
VIII. Details of shares transferred by directors, supervisors, managerial officers, and shareholders holding more than 10% of the issued shares	100
IX. Relationships among Top-10 shareholders	104
X. Investments jointly held by the Company, the Company's directors, supervisors, managerial officers, and enterprises directly or indirectly controlled by the Company, with shareholding disclosed in aggregate of the said parties	105
Four. Fundraising Overview	107
I. Capital and Shares	107
II. Corporate Bonds	113
III. Preferred Stock Shares	113
IV. Global Depository Receipts	113
V. Employee Share Subscription Warrants	113
VI. New Restricted Employee Shares	113
VII. Issuance of new shares for business acquisition or share exchange	113
VIII. Progress on Fund Utilization Plan	113
Five. Operational Overview	114
I. Business Activities	114
II. Market, Production, and Sales Overview	119
III. Employees	126
IV. Environmental protection expenditure information	126
V. Labor-management Relations	126
VI. IT Security Management	130

VII.	Major Contracts	133
<hr/>		
Six.	Financial Summary	134
I.	Condensed Balance Sheet and Comprehensive Income Statement for the Last Five Years	134
II.	Financial Analysis for the Last Five Years	135
III.	Supervisor’s Review on the 2021 Financial Statements	Appendix I
IV.	2021 Audited Consolidated Financial Statements	Appendix II
V.	2021 Audited Parent Company Only Financial Statements	Appendix III
VI.	Financial difficulties Encountered by the Company or any of its Affiliated Companies, and Impacts on the Company’s Financial	142
<hr/>		
Seven.	Review and Analysis of Financial Position and Business Performance, and Risk Management Issues	143
I.	Financial Position	143
II.	Business Performance	143
III.	Cash Flow	144
IV.	Material Capital Expenditures in the Last Year and Impact on Business Performance	145
V.	Causes of Profit or Loss Incurred on Investments in the Last Year, and any Improvement plan or Investments Planned for the Next Year	145
VI.	Risk Management	146
VII.	Other Important Disclosures	153
<hr/>		
Eight.	Special Remarks	154
I.	Affiliated Enterprises Chart	154
II.	Private Placement of Securities	157
III.	The Company’s Shares held or disposed by Subsidiaries	157
IV.	Other Supplementary Information -	157
V.	Occurrences Significant to Shareholders’ Equity or Securities Price in the Last Year up to the Publication of the Annual Report	157

Appendices

Appendix I Supervisor’s Review on the 2021 Financial Statements

Appendix II 2021 Audited Consolidated Financial Statements

Appendix III 2021 Audited Parent Company Only Financial Statements

One. Letter to Shareholders

Dear Shareholders, Ladies and Gentlemen:

We, on behalf of the Board and employees of Nidec Chaun-Choung Technology Corporation, would like to thank all our shareholders for your support and care. We hereby present the Company's 2021 business performance and 2022 operational plans to our beloved shareholders.

I. 2021 Business Report

(1) The implementation results of the 2021 Business Plan

The Company generated consolidated net revenues totaling NT\$11,011,928 thousands in 2021, up 21% from the NT\$9,123,421 thousands in 2020. Pre-tax profit was concluded at NT\$512,508 thousands, down 52% from the NT\$1,076,963 thousands in 2020; net income amounted to NT\$349,664 thousands, representing an EPS of NT\$4.05 that were 55% lower than the previous year with net income NT\$782,398 and EPS of NT\$9.06. Demand for PC (NB/DT), gaming and entertainment, network communications, servers, data centers and high-performance computing remains high thanks to a buoyant telecommuting and home economy as the COVID-19 pandemic rages on. As performance continues to ramp up, computing performance and power consumption increase and consistently drive the quality and revenue growth of cooling devices. However, the rapid changes in the global economy and the unabated pandemic have led to an imbalance in the supply chain and a record low logistics and transportation punctuality; the prices of international raw metal (copper, aluminum, tin and nickel) remain at historically high levels; and the continued appreciation of the New Taiwan dollar has caused high operating costs and eroded profits.

The overview of heat cooling industry nowadays, as the related technology of Cloud, Artificial Intelligence (AI) and 5G has developed maturely gradually, the application of heat cooling products focused on personal devices related to PC industry has expanded to the fields of smart phones, Cloud Data Centers, IoT, automobiles, communications, information computing facilities as well as smart home appliances. The overall demand and market size for heat dissipation products continues to grow at an accelerated rate. To provide a more diversified range of heat diffusion/heat transfer products, the Company continues to work with its existing customer base and is actively developing automotive cooling, cloud data center cooling, handheld device cooling, gaming machine cooling, high wattage air-cooled cooling and liquid-cooled cooling to meet market demand. To invest the product development driven by related applications such as AI, IoT and 5G is the goal of the Company, in addition, comprehensively enhancing the connection with the key global regions / customers to strengthen the services for existing customers and develop new customers.

Besides well-known of cooling devices for the smart phones, laptops and servers have

been getting lighter, slimmer and higher efficiency in performance. Nidec Chaun-Choung has successfully developed a number of cooling solutions for electronic products which are also in mass production in recent years, such as Gaming NB with overclocking thermal modules, Action Cameras with slim and light heat sink components, high-density & High Performance Computing (HPC) workstation-grade server thermal modules and Advanced Driver Assistance Systems (ADAS) with liquid-cooling solutions. Further, the technology of the products with copper vapor chamber developed by Nidec Chaun-Choung, no matter is ultra-slim vapor chamber or high-performance vapor chamber, the technology is maturity and has been recognized by major cell phone and network communication customers around the world with successful launch into the market and mass production. Recently, based on this successful experience, Nidec Chaun-Choung is endeavouring towards the research and development of more stringent requirement cooling solutions, such as vehicle-mounted, electrical and electronic products, which require higher performance in cooling, stronger strength, lighter in weight. The usage of new materials will be based on the successfully developed copper production process, which will further extend to new equipment and new production technology. Refine key welding and vacuum technology to overcome the physical bottleneck of design and manufacturing for different materials. It is expected to achieve ultra-slim thickness of less than 0.3 mm and high performance with a pressure resistance of more than 300 pounds as a unique cooling solution for particular demands.

With the Nidec team on board, we are now in our fourth year of operation and are committed to becoming a leader in heat dissipation across the board, effectively and quickly applying the technical support of our Japanese head office to achieve synergies. In addition, the Vietnam plant, the first phase of which was completed in 2021, will further enhance the Group's production capacity and diversify the risks of a single manufacturing site, facilitating the Group's production line deployment to cater to the needs and expectations of customers in different markets. In terms of product strategy, as the industry continues to innovate and the market for cooling applications expands, the Company is focusing on upgrading product performance, developing lighter, thinner, smaller, stronger structures and higher cooling power to keep up with the overall trend of diverse cooling applications, particularly in applications such as artificial intelligence (AI), Internet of Things (IoT), Cloud, 5G, high performance computing (HPC), smart home appliances, gaming, metaverse and electric vehicle (EV) cooling. Moreover, we have integrated air/liquid cooling systems and active/passive cooling solutions to satisfy market needs. On the other hand, uncertainties include the risk of global geopolitical and security changes, volatility in raw material prices, rising inflation, supply and demand imbalance in the global supply chain due to COVID-19 and product price competition. The Company will focus on process optimization to enhance capacity and productivity, and will continue to innovate technologies, products and applications to ensure its core competitiveness and overall operating performance remains ahead of its peers.

(2) Budget execution: according to the “Regulations Governing the Publication of Financial

Forecasts of Public Companies”, the Company is not required to disclose information regarding budget execution and analysis in 2021, as the Company did not release the information of financial forecasts in 2021.

(3) Revenue, expenditure and profitability analysis

Unit: NT\$ thousand

Item		Year	2020	2021
Financial Income and Expenditure	Operating revenue		9,123,421	11,011,928
	Gross profit from operation		1,982,682	1,729,957
	Net profit after tax		782,398	349,664
Profitability	Return on assets (%)		9.80	3.68
	Return on equity (%)		18.47	7.70
	Net income before tax to paid-in capital (%)		124.73	59.35
	Net profit rate (%)		8.57	3.17
	Basic earnings per share (NT\$)		9.06	4.05

(IV) Research and Development

1. Research and development expenses in the last two years

Unit: NT\$ thousand

Year	2020	2021
R&D Expenses	327,933	506,726
Percentage of revenue for the year (%)	4.00	4.60

2. Research and Development Outcomes

- (1) Automatic production line: The development of Heat pipe automatic production line is completed, as a result of reducing manpower by 75% and increasing of productivity by 30%.
- (2)NB: The development of thermal solution for Intel Gen12 CPU (Alder Lake) is completed.
- (3) High-power air cooling Solution: The development of thermal solution for 500Watts/800Watts/ 1000Watts is completed.
- (4)High-end Gaming NB: The Vapor chamber for the use of thinnest 1.4mm Gaming NB is able to be mass produced.

II. Summary of 2022 Business Plan

(1) Operational Guidelines

1. Integrate internal management systems of the Company, obtain timely information to improve the efficiency and quality of decisions making.
2. Combining the resources of Nidec to expand global competitiveness as well as vision

and speed up future market expansion.

3. Continuously intensify the development of the supply chain and effectively control the flexibility of supply via VMI management.
4. Proactively establish good relationships with customers, satisfy various needs requesting by customers. Improve the timeliness of customer complaint handling, adopt corrective and preventive action and implement indeed.
5. Focus on market information gathering, including industry trends, financial information for decision making.
6. Make ongoing improvements for automation and production equipment, optimize the production efficiency, and enhance profitability.
7. Strengthen product innovation and R&D plans; collaborate with research institutions moderately to secure the sources of new and high-tech technologies in the medium and long term of the Company.
8. Carry out the optimization of various transformation, strengthen the intergration and management of information systems, simplify the operation process, install auxiliary tools to improve efficiency and enhance the output per capita.
9. Strengthen the supply chain and production of the factory in Vietnam for laying the growth foundation of new fields such as 5G and vehicles.
10. Upgrade the quality of products from our plants in China to increase the market share of high efficiency radiators.
11. Expand our production capacity in Taiwan to serve higher-end cooling needs.

(2) Expected Sales Volume and Basis

The Company's main products include heat pipes, vapor chambers, thermal modules, and heat sinks. These products are mainly used in PCs, servers, network communications, and smart phones. In addition to stabling the existing market share of cooling components used in PCs, Servers and Network communicaitons, the company will actively explore potential customers of existing product lines and business development in new product applications in 2022.

(3) Important Production and Sales Policies

1. Production Policies: The industrial characteristics of heat cooling products are few standardization, frequent design changes and urgent orders. Therefore, the Company enforces the strict inventory management, reducing inventory and increasing inventory turnover. In addition, the Company also invests extensively in automatic production equipment as a mean to reduce labor requirements, and actively explores ways to improve production quality, simplify production process, design common materials for cost reduction in order to offer more competitive price of products.
2. Sales Policies: In addition to expanding market shares in local and foreign markets, the Company will also gradually increase investment in vapor chamber production capacity depending on the market supply and demand situation. In addition, the Company will strengthenly develop overseas distribution channels, establish agency sales channels to

further expand the international market exposure.

III. Future development strategies

- (1) Set short/medium/long term goals and visions.
- (2) Take actions toward accomplishing the prescribed goals and visions, and track performance on a regular basis for strategies flexible adjustments.
- (3) Close cooperation with Nidec to broaden the scope of product services and industry field developing, which will help obtain comparative advantages of each product lines among the industry peers.
- (4) Enhance the quality and energy of R&D, and share the achievements and revenue growth performance with customers.
- (5) Speed up production capacity expansion to satisfy future market demand.
- (6) Actively upgrade the automated production process to improve efficiency and get effective cost control.
- (7) Make continuous improvements on product quality and achieve the goal of zero defects.
- (8) Continue to strengthen the industry's environmental protection policies, energy conservation, carbon emission, create a friendly environment as well as employment terms for the compliance with RBA (EICC) and the fulfillment of social responsibilities, to realize our vision of a low-carbon/carbon-free industry.

IV. Impacts of the competitive environment, regulatory environment, and the overall business environment

The Company has been susceptible to impacts of external competition, regulations, and macroeconomic environment since it was first founded. Faced with market competition, new laws issued by the securities authority, foreign environmental protection regulations, and the rapid change of global operating environment, the Company's operating performance has been indeed affected. In response to the above environmental changes, the Company will take actions to ensure the financial reports are prepared according to new securities laws and request all products produced by suppliers and the Company are compliant with foreign environmental protection regulations. Besides, the Company will endeavor to strengthen the integration of supply chain, enhance the percentage of self-manufacturing components, improve production processes, expand production capacity to make cost reduction, and timely grasp customers' order demands to enable proper planning of raw material purchases, and thereby improve overall competitiveness of the Company.

Best regards

Chairman: Junichi Nagai

CEO: Junichi Nagai

Head of Accounting: Mei-Hua Chen

Two. Company Profile

I. Date of incorporation: December 14, 1973

II. Company history

(1) Major Events of the Company

Year	Item
1973	· Mr. Zong Wu founded Chaun Choung Enterprise Co., Ltd. with a capital of NT\$300,000 to engage in the production and processing of aluminum alloy products.
1995	· Collaborated with Industrial Technology Research Institute (ITRI) on the development of “heat pipes” that was a key component for NB thermal modules.
1997	· Began mass production of “micro heat pipes,” a key component for NB thermal modules that was developed in collaboration with ITRI in 1995. · Expanded the R&D team to commence the design of NB thermal modules.
1998	· Commenced mass production and shipment of NB thermal modules. · Certified for ISO 9001 quality assurance.
1999	· The Company was renamed as Chaun Choung Technology Corporation, in addition to aluminum alloy product production and processing, the Company began to engage in the design and production of heat transfer/conduction components for IT products. · Awarded with the Taiwan Excellence Award (high performance heat transfer component - heat pipe) (NB CPU thermal module).
2000	· Invested in CONQUER WISDOM CO., LTD (British Virgin Islands) with 100% shareholdings obtained. · Purchased office building located at 12F, No. 123-1 and 10F, No. 111, Shing Te Road, Sanchung City, in response to business operation and future growth.
2001	· Approved by the Investment Commission, Ministry of Economic Affairs, to invest in Kunshan Jue-Choung Electronics Co., Ltd. in China indirectly with 100% shareholdings obtained through CONQUER WISDOM CO., LTD.
2002	· Approved for registration to trade on the Emerging Stock Market on April 2, 2002.
2003	· The Company’s stock was listed for trading on the Taipei Exchange (TPEX) on January 14, 2003. · The high-performance micro vapor chamber heat transfer component development project was approved by the Ministry of Economic Affairs on April 30, 2003.
2004	· Certified for ISO14001 and OHSAS18001 Environmental Health and Safety Management System.
2005	· The new plant of Kunshan Jue-Choung Electronics Co., Ltd., the subsidiary, was completed.
2008	· Adjusted the Company’s investment structure in China to invest in GLOBE STAR ENTERPRISE LIMITED through CONQUER WISDOM CO., LTD (an investment at a third location), which then indirectly invested in Kunshan Jue-Choung Electronics Co., Ltd. in China with 100% shareholdings obtained.
2009	Began mass production of “vapor chambers,” a key component for servers.
2010	· The Company’s stock was listed for trading on the Taiwan Stock Exchange (TWSE) on September 16, 2010.
2011	· Approved by the Investment Commission, Ministry of Economic Affairs, to invest in GLOBE STAR ENTERPRISE LIMITED by investing additional capital in CONQUER WISDOM CO., LTD, which then indirectly invested in Chongqing Cyun Siang High-Tech Co., Ltd. in China with 100% shareholdings obtained.

Year	Item
2013	· Received the TOP 5000 Outstanding Enterprise Award.
2014	· Acquired property for an area of 400-ping located in Sanchung District, New Taipei City, for the expanded production of ultra-thin heat pipes and vapor chambers.
2015	· Juzhong Electronics Co., Ltd., the subsidiary, was awarded with three-certificate of “Corporate Carbon Footprint, Product Carbon Labeling, and Carbon Neutral.”
2017	· The new plant of Chongqing Cyun Siang High-Tech Co., Ltd., the subsidiary, was completed. · Kunshan Jue-Choung Electronics Co., Ltd., the subsidiary, acquired 100% shareholdings of Dongguan Chiuan-Vector Industrial Co., Ltd.
2018	· Received commendations from the Ministry of Economic Affairs for long standing in business (40+ years) and contribution to industrial and commercial development and employment. · November 2018 – Nidec Corporation (Japan) acquired 41,444,831 common stock shares from the Company for a 48% shareholding.
2019	· A total re-election of Directors and Supervisors was held in January 2019 with majority director seats acquired by Nidec Corporation and it has become the ultimate controller of the Company and subsidiaries. · July 2019 – The headquarters of Chaun-Choung Technology Corp. was relocated from Yingying Building on Shing Te Road to Zhongxing North Street.
2020	· January 2020 – The board of directors approved the establishment of a subsidiary, Nidec Chaun Choung Vietnam Corporation, with an initiated charter capital of US\$10 million in order to engage in major investment projects in Vietnam. · March 2020 – Nidec Chaun Choung Vietnam Corporation has incorporated. · The Company’s name was changed from “Chaun-Choung Technology Corporation” to “Nidec Chaun-Choung Technology Corporation” according to the resolution passed in the Extraordinary Shareholders Meeting in December 2020.
2021	· The insiders of director, Yo Chang Investment Co., Ltd., supervisor, Yi Cen Investment Co., Ltd., sold a total of 6,883,410 shares to Nidec Corporation in January 2021. · The name change registration of the Company was approved by the Ministry of Economic Affairs on January 8, 2021. · The board of directors resolved to have the stock abbreviation changed from “CCI” to “NCCI” on January 20, 2021. · The renamed stock shares have been traded in stock market since March 8, 2021. · An additional amount of US\$24.904 million was invested in the subsidiary, Nidec Chaun Choung Vietnam Corporation, in March 2021. The said subsidiary was with a paid-in capital of US\$34.904 million thereafter. · May 2021 – The construction of the first-phase buildings of the Hanoi of Nidec Chaun Choung Vietnam Corporation (NCCV) was completed.

- (2) Mergers, acquisitions, investments In affiliated companies, and reorganization handled in the last financial year and up to the publication date of this annual report: None.
- (3) Details of shares transferred by Directors, Supervisors, or Shareholders with more than 10% shareholding in the last year and up to the publication date of this annual report: Please refer to P.64-P.67 of the annual report: Details of shares transferred or pledged by Directors, Supervisors, Managerial Officers, and Shareholders with more than 10% shareholding.
- (4) Changes in management, business operation, business activities, or other events with significant impact on shareholders’ equity in the last Year and up to the publication date of this annual report: None.

(2) Responsibilities of Main Departments

Department Name	Main Responsibilities
Chairman's Office	<ol style="list-style-type: none"> 1. The draft and management of Nidec Chaun-Choung Group's business strategy, business objectives, and business operation. 2. The collection of various marketing information and industry intelligence. 3. Marketing strategy planning. 4. The planning and execution of new business units, such as, investing in new businesses, setting up subsidiaries, or organizing new departments. 5. Decision-making on important operational and financial matters. 6. The planning and execution of stock affairs; announcement in accordance with law or disclosure of material information. 7. The preparation and operation of the board meeting and shareholders meeting.
CEO's Office	<ol style="list-style-type: none"> 1. Pay attention to the business situation and the requirements and expectations of stakeholders. Formulate business strategies, plan the Company's operations guidelines, and implement board resolutions in response to the risks and opportunities; also, establish the Company's operating systems and supervise daily operations. 2. Handle internal relations, external public relations, and inter-departmental communication and coordination. 3. Responsible for the design and implementation of the Company's internal control system. 4. Ensure that the Company's quality and environmental safety and health management system comply with customers' or international standards, and continue to have it operated effectively. 5. The Company's production reformation and promotion (such as, equipment automation and Internet of Things). 6. Review, amendment, and draft of contracts and legal documents, compliance with laws and regulations, and contract implementation and consultation. 7. Protection of intellectual property rights and litigation. 8. The promotion and management of projects related to cost control, including but not limited to the establishment of standard cost system for samples, products or manufacturing processes, the tracing and control of costs.
Internal Audit Office	<ol style="list-style-type: none"> 1. Evaluate the soundness, rationality, and effectiveness of the Company's internal control system and various management systems. 2. Evaluate the efficiency of various plans or policies implemented by various units within the Company. 3. Reasonably confirm that each unit and each transaction cycle is with a good record, and whether it can properly prevent the waste, fraud, or inefficiency of cash, securities, or the use of other assets. 4. Review the audit reports and self-assessment reports presented by all units and subsidiaries, and follow up on the improvement of the internal control nonconformities and abnormal matters. 5. Cooperate with external institutions (Financial Supervisory Commission, counseling securities firm, accounting firm, and other relevant units) to audit internal control system.

Department Name		Main Responsibilities
		6. Handle the announcement and declaration matters in accordance with the provisions of the Financial Supervisory Commission.
	3Q6S Promotion Office	<ol style="list-style-type: none"> 1. The Group's 3Q6S activities management, execution, and tracking. Formulate 3Q6S standardized specification (Handbook) targeting on all matters for the compliance of the entire Group, including the subsequent substantiation and implementation. 2. The inventory management, application management, and requisition demand of the Company's stationery and general supplies. The Company's other 3Q6S related affairs
Product Development and Sales and Marketing Division	R&D Center	<ol style="list-style-type: none"> 1. Nidec Chaun-Choung Group's R&D resource utilization and laboratories management. 2. R&D for liquid cooling system and key components. 3. Next-generation chip cooling solution development (such as, AI deep learning chips and high-power graphics card thermal solutions, etc.). 4. Promotion and exploration of new thermal solutions. 5. Responsible for the development of new heat pipe structures. 6. Responsible for the development of the new vapor chamber structure. 7. Responsible for research and development of new products / new materials / new applications. 8. Develop products that meet customers' quality / hazardous substance free (HSF). 9. Gather hazardous substance free (HSF) management related information to comply with international laws and customers' requirements. 10. Supervise relevant product design, application development, etc. required by customers in the project department.
	Production Engineering Department	<ol style="list-style-type: none"> 1. Responsible for the production process design, machinery equipment, fixtures, and automation development when the product development is completed and ready for production, integrated with the cost, quality control, and other elements to achieve maximum efficiency and efficacy in mass production. 2. Maintenance of production equipment 3. Assist to transfer the developed manufacturing process to each subsidiary or factory. 4. Coordinate and guide the Production Engineering Department of each subsidiary or factory to optimize the process and equipment. 5. Realize process improvement, equipment optimization, etc. to maximize yield rate. 6. Develop equipment specifications and operating instructions
	Project Management Department	<p>(Marketing)</p> <ol style="list-style-type: none"> 1. Sales planning, coordination, sales performance evaluation, and collection of customers' accounts payable. 2. Customer credit assessment and market information gathering, analysis, composition, and reporting. 3. Development of new customers and new market. 4. Establish benign interactive communication with customers (including customer property) and customer complaint analysis and handling. 5. Planning and implementation of product marketing. 6. Collect customers' quality / hazardous substance free (HSF) requirements.

Department Name		Main Responsibilities
		<p>7. Responsible for the development and planning for new products and markets of automobiles and liquid cooling solutions. (R&D)</p> <ol style="list-style-type: none"> 1. Product blueprint planning and R&D plan execution. 2. Thermal/heat transfer technology and new product application development. 3. Study new market demands and update technical information. 4. Client model design and implementation.
Production and Manufacture Division	Manufacturing Department	<ol style="list-style-type: none"> 1. Responsible for the manufacturing and production of vapor chamber, heat pipes, thermal modules, and heat sinks. 2. Produce products that meet customers' quality / hazardous substance free (HSF) requirement. 3. Production planning, arrange production line / capacity / staff deployment. 4. Train, guide, and supervise operators to achieve the best efficiency. 5. Ensure that products are delivered on time and as specified quality.
	Quality Assurance Department	<ol style="list-style-type: none"> 1. Responsible for the establishment of quality policies, implementation of quality systems, and auditing and improvement of quality operations. 2. Provides quality-related recommendations to the management; assists and coordinates with various departments in the execution of the quality policy and promotes quality enhancement activities as well as education and training in order to provide more satisfactory services to customers. 3. Responsible for the introduction, supervision, and verification of the quality / hazardous substance free (HSF) in products, raw materials, and manufacturing processes.
	Material Department	<ol style="list-style-type: none"> 1. Responsible for the procurement of raw materials, various equipment, etc., to achieve a procurement strategy for suitable quality, quantity, time, and price. 2. Procurement of raw materials, work-in-process products, and finished products that meet customers' quality / hazardous substance free requirement. 3. Control and record the storage and inventory of materials, and maintain the integrity of the inventory in the factory area to have the supply met the demand. 4. Contractor assessment and performance management is to meet customers' quality / hazardous substance free (HSF) requirement. 5. Contact window for supplier property
Operation and Management Division	IT Department	<ol style="list-style-type: none"> 1. Monitors IT trends, develops IT policies, and promotes IT transformation. 2. Plans and coordinates IT transformation efforts to ensure effective use of resources. 3. Establish relevant information systems that meet customers' quality / hazardous substance free (HSF) requirement.
	Administration Department	<ol style="list-style-type: none"> 1. Planning and implementation of personnel system and performance evaluation. 2. Staff education and training as well as salary management. 3. Provide general administrative services and management, stationery supplies procurement, asset repairs, and repair and maintenance of the utilities, air conditioning, communications and other supply systems inside the plant, and provide a suitable operating environment.

Department Name		Main Responsibilities
		<ol style="list-style-type: none"> 4. Data maintenance and management of fixed assets. 5. Responsible for the planning, management, and related law and regulations review for the Company's environmental safety and health affairs. 6. The preparation and operation of the Remuneration Committee. 7. Responsible for the Company's internal control, ISO and RBA documents issuance and management. 8. R&D project management (such as, project code preparation), the Group's material code management, BOM review and processing.
	Finance Department	<ol style="list-style-type: none"> 1. Provides operational information and performs difference analysis. 2. Investments and assessing, planning, and implementing long-term and short-term investment activities.

II. Profile of the directors, supervisors, general manager, vice presidents, assistant vice presidents, and heads of various departments and branches

(1) Profile of the Directors and Supervisors

1. Profile of the Directors and Supervisors

April 30, 2022; Unit: shares

Title	Nationality or Place of Registration	Name	Gender/Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Shares Held by Spouse and Underage Children		Shares Held by Proxy		Main Career (Academic) Achievements	Concurrent Duties in the Company and in Other Companies	Spouse or Relatives in the 2nd degree of kinship acting as Directors, Supervisors, or Department Heads			Remark
							Shares Held	%	Shares Held	%	Shares Held	%	Shares Held	%			Title	Name	Relationship	
Chairman	Japan	Nidec Corporation	-	2019.1.29	3 years	2019.1.29	41,444,831	48.00%	74,448,982	86.22%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
		Representative: Junichi Nagai	M/61~70	2019.1.29	3 years	2019.1.29	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelors of Economics, Yokohama National University, Japan General Manager of Overseas Business Department of Nidec Corporation	CEO of Nidec Chaun-Choung Technology Corporation Director of Nidec Chu-Chung Electronics (Kunshan) Corporation Chairman of Nidec Chun-Hsiang Technology (Chongqing) Corporation and Nidec Chaun Choung Vietnam Corporation	None	None	None	Note 1
Director	Japan	Nidec Corporation	-	2019.1.29	3 years	2019.1.29	41,444,831	48.00%	74,448,982	86.22%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
		Representative: Eiji Miyamoto (Note 2)	M/51~60	2021.4.1	3 years	2021.4.1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Electrical Engineering, School of Engineering, Central Institute of Technology, Japan The chief of R&D 2, Development department 2 of GMS Business Unit of Small Precision Motor & Solutions Business Unit of Nidec Corporation Director of Nidec Shiga	Executive Director of Nidec Corporation	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender/Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Shares Held by Spouse and Underage Children		Shares Held by Proxy		Main Career (Academic) Achievements	Concurrent Duties in the Company and in Other Companies	Spouse or Relatives in the 2nd degree of kinship acting as Directors, Supervisors, or Department Heads			Remark
							Shares Held	%	Shares Held	%	Shares Held	%	Shares Held	%			Title	Name	Relationship	
		Nidec Corporation	-	2019.1.29	3 years	2019.1.29	41,444,831	48.00%	74,448,982	86.22%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
Director	Japan	Representative: Yasuhiro Mase (Note3)	M/41~50	2021.4.1	3 years	2021.4.1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Japanese Language and Literature, College of Liberal Art, Shihshu University, Japan Single-year Master of Business Administration (MBA) of Indian Institute of Management, Ahmedabad, India General Manager and Leader of the Revenue Management Team, the Global Performance Management Department of Nidec Corporation	CFO of Nidec Chaun-Choung Technology Corporation Director of Nidec Chu-Chung Electronics (Kunshan) Corporation, Nidec Chun-Hsiang Technology (Chongqing) Corporation, Nidec Chaun Choung Vietnam Corporation	None	None	None	None
Director	Japan	Nidec Corporation	-	2021.11.24	3 years	2021.11.24	41,444,831	48.00%	74,448,982	86.22%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None

Title	Nationality or Place of Registration	Name	Gender/Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Shares Held by Spouse and Underage Children		Shares Held by Proxy		Main Career (Academic) Achievements	Concurrent Duties in the Company and in Other Companies	Spouse or Relatives in the 2nd degree of kinship acting as Directors, Supervisors, or Department Heads			Remark
							Shares Held	%	Shares Held	%	Shares Held	%	Shares Held	%			Title	Name	Relationship	
		Representative: Kenji Ito (Note 6)	M/51~60	2021.11.24	3 years	2021.11.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Science, Doshisha University Director of Sales Division, Department of Small Precision Motor & Solutions Business, Nidec Corporation Chairman of Nidec Singapore Pte. Ltd.	General Manager of Nidec America Corporation	None	None	None	None
Director	Japan	Nidec Corporation	-	2019.1.29	3 years	2019.1.29	41,444,831	48.00%	74,448,982	86.22%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
		Representative: Hidetoshi Matsuhashi	M/61~70	2019.1.29	3 years	2019.1.29	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Economics, University of Toyama, Japan CFO of GMS Business Unit of Small Precision Motor & Solutions Business Unit of Nidec Corporation	Division General Manager of Production of Small Precision Motor & Solutions Business Unit of Nidec Corporation	None	None	None	None
Independent Director	ROC	Ke-Wei Hsu	M/61~70	2019.1.29	3 years	2019.1.29	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Law, National Taiwan University Master of Law, University of Pennsylvania MBA, University of Pennsylvania Wharton School Senior Consultant of Jones Day Chief Legal Officer/Legal Consultant of NeoBards Entertainment Ltd.	Legal Consultant of Wende Pharmaceuticals Co., Ltd. Independent Director of President Chain Store Corporation Independent Director of Nidec Chaun-Choung Technology Corporation	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender/Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Shares Held by Spouse and Underage Children		Shares Held by Proxy		Main Career (Academic) Achievements	Concurrent Duties in the Company and in Other Companies	Spouse or Relatives in the 2nd degree of kinship acting as Directors, Supervisors, or Department Heads			Remark
							Shares Held	%	Shares Held	%	Shares Held	%	Shares Held	%			Title	Name	Relationship	
Independent Director	ROC	Ya-Ping Chiang	F/51~60	2019.1.29	3 years	95.6.9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Financial Taxation, National Chung Hsing University Finance Manager of Dongguan Donsha Baofong Hardware and Plastics Plant Certified Public Accountant	-	None	None	None	None
Supervisor	Japan	Isao Takahashi	M/41~50	2019.1.29	3 years	2019.1.29	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Economics, Doshisha University, Japan Chief Manager of Accounting Department of Nidec Corporation	General Manager of Accounting Department of Nidec Corporation Director of Nidec Management Shanghai Corporation, Nidec Europe B.V., Nidec India Private Ltd., and Nidec Motor Corporation Supervisor of Nidec (Shanghai) International Trading Co., Ltd., Nidec (Beijing) Co., Ltd., Nidec (Shenzhen) Co., Ltd., Nidec (H.K.) Co., Ltd., Nidec Korea Corporation, Nidec Taiwan Corporation, Nidec ASI Japan Corporation, Nidec Motor Holdings Corporation	None	None	None	None
Supervisor	ROC	Chun-Yu Yen (Note 5)	M/51~60	2021.8.12	3 years	2021.8.12	54,916	0.06%	54,916	0.06%	5,000	0.01%	0	0.00%	Master of Accounting, Department of Accounting, National Chengchi University Group Leader, KPMG Taiwan CPA passing the national examination	Senior Manager of Counseling Business Group, Taiwan Small and Medium Enterprise Counseling Foundation Supervisor of Skardin Industrial Corp.	None	None	None	None

Note 1: If the Chairman of the company and the President or equivalent (the top managerial officer) are the same person, relatives of each other, such as, spouse or the relative in the 1st of kinship, should explain the reasons, rationality, necessity, and corresponding measures (such as, increasing the number of independent directors, and there should be more than half of the directors who

are not an employee or managerial officer, etc.) related information:

Nidec Corporation (hereinafter referred to as “Nidec”), after having completed the public acquisition of the Company in November 2018, has become the parent company of the Company. The Company held an extraordinary shareholders meeting on January 29, 2019 to re-elect the directors and supervisors entirely. Mr. Nagai Junichi, the representative appointed by Nidec, was elected as the Chairman. Nidec, the parent company, bases on the purpose of supervising the Company’s operation, has appointed Mr. Nagai Junichi to serve as the Company’s chief executive officer, who will plan the Company’s business strategy, operating goals, marketing strategy and planning, also, be responsible for the planning and execution of new business units, as well as the decision-making of important operations and financial matters. It is a common management model for multinational enterprises. The Chairman usually communicates the current status of operations and future operating policies with the directors through the board of directors, and implements corporate governance. In the future, the Company will also plan to establish additional independent director seats according to operational needs in order to enhance the functions of the board of directors and strengthen the supervision mechanism.

Note 2: Mr. Masashi Takao, the representative of the legal person director, appointed by Nidec Corporation, was replaced by Mr. Eiji Miyamoto on April 1, 2021.

Note 3: Mr. Kazuhito Kaise, the representative of the legal person director, appointed by Nidec Corporation, was replaced by Mr. Yasuhiro Mase on April 1, 2021.

Note 4: The legal person director, Yo Chang Investment Co., Ltd., had transferred more than 1/2 shareholding held at the time of election during the term of office (January 4, 2021). According to Article 197 of the Company Act, the legal person director was dismissed ipso facto on January 4, 2021. Also, the appointed representatives, Ms. Shih-Ling Wu and Mr. Chien-Hung Wu, were dismissed ipso facto.

Note 5: The legal person supervisor, Yi Cen Investment Co., Ltd., had transferred more than 1/2 shareholding held at the time of election during the term of office (January 4, 2021). According to Article 227 of the Company Act, the legal person supervisor was dismissed ipso facto on January 4, 2021. Also, the appointed representative, Mr. Chun-Yu Yen, was dismissed ipso facto.

Note 6: Mr. Mitsuru Tsuyoshi, the representative of the legal person director, appointed by Nidec Corporation, was replaced by Mr. Kenji Ito on Nov. 24, 2021.

2. If the directors and supervisors are representatives of corporate shareholders, the name of the corporate shareholder and the name and shareholding ratio of the top-10 shareholders of the corporate shareholder:

April 30, 2022

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholder	Shareholding Percentage
Nidec Corporation	The Master Trust Bank of Japan, Ltd. (trust account)	13.26%
	Shigenobu Nagamori	8.30%
	Custody Bank of Japan, Ltd. (trust account)	4.42%
	The Bank of Kyoto, Ltd.	4.16%
	S.N. Kosan, LLC.	3.40%
	SSBTC Client Omnibus Account	2.78%
	Nidec Corporation	2.61%
	The Bank of New York Mellon140042	2.51%
	The Bank of Mitsubishi UFJ, Ltd.	2.49%
	Nippon Life Insurance Company	2.21%

3. If the Major Shareholders of Major Corporate Shareholders is a legal person, the information of the major shareholders:

April 30, 2022

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholder	Shareholding Percentage
The Master Trust Bank of Japan, Ltd.	Mitsubishi UFJ Trust & Banking Corporation	46.50%
	Nippon Life Insurance Company	33.50%
	Meiji Yasuda Life Insurance Company	10.00%
	The Norinchukin Trust & Banking Co., Ltd.	10.00%
Custody Bank of Japan, Ltd. (trust account)	Sumitomo Mitsui Trust Holdings, Inc.	33.30%
	Mizuho Financial Group, Inc.	27.00%
	Resona Bank, Limited	16.70%
	The Dai-ichi Life Insurance Company, Limited	8.00%
	Asahi Mutual Life Insurance Company	5.00%
	Meiji Yasuda Life Insurance Company	4.50%
	Japan Post Insurance Co., Ltd.	3.50%
	Fukoku Mutual Life Insurance Company	2.00%
The Bank of Kyoto, Ltd.	The Master Trust Bank of Japan, Ltd. (trust account)	11.64%
	Nippon Life Insurance Company	3.60%
	Custody Bank of Japan, Ltd. (trust account)	3.56%

	Tokio Marine & Nichido Fire Insurance Co., Ltd.	3.35%
	Meiji Yasuda Life Insurance Company	3.30%
	Bank of New York Mellon 140051	2.81%
	Kyocera Corporation	2.10%
	Northern Trust (AVFC) SILCHESTER Int'l .VET	2.08%
	The Master Trust Bank of Japan (Omron Pension Trust Unit)	2.01%
	Sumitomo Life Insurance Company	1.74%
The Bank of New York Mellon 140042	Berkshire Hathaway Inc.	8.15%
	The Vanguard Group	7.22%
	Dodge & Cox	6.87%
	BlackRock Inc.	4.55%
	State Street Corporation	2.46%
	FMR LLC	2.35%
	Artisan Partners	1.98%
	First Eagle Investment Management, LLC	1.83%
	Davis Selected Advisers, L.P.	1.79%
The Bank of Mitsubishi UFJ, Ltd.	Mitsubishi UFJ Financial Group Inc. (MUFG)	100.00%

4. Professional knowledge and independence of directors and supervisors:

Qualifications Name	Professional Qualifications and Experiences (Note 1)	Compliance with independence (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director Nidec Corporation Representative: Junichi Nagai	<ol style="list-style-type: none"> 1. Have work experience in the field of commerce, technology, corporate operation, or decision making. 2. Other experience gained from holding concurrent positions in other companies. Please refer to pages 11-13 and 18-19 of this annual report for information on education, gender, professional qualifications, work experience and diversity of the independent director. 3. None of the circumstances in the subparagraphs of Article 30 of the Company Act was found. 	N/A	0
Director Nidec Corporation Representative: Eiji Miyamoto	<ol style="list-style-type: none"> 1. Have work experience in the field of commerce, technology, corporate operation, or decision making. 2. Other experience gained from holding concurrent positions in other companies. Please refer to pages 11-13 and 18-19 of this annual report for information on education, gender, professional qualifications, work experience and diversity of the independent director. 3. None of the circumstances in the subparagraphs of Article 30 of the Company Act was found. 	N/A	0
Director Nidec Corporation Representative: Yasuhiro Mase	<ol style="list-style-type: none"> 1. Have work experience in the field of commerce, technology, corporate operation, or decision making. 2. Other experience gained from holding concurrent positions in other companies. Please refer to pages 11-13 and 18-19 of this annual report for information on education, gender, professional qualifications, work experience and diversity of the independent director. 3. None of the circumstances in the subparagraphs of Article 30 of the Company Act was found. 	N/A	0
Director Nidec Corporation Representative: Kenji Ito	<ol style="list-style-type: none"> 1. Have work experience in the field of commerce, technology, corporate operation, or decision making. 2. Other experience gained from holding concurrent positions in other companies. 	N/A	0

<p>Independent Director Ya-Ping Chiang</p>	<p>1. Have work experience in the field of commerce, technology, corporate operation, or decision making. 2. Other experience gained from holding concurrent positions in other companies. Please refer to pages 11-13 and 18-19 of this annual report for information on education, gender, professional qualifications, work experience and diversity of the independent director. 3. None of the circumstances in the subparagraphs of Article 30 of the Company Act was found.</p>	<p>Being independent as an independent director: The said person, including but not limited to the spouse and/or the second degree relatives of the said person, is not a director, supervisor or employee of the Company or any of its affiliates. The said person, including but not limited to the spouse and/or the second degree relatives of the said person, does not hold any share of the Company and is not a director, supervisor or employee of a company that has certain relationship with the Company. The said person, including but not limited to the spouse and/or the second degree relatives of the said person, does not receive any remuneration for business, legal, financial and accounting services provided for the Company or its affiliates in the last two years.</p>	<p>0</p>
<p>Supervisor Isao Takahashi</p>	<p>1. Have work experience in the field of commerce, technology, corporate operation, or decision making. 2. Other experience gained from holding concurrent positions in other companies. Please refer to pages 11-13 and 18-19 of this annual report for information on education, gender, professional qualifications, work experience and diversity of the independent director. 3. None of the circumstances in the subparagraphs of Article 30 of the Company Act was found.</p>	<p>N/A</p>	<p>0</p>
<p>Supervisor Chun-Yu Yen</p>	<p>1. Have work experience in the field of commerce, technology, corporate operation, or decision making. 2. Other experience gained from holding concurrent positions in other companies. Please refer to pages 11-13 and 18-19 of this annual report for information on education, gender, professional qualifications, work experience and diversity of the independent director. 3. None of the circumstances in the subparagraphs of Article 30 of the Company Act was found.</p>	<p>N/A</p>	<p>0</p>

Note 1: Professional qualifications and experience: State the professional qualifications and experience of individual directors and supervisors and, in the case of audit committee members with accounting or financial expertise, state their accounting or financial background and work experience, and state whether they are not involved in any of the matters set out in Article 30 of the Company Act.

Note 2: The independent director should state the circumstances that qualify him/her as independent, including but not limited to whether he/she, his/her spouse, relatives within the second degree of kinship, etc. hold any position as

a director, supervisor or employee of the Company or its affiliates; the number and proportion of shares held by him/her, his/her spouse, relatives within the second degree of kinship (or in the name of others); whether he/she, his/her spouse, relatives within the second degree of kinship are a director, supervisor or employee of a company with which the Company has a specific association (see Subparagraphs 5-8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and whether he/she, his/her spouse, relatives within the second degree of kinship rendered business, legal, financial, accounting services to the Company or its affiliates in the last 2 years and got paid therefor.

III. Diversity and Independence of the Board of Directors:

In accordance with Article 20 of the Company's Corporate Governance Best Practice Principles, the composition of the Board of Directors should be diverse and not restrictive in terms of gender, race and nationality, but in addition to possessing the knowledge, skills and qualities necessary to carry out its duties, the Board as a whole should have the ability to exercise operational judgment, accounting and finance, operational management, crisis management, industry knowledge, international market perspective, leadership and decision-making in order to achieve the desired objectives of corporate governance.

The current Board of Directors of the Company consists of seven directors, including two independent directors and five ordinary directors, who have extensive experience and expertise in overseas business management, industry knowledge and technology research and development, corporate management, strategic planning, product marketing business, finance, accounting, legal and business management, etc. They can provide professional advice from different perspectives, which is of great benefit to the Company. The board of directors of the Company directs the Company's strategy, supervises the management and is accountable to the Company and its shareholders, while exercising its powers and functions in accordance with the law, the articles of incorporation or the resolution of the shareholders' meeting in all operations and arrangements of the corporate governance system. The Company's board of directors emphasizes the function of independent operation and transparency. The directors and independent directors are independent individuals and exercise their powers and functions independently, and the relationship between the directors, between the supervisors or between the directors and supervisors is not that of a spouse or a relative within the second degree of kinship, nor are they involved in any of the matters specified in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. The independent directors are all in compliance with the FSC Securities and Futures Bureau's regulations on independent directors. In addition, the Company attaches importance to gender equity in the composition of its Board of Directors, with one female director, accounting for 14.29% of the total number of directors, and expects to create one additional independent director during the general re-election at the shareholders meeting held in 2022.

The implementation of the diversity policy by the current members of the Board of Directors of the Company is set out below:

Title	Diversification items The name of director	Nationality	Age			Gender	Hold a Concurrent Post of Employee	Seniority of Independent Director	Operational Judgment/ Business management	Crisis handling/ Leadership	Industry knowledge	International market view	Finance and Accounting	Decision-making	Remark
			41 - 50	51 - 60	61 - 70										
Chairman	Nidec Corporation Representative: Junichi Nagai	Japan			√	M	√	NA	√	√	√	√	√	Good at overseas business management, corporate operation, strategic planning and product sales and marketing	
Director (Note 1)	Nidec Corporation Representative: Eiji Miyamoto	Japan		√		M		NA	√	√	√	√	√	Good at industry knowledge and product development development	
Director (Note 2)	Nidec Corporation Representative: Yasuhiro Mase	Japan	√			M	√	NA	√	√	√	√	√	Good at finance, accounting, and business operation and performance analysis	
Director (Note 3)	Nidec Corporation Representative: Mitsuru Tsuyoshi (dismissed)	Japan			√	M		NA	√	√	√	√	√	Good at overseas business management, corporate strategic planning	
Director	Nidec Corporation Representative: Hidetoshi Matsuhashi	Japan			√	M		NA	√	√	√	√	√	Good at finance and business management	
Independent Director	Ya-Ping Chiang	R.O.C.		√		F		More than 9 years	√	√	√	√	√	Good at accounting affairs Certified Public Accountant	
Independent Director	Ke-Wei Hsu	R.O.C.			√	M		Less than 3 years	√	√	√	√	√	Good at legal affairs	
Director (Note 3)	Nidec Corporation Representative: Kenji Ito	Japan		√		M		NA	√	√	√	√	√	Good at overseas businesses management, and corporate strategy planning	
Director (Note 1)	Nidec Corporation Representative: Masashi Takao (dismissed)	Japan			√	M	√	NA	√	√	√	√	√	Good at industrial knowledge and technology research and development	
Director (Note 2)	Nidec Corporation Representative: Kazuhito Kaise (dismissed)	Japan	√			M	√	NA	√	√	√	√	√	Good at corporate strategy planning, financial and legal affairs	

Note 1: Mr. Masashi Takao, the representative of the legal person director, appointed by Nidec Corporation, was replaced by Mr. Mr. Masashi Takao, the representative of the legal person director, appointed by Nidec Corporation, was replaced by on April 1, 2021.

Note 2: Mr. Kazuhito Kaise, the representative of the legal person director, appointed by Nidec Corporation, was replaced by Mr. Yasuhiro Mase, the representative of the legal person director, appointed by Nidec Corporation, was replaced by on April 1, 2021.

Note 3: Mr. Mitsuru Tsuyoshi, the representative of the legal person director, appointed by Nidec Corporation, was replaced by Mr. Kenji Ito, the representative of the legal person director, appointed by Nidec Corporation, was replaced by on Nov. 24, 2021.

(2) Profile of the Directors, Supervisors, General Manager, Vice Presidents, Assistant Vice Presidents, and Heads of Various Departments and Branches

April 30, 2022; Unit: Shares

Title	Nationality	Name	Gender	Date Elected/ Appointed	Shareholding		Shares Held by Spouse and Underage Children		Shares Held by Proxy		Main Career (Academic) Achievements	Concurrent Positions in Other Companies	Spouse or Relatives in the 2nd degree of kinship Acting as a Managerial Officer			Remarks
					Shares Held	%	Shares Held	%	Shares Held	%			Title	Name	Relation ship	
CEO	Japan	Junichi Nagai	M	2019.2.1	0	0.00%	0	0.00%	0	0.00%	Bachelors of Economics, Yokohama National University, Japan General Manager of Overseas Business Department of Nidec Corporation	Director of Nidec Chu- Chung Electronics (Kunshan) Corporation Chairman of Nidec Chun-Hsiang Technology (Chongqing) Corporation, Nidec Chaun Choung Vietnam Corporation	None	None	None	Note 1
CAO	ROC	Shih-Ling Wu	F	2019.1.29	0	0.00%	0	0.00%	0	0.00%	MBA and Master of Accounting, State University of New York Deputy Manager of Finance Department of Taiwan Mobile Co., Ltd. Deputy Manager of Finance Department of Radium Life Tech Co., Ltd. Chairman's Assistant & Chairman of Chaun-Choung Technology Corporation	Director of Conquer Wisdom Co.,Ltd. Chairman of Nidec Chaung-Choung Technology America, Inc. Chairman of GLOBE STAR ENTERPRISE LTD. Supervisor of I-Tsen Investment Co., Ltd.	None	None	None	None
CFO	Japan	Yasuhiro Mase	M	2021.4.1	0	0.00%	0	0.00%	0	0.00%	Bachelor of Japanese Language and Literature, College of Liberal Art, Shihshu University, Japan Single-year Master of Business Administration (MBA) of Indian Institute of Management, Ahmedabad, India General Manager and Leader of the Revenue Management Team, the Global Performance Management Department of Nidec Corporation	Director of Nidec Chu- Chung Electronics (Kunshan) Corporation, Nidec Chun-Hsiang Technology (Chongqing) Corporation, Nidec Chaun Choung Vietnam Corporation	None	None	None	Note 2

Title	Nationality	Name	Gender	Date Elected/ Appointed	Shareholding		Shares Held by Spouse and Underage Children		Shares Held by Proxy		Main Career (Academic) Achievements	Concurrent Positions in Other Companies	Spouse or Relatives in the 2nd degree of kinship Acting as a Managerial Officer			Remarks
					Shares Held	%	Shares Held	%	Shares Held	%			Title	Name	Relation ship	
Vice President	ROC	Chih-Ren Lin	M	2011.9.1	0	0.00%	0	0.00%	0	0.00%	MBA, University of South Australia (UniSA) Senior Manager of Purchasing and Senior Manager of Quality Assurance of Dell Taiwan B.V. Assistant Vice President of Quality Assurance Department of Chaun- Choung Technology Corporation	None	None	None	None	None
Manufacturing and Production Engineering - Vice President	ROC	Li-Min Yang	M	2020.11.9	0	0.00%	0	0.00%	0	0.00%	Williams Business College, Sydney, Australia Director of SHZBG, Hon-Hai Group	None	None	None	None	None
Vice President	ROC	Chun-Min Chung	M	2021.7.5	0	0.00%	0	0.00%	0	0.00%	M.S. in mechanical engineering, National Central University Wistron Corp director Head of SMT Engineering Dept of Quanta Computer	None	None	None	None	Note 3
QA Department Vice President	ROC	Shih- Chung Yuan	M	2021.12.1	0	0.00%	0	0.00%	0	0.00%	National Chin-Yi University of Technology Dept of Electrical Engineering Chief Quality Officer, MiTAC International Corp (Senior Director, GQAC Global Quality Assurance Center) Director of Quality Assurance, Compal Electronics Vietnam Central Quality Technology Committee - Manager, Hon Hai Technology Group	None	None	None	None	Note 4
RDC1 Vice President	ROC	Cheng-Tu Wang	M	2007.8.30	0	0.00%	0	0.00%	0	0.00%	M.S. in mechanical engineering, National Taiwan University of Science and Technology Manager and Assistant Manager of R&D Center, Nidec Chaun-Choung Technology Corp	None	None	None	None	None
RDC2 Vice President	ROC	Meng- Cheng Huang	M	2014.3.26	0	0.00%	0	0.00%	0	0.00%	PhD. of Mechanical Engineering, National Taiwan University	None	None	None	None	None

Title	Nationality	Name	Gender	Date Elected/ Appointed	Shareholding		Shares Held by Spouse and Underage Children		Shares Held by Proxy		Main Career (Academic) Achievements	Concurrent Positions in Other Companies	Spouse or Relatives in the 2nd degree of kinship Acting as a Managerial Officer			Remark
					Shares Held	%	Shares Held	%	Shares Held	%			Title	Name	Relation ship	
PM1 Vice President	ROC	Hung-Lin Cheng	M	2019.1.1	0	0.00%	0	0.00%	0	0.00%	Master of Mechanical Engineering Department, Yuanzhi University R&D Engineer, Marketing Manager and Assistant Vice President of Product Development Division of Chaun-Choung Technology Corporation	None	None	None	None	None
PM2 Vice President	ROC	Ya-Chin Chih	F	2019.1.1	0	0.00%	0	0.00%	0	0.00%	Media Administration Department, Shih Hsin University Secretary of President and Marketing Manager and Assistant Vice President of Product Development Division of Chaun-Choung Technology Corporation	None	None	None	None	None
PM3 Senior Vice President	ROC	Zhi-Ye Shen	M	2019.7.22	0	0.00%	0	0.00%	0	0.00%	Bachelor of Chemical Engineering, National Tsinghua University Vice President of Kuang Ho Technology Co., Ltd. Marketing Assistant Manager, Deputy General Manager of Product Development Division, Nidec Chaun- Choung Technology Corporation	None	None	None	None	None
PM4 Assistant Vice President	ROC	Chih-Wei Hsu	F	2020.11.9	0	0.00%	0	0.00%	0	0.00%	Bachelor of Japanese Language and Literature, Soochow University Director of Marketing Business Development of Image and Video Solutions Division, Customer Service Manager of Lite-On Technology Co., Ltd.	None	None	None	None	None
CEO Office Assistant Vice President	Japan	Kenji Matsui	M	2021.1.4	0	0.00%	0	0.00%	0	0.00%	Master of Engineering (Specialized in Materials Development Engineering), Graduate School of Science and Engineering, Kyushu University, Japan General Manager of Purchasing, Production Management Department of GMS Business Unit, Small Precision Motor & Solutions Business Unit of Nidec Corporation	None	None	None	None	None

Title	Nationality	Name	Gender	Date Elected/ Appointed	Shareholding		Shares Held by Spouse and Underage Children		Shares Held by Proxy		Main Career (Academic) Achievements	Concurrent Positions in Other Companies	Spouse or Relatives in the 2nd degree of kinship Acting as a Managerial Officer			Remarks
					Shares Held	%	Shares Held	%	Shares Held	%			Title	Name	Relation ship	
CEO Office Assistant Vice President	ROC	Ruo-Ying Wang	F	2021.1.25	0	0.00%	0	0.00%	0	0.00%	Bachelor of International Trade Department of Soochow University Manager of the Logistics Center, Levis Taiwan Manager of the Logistics Management, Jusda Company, Foxconn Group	None	None	None	None	None
RDC2 Assistant Vice President	ROC	Shao-Qian Lu	M	2021.4.1	0	0.00%	0	0.00%	0	0.00%	Master of Aerospace Mechanical Engineering, University of Texas at Arlington Deputy Manager of PM1 Department of Chaun-Choung Technology Corporation Chief Engineer of Chi Lin Technology Co., Ltd.	None	None	None	None	Note 5
Material Department Assistant Vice President	ROC	Ming- Hung Hung	M	2021.9.8	0	0.00%	0	0.00%	0	0.00%	M.S. in engineering and management, Yuan Ze University Special Assistant of DIVA Laboratories, Ltd. Senior Manager of Flytech Technology Co Acting Director of Coretronic Corp	None	None	None	None	Note 6
Finance Department – Manager (Finance & Accounting Officer)	ROC	Mei-Hua Chen	F	2020.8.10	0	0.00%	0	0.00%	0	0.00%	Bachelor of Accounting, Soochow University Graduated from the 16th Term of the Law Credit Hour Class of NTU School of Professional Education and Continuing Studies Financial Manager and Special Assistant of General Manager of Imperial Hotel Taipei Assistant Vice President of KPMG Assurance Services Co., Ltd. Manager of Audit Department of PwC Taiwan	None	None	None	None	None

Note 1: If the Chairman of the company and the President or equivalent (the top managerial officer) are the same person, relatives of each other, such as, spouse or the relative in the 1st of kinship, should explain the reasons, rationality, necessity, and corresponding measures (such as, increasing the number of independent directors, and there should be more than half of the directors who are not an employee or managerial officer, etc.) related information: Please refer to II (I), 1. Note 1 in the attached table of “Profile of the Directors and Supervisors.”

Note 2: Mr. Kazuhito Kaise resigned from the position of Chief Finance Officer of the Company due to personal career planning on April 1, 2021. Mr. Yasuhiro Mase is his successor.

Note 3: Vice President Chun-Min Chung assumed office on July 5, 2021.

Note 4: Vice President Shih-Chung Yuan assumed office on Dec. 1, 2021.

Note 5: R&D Manager Shao-Qian Lu was promoted to Assistant Vice President on April 1, 2021.

Note 6: Senior Manager Ming-Hung Hung was promoted to Assistant Vice President on Sep. 8, 2021.

Note 7: Mr. Masashi Takao applied for retirement on April 1, 2021 to retire from the position of Chief Technical Officer of the Company. His successor is not yet appointed by the Company.

Note 8: Mr. Tung-Chieh Pan resigned from the position of Vice President of the Company due to personal career planning on July 1, 2021.

Note 9: Mr. Yi-Chang Wu resigned from the position of Assistant Vice President of the Company due to personal career planning on Sep. 1, 2021.

Note 10: Mr. Chien-Hung Wu resigned from the position of Senior Vice President of the Company due to personal career planning on Oct. 1, 2021.

Note 11: Mr. Yu-Min Fan was assigned to be the QA Vice President of NCCV, which is a subsidiary of the Company, in Jan. 2022..

Note 12: Mr. Chuan-chan Huang assumed office on May 17, 2021, and he resigned from the position of Vice President of the Company due to personal career planning on April 23, 2022.

III. Remuneration paid to the directors, supervisors, general manager, and vice presidents in the last year

(1) Director remuneration (including Independent Directors)

Unit: NT\$ thousand

Title	Name	Director Remuneration								Ratio of the total amount (Sum of A, B, C, and D) to Net Income		Remuneration received due to the identity of employees								Ratio of the total amount (Sum of A, B, C, D, E, F, & G) to Net Income		Remuneration received from the invested companies and the parent company other than the subsidiaries (Note 3)		
		Remuneration (A)		Pension (B)		Director compensation (C)		Business practice expenses (D)				Salaries, bonuses, special expenses, etc. (E)		Pension (F)		Employee compensation (G)								
		The Company	All companies Included in the financial statements	The Company	All companies Included in the financial statements	The Company	All companies Included in the financial statements	The Company	All companies Included in the financial statements	The Company	All companies Included in the financial statements	The Company	All companies Included in the financial statements	The Company	All companies Included in the financial statements	The Company		All Companies Included in the Financial Statements		The Company	All companies Included in the financial statements			
Directors	Nidec Corporation Representative: Junichi Nagai																							
	Nidec Corporation Representative: Masashi Takao (Note 1)	0	0	0	0	0	0	54	54	0.01%	0.01%	12,307	12,307	106	106	0	0	0	0	3.67%	3.67%	25,412		
	Nidec Corporation Representative: Kazuhito Kaise (Note 1)																							

Director and Independent Director Remuneration Bracket

Director Remuneration Bracket of the Company	Name of Director			
	The total remuneration amount of the first 4 items (A+B+C+D)		The total remuneration amount of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements (H)	The Company	The parent company and all invested companies (I)
Less than NT\$1,000,000	Junichi Nagai, Masashi Takao, Kazuhito Kaise, Mitsuru Tsuyoshi, Hidetoshi Matsuhashi, Eiji Miyamoto, Yasuhiro Mase, Kenji Ito	Junichi Nagai, Masashi Takao, Kazuhito Kaise, Mitsuru Tsuyoshi, Hidetoshi Matsuhashi, Eiji Miyamoto, Yasuhiro Mase, Kenji Ito	Masashi Takao, Kazuhito Kaise, Mitsuru Tsuyoshi, Hidetoshi Matsuhashi, Eiji Miyamoto, Yasuhiro Mase, Kenji Ito	Masashi Takao, Mitsuru Tsuyoshi, Kenji Ito
NT\$1,000,000(inclusive) - NT\$2,000,000(non-inclusive)	Ke-Wei Hsu, Ya-Ping Chiang	Ke-Wei Hsu, Ya-Ping Chiang	Ke-Wei Hsu, Ya-Ping Chiang	Kazuhito Kaise, Ke-Wei Hsu, Ya-Ping Chiang
NT\$2,000,000(inclusive) - NT\$3,500,000(non-inclusive)	-	-	-	-
NT\$3,500,000(inclusive) - NT\$5,000,000(non-inclusive)	-	-	Junichi Nagai	Yasuhiro Mase
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	-	-	-	Junichi Nagai 、 Eiji Miyamoto 、 Hidetoshi Matsuhashi
NT\$10,000,000 (inclusive) - NT\$15,000,000 (non-inclusive)	-	-	-	
NT\$15,000,000 (inclusive) - NT\$30,000,000 (non-inclusive)	-	-	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (non-inclusive)	-	-	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (non-inclusive)	-	-	-	-
More than NT\$100,000,000	-	-	-	-
Total	10 seats	10 seats	10 seats	10 seats

(2) Supervisor Remuneration

Unit: NT\$ thousand

Title	Name	Supervisor Remuneration						Ratio of the total amount (Sum of A, B, and C) to Net Income (%)		Remuneration received from the invested companies and the parent company other than the subsidiaries
		Remuneration (A)		Compensation (B)		Business practice expenses (C)		The Company	All Companies Included in the Financial Statements	
		The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements			
Supervisor	Isao Takahashi	0	0	389	389	24	24	0.12%	0.12%	5,441
Supervisor	Chun-Yu Yen									

Note 1: The Japanese supervisor of the Company does not collect the remuneration of directors and supervisors in Taiwan.

Supervisor Remuneration Bracket

Supervisor Remuneration Bracket of the Company	Name of Supervisor	
	The total remuneration amount of the first 3 items (A+B+C)	
	The Company	All companies included in the financial statements (D)
Less than NT\$1,000,000	Isao Takahashi, Chun-Yu Yen	Chun-Yu Yen
NT\$1,000,000(inclusive) - NT\$2,000,000(non-inclusive)	–	–
NT\$2,000,000(inclusive) - NT\$3,500,000(non-inclusive)	–	–
NT\$3,500,000(inclusive) - NT\$5,000,000(non-inclusive)	–	–
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (non-inclusive)	–	Isao Takahashi

NT\$ 10,000,000 (inclusive) - NT\$ 15,000,000 (non-inclusive)	–	–
NT\$ 15,000,000 (inclusive) - NT\$ 30,000,000 (non-inclusive)	–	–
NT\$ 30,000,000 (inclusive) - NT\$ 50,000,000 (non-inclusive)	–	–
NT\$ 50,000,000 (inclusive) - NT\$ 100,000,000 (non-inclusive)	–	–
NT\$ 100,000,000 and above	–	–
Total	2 seats	2 seats

(3) Remuneration to Presidents and Vice Presidents

Unit: NT\$ thousand

Title	Name	Salary (A)		Pension (B)		Bonuses and Allowances (C)		Employee Remuneration (D)				Ratio of the total amount (Sum of A, B, C, and D) to Net Income (%)		Remuneration received from the invested companies and the parent company other than the subsidiaries (Note 1)
		The Company	All Companies included in the Financial Statements	The Company	All Companies included in the Financial Statements	The Company	All Companies included in the Financial Statements	The Company		All Companies included in the Financial Statements		The Company	All Companies included in the Financial Statements	
								Amount Paid in Cash	Amount Paid in Shares	Amount Paid in Cash	Amount Paid in Shares			
CEO	Junichi Nagai	34,460	48,583	994	994	0	0	2,060	0	2,060	0	10.73%	14.77%	14,123
CAO	Shih-Ling Wu													
CTO	Masashi Takao (Note 2)													
CFO	Kazuhito Kaise (Note 3)													
CFO	Yasuhiro Mase (Note 3)													
Senior Vice President	Chien-Hung Wu (Note 7)													
Senior Vice President	Zhi-Ye Shen													
Vice President	Chih-Ren Lin													
Vice President	Li-Min Yang													
Vice President	Chun-Min Chung													

	(Note 4)													
Vice President	Yu-Min Fan (Note 5)													
Vice President	Shih-Chung Yuan (Note 6)													
Vice President	Cheng-Tu Wang													
Vice President	Meng-Cheng Huang													
Vice President	Hung-Lin Cheng													
Vice President	Ya-Chin Chih													
Vice President	Tung-Chieh Pan (Note 8)													
Vice President	Chuan-chan Huang (Note 9)													

Note 1: It refers to the remuneration received by the directors of the Company who are expatriates of the parent company.

Note 2: CTO Masashi Takao was relieved of his office on April 1, 2021.

Note 3: Mr. Kazuhito Kaise resigned from the position of CFO of the Company on April 1, 2021, and the new CFO was Mr. Yasuhiro Mase.

Note 4: Vice President Chun-Min Chung assumed office on July 5, 2021.

Note 5: Mr. Yu-Min Fan was assigned to be the QA Vice President of NCCV, which is a subsidiary of the Company, in Jan. 2022.

Note 6: Vice President Shih-Chung Yuan assumed office on Dec. 1, 2021.

Note 7: Senior Vice President Chien-Hung Wu was relieved of his office on Oct. 1, 2021.

Note 8: Vice President Tung-Chieh Pan assumed office on July 1, 2021.

Note 9: Vice President Chuan-chan Huang assumed office on May 17, 2021 and resigned from the position on April 23, 2022.

Note 10: The Japanese managerial officers of the Company do not collect the bonus and employee compensation in Taiwan.

President and Vice Presidents Remuneration Bracket

President and Vice President Remuneration Bracket	Name of the President and Vice President	
	The Company	Parent company and all invested companies (E)
Less than NT\$1,000,000	Masashi Takao, Kazuhito Kaise, Yasuhiro Mase, Chun-Min Chung, Shih-Chung Yuan	Masashi Takao, Chun-Min Chung, Shih-Chung Yuan
NT\$1,000,000(inclusive) - NT\$2,000,000(non-inclusive)	Chih-Ren Lin, Chuan-chan Huang, Tung-Chieh Pan	Kazuhito Kaise, Chih-Ren Lin, Chuan-chan Huang, Tung-Chieh Pan
NT\$2,000,000(inclusive) - NT\$3,500,000(non-inclusive)	Chien-Hung Wu, Meng-Cheng Huang, Cheng-Tu Wang, Yu-Min Fan, Hung-Lin Cheng, Ya-Chin Chih, Zhi-Ye Shen, Li-Min Yang	Chien-Hung Wu, Meng-Cheng Huang, Cheng-Tu Wang, Yu-Min Fan, Hung-Lin Cheng, Ya-Chin Chih, Zhi-Ye Shen, Li-Min Yang
NT\$3,500,000(inclusive) - NT\$5,000,000(non-inclusive)	Junichi Nagai, Shih-Ling Wu	Shih-Ling Wu, Yasuhiro Mase
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (non-inclusive)	–	–
NT\$ 10,000,000 (inclusive) - NT\$ 15,000,000 (non-inclusive)	–	Junichi Nagai
NT\$ 15,000,000 (inclusive) - NT\$ 30,000,000 (non-inclusive)	–	–
NT\$ 30,000,000 (inclusive) - NT\$ 50,000,000 (non-inclusive)	–	–
NT\$ 50,000,000 (inclusive) - NT\$ 100,000,000 (non-inclusive)	–	–
NT\$ 100,000,000 and Above	–	–
Total	18 seats	18 seats

(4) Names of managerial officers entitled to employee compensation and amount entitled

December 31, 2021; Unit: NT\$ thousand

Item	Title	Name	Amount Paid in Shares	Amount Paid in Cash (Note 2)	Total	Ratio of total amount to net income (%)
Management	CEO	Junichi Nagai	0	3,190	3,190	0.91%
	CAO	Shih-Ling Wu				
	CTO	Masashi Takao (Note 1)				
	CFO	Kazuhito Kaise (Note 2)				
	CFO	Yasuhiro Mase (Note 2)				
	Senior Vice President	Chien-Hung Wu (Note 6)				
	Senior Vice President	Zhi-Ye Shen				
	Vice President	Chih-Ren Lin				
	Vice President	Li-Min Yang				
	Vice President	Chun-Min Chung (Note 3)				
	Vice President	Yu-Min Fan (Note 4)				
	Vice President	Shih-Chung Yuan (Note 5)				
	Vice President	Cheng-Tu Wang				
	Vice President	Meng-Cheng Huang				
	Vice President	Hung-Lin Cheng				
	Vice President	Ya-Chin Chih				
	Vice President	Tung-Chieh Pan (Note 7)				
	Vice President	Chuan-chan Huang (Note 8)				
	Assistant Vice President	Yi-Chang Wu (Note 9)				
	Assistant Vice President	Ming-Hung Hung (Note 10)				
	Assistant Vice President	Kenji Matsui				
	Assistant Vice President	Ruo-Ying Wang				
	Assistant Vice President	Chih-Wei Hsu				
Assistant Vice President	Shao-Qian Lu (Note 11)					
Assistant Vice President	Pang-Hung Liao (Note 12)					
Manager (Finance and Accounting Officer)	Mei-Hua Chen					

Note 1: CTO Masashi Takao was relieved of his office on April 1, 2021.

- Note 2: Mr. Kazuhito Kaise resigned from the position of CFO of the Company on April 1, 2021, and the new CFO was Mr. Yasuhiro Mase.
- Note 3: Vice President Chun-Min Chung assumed office on July 5, 2021.
- Note 4: Mr. Yu-Min Fan was assigned to be the QA Vice President of NCCV, which is a subsidiary of the Company, in Jan. 2022.
- Note 5: Vice President Shih-Chung Yuan assumed office on Dec. 1, 2021.
- Note 6: Senior Vice President Chien-Hung Wu was relieved of his office on Oct. 1, 2021.
- Note 7: Vice President Tung-Chieh Pan assumed office on July 1, 2021.
- Note 8: Vice President Chuan-chan Huang assumed office on May 17, 2021 and resigned from the position on April 23, 2022.
- Note 9: Vice Assistant President Yi-Chang Wu was relieved of his office on Sep. 1, 2021.
- Note 10: Senior Manager Ming-Hung Hung was promoted to Vice Assistant President Sep. 8, 2021.
- Note 11: Vice President Shao-Qian Lu was promoted to Vice Assistant President April 1, 2021.
- Note 12: Pang-Hung Liao was relieved of his office on Feb. 27, 2021.
- Note 13: The Company's board of directors resolved to distribute employees' compensation for an amount of NT\$14,098,701 on March 24, 2022. As of the annual report publication date, the Company's proposed distribution of employees' compensation to each managerial officer had not yet been determined. Therefore, the amount of employees' compensation proposed to be distributed this year is an estimation based on the actual amount distributed to the managerial officers last year.
- Note 14: The Japanese managerial officers of the Company do not collect the bonus and employee compensation in Taiwan.

(5) Compare and explain the analysis of the ratio of the total remuneration paid by the Company and all companies in the consolidated financial statements to the Company's Directors, Supervisors, President and Vice President in the last two years to the net income on the standalone financial reports; also, explain the remuneration policies, standards and portfolio, procedures for remuneration determination, and correlation with the operating performance and future risks:

1. Analysis of the ratio of the total remuneration paid to the Company's Directors, Supervisors, President and Vice President in the last two years to the net income on the standalone financial reports:

Title	Ratio of the total remuneration paid by the Company and all companies in the consolidated financial statements to the Company's Directors, Supervisors, President and Vice Presidents to the net income on the standalone financial statements			
	2020		2021	
	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements
Directors	4.80%	4.90%	14.99%	23.10%
Supervisors				
President and Vice Presidents				

2. The remuneration policies, standards and portfolio, procedures for remuneration determination, and correlation with the operating performance and future risks:

(1) It is clearly defined in Article 20 of the Articles of Incorporation that if there is a net income in the current year, the employee compensation shall be appropriated for an amount not less than 3% of the net income; also, the board of directors may resolve to have an amount appropriated for not more than 3% of the net income as compensation to directors and supervisors. Directors and supervisors' compensation is determined by considering the factors, such as, the Company's annual operating performance, the payment level of the industry, the degree of directors' and supervisors' participation in the Company's operations, and performance and contribution. The proposal for compensation is reviewed by the Remuneration Committee and then discussed by the board of directors for distribution; also, it is presented in the Shareholders' Meeting thereafter.

(2) The remuneration of the Company's President and Vice Presidents includes salary, bonus, employee compensation, etc., referring to the salary level of the same position in the industry, combined with seniority, degree of responsibility, personal work performance and goal achievement, and overall contribution to the Company's performance. In addition, refer to the Company's operating performance of the year, possible risks in the future business operation and

development trends of the industry, and the salary and welfare levels of the industry for the distribution of a reasonable remuneration. The content and rationality of the remuneration are reviewed by the Remuneration Committee and then discussed and approved by the board of directors; also, review the remuneration system in time according to the operating conditions and relevant law and regulations in order to seek a balance between the Company's sustainable operation and risk control.

- (3) The Company's remuneration policy is to have the Company's financial status, operating results, and future fund needs considered for an overall planning; also, future risk assessment is also taken into consideration in order to minimize the possibility of risk occurrence.

IV. Corporate Governance

(1) Operation of the board of directors

The Company had 7 meetings of the board of directors held in 2021 and the attendance of the directors and supervisors is as follows:

Title	Name	Actual attendance (times)	Number of attendance by proxy	Actual attendance rate (%)	Remarks
Chairman	Nidec Corporation Representative: Junichi Nagai	7	0	100%	
Director	Nidec Corporation Representative: Masashi Takao	2	0	100%	The said person was a legal person representative and was relieved of his office on April 1, 2021. The said person should attend to 2 Board meetings.
Director	Nidec Corporation Representative: Eiji Miyamoto	4	1	80%	The said person was a replaced legal person representative and was relieved of his office on April 1, 2021. The said person should attend to 5 Board meetings.
Director	Nidec Corporation Representative: Kazuhito Kaise	9	0	100%	
Director	Nidec Corporation Representative: Yasuhiro Mase	5	0	100%	The said person was a replaced legal person representative and was relieved of his office on April 1, 2021. The said person should attend to 5 Board meetings.
Director	Nidec Corporation Representative: Mitsuru Tsuyoshi	7	0	100%	
Director	Nidec Corporation Representative: Hidetoshi Matsuhashi	7	0	100%	
Independent Director	Ke-Wei Hsu	7	0	100%	
Independent Director	Ya-Ping Chiang	7	0	100%	
Supervisor	Isao Takahashi	6	0	86%	
Supervisor	Chun-Yu Yen	2	0	100%	1 seat of supervisor was elected supplementarily, and the supervisor assumed office on Aug. 12, 2021. The said person should attend to 2 Board meetings.

Other relevant information:

- I. The board of directors in any of the following situations shall clearly describe the board meeting date, term, content of the proposal, the opinions of all independent directors and the

Company's handling of the opinions of independent directors:
(1) Matters listed in Article 14-3 of the Securities and Exchange Act

Date of Board Meeting	The content of proposal and resolution results
<p>The 17th meeting of the 17th term Jan 20, 2021</p>	<p>Proposals:</p> <ul style="list-style-type: none"> • Approval of Senior Executive Appointment. • Approval of matters relating to the base day share swap regarding the name change of the Company. • Approval of the change of the Short title of the company. • Approved the payment of year-end bonuses to senior executives for 2020. <p>Opinions of the independent directors: No objection or reservation. The Company's handling of the independent directors' opinion: Not applicable.</p> <p>Resolution results: The proposal was approved unanimously by the directors presented after being consulted by the chairman (acting chairman).</p>
<p>The 18th meeting of the 17th term Mar 24, 2021</p>	<p>Proposals:</p> <ul style="list-style-type: none"> • Recognition of the appointment of senior executives of the Company. • The Company's remuneration to employees and remuneration to directors and supervisors for the year ended December 31, 2020. • The Company's business report, consolidated financial statements and parent company only financial statements for the year ended December 31, 2020. • The Company's operating plan and budget. • The distribution of the Company's earnings for 2020. • Appointment of the Company's CPA for the year ended December 31, 2021. • Issuance of the statement of the Company's internal control system for the year ended December 31, 2020. • Determination of the matters relating to the convening of the 2021 annual general meeting of the Company. • The Company intends to amend the Articles of Association. • The Company intends to amend the Authorization Hierarchy. • The Company intends to amend the Financing Cycle and Budget Management Regulations. • The Company intends to adjust organisational structure and to revise the Management of Organisational Authority and Responsibility and Internal Communication. • The Company intends to lend to its subsidiary, Nidec Chaun Choung Vietnam Corporation. • The Company intends to hold a by-election for a Supervisor • Staff change in the Company's Chief Technology Officer (CTO) and Chief Financial Officer (CFO). • Staff Changes. <p>Opinions of the independent directors: No objection or reservation. The Company's handling of the independent directors' opinion: Not applicable.</p>

	Resolution results: The proposal was approved unanimously by the directors presented after being consulted by the chairman.
The 19th meeting of the 17th term Apr 29, 2021	Proposals: <ul style="list-style-type: none"> • The list of candidates to be elected as supervisors of the Company. • Salary adjustment for the Company's managers (as defined by the FSC).
	Opinions of the independent directors: No objection or reservation. The Company's handling of the independent directors' opinion: Not applicable. Resolution results: The proposal was approved unanimously by the directors presented after being consulted by the chairman.
The 20th meeting of the 17th term May 11, 2021	Proposals: <ul style="list-style-type: none"> • The Company intends to adjust the organisational structure of the R&D Centre and to revise the Regulations on the Management of Organisational Authority and Responsibility and Internal Communication. • Appointment of Senior Executive of the Company. • Promotion of the Company's senior executive.
	Opinions of the independent directors: No objection or reservation. The Company's handling of the independent directors' opinion: Not applicable. Resolution results: The proposal was approved unanimously by the directors presented after being consulted by the chairman.
The 21st meeting of the 17th term Jul 20, 2021	Proposals: <ul style="list-style-type: none"> • Recognition of the appointment of senior executives of the Company. • Proposed to re-schedule the date and venue of the 2021 Annual General Meeting of the Company. • The Company intends to amend the Method for Allocation of Employees' Compensation and the Authorization Hierarchy. • The Company intends to amend the Organizational Rules of the Remuneration Committee. • Appointment of Senior Executive of the Company.
	Opinions of the independent directors: No objection or reservation. The Company's handling of the independent directors' opinion: Not applicable. Resolution results: The proposal was approved unanimously by the directors presented after being consulted by the chairman.
The 22nd meeting of the 17th term Aug 12, 2021	Proposals: <ul style="list-style-type: none"> • The Company applied to Nidec Corporation, the Group's parent company, for a short-term borrowing commitment. • Determination of the ex-dividend date of the Company's 2021 cash dividend allotment. • The Company's remuneration to employees and remuneration to directors and supervisors for 2020.1 statements for the year ended December 31, 2020.

	<ul style="list-style-type: none"> The Company planned to apply to Mega International Commercial Bank for the amount of customs guarantee.
	<p>Opinions of the independent directors: No objection or reservation. The Company's handling of the independent directors' opinion: Not applicable. Resolution results: The proposal was approved unanimously by the directors presented after being consulted by the chairman.</p>
The 23rd meeting of the 17th term Nov 9, 2021	<p>Proposals:</p> <ul style="list-style-type: none"> Promotion and salary adjustment of the Company's staff. Approved the Company's 2022 Annual Internal Audit Plan. The Company planned to apply to financial institution for performance bond guarantee of NT\$15,000,000, and the proposal was submitted for discussion.
	<p>Opinions of the independent directors: No objection or reservation. The Company's handling of the independent directors' opinion: Not applicable. Resolution results: The proposal was approved unanimously by the directors presented after being consulted by the chairman.</p>

(2) Any other documented objections or reservations raised by independent director against board resolutions in relation to matters other than those described above: None.

II. For the recusal taken by the directors for the proposal with a conflict of interest, the name of directors, the content of the proposal, the reason for taking recusal, and the participation in voting should be detailed:

(1) Date of Board meeting: Aug 12, 2021 (The 22nd meeting of the 17th term)

- Contents of proposal: Approved the Company's application to Nidec Corporation, the Group's parent company, for a short-term borrowing commitment.
- Directors who take a recusal: Junichi Nagai, Eiji Miyamoto, Yasuhiro Mase, Mitsuru Tsuyoshi, Hidetoshi Matsuhashi
- Reasons for taking a recusal and participation in voting: The motion is to discuss the application to Nidec Corporation, the Group's parent company, for a short-term borrowing commitment. The above-mentioned directors, who are corporate director representatives appointed by Nidec Corporation, were absent from the discussion and voting due to the principle of Interest Avoidance. Having consulted all the other Directors present by the Acting Chairman, the motion was approved without dissent opinion.

(2) Date of Board meeting: Aug 12, 2021 (The 22nd meeting of the 17th term)

- Contents of proposal: Approved the Company's remuneration to employees and remuneration to directors and supervisors for 2020.1 statements for the year ended December 31, 2020.
- Directors who take a recusal: Ya-Ping Chiang, Ke-Wei Hsu, Chun-Yu Yen
- Reasons for taking a recusal and participation in voting: The above-mentioned directors, who were directors holding the position of managers of the Company, were absent from the discussion and voting due to the principle of Interest Avoidance. Having consulted all the other Directors present by the Chairman, the motion was approved without dissent opinion.

(3) Date of Board meeting: May 9, 2021 (The 27th meeting of the 17th term)

1. Contents of proposal: Application to Nidec Corporation, the Group's parent company, for short-term borrowing commitment and extension of long term borrowing.
2. Directors who take a recusal: Junichi Nagai, Eiji Miyamoto, Yasuhiro Mase, Mitsuru Tsuyoshi, Hidetoshi Matsuhashi
3. Reasons for taking a recusal and participation in voting: The motion is to discuss the application to Nidec Corporation, the Group's parent company, for borrowing commitment. The above-mentioned directors, who are corporate director representatives appointed by Nidec Corporation, were absent from the discussion and voting due to the principle of Interest Avoidance. Having consulted all the other Directors present by the Acting Chairman, the motion was approved without dissent opinion.

III. The self-evaluation (or peer evaluation) of the board of directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Implemented once a year	Performance evaluation of the board of directors for the period from January 1, 2021 to December 31, 2021.	<ol style="list-style-type: none"> 1. Overall board performance evaluation 2. Performance evaluation of individual directors 	Both assessments are self-assessed by board members	<ol style="list-style-type: none"> 1. Overall board performance evaluation <ol style="list-style-type: none"> A. Degree of participation in the company's operations B. Improve the decision-making quality of the board of directors. C. The composition and structure of the board of directors D. Selection and continuous education of directors E. Internal Control 2. Performance evaluation of individual directors <ol style="list-style-type: none"> A. Mastering company goals and tasks B. The cognition of Director's responsibilities C. Degree of participation in the company's operations D. Internal relationship management and communication E. Director's professional and continuous education F. Internal Control

IV. The objectives of strengthening the functions of the board of directors in the current year and the most recent year (for example, the establishment of an Audit Committee, the improvement of information transparency, etc.) and the assessment of implementation:

- (1) The Company has not setup an Audit Committee. The board of directors is operated in accordance with law and regulations, the Company's Articles of Incorporation, and the resolutions of the shareholders meeting. All directors, in addition to having the professional knowledge, skills, and competence needed for performing their duties, are based on the principle of loyalty, integrity, and due diligence to create maximum benefit

for all shareholders. The Company's Audit Committee is expected to be setup in 2022.

- (2) Safeguard the rights and interests of shareholders with the good practice of business operations and information transparency; also, disclose relevant information, such as, important resolutions of the board of directors on the Company's website.
- (3) In order to substantiate corporate governance and strengthen the efficient operation of the board of directors, the Company's board of directors had resolved on January 14, 2020 to formulate the "Regulations Governing the Performance Evaluation of the Board of Directors." The 2020 performance evaluation of the Board of Directors and Functional Committee was completed before the end of 2021. The scores of three self-evaluations were all above 90 points (converted and presented in a percentage concept). The performance evaluation results had been reported to the board of directors of the Company on January 20, 2022.
- (4) The Company arranges for the CPAs to meet with the independent directors and supervisors at least once a year. If there are major changes in accounting standards and amendments made to law and regulations, the Company invites CPAs to discuss with the board of directors and respond to the professional issues raised by directors. The internal audit supervisor communicates with the independent directors and supervisors regularly every 6-month. The independent directors and supervisors check the audit report. They will inquire or inform the audit supervisor by e-mail or phone call to ask questions or give instructions, if any, and a good communication is in place.

(2) The operation of the Audit Committee or the participation of the supervisors in the board meetings:

1. The operation of the Audit Committee: The Company has not setup an Audit Committee.
2. Supervisor's participation in the board meetings:

The Company had 7 board meetings held in the last year (2021) with the attendance of the supervisors as follows:

Title	Name	Actual attendance (times)	Actual attendance rate (%)	Remarks
Supervisor	Chun-Yu Yen	2	100%	1 seat of supervisor was elected supplementarily, and the supervisor assumed office on Aug. 12, 2021. The said person should attend to 2 Board meetings.
Supervisor	Isao Takahashi	6	86%	

Other relevant information:

I. Composition and obligations of the supervisors:

(1) Supervisors' communicating with employees and shareholders:

1. Supervisors are invited to participate in Board Meetings, where they may develop a better understanding of the Company's operations, communicate with attending Directors and the management, and offer appropriate guidance and supervision.
2. Supervisors may communicate with employees directly whenever deemed necessary.
3. The supervisor attends the shareholders meeting to increase interaction with shareholders and, if necessary, can respond to shareholders' questions or suggestions.

(2) Communication between Supervisors and Internal Auditors and CPAs:

1. The Chief Internal Auditor presents the Audit Report and Tracking Report of the last month to Independent Directors and Supervisors on a monthly basis. The Chief Internal Auditor is called to report audit operation in the Board Meetings on a quarterly basis, and communicates with Independent Directors and Supervisors on audit tasks once every six months. In addition, independent directors and supervisors while checking the audit report will inquire or inform the internal audit supervisor by e-mail or phone call to ask questions or give instructions, if any, and a good communication is in place. The communications of the internal audit supervisor in 2021 are summarized as follows:

Date of communication	Meeting process	Key points of communication	Communication results
Mar 24, 2021	Symposium (alone with independent directors and supervisors)	The 2020 Internal Control Self-evaluation and Implementation of Auditing Plan	Independent directors and supervisors had no opinions and no suggestions.
	Board of Directors	Operation performance audit report: Nov, 2020 ~ Feb, 2021	Independent directors and supervisors had no opinions and no suggestions.
Apr 29, 2021	Board of Directors	Standby attendees	Independent directors and supervisors had no opinions and no suggestions.
May 11, 2021	Board of Directors	Operation performance audit report: Mar, 2021 ~ Apr, 2021	Independent directors and supervisors had no opinions and no suggestions.
Jul 20, 2021	Board of Directors	Standby attendees	Independent directors and supervisors had no opinions and no suggestions.
Aug 12, 2021	Board of Directors	Operation performance audit report: May, 2021 ~ Jul, 2021	Independent directors and supervisors had no opinions and no suggestions.

			suggestions.
Nov 9, 2021	Symposium (alone with independent directors and supervisors)	2022 Audit Plan; Reporting the audit results from the supervision of subsidiaries.	Independent directors and supervisors had no opinions and no suggestions.
	Board of Directors	Operation performance audit report: Aug, 2021 ~ Oct, 2021	Independent directors and supervisors had no opinions and no suggestions.

2. CPAs pay regular visits to the Company and meet up with the Directors and Supervisors alone for discussion at least once a year. If there are major changes in accounting standards and amendments made to law and regulations, the Company invites CPAs to discuss with the board of directors and respond to the professional issues raised by directors. The communications with the CPAs in 2021 is summarized as follows:

Date of communication	Meeting process	Key points of communication	Communication results
Mar 24, 2021	Symposium (with all independent directors and supervisors)	Performing the communication of the findings in 2020 annual audit.	Independent directors and supervisors had no opinions and no suggestions.
Nov 9, 2021	Symposium (alone with independent directors and supervisors)	The duties and independence of the CPAs of the case; the planning of 2021 annual audit.	Independent directors and supervisors had no opinions and no suggestions.

II. If the supervisor at the board meeting has made a statement, the board meeting date, term, content of the proposal, the resolutions of the board of directors, and the Company's handling of the opinions of supervisors shall be stated:

No such incident occurred when the supervisor of the Company attended the 2021 board meetings.

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
companies? (IV) Has the company established internal policies that prohibit insiders using non-published information to trade securities?			and Management” to clearly define the duties and responsibilities of the Company and affiliated companies, and builds appropriate firewalls based on risk assessment for continuous implementation and control. (IV) The Company has formulated the “Guidelines for the Adoption of Codes of Ethical Conduct for Directors, Supervisors, and Managerial Officers,” “Procedures for Handling Material Inside Information and Prevention of Insider Trade,” and “Procedures for Ethical Management and Guidelines for Conduct” in place to prohibit insiders using non-published information to trade securities.	
III. Composition and obligations of the Board of Directors (I) Does the Board of Directors have a diversity policy, specific management objectives and implementation in relation to the composition of the Board?	√		(I) The Company has stipulated the board director diversification policy in Article 20 of the “Corporate Governance Best Practice Principles.” Taking into account the Company’s business development needs and the shareholding of major shareholders, there are 7 directors appointed, including 2 Independent Directors and 5 Directors. The board directors have sufficient experience and expertise in overseas business management, industrial knowledge, technology research and development, corporate operation, strategy planning, product sales and marketing, finance, accounting, legal affairs, and commerce management. In addition, the Company	There is no noticeable discrepancy

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause																																																															
	Y	N	Summary																																																																
			<p>values gender equality in the composition of the board of directors. There was 1 female directors, accounted for 14.28% of the seats of board of directors, and an additional independent director will be selected at the shareholders meeting in 2022 for the full re-election of directors of the board. The implementation of the board directors diversification policy is illustrated as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Title</th> <th rowspan="2">Diversification items The name of director</th> <th rowspan="2">Nationality</th> <th colspan="3">Age</th> <th rowspan="2">Gender</th> <th rowspan="2">Hold a Concurrent Post of Employee Director</th> <th rowspan="2">Business management Seniority of Independent Director</th> <th rowspan="2">Operational judgment/ Leadership</th> <th rowspan="2">Crisis handling/ Industry knowledge</th> <th rowspan="2">International market view</th> <th rowspan="2">Finance and Accounting</th> <th rowspan="2">Decision-making</th> <th rowspan="2">Remark</th> </tr> <tr> <th>41 ~ 50</th> <th>51 ~ 60</th> <th>61 ~ 70</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Nidec Corporation Representative: Junichi Nagai</td> <td>Japan</td> <td></td> <td>√</td> <td></td> <td>M</td> <td>√</td> <td>N/A</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>Good at overseas business management, corporate operation, strategic planning and</td> </tr> <tr> <td>Director (Note 1)</td> <td>Nidec Corporation Representative: Eiji Miyamoto</td> <td>Japan</td> <td>√</td> <td></td> <td></td> <td>M</td> <td></td> <td>N/A</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>Good at industry knowledge and product development</td> </tr> <tr> <td>Director (Note 2)</td> <td>Nidec Corporation Representative: Yasuhiro Mase</td> <td>Japan</td> <td>√</td> <td></td> <td></td> <td>M</td> <td>√</td> <td>N/A</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>Good at finance, accounting, and business operation and</td> </tr> </tbody> </table>	Title	Diversification items The name of director	Nationality	Age			Gender	Hold a Concurrent Post of Employee Director	Business management Seniority of Independent Director	Operational judgment/ Leadership	Crisis handling/ Industry knowledge	International market view	Finance and Accounting	Decision-making	Remark	41 ~ 50	51 ~ 60	61 ~ 70	Chairman	Nidec Corporation Representative: Junichi Nagai	Japan		√		M	√	N/A	√	√	√	√	√	Good at overseas business management, corporate operation, strategic planning and	Director (Note 1)	Nidec Corporation Representative: Eiji Miyamoto	Japan	√			M		N/A	√	√	√	√	√	Good at industry knowledge and product development	Director (Note 2)	Nidec Corporation Representative: Yasuhiro Mase	Japan	√			M	√	N/A	√	√	√	√	√	Good at finance, accounting, and business operation and	
Title	Diversification items The name of director	Nationality	Age				Gender	Hold a Concurrent Post of Employee Director	Business management Seniority of Independent Director										Operational judgment/ Leadership	Crisis handling/ Industry knowledge	International market view	Finance and Accounting	Decision-making	Remark																																											
			41 ~ 50	51 ~ 60	61 ~ 70																																																														
Chairman	Nidec Corporation Representative: Junichi Nagai	Japan		√		M	√	N/A	√	√	√	√	√	Good at overseas business management, corporate operation, strategic planning and																																																					
Director (Note 1)	Nidec Corporation Representative: Eiji Miyamoto	Japan	√			M		N/A	√	√	√	√	√	Good at industry knowledge and product development																																																					
Director (Note 2)	Nidec Corporation Representative: Yasuhiro Mase	Japan	√			M	√	N/A	√	√	√	√	√	Good at finance, accounting, and business operation and																																																					

Evaluation items	Actual operation													Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause				
	Y	N	Summary															
(II) Has the company, in addition to establishing the Remuneration Committees and Audit Committee, voluntarily setup other functional Committees? (III) Has the company had the rules governing the performance evaluation of the board of directors and evaluation methods stipulated, the performance	√		Director (Note 3)	Nidec Corporation Representative: Mitsuru Tsuyoshi (Dismissed)	Japan		√	M		N/A	√	√	√	√	√	√	Good at overseas business management, corporate	
			Director	Nidec Corporation Representative: Hidetoshi Matsuhashi	Japan		√	M		N/A	√	√	√	√	√	√	√	Good at finance and business management
			Independent Director	Ya-Ping Chiang	ROC	√		F		Over 9 years	√	√	√	√	√	√	√	Good at accounting affairs Certified Public Accountant
			Independent Director	Ke-Wei Hsu	ROC		√	M		Less than 3 years	√	√	√	√		√	√	Good at legal affairs
			Director (Note 3)	Nidec Corporation Representative: Kenji Ito	Japan	√		M		N/A	√	√	√	√		√	√	Good at overseas business management and corporate strategy planning
			Director (Note 1)	Nidec Corporation Representative: Masashi Takao (Dismissed)	Japan		√	M	√	N/A	√	√	√	√		√	√	Good at industrial knowledge and technology research and
			Director (Note 2)	Nidec Corporation Representative: Kazuhito Kaise (Dismissed)	Japan	√		M	√	N/A	√	√	√	√	√	√	√	√
			Note 1: Mr. Masashi Takao, the representative of the legal person director, appointed by Nidec Corporation, was replaced by Mr. Mr. Masashi Takao, the representative of the legal person director, appointed by Nidec Corporation, was replaced by on April 1, 2021.															

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
<p>evaluation performed annually and regularly, the results of the performance evaluations reported to the board of directors, and the evaluation result applied as a reference for individual director’s remuneration and nomination for re-election?</p> <p>(IV) Has the company regularly assessed the independence of the certified public accountant?</p>	√		<p>Note 2: Mr. Kazuhito Kaise, the representative of the legal person director, appointed by Nidec Corporation, was replaced by Mr. Yasuhiro Mase, the representative of the legal person director, appointed by Nidec Corporation, was replaced by on April 1, 2021.</p> <p>Note 3: Mr. Mitsuru Tsuyoshi, the representative of the legal person director, appointed by Nidec Corporation, was replaced by Mr. Kenji Ito, the representative of the legal person director, appointed by Nidec Corporation, was replaced by on Nov. 24, 2021.</p> <p>(2) The Company has setup a Remuneration Committee. An Audit Committee will be setup when all board directors are re-elected at the end of the current term of office in 2022. The Company will evaluate whether to setup other functional committees depending on future operational needs.</p> <p>(3) The Company’s board of directors had resolved on December 24, 2015 to formulate the “Regulations Governing the Performance Evaluation of the Board of Directors.” The Company’s board performance evaluation is conducted regularly every year. It was amended as “Regulations Governing the Performance Evaluation of the Board of Directors and Functional Committee” subsequently in accordance with the updated law and regulations, which was resolved and approved by the board of directors on January 14, 2020. All directors and Remuneration Committee members</p>	

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			<p>conducted self-evaluation by three parts, including “Overall Board Operation,” “Individual Directors,” and “Remuneration Committee Operation”.</p> <p>The self-evaluation questionnaires are distributed to the board directors and Remuneration Committee members to fill out at the end of each year. After having the questionnaires collected, the Chairman’s Office and the Administration Department respectively count the evaluation results of each measurement index according to the scoring criteria. The measurement index with lower score or the recommendations of the directors and Remuneration Committee members will be reported to the directors and supervisors for future reference in adjustments or enhancing the deliberation of the board of directors / Remuneration Committee.</p> <p>The 2021 performance evaluation of the Board of Directors and Functional Committee was completed before the end of 2021. The scores of three self-evaluations were all above 90 points (converted and presented in a percentage concept). The performance evaluation results had been reported to the board of directors of the Company on January 20, 2022.</p> <p>Regarding the performance evaluation results of the board of directors, it may be referred by the Company at the time of</p>	

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			<p>selecting or nominating directors. The performance evaluation results of each board director may be referred to determine his/her remuneration.</p> <p>(4) The Company regularly evaluates the independence of the attestation CPAs every year. The evaluation criteria are formulated by referring to Article 10 “Integrity, Fairness, Objectivity, and Independence” of the “Code of Professional Ethics,” including: the attestation CPAs shall take a recusal when their fairness and independence are affected by the commissioned matters due to a conflict of interest; the audit service members, other jointly practiced CPAs, CPA Firm, and affiliated companies of the CPA Firm shall be independent from the Company; the commissioned CPAs should be independent at the time of appointment without having their fairness and objective position compromised; the CPAs’ independence is not affected by self-interest, self-evaluation, defense, familiarity, and coercion, for example: there is no significant financial interest relationship / close business relationship / potential employment relationship between the CPAs and the Company, no financing or guarantees made between the Company and the directors or supervisors; Audit service members have not held the positions of directors, supervisors, or managerial</p>	

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			<p>officers of the Company or have significant influence on audits currently or in the last two years; not advertising or brokering the stocks or securities of the Company, not serving as the a defender of the Company; the CPAs or audit service members are not a relative of the Company’s directors, supervisors, managerial officers, or persons who have a significant influence on the audits, and not received valuable gifts or presents from the Company or directors, supervisors, and managerial officers; the CPAs do not accept the management’s improper choices in accounting policies or improper disclosure in financial statements.</p> <p>The Company’s board of directors resolved the appointment of the attestation CPAs on March 24, 2022 for the 2022 financial statements and the independence evaluation of the attestation CPAs. The attestation CPAs after the evaluation completed are concluded complying with the Company’s independence evaluation criteria; also, the Declaration of Independence is collected from the attestation CPAs.</p>	
IV. Do the TWSE/TPEX-Listed Companies have an adequate number of corporate governance personnel with appropriate qualifications, and appoint a chief corporate governance officer to be in charge of	√		<p>The Chairman’s Office of the Company is responsible for corporate governance related matters, including:</p> <ol style="list-style-type: none"> 1. It is the deliberation unit of the board of directors, including consolidating the agenda of the meeting, mailing the meeting notice 	There is no noticeable discrepancy

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to law, producing minutes of board meetings and shareholders meetings, etc.)?			<p>7 days in advance to the directors and supervisors with sufficient meeting information provided to facilitate the participants to understand the relevant information of the proposal. If the issues are relevant to the Directors or the legal person represented by the Directors, they should be reminded to enter recusal appropriately in compliance with the law and regulations; also, the minutes of meeting will be issued to the directors and supervisors for reference within 20 days after the meeting.</p> <p>2. Responsible for issuing major information and related announcements after the board meeting or shareholder meeting to ensure the legality and accuracy of the information disclosure; also, to protect the investors’ rights of receiving adequate trading information.</p> <p>3. Handle the pre-registration for the shareholder meeting in accordance with the law and regulations, compile and report the meeting notice, agenda handbooks, annual report, and minutes of the shareholder meeting within the deadline.</p> <p>4. Handle the Company’s insider shareholding change declaration operation and various industrial and commercial change registration matters.</p> <p>5. In order to enhance the operation efficiency of the board, before the</p>	

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			<p>end of the first quarter every year, an internal performance evaluation of the operation of the board in the previous year is conducted and the results of the evaluation are reported to the board of directors.</p> <p>6. Handle the contract renewal of the company’s “Directors and Supervisors and Key Staff Liability Insurance” and report the insurance coverage to the board of directors.</p> <p>7. Provide information related to the continuing education to the directors and supervisors occasionally, and arrange relevant courses for foreign directors and supervisors to study at home, so that the directors and supervisors can complete the study hours of the continuing education in accordance with the “Directions for the Implementation of Continuing Education for Directors and Supervisor of TWSE Listed and TPEX Listed Companies,” and complete the announcement and reporting operation.</p> <p>8. Provide information on the newly announced law and regulations or amendments to board members and supervisors for business practice and corporate governance.</p> <p>9. Review the index items of the corporate governance evaluation, and propose improvement plans or countermeasures for the un-scored indexes.</p>	

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			10. Provide Company business or financial and other operational information upon the request of the directors and supervisors, and maintain smooth communication between the directors and the management.	
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), setup a stakeholder section on the company’s website, and properly responded to important corporate social responsibility issues of concern to stakeholders?	√		The Company has a spokesperson and an acting spokesperson to communicate with stakeholders, and provides a spokesperson, acting spokesperson, and business (product) contact window and e-mail mailbox on the company website. In addition, there is a “stakeholder section” under the corporate social responsibility on the Company website to properly respond to the concerns of stakeholders 【employees, customers, investors (media), suppliers, and competent authorities, a total of five categories】 , and a smooth communication channel in place.	There is no noticeable discrepancy
VI. Does the company appoint a professional stock agency to handle the shareholder meeting related matters?	√		The Company has commissioned the Stock Service Department of Yuanta Securities to handle Shareholders’ Meeting related affairs.	There is no noticeable discrepancy

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
<p>VII. Information disclosure</p> <p>(I) Has the company setup a website to disclose financial business and corporate governance information?</p> <p>(II) Has the company adopted other information disclosure methods (such as, setting up an English website, designating a person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, placing the institutional investor conference on the company website, etc.)?</p> <p>(III) Has the company published and reported the annual financial report within two months after the end of the fiscal year, and published and reported the financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?</p>	<p>√</p> <p>√</p>	<p>√</p>	<p>(I) The Company has a company website (www.ccic.com.tw) setup to disclose financial business and corporate governance information; also, to update information occasionally for investors to access.</p> <p>(II) The Chairman’s Office and relevant responsible departments jointly collect and disclose information on the Company’s website. It has setup the “Procedures for Handling Material Inside Information and Preventing Insider Trade,” implemented the spokesperson system, and disclosed the relevant institutional investor conference information on Market Observation Post System and the Company’s website in order to improve the information transparency of the Company.</p> <p>(III) The Company announces and declares annual financial reports, quarterly financial reports, and monthly operating conditions in accordance with the time limit prescribed by law and regulations, and will evaluate the feasibility of early announcements in the future based on internal operating procedures.</p>	<p>There is no noticeable discrepancy.</p> <p>We are also assessing the feasibility of announcing and filing annual and quarterly financial reports and monthly operations in advance in accordance with our internal operational procedures.</p>
<p>VIII. Has the company had other important information to help understand the operation of corporate governance (including but not limited to the employee rights,</p>	<p>√</p>		<p>(I) Employee rights and employee care: Please refer to the Company’s 2021 annual report “V. Labor Relation of Five. Operation Overview.”</p>	<p>There is no noticeable discrepancy</p>

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause												
	Y	N	Summary													
employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, liability insurance acquired by the company for directors and supervisors, etc.)?			<p>(II) Investor relations, supplier relations, and rights of stakeholders: The Company has formulated the “Corporate Governance Best Practice Principles,” “Regulations Governing Supplier Evaluation,” “Corporate Social Responsibility Best Practice Principles,” “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct” and other corporate social responsibility related regulations to implement and promote corporate governance. Please refer to “(V) The corporate social responsibility operation and its difference from the “Corporate Social Responsibilities Best Practice Principles for the TWSE/TPEX Listed Companies, and the root cause, IV. Corporate Governance Operation, Three. Corporate Governance Report” in the Company’s 2021 annual report for additional information.</p> <p>(III) The continuing education of Directors and Supervisors: The total hours of continuing education for all directors and supervisors of the Company in 2021 was 63 hours. The information on the continuing education is listed as follows:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Date of continuing education</th> <th>Organizer</th> <th>Course title</th> <th>Hours of continuing education</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Junichi Nagai</td> <td>2021/11/09</td> <td>Securities and Futures Institute</td> <td>The history of accounting, income from sources in Taiwan,</td> <td>3 hours</td> </tr> </tbody> </table>	Title	Name	Date of continuing education	Organizer	Course title	Hours of continuing education	Chairman	Junichi Nagai	2021/11/09	Securities and Futures Institute	The history of accounting, income from sources in Taiwan,	3 hours	
Title	Name	Date of continuing education	Organizer	Course title	Hours of continuing education											
Chairman	Junichi Nagai	2021/11/09	Securities and Futures Institute	The history of accounting, income from sources in Taiwan,	3 hours											

Evaluation items	Actual operation				Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause		
	Y	N	Summary				
					and Tax treaty between Taiwan and Japan		
			2021/12/15		Corporate governance and corporate sustainable development	3 hours	
			2021/11/09	Director Eiji Miyamo to	Securities and Futures Institute	The history of accounting, income from sources in Taiwan, and Tax treaty between Taiwan and Japan	3 hours
			2021/12/15			Corporate governance and corporate sustainable development	3 hours
			2021/11/09	Director Yasuhir o Mase	Securities and Futures Institute	The history of accounting, income from sources in Taiwan, and Tax treaty between Taiwan and Japan	3 hours
			2021/12/15				Corporate governance and corporate sustainable development
			2021/11/09	Director Mitsuru Tsuyosh i	Securities and Futures Institute	The history of accounting, income from sources in Taiwan, and Tax treaty between Taiwan and Japan	3 hours
			2021/12/15				Corporate governance and corporate sustainable development
			2021/11/09	Director Hidetosh i Matsuha shi	Securities and Futures Institute	The history of accounting, income from sources in Taiwan, and Tax treaty between Taiwan and Japan	3 hours

Evaluation items	Actual operation						Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause		
	Y	N	Summary						
					2021/12/15	Corporate governance and corporate sustainable development	3 hours		
			Independent Director	Ke-Wei Hsu	2021/04/27	Taiwan Independent Director Association	How the Board reviewed the ESG sustainability report.	3 hours	
					2021/09/30	Taiwan Independent Director Association	Cases in the practices of the Board - simulation exercise	3 hours	
			Independent Director	Ya-Ping Chiang	2021/11/23	BCSD	Risk Management Trend Forum	3 hours	
					2021/09/01	FSC	The 13th Taipei Corporate Governance Forum	6 hours	
					2021/12/14	TWSE	2021 Cathay Sustainable Finance and Climate Change Summit	6 hours	
			Supervisor	Isao Takahashi	2021/11/09	Securities and Futures Institute	The history of accounting, income from sources in Taiwan, and Tax treaty between Taiwan and Japan	3 hours	
					2021/12/15		Corporate governance and corporate sustainable development	3 hours	
			Supervisor	Chun-Yu Yen	2021.09.01	FSC	The 13th Taipei Corporate Governance Forum	3 hours	
					2021.11.02	ARDF	Corporate investment and M&A	3 hours	

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			<p>(IV) Implementation of risk management policies and risk measurement standards:</p> <p>In terms of risk management policies, the CEO’s Office convenes relevant responsible units to implement risk management measures according to the types of operational risks, and emphasizes the overall risk control of all employees, and realizes prevention at all levels in order to effectively implement risk management.</p> <p>In addition, the Company has formulated the “Regulations Governing Business Strategy” and “Regulations Governing Risks.” After considering the Company’s operating situation, internal and external business issues, and the demands and expectations of stakeholders, the management shall respond to the derived risks and opportunities and shall have them regularly compiled into the “Risk Survey and Evaluation Form”. Each department with the “Risk Survey and Evaluation Form” proposed shall evaluate the possibility of occurrence of risks, the possibility of discovering risks, the severity of the results, and the relevant law and regulations involved, if any, to calculate the risk evaluation results. The risk management unit shall review the overall “Risk Survey and Evaluation Form”. The risk evaluation result with a higher score that is with a high-risk impact will be included in the “Risk</p>	

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			<p>Management Activity Plan Report,” and the relevant departments will be informed to issue an improvement plan for implementation accordingly. The most recent (at the beginning of 2022) “Risk Survey and Evaluation Form” of the Company was with 194 risk issues included, of which, 6 risks received 30 points or more that were with a high-risk impact and the relevant departments had proposed countermeasures and action plans to reduce operational risks and to grasp potential opportunities (business opportunities).</p> <p>(V) The implementation of customer policy: The Company takes integrity, innovation, and mutual benefit as its business philosophy, and provides excellent products, on-time delivery, and ethical management as its customer management policy. The practice of customer policy has been reflected in the Company’s operational performance.</p> <p>(VI) The liability insurance purchased by the company for directors and supervisors: The Company had acquired “liability insurance for directors, supervisors, and key staff” for a coverage of US\$3,000,000 in 2021, which was not yet expired as of the publication date of the annual report, but will be expired at the end of May. The Company will complete the renewal process before the insurance policy expires, and will report the important content</p>	

Evaluation items	Actual operation			Difference from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			of the liability insurance to the board of directors.	
<p>IX. Please explain the improvements made based on the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year, and propose prioritized enhancements and measures for those that have not being improved. (The company that is not included for evaluation is exempted from providing such information.)</p> <p>The Company conducted a self-assessment of corporate governance in accordance with the Corporate Governance Assessment System established by the Corporate Governance Center of the Taiwan Stock Exchange (TSE) and the results of the Corporate Governance Assessment for 2021 (the 8th year) were ranked between 66% and 80%.</p> <p>The Company's priorities for reinforcement are:</p> <ol style="list-style-type: none"> 1. The election of three independent directors to complete the establishment of the audit committee when the term of office of the directors and supervisors expires in 2022 and a general re-election is held. 2. The establishment of a committee of a functional nature, other than the statutory one. 3. At present, we have established the "Management Strategy Management Regulations" and the "Risk Management Regulations" to take stock of the Company's risk issues, evaluate them and propose countermeasures and action plans, and in the future, the actual operation will be compiled and disclosed on the Company's website and reported to the Board of Directors at least once a year. 4. Whether the Company publishes major news in English simultaneously. 5. A dedicated unit to promote ethical corporate management, the operation and implementation of which will be described on the Company's website and annual report and reported to the Board of Directors at least once a year. 				

(4) The composition and operation of the Remuneration Committee:

The composition, qualification, and attendance of the Company's Remuneration Committee are listed as follows:

1. Remuneration Committee members profile

Criteria		Professional Qualifications and Experiences	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Title	Name			
Over 20 years of experience in works related to independent idrector	Ya-Ping Chiang	<p>Being good at accounting affairs and being a certified public accountant.</p> <p>Having work experiences, professional knowledge and skills in the field of commerce, finance, and corporate operation.</p> <p>None of the circumstances in the subparagraphs of Article 30 of the Company Act was found.</p>	<p>Being independent as an independent director:</p> <p>The said person, including but not limited to the spouse and/or the second degree relatives of the said person, is not a director, supervisor or employee of the Company or any of its affiliates.</p> <p>The said person, including but not limited to the spouse and/or the second degree relatives of the said person, does not hold any share of the Company and is not a director, supervisor or employee of a company that has certain relationship with the Company.</p> <p>The said person, including but not limited to the spouse and/or the second degree relatives of the said person, does not receive any remuneration for business, legal, financial and accounting services provided for the Company or its affiliates in the last two years.</p>	0
Over 30 years of experience in works related to independent idrector	Ke-Wei Hsu	<p>Being good at legal affairs.</p> <p>Having work experiences, professional knowledge and skills in the field of commerce, finance, accounting, and corporate operation.</p> <p>None of the circumstances in the subparagraphs of Article 30 of the Company Act was found.</p>	<p>Being independent as an independent director:</p> <p>The said person, including but not limited to the spouse and/or the second degree relatives of the said person, is not a director, supervisor or employee of the Company or any of its affiliates.</p> <p>The said person, including but not limited to the spouse and/or the second degree relatives of the said person, does not hold any share of the Company and is not a director, supervisor or employee of a company that has certain relationship with the Company.</p> <p>The said person, including but not limited to the spouse and/or the second degree relatives of the said person, does not receive any remuneration for business, legal, financial and accounting services provided for the Company or its affiliates in the last two years.</p>	1

<p>Over 20 years of experience in works related to other positions</p>	<p>Chine-Pei Huang</p>	<p>Currently being a CPA serving at Chung Sun Certified Public Accountants. Having work experiences, professional knowledge and skills in the field of commerce, finance, accounting, and corporate operation. None of the circumstances in the subparagraphs of Article 30 of the Company Act was found.</p>	<p>Not being an independent director but being qualified for the position. The said person, including but not limited to the spouse and/or the second degree relatives of the said person, is not a director, supervisor or employee of the Company or any of its affiliates. The said person, including but not limited to the spouse and/or the second degree relatives of the said person, does not hold any share of the Company and is not a director, supervisor or employee of a company that has certain relationship with the Company. The said person, including but not limited to the spouse and/or the second degree relatives of the said person, does not receive any remuneration for business, legal, financial and accounting services provided for the Company or its affiliates in the last two years.</p>	<p>2</p>
--	------------------------	---	--	----------

2. Remuneration Committee operations

(1) The Company's Remuneration Committee is with 3 members.

(2) The term of the committee members is from January 29, 2019 to January 28, 2022. There were 7 meetings of the Remuneration Committee held in the most recent year (2021) with the attendance record of the members as follows:

Title	Name	Number of attendance in person	Proxy Attendance	Attendance-in-person Rate (%)	Remarks
Convener	Ya-Ping Chiang	7	0	100%	Re-elected
Member	Ke-Wei Hsu	7	0	100%	Re-elected
Member	Chine-Pei Huang	7	0	100%	Re-elected

Other relevant information:

- I. If the suggestions of the Remuneration Committee are not adopted or amended by the board of directors, please describe the board meeting date, term, content of the proposal, the resolution of the board of directors, and how the company handles the proposal of the Remuneration Committee (if the remuneration resolved by the board of directors is superior to the suggestion made by the Remuneration Committee, please describe the differences and reasons, if any): None of such incident occurred in the current year.
- II. In regard of the resolutions of the Remuneration Committee, is any member has his/her objection or reservation opinion raised and recorded in writing, please describe the Remuneration Committee meeting date, term, content of the proposal, the opinions of all members, and the handling of the members' opinions: None of such incident occurred in the current year.
- III. The proposal for discussion and resolutions of the Remuneration Committee in the most recent year, and the company's handling of the committee's opinions:

Remuneration Committee meeting date	Proposal for discussion and resolutions
The 9th meeting of the 5th term Jan 20, 2021	<p>Proposals:</p> <ul style="list-style-type: none"> • Appointment of Senior Executive of the Company. • Propose the payment of 2020 year-end bonuses to senior executives for discussion. <p>The opinions of the members: No objections or reservations. Resolution results: Passed by the attending members unanimously after being consulted by the Chairman. The opinions of the Remuneration Committee members handled by the company: Approved by and implemented with the consent of all Directors present. The rules and regulations are published in the "Rules and Regulations" section of the Company's website.</p>

<p>The 10th meeting of the 5th term Mar 24, 2021</p>	<p>Proposals:</p> <ul style="list-style-type: none"> • Appointment of Senior Executive of the Company. • The Company’s remuneration to employees and remuneration to directors and supervisors for the year ended December 31, 2020. • Staff change in the Company’s Chief Technology Officer (CTO) and Chief Financial Officer (CFO). • Staff Changes. • The Company intends to adjust the organisational structure of the R&D Centre and to revise the Regulations on the Management of Organisational Authority and Responsibility and Internal Communication.
	<p>The opinions of the members: No objections or reservations. Resolution results: Passed by the attending members unanimously after being consulted by the Chairman. The opinions of the Remuneration Committee members handled by the company: Approved by and implemented with the consent of all Directors present. The rules and regulations are published in the "Rules and Regulations" section of the Company's website.</p>
<p>The 11th meeting of the 5th term Apr 29, 2021</p>	<p>Proposals:</p> <ul style="list-style-type: none"> • Salary adjustment for the Company’s managers (as defined by the FSC).
	<p>The opinions of the members: No objections or reservations. Resolution results: Passed by the attending members unanimously after being consulted by the Chairman. The opinions of the Remuneration Committee members handled by the company: Approved by and implemented with the consent of all Directors present.</p>
<p>The 12th meeting of the 5th term May 11, 2021</p>	<p>Proposals:</p> <ul style="list-style-type: none"> • The Company intends to adjust the organisational structure of the R&D Centre and to revise the Regulations on the Management of Organisational Authority and Responsibility and Internal Communication. • Appointment of Senior Executive of the Company. • Promotion of the Company’s senior executive.
	<p>The opinions of the members: No objections or reservations. Resolution results: Passed by the attending members unanimously after being consulted by the Chairman. The opinions of the Remuneration Committee members handled by the company: Approved by and implemented with the consent of all Directors present.</p>
<p>The 13th meeting of the 5th term Jul 20, 2021</p>	<p>Proposals:</p> <ul style="list-style-type: none"> • Appointment of Senior Executive of the Company. • The Company plans to amend the “Regulations on the Distribution of Employees’ Remuneration”. • The Company intends to amend the Organizational Rules of the Remuneration Committee. • Appointment of Senior Executive of the Company.

	<p>The opinions of the members: No objections or reservations. Resolution results: Passed by the attending members unanimously after being consulted by the Chairman. The opinions of the Remuneration Committee members handled by the company: Approved by and implemented with the consent of all Directors present. The rules and regulations are published in the "Rules and Regulations" section of the Company's website.</p>
<p>The 14th meeting of the 5th term Aug 12, 2021</p>	<p>Proposals: <ul style="list-style-type: none"> • The Company's remuneration to employees and remuneration to directors and supervisors for 2020.1 statements for the year ended December 31, 2020. The opinions of the members: No objections or reservations. Resolution results: Passed by the attending members unanimously after being consulted by the Chairman. The opinions of the Remuneration Committee members handled by the company: Approved by and implemented with the consent of all Directors present. The rules and regulations are published in the "Rules and Regulations" section of the Company's website.</p>
<p>The 15th meeting of the 5th term Nov 9, 2021</p>	<p>Proposals: <ul style="list-style-type: none"> • Promotion and salary adjustment of the Company's staff. The opinions of the members: No objections or reservations. Resolution results: Passed by the attending members unanimously after being consulted by the Chairman. The opinions of the Remuneration Committee members handled by the company: Approved by and implemented with the consent of all Directors present. The rules and regulations are published in the "Rules and Regulations" section of the Company's website.</p>

(5) Implementation of Sustainable Development and Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons:

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
I. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?		√	The Company has not yet set up a dedicated (part-time) unit to promote sustainable development. For the time being, the Management Office is responsible for promoting sustainable development governance, while senior management will from time to time attend awareness-raising courses to understand the spirit of sustainable development governance and plan to incorporate sustainable development governance into the Company's operation planning in due course.	The establishment of a special (adjunct) division for the promotion of sustainable development will be discussed.
II. Has the company conducted risk assessments on environmental, social, and corporate governance issues related to the company’s operations, and formulated relevant risk management policies or strategies based on the principle of materiality?	√		<p>(1) Environmental Protection</p> <p>The Company is a professional designer and manufacturer of electronic information product heat dissipation / heat transfer components. In order to fulfill corporate social responsibility and reduce the impact on the environment during production and operation, the Company has introduced the environment management system (ISO14001) and occupational safety and health management system (ISO45001) to reduce the adverse impact on the environment, and continue to actively implement energy saving and carbon reduction policies, strengthen employees’ environmental awareness, and improve the efficiency of various resources consumption.</p> <p>The Company has setup an Environmental Safety and Health Committee. The Company has based on the “Procedures for</p>	There is no any material significance yet. Related affairs will be reported to the Board depending on operational needs.

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			<p>Environmental Safety and Health Risk Investigation” and “Procedures for Environmental Safety and Health Risk and Opportunity Identification” to screen major risks and opportunities in environmental issues, and then formulate environmental safety and health goals as well as the policies, as a plan for the improvement of the Company’s environmental safety and health management system in order to achieve environmental safety and health management performance and continue to meet the requirements of environmental safety and health management standards.</p> <p>(II) Product Liability The Company has formulated the “Regulations Governing Supplier Environmental Safety and Health Investigation”. The purchase of raw materials is targeting on those with environmental protection characteristics (such as: RoHS compliance), environmental protection strategies (such as: providing waste solvent recovery services, equipment equipped with pollution prevention, etc.) and suppliers who have the environmental protection production process are listed as the priority vendors. In addition, the Company’s environmental substance team regularly / irregularly revises the “Hazardous Substance Free (HSF) Management Code” by referring to the relevant regulations or the request by the customers’ current specifications. To request the</p>	

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			<p>suppliers to sign the “Environmental Protection Declaration”, to issue a material safety data sheet (MSDS) or material certification and test reports notarized by a third-party in order to ensure that the materials, parts, components, packaging materials, and indirect materials used in the production and maintenance process provided by the supplier in conformity with the international standards and specifications.</p> <p>(III) Labor-management relations The recruitment is based on the annual manpower need of each department and the manpower plan is arranged accordingly. The Company searches for outstanding talents that meet the core values of NidecChaun-Choung Technology Corporation through multiple recruitment channels. In addition, more diversified and international talents are recruited continuously, as well as better employee training plans and performance evaluation systems, along with the participation of the management of Nidec Corporation, the parent company, in order to meet future operational needs and strengthen the Company’s competitiveness.</p> <p>(IV) Ethical corporate management and anti-corruption The Audit Office of the Company reports the compliance of the Group’s ethical corporate management lately in the board meeting regularly on a quarterly basis, and assists the Board of Directors and management to assess whether the preventive measures</p>	

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			<p>established for implementing ethical corporate management are operated effectively. The Company has setup the “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct,” and report mailboxes; also, organized education and training courses and regular propaganda for new recruits and current employees in order to implement the policy objectives of ethical corporate management and anti-corruption.</p> <p>(V) Operational response to changes in the international situation The Company always stays aware of the possible impact of changes in the international situation on the Company’s operations. Although the China-US trade war was temporarily resolved with the preliminary agreement signed in January 2020, however, the second stage of negotiation still exists uncertainty. In addition, the shutdown of factories in China, the risk of material shortage resulting from the outbreak of the COVID-19 pandemic, and the subsequent spread of anti-China sentiment worldwide have had a significant impact on the Company since the main production base is constructed in China. In order to avoid the impact of changes in the international situation on the Company’s operations, the board of directors of the Company has made a resolution to have a major investment in Hanoi of Vietnam and set up a new core production base in order to hedge business operation risks.</p>	

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
III.Environmental issues (I) Has the company established an appropriate environmental management system according to its industrial characteristics?	√		(I) The Company has obtained ISO14001: 2015 environmental management system certification to effectively prevent and control environmental pollution and to improve resource and energy efficiency in use.	There is no noticeable discrepancy.
(II) Has the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental?	√		(II) In order to promote the recycle and reuse of energy and to reduce the impact caused to the environment, the Company uses ROHS compliant materials and recycles and reuses offcuts, and promotes related items and procedures specified in ISO14001. The Company under the requirements of ISO14001 environmental management system continues to devote to the design and manufacturing of green products. The purpose is to improve energy efficiency, protect the global environment, and minimize the impact on ecosystem through saving materials, the use of non-toxic, harmless, and easy to decompose materials, the raw materials supplied by the qualified suppliers, the waste-free or waste-less process, the high-efficiency equipment and recycled materials, and the reuse of recyclable waste.	

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
(III) Has the company assessed the potential risks and opportunities of climate change to the company now and in the future, and taken measures to cope with climate-related issues?	√		Global warming caused by continuous emissions of anthropogenic greenhouse gases is an important factor leading to climate change. Therefore, the Company continues to promote energy-saving and carbon-reduction policies, including the use of energy-saving light fixtures, phasing out old power-consuming equipment, setting air-conditioning temperatures, and turning off lights whenever suitable. Place posters and slogans in elevators to encourage colleagues to use stairs while traveling in short-distance within the facilities to substantiate and advocate energy-saving and carbon-reduction policies and encourage colleagues to save energy. In terms of the implementation of product production, please refer to aforementioned paragraph (II) for details.	

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
(IV)Has the company counted greenhouse gas emissions, water consumption and total weight of waste of the last two years, and formulated policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction, or other waste management?	√		1) In order to fulfill its corporate social responsibility, the Company has continued its efforts in promoting energy saving and carbon reduction policies, with its GHG emissions for the past two years (2020 and 2021) being 3,292.10 metric tonnes of CO2e/year and 3,420.85 metric tonnes of CO2e/year respectively, the consumption of water being 13,584 cubic meters and 10,233 cubic meters respectively, and the volume of recyclable waste (tailings) being 78,429 kg and 33,073 kg respectively. The Company has formulated "Energy Resource Management Procedures" and "Waste Management Regulations" to properly control the use of water and electricity in order to reduce wastage of resources, and conducts regular GHG inventories, and if any irregularities in usage/emissions are detected, we will investigate the causes and make improvements. In addition, through proper waste management, we encourage recycling of resources to achieve the goal of reducing environmental pollution. For retired and still usable office computer information equipment and peripheral products, they are donated to social welfare organizations to reduce the ecological burden through resource reuse. As for general and hazardous recyclable waste, the Company also has relevant management regulations in place to prevent environmental hazards. In addition, after the management team of Nidec Corp, our parent company, joined the operation, we have been actively promoting the 3Q6S	

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			management model, and through our own proposals for improvement, we have not only raised our operational efficiency, but also reduced our expenses on electricity and water consumption through our employees' voluntary improvement actions, in the hope of becoming a low-carbon company with sustainability.	
IV.Social issues (I) Has the company developed the relevant policies and procedures in accordance with laws and the relevant law and regulations and International Bill of Human Rights?	√		The Company has formulated internal management regulations in compliance with the Labor Standards Act, Employment Service Act, Act of Gender Equality in Employment, and other relevant laws and regulations. At the same time, the Company has formulated the “Corporate Social Responsibility Best of Practice Principles” and “RBA (Responsible Business Alliance) Handbook” to ensure that the Company complies with the relevant law and regulations on labor, health and safety, environment and ethics, to fulfill corporate social responsibilities, and to build up a good corporate image.	There is no noticeable discrepancy.

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
(II) Has the company formulated and implemented reasonable employee welfare measures (including remuneration, vacations, and other benefits), and appropriately reflected operating performance or results on employee remuneration?	√		The Company follows the Labor Standards Act and related law and regulations to formulate various remuneration and welfare measures for employees, and clearly states the percentage of net income to be appropriated as employee compensation in the “Articles of Incorporation.” In addition, define the year-end bonus for employees to be appropriated according to the annual operational performance and profitability of the Company in the “Personnel Management Rules,” which shows that the operating performance (results) has been appropriately reflected on employee remuneration.	There is no noticeable discrepancy.
(III) Has the company provided employees with a safe and healthy work environment, and provided employees with education regularly on safety and health issues?	√		The Company has formulated the “Safety and Health Best Practice Principles” and “Environmental Safety and Health Annual Monitoring Plan”. Ensure that all employees have a safe and healthy working environment by regulating the standard operating procedure for the relatively high-risk works, as well as regular labor operating environment monitoring, drinking water quality testing, fire equipment inspection, repair and maintenance, etc. In addition, strengthen the awareness and implementation of the occupational safety law and regulations of all employees through the labor safety and health training arranged for new recruits and current employees. Also, the Company regularly conducts health checks for employees on the job. For workers who are engaging in particularly health hazardous operations, special health checks for specific items are carried out in accordance with the law and regulations. The Administration Department also shares health information with	

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			colleagues through e-mails occasionally to help maintain the physical and mental health of colleagues.	
(IV) Has the company established an effective career development and training program for employees?	√		The Company has formulated the “Regulations Governing Education and Training”. The internal and external on-the-job education and training program for colleagues is carried out annually in accordance with the “Annual Education and Training Plan” to strengthen their professional knowledge and skills and cultivate their career development capabilities.	
(V) Has the Company with regard to customer health and safety, customer privacy, marketing and labeling of products and services complied with relevant law and regulations and international standards, and formulated relevant consumer	√		The Company has formulated the “Regulations Governing Customer Service” and “Regulations Governing Customer Complaint”. Value the importance of customer opinions. In addition to paying a personal visit, provide a business (product) contact window and e-mail mailbox on the Company website. In addition, there is the stakeholder section to take customers’ questions and to handle their complaints or	

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
protection policies and appeal procedures?			suggestions. The Company bases on the principle of ethics to handle and respond issues appropriately in order to protect customers’ interest and rights.	
(VI) Has the company formulated supplier management policies that required suppliers to comply with relevant specification on environmental protection, occupational safety and health, and labor human rights, and the implementation?	√		The Company has formulated the “Regulations Governing Supplier Evaluation” and “Procedures for Social Responsibility - Supplier Management” to request suppliers to sign the “Supplier Social Responsibility Commitment” and promise to comply with the relevant regulations on labor conditions (including occupational safety and health) and human rights management in order to fulfill corporate social responsibility. In addition, the suppliers are requested to sign the “Supplier Environmental Safety and Health Requirements Notice” and “Environmental Protection Declaration” to jointly commit to the environmental protection goals, including green products, energy conservation and carbon reduction, and providing products that comply with international standards and specifications (such as, RoHS standards, REACH standards, etc.). The Company will have the un-cooperative or violating suppliers disqualified and stop purchasing from them; also, the Company will claim the compensation for damages from such suppliers, if any. In addition, the Company requests suppliers to investigate the supply chain with due diligence and sign the “Conflict-Free Mineral	

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
			Commitment” to ensure that there is no “conflict mineral” provided to the Company to fulfill corporate social responsibility, environmental protection, and international justice.	
V. Has the company had the corporate social responsibility reports and other reports that disclose the company’s non-financial information prepared by referring to the international standards and guidelines for the preparation of a report? Are the aforementioned reports validated and verified by a third-party verification unit?		√	The Company has not yet compiled a corporate social responsibility report. Still, the spirit of corporate social responsibility has been properly substantiated in the actual operation of environmental protection, product responsibility, labor-management relations, safety and health, ethical corporate management, ethics, etc.	The Company has not yet prepared its CSR report. The preparation will be evaluated depending on operational needs.

Evaluation items	Implementation			Difference from the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause
	Y	N	Summary	
<p>VI. If the Company has formulated CSR principles in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies,” please describe its current practices and any differences from the Best Practice Principles: The Company has formulated the “Corporate Social Responsibility Best Practice Principles” to realize the promotion of various corporate social responsibilities. The actual operation situation is not significantly difference from the established Principles</p>				
<p>VII. Other important information that helps understand the operation of corporate social responsibility:</p> <p>(I) The Company was certified for the Responsible Business Alliance (RBA) in August 2020. The Company is committed to comply with labor, health and safety, environmental and ethical regulations, to fulfill corporate social responsibilities, and building up a good corporate image.</p> <p>(II) Charity: From time to time, we donate retired and still usable computer information equipment and peripheral components to social welfare organizations, with a view to contributing to corporate social responsibility through caring actions. In fiscal 2021, we donated 3 computer monitors, 15 laptops, 3 desktop computers and 9 computer peripherals to the ASUS Foundation, thus reducing CO2 emissions by 0.543 metric tons for the year (which translates to 45.979 fewer trees cut down).</p> <p>Human rights: The Company values the rights and interests of stakeholders, and sets up a stakeholder section on the Company’s website to provide a good and convenient communication platform in order to understand the reasonable expectations and needs of stakeholders. Also, regarding the questions, complaints, or recommendations of the stakeholders, each contact window is responsible for listening and bringing relevant issues back to the responsible departments for further response and handling. The information feedback by and interaction with the stakeholders will be referred for adjusting and improving the operating efficiency of the Company, and it is the foundation for the sustainable development of the Company.</p>				

(VI) The ethical corporate management operation and its difference from the “Ethical Corporate Management Best Practice Principles for the TWSE/TPEX Listed Companies” and the root cause:

Evaluation Items	Actual Governance			Difference from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Yes	No	Summary	
<p>I. Establishment of ethical management policy and plan</p> <p>(I) Has the company formulated the ethical corporate management policy approved by the board of directors, and stated in the regulations and external documents the policies and practices of ethical corporate management, as well as the commitment of the board of directors and senior management to actively implement the management policy?</p> <p>(II) Has the company established an evaluation mechanism for the risk of unethical conduct, regularly analyzed and evaluated business activities with a high risk of unethical conduct within the business scope, and accordingly formulated a plan to prevent unethical conduct,</p>	<p>√</p> <p>√</p> <p>√</p>		<p>(I) The Company had the “Ethical Corporate Management Best Practice Principles” formulated according to the resolutions of the board of directors on July 4, 2011. The amendments of the “Ethical Corporate Management Best Practice Principles” were made on March 25, 2015 and August 10, 2020 according to the resolutions of the board of directors due to the amendments to the law and regulations, which were disclosed on the Market Observation Post System and the Company’s website (www.ccic.com.tw). The board directors and senior management of the Company have performed business operation based on the concept of ethics in order to fulfill the commitment to an ethical corporate management.</p> <p>(II) The company has formulated the “Procedures for Ethical Management and Guidelines for Conduct” to regularly analyze and evaluate business activities with a high risk of unethical conduct in the business operation in order to formulate unethical</p>	<p>There is no noticeable discrepancy</p>

Evaluation Items	Actual Governance			Difference from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Yes	No	Summary	
<p>and at least covered the “preventive measures for the conducts listed in Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for the TWSE/TPEX Listed Companies?”</p> <p>(III) Has the company clearly defined the operating procedures, guidelines for conduct, disciplinary act and grievance system in the plan to prevent unethical conduct, implemented it, and regularly reviewed and revised the aforementioned plans?</p>			<p>conduct prevention plans, including “prohibition of bribing and accepting bribes,” “prohibition of offering or accepting improper benefits,” “prohibition of offering or promising facilitation payment,” “prohibition of offering illegal political contributions,” “prohibition of offering improper charitable donations or sponsorships,” “prohibition of conflicts of interest,” “prohibition of disclosing business secrets or various intellectual property rights,” “prohibition of conducting unfair competition,” “prevention of products or services from jeopardizing the rights, health, and safety of stakeholders,” and “prohibition of insider’s trade” with preventive measures adopted as well as education and propaganda initiated to substantiate the ethical corporate management policy.</p> <p>(III) The Company had the “Procedures for Ethical Management and Guidelines for Conduct” formulated according to the resolutions of the board of directors on December 26, 2014. The amendments of the “Procedures for Ethical Management and Guidelines for Conduct” were made on June 28, 2018 and August 10, 2020 according to the resolutions of the board of directors due to the amendments to the law and regulations, respectively, to</p>	

Evaluation Items	Actual Governance			Difference from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Yes	No	Summary	
			specifically stipulate the guidelines for the compliance of the Company’s personnel in performing job responsibilities, including the operating procedures and guidelines for conduct to prevent all unethical acts, the violation disciplinary act and grievance system, etc., and the relevant education and training as well as the regular promotion mechanism on the ethical corporate management policy for new recruits and the current employees in order to substantiate the Company’s ethical corporate management policy.	
<p>II. Implementation of ethical corporate management</p> <p>(I) Has the company evaluated the ethics records of the counterparty and specified the terms of ethical conduct in the contract it signed with the counterparty?</p> <p>(II) Has the company setup a special unit under the board of directors to promote ethical corporate management, and regularly (at least once a year)</p>	√		(I) The Company has formulated the “Regulations Governing Supplier Evaluation” and “Procedures for Social Responsibility - Supplier Management” to request the suppliers to sign the “Integrity Commitment Letter” committing to strictly comply with all the regulations imposed on the counterparty by Nidec Chaun-Choung Technology Corporation, and not paying or promising to pay any illegitimate benefits to the affiliates of Nidec Chaun-Choung Technology Corporation for finalizing the transaction or fulfilling the transaction contract. In addition, the Company has conducted business with all legally registered and	There is no noticeable discrepancy

Evaluation Items	Actual Governance			Difference from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Yes	No	Summary	
<p>reported to the board on its ethical corporate management policies and plans to prevent unethical conduct and the supervision performed?</p> <p>(III) Has the company formulated a policy to prevent conflicts of interest, provided appropriate communication channels, and implemented them?</p> <p>(IV) Has the company established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit had formulated relevant audit plans based on the risk evaluation of the unethical conduct, and checked the compliance with the plan to prevent unethical conduct, or entrusted an accountant to perform the audit?</p>	<p>√</p> <p>√</p> <p>√</p>		<p>well-known financial institutions and banks, and both parties have their rights, obligations, and trading conditions clearly set in the credit contract; also, all the financial transactions conducted are transparent and appropriate.</p> <p>(II) The Administration Department of the Company is responsible for the promotion of ethical corporate management. Currently, the Audit Office is assisting in reporting the Group’s compliance with ethical corporate management on a quarterly basis to help the board of directors understand the ethical corporate management policy and the implementation of preventing unethical conduct.</p> <p>(III)The Company has formulated the “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct,” and “Procedures for Business Ethics Management” to clearly define policies to prevent conflicts of interest and to request colleagues to implement them. The suspected violations, if any, should be reported to the direct supervisor or the Company’s responsible unit or should be disclosed through the “reporting mailbox” of the Company. In addition, the directors at the Company’s board meeting had taken recusal for the proposals that they have a</p>	

Evaluation Items	Actual Governance			Difference from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Yes	No	Summary	
(V) Has the company organized internal or external education and training regularly on the ethical corporate management?	√		<p>conflict of interest in accordance with the provisions of Article 15 of the Company’s “Rules of Procedure for Board of Directors Meetings.”</p> <p>(IV) The Company has established a complete and effective control mechanism in the accounting system and internal control system for the business activities and operating processes that are potentially at high risk of unethical conduct. The internal auditors also includes the high-risk operating procedures as the audit items in the annual audit plan to strengthen the preventive effect, and report the implementation of the audit plan to the board of directors on a quarterly basis. In addition, since the date the Company has become a subsidiary of Nidec Corporation, the Company has cooperated with the rules of the parent company that is listed in Japan and allowed a non-attestation CPA Firm to conduct an internal control system audit on the reliability of the financial information disclosure of the Company in accordance with J-SOX.</p> <p>(V) The Company has formulated the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” that are disclosed in the “Investors” section – Organizational Operation</p>	

Evaluation Items	Actual Governance			Difference from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Yes	No	Summary	
			<p>Regulations of corporate governance on the Company’s website; also, promoted through internal and external education and training. The directors and supervisors of the Company had participated in the ethical corporate management related training courses organized by the securities peripheral management agencies for a total of 12 hours in 2021. The Administration Office and Audit Office had respectively promoted the “Responsible Business Alliance, Procedures for Ethical Management and Guidelines for Conduct, and Corporate Social Responsibility Policy Commitment” and “Unethical Conduct Reporting Channels” to the staff by internal emails with around 650 persons informed in 2021. The Audit Office has compiled an education and training briefing on the “Introduction to Internal Control System and Procedures for Ethical Management and Guidelines for Conduct” for the new recruits. It is intended to make new recruits aware of the Company’s ethical corporate management policy, with a total of 184 persons educated and trained for about 92 hours in 2021.</p>	

Evaluation Items	Actual Governance			Difference from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Yes	No	Summary	
<p>III. Whistleblowing System</p> <p>(I) Has the Company provided incentives and means for employees to report misconduct? Has the Company assigned dedicated personnel to investigate the reported misconduct?</p> <p>(II) Has the company set the standard operating procedures for the investigation of the complaint, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?</p> <p>(III) Has the company provided proper whistleblower protection?</p>	<p>√</p> <p>√</p> <p>√</p>		<p>(I) A report and reward system is formulated in Article 21 of the Company’s “Procedures for Ethical Management and Guidelines for Conduct.” If the Group’s personnel suspect or find any unethical conduct, they can report it through the “Report Mailbox” on the Company website or the exclusive mailbox of the Audit Department. The reporting on general employees should be reported to department heads. The reporting on directors or senior executives should be reported to independent directors and supervisors. The responsible unit, Administration Department, of Company’s ethical corporate management and the responsible supervisors or personnel should immediately investigate relevant facts, if necessary, the Compliance or other relevant departments shall provide assistance.</p> <p>(II) The standard operating procedures for investigating the reported incident are regulated in Article 21 of the Company’s “Procedures for Ethical Management and Guidelines for Conduct.” The relevant reporting processes, investigation processes, and investigation results should be documented and reserved for five years. If the reported incident is proved to be true, the relevant responsible units should have the internal control systems and</p>	<p>There is no noticeable discrepancy</p>

Evaluation Items	Actual Governance			Difference from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Yes	No	Summary	
			<p>operating procedures reviewed with corrective actions proposed to prevent the same incident from reoccurring. The responsible unit of the Company shall present the reported incident, the handling method, and subsequent review and corrective action to the board of directors.</p> <p>(III)The Company shall keep the identity of the informant and the content of the report confidential and promise to protect the informant from improper treatment due to the report.</p>	
<p>IV. Enhancing information disclosure</p> <p>Has the company disclosed the content of the Ethical Corporate Management Best Practice Principles and its implementation effect on its website and Market Observation Post System?</p>	√		<p>The Company has disclosed the Ethical Corporate Management Best Practice Principles and its implementation on the Company website, Market Observation Post System, and annual report in accordance with the provisions of Article 25 of the “Ethical Corporate Management Best Practice Principles”.</p>	There is no noticeable discrepancy
<p>V. If the company has formulated its own “Ethical Corporate Management Best Practice Principles” in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” please describe its current practices and any differences from its own “Ethical Corporate Management Best Practice Principles”:</p> <p>The Company has formulated the “Ethical Corporate Management Best Practice Principles” to practice the corporate culture of ethical corporate management, and the actual operating situation is not significantly difference from the formulated “Ethical Corporate Management Best Practice Principles”.</p>				

Evaluation Items	Actual Governance			Difference from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the root cause
	Yes	No	Summary	
<p>VI. Other important information that helps understand the implementation of the company’s ethical corporate management: (such as, the company reviewing and revising its ethical corporate management best practice principles, etc.)</p> <p>(I) The Company was certified for the Responsible Business Alliance (RBA) in August 2020. The Chairman of the Company had signed a statement of social responsibility policies and commitments, including ethical operation, no improper gains, information disclosure, intellectual property rights protection, fair trade, advertisement and competition, protection of whistleblowers’ identities and free from retaliation, privacy protection, etc. in order to fulfill the corporate social responsibilities.</p> <p>(II) The Company has formulated the “Procedures for Handling Material Inside Information and Prevention of Insider Trade” that specifically prohibit Directors, Supervisors, managerial officers, and employees from disclosing material insider information to others, or inquiring/gathering material non-public information that is irrelevant to their duties from other insiders within the Company. The above parties are also prohibited from disclosing to others any material non-public information gained through non-business-related activities.</p>				

- i. If the Company has formulated the Corporate Governance and other relevant guidelines, the inquiry method for such principles must be disclosed:

The Company has currently formulated the “Articles of Corporation,” “Rules of Procedures for Shareholders Meeting,” “Rules of Procedure for Board of Directors Meeting,” “Regulations Governing the Performance Evaluation of the Board of Directors and Functional Committee,” “Regulations Governing the Election of Directors and Supervisors,” “Remuneration Committee Charter,” “Procedures for the Acquisition or Disposal of Assets,” “Procedures for the Loaning of Funds,” “Regulations Governing the Making of Endorsements/Guarantees,” “Procedures for Handling Material Inside Information and Prevention of Insider Trade,” “Corporate

Governance Best Practice Principles,” “Corporate Social Responsibility Best Practice Principles,” “Ethical Corporate Management Best Practice Principles,” Procedures for Ethical Management and Guidelines for Conduct,” “Guidelines for the Adoption of Codes of Ethical Conduct for Directors, Supervisors, and Managerial Officers,” and “Rules Governing the Scope of Powers of Independent Directors” that can be found on the Company’s website (www.ccic.com.tw) and Market Observation Post System (MOPS).

ii. Other important information that can help understand the implementation of the company’s corporate governance:

1. The Company regularly holds institutional investor conferences; also, all institutional investor conferences related information is published on the Market Observation Post System and Company websites to facilitate investors’ inquiries.

2. The Company’s accounting officer had received a total of 18 hours training in 2021 and as of the end of March 2022, respectively. The education includes the following:

Title	Name	Date of education	Organizer	Course title	Nature and hours of education courses			
Accounting Officer	Mei-Hua Chen	2021/1/1~2021/3/31	Accounting Research and Development Foundation	The continuing education for the Accounting Officer of the Issuer, Securities Firms, and Stock Exchanges	Auditing	Finance	Corporate Governance	Professional ethics and legal responsibility
					3 hours	3 hours	3 hours	9 hours

(IX) Internal control system implementation status

1. Declaration of Internal Control System

**Declaration of Internal Control System of
Nidec Chaun-Choung Technology Corporation**

Date: March 24, 2022

The following declaration has been made based on the 2021 self-assessment of the Company's internal control system:

- I. The Company acknowledges and understands that establishment, implementation, and maintenance of the internal control system are the responsibility of the Board and managerial officers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security, etc.), reliable, timely, and transparent financial reporting, and regulatory compliance.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the aforementioned three goals. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company evaluates the design and execution of its internal control system based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether the existing system continues to be effective. Assessment criteria introduced by "The Governing Principles" consists of five main elements, each representing a different stage of internal control: 1. Environment control; 2. Risk evaluation; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for more details.
- IV. The Company has adopted the aforementioned criteria to validate the effectiveness of its internal control system design and implementation.
- V. The Company based on the evaluation results stated in the preceding paragraph believes that the internal control system (including supervising and managing the subsidiaries) on December 31, 2021, including understanding the effectiveness of operations and the degree to which efficiency goals are achieved and reported is reliable, timely, transparent, and complying with relevant standards and law and regulations. The design and implementation of the relevant internal control systems are effective that can reasonably ensure the achievement of the aforementioned goals.
- VI. This declaration constitutes main part of the Company's Annual Report and prospectus, which shall be disclosed to the public. Any illegal misrepresentation or concealment in the aforementioned public statement are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was resolved and passed unanimously without objection by all seven (7) Directors present at the Board Meeting dated March 24, 2022.

Nidec Chaun-Choung Technology Corporation

Chairman: Junichi Nagai (Signature/Seal)

General Manager: Junichi Nagai (Signature/Seal)

2. If the internal control system was audited as a project reviewing by CPAs, the results of such review must be disclosed: None.

(X) Penalties imposed against the company and internal staff by law, or penalties against employees for violating the internal control system in the most recent year and up to the publication date of this annual report, if the penalties may have significant impact on the shareholders' equity or securities price, please describe the content of the penalties, major nonconformity, and corrective action: None.

(XI) Major resolutions passed in Shareholders Meetings and Board of Directors Meetings held in the last year up to the publication date of this annual report:

1. Important resolutions of the board of directors meetings:

Meeting date	Major Resolutions
Jan. 20, 2021	<ol style="list-style-type: none"> 1. Recognition of Senior Executive Appointment. 2. Approvement of matters relating to the base day share swap regarding the name change of the Company. ° 3. Approvement of the change of the Short title of the company. 4. Approved the payment of year-end bonuses to senior executives for 2020.
March 24, 2021	<ol style="list-style-type: none"> 1. Recognition of Senior Executive Appointment. 2. Approved the Company's remuneration to employees and remuneration to directors and supervisors for the year ended December 31, 2020. 3. Approved the Company's business report, consolidated financial statements and parent company only financial statements for the year ended December 31, 2020. 4. Approved the Company's operating plan and budget. 5. Approved the distribution of the Company's earnings for 2020. 6. Approved the appointment of the Company's CPA for the year ended December 31, 2021. 7. Approved the issuance of the statement of the Company's internal control system for the year ended December 31, 2020. 8. Approved the determination of the matters relating to the convening of the 2021 annual general meeting of the Company. 9. Approved the Company intends to amend the Articles of Association. 10. Approved the Company intends to amend the Authorization Hierarchy. 11. Approved the Company intends to amend the Financing Cycle and Budget Management Regulations. 12. Approved the Company intends to adjust organisational structure and to revise the Management of Organisational Authority and Responsibility and Internal Communication. 13. Approved the Company intends to lend to its subsidiary, Nidec Chaun Choung Vietnam Corporation. 14. Approved the Company intends to hold a by-election for a Supervisor 15. Approved the staff change in the Company's Chief Technology Officer

Meeting date	Major Resolutions
	(CTO) and Chief Financial Officer (CFO). 16. Approved the changes in staff.
April 29, 2021	1. Approved the list of candidates to be elected as supervisors of the Company. 2. Approved the Salary adjustment for the Company's managers (as defined by the FSC).
May 11, 2021	1. Approved the Company intends to adjust the organisational structure of the R&D Centre and to revise the Regulations on the Management of Organisational Authority and Responsibility and Internal Communication. 2. Approvement of Senior Executive Appointment. 3. Approved the promotion of the Company's senior executive.
July 20, 2021	1. Approved the recognition of the appointment of senior executives of the Company. 2. Passed the proposal to re-schedule the date and venue of the 2021 Annual General Meeting of the Company. 3. Approved the Company intends to amend the Method for Allocation of Employees' Compensation and the Authorization Hierarchy. 4. Approved the Company intends to amend the Organizational Rules of the Remuneration Committee. 5. Approvement of Senior Executive Appointment.
Aug. 12, 2021	1. Approved the the Company's application to Nidec Corporation, the Group's parent company, for a short-term borrowing commitment. 2. Approved the determination of the ex-dividend date of the Company's 2021 cash dividend allotment. 3. Approved the Company's remuneration to employees and remuneration to directors and supervisors for 2020.1 statements for the year ended December 31, 2020. 4. Approved the Company application to Mega International Commercial Bank for the amount of customs guarantee.
Nov. 9, 2021	1. Approved the proposal for the promotion and salary adjustment of the Company's staff. 2. Approved the Company's 2022 Annual Internal Audit Plan. 3. Approved the proposal made by the Company for the application to financial institution for performance bond guarantee of NT\$15,000,000, and the proposal was submitted for discussion.

2.Important resolutions of the Shareholders Meeting and implementation:

Meeting date	Major Resolutions	Implementation
Aug. 12, 2021	<ol style="list-style-type: none"> 1. Ratified the 2020 business report and financial statements. 2. Ratified the 2020 earnings distribution proposal. 3. Approved the amendments to the Company's "Articles of Incorporation". 4. Approved the amendments to the Company's "Procedures for the Acquisition or Disposal of Assets". 5. Approved the proposal for the supplementary election of 1 seat of supervisor. 	<ol style="list-style-type: none"> 1. After the voting process, it was found that the number of the directors who agreed the proposal was more than the number specified in related re regulations, so the proposal was approved without objection. 2. The Company's board of directors had scheduled the ex-dividend date to be Sep. 1, 2021; also, the cash dividend payment date was Sep. 14, 2021. The cash dividend of NT\$1.5 per share was distributed in full. 3. The Company had applied for Articles of Incorporation change registration after the shareholders meeting and was approved by the Ministry of Economic Affairs on Sep. 9, 2021. The amended "Articles of Incorporation" has been uploaded to the Company's website for colleagues' reference in performing related operations accordingly. 4. The Company has uploaded the amended "Procedures for the Acquisition or Disposal of Assets" to the Market Observation Post System and the Company's website after the shareholders meeting; also, the related operations have been implemented in accordance with the amended procedures. 5. A by-election of one supervisor (Mr. Chun-Yu Yen) was held at the 2021 annual shareholders' meeting, and the number of votes cast in favor of the proposal has exceeded the legal threshold, and the proposal was carried without objection and uploaded to the Market Observation Post System and the Company's website.

(XII) In the most recent year and up to the publication date of the annual report, directors or supervisors have different opinions on the important resolutions passed by the board of directors, which have also being recorded or written: None

(XIII) Summary of the resignation and dismissal of the company's Chairman, President, Accounting Officer, Finance Officer, internal audit officer, corporate governance officer, and R&D officer in the most recent year and up to the publication date of the annual report:

V. Disclosure of CPA's fees:

(I) The audit fees and non-audit fees paid to CPAs and the firm the CPAs belong to and its affiliates, and the contents of non-audit services are as follows:

Unit: NT\$ thousands

CPA Firm	Name of CPAs	Period Covered by CPA's Audit	Audit Fees	Non-audit fees	Total	Remarks
KPMG Taiwan	Hsin-Yi Kuo	2021.1.1~2021.12.31	3,918	3,271	7,189	Note 2
	Hui- Chih Ko					

Note 1: The periods covered by CPA's audit should be respectively listed if the Company replaced CPAs or CPA firms in the year. The reasons for the replacement should be provided in the columns for remarks, and the information of audit fees and non-audit fees paid should be disclosed in order. The contents of services should be described in the remarks of non-audit fees.

Note 2: The non-audit fees included NT\$220 thousand for the transfer pricing report, NT\$2,950 thousand for J-SOX internal control audit, and NT\$101 thousand for tax consulting service.

(II) If there is a change of Accounting Firm and the audit fee paid in the changing year is less than what was paid the year before, it is necessary to disclose the audit fee paid before and after the change of Accounting Firm and the root cause: None.

(III) If the audit fee is decreased by more than 10% compared with the audit fee paid in previous year, the amount, proportion, and reason for the reduction of audit fee shall be disclosed: None.

VI. Change of CPAs

(I) About the former CPAs

Date of replacement	Resolution passed by the Board on March 24, 2022		
Reason for replacement and description	It was due to the internal job adjustment of the CPA Firm.		
Was the termination of audit service initiated by the Principal or by the CPAs?	Situation	Parties	Principal
	Commission was terminated voluntarily.	CPAs	Not Applicable
		Not Applicable	Not Applicable

	Commission was rejected (not continued)	Not Applicable	Not Applicable
Reasons for issuing opinions other than unqualified opinions in the audit reports in the last two years	None		
Disagreements with the issuer or not	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Scope or steps of audit
			Others
	None	√	
	Description		
Other disclosures (Disclosures deemed necessary under Item 1-4 to Item 1-7, Sub-paragraph 6, Article 10 of the Guidelines)	None		

(II) Information relating to the succeeding CPAs

Name of Accounting Firm	KPMG
Name of CPAs	Hui-Chih Kou, Chi-Lung Yu
Date of appointment	Resolution of the appointment passed by the Board on March 24, 2022
Inquiries and replies relating to the accounting practices or accounting principles of certain transactions, or any audit opinions the auditors were likely to issue on the Financial Statements prior to appointment	None
Written disagreements from the succeeding CPA against the opinions of the former CPA	None

(III) Former auditor's replies relating to Item 1 and Item 2-3, Sub-paragraph 6, Paragraph 1, Article 10 of the "Regulations Governing Information to be Published in Annual Reports: None.

VII. The Company's Chairman, General Manager, or any managerial officers involved in financial or accounting affairs being employed by the attestation accounting firm or any of its affiliated companies in the last year: None

VIII. In the most recent year and up to the publication date of the annual report, the transfer of equity and changes in pledged equity of directors, supervisors, managerial officers, and shareholders holding more than 10% of the issued shares:

(I) Changes in the equity of directors, supervisors, managerial officers, and major shareholders:

Title	Name	2021		April 30, 2021	
		Shareholding Share increase (decrease)	Mortgaged shares Share increase (decrease)	Shareholding Share increase (decrease)	Mortgaged shares Share increase (decrease)
Corporate Director & Major Shareholder	Nidec Corporation	12,843,410	0	240,000	0
Representative of Corporate Chairman (Chairman & CEO)	Junichi Nagai	0	0	0	0
Corporate Director	Yo Chang Investment Co., Ltd. (Note 1)	(2,945,000)	0	0	0
Representative of Corporate Director (CAO)	Shih-Ling Wu (Note 1)	0	0	0	0

Title	Name	2021		April 30, 2021	
		Shareholding Share increase (decrease)	Mortgaged shares Share increase (decrease)	Shareholding Share increase (decrease)	Mortgaged shares Share increase (decrease)
Representative of Corporate Director (Senior Vice President of Product Development & Promotion Division)	Chien-Hung Wu (Note 1)	0	0	0	0
Representative of Corporate Director	Mitsuru Tsuyoshi	0	0	0	0
Representative of Corporate Director	Kenji Ito	0	0	0	0
Representative of Corporate Director (CFO)	Masashi Takao (Note 2)	0	0	0	0
Representative of Corporate Director	Eiji Miyamoto(Note 2)	0	0	0	0
Representative of Corporate Director (CFO)	Kazuhito Kaise (Note 3)	0	0	0	0
Representative of Corporate Director (CFO)	Yasuhiro Mase (Note 3)	0	0	0	0
Representative of Corporate Director	Hidetoshi Matsuhashi	0	0	0	0
Independent Director	Ke-Wei Hsu	0	0	0	0
Independent Director	Ya-Ping Chiang	0	0	0	0
Corporate supervisor	Yi Cen Investment Co., Ltd. (Note 4)	(2,105,000)	0	0	0
Supervisor	Chun-Yu Yen (Note 4)	0	0	0	0
Supervisor	Isao Takahashi	0	0	0	0
Other (chief administrative officer)	Shih-Ling Wu	(1,353,410)	0	0	0
Senior Vice President	Chien-Hung Wu(Note 1)	(100,000)	0	0	0
Senior Vice President	Zhi-ye Shen	0	0	0	0
Vice President	Chih-Ren Lin	0	0	0	0
RDC1 Vice President	Cheng-Tu Wang	0	0	0	0
RDC2 Vice President	Meng-Cheng Huang	0	0	0	0
RDC3 Vice President	Chuan-chan Huang	0	0	0	0
PM1 Vice President	Hung-Lin Cheng	0	0	0	0
PM2 Vice President	Ya-Chin Chih	0	0	0	0

Title	Name	2021		April 30, 2021	
		Shareholding Share increase (decrease)	Mortgaged shares Share increase (decrease)	Shareholding Share increase (decrease)	Mortgaged shares Share increase (decrease)
Quality Assurance Department – Vice President	Yu-min Fan (Note 6)	0	0	0	0
Material Department – Vice President	Tung-Chieh Pan (Note 7)	0	0	0	0
Manufacturing and Production Engineering – Vice President	Li-Min Yang	0	0	0	0
Vice President	Shih-Chung Yuan	0	0	0	0
CEO's Office – Assistant Vice President	Yi-Chang Wu (Note 8)	(380,000)	0	0	0
Vice Assistant President, Production Engineering Department	Pang-Hung Liao (Note 9)	0	0	0	0
PM4 – Assistant Vice President	Chih-Wei Hsu	0	0	0	0
Material Department – Assistant Vice President	Kenji Matsui	0	0	0	0
Product Development & Promotion Division – Assistant Vice President	Ruo-Ying Wang	0	0	0	0
R&D Center – Assistant Vice President	Shao-Qian Lu	0	0	0	0
Assistant Manager	Ming-Hung Hung	0	0	0	0
Finance Department – Manager (Finance and Accounting Officer)	Mei-Hua Chen	0	0	0	0

Note 1: The corporate director, Yo Chang Investment Co., Ltd., had transferred more than 1/2 shareholding held at the time of election during the term of office (January 4, 2021), therefore, it was dismissed ipso facto on January 4, 2021. Also, the appointed representatives, Ms. Shih-Ling Wu and Mr. Chien-Hung Wu, were dismissed ipso facto.

Note 2: Mr. Masashi Takao, the former legal person director appointed by Nidec Corporation, was replaced by Mr. Eiji Miyamoto on April 1, 2021. In addition, Mr. Masashi Takao was also relieved of his position of CTO of the Company on April 1, 2021 (retirement).

Note 3: Mr. Kazuhito Kaise, the former legal person director appointed by Nidec Corporation, was replaced by Mr. Yasuhiro Mase on April 1, 2021. In addition, Mr. Kazuhito Kaise was also relieved of his position of CFO of the Company on April 1, 2021 (resignment).

Note 4: I-Tsen Investment Co., Ltd., a legal person supervisor of the Company, transferred more than half

of the shares held by it during its term (Jan. 4, 2021), and it was removed on Jan. 4, 2021. Mr. Chun-Yu Yen, the legal person supervisor appointed by it, was also removed.

Note 5: Senior Vice President Chien-Hung Wu was relieved of his office on Oct. 1, 2021.

Note 6: Mr. Yu-Min Fan was relieved of his position of Vice President of the Company in January 2022 to become the Chief Operating Officer of Nidec Chaun Choung Vietnam Corporation, a subsidiary in Vietnam.

Note 7: Vice President Tung-Chieh Pan was relieved of his office on July 1, 2021.

Note 8: Vice Assistant President Yi-Chang Wu was relieved of his office on Sep. 1, 2021.

Note 9: Pang-Hung Liao was relieved of his office on Feb. 27, 2021.

(II) The counterparty of the share transfer is a related party:

Name	Reasons for share transfer	Transaction Date	Transaction Counterparty	Relationship of the trade counterparties with the Company, directors, supervisors, managerial officers, and shareholders holding more than 10% issued shares	Number of shares (shares)	Trading price (NTD)
Yo Chang Investment Co., Ltd.	Disposal	January 4, 2021	Nidec Corporation	Nidec Corporation is the parent company, director, and major shareholder holding more than 10% issued shares of the Company.	2,945,000	212.5
Yi Cen Investment Co., Ltd.	Disposal	January 4, 2021	Nidec Corporation		2,105,000	212.5
Shih-Ling Wu	Disposal	January 4, 2021	Nidec Corporation		1,353,410	212.5
Chien-Hung Wu	Disposal	January 4, 2021	Nidec Corporation		100,000	212.5
Yi-Chang Wu	Disposal	January 4, 2021	Nidec Corporation		380,000	212.5

(III) The counterparty of the pledged shares is a related party: None.

IX. Information on the top ten shareholders in shareholding ratio and are related parties or with a relationship of being a spouse or a relative within the 2nd degree of kinship:

April 30, 2022(book closed date)

Name	Principal's shareholding		Shares Held by Spouse and Underage Children		Shares held in the names of others		For the top ten shareholders in shareholding ratio who are related parties or with a relationship of being a spouse or a relative within the 2nd degree of kinship, please state the title or name and relationship.		Remarks
	Shares Held	Shareholding Percentage	Shares Held	Shareholding Percentage	Shares Held	Shareholding Percentage	Title (or name)	Relationship	
Nidec Corporation	41,444,831	48.00%	0	0.00%	0	0.00%	None	None	
Nidec Corporation Representative: Shigenobu Nagamori	0	0.00%	0	0.00%	0	0.00%	None	None	
CTBC Bank is entrusted with the custody of the investment account of Nidec Corporation	33,004,151	38.22%	0	0.00%	0	0.00%	None	None	
TransGlobe Life Insurance Inc.	1006000	1.17%	0	0.00%	0	0.00%	None	None	
TransGlobe Life Insurance Inc. Representative: Teng-de Peng	0	0.00%	0	0.00%	0	0.00%	None	None	
JPMorgan Chase Bank Taipei Branch is entrusted with the PGIA International Stock Index Fund Investment Account of Progressive Global Investment Advisor Taiwan Limited	491,645	0.57%	0	0.00%	0	0.00%	None	None	
JPMorgan Chase Bank Taipei Branch is entrusted with the Vanguard Emerging Market Stock Index Fund Investment Account managed by Vanguard Group Company	488,000	0.57%	0	0.00%	0	0.00%	None	None	
Citibank Taiwan is entrusted with Norges Bank - investment account	813,000	0.94%	0	0.00%	0	0.00%	None	None	
Citibank Taiwan is entrusted with Yuanta Securities	200,000	0.23%	0	0.00%	0	0.00%	None	None	

Name	Principal's shareholding		Shares Held by Spouse and Underage Children		Shares held in the names of others		For the top ten shareholders in shareholding ratio who are related parties or with a relationship of being a spouse or a relative within the 2nd degree of kinship, please state the title or name and relationship.		Remarks
	Shares Held	Shareholding Percentage	Shares Held	Shareholding Percentage	Shares Held	Shareholding Percentage	Title (or name)	Relationship	
(Hong Kong) Co., Ltd. – customer's investment account									
Pi-Yun Lin	261,851	0.30%	0	0.00%	0	0.00%	None	None	
Advanced Trust Company Corporate Full International Stock Market Index Trust II Investment Account in custody of JPMorgan Chase Bank, N.A., Taipei Branch	189,000	0.22%	0	0.00%	0	0.00%	None	None	
DFA Emerging Markets Core Securities Investment Account in custody of Citibank	129,000	0.15%	0	0.00%	0	0.00%	None	None	

Note: Nidec Corporation held the Company's shares through two accounts: "Nidec Corporation" account with 41,444,831 shares (i.e. the public acquisition account) and "CTBC Bank entrusted with Nidec Corporation investment account" with 33,004,151 shares of the Company as of April 30, 2021. Therefore, Nidec Corporation held 74,448,982 shares of the Company as of April 30, 2021. Please refer to the "Information of Directors and Supervisors" section in Chapter III for details.

X. Investments jointly held by the Company, the Company's directors, supervisors, managerial officers, and enterprises directly or indirectly controlled by the Company, with shareholding disclosed in aggregate of the said parties

Unit: Thousand shares; as of April 30, 2021

Invested businesses	Investment of the Company		Directors, supervisors, managerial officers, and investments that are directly or indirectly controlled		Aggregate investment	
	Shares Held	Shareholding ratio	Shares Held	Shareholding ratio	Shares Held	Shareholding ratio
Conquer Wisdom Co., Ltd.	18,093	100%	0	0	18,093	100%

Nidec Chaun-Choung Technology America, Inc.	0	0	300	100%	300	100%
Globe Star Enterprise Ltd.	0	0	140,408	100%	140,408	100%
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	0	0	Note	100%	Note	100%
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	0	0	Note	100%	Note	100%
Nidec Chiuan-Vector Industrial (Dongguan) Co., Ltd.	0	0	Note	100%	Note	100%
Nidec Chaun Choung Vietnam Corporation	Note	100%	0	0	Note	100%

Note: It is a limited company and has not issued shares.

Four. Fundraising Overview

I. Capital and Shares

(I) Source of capital

Unit: Shares; New Taiwan Dollars April 30, 2021

Y	M	Issuing price (NT\$)	Authorized capital		Paid-in capital		Remarks		
			Number of shares (shares)	Amount (NT\$)	Number of shares (shares)	Amount (NT\$)	Source of Capital (NT\$)	Paid in properties other than cash	Others (Approval Reference Number)
88	11	10	28,000,000	280,000,000	17,857,143	178,571,430	Capitalization of Earnings for NT\$38,571,430	None	November 18, 1999 Economic Ministry(88) business 141547
89	10	10	35,000,000	350,000,000	30,214,286	302,142,860	Cash capital increase for 70,000,000 Capitalization of Earnings for NT\$53,571,430	None	(89)Taiwan Finance Certificate (I) No.54747 Dated on June 30, 2000
91	08	10	43,000,000	430,000,000	37,040,000	370,400,000	Capitalization of Earnings for NT\$68,257,140 (Includes Employee bonus for NT\$ 10,850,000)	None	Taiwan Finance Certificate (I) No. 0910141303 Dated on July 24, 2002
92	09	10	55,800,000	558,000,000	41,618,687	416,186,870	Capitalization of Earnings for NT\$45,786,870 (Includes Employee bonus for NT\$ 5,413,270)	None	Economic Ministry authorized R.O.C. No. 09232679810 Dated on September 17, 2003
93	01	10	55,800,000	558,000,000	42,399,037	423,990,370	Conversion from Convertible Bonds into common shares NT\$7,803,500	None	Economic Ministry authorized R.O.C. No. 09331573310 Dated on January 19, 2004
93	04	10	55,800,000	558,000,000	43,420,197	434,201,970	Conversion from Convertible Bonds into common shares NT\$10,211,600	None	Economic Ministry authorized R.O.C. No. 09332037290 Dated on April 27, 2004
93	08	10	55,800,000	558,000,000	43,498,230	434,982,300	Conversion from Convertible Bonds into common shares NT\$780,330	None	Economic Ministry authorized R.O.C. No. 09332517160 Dated on August 2, 2004
93	11	10	55,800,000	558,000,000	51,881,054	518,810,540	Capitalization of Earnings for NT\$77,014,090 (Includes Employee bonus for NT\$7,897,180) Conversion from Convertible Bonds into common shares NT\$6,814,150	None	Economic Ministry authorized Business No. 09301200260 Dated on November 4, 2004
94	02	10	55,800,000	558,000,000	53,863,713	538,637,130	Conversion from Convertible Bonds into common shares NT\$ 19,826,590	None	Economic Ministry authorized Business No. 09401019010 Dated on February 1, 2005

Y	M	Issuing price (NT\$)	Authorized capital		Paid-in capital		Remarks		
			Number of shares (shares)	Amount (NT\$)	Number of shares (shares)	Amount (NT\$)	Source of Capital (NT\$)	Paid in properties other than cash	Others (Approval Reference Number)
94	05	10	55,800,000	558,000,000	54,089,550	540,895,500	Conversion from Convertible Bonds into common shares NT\$2,258,370	None	Economic Ministry authorized Business No. 09401079240 Dated on May 5, 2005
94	06	10	78,000,000	780,000,000	60,089,550	600,895,500	Cash capital increase for NT\$60,000,000	None	Economic Ministry authorized Business No. 09401102220 Dated on June 9, 2005
94	07	10	78,000,000	780,000,000	60,126,314	601,263,140	Conversion from Convertible Bonds into common shares NT\$367,640	None	Economic Ministry authorized Business No. 09401138500 Dated on July 22, 2005
94	10	10	78,000,000	780,000,000	70,706,641	707,066,410	Conversion from Convertible Bonds into common shares NT\$105,299,200 Conversion from Convertible Bonds into common shares NT\$504,070	None	Economic Ministry authorized Business No. 09401209040 Dated on October 19, 2005
95	09	10	120,000,000	1,200,000,000	78,493,996	784,939,960	Conversion from Convertible Bonds into common shares NT\$77,873,550 (Includes Employee bonus for NT\$7,166,900)	None	Economic Ministry authorized Business No. 09501205590 Dated on September 13, 2006
97	09	10	120,000,000	1,200,000,000	86,343,396	863,433,960	Capitalization of Earnings for NT\$78,494,000	None	Economic Ministry authorized Business No. 09701243310 Dated on September 23, 2008

April 30, 2021 Unit: shares

Shares Type	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common stock shares	86,343,396	Shares of Listed Companies	120,000,000	Shares of Listed Companies

Note: 500,000 shares out of the authorized 120,000,000 shares have been reserved for the issuance of stock options, preferred stock share subscription warrants, or corporate bond subscription warrants in order to exercise the warrants.

Where offering of securities was approved to proceed using the aggregate reporting system, disclose the amount approved and information relating to the proposed issuance and issued securities:
Not applicable.

(II) Shareholder structure

April 22, 2022 (book closed date) Unit: shares

Shareholder Structure Volume	Government institutions	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Head Count	1	1	114	5,606	44	5,766
Shareholding	1,100	1,006,000	255,932	7,703,526	77,376,838	86,343,396
Shareholding ratio (%)	0.00%	1.17%	0.30%	8.92%	89.61%	100.00%

(III) Ownership distribution of equity

1. Ownership distribution of common stock:

April 22, 2022 (book closed date)

Shareholding Range (shares)		Shareholder Count (persons)	Shareholding (shares)	Shareholding ratio (%)
1	~ 999	3,385	180,610	0.21
1,000	~ 5,000	2,084	3,767,286	4.36
5,001	~ 10,000	159	1,209,777	1.40
10,001	~ 15,000	50	629,396	0.73
15,001	~ 20,000	32	585,826	0.68
20,001	~ 30,000	22	582,562	0.67
30,001	~ 40,000	7	253,474	0.29
40,001	~ 50,000	4	191,000	0.22
50,001	~ 100,000	12	795,987	0.92
100,001	~ 200,000	4	638,000	0.74

200,001	~	400,000	1	261,851	0.30
400,001	~	600,000	2	979,645	1.13
600,001	~	800,000	0	0	0.00
800,001	~	1,000,000	1	813,000	0.94
Over 1,000,001			3	75,454,982	87.41
Total			5,766	86,343,396	100%

2. Ownership distribution of preferred stock: Not Applicable.

(IV) Major shareholders list: Name of the shareholders with more than 5% ownership or who are on the top 10 list

April 22, 2022 (book closed date)

Name of major shareholders	Shares	Shareholding (shares)	Shareholding Percentage (%)
Nidec Corporation		41,444,831	48.00%
CTBC Bank is entrusted with the custody of the investment account of Nidec Corporation		33,004,151	38.22%
TransGlobe Life Insurance Inc.		1,006,000	1.17%
Citibank Taiwan is entrusted with Norges Bank - investment account		813,000	0.94%
JPMorgan Chase Bank Taipei Branch is entrusted with the PGIA International Stock Index Fund Investment Account of Progressive Global Investment Advisor Taiwan Limited		491,645	0.57%
JPMorgan Chase Bank Taipei Branch is entrusted with the Vanguard Emerging Market Stock Index Fund Investment Account managed by Vanguard Group Company		488,000	0.57%
Pi-Yun Lin		261,851	0.30%
Citibank Taiwan is entrusted with Yuanta Securities (Hong Kong) Co., Ltd. – customer’s investment account		200,000	0.23%
Advanced Trust Company Corporate Full International Stock Market Index Trust II Investment Account in custody of JPMorgan Chase Bank, N.A., Taipei Branch		189,000	0.22%
DFA Emerging Markets Core Securities Investment Account in custody of Citibank		129,000	0.15%

Note: Nidec Corporation held the Company’s shares through two accounts: “Nidec Corporation” account with 41,444,831 shares (i.e. the public acquisition account) and “CTBC Bank entrusted with Nidec Corporation investment account” with 33,004,151 shares of the Company as of April 30, 2022. Therefore, Nidec Corporation held 74,448,982 shares of the Company as of April 30, 2022. Please refer to the “Information of Directors and Supervisors” section in Chapter III for details.

(V) Information relating to Market Price, Net Worth, Earnings, and Dividends per share for the last two years

Unit: thousand shares/NTD

Item	Year	2020	2021	Year-to-date as of April 30, 2022 (Note 7)
		Market Price per share	High	294.50
	Low	158.00	154.00	94.00

(Note 1)	Average		242.96	195.81	127.96
Net worth per share (Note 2)	Before distribution		51.11	54.07	55.40
	After distribution		49.75	(Note 3)	–
Earnings per share (Note 2)	Weighted average outstanding shares		86,343	86,343	86,343
	EPS		9.06	4.05	(0.32)
Dividends per share	Cash dividends (Note 3)		1.36	0.61 (Note 3)	–
	Stock dividends	Stock Dividend	0	0 (Note 3)	–
		APIC Dividend	0	0 (Note 3)	–
	Cumulative unpaid dividends		0	0 (Note 3)	–
Return on investment analysis	P/E Ratio (Note 4)		26.82	48.35	–
	Price to Dividends Ratio (Note 5)		178.65	321.00 (Note 3)	–
	Cash Dividend Yield % (Note 6)		0.56	0.31 (Note 3)	–

Note 1: Average market price is calculated by weighing trade amount against trade volumes in each respective year.

Note 2: Net worth per share and earnings per share as of 2022 Q1 were audited or reviewed by the independent auditors.

Note 3: Figures have been specified in the amounts resolved in the Shareholders Meeting in the following year. The 2021 Earnings Distribution has not been resolved in a Shareholders Meeting.

Note 4: P/E Ratio = Average closing price per share for the year / earnings per share.

Note 5: Price to Dividends Ratio = Average closing price per share for the year / cash dividends per share.

Note 6: Cash Dividend Yield = Cash dividends per share / Average closing price per share for the current year.

Note 7: Net worth per share and earnings per share were prepared as of the annual report publication date and reviewed by the independent auditors in 2022 Q1; the information in other columns was prepared as of April 30, 2022.

(VI) Dividend policy and implementation

1. Dividend policy stated in the Company's Articles of Incorporation

According to the Articles of Incorporation of the Company, annual earnings, if any, concluded by the Company are first applied to pay tax and make up for previous losses, followed by a 10% provision for legal reserve. However, no further provision is needed when legal reserve has accumulated to an amount equal to the Company's paid-in capital. In addition, the Company may also make provision for special reserves as needed for operation or as required by law. The residual balance, if any, can then be added to undistributed earnings carried from previous years and distributed as dividends, subject to Board of Directors' proposals and the resolution reached in the Shareholders Meeting.

The Company's earnings distribution basically is for an amount not less than

15% of the net income of the current year. In addition to complying with the aforementioned requirements, the dividend distribution shall include stock dividend for an amount not more than 80% of the total shareholder dividend and cash dividend not less than 20% of the total shareholder dividends.

2.The dividend distribution is proposed to be discussed in the current shareholders meeting

The 2021 Earnings Distribution has been resolved by the Company's Board of Directors on March 24, 2022, the information is as follows,

(1)Proposed to distribute cash dividends to shareholders: In a total of NT\$52,669,472 at NT\$0.61 per share.

(2)The board of directors is authorized to schedule the ex-dividend date for the proposed earnings distribution once it is resolved in the 2022 regular shareholders meeting. If the future dividend ratio is affected due to the changes in the total number of outstanding shares resulted from the issuance of new shares from capital increase, the repurchase of the Company's shares, etc., the shareholders meeting is proposed to authorize the board of directors to adjust the dividend rate and related matters.

3.It should be explained when it is expected that there will be major changes in the dividend policy: None.

(VII)Impacts of proposed stock dividends in the current Shareholders Meeting on the Company's business performance and earnings per share: Not applicable as no stock dividend was proposed in the Shareholders Meeting and no financial forecast was made for 2022.

(VIII)Employee, director, supervisor compensation 1.Percentage and range of employee, director, and supervisor compensation stated in the Articles of Incorporation:

According to the Company's Articles of Incorporation, any profits concluded from a fiscal year are subject to allocate employee compensation for an amount not less than 3%, which the Board of Directors may decide to distribute in cash or in shares. Employees of subordinate companies who meet the criteria determined by the Board of Directors are also entitled to receive the said compensation. The Company may also allocate Director and Supervisor compensation for an amount up to 3% of the aforementioned profit, which subject to the resolution of the Board of Directors. However, profits must first be taken to offset against cumulative losses, if any, before the remainder can be distributed as compensation to employees, directors, and supervisors.

2.Basis for the estimation of the compensation of employees, directors, and supervisors in current period, basis for the calculation of stock shares distributed to employees as compensation, and accounting treatment for the difference between the actual distribution amount and the estimated amount:

The amounts of 2021 employees, directors, supervisors compensation were

estimated by multiplying the percentages mentioned in the Articles of Incorporation by 2021 net income before tax and not deduct the expenses of employees, directors, and supervisors compensation. However, the difference, if any, between the amount resolved in the Board of Directors Meeting and the amount previously estimated will be treated as a change in accounting estimate and recognized as gains/losses for 2022. Where employee compensation is paid in shares, the amount of share-based payment is calculated based on the closing price one day before the resolution reached in the Board of Directors Meeting.

3. Compensation distribution resolved by the Board of Directors:

(1) Employee, director, and supervisor compensation paid in cash or in shares. If it is different from the amount estimated in the year expense incurred, the amount of difference, causes, and treatment should be disclosed:

On March 24, 2022, the Board of Directors resolved to distribute employee compensation of NT\$14,099 thousand and director and supervisor compensation of NT\$2,389 thousand for the year ended December 31, 2021, which is consistent with the amount of employee compensation of NT\$14,099 thousand and director and supervisor compensation of NT\$2,389 thousand estimated in the 2021 financial statements.

(2) Ratio of employee compensation paid in shares to net income on the standalone (parent company only) financial statements and total employee compensation: No proposal was made to pay 2021 employee compensation in shares.

4. Actual distribution of employee, director, and supervisor compensation in 2020; also, if it is different from the recognized and booked employee, director, and supervisor compensation, please explain the amount of difference, the cause, and treatment of such discrepancies:

There is no difference between the actual distribution of compensation to employees, directors, and supervisors of the Company in 2020 and the distribution amount resolved by the Board of Directors and booked in the financial statements.

(IX) Repurchase of Company's shares: None.

II. Disclosures relating to Corporate Bonds: None.

III. Preferred Stock Shares: None.

IV. Global Depository Receipts: None.

V. Employee Share Subscription Warrants: None.

VI. New Restricted Employee Shares: None.

VII. Issuance of new shares for business acquisition or share exchange: None.

VII. Progress on fund utilization plan:

The Company does not have any incomplete public issuance or private placement of securities, nor does the Company have any fund plan completed within the last three years without yielding the expected benefit.

Five. Operational Overview

I. Business activities

(I) Scope of business

1. Main business activities

The Company and subsidiaries are mainly involved in the manufacturing, processing, and trading of heat dissipation components, and offering of heat dissipation designs and solutions. The main products offered include thermal modules, heat sinks, heat pipes, and vapor chambers.

2. Current main products and revenue weight (2021)

Unit: NTD thousands

Products	Amount	Percentage (%)
Thermal module	8,261,684	75.02
Heat sink	1,775,177	16.12
Others	975,067	8.86
Total	11,011,928	100.00

3. New products planned for the future:

(1) Current products of the Company

Notebook computer thermal module, server thermal module, 5G base station heat sink module heatsinks, heat pipes, and vapor chambers.

(2) New products planned for the future

A. Automotive electronic thermal products

B. 5G station thermal modules

C. High-power liquid-cooling circulation system (II) Industry overview

1. Current product development

The Company's main product lines include heat dissipation devices for notebooks (NB), desktops (DT), servers, networks communication, game consoles, smartphones and household appliances, with personal computers (PC), servers, networks communication, and smartphones representing the majority. Due to the higher heat generation of the CPU and the higher heat transfer requirements of chipsets, graphics chips, and other devices, the demand for heat transfer components is increasing day by day. Given the rapid development of handheld devices in recent years and the demand of 5G related system will be launched successively this year, it brings the ultra-high transfer speeds and the upgrade of hardware and software performance at the same time, high demand for thermal solutions will be driven globally.

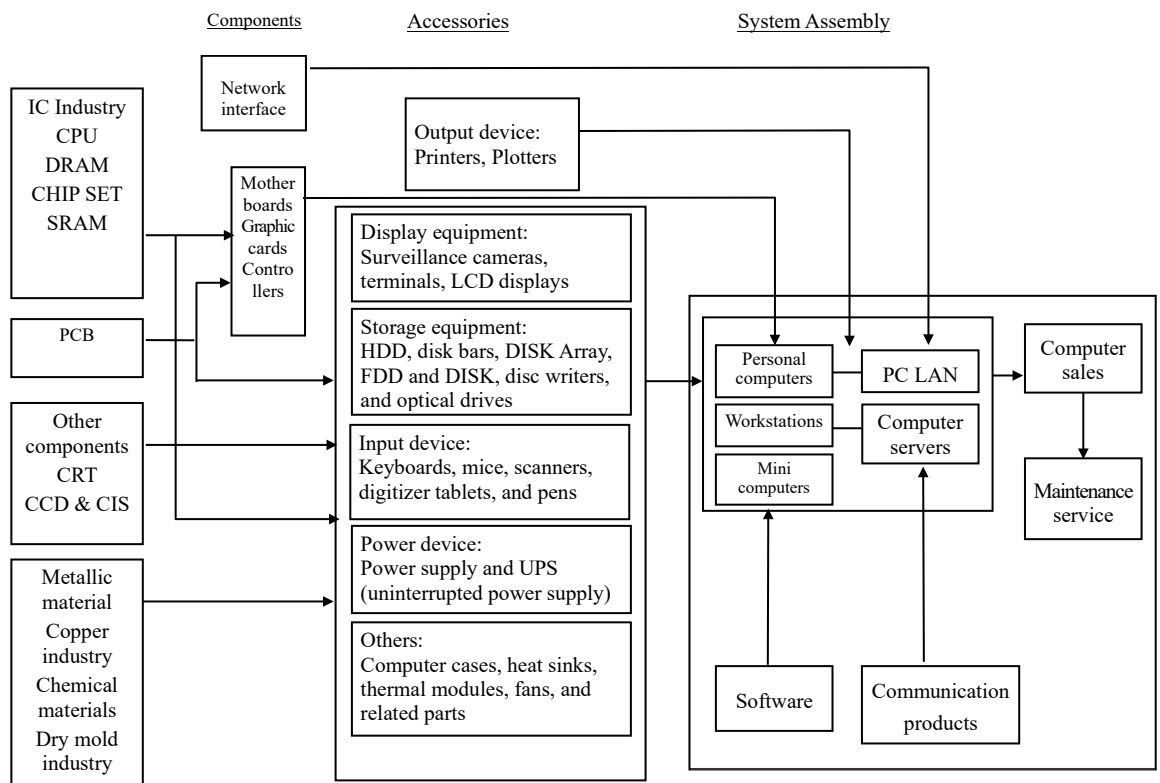
The Company is a professional manufacturer dedicated to providing heat transfer solutions for IT and electronic products. The Company through collaboration with ITRI successfully developed "micro heat pipes," a critical component of thermal module for NBs in 1995 and with mass production commenced and applied to the heat transfer device of PCs (DT and NB) in 1998. The Company began mass production of high-power vapor chambers in 2007, a heat transfer device for servers

and networks communication products. Started mass production of ultra-thin vapor chambers and heat pipes for smartphones in 2015, the Company now provides heat transfer solutions for the majority of IT products. The Company remains active in recruiting R&D and design talents, improving production process and efficiency, reducing noise and emissions throughout the process, and adopting automated equipment continuously. These investments have helped secure the Company's global leadership in the research, development, and manufacturing of heat pipes, vapor chambers, and thermal modules, as well as environmental protection, energy-saving, and carbon reduction solutions.

Nidec Corporation, the parent company, has formally joined the management team via Public Tender Offer for the Company's securities since the end of 2018; also, the parent company has completed the election of directors and supervisors and the deployment of operation executives. The two parties have had actively integrating resources and exercising the synergies of the Group in recent years. The two parties will actively deploy the global market, grasp proactive and strategic goals, expand the scale of operations, and create higher growth of revenue and profitability in order to create greater well-being for customers, shareholders, and employees.

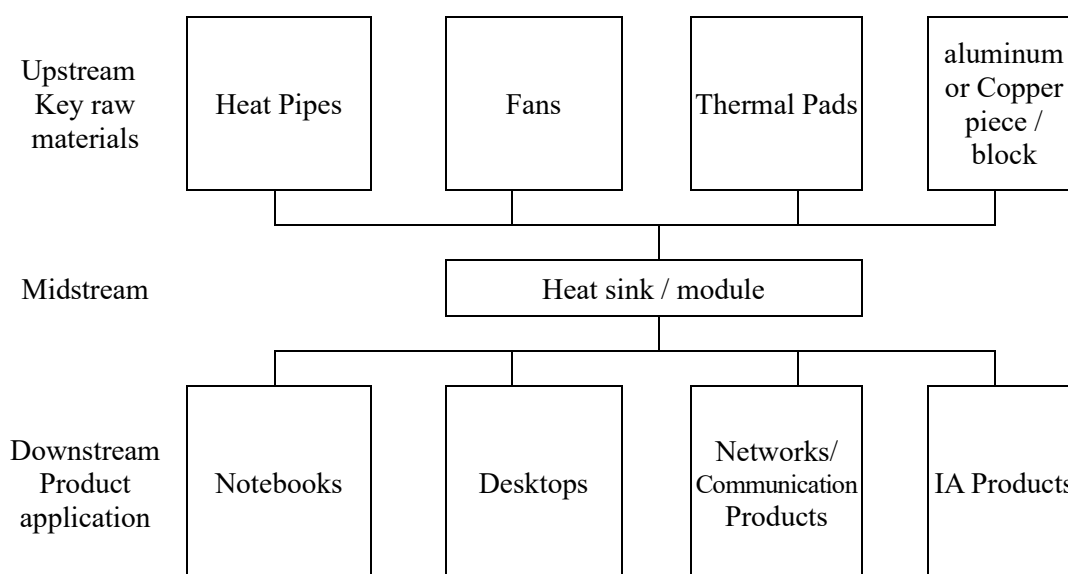
2. Association between upstream, midstream, and downstream industry participants

Upstream and downstream products of the IT industry of Taiwan



Thermal modules and heat sinks are currently the main products of the Company.

They are mainly used in the information electronic components industry, and the upstream and downstream products of the industry are as depicted in the figure above. In addition, the upstream key raw material of the products and the downstream application of the Company is described as follows:



(1) Upstream supply of key raw materials

The heat pipes used in the computer thermal modules are mostly manufactured by the Company, whereas raw materials are sourced from long-lasting suppliers. The Company maintains at least two suppliers for most of the needed materials; therefore, supply of main raw materials is considered as stable.

(2) Downstream product applications

Most precision electronics require specific form of heat transfer devices, and thermal modules have become essential components after they were introduced into notebooks since 1997. As electronics become lighter, slimmer, smaller, and more feature-rich, thermal modules will find more applications in IT, communications, and consumer electronics.

3.Product development trends

The PC industry has been declining for several consecutive years, which has prompted the Company to explore new opportunities in non-PC fields. As electronic mobile devices have become packed with features, power consumption increases and so is the need to dissipate heat. Increased demand for heat transfer is most

significantly seen in networks/communication products. The Company employs a professional team of researchers whose sensitivity and insight in industry trends have led to the successful development of heat transfer solutions for handheld devices ahead of competitors. The team expects to explore opportunities in new fields, such as, slimmer mobile communication devices, cloud and power modules, and auto electronics in the future.

4.Product Competition

Increasing demand for heat transfer solutions driven by the evolution of electronics has attracted competition, including renowned local and foreign brands and thermal module suppliers from China. However, the key to success lies in the manufacturer's ability to keep up with the rapidly changing electronic technologies, products, and applications. Having invested in the research of heat transfer and dissipation in as early as 1995, the Company leads its competition not only in terms of technical capability and sensitivity, but enjoys the advantage of long-term relationships with local and foreign system manufacturers as well. Compared to the competition, Nidec Chaun-Choung Technology has time and time again impressed customers with its responsiveness and production flexibility, and is therefore able to secure purchase orders from customers over the long run. In the future, the Company aims to further improve its competitiveness in the following areas:

- (1) Improving business management
- (2) Enhancing R&D capability
- (3) Forming strategic alliances with upstream and downstream partners.
- (4) Development of heat transfer solutions for handheld devices, game consoles, auto electronics, and cloud computing

(III) Technological research and development

1.R&D expenses incurred in the last year and up to the publication date of the annual report

Unit: NTD thousands

Year	2020	2021	As of the first quarter of 2022
R&D Expenses	327,933	506,726	133,457
As a Percentage of Current Year Revenue (%)	3.59	4.6	5.68

2.Technologies or products successfully developed

- (1) Automatic production line: The development of Heat pipe automatic production line is completed, as a result of reducing manpower by 75% and increasing of productivity by 30%.

- (2)NB: The development of thermal solution for Intel Gen12 CPU (Alder Lake) is completed.
- (3) High-power air cooling Solution: The development of thermal solution for 500Watts/800Watts/ 1000Watts is completed.
- (4)High-end Gaming NB: The Vapor chamber for the use of thinnest 1.4mm Gaming NB is able to be mass produced.

(IV) Long-term and short-term business plans

1.Short-term development plans:

The Company's main thermal-related product lines include personal computer PC (NB+DT+AIO), Server, Data Center / Storage Device, Network Communication, Smart Phone, Game Console, and the cooler of other related information electronic products. The short-term plan is to expand the production capacity of each plant's product line, improve production technology and automation, accelerate the development of new customers and new product lines, increase mid- and high-level management and R&D related manpower, and other strategic layouts in order to achieve revenue growth and profitability increase. The Company's short-term strategies are as follows:

- (1) Capacity expansion: The Phase I Plant in Hanoi, Vietnam, a major investment project, was completed in mid-2021 (end of May) and commenced mass production. We continue to optimize capacity utilization at Kunshan (Jiangsu), Chongqing plants and Taipei Head Office.
- (2) Form the Production Engineering Department: To improve production technology and automation capabilities, and gradually introduce the manufacturing technology and upgrade the automation in each factory of the Group.
- (3) Accelerate the development of new customers and new product lines:
 - A. Solicit potential customers for the existing product lines (PC/Server/HPC/Cloud/Smartphone/Network/Game Console...)
 - B. Solicit potential customers for new product lines and new products (Automotive/Liquid cooling/AI/IoT/5G Applications and Industry 4.0...)
- (4) Enhance human resources: Increase the strategic deployment of mid-level and high-level management manpower to expand revenue growth and enhance profitability.
- (5) Form a new R&D team: Enrich R&D capabilities and expand the recruitment of R&D talents to accelerate the development and production schedule of new technologies and new products.

2.Mid-term plans:

- (1) Production capacity expansion plan: Promote the mid-term (Phase 2) construction and expansion plan of the Hanoi plant in Vietnam in order to provide the necessary capacity/momentum for revenue growth continuously. Continue to enhance and optimize the production capacity of Kunshan (Jiangsu) Plant and Chongqing Plant in order to fulfill the growing needs of customers.

- (2) Improve production technology and automation: Introduce the actual R&D achievements in each factory of the Group in order to improve production efficiency and automation, enhance product quality and stability, and reduce production cost.
- (3) Implementing the development results of new customers and new product lines:
- (4) A. Effectively expand the customer base for the existing product lines (PC/Server/HPC/Cloud/Smartphone/Network/Game Console...)
- (5) B. The potential customers developed for new product lines and new technologies (Automotive/Liquid Cooling/AI/IoT/5G Applications and Industry 4.0...) to achieve the concrete result.
- (6) The achievements of the new R&D team have been transferred into mass production continuously: Improve the Company's products in the sense of technology and diversification, and become a leading manufacturer of the thermal industry.
- (7) Active and passive thermal synergy: Cooperate with the parent company, Nidec Corporation, to have the active and passive thermal elements integrated in order to provide customers with a more complete and one-stop service.

3. Long-term plans:

- (1) Production capacity expansion plan: Promote the mid-term and long-term (Phase 3) expansion plan of the Hanoi plant in Vietnam in order to provide the necessary capacity/momentum for revenue growth continuously. Continue to enhance and optimize the production capacity of Kunshan (Jiangsu) Plant and Chongqing Plant in order to fulfill the growing needs of customers and maximize economies of scale.
- (2) Improve production technology and automation: Introduce the actual R&D achievements in each factory of the Group in order to improve production efficiency and automation, improve product quality and stability, and reduce production cost; also, become the leading manufacturer of the industry with the most advanced technology.
- (3) The development of new customers and new product lines: Expand the customer base for the existing product lines, successfully develop potential customers for new product lines and new technology, and become the largest thermal service provider worldwide.
- (4) The R&D department continues to strengthen core technology capabilities (3S): Strengthen the research and development of Slight, Slim, and Strong heat transmission technology and products, expand the scope of product application, enhance technical advantages, improve the products in the sense of technology and diversification, and secure the leading position in the thermal industry.

II. Market, production, and sales overview

(I) Market analysis

1. Main markets for product sales

Unit: NTD thousands

Year By region	2021	
	Amount	Ratio (%)
China	7,983,919	72.50
Taiwan	909,939	8.26
Malaysia	633,149	5.75
Singapore	480,349	4.36
USA	370,723	3.37
Other countries	633,849	5.76
Total	11,011,928	100.00

2. Market Share

According to research institutes, global PC shipments were around 339.8 million units and server shipments were around 17 million units in 2021, while the global smartphone market was hit by the pandemic, with total shipments of only 1.35 billion units, an annual increase of around 5.7%. The Company estimates that the market share of main products in PCs, servers, and smartphones is about 10%~15%, 20%, and 15%, respectively. Purchase orders are mainly from the customers in the United States, China, Japan, South Korea, and Taiwan.

3. Future Market supply, demand, and growth

The Company's products applied in personal computers (desktop computers and notebook computers) and its peripheral cooling devices accounted for around 46% of the total revenue; server/network communication equipment thermal accounted for around 36% of the total revenue; game consoles thermal accounted for around 10% of the total revenue, the mobile phone thermal accounted for about 5% of the total revenue; and other products accounted for about 3% of the total revenue.

According to market research firms, global PC shipments grew by 1% year-on-year to 92.7 million units in the fourth quarter of 2021 and by 14.8% year-on-year to 348.8 million units for the year. IDC has said that after the boom in the PC market driven by the pandemic, some consumer and educational demand has dwindled, and that without the chip shortage, shipments would have been higher last year, with chip problems expected to persist in the first half of this year. IDC has said that the peak of market demand has passed and growth is expected to slow down this year.

4. Competitive advantage

The Company possesses advantages in the following areas:

- (1) Accumulate more than 10-year of practical experience, handle more than 1,000 thermal modules/components, and continue to refine innovation ability to design and refine key products.
- (2) Accumulate numerous and stable cooperation supply chains.

- (3) Abundant production capacity and flexible production procedures at all production sites.
- (4) Ability to develop and design key heat transfer components.
- (5) A highly efficient and mature planning/marketing/project team.
- (6) Heat transfer specifications certified by major local and foreign brands, which make them long-term business partners.

5.Future opportunities, threats, and response strategies

(1) Opportunities

- I. Full R&D and production capacity for heat pipes, slim pipes, vapor chambers, and related products

Due to the increasingly diversified design of electronics, new IT products are demanding more efficient and better-quality heat transfer, which makes it important for thermal solution suppliers to adapt quickly to the changing technology. The Company has built up strong knowledge in the development of heat pipes since successfully mass production began in 1997, and now possesses the capability to design critical heat transfer components. Backed by more than 10 years of practical experience, an existing portfolio of more than 1,000 thermal modules/components, a versatile R&D team, and fully automated production equipment, the Company is highly competitive in terms of production efficiency. In recent years, the Company has further expanded the application of this core technology, by taking advantage of heat pipe with the characteristics of good conductivity, small size and through the thermal module technology of note book computer, to develop the heat module for mini heat pipes, boss hot plates, advanced interfaces, video processors, Ultrabook NBs, and supercomputers.

II.A complete and mature planning/marketing/project team

After the successful mass production of NB thermal modules in 1998, the Company obtained certification from renowned system manufacturers all over the world, which enabled it to build up customers in the USA, Europe, and Asia Pacific. A well-crafted marketing strategy combined with proactive globalization efforts have enabled the Company to become a professional supplier of world-class thermal solutions.

(2)Threats and response strategies

I.Threats

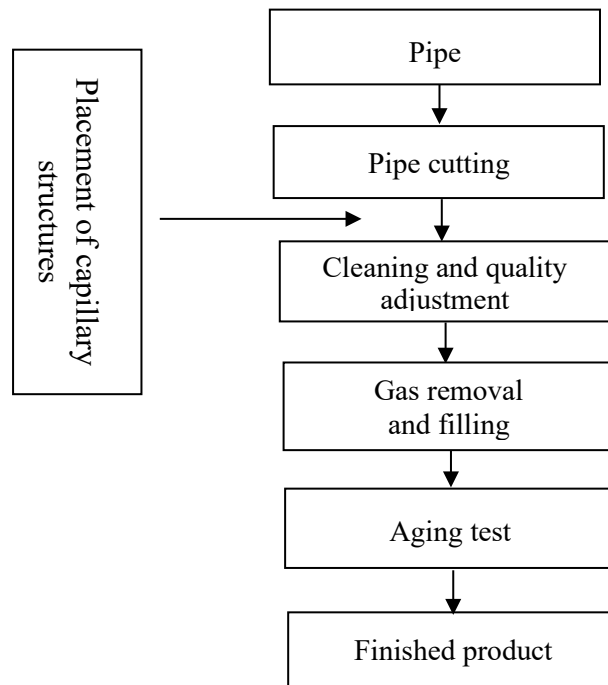
- i. Secure advantage by focusing on the improvement of thermal materials, technology R&D, and production procedures.
- ii. Monitor industry development and the schedule of customers' new products to adjust R&D and molding progress in line with.

- iii. Diversify customers and reduce sales concentration risk.
- iv. Apply strict control over inventory level and minimize product obsolescence risk.
- v. Collaborate with peers of the heat transfer industry to introduce products needed by the market, and explore alternative applications continuously.
- vi. New Customers: Explore Chinese, Japanese, and U.S. customers continuously, and venture into heat transfer solutions for smartphones.
- vii. Increase production capacity of vapor chambers (VC), ultra-slim pipes, and heat pipes to satisfy market growth.

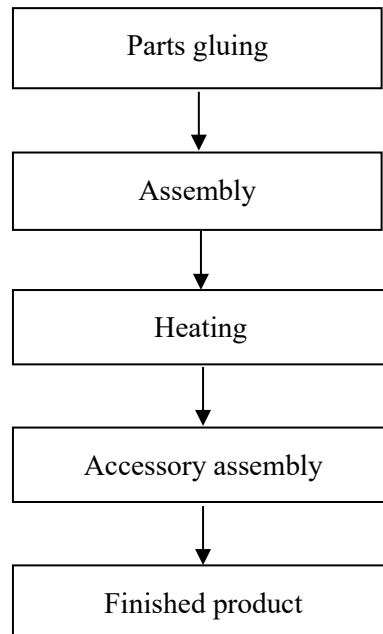
(II) Main product applications and production processes

Heat pipes, heat sinks, and thermal modules are the main products of the Company; they are primarily used to distribute and dissipate heat in NBs, DTs, servers, and power supplies.

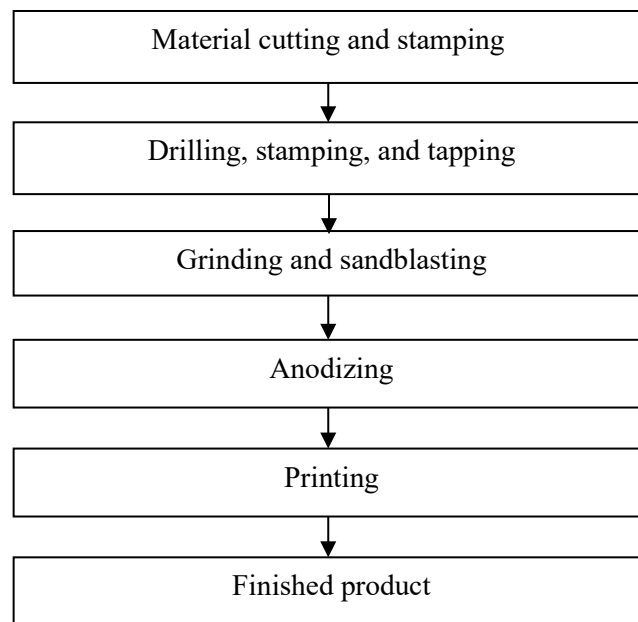
1. Heat pipe manufacturing



2. Thermal module assembly



3. Heat sink



(III) Supply of main materials

Main materials	Supply location	Supply status
Aluminum die casted components	China	Sufficient
Aluminum extruded components	Taiwan and China	Sufficient
Copper extruded components	China	Sufficient
Fans	China	Sufficient

Heat Pipes	China and Taiwan	Sufficient
Copper pipe materials	China, Taiwan, and Japan	Sufficient
Stamped parts	Taiwan and China	Sufficient

(IV) List of main buyers, sellers, and suppliers in the last two years

1. Customers representing more than 10% of annual net revenue

Currency unit: NT thousands

Year	2020				2021				As of the first quarter of 2022				
	Item	Name	Amount	As a Percentage of Annual Net Revenue (%)	Relationship with the issuer	Name	Amount	As a Percentage of Annual Net Revenue (%)	Relationship with the issuer	Name	Amount	As a Percentage of Net Revenue (%) in the First Quarter of the Current Year	Relationship with the issuer
	1	E00001	1,345,105	14.74	Non-related party	E00001	2,286,148	20.76	Non-related party	E00001	529,125	22.53	Non-related party
	2	E00011	1,003,722	11.00	Non-related party	E00011	1,254,065	11.39	Non-related party	L00001	207,961	8.85	Non-related party
	3	L00007	560,806	6.15	Non-related party	L00007	403,409	3.66	Non-related party	E00011	205,754	8.76	Non-related party
	4	Nidec Groups	1,067,912	11.71	Related party	Nidec Groups	2,055,177	18.66	Related party	Nidec Groups	333,213	14.19	Related party
	5	Others	5,145,876	56.40	Non-related party	Others	5,013,129	45.53	Non-related party	Others	1,072,662	45.67	Non-related party
		Net Revenue	9,123,421	100.00		Net Revenue	11,011,928	100.00		Net Revenue	2,348,715	100.00	

The Company is a professional manufacturer of heat dissipation components. The Company's main products include: NB thermal modules, DT thermal modules, and heat sinks for PC and consumer peripheral products. The Company's main customers are world-renowned PC manufacturers and focuses on selling PC thermal modules. Due to the consideration of the Group's sales cooperation strategy since Nidec Corporation became the parent company of the Company, more than 10% of the Company's annual revenue have been generated from Nidec Group since 2020. Overall, the Company's customer base is deemed stable.

2. Suppliers representing more than 10% of annual net purchases

Currency unit: NT thousands

Year	2020				2021				As of the first quarter of 2022				
	Item	Name	Amount	As a Percentage of Annual Net Purchases (%)	Relationship with the issuer	Name	Amount	As a Percentage of Annual Net Purchases (%)	Relationship with the issuer	Name	Amount	As a Percentage of Annual Net Purchases (%)	Relationship with the issuer
	1	JIFU	1,454,381	28.26	Non-related party	JIFU	1,671,827	20.62	Non-related party	JIFU	350,389	19.66	Non-related party

2	Others	3,691,422	71.74	Non-related party	Others	6,436,989	79.38	Non-related party	Others	1,432,008	80.34	Non-related party
	Net Purchases	5,145,803	100.00		Net Purchases	8,108,816	100.00		Net Purchases	1,782,396	100.00	

Main materials used in the Company's products include: heat pipes, aluminum die casted components, aluminum stamped components, thermal pads, heat sinks, and fans. The Company maintains long-term and productive relationships with its suppliers to secure the source of raw materials.

(V) Production volume and value in the last two years

Unit: capacity - thousand pcs; Volume - thousand pcs; Value – NT thousands

Year Production volume and value Main Products	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Thermal module	122,400	111,212	8,946,815	123,900	50,166	8,224,728
Heat Sink	36,000	6,154	370,187	36,000	5,113	485,543
Others (Note)	–	–	621,452	–	–	618,683
Total	–	–	9,938,454	–	–	9,328,954

Note: All products are of different specifications. Unit price and volume are determined depending on the current year's orders, and no single product can be used to calculate production capacity.

(VI) Sales volume and value in the last two years

Unit: NT thousands / thousand pcs

Year Sales volume and value Main Products	2020				2021			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Thermal module	85	21,072	43,124	6,395,023	182	42,773	49,216	8,218,911
Heat Sink	48	5,843	23,704	1,677,084	54	4,347	26,213	1,770,830
Others	49	14,783	34,230	1,009,616	83	11,749	48,940	963,318
Total	182	41,698	101,058	9,081,723	319	58,869	124,369	10,953,059

III. Employees

(I) Employee structure

Year		2020	2021	As of March 31, 2022
Item				
Employee count	Indirect employees	1,066	1,111	1,056
	Direct employees	2,172	2,595	2,403
	Total	3,238	3,706	3,459
Average age		34.22	34.22	32.94
Average years of service (Years)		3.73	3.73	3.22
Academic background %	Doctoral degree	0.33%	0.27%	0.12%
	Master degree	2.82%	1.73%	2.54%
	Bachelor degree	19.09%	22.84%	28.67%
	Senior High School	26.96%	26.71%	20.19%
	Below Senior High School	50.80%	48.45%	48.48%

IV. Environmental protection expenditure information

(I) Losses and fines incurred due to environmental pollution in the last year and up to the publication date of the annual report: None.

(II) Response strategies and possible expenses:

The Company has been implementing ISO14001/ISO45001 (Environmental Safety and Health Management System) for more than a decade, and invested substantial resources into preventing environmental pollution and improving workplace condition for our employees. The Company will continue to assess risks and prevent pollution according to the Environmental Safety and Health Management System, and in doing so minimize impacts of business activity on the natural environment.

(III) Uses of restricted substances in all of the Company's current products have complied with RoHS; all existing suppliers and all products delivered to customers have complied with RoHS standards.

V. Labor-management relations

(I) Employee welfare measures and implementation

The Company has placed special attention on maintaining a harmonious labor-management relation since it was first founded. In addition to adopting "integrity, innovation, and altogether benefits" as the business philosophy, the Company uses a broad variety of communication channels to learn employees' opinions and thoughts.

A list of welfare measures implemented to date is illustrated as follows:

1. Employees of the Company are entitled to labor insurance, national health insurance, group insurance, regular health checkups, pension benefit, festive bonus, employee compensation, job rotation, salary adjustment, and training.

2. The Company has assembled an Employee Welfare Committee and appointed Committee Members to oversee employees' welfare. Welfare budgets are prepared on a yearly basis and are funded by contributing a fixed percentage of established capital, monthly revenue, employee salary, and scrap sales. Welfare budgets are used for purposes such as: employee trips, gatherings, wedding/funeral subsidies, scholarships, entertainment, and birthday cash.

3. Formulate Employee Compensation Distribution Methods to align employees' interests with those of the Company.

(II) Employees' education and training

The Company has been certified for ISO 9001、ISO14001、ISO45001, and places great emphasis on employee's occupational safety and skill training. The Company makes next year's "Annual Education and Training Plan" at the end of each year, and executes them in accordance with the quality/environment/safety and health system to help employees develop knowledge and experience in ways that support the Company's growth. The Company values the importance of talents incubation. The Company offers pre-job and on-the-job training to improve employees' skills over the course of their career. The summary of courses includes:

1. Training and education plan for new recruits, including: organization overview, introduction to the environment, occupational health and safety training, ethical corporate management best practice principles and internal control system, etc.

2. Training on the Company's policies and ISO systems.

3. Professional skill courses and certification courses for existing employees (internal and external training).

4. Fire drills

5. In 2021, there were 3,268 participants in internal and external training courses and the annual training expenses amounted to \$306,000.

(III) Retirement system and execution

All overseas businesses have implemented retirement systems according to local regulations, and make full contribution to employees' individual pension accounts or provision accounts specified by the local authority.

In Taiwan, in order to secure the life of employees after retirement, the Company formulates labor retirement rules according to law, and establishes a labor retirement reserve monitoring committee, and regularly sets a monthly retirement reserve at a rate of 3.6% of total salary expenses and deposits it in Bank of Taiwan (formerly a special account of the Central Trust Bureau) to protect labor rights and interests. Since July 1, 2005, the

new government retirement plan has been adopted in parallel, and 6% of the employee's personal income has been allocated to the employee's personal pension account. The voluntary pension contributions, if any, will be appropriated from the employee's monthly salary at the voluntary contribution rate, which will be deposited in the respective personal pension account with the Bureau of Labor Insurance.

The Company's applicable regulations under the Labor Standards Act are as follows:

1. Voluntary retirement:

Workers can voluntarily retire in one of the following circumstances: (For the application of the Labor Pension Act, it is to be handled in accordance with the same Act)

- (1) Those who have worked for more than 15 years and have reached the age of 55.
- (2) Those who have worked for more than 25 years.
- (3) Those who have worked for more than 10 years and have reached the age of 60.

2. Mandatory retirement:

The Company may force an employee to retire in one of the following situations:

- (1) Those who are over 65 years old.
- (2) Loss of mind or physical disability and is incompetent for work.

For the age specified in the first subparagraph, the Company may report to the central competent authority for approval to have it adjusted accordingly for workers performing danger works that require strong physical strength. But not less than 55 years old.

3. Standard for pension payment:

- (1) For the work seniority before and after being subject to the Labor Standards Act and those who have chosen to be subject to the "Labor Standards Act" pension provisions according to the Labor Pension Act or retaining the work seniority accumulated before the application of the Labor Pension Act, the pension payment and standard are calculated and paid in accordance with Article 84-2 and Article 55 of the Labor Standards Act.
- (2) For employees who are forced to retire in accordance with Article 54, paragraph 1, sub-paragraph 2, the loss of mind or physical disability is due to the performance of their duties, additional 20% pension amount will be paid according to Article 55, paragraph 1, sub-paragraph 2 of the Labor Standards Act.
- (3) For employees who are subject to the pension provisions of the Labor Pension Act, the Company pays 6% of their monthly salary to the individual retirement pension account of the employee.

4. Pension payment:

The Company shall pay the employees' pension in accordance with the latest Labor Standards Act.

(IV) Employees' behavior and ethics principles

The Company has policies and rules in place to promote employees' understanding of ethics, obligations, rights, and proper conduct. A summary of the policies is illustrated as follows:

1. Delegation of Authorization: Stipulate the Delegation of Authorization for each level of management and provides the basis for accountability in order to improve the

overall performance of the Company.

2. Regulations of Organizational responsibility and internal communication: The regulation outlines the structure of the overall organization and the scope of authority and responsibility for each department.
3. Education and training policy:
 - (1) New recruits are subjected to training courses on safety and health, personnel management, ISO, internal control, and ethical corporate management to help them understand their responsibilities and obligations.
 - (2) Provide professional skills and knowledge necessary for professionals through external and internal training.

(V) Enforcement of labor agreements and employee rights

The Company adopts a people-oriented management approach and considers a harmonious labor-management relation critical to its human resources strategy.

The Company has implemented the Female Worker Protection Procedures and Sexual Harassment Prevention Policy in accordance with existing regulations, such as, the Act of Gender Equality in Employment to enforce equal gender values and dignity within the workplace. Employees are able to raise complaints in writing to the dedicated mailbox or to the Administration Department; all complaints are handled appropriately in a timely manner for the protection of employees' rights and enforcement of workplace safety.

All employment-related policies are fully communicated between the management and employees in the utmost integrity and accountability. The Company convenes quarterly labor-management meetings where employee representatives may express suggestions and opinions on issues that are of the highest concern to workers. All issues raised are thoroughly discussed to ensure mutual understanding, and eventually develop a consensus that enables a harmonious employment relationship.

In addition, the Company has also assembled an Employee Welfare Committee in compliance with the law to oversee issues concerning employees' welfare. Entertainment activities are organized from time to time to promote harmony and unity within the workplace.

(VI) Work environment and employees' safety protection

1. Workers' safety and health:

- (1) The Company formulates "Worker Safety and Health Plans" on a yearly basis and substantiates "Operating Environment inspections," "Education and Training," "Employee Health Checkups," and various requirements.
- (2) Changes in the safety and health officer are updated in accordance with the law.
- (3) Standard operating procedures have been devised for all machinery and equipment.
- (4) The Company adopts ISO 45001 for continuous improvement of safety and health.

2. Environmental protection:

- (1) All waste disposal is reported to the Environmental Protection Administration.
- (2) The Company adopts ISO 14001 for continuous improvement of environmental protection.

3. Fire Safety:

- (1) "Fire drills" are held once every six months.

- (2) The Company performs visual and performance inspection on fire safety equipment on a monthly basis.
- (3) The Company engages a professional fire safety institution for annual “Fire Safety Inspections.”
- (VII) Losses as a result of employment disputes in the last year up to the publication date of the annual report: None.
- (VIII) Disclosure of actual or potential losses amount and response measures:

The Company values the importance of communication in employment relations and organizes regular labor-management meetings where the two sides are free to express opinions. The Company has been able to maintain a harmonious employment relationship since it was first founded, and has encountered no losses whatsoever due to employment dispute. The Company will continue introducing employee welfare measures in the future to unite employees and maintain a productive employment relationship.

VI. Cyber Security Management

In order to strengthen information security management, the confidentiality, integrity and availability of the Company's information assets, and to implement, operate effectively, monitor and manage them on an ongoing basis, all employees are obligated to actively participate in promoting information security policies to ensure that the Company's information systems, equipment and network-related information business continue to operate in an information environment that meets the requirements of relevant laws and regulations and is protected from intentional or accidental threats, both internally and externally, in order to achieve the goal of continuous information operations.

- 1) The cyber security risk management framework, cyber security policies, specific management plans and resources devoted to cyber security management:

- 1. Cyber security management policy and architecture:

The Company's information security authority is the information department, with one information officer and several professional information personnel (AP Team and INFRA Team), responsible for setting internal information security policies, planning and implementing information security operations, and promoting and implementing information security policies.

The Company's audit office is the supervisory unit for information security monitoring. The office has a chief auditor and several full-time auditors, who are responsible for supervising the implementation of internal information security in accordance with Taiwan audit standards and Japanese J-Sox audit standards. If any deficiencies are identified, the audited unit is required to propose relevant improvement plans and specific actions, and the effectiveness of the improvements will be tracked regularly to reduce the risk of internal information security.

- 2. Cyber security policy

- 2.1 The Company's information security management regulations must be in compliance with relevant government regulations (e.g., Cyber Security Management Act, Criminal Code, Classified National Security Information

Protection Act, Patent Act, Trademark Act, Copyright Act, Personal Data Protection Act, etc.).

- 2.2 Set up an information security management organization to be responsible for the establishment and promotion of an information security system.
- 2.3 Regularly carry out cyber security education and training to promote information security policies and related implementation regulations.
- 2.4 Establish a mechanism to manage the use of hosts and networks in order to coordinate the allocation and use of resources.
- 2.5 Before new equipment is installed, risks and security factors must be taken into account to prevent the occurrence of situations that could jeopardize the security of the system.
- 2.6 Clearly define access rights to the network system to prevent unauthorized access.
- 2.7 Establish an internal audit plan for the information security management system, regularly review the use of equipment by all personnel within the scope of the Company's information security management system, and prepare and implement corrective and preventive measures based on the audit report.
- 2.8 All employees of the Company are responsible for the maintenance of cyber security and shall comply with the relevant cyber security management regulations.
- 2.9 The information security management system document should have clear management guidelines.

3. Specific management programs

3.1 Computer equipment security management

- 3.1.1 Our mainframe computers and application servers are located in a dedicated server room, where access records are kept.
- 3.1.2 The room is air-conditioned to keep the computer equipment running at the right temperature and is equipped with a dry chemical extinguisher for general or electrical fires.
- 3.1.3 The mainframe in the server room is fitted with UPS system and voltage stabilization equipment to prevent the system from crashing in the event of an unexpected power failure or to ensure that the operation of the computer applications is not interrupted in case of a temporary power outage.

3.2 Network security management

- 3.2.1 The entry point to the external network connection is equipped with an enterprise-grade firewall to block hackers from illegally accessing the network, and a network policy to exclude threatening network addresses and content to strengthen network security.
- 3.2.2 To access the information system from remote login to the Company's intranet, employees must apply for a VPN account and log in through the secure VPN method, with access records available for audit.

3.3 Virus protection and management

3.3.1 Our anti-virus hosts, servers, and terminal computers are equipped with endpoint protection software. Virus codes are automatically updated to ensure that the latest viruses are blocked and potentially threatening system executable files are detected and prevented from being installed.

3.4 System access control

3.4.1 For the use of each application system, employees apply for the relevant information system privileges through the information service application form in the BPM system, and after approval by the responsible supervisor, the system account is created by the information office, and access is authorized by each system administrator according to the requested function privileges.

3.4.2 The password for your account must be set to the appropriate strength, number of characters, and must contain English upper- and lower-case letters, numerals and special symbols to be approved.

3.5 Information system backup

3.5.1 System and database backup: We have built a separate backup system with a backup mechanism, whereby a copy of the backup data is stored in each computer room in a different location, and a backup system is built in a different location to ensure the security of the system and data.

3.5.2 Disaster recovery drill: Each system has a drill once a year to ensure the correctness and validity of the backup media by selecting a restoration date reference point and storing the backup media on the system's mainframe and having the user confirm the correctness of the restored data in writing.

3.5.3 We rented two data lines from a telecom operator, and through bandwidth management equipment, the two lines are used in parallel as backups to ensure uninterrupted network communications.

3.6. Information security awareness and educational training

3.6.1 Information security awareness: We provide information security example documents to our employees for reference.

3.6.2 Educational training: New employees are trained and instructed upon their arrival. We also require our employees to comply with these programs.

4. Specific management programs and implementation of information security measures with cyber security management resources: Firewall protection, anti-virus software, intranet/extranet control, disk access control, mail security control, website protection mechanism, data backup mechanism, off-site backup storage, repair records, cyber security promotion, operating system updates, and regular information security audits to implement information security management policies and ensure information data, system, equipment and network security.

2) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Major Contracts

Material contractual arrangements relevant to shareholders' interest, such as, supply/sales agreements, technological collaboration contracts, construction contracts, and long-term borrowing contracts that are currently in effect or expired in the last year:

Nature of contract	Principal	Contract beginning date and ending date	Main content	Restriction clause
Loan contract	The Company and the parent company - Nidec Corporation	December 1, 2020 ~ March 31, 2023	The Company has increased cash capital in the subsidiary, Nidec Chaun Choung Vietnam Corporation with the funds from the mid-term and long-term loan contracts.	It cannot be used without the approval of the Investment Committee, MOEA.
Land lease contract	Subsidiary - Nidec Chaun Choung Vietnam Corporation and FPT Hoa Lac Hi-Tech Park Development Company Limited in Vietnam	April 3, 2020 ~ August 30, 2060	The subsidiary has leased part of the land in the Hoa Lac Hi-Tech Park Industrial Park in Hanoi, Vietnam to have a factory constructed.	None
Building lease contract	The Company and AV TECH Corporation	Dec. 25, 2020 ~ Dec. 31, 2025	Leased a building in Sanchong District, New Taipei City for office and production purposes.	None
Building lease contract	The Company and AV TECH Corporation	July 15, 2021 ~ Dec. 31, 2025	Leased a building in Sanchong District, New Taipei City for office and production purposes.	None

Six. Financial Summary

I. Condensed Balance Sheet and Comprehensive Income Statement for the Last Five Years (I) Condensed Balance Sheet for the Last Five Years IFRS (Consolidated)

Currency unit: NT thousands

Item	Year	Financial Information for the Last Five Years (Note 1)					As of March 31,
		2017	2018	2019	2020	2021	2022
Current Assets		4,875,493	5,253,442	5,397,234	6,408,819	7,650,612	7,828,649
Property, Plants, and Equipment		1,362,019	1,329,492	1,609,032	2,146,342	2,599,565	2,678,918
Intangible Assets		9,217	13,093	11,523	29,144	29,755	30,892
Other Assets ^a		242,687	303,459	249,186	127,183	241,916	128,298
Total Assets		6,489,416	6,899,486	7,266,975	8,711,488	10,521,848	10,755,001
Current Liabilities	Before Distribution	2,604,129	2,666,513	2,737,883	3,623,626	4,427,677	4,524,849
	After Distribution	2,945,185	3,072,327	3,158,375	3,741,053	Note 2	–
Non-current Liabilities		286,632	394,677	470,034	675,117	1,426,011	1,446,948
Total Liabilities	Before Distribution	2,890,761	3,061,190	3,207,917	4,298,743	5,853,688	5,971,797
	After Distribution	3,231,817	3,467,004	3,628,409	4,416,170	Note 2	–
Equity Attributable to Parent Company Shareholders		3,598,655	3,838,296	4,059,058	4,412,745	4,668,160	4,783,204
Ordinary Shares		863,434	863,434	863,434	863,434	863,434	863,434
Capital Surplus		531,823	531,823	531,823	531,823	531,823	531,823
Retained Earnings	Before Distribution	2,334,304	2,628,521	2,886,170	3,244,579	3,473,651	3,446,338
	After Distribution	1,993,248	2,222,707	2,465,678	3,127,149	Note 2	–
Other Equity Items		(130,906)	(185,482)	(222,369)	(227,091)	(200,748)	(58,391)
Treasury Stock		–	–	–	–	–	–
Non-controlling Equity		–	–	–	–	–	–
Total Equity	Before Distribution	3,598,655	3,838,296	4,059,058	4,412,745	4,668,160	4,783,204
	After Distribution	3,257,599	3,432,482	3,638,566	4,295,318	Note 2	–

Note 1: The above financial information has been prepared based on IFRS and audited (reviewed) by the CPAs.

Note 2: Appropriation of 2021 earnings has not been resolved in the Shareholders Meeting.

(II) Condensed Balance Sheet for the Last Five Years IFRS (Standalone)

Currency unit: NT thousands

Year		Financial Information for the Last Five Years (Note 1)					As of March 31, 2022
		2017	2018	2019	2020	2021	
Item							
Current Assets		3,576,488	3,510,273	3,265,960	3,676,491	4,576,780	–
Property, Plants, and Equipment		393,213	400,475	457,404	487,090	629,820	–
Intangible Assets		6,071	5,445	4,453	21,128	22,928	–
Other Assets		2,624,718	2,980,305	3,327,867	4,192,247	5,208,262	–
Total Assets		6,600,490	6,896,498	7,055,684	8,376,956	10,437,790	–
Current Liabilities	Before Distribution	2,715,873	2,664,830	2,531,462	3,346,285	4,428,857	–
	After Distribution	3,056,929	3,070,644	2,951,954	3,463,712	Note 2	–
Non-current Liabilities		285,962	393,372	465,164	617,926	1,340,773	–
Total Liabilities	Before Distribution	3,001,835	3,058,202	2,996,626	3,964,211	5,769,630	–
	After Distribution	3,342,891	3,464,016	3,417,118	4,081,638	Note 2	–
Ordinary Shares		863,434	863,434	863,434	863,434	863,434	–
Capital Surplus		531,823	531,823	531,823	531,823	531,823	–
Retained Earnings	Before Distribution	2,334,304	2,628,521	2,886,170	3,244,579	3,473,651	–
	After Distribution	1,993,248	2,222,707	2,465,678	3,127,149	Note 2	–
Other Equity Items		(130,906)	(185,482)	(222,369)	(227,091)	(200,748)	–
Treasury Stock		–	–	–	–	–	–
Total Equity	Before Distribution	3,598,655	3,838,296	4,059,058	4,412,745	4,668,160	–
	After Distribution	3,257,599	3,432,482	3,638,566	4,295,318	Note 2	–

Note 1: The above financial information has been prepared based on IFRS and audited by the CPAs.

Note 2: Appropriation of 2021 earnings has not been resolved in the Shareholders Meeting.

(III) Condensed Comprehensive Income Statement for the Last Five Years - IFRS
(Consolidated)

Currency unit: NT thousands

Item	Year	Financial Information for the Last Five Years (Note 1)					As of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Operating Revenue		7,067,221	7,662,175	8,586,172	9,123,421	11,011,928	2,348,715
Gross Profit		1,463,166	1,551,889	1,858,195	1,982,682	1,729,957	357,664
Operating Gains and Losses		766,980	826,703	973,296	1,082,676	462,484	46,819
Non-operating Income and Expenses		(101,924)	104,345	(5,439)	(5,713)	50,024	(75,117)
Net income before tax		665,056	931,048	967,857	1,076,963	512,508	(28,298)
Current Net Income From Continuing Operations		500,265	595,610	701,534	782,398	349,664	(27,313)
Loss From Discontinued Operations		–	–	–	–	–	–
Current Net Income (Loss)		500,265	595,610	701,534	782,398	349,664	(27,313)
Other Comprehensive Income for the Current Period (Net, After-tax)		(36,064)	(30,341)	(74,958)	(8,219)	23,177	142,357
Total Current Comprehensive Income		464,201	565,269	626,576	774,179	372,841	115,044
Net Income Attributable to Parent Company Shareholders		500,265	595,610	701,534	782,398	349,664	(27,313)
Net Income Attributable to Non-controlling Equity		–	–	–	–	–	–
Comprehensive Income Attributable to Parent Company Shareholders		464,201	565,269	626,576	774,179	372,841	115,044
Comprehensive Income Attributable to Non-controlling Equity		–	–	–	–	–	–
Earnings per Share		5.79	6.90	8.12	9.06	4.05	(0.32)

Note 1: The above financial information has been prepared based on IFRS and audited (reviewed) by the CPAs.

(IV) Condensed Comprehensive Income Statement for the Last Five Years - IFRS
(Standalone)

Currency unit: NT thousands

Item	Year	Financial Information for the Last Five Years (Note 1)					As of March 31, 2022
		2017	2018	2019	2020	2021	
Operating Revenue		5,451,451	5,724,321	6,308,832	6,073,490	7,694,769	–
Gross Profit		573,273	534,802	713,832	609,620	696,186	–
Operating Gains/Losses		229,112	157,509	256,239	155,348	86,122	–
Non-operating Income and Expenses		385,967	657,591	612,636	772,570	367,347	–
Net income before tax		615,079	815,100	868,875	927,918	453,469	–
Current Net Income From Continuing Operations		500,265	595,610	701,534	782,398	349,664	–
Loss From Discontinued Operations		–	–	–	–	–	–
Current Net Income (Loss)		500,265	595,610	701,534	782,398	349,664	–
Other Comprehensive Income for the Current Period (Net, After-tax)		(36,064)	(30,341)	(74,958)	(8,219)	23,177	–
Total Current Comprehensive Income		464,201	565,269	626,576	774,179	372,841	–
Earnings per Share		5.79	6.90	8.12	9.06	4.05	–

Note 1: The above financial information has been prepared based on IFRS and audited by the CPAs.

(V) Names of Auditors and Audit Opinions for the Last Five Years

Year	Accounting Firm	Name of Accountant	Audit Opinion
2017	KPMG	Hsin-I Kuo and Pei-Chi Chen	Unqualified Opinion
2018	KPMG	Hsin-Yi Kuo and Ji-Long Yu	Unqualified Opinion
2019	KPMG	Hui-Chih Ko and Hsin-Yi Kuo	Unqualified Opinion
2020	KPMG	Hui-Chih Ko and Hsin-Yi Kuo	Unqualified Opinion
2021	KPMG	Hui-Chih Ko and Hsin-Yi Kuo	Unqualified Opinion

II. Financial Analysis for the Last Five Years
(I) Financial Analysis - IFRS (Consolidated)

Analysis items		Financial Analysis for the Last Five Years					As of March 31, 2022
		2017	2018	2019	2020	2021	
Financial Structure	Debt to Asset Ratio (%)	44.54	44.36	44.13	49.34	55.63	55.52
	Long-term Capital to Property, Plants, and Equipment Ratio (%)	285.2	318.39	281.47	237.04	234.43	232.56
Solvency	Current Ratio (%)	187.22	197.01	197.13	176.86	172.79	173.01
	Quick Ratio (%)	153.33	154.69	159.56	141.28	129.68	122.17
	Interest Coverage Ratio	124.70	619.22	1,076.39	1,034.55	83.27	-15.33
Operating Efficiency	Accounts Receivable Turnover (Times)	3.28	3.33	3.22	3.00	3.08	2.67
	Average Cash Collection Days	111.28	109.60	113.35	121.66	118.5	136.7
	Inventory Turnover (Times)	6.90	6.20	6.39	6.48	6.12	3.96
	Accounts Payable Turnover (Times)	3.19	3.37	3.48	3.15	3.13	2.32
	Average Inventory Turnover Days	52.89	58.87	57.12	56.32	59.64	92.17
	Property, Plants, and Equipment Turnover (Times)	5.18	5.76	5.33	4.25	4.23	3.50
	Total Asset Turnover (Times)	1.08	1.11	1.18	1.04	1.04	0.87
Profitability	Return on Assets (%)	7.62	8.91	9.91	9.80	3.68	-0.25
	Return on Equity (%)	13.55	16.01	17.76	18.47	7.70	-0.58
	Net income before tax to Paid-in Capital ratio (%)	77.02	107.83	112.09	124.73	59.35	-3.28
	Net Profit ratio (%)	7.07	7.77	8.17	8.57	3.17	-0.30
	Earnings per Share (NTD)	5.79	6.90	8.12	9.06	4.05	-0.32
Cash Flow	Cash Flow Ratio (%)	23.52	12.54	38.35	26.45	7.43	13.87
	Cash Flow Adequacy Ratio (%)	117.24	98.47	105.59	88.41	62.12	66.53
	Cash Reinvestment Ratio (%)	(0.79)	(0.14)	12.31	8.92	2.89	8.68
Degree of Leverage	Operating Leverage	1.77	1.80	1.83	1.85	3.54	30.2
	Financial Leverage	1.00	1.00	1.00	1.00	1.01	1.03

Causes of difference in financial ratio exceeding 20% in the last two years:

1. The drop in interest coverage folds is due to a significant decrease in net income before tax and interest in fiscal 2021 compared to the prior period, while interest expense increased in fiscal 2021 compared to fiscal 2020 (borrowed in Dec 2020) due to the calculation of interest on long-term loans throughout the year.
2. Financial ratios related to profitability all decreased, mainly due to a significant 55% decline in net profit in 2021 compared to the prior period.
3. The drop in cash flow ratio was primarily a result of a decrease in net cash inflow from operating activities and an increase in current liabilities in the same period due to a significant fall in net profit in 2021 compared to the prior period. The drop in the cash flow adequacy ratio was largely attributable to the increase in both inventories and capital expenditure in 2021. The decline in the cash reinvestment rate was primarily caused by a decrease in net cash inflow from operating activities and an increase in capital expenditures in the same period due to a significant decrease in net profit in 2021 compared to the prior period.
4. Operating leverage increased due to higher revenue in fiscal 2021, but operating profit dropped due to higher costs as a result of a significant rise in the price of copper, a key raw material, and higher R&D expenses as a result of hiring additional R&D personnel.

(II) Financial Analysis - IFRS (Standalone)

Analysis		Year	Financial Analysis for the Last Five Years					As of March 31, 2022
		2017	2018	2019	2020	2021		
Financial Structure	Debt to Asset Ratio (%)	45.47	44.34	42.47	47.32	55.27	–	
	Long-term Capital to Property, Plants, and Equipment Ratio (%)	987.73	1,056.66	988.94	1,032.80	954.07	–	
Solvency	Current Ratio (%)	131.68	131.72	129.01	109.86	103.33	–	
	Quick Ratio (%)	110.72	105.26	102.77	92.20	80.26	–	
	Interest Coverage Ratio	261.07	544.03	1,759.85	1,014.01	74.37	–	
Operating Efficiency	Accounts Receivable Turnover (Times)	3.54	3.46	3.60	3.14	3.31	–	
	Average Cash Collection Days	103.10	105.49	101.38	116.24	2021.27	–	
	Inventory Turnover (Times)	9.00	8.18	8.22	8.78	8.75	–	
	Accounts Payable Turnover (Times)	2.21	2.36	2.49	2.21	2.12	–	
	Average Inventory Turnover Days	40.55	44.62	44.40	41.57	41.71	–	
	Property, Plants, and Equipment Turnover (Times)	13.86	14.29	13.20	12.46	12.21	–	
	Total Asset Turnover (Times)	0.82	0.83	0.85	0.72	0.73	–	
Profitability	Return on Assets (%)	7.54	8.84	10.06	10.14	3.76	–	
	Return on Equity (%)	13.55	16.01	17.76	18.47	7.70	–	
	Net income before tax to Paid-in Capital ratio (%)	71.23	94.40	100.63	107.46	52.51	–	
	Net Profit ratio (%)	9.17	10.40	11.61	12.88	4.54	–	
	Earnings per Share (NTD)	5.79	6.90	8.12	9.06	4.05	–	
Cash Flow	Cash Flow Ratio (%)	3.98	10.78	17.12	14.31	9.99	–	
	Cash Flow Adequacy Ratio (%)	78.81	67.51	72.06	62.94	48.51	–	
	Cash Reinvestment Ratio (%)	(13.51)	(1.23)	0.59	1.11	5.14	–	
Degree of Leverage	Operating Leverage	2.20	2.89	2.47	3.59	7.18	–	
	Financial Leverage	1.01	1.00	1.00	1.00	1.07	–	

Causes of difference in financial ratio exceeding 20% in the last two years:

- The drop in interest coverage folds is due to a significant decrease in net income before tax and interest in fiscal 2021 compared to the prior period, while interest expense increased in fiscal 2021 compared to fiscal 2020 due to the calculation of interest on long-term loans throughout the year.
- Financial ratios related to profitability all decreased, mainly due to a significant 55% decline in net profit in 2021 compared to the prior period.
- The drop in cash flow ratio was primarily a result of a decrease in net cash inflow from operating activities and an increase in current liabilities in the same period due to a significant fall in net profit in 2021 compared to the prior period. The drop in the cash flow adequacy ratio was largely attributable to the increase in both inventories and capital expenditure in 2021. The decline in the cash reinvestment rate was primarily caused by a decrease in net cash inflow from operating activities and an increase in capital expenditures in the same period due to a significant decrease in net profit in 2021 compared to the prior period.
- Operating leverage increased due to higher revenue in fiscal 2021, but operating profit dropped due to higher costs as a result of a significant rise in the price of copper, a key raw material, and operating profit decreased due to the increase in selling, administration and research and development expenses associated with the increase in scale of operations.

Financial analysis formulas are as follows:

1. Financial structure

- Debt to Asset Ratio = Total liabilities / total assets.
- Long-term Capital to Fixed Assets Ratio = (Net shareholders' equity + long-term liabilities) / net fixed assets.

2. Solvency

- Current Ratio = Current assets/current liabilities.
- Quick Ratio = (Current assets - inventory - prepayments) / current liabilities.
- Interest Coverage Ratio = Net income before interest and tax / interest expenses for the current period.

3. Operating Efficiency

- (1) Receivables Turnover (including accounts receivable and notes receivable from business activities) = Net sales/average receivables balance (including accounts receivable and notes receivable from business activities).
- (2) Average Cash Collection Days = 365 / receivables turnover.
- (3) Inventory Turnover = Cost of goods sold / average inventory balance.
- (4) Payables Turnover (including accounts payable and notes payable for business activities) = Cost of goods sold / average payables balance (including accounts payable and notes payable for business activities).
- (5) Average Inventory Turnover Days = 365 / inventory turnover.
- (6) Fixed Asset Turnover = Net sales / average net fixed assets.
- (7) Total Asset Turnover = Net sales / average total assets.

4. Profitability

- (1) Return on Assets = [Net income + interest expenses x (1- tax rate)] / average asset balance.
- (2) Return on Shareholders' Equity = Net income/average shareholders' equity.
- (3) Net Profit ratio = Net income / net sales.
- (4) Earnings per Share = (Net income - preferred stock dividends) / weighted average outstanding shares.

5. Cash Flow

- (1) Cash Flow Ratio = Net cash flow from operating activities / current liabilities.
- (2) Cash Flow Adequacy Ratio = Net cash flow from operating activities for the last 5 years / (Capital expenditure + increase in inventory + cash dividends) for the last 5 years.
- (3) Cash Reinvestment Ratio = (Net cash flow from operating activities - cash dividends) / (Gross fixed assets + long-term investments + other assets + working capital).

6. Degree of Leverage

- (1) Degree of Operating Leverage = (Net operating income - variable operating costs and expenses) / operating profit.
- (2) Degree of Financial Leverage = Operating profit / (operating profit - interest expenses).

III. Supervisors' Review on the 2020 Financial Statements::

Please refer to Appendix 1.

IV. 2021 Audited Consolidated Financial Statements:

Please refer to Appendix 2.

V. 2021 Audited Standalone Financial Statements:

Please refer to Appendix 3.

VI. Financial difficulties encountered by the Company or any of its affiliated companies, and impacts on the Company's Finance in the recent year and up to the publication date of the Annual Report: None.

Seven. Review and Analysis of Financial Position and Business Performance, and Risk Management Issues

I. Analysis of Changes in Financial Position

Currency unit: NT thousands

Item	Year	2020	2021	Difference	
				Amount	%
Current Assets		6,408,819	7,650,612	1,241,793	19.38
Property, Plants, and Equipment		2,146,342	2,599,565	453,223	21.12
Intangible Assets		29,144	29,755	611	2.10
Other Assets		127,183	241,916	114,733	90.21
Total Assets		8,711,488	10,521,848	1,810,360	20.78
Current Liabilities		3,623,626	4,427,677	804,051	22.19
Non-current Liabilities		675,117	1,426,011	750,894	111.22
Total Liabilities		4,298,743	5,853,688	1,554,945	36.17
Equity Attributable to Parent Company Shareholders		4,412,745	4,668,160	255,415	5.79
Ordinary Shares		863,434	863,434	0	-
Capital Surplus		531,823	531,823	0	-
Retained Earnings		3,244,579	3,473,651	229,072	7.06
Other Equity Items		(227,091)	-200,748	26,343	-11.60
Total Equity		4,412,745	4,668,160	255,415	5.79

Description of difference ratio exceeding 20%:

1. Property, plant and equipment and its use-of-right assets: The increase in property, plant and equipment is due to the purchase of machinery and equipment required for production and the establishment of new production lines in 2021.
2. Other assets: This is due to the increase in deferred income tax assets and financial assets - non-current as a result of the provision for inventory losses.
3. Current liabilities: The increase in accounts payable for incoming shipments is due to the increase in scale of operations.
4. Noncurrent liabilities: This is due to the increase in long-term borrowings from Nidec Corporation for reinvestment in Vietnam.

5.

II. Analysis of Business Performance

Currency unit: NT thousands

Item	Year	2020	2021	Difference	
				Amount	%
Net operating income		9,123,421	11,011,928	1,888,507	20.70
Operating costs		7,140,739	9,281,971	2,141,232	29.99
Gross Profit		1,982,682	1,729,957	-252,725	-12.75
Operating expenses		900,006	1,267,473	367,467	40.83
Operating profit		1,082,676	462,484	-620,192	-57.28
Non-operating Income and Expenses		-5,713	50,024	55,737	-975.62
Current net income before tax		1,076,963	512,508	-564,455	-52.41
Income tax expenses		294,565	162,844	-131,721	-44.72
Net income		782,398	349,664	-432,734	-55.31

- (I) The Company's consolidated net operating revenues for fiscal 2021 were NT\$11,011,928 K, up 21% from NT\$9,123,421 K in fiscal 2020; net profit before tax was NT\$512,508 K, down 52% from NT\$1,076,963 K in fiscal 2020; and net profit after tax was NT\$349,664 K, down 55% from the previous year. Demand for PC (NB/DT), gaming and entertainment, network communications, servers, data centers and high-performance computing remains high thanks to a buoyant telecommuting and home economy as the COVID-19 pandemic rages on. while consistently driving the quality and revenue growth of cooling devices. However, the rapid changes in the global economy and the unabated pandemic have led to an imbalance in the supply chain and a record low logistics and transportation punctuality; the prices of international raw metal (copper, aluminum, tin and nickel) remain at historically high levels, which have caused high operating costs and eroded profits.
- (II) Expected sales, the basis of estimation, likely impacts on the Company's future financial position, and response plans: Refer to p.4.

III. Cash Flow

(I) Analysis of Cash Flow Differences in the Last Year

The Company's 2021 cash and cash equivalents balance decreased NT\$37,100 thousands compared with 2020. Changes in cash flow from operating activities are explained as follows:

Currency unit: NT thousands

Item	Year	2020	2021	Increase (decrease) ratio (%)
Net Cash Inflow (Outflow) From Operating Activities		958,486	329,277	(65.65)
Net Cash Inflow (Outflow) From Investing Activities		(623,410)	(778,298)	24.85
Net Cash Inflow (Outflow) From Financing Activities		(117,482)	445,262	(479.00)
Cash Flow Ratio (%)		26.45	7.43	(71.91)
Cash Flow Adequacy Ratio (%)		88.41	62.12	(29.74)
Cash Reinvestment Ratio (%)		8.92	2.89	(67.60)
<p>1. The decrease in net cash inflow from operating activities is mainly due to the significant decrease in net income before income tax for the period.</p> <p>2. The increase in net cash outflow from investing activities is mainly due to the increase in new production lines and purchase of equipment.</p> <p>3. The increase in net cash inflow from financing activities is mainly due to the increase in cash inflow from long-term loans from Nidec Corporation.</p>				

(II) Improvements for lack of liquidity and liquidity analysis for the next year

Currency unit: NT thousands

Opening Cash Balance(1)	Expected Annual Net Cash Flow from Operating Activities(2)	Expected Annual Cash Outflow (3)	Expected Cash Surplus (Deficit) amount (1)+(2)-(3)	Remedial measure for expected cash deficits	
				Investment Plans	Financing Plans
1,737,564	1,102,000	800,000	2,039,564	-	-

Analysis of Cash Flow for the Year:

(1)Operating Activities: There will be no change of trade terms in 2022, and the Company expects to generate net cash inflow from operating activities.

(2)Investing and financing activities: Execute the investment plan in Vietnam, construct factories, and acquire equipment; in addition, acquire related equipment and plant renovations for additional automated production lines, causing an increase in net cash outflows from investing activities.

IV. Material Capital Expenditures in the Last Year and Impact on Business Performance:

The Company acquired property, plant and equipment for an amount of NT\$774,006 thousand in 2021 that were used to improve the production line process and renew production equipment to upgrade production equipment and automation. In addition to serving the existing customers, the Company will also actively develop potential customers and new product applications in the future in order to obtain more orders.

V. Causes of profit or loss incurred on investments in the last year, and any improvement plan or investments planned for the next year

(I) Investment policy

The Company's investment decision-making is based on considerations, such as, internationalization, coordination with operational growth needs, government regulations, and investment environment. Invest in China through the third region, setup production bases in Shanghai Kunshan and Chongqing to serve customers nearby and to shorten order delivery lead time and delivery routes. In addition, the Company has offices established in the USA, and southern China for serving customers nearby, gathering industry information, and developing market. Moreover, in order to build another important production base, the Company has established a new subsidiary in Vietnam in the first quarter of 2020 to engage in major investment in Hanoi of Vietnam in the future.

(II) Investment analysis

Currency unit: NT thousands

Description Name of invested company	Investment gains recognized in 2021	Main Causes of Profit or Loss	Improvement Plans	Investment Plans for the Coming Year
Conquer Wisdom Co., Ltd.	312,005	Gains recognized from invested companies	None	None
Nidec Chaun Choung Vietnam Corporation	(47,001)	The plant construction and trial operation period	Actively increase sales and reach economies of production scale	Increase investment in a timely manner depending on the actual business operation
Nidec Chaun-Choung Technology America, Inc.	2,605	More aggressive development of the U.S. market	None	None
Globe Star Enterprise Limited	305,886	Gains recognized from invested companies	None	None
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	53,889	Adjust production capacity to meet market demand	None	None
Nidec Chiuan-Vector Industrial (Dongguan) Co., Ltd.	(5,982)	Still in the market development stage	Ongoing development of new customers.	None
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	252,025	Adjust production capacity to meet market demand	None	None

VI. Analysis of Risk Management

(I) Risk Management Policy, Organizational Structure

The Company's Board of Directors is fully authorized to establish and supervise the risk management framework of the consolidated company. A Chairman's Office and a Group Operations Center have been created under the Board of Directors to oversee development and control of the risk management policy of the consolidated company. The Company's risk management policy and system are regularly reviewed and adjusted to reflect market conditions and changes within the operation of consolidated company. The Company hopes to develop a disciplined and constructive controlled environment through training, internal control method, and operating procedure in order to make employees understand their roles and obligations.

1. Business Risks

The Company's CEO convenes regular meetings with General Managers from various subsidiaries to devise business strategies and evaluate risks. Review the operation performance afterwards in order to achieve the Company's operating goals.

2. Financial Risk

Use of financial instruments exposes the Company to credit risk, liquidity risk, and market risk. The Company's credit risk exposure arises mainly from customers' accounts receivable. The Company has implemented a credit policy to analyze and assign a credit rating and credit limit for each customer. These ratings and limits are reviewed on a regular basis. Customers that fail to meet the minimum credit rating may only deal on a prepaid basis. The Company maintains an allowance account to reflect losses estimated on receivables. The Company applies the materiality principle and evaluates each account for signs of material impairment based on objective evidence on every balance sheet date. Accounts that exhibit material impairment on an individual basis are assigned a 100% bad debt rate, whereas accounts that show signs of impairment without reaching materiality are assessed on a case-by-case basis. Accounts that show no objective evidence of impairment and others are grouped by credit risk attributes, and shall have bad debts recognized using tiered impairment rates (amount of bad debt/amount of sales) based on records for the last three years.

(II) Impact of Interest Rate, Exchange Rate, and Inflation on the Company's Earnings, and Response Measures in the Future:

1. Impacts of Changes in Interest Rate on the Company's Profit and Loss, and Response Measures in the Future:

The Company's capital planning is based on a conservative and stable principle. The working capital needed for business expansion is financed with a loan from the

parent company. The Company has generated sufficient profits to support the Company's working capital turnover in the long run; therefore, the fluctuation in the short-term loan interest does not have a significant impact on the Company's loan cost.

2. Impacts of Changes in Exchange Rate and Response Measures:

The Company and subsidiaries generate almost 100% of their revenues from export sales. Transactions are conducted primarily in USD. For 2021, the net loss on exchange was \$22,162 thousand, or 0.2% of net revenue. The Company and subsidiaries adopt the following measures in response to the risk of exchange rate volatility:

- (A) Close observation of exchange rate movement, and use of foreign currency account to adjust foreign currency positions and reduce adverse impacts of exchange rate volatility.
- (B) Suppliers are paid in USD where possible to minimize USD currency held on hand.

3. Impacts of Inflation on the Company's Profit and Loss, and Response Measures in the Future:

The Company and subsidiaries did not encounter any significant inflationary impacts in their domiciled locations in 2021.

(III) Policies on High-risk and Highly Leveraged Investments, Loaning of Funds, Endorsements/Guarantees, and Trading of Derivatives; Describe the Main Causes of any Profit or Loss Incurred and Future Response Measures:

1. The Company prohibits high-risk and highly leveraged investments. The Company did not engage in any high-risk or highly leveraged investment, endorsements/guarantees, or trading of derivatives in 2020 that resulted in profit or loss.
2. According to the Company's "Endorsements and Guarantees Policy," total endorsements/guarantees to external parties shall not exceed 30% of the Company's net worth, whereas endorsements/guarantees to single counterparty shall not exceed 20% of the Company's net worth. The Company and its subsidiaries did not engage in endorsements/ guarantees for others in 2020.
3. The Company: According to the Company's "Procedures for Loaning of Funds", the total loan amount incurred with those who are the business counterparties or those who need short-term loans shall not exceed 40% net worth of the Company on the most recent financial statements audited or reviewed by the independent auditors.

The total loan amount to individuals who need short-term loans shall not exceed 10% net worth of the Company. The Company provided loaning of funds to the subsidiary, Nidec Chaun Choung Vietnam Corporation, in 2020 for its business operation needs. The relevant operations were handled according to the internal control system, executed with the approval of the board of directors, and fully disclosed in the financial statements audited or reviewed by the independent auditors.

4. Subsidiaries of the Company: According to the “Regulations Governing Loaning of Funds” stipulated by Nidec Jue-Choung Electronics (Kunshan) Co., Ltd., the loaning of funds is available to foreign subsidiaries that are with 100% voting rights held by the Company directly and indirectly. Also, the total loan amount and the short-term loan amount to individual counterparty shall not exceed the net worth of Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. on its latest financial statements that were audited or reviewed by the independent auditors. Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. provided loaning of funds to Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd. in 2020 for business operation needs. The relevant operations were handled in accordance with the internal control system, executed with the approval of the board of directors, and fully disclosed in the financial statements audited or reviewed by the independent auditors.

(IV)Future Research and Development Plans and Projected R&D Expenses

The Company expects to invest in research and development for NT\$502,000 thousands in 2022. Future R&D Plans by Category:

R&D Category	Expected R&D Project	Expected R&D Schedule
Advanced IC	VC LID technology for high temperature resistant IC packaging process	2022.01.01-2024.12.31
Power / On-board	1. Ultra high-power, waterproof and dust-proof heat diffusion solution 2. High-power IGBT heat diffusion module development for electric vehicles	2018.01.01-2024.01.01 2021.01.01-2023.01.01
Industrial/Communications	High-power circuit type 3D hot plate heat exchanger development	2022.01.01-2024.12.31

(V)Financial Impacts and Response Measures due to Change of Local and Foreign Policies and Regulations in Recent Years:

The Company operates in Taiwan, Mainland China, and the USA. Taiwan and Mainland China have successively amended the labor law and regulations in recent years to promote friendly workplaces and to protect labor rights. In response to the rising personnel cost, the Company will enhance the education and training of its employees and aim to mitigate the impact with better work efficiency. In addition, the Company observes domestic and foreign policy development trends and changes in regulations; also, collects relevant information for the reference of the management in decision-making, or consults with external professional units in order to take appropriate measures, so there is no significant impact on the Company's finance and business operation.

(VI) Financial Impacts and Response Measures due to Technological or Industrial Changes in the Last Year:

Recent changes in technology and the rise of cloud systems have resulted in an increasing number of tablet and smartphone users that did indeed impact global shipment of notebooks. However, whichever the electronic or communication product involved, miniaturization and functional improvements are constantly happening, whereas CPU power is progressively enhanced for more intensive processing and integration of communication and graphic rendering, causing the trend of chipsets generating more heat year after year has not changed significantly. To ensure that electronic components remain able to perform consistently under high temperature with product stability and reliability maintained, heat management is becoming a critical technology to 3C and communication industries. This trend is the established direction for the research and development of Nidec Chaun-Choung Technology Corporation.

PCs remain the largest market for heat sink and thermal modules, and the main applications are for CPUs, Chipsets, VGA (graphics) cards, and MCMs (single and multi-chip modules). Applications for downstream products include DTs, NBs, servers, workstations, and power supply. The Company will continue exploring broad and diversified applications for diversity other than PCs.

In prospect, the Company will aim to secure its current market share in PC heat transfers, and accommodate the rapid changes and growth of the computer, network/communication industry by recruiting capable R&D talents to improve heat transfer efficiency and explore new applications and competitive edges. Therefore, technological changes will bring new heat transfer opportunities to the benefit of the Company in financial and business performance.

(VII) The impact of recent corporate image changes on corporate crisis management and response measures in the last year:

The participation of Nidec Corporation in the Company's management team has highly strengthened the Company's internal control, improved the Company's management, upgraded the Company's popularity and image, and positively helped the Company's sustainability. The Company is committed to secure its position as a leading manufacturer of heat transfer technology, continue to actively expand international business, obtain the maximum benefits with the best operating efficiency, and share its operating results with all shareholders and employees. In addition, the Company has adopted a business model that places more emphasis on corporate image and corporate responsibilities, and as a result, no event of significant impact on corporate image has occurred to date.

(VIII) Expected Benefits, Risks, and Response Measures of Planned Mergers and Acquisitions:

The Company did not merge or acquire other entities in 2021 and up to the publication date of the Annual Report.

(IX) Expected Benefits, Risks, and Response Measures Associated with Plant Expansions:

The Company will adjust its production capacity based on the strengths and characteristics of each production base in order to accommodate the market's changing supplies and demands. In addition, in order to grasp the opportunity of 5G industry development trends and expand production capacity, as well as establish another core production base, the Company decided to build a plant in Hanoi, Vietnam to engage the major investment. This will help the expansion of the Company's operating scale and grasp the business opportunities; but the expansion of the plant will increase the Company's cash expenditures, operating costs and expenses. If it cannot enhance the earnings, it will have a negative impact on the Company's financial performance. In addition to the abundant resources and support of the parent company, Nidec Corporation, the Company will continue to observe changes in industry and market supply and demand, maintain close cooperation with customers and continue to explore new customers to reduce the possible negative impact of the expansion of the plant on the Company's financial performance.

(X) Risks and Response Measures Associated with Concentrated Sales or Purchases:

1. The Company's product portfolio mainly comprises thermal modules, radiators, and heat sinks for notebooks (NB), desktops (DT), IT products and consumer electronics. The Company sells products mainly to renowned PC brands both local and abroad. As the PC market becomes dominated by a few international manufacturers, the Company has managed to maintain excellent collaboration relationships with customers through its strong R&D capabilities, globalized sales

channels, exceptional quality, and advanced production technology. Furthermore, the Company continues to invest budget and talent into developing heat transfer solutions in order to win new customers of different IT, network, and consumer electronic products in order to avoid the risk of excessive concentration of customers.

2. Materials used in thermal modules and radiators mainly include: heat pipes, aluminum die casted components, aluminum stamped components, thermal pads, heat sinks, and fans. No supplier of the above materials is irreplaceable or holds exclusivity over the supply. Supply of the above materials is considered adequate, furthermore, the Company has always adopted a diversified purchasing strategy that maintains at least two suppliers for each type of raw material; therefore, there is no risk of concentrated purchases.

(XI) Impacts, Risks, and Response Measures Following a Major Transfer of Shareholding by Directors, Supervisors, or Shareholders with More Than 10% shareholding:

Please refer to pages 60~62 for the information on the substantial equity transfer of the company's directors, supervisors, or the major shareholders with more than 10% shareholding in the most recent year and as of the annual report publication date.

(XII) Impacts, Risks, and Response Measures Associated with a Change of Management:

The total re-election of Directors and Supervisors on January 29, 2019 did not affect the Company's business model or business activities in any way, and the Company did not encounter any impact or additional risk as a result.

(XIII) Litigious and Non-Litigious matters:

1. Major litigious, non-litigious or administrative disputes involving the Company's Directors, Supervisors, General Manager, Real Person-in-charge, any shareholder with more than 10% shareholding, or any subordinate company in the recent year and up to the publication date of the Annual Report, whether any litigious or non-litigious matter, administrative disputes, which may have significant impact on shareholders' interests or securities prices; disclose the nature of dispute, the amount involved, the litigation starting date, the parties involved and current progress: None.

2. Occurrence of events listed in Article 157 of the Securities and Exchange Act that involves the Company's Directors, Supervisors, Managerial Officers, or Shareholder with more than 10% shareholding in the recent year and up to the publication date of the Annual Report and the current progress: None.

(XIV) Other Significant Risks and Response Measures:

Explanation of Information security risk assessment analysis: The Information Department is responsible for the Company's internal computer, system and network security. In order to prevent internal and external security threats from affecting the internal daily operations or

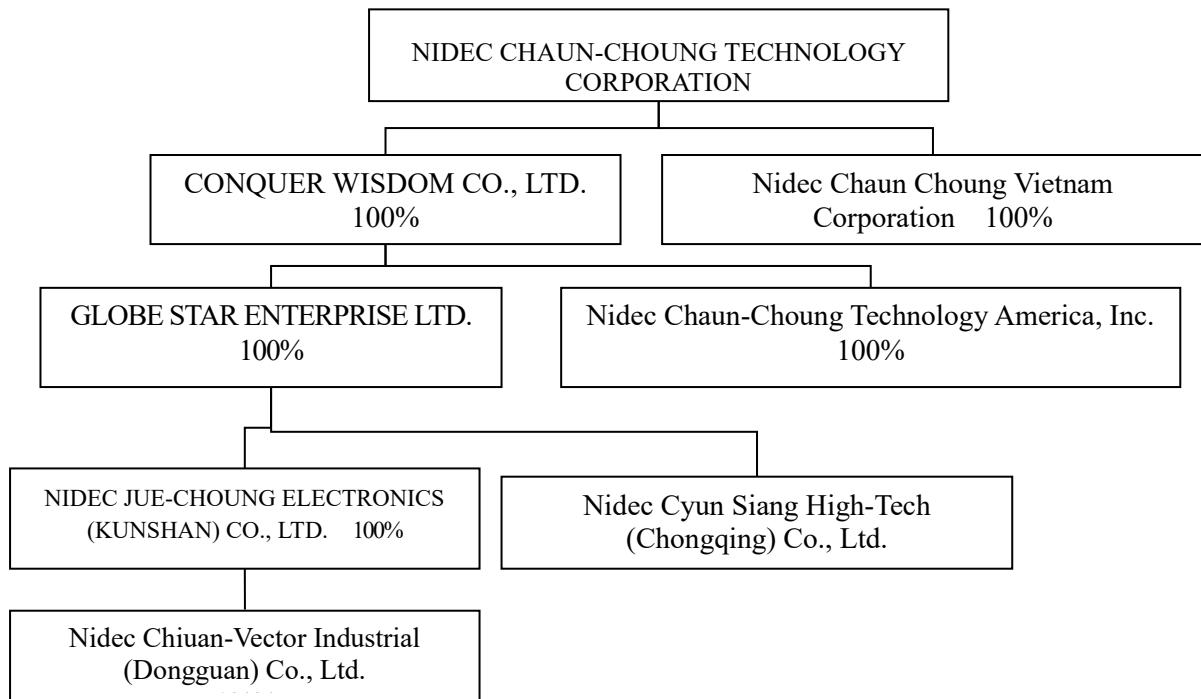
becoming leverage to attack external units, the Company has built a complete firewall, mail and personal computer protection measures. In addition to conducting internal security advocacy occasionally, high availability backup and backup mechanisms have also been established at the system host and network levels to reduce the risk of disaster impact. Network management personnel also pay attention to external security information at any time and update the response in a timely manner. Regular audits are conducted by internal auditors and accounting firms. Over the years, there have been no major information security incidents affecting the Company's operations.

VII. Other Important Disclosures: None.

Eight. Special Remarks

I. Affiliated Enterprises related information

(I) Affiliated Enterprises Chart:



(II) Profile of Affiliated Enterprises:

Currency unit: NT thousands, as of December 31, 2021

Name of Affiliated Enterprise	Date of incorporation	Location	Paid-in Capital	Main Business Activities
Conquer Wisdom Co, Ltd.	2000.08.14	British Virgin Islands	737,240	Investment
Nidec Chaun-Choung Technology America, Inc.	2003.11.01	USA	8,304	Sale of PC thermal modules
Globe Star Enterprise Limited	2008.04.02	Hong Kong	499,403	Investment
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	2001.02.28	China	636,640	Production and sale of PC thermal modules
Nidec Chiuan-Vector Industrial (Dongguan) Co., Ltd.	2010.09.08	China	16,507	Research, development, and sale of components for heat dissipation
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	2011.06.08	China	221,440	Production and sale of PC heat dissipation modules.
Nidec Chaun Choung Vietnam Corporation	2020.03.31	Vietnam	1,002,134	Production and sale of components for heat dissipation

(III) Common Shareholders between the concluded Controlling and Subordinate Company:
None.

(IV) Business Activities of Affiliated Enterprises and Work Division:

1. Conquer Wisdom Co., Ltd.

Main business operation: Investment.

2. Nidec Chaun-Choung Technology America, Inc.

A subsidiary indirectly held by the Company through a third location for improved service, gathering of customer/industry timely information, and developing new customers. Sale of PC thermal modules and other heat dissipation components.

3. GLOBE STAR ENTERPRISE LIMITED

Main business operation: Investment in China.

4. Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.

A Chinese subsidiary held indirectly by the Company through Conquer Wisdom Co., Ltd. and GLOBE STAR ENTERPRISE LIMITED. Production of PC thermal modules and other heat dissipation components.

5. Nidec Chiuan-Vector Industrial (Dongguan) Co., Ltd.

A 100% held subsidiary of Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.; main business activities are the research, development, and sale of heat dissipation components.

6. Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.

A Chinese subsidiary held indirectly by the Company through Conquer Wisdom Co., Ltd. and GLOBE STAR ENTERPRISE LIMITED. Production of PC thermal modules and other heat dissipation components.

7. Nidec Chaun Choung Vietnam Corporation

Mainly for the production and sales of thermal components.

(V) Performance of Affiliated Enterprises

Unit: thousand shares

The Name of the Enterprise	Title	Name or Representative	Shareholding	
			Shares Held	Shareholding Percentage
Conquer Wisdom Co., Ltd.	Director	Shih-Ling Wu	—	—
Nidec Chaun-Choung Technology America, Inc.	Chairman	Shih-Ling Wu	—	—
	Vice Chairman	Yasuhiro Mase	—	—
	Director	Chen-Hsing Chen	—	—
GLOBE STAR ENTERPRISE LIMITED	Director	Shih-Ling Wu	—	—
Nidec Jue-Choung Electronics	Chairman	Akio Tatsumi	—	—

The Name of the Enterprise	Title	Name or Representative	Shareholding	
			Shares Held	Shareholding Percentage
(Kunshan) Co., Ltd. (Note 1)	General Manager	Zhi-ye Shen	–	–
	Director	Junichi Nagai	–	–
	Director	Yasuhiro Mase	–	–
Nidec Chiuan-Vector Industrial (Dongguan) Co., Ltd. (Note 1)	Supervisor	Hsiang-Chien Wang	–	–
	Executive Director	Akio Tatsumi	–	–
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd. (Note 1)	Chairman	Junichi Nagai	–	–
	Director & General Manager	Yuji Kimura	–	–
	Director	Yasuhiro Mase	–	–
	Supervisor	Hsiang-Chien Wang	–	–
NIDEC CHAUN CHOUNG VIETNAM CORPORATION	Chairman	Junichi Nagai	–	–
	Director	Yasuhiro Mase	–	–
	Director	Chi-Feng Hsieh	–	–
	Supervisor	Hsiang-Chien Wang	–	–

Note 1: No shares were issued.

Note 2: The above-mentioned list of directors and supervisors is the information of each company as of April 30, 2022.

(VI) Performance of Affiliated Enterprises

As of December 31, 2021 ; Currency unit: NT thousands

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit	Current Profit/Loss (After-tax)	After-tax Earnings per Share (NT\$)
Conquer Wisdom Co, Ltd	737,240	149,716	-	149,716	-	-100	309,090	17.08
Nidec Chaun Choung Vietnam Corporation	1,002,134	998,331	98,699	899,632	4,141	-46,695	-47,001	Note
Nidec Chaun-Choung Technology America, Inc.	8,304	51,970	38,850	13,120	135,811	2,645	2,605	8.68
Globe Star Enterprise Limited	499,403	4,075,266	-	4,075,266	-	-49	305,886	2.18
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	636,640	4,574,494	1,766,446	2,808,048	4,518,547	65,727	51,929	Note
Nidec Chiuan-Vector Industrial (Dongguan) Co., Ltd.	16,507	4,596	2276	2,320	5,509	-5635	-5982	Note
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	221,440	3,391,326	2,100,718	1,290,608	3,956,817	329,386	252,025	Note

Note: No shares were issued.

(VII) Refer to Appendix II for the Consolidated Financial Statements of affiliated enterprises.

(VIII) Affiliation Report

Affiliation Report: According to Article 369-12 of the Company Act, the Company is not required to prepare an Affiliation Report because it is not a subordinate company of any public company.

- II. Private placement of securities in the last year and up to the publication date of the Annual Report: None.
- III. Holding or disposal of the Company's shares by subsidiaries in the last year and up to the publication date of the Annual Report: None.
- IV. Other supplementary information: None.
- V. Occurrences significant to shareholders' equity or securities price in the last year and up to the publication date of the Annual Report: None.

Appendices

[Appendix I]

Nidec Chaun-Choung Technology Corporation

Supervisor's Review

I, the supervisor of the Company, have the 2021 business report, consolidated financial statements and standalone financial statements, and statement of retained earnings reviewed without any nonconformity found; therefore, I hereby have the report prepared and issued for review in accordance with the provision of Article 219 of the Company Act.

Sincerely yours,

The 2022 Regular Shareholders Meeting of Nidec Chaun-Choung Technology Corporation

Supervisor: Isao Takahashi
Chun-Yu Yen

Date of Publication: March 24, 2022

[Appendix II] 2021 Consolidated Financial Statements Audited by CPAs

Stock Code: 6230

[Appendix III] 2021 Parent Company Only Financial Statements Audited by CPAs

Stock Code: 6230

Nidec Chaun-Choung Technology Corporation

Chairman: Junichi Nagai

**NIDEC CHAUN-CHOUNG TECHNOLOGY
CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY
CORPORATION)
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

Address: No. 184-3, Zhongxing N. St., Sanchong Dist., New Taipei City 241, Taiwan
(R.O.C.)

Telephone: (02)2995-2666

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.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~11
(4) Summary of significant accounting policies	11~27
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	27
(6) Explanation of significant accounts	28~57
(7) Related-party transactions	57~61
(8) Pledged assets	61
(9) Commitments and contingencies	61
(10) Losses Due to Major Disasters	61
(11) Subsequent Events	61
(12) Other	61
(13) Other disclosures	
(a) Information on significant transactions	62~64
(b) Information on investees	64
(c) Information on investment in mainland China	65
(d) Major shareholders	65
(14) Segment information	66~68

Representation Letter

The entities that are required to be included in the combined financial statements of NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Chairman: JUNICHI NAGAI
Date: March 24, 2022



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION:

Opinion

We have audited the consolidated financial statements of NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(o) “Revenue recognition” for accounting policy related to revenue recognition, and note 6(n) “Revenue from contracts with customers” for disclosure information about revenue recognition of the consolidated financial statements.

Description of key audit matter:

The main revenue of the Group comes from the researching, development, production, and sale of thermal components in the computer and related industries. Since products are highly customized, the revenue recognition is concerned by the users or receiver of the financial statements, the test for revenue recognition is a highly concerned matter when we comply the audit procedure for the financial statements of the Group.

How the matter was addressed in our audit:

Our principal audit procedures included obtaining the list of top-ten customers and newly-added customers for the current year to analyze whether there is an unusual situation or not, inspecting of significant new contracts and understanding terms and conditions to assess whether there are any significant abnormalities, assessing the appropriateness of accounting policies for revenue recognition (including sales returns and discounts), testing the effectiveness of the design and the implementation of internal controls of sales and performing the sales cut-off test on the period before and after the balance sheet date, to ensure sales are recognized in the appropriate accounting period.

Other Matter

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the independent directors or supervisors) are responsible for overseeing the Group’s financial reporting process.

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Yi Kuo and Hui-Chih Ko.

KPMG

Taipei, Taiwan (Republic of China)
March 24, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and 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 Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION (ORIGINAL NAME : CHAUN-CHOUNG TECHNOLOGY CORPORATION) AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2021</u>		<u>December 31, 2020</u>				<u>December 31, 2021</u>		<u>December 31, 2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets						Liabilities and equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (notes 6(a)(q))	\$ 1,737,564	17	1,774,664	20	2100	Short-term borrowings from related parties (notes 6(h)(q) and 7)	\$ 199,296	2	313,280	4
1150	Notes receivable, net (notes 6(c)(n)(q) and 7)	2,260	-	6,326	-	2170	Accounts payable (note 6(q))	3,302,811	31	2,404,236	28
1170	Accounts receivable, net (notes 6(c)(n)(q))	3,166,158	30	2,463,865	28	2181	Accounts payable to related parties (notes 6(q) and 7)	89,168	1	130,217	1
1180	Accounts receivable due from related parties, net (notes 6(c)(n)(q) and 7)	743,683	7	763,461	9	2200	Other payables (notes 6(q))	695,569	7	654,752	7
1200	Other receivables, net (note 6(q))	932	-	61,692	1	2220	Other payables to related parties (notes 6(q) and 7)	6,990	-	8,698	-
1210	Other receivables due from related parties, net (notes 6(q) and 7)	389	-	135	-	2250	Current provisions	1,852	-	1,861	-
130X	Inventories (note 6(d))	1,826,090	17	1,204,367	14	2280	Current lease liabilities (note 6(q))	33,575	-	17,591	-
1410	Prepayments	82,668	1	84,926	1	2300	Other current liabilities	<u>98,416</u>	<u>1</u>	<u>92,991</u>	<u>1</u>
1470	Other current assets (note 6(q))	<u>90,868</u>	<u>1</u>	<u>49,383</u>	<u>1</u>		Total current liabilities	<u>4,427,677</u>	<u>42</u>	<u>3,623,626</u>	<u>41</u>
	Total current assets	<u>7,650,612</u>	<u>73</u>	<u>6,408,819</u>	<u>74</u>		Non-current liabilities:				
	Non-current assets:					2540	Long-term borrowings from related parties (note 6(i)(q) and 7)	664,320	6	-	-
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(b)(q))	94,468	1	27,983	-	2570	Deferred income tax liabilities (notes 6(k))	660,870	6	621,120	7
1600	Property, plant and equipment (notes 6(e))	2,334,950	22	1,900,669	22	2580	Non-current lease liabilities (note 6(q))	59,581	1	49,625	1
1755	Right-of-use assets (note 6(f))	264,615	3	245,673	3	2640	Net defined benefit liability, non-current	6,059	-	3,452	-
1780	Intangible assets	29,755	-	29,144	-	2645	Guarantee deposits received	1,253	-	920	-
1840	Deferred income tax assets (note 6(k))	101,990	1	55,714	1	2600	Total other non-current liabilities	<u>33,928</u>	<u>1</u>	<u>-</u>	<u>-</u>
1900	Other non-current assets	<u>45,458</u>	<u>-</u>	<u>43,486</u>	<u>-</u>		Total non-current liabilities	<u>1,426,011</u>	<u>14</u>	<u>675,117</u>	<u>8</u>
	Total non-current assets	<u>2,871,236</u>	<u>27</u>	<u>2,302,669</u>	<u>26</u>		Total liabilities	<u>5,853,688</u>	<u>56</u>	<u>4,298,743</u>	<u>49</u>
	Total assets	<u>\$ 10,521,848</u>	<u>100</u>	<u>8,711,488</u>	<u>100</u>		Equity attributable to owners of parent (note 6(l)):				
						3100	Ordinary shares	<u>863,434</u>	<u>8</u>	<u>863,434</u>	<u>10</u>
						3200	Capital surplus	<u>531,823</u>	<u>5</u>	<u>531,823</u>	<u>6</u>
							Retained earnings:				
						3310	Legal reserve	824,071	8	746,181	9
						3320	Special reserve	227,091	2	222,369	2
						3350	Unappropriated retained earnings	<u>2,422,489</u>	<u>23</u>	<u>2,276,029</u>	<u>26</u>
							Total retained earnings	<u>3,473,651</u>	<u>33</u>	<u>3,244,579</u>	<u>37</u>
						3400	Other equity	<u>(200,748)</u>	<u>(2)</u>	<u>(227,091)</u>	<u>(2)</u>
							Total equity	<u>4,668,160</u>	<u>44</u>	<u>4,412,745</u>	<u>51</u>
							Total liabilities and equity	<u>\$ 10,521,848</u>	<u>100</u>	<u>8,711,488</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(ORIGINAL NAME : CHAUN-CHOUNG TECHNOLOGY CORPORATION) AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenues (notes 6(n) and 7)	11,011,928	100	9,123,421	100
5000	Operating costs (notes 6(d)(e)(f)(j)(o) and 7)	<u>9,281,971</u>	<u>84</u>	<u>7,140,739</u>	<u>78</u>
	Gross profit from operations	<u>1,729,957</u>	<u>16</u>	<u>1,982,682</u>	<u>22</u>
	Operating expenses (notes 6(e)(f)(j)(o) and 7):				
6100	Selling expenses	304,823	3	233,828	2
6200	Administrative expenses	455,215	4	338,064	4
6300	Research and development expenses	506,726	5	327,933	4
6450	Impairment loss determined in accordance with IFRS 9 (note 6(c))	<u>709</u>	<u>-</u>	<u>181</u>	<u>-</u>
	Total operating expenses	<u>1,267,473</u>	<u>12</u>	<u>900,006</u>	<u>10</u>
	Net operating income	<u>462,484</u>	<u>4</u>	<u>1,082,676</u>	<u>12</u>
	Non-operating income and expenses:				
7100	Interest income (note 6(p))	17,017	-	6,903	-
7010	Other income (notes 6(p) and 7)	73,810	1	60,074	1
7020	Other gains and losses, net (note 6(g)(p))	(34,574)	-	(71,648)	(1)
7050	Finance costs (notes 6(p) and 7)	<u>(6,229)</u>	<u>-</u>	<u>(1,042)</u>	<u>-</u>
	Total non-operating income and expenses	<u>50,024</u>	<u>1</u>	<u>(5,713)</u>	<u>-</u>
7900	Income before income tax	512,508	5	1,076,963	12
7951	Less: Income tax expenses (note 6(k))	<u>162,844</u>	<u>2</u>	<u>294,565</u>	<u>3</u>
	Profit	<u>349,664</u>	<u>3</u>	<u>782,398</u>	<u>9</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss:				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	66,485	1	(44,726)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may not be reclassified subsequently to profit or loss	<u>66,485</u>	<u>1</u>	<u>(44,726)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation	(50,179)	(1)	50,005	-
8391	Other components of other comprehensive income that will be reclassified to profit or loss	(3,956)	-	(4,371)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(10,827)</u>	<u>-</u>	<u>9,127</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>(43,308)</u>	<u>(1)</u>	<u>36,507</u>	<u>-</u>
8300	Other comprehensive income (loss)	<u>23,177</u>	<u>-</u>	<u>(8,219)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 372,841</u>	<u>3</u>	<u>774,179</u>	<u>9</u>
	Basic earnings per share (note 6(m))				
	Basic earnings per share (NT Dollars)	<u>\$ 4.05</u>		<u>9.06</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION (ORIGINAL NAME : CHAUN-CHOUNG TECHNOLOGY CORPORATION) AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance on January 1, 2020	\$ 863,434	531,823	676,028	185,482	2,024,660	2,886,170	(275,080)	52,711	(222,369)	4,059,058
Profit for the year ended December 31, 2020	-	-	-	-	782,398	782,398	-	-	-	782,398
Other comprehensive loss for the year ended December 31, 2020	-	-	-	-	(3,497)	(3,497)	40,004	(44,726)	(4,722)	(8,219)
Comprehensive income for the year ended December 31, 2020	-	-	-	-	778,901	778,901	40,004	(44,726)	(4,722)	774,179
Legal reserve	-	-	70,153	-	(70,153)	-	-	-	-	-
Special reserve	-	-	-	36,887	(36,887)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(420,492)	(420,492)	-	-	-	(420,492)
Balance on December 31, 2020	<u>863,434</u>	<u>531,823</u>	<u>746,181</u>	<u>222,369</u>	<u>2,276,029</u>	<u>3,244,579</u>	<u>(235,076)</u>	<u>7,985</u>	<u>(227,091)</u>	<u>4,412,745</u>
Profit for the year ended December 31, 2021	-	-	-	-	349,664	349,664	-	-	-	349,664
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(3,165)	(3,165)	(40,142)	66,485	26,343	23,178
Comprehensive income for the year ended December 31, 2021	-	-	-	-	346,499	346,499	(40,142)	66,485	26,343	372,842
Legal reserve	-	-	77,890	-	(77,890)	-	-	-	-	-
Special reserve	-	-	-	4,722	(4,722)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(117,427)	(117,427)	-	-	-	(117,427)
Balance on December 31, 2021	<u>\$ 863,434</u>	<u>531,823</u>	<u>824,071</u>	<u>227,091</u>	<u>2,422,489</u>	<u>3,473,651</u>	<u>(275,218)</u>	<u>74,470</u>	<u>(200,748)</u>	<u>4,668,160</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(ORIGINAL NAME : CHAUN-CHOUNG TECHNOLOGY CORPORATION) AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 512,508	1,076,963
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	339,502	255,372
Amortization expense	8,618	5,171
Expected credit loss	709	181
Interest expense	6,229	1,042
Interest revenue	(17,017)	(6,903)
Dividend income	(1,483)	(371)
Gain from disposal of property, plant and equipment	(350)	(1,587)
Property, plant and equipment transferred to expenses	5,814	799
Gain from disposal of investment properties	-	(90,619)
Unrealized foreign exchange loss	546	368
Gain from lease modifications	(170)	(151)
Total adjustments to reconcile profit	342,398	163,302
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	4,066	(1,320)
(Increase) decrease in accounts receivable	(703,002)	206,720
Decrease (increase) in accounts receivable due from related parties	19,778	(606,645)
Decrease (increase) in other receivables	8,028	(6,752)
Increase in inventories	(621,664)	(206,418)
Increase in prepayments	(326)	(58,812)
(Increase) decrease in other current assets	(41,485)	14,049
Total changes in operating assets	(1,334,605)	(659,178)
Changes in operating liabilities:		
Increase in accounts payable	898,575	413,329
(Decrease) increase in accounts payable to related parties	(41,049)	130,217
Increase in other payables	17,266	80,671
Decrease in other payables to related parties	(1,708)	(30,400)
Decrease in provisions	(9)	(526)
Increase (decrease) in other current liabilities	5,425	(5,339)
Decrease in net defined benefit liability	(1,349)	(2,156)
Total changes in operating liabilities	877,151	585,796
Total changes in operating assets and liabilities	(457,454)	(73,382)
Total adjustments	(115,056)	89,920
Cash inflow generated from operations	397,452	1,166,883
Interest received	17,017	6,903
Interest paid	(6,229)	(1,042)
Income taxes paid	(78,963)	(214,258)
Net cash flows from operating activities	329,277	958,486
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(774,006)	(648,864)
Proceeds from disposal of property, plant and equipment	6,240	18,627
Increase in refundable deposits	(1,972)	(40,243)
Acquisition of intangible assets	(8,931)	(15,811)
Acquisition of right-of-use assets	-	(85,959)
Proceeds from disposal of investment properties	-	147,913
Dividends received	371	927
Net cash flows used in investing activities	(778,298)	(623,410)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	201,456	313,280
Decrease in short-term borrowings	(323,730)	-
Proceeds from long-term borrowings	678,720	-
Increase (decrease) in guarantee deposits received	333	(899)
Payments of lease liabilities	(28,018)	(9,371)
Increase in other non-current liabilities	33,928	-
Cash dividends paid	(117,427)	(420,492)
Net cash flows used in financing activities	445,262	(117,482)
Effect of exchange rate changes on cash and cash equivalents	(33,341)	86,356
Net (decrease) increase in cash and cash equivalents	(37,100)	303,950
Cash and cash equivalents at beginning of period	1,774,664	1,470,714
Cash and cash equivalents at end of period	\$ 1,737,564	1,774,664

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(ORIGINAL NAME : CHAUN-CHOUNG TECHNOLOGY CORPORATION)
AND SUBSIDIARIES

Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Nidec Chaun-Choung Technology Corporation, formerly called Chaun-Choung Technology Corporation, (“the Company”) was incorporated in December 14, 1973 as a company limited by shares under the approval of Ministry of Economic Affairs. Its registration address is No. 184-3, Zhongxing N. St., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.). The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The main business activities of the Group are the manufacturing and merchandising of vapor chamber, heat pipe and thermal module. For more detailed information, please refer to note 6(n).

A resolution was approved during the shareholder’s meeting held on December 9, 2020 to change the name of the Company from “Chaun- Choung Technology Corporation” to “Nidec Chaun-Choung Technology Corporation”.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 24, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The details of impact on the Group’s adoption of the new amendments beginning January 1, 2021 are as follows :

- (i) Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2” (the Phase 2 amendments)

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as of December 31, 2020, there is no impact on its opening equity balances as a result of retrospective application.

The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, then the Group will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Group will apply policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permits the hedging relationship to be continued without interruption. The Group applied the following reliefs as and when uncertainty arising from interest rate benchmark reform was no longer present with respect to the timing and amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Group amended the designation of a hedging relationship to reflect changes that were required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge was amended to reflect the changes that were required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

The details of the accounting policies are disclosed in note 4 and note 6(r).

(ii) Other amendments

The following new amendments, effective January 1, 2021, do not have a significant impact on the Group's consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through other comprehensive income are measured at fair value;
- 2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(p).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding	
			December 31, 2021	December 31, 2020
The Company	Conquer Wisdom Co., Ltd. (the "Conquer")	General investing	100 %	100 %
The Company	Nidec Chaun Choung Vietnam Corporation (the "NCCV")	Production of thermal components for mobile phones	100 %	100 %
Conquer	Nidec Chaun Choung Technology America Inc. (Original name: Chaun Choung Technology America Inc., the "NCCI-USA")	Sale of thermal module for computers	100 %	100 %
Conquer	GLOBE STAR ENTERPRISE Ltd. (the "GSE")	General investing	100 %	100 %
GSE	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. (Original name: Kunshan Jue-Choung Electronics Co.,Ltd., the "NJCI")	Production of thermal module for computers	100 %	100 %
GSE	Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd. (Original name: Chongqing Cyun Siang High-Tech Co., Ltd., the "NCSI")	Production of thermal module for computers	100 %	100 %
NJCI	Nidec Chiuan-Vector Industrial (Dongguan) Co., Ltd. (Original name: Dongguan Chiuan-Vector Industrial Co.,Ltd., the "NCVI")	Research, development and Sale of thermal components	100 %	100 %

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. Excluding foreign operations in hyperinflationary economies, the income and expenses of foreign operations, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

(i) Financial assets

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial liabilities are classified as held for trading if acquired principally for the purpose of selling in the short term.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss.

3) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss are measured at fair value, plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired.

The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Group will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if it falls on the following conditions:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group will first update the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Group will apply the policies on accounting for modifications to the additional changes.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Non-current assets held-for-sale

In the second quarter of 2020, the Board of Directors approved to dispose the investment property of the Group. All related registration of cancellation of mortgage procedures had been completed on September 9, 2020.

Non-current assets or disposal groups, comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held-for-sale. Immediately before classifying as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value, less costs to sell.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately unless the useful life and depreciation method of that significant part are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expenses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- | | |
|--------------|------------|
| 1) buildings | 3~50 years |
| 2) machinery | 1~10 years |
| 3) vehicles | 4~10 years |

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 4) office equipment 3~10 years
- 5) other equipment 2~10 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

(k) Leases

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Beginning January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for current and comparative periods are as follows:

1) Computer software cost 3~10 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any changes shall be accounted for as changes in accounting estimates.

(m) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than assets arising from inventories, deferred tax assets, and assets arising from employee benefits, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount (the higher of its fair value less costs of disposal and its value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash generating unit (CGU).

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount; and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

At each reporting date, the Group reviews the accumulated impairment of its non-financial assets to determine whether there is any indication of reversal of impairment. If any such indication that the asset's recoverable amount is changed exists, the impairment loss will be reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods—vapor chamber, heat pipe and thermal module

The Group manufactures and sells vapor chamber, heat pipe and thermal module. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

No element of financing is deemed present as the sales of vapor chamber, heat pipe and thermal module are made with a credit term of 100 days, which is consistent with the market practice.

The Group reduces revenue by the amount of expected returns and recognizes a refund liability. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amount of expected returns.

The Group's obligation to provide a refund for faulty vapor chamber, heat pipe and thermal module under the standard warranty terms is recognized as a provision for warranty.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, based on the discounted present value of the said defined benefit obligation. Any unrecognized past service costs and the fair value of any plan assets are deducted for purposes of determining the Group's net defined benefit obligation. The discount rate used in calculating the present value is the market yield at the reporting date of government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. If the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In calculating the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest), and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost which had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	\$ 715	934
Demand deposits	1,255,946	1,771,076
Check deposit	3,062	2,654
Time deposits	<u>477,841</u>	<u>-</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,737,564</u>	<u>1,774,664</u>

Please refer to note 6(q) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of December 31, 2021 and 2020, the cash and cash equivalents of the Group had not been pledged as collateral for borrowings or lawsuit.

(b) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income:		
Domestic unlisted common shares-Everflow Technology Corporation	<u>\$ 94,468</u>	<u>27,983</u>

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2021 and 2020.

(ii) For market risk, please refer to note 6(q).

(iii) As of December 31, 2021 and 2020, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Notes and accounts receivables

	December 31, 2021	December 31, 2020
Notes receivable from operating activities	\$ 777	6,326
Notes receivable from non-operating activities	1,483	-
Notes receivables	\$ 2,260	6,326
Accounts receivables (including related parties)	\$ 3,910,786	3,227,576
Less: Loss allowance	(945)	(250)
Net accounts receivables	\$ 3,909,841	3,227,326

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The loss allowance provisions in Taiwan were determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,460,108	0.00028%	7
1 to 30 days past due	27,781	0.01581%	4
31 to 120 days past due	46,630	0.13511%	63
121 to 180 days past due	166	0.60241%	1
More than 180 days past due	521	100%	521
	\$ 2,535,206		596

	December 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,996,705	0.00030%	6
1 to 30 days past due	39,061	0.03072%	12
31 to 120 days past due	13,955	0.16482%	23
121 to 180 days past due	474	0.21097%	1
More than 180 days past due	208	100%	208
	\$ 2,050,403		250

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The loss allowance provisions of the overseas entities of the Group were determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,332,652	-	-
1 to 30 days past due	40,764	-	-
31 to 120 days past due	4,075	-	-
121 to 180 days past due	-	-	-
More than 180 days past due	349	100%	349
	\$ 1,377,840		349

	December 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,168,935	-	-
1 to 30 days past due	14,341	-	-
31 to 120 days past due	223	-	-
121 to 180 days past due	-	-	-
	\$ 1,183,499		-

The movement in the allowance for notes and accounts receivables were as follows:

	2021	2020
Balance at January 1	\$ 250	1,090
Impairment losses recognized	709	181
Amounts written off	(15)	(1,019)
Foreign exchange gains (losses)	1	(2)
Balance at December 31	\$ 945	250

As of December 31, 2021 and 2020, the aforementioned notes and accounts receivables of the Group had not been pledged as collateral.

For further credit risk information, please refer to note 6(q).

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Inventories

	December 31, 2021	December 31, 2020
Raw materials	\$ 314,239	251,645
Work in progress	313,193	214,647
Finished goods	1,039,441	648,065
Merchandise inventory	<u>159,217</u>	<u>90,010</u>
	<u>\$ 1,826,090</u>	<u>1,204,367</u>

For the years ended December 31, 2021 and 2020, the loss of inventories recognized in operating costs amounted to \$204,067 thousand and \$47,514 thousand, respectively. The details of the loss of inventories were as follows:

	2021	2020
Unallocated production overheads	\$ 59,426	52,201
Write-down of inventories (Reversal of write-downs)	152,606	(87,645)
Income from sale of scrap and wastes	(126,846)	(65,558)
Loss from scrap	117,901	143,615
Inventory shortage and overage	<u>980</u>	<u>4,901</u>
Increase in cost of sales	<u>\$ 204,067</u>	<u>47,514</u>

For the years ended December 31, 2021 and 2020, raw material, and changes in the finished goods, merchandise inventory and work in progress recognized as cost of sales amounted to \$9,077,904 thousand and \$7,093,225 thousand, respectively.

As of December 31, 2021 and 2020, the Group did not provide any inventories as collateral for its loans

(e) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:								
Balance on January 1, 2021	\$ 210,127	953,566	1,074,965	10,067	119,911	135,702	300,852	2,805,190
Additions	-	17,938	207,472	1,163	5,280	44,103	498,050	774,006
Disposal	-	-	(22,865)	-	(1,864)	(1,068)	(2,334)	(28,131)
Reclassification	-	439,061	71,308	-	19	6,832	(529,175)	(11,955)
Effect of movements in exchange rates	<u>-</u>	<u>(11,533)</u>	<u>(7,571)</u>	<u>(69)</u>	<u>(876)</u>	<u>(835)</u>	<u>(4,861)</u>	<u>(25,745)</u>
Balance on December 31, 2021	<u>\$ 210,127</u>	<u>1,399,032</u>	<u>1,323,309</u>	<u>11,161</u>	<u>122,470</u>	<u>184,734</u>	<u>262,532</u>	<u>3,513,365</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Balance on January 1, 2020	\$ 210,127	897,990	597,295	9,114	122,035	176,815	162,587	2,175,963
Additions	-	43,756	144,105	1,613	137,503	44,737	277,150	648,864
Disposal	-	(4,426)	(10,812)	(779)	(17,566)	(12,197)	-	(45,780)
Reclassification	-	2,918	334,452	-	(124,944)	(74,593)	(139,273)	(1,440)
Effect of movements in exchange rates	-	13,328	9,925	119	2,883	940	388	27,583
Balance on December 31, 2020	<u>\$ 210,127</u>	<u>953,566</u>	<u>1,074,965</u>	<u>10,067</u>	<u>119,911</u>	<u>135,702</u>	<u>300,852</u>	<u>2,805,190</u>
Depreciation:								
Balance on January 1, 2021	\$ -	393,002	419,975	6,575	27,929	57,040	-	904,521
Depreciation for the year	-	62,019	209,123	1,325	7,345	27,568	-	307,380
Disposal	-	-	(17,152)	-	(1,864)	(891)	-	(19,907)
Reclassification	-	-	(8,363)	-	12	(14)	-	(8,365)
Effect of movements in exchange rates	-	(2,532)	(2,230)	(44)	(209)	(199)	-	(5,214)
Balance on December 31, 2021	<u>\$ -</u>	<u>452,489</u>	<u>601,353</u>	<u>7,856</u>	<u>33,213</u>	<u>83,504</u>	<u>-</u>	<u>1,178,415</u>
Balance on January 1, 2020	\$ -	330,399	225,504	5,828	26,564	89,509	-	677,804
Depreciation for the year	-	58,901	141,159	1,426	6,722	33,306	-	241,514
Disposal	-	(2,094)	(13,878)	(779)	-	(11,989)	-	(28,740)
Reclassification	-	-	61,820	-	(5,841)	(54,138)	-	1,841
Effect of movements in exchange rates	-	5,796	5,370	100	484	352	-	12,102
Balance on December 31, 2020	<u>\$ -</u>	<u>393,002</u>	<u>419,975</u>	<u>6,575</u>	<u>27,929</u>	<u>57,040</u>	<u>-</u>	<u>904,521</u>
Carrying amounts:								
Balance on December 31, 2021	<u>\$ 210,127</u>	<u>946,543</u>	<u>721,956</u>	<u>3,305</u>	<u>89,257</u>	<u>101,230</u>	<u>262,532</u>	<u>2,334,950</u>
Balance on December 31, 2020	<u>\$ 210,127</u>	<u>560,564</u>	<u>654,990</u>	<u>3,492</u>	<u>91,982</u>	<u>78,662</u>	<u>300,852</u>	<u>1,900,669</u>

As of December 31, 2021, and 2020, the Group did not provide any property, plant and equipment as collaterals for its loans.

(f) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2021	\$ 202,013	74,908	4,466	2,330	283,717
Additions	-	57,871	-	257	58,128
Disposal	-	(17,732)	(561)	-	(18,293)
Reclassification	-	1,627	-	(1,627)	-
Effect of movements in exchange rates	(3,291)	(45)	-	-	(3,336)
Balance at December 31, 2021	<u>\$ 198,722</u>	<u>116,629</u>	<u>3,905</u>	<u>960</u>	<u>320,216</u>
Balance at January 1, 2020	\$ 114,143	13,288	3,408	5,883	136,722
Additions	85,959	62,939	1,024	-	149,922
Disposal	-	(1,319)	(694)	(3,419)	(5,432)
Effect of movements in exchange rates	-	-	728	-	728
	1,911	-	-	(134)	1,777
Balance at December 31, 2020	<u>\$ 202,013</u>	<u>74,908</u>	<u>4,466</u>	<u>2,330</u>	<u>283,717</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	\$ 23,530	11,987	1,825	702	38,044
Depreciation for the year	3,567	26,872	1,488	195	32,122
Disposal	-	(13,762)	(561)	-	(14,323)
Reclassification	-	517	-	(517)	-
Effect of movements in exchange rates	(222)	(20)	-	-	(242)
Balance at December 31, 2021	<u>\$ 26,875</u>	<u>25,594</u>	<u>2,752</u>	<u>380</u>	<u>55,601</u>
Balance at January 1, 2020	\$ 19,284	5,339	378	848	25,849
Depreciation for the year	3,933	7,307	1,413	693	13,346
Disposal	-	(659)	(694)	(810)	(2,163)
Reclassification	-	-	728	-	728
Effect of movements in exchange rates	313	-	-	(29)	284
Balance at December 31, 2020	<u>\$ 23,530</u>	<u>11,987</u>	<u>1,825</u>	<u>702</u>	<u>38,044</u>
Carrying amount:					
Balance at December 31, 2021	<u>\$ 171,847</u>	<u>91,035</u>	<u>1,153</u>	<u>580</u>	<u>264,615</u>
Balance at December 31, 2020	<u>\$ 178,483</u>	<u>62,921</u>	<u>2,641</u>	<u>1,628</u>	<u>245,673</u>

For the new factory construction plans, NCCV obtained the land use rights in Vietnam at the amount of \$85,959 thousand, with lease term maturing at the end of August 2060.

(g) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2020	\$ 36,370	34,776	71,146
Disposal	(36,370)	(34,776)	(71,146)
Balance at December 31, 2020	<u>\$ -</u>	<u>-</u>	<u>-</u>
Accumulated depreciation:			
Balance at January 1, 2020	\$ -	13,340	13,340
Depreciation for the year	-	512	512
Disposal	-	(13,852)	(13,852)
Balance at December 31, 2020	<u>\$ -</u>	<u>-</u>	<u>-</u>
Carrying amount:			
Balance at December 31, 2021	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fair value:			
Balance at December 31, 2020			<u>\$ 141,396</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group classifies its land and building as investment property with the intention of earning a return on the investment, either through rental income, the future resale of the property, or both.

On May 11, 2020, the Board of Directors approved to dispose the investment property of the Group. All related registration of cancellation of mortgage procedures had been completed on September 9, 2020. Once an investment property is classified as held-for-sale, it is no longer depreciated. On October 16, 2020, the Group disposed its property to Kuan Chynan Industrial Co., Ltd. at the amount of \$147,913 thousand. For the gain and loss on the disposal of investment property, please refer to note(p).

(h) Short-term borrowings from related parties

The short-term borrowings were summarized as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured short-term borrowings from related parties	\$ <u>199,296</u>	<u>313,280</u>
Unused credit lines	\$ <u>17,487</u>	<u>490,759</u>
Range of interest rates	<u>0.47388%</u>	<u>0.57038%~0.60613%</u>

(i) Issuance of borrowings

For the years ended December 31, 2021 and 2020, the loans amounted to \$201,456 thousand and \$313,280 thousand, respectively, based on the historical exchange rate; and the payments made were \$323,730 thousand and \$0 thousand, respectively, for the years then ended. For the interest expense, please refer to note 6 (p) and note 7 (c).

(ii) Collateral of borrowings

For the collateral for short-term borrowings, please refer to note 8.

(i) Long-term borrowings from related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured long-term borrowings from related parties	\$ 664,320	-
Less : current portion	<u>-</u>	<u>-</u>
Total	\$ <u>664,320</u>	<u>-</u>
Unused credit lines	\$ <u>-</u>	<u>-</u>
Range of interest rates	<u>0.79588%</u>	<u>-</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Issuance of borrowings

For the years ended December 31, 2021 and 2020, the loans amounted to \$664,320 thousand and \$0 thousand, respectively, based on the historical exchange rate. For the interest expense, please refer to note 6 (p) and note 7(c).

(ii) Collateral of borrowings

For the collateral for long-term borrowings, please refer to note 8.

(j) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	\$ 60,795	57,189
Fair value of plan assets	(54,736)	(53,737)
Net defined benefit liabilities	<u>\$ 6,059</u>	<u>3,452</u>

The Group's employee benefit liabilities were as follows:

	December 31, 2021	December 31, 2020
Compensated absences liability	<u>\$ 15,401</u>	<u>10,463</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$54,736 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligations at January 1	\$ 57,189	53,314
Current service costs and interest cost	920	1,298
Remeasurements loss (gain):		
— Return on plan assets (excluding interest income)	(2,515)	3,458
— Actuarial loss (gain) arising from financial assumptions	7,037	2,486
Benefits paid	<u>(1,836)</u>	<u>(3,367)</u>
Defined benefit obligations at December 31	<u>\$ 60,795</u>	<u>57,189</u>

3) Movements of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets at January 1	\$ 53,737	52,078
Interest income	408	595
Remeasurements loss (gain):		
— Return on plan assets (excluding interest income)	566	1,573
Contributions paid by the employer	1,861	1,754
Benefits paid	<u>(1,836)</u>	<u>(2,263)</u>
Fair value of plan assets at December 31	<u>\$ 54,736</u>	<u>53,737</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 493	700
Net interest of net liabilities for defined benefit obligations	<u>19</u>	<u>3</u>
	<u>\$ 512</u>	<u>703</u>
	<u>2021</u>	<u>2020</u>
Operating cost	\$ 295	36
Administration expenses	<u>217</u>	<u>667</u>
	<u>\$ 512</u>	<u>703</u>

5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2021 and 2020, was as follows:

	<u>2021</u>	<u>2020</u>
Accumulated amount at January 1	\$ (13,435)	(9,938)
Recognized during the period	<u>(3,165)</u>	<u>(3,497)</u>
Accumulated amount at December 31	<u>\$ (16,600)</u>	<u>(13,435)</u>

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.750 %	0.750 %
Future salary increase rate	2.000 %	1.000 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$1,933 thousand.

The weighted average lifetime of the defined benefits plans is 16.14 years.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

7) Sensitivity analysis

When calculating the present value of defined benefit obligation, the Group must use judgment and estimates to determine the relevant actuarial assumptions at the balance sheet date, including discount rate, employee turnover rate, and future salary increase rate. Any change in actuarial assumptions could materially affect the amount of the Group's defined benefit obligation.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2021		
Discount rate (0.25% variation)	\$ (1,904)	1,986
Future salary increasing rate (0.25% variation)	1,927	(1,857)
December 31, 2020		
Discount rate (0.25% variation)	(1,676)	1,751
Future salary increasing rate (0.25% variation)	1,716	(1,652)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of net defined benefit liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Group allocates 6.00% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The domestic companies of the Group which pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$17,154 thousand and \$13,284 thousand for the years ended December 31, 2021 and 2020, respectively.

The overseas subsidiaries of the Group which pension costs recognized in accordance with local government regulations amounted to \$64,290 thousand and \$30,156 thousand for the years ended December 31, 2021 and 2020, respectively.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Income taxes

(i) Income tax expense

The components of income tax in the years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense	\$ 158,131	83,708
Deferred tax expense	4,713	210,857
Income tax expense	<u>\$ 162,844</u>	<u>294,565</u>

Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows.

	<u>2021</u>	<u>2020</u>
Profit excluding income tax	<u>\$ 512,508</u>	<u>1,076,963</u>
Income tax using the Company's domestic tax rate	\$ 102,502	215,393
Effect of tax rates in foreign jurisdiction	18,150	35,453
Effect of tax on foreign investment income recognized under equity method	(6,807)	(12,643)
Non-deductible expenses	297	1,101
Tax-exempt income	(296)	-
Tax incentives	(39,710)	(53,965)
Difference between estimate and assessment	3,918	(15,106)
(Over-estimation) under-estimation from prior periods	(2,147)	16,516
Additional tax on undistributed earnings	28,943	6,797
Land Value Increment Tax	-	696
Others	57,994	100,323
Total	<u>\$ 162,844</u>	<u>294,565</u>

The Group's tax expenses recognized in other comprehensive income for the years ended December 31, 2021 and 2020, was as follows:

(ii)

	<u>2021</u>	<u>2020</u>
Items that may not be reclassified subsequently to profit or loss:		
Remeasurements (gain) loss	<u>\$ (791)</u>	<u>(874)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u>\$ (10,036)</u>	<u>10,001</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

Deferred Tax Liabilities:

	Investment income recognized under equity method	Cumulative translation adjustments	Reserve revaluation increment tax	Others	Total
Balance at January 1, 2021	\$ 529,812	-	26,241	65,067	621,120
Recognized in profit or loss	46,194	-	-	(6,478)	39,716
Foreign currency translation differences for foreign operations	-	-	-	34	34
Balance at December 31, 2021	\$ 576,006	-	26,241	58,623	660,870
Balance at January 1, 2020	\$ 431,398	-	26,241	1,877	459,516
Recognized in profit or loss	98,414	-	-	61,989	160,403
Foreign currency translation differences for foreign operations	-	-	-	1,201	1,201
Balance at December 31, 2020	\$ 529,812	-	26,241	65,067	621,120

Deferred Tax Assets:

	Allowance for inventory valuation and obsolescence losses	Unrealized gain from downstream transaction	Cumulative translation adjustments	Others	Total
Balance at January 1, 2021	\$ 5,036	2,363	40,560	7,755	55,714
Recognized in profit or loss	32,686	(1,101)	-	3,886	35,471
Recognized directly in equity	-	-	10,036	791	10,827
Foreign currency translation differences for foreign operations	(15)	-	-	(7)	(22)
Balance at December 31, 2021	\$ 37,707	1,262	50,596	12,425	101,990
Balance at January 1, 2020	\$ 24,575	11,824	50,561	28,468	115,428
Recognized in profit or loss	(19,507)	(9,461)	-	(21,486)	(50,454)
Recognized directly in equity	-	-	(10,001)	874	(9,127)
Foreign currency translation differences for foreign operations	(32)	-	-	(101)	(133)
Balance at December 31, 2020	\$ 5,036	2,363	40,560	7,755	55,714

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by the R.O.C. tax authority.

(l) Capital and other equity

(i) Ordinary shares

As of December 31, 2021 and 2020, the Company's government-registered total authorized capital both amounted to \$1,200,000 thousand, and total issued capital stock both amounted to \$863,434 thousand, divided into 86,343 thousand shares of stock with \$10 par value per share.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2021 and 2020, were as follows:

	December 31, 2021	December 31, 2020
Share capital	\$ 376,600	376,600
Conversion of bonds	<u>155,223</u>	<u>155,223</u>
	<u>\$ 531,823</u>	<u>531,823</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The distribution of retained earnings of the Company should not be less than 15% of the net income. In addition, the stock dividends shall not be more than 80% of total dividends and the cash dividends shall not be less than 20% of total dividends when distributing the dividends.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Legal reserve

According to the R.O.C. Company Act the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

As the Company opted to avail of the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRSs as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gain) which were previously recognized in shareholders' equity were reclassified to retained earnings. According to regulations, retained earnings would be increased by \$84,833 thousand, by recognizing the fair value on the adoption date as deemed cost. In accordance with Ruling No.1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings due to the first time adoption of the IFRSs shall be reclassified as a special reserve during earning distribution, and when the relevant assets were used, disposed of or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The balance of special reserve amounted to \$227,091 thousand and \$222,369 thousand as of December 31, 2021 and 2020, respectively.

In accordance with Ruling mentioned above, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2020 and 2019 was decided by the resolution adopted, at the general meeting of shareholders held on August 12, 2021 and June 22, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.36	<u><u>117,427</u></u>	4.87	<u><u>420,492</u></u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Other equity accounts, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2021	\$ (235,076)	7,985	(227,091)
Exchange differences on translation of foreign financial statements, net of tax	(40,142)	-	(40,142)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	66,485	66,485
Balance on December 31, 2021	<u>\$ (275,218)</u>	<u>74,470</u>	<u>(200,748)</u>
Balance on January 1, 2020	\$ (275,080)	52,711	(222,369)
Exchange differences on translation of foreign financial statements, net of tax	40,004	-	40,004
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(44,726)	(44,726)
Balance on December 31, 2020	<u>\$ (235,076)</u>	<u>7,985</u>	<u>(227,091)</u>

(m) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2021 and 2020, were based on the profit attributable to ordinary shareholders of the Company of \$349,664 thousand and \$782,398 thousand, respectively, and the weighted average number of ordinary shares outstanding of 86,343 thousand shares, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	2021	2020
Profit attributable to ordinary shareholders of the Company	<u>\$ 349,664</u>	<u>782,398</u>

2) Weighted average number of ordinary shares

	2021	2020
Issued ordinary shares at January 1	\$ 86,343	86,343
Effect of shares issued	-	-
Weighted average number of ordinary shares at December 31	<u>\$ 86,343</u>	<u>86,343</u>
Weighted average number of ordinary shares at December 31	<u>\$ 4.05</u>	<u>9.06</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Considering the employee profit sharing plan and the dividend payout experience in the most recent 2 year, the Company paid the cash bonus and the cash dividends. As the result, the basic earnings per share and the diluted earnings per share were the same for the years ended, 2021 and 2020.

(n) Revenue from contracts with customers

(i) Details of revenue

	<u>2021</u>	<u>2020</u>
Primary geographical markets:		
Chinese mainland	\$ 7,983,919	6,096,371
Taiwan	909,939	1,034,074
Singapore	480,349	468,674
Malaysia	633,149	601,772
Others	<u>1,004,572</u>	<u>922,530</u>
	<u>\$ 11,011,928</u>	<u>9,123,421</u>
Major products:		
Thermal module	\$ 8,261,684	6,416,095
Thermal products	1,775,177	1,682,927
Others	<u>975,067</u>	<u>1,024,399</u>
	<u>\$ 11,011,928</u>	<u>9,123,421</u>

(ii) Contract balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes receivables from operating activities	\$ 777	6,326	3,974
Accounts receivables (including related parties)	3,910,786	3,227,576	2,828,670
Less: allowance for impairment	<u>(945)</u>	<u>(250)</u>	<u>(1,090)</u>
Total	<u>\$ 3,910,618</u>	<u>3,233,652</u>	<u>2,831,554</u>

For details on accounts receivables and allowance for impairment, please refer to note 6(c).

(o) Remunerations to employees, directors and supervisors

In accordance with the articles of incorporation the Company should contribute no less than 3% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$14,099 thousand and \$30,360 thousand, and directors' and supervisors' remuneration amounting to \$2,389 thousand and \$3,300 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. The amounts, as stated in the parent-company-only financial statements, are identical to those of the actual distributions for 2021. For the year ended December 31, 2020, the difference between the amount stated in the financial statements and the amount to be distributed, approved by Board of Directors, is shown below. According to changes in accounting estimate, the Company recognized the difference through profit and loss in 2021. The related information would be available at the Market Observation Post System website.

	2020		
	The amount to be distributed approved by Board of Directors	The amount stated in the financial statement	Differences
Employee remuneration	\$ 28,847	30,360	(1,513)
Director and supervisor's remuneration	3,300	3,300	-
	\$ 32,147	33,660	(1,513)

(p) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	2021	2020
Interest income from bank deposits	\$ 17,017	6,903

(ii) Other income

The details of other income were as follows:

	2021	2020
Rental income	\$ 307	3,324
Dividend income	1,483	371
Compensation income	14,518	15,433
Government grants	8,874	21,034
Others	48,628	19,912
	\$ 73,810	60,074

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2021</u>	<u>2020</u>
Gain from disposal of property, plant and equipment	\$ 350	1,587
Gain from disposal of investment property	-	90,619
Foreign currency exchange (loss) gain	(22,162)	(154,328)
Depreciation of investment property	-	(512)
Gain on lease modification	170	15
Others	<u>(12,932)</u>	<u>(9,029)</u>
	<u><u>\$ (34,574)</u></u>	<u><u>(71,648)</u></u>

(iv) Finance costs

The details of finance costs were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense	\$ 5,662	673
Amortization interest of lease liabilities	567	365
Other finance costs	-	4
	<u><u>\$ 6,229</u></u>	<u><u>1,042</u></u>

(q) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets at fair value through other comprehensive income	\$ 94,468	27,983
Financial assets at amortized cost (loans and receivables)		
Cash and cash equivalents	1,737,564	1,774,664
Notes and accounts receivables (including related parties)	3,912,101	3,233,652
Other receivables (including related parties)	<u>1,321</u>	<u>61,827</u>
Subtotal	<u>5,650,986</u>	<u>5,070,143</u>
Total	<u><u>\$ 5,745,454</u></u>	<u><u>5,098,126</u></u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Financial liabilities

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Financial liabilities at amortized cost		
Short-term borrowings from related parties	\$ 199,296	313,280
Accounts payables (including related parties)	3,391,979	2,534,453
Other payables (including related parties)	702,559	663,450
Lease liabilities	93,156	67,216
Long-term borrowings from related parties	<u>664,320</u>	<u>-</u>
Total	<u>\$ 5,051,310</u>	<u>3,578,399</u>

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk. December 31, 2021 and 2020, the Group's exposure to credit risk and the maximum exposure were mainly from notes and accounts receivables and other receivables, the amount is \$3,913,422 thousand and \$3,295,479 thousand, respectively.

2) Concentration of credit risk

The major customers of the Group are centralized in the high-tech computer industry. To minimize credit risk, the Group periodically evaluates the Group's financial positions and the possibility of collecting accounts receivables. Besides, the Group monitors and reviews the recoverable amount of the accounts receivables to ensure the uncollectible amount are recognized appropriately as impairment loss. As of December 31, 2021 and 2020, 47% and 35%, respectively, of accounts receivables were three major customers. Thus, credit risk is significantly centralized.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost includes other receivables.

All of other receivables are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g). For the years ended December 31, 2021 and 2020, no allowance for impairment were provided because there was no indication of credit-impaired for other receivables.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings from related parties	\$ 199,296	(199,853)	(199,853)	-	-	-	-
Accounts payables (including related parties)	3,391,979	(3,391,979)	(3,391,979)	-	-	-	-
Other payables (including related parties)	702,559	(702,559)	(702,559)	-	-	-	-
Lease liabilities	93,156	(93,155)	(16,890)	(16,684)	(22,476)	(37,105)	-
Long-term borrowings from related parties	664,320	(671,076)	(3,118)	(3,118)	(664,840)	-	-
	<u>\$ 5,051,310</u>	<u>(5,058,622)</u>	<u>(4,314,399)</u>	<u>(19,802)</u>	<u>(687,316)</u>	<u>(37,105)</u>	<u>-</u>
December 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings from related parties	\$ 313,280	(314,202)	(314,202)	-	-	-	-
Accounts payables (including related parties)	2,534,453	(2,434,453)	(2,534,453)	-	-	-	-
Other payables (including related parties)	663,450	(663,450)	(663,450)	-	-	-	-
Lease liabilities	67,216	(68,295)	(9,179)	(8,866)	(15,894)	(34,356)	-
	<u>\$ 3,578,399</u>	<u>(3,480,400)</u>	<u>(3,521,284)</u>	<u>(8,866)</u>	<u>(15,894)</u>	<u>(34,356)</u>	<u>-</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iv) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 136,506	27.680	3,778,486	121,625	28.480	3,463,880
CNY	7,776	4.344	33,779	6,211	4.377	27,186
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	67,384	27.680	1,865,189	40,595	28.480	1,156,146
CNY	5,927	4.344	25,747	4,975	4.377	21,776

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, loans and borrowings; and accounts and other payables that are denominated in foreign currency. A weakening of 1% of the NTD against the USD and CNY as of December 31, 2021 and 2020 would have increased the net income before tax by \$19,213 thousand and \$23,131 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2021 and 2020.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange loss (including realized and unrealized portions) amounted to \$22,162 thousand and \$154,328 thousand, respectively.

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1% basis points, the Group's net income would have decreased / increased by \$6,909 thousand and \$2,506 thousand, respectively, for the years ended December 31, 2021 and 2020 with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

(vi) Other pricing risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2021		2020	
	Other comprehensive profit or loss after tax	Profit or loss after tax	Other comprehensive profit or loss after tax	Profit or loss after tax
Price of securities at the reporting date				
Increased by 1%	\$ 945	-	280	-

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Price of securities at the reporting date</u>	<u>2021</u>		<u>2020</u>	
	<u>Other comprehensive profit or loss after tax</u>	<u>Profit or loss after tax</u>	<u>Other comprehensive profit or loss after tax</u>	<u>Profit or loss after tax</u>
Decreased by 1%	\$ <u>(945)</u>	<u>-</u>	<u>(280)</u>	<u>-</u>

(vii) Fair value of financial instruments

1) Fair value hierarchy

The financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required:

	<u>December 31, 2021</u>				
	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,737,564	-	-	-	-
Notes and accounts receivable (including related parties)	3,912,101	-	-	-	-
Other receivables (including related parties)	1,321	-	-	-	-
Financial assets at fair value through other comprehensive income	<u>94,468</u>	<u>-</u>	<u>-</u>	<u>94,468</u>	<u>94,468</u>
Total	<u>\$ 5,745,454</u>	<u>-</u>	<u>-</u>	<u>94,468</u>	<u>94,468</u>
Financial liabilities at amortized cost					
Short-term borrowings from related parties	\$ 199,296	-	-	-	-
Accounts payables (including related parties)	3,391,979	-	-	-	-
Other payables (including related parties)	702,559	-	-	-	-
Lease liabilities	93,156	-	-	-	-
Long-term borrowings from related parties	<u>664,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,051,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,774,644	-	-	-	-
Notes and accounts receivable (including related parties)	3,233,652	-	-	-	-
Other receivables (including related parties)	61,827	-	-	-	-
Financial assets at fair value through other comprehensive income	<u>27,983</u>	<u>-</u>	<u>-</u>	<u>27,983</u>	<u>27,983</u>
Total	<u>\$ 5,098,106</u>	<u>-</u>	<u>-</u>	<u>27,983</u>	<u>27,983</u>
Financial liabilities at amortized cost					
Short-term borrowings from related parties	\$ 313,280	-	-	-	-
Accounts payables (including related parties)	2,534,453	-	-	-	-
Other payables (including related parties)	663,450	-	-	-	-
Lease liabilities	<u>67,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,578,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Fair value of the Group's financial instruments that have an active market is displayed by category and attribute as follows:

The listed callable bonds, listed stocks, bill of exchange and corporate bonds are financial assets and liabilities with standard transaction terms and conditions, and traded on active market. The fair value of such items is determined in reference to the quoted market price.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

Fair value of the Group's financial instruments that without an active market is displayed by category and attribute as follows:

Equity instruments without an open quoted price: Fair value is estimated using the approach of comparative companies. The main assumptions are the estimated EBITDA of the investee, and the earnings multiplier derived from the quoted price of a comparative publicly listing company. Such estimate has been adjusted by the discount due from the lack of market circulation of the equity securities.

3) Transfers between Level 1 and Level 2

There were no transfers between levels of fair value hierarchy for the years ended December 31, 2021 and 2020.

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value is fair value through other comprehensive income – equity investments.

The equity investments without active market has multiple significant unobservable inputs. The significant unobservable inputs are independent of each other, and no interrelationship exists.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Market comparable companies method	Discount rate for lack of market circulation (25% as of December 31, 2021 and 2020)	The higher the discount rate for lack of market circulation, the lower the fair value.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Financial risk management

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as ‘IBOR reform’). Since the Group has exposures to IBORs on its financial instruments, they will be replaced or reformed as part of these market-wide initiatives. The main risk of the Group on the reporting day is that the London Interbank Offered Rate (LIBOR) is expected to cease before the end of 2021. Therefore, the consultation on the suspension of LIBOR and possible reform in regulations are in progress. However, the Group may continue to use LIBOR after the end of 2021. Meanwhile, the Group is discussing the terms’ amendments of the contract in response to changes in interest rate benchmark with the counterparty.

The Group expects that the interest rate benchmark reform will affect its operations and risk management processes, specifically, its operational risk, such as through renegotiating loan contracts with counterparties, as well as updating contract terms and revision of operational controls related to reform. Financial risk is mainly limited to interest rate risk.

The risk management committee monitors and manages the Group’s transition to alternative rates. The committee evaluates the contracts regarding the extent of the IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The committee reports to the Group’s board of directors quarterly and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from IBOR reform.

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform (referred to as an ‘unreformed contract’).

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language on December 31, 2021. The amounts of financial liabilities are shown at their carrying amounts:

	<u>USD LIBOR</u>	
	<u>Total amount of unreformed contracts</u>	<u>Amounts with appropriate fallback clause</u>
December 31, 2021		
Financial liabilities		
Short-term borrowing from related parties	\$ 199,296	Note 1
Long-term borrowing from related parties	664,320	Note 1

Note 1 : As of December 31, 2021, the Group is discussing the amendments of the contract terms with its counterparties in responds to interest rate benchmark reform.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group calculated the carrying amount of its short-term loans based on LIBOR on January 1, 2021. However, since the Group had already paid its loan in full on June 30, 2021, there were no significant impact on the financial risk management of the Group.

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Chairman's office and Group operations center, which are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customer.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Accounts and other receivable

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Group; these limits are reviewed regularly. No collateral required for accounts and other receivable. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Clients who transaction with the Group has few experiences on default losses. When monitoring customers' credit risk, customers are grouped according to its credit characteristics, including whether it is an individual or a legal entity, geographical distinction, industry, aging schedule, maturity date and previously existing financial difficulties. Customers who are rated as high risk are classified as restricted and these customers may transact with the Group only on a prepayment basis.

The Group established an impairment allowance that represents its estimate of incurred losses in respect of accounts and other receivables, as well as investments. Major components of this impairment allowance are specific losses related to individually significant exposure and collective losses which have incurred but have not been identified. The collective losses are based on historical payment experience of similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries.

As of December 31, 2021 and 2020, the Group did not provide financial guarantees to other third parties.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group depend its accounting policy to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than accounts payables) over the succeeding 60 days. The Group also monitors the level of expected cash outflows on accounts and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2021 and 2020, the Group's unused credit line were amounted to \$17,487 thousand and \$578,300 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD, US Dollar (USD), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, USD, and CNY.

Loan interest is denominated in the currency of the loan. Generally, the currency of the borrowings is the same as the currency of the cash flows from operating activities, which is mainly NTD and USD. As a result, economic hedging is provided, and without signing derivatives, so the Group doesn't apply hedge accounting.

2) Interest rate risk

The Group holds floating interest rate of assets and liabilities, and thus suffer from cash flow interest rate risk exposure. The detail of floating interest rate of the Group's assets and liabilities, please refer to note "liquidity risk management".

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Other market price risk

The Group doesn't sign merchandise contract except for meeting the expected consumption and sales demand.

(s) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain the future development of the business. The capital includes ordinary shares, capital surplus and retained earnings. The Board monitors the return on capital and controls the level of common stock dividends.

The Group monitors funds by regularly review debt-to-equity ratio. As of December 31, 2021 and 2020, the Group's debt-to-equity ratio is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 5,853,688	4,298,743
Less: cash and cash equivalents	<u>(1,737,564)</u>	<u>(1,774,664)</u>
Net debt	<u>\$ 4,116,124</u>	<u>2,524,079</u>
Total equity	<u>\$ 4,668,160</u>	<u>4,412,745</u>
Debt-to-equity ratio	<u>88.46 %</u>	<u>57.20 %</u>

(7) Related-party transactions

(a) Parent company and ultimate controlling company

Nidec Corporation is both the parent company and the ultimate controlling party of the Company. As of December 31, 2021 and 2020, it owns 85.86 and 67.02 of all shares outstanding of the Company, respectively. Nidec Corporation has issued the consolidated financial statements available for public use.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Nidec Corporation	The parent company
Nidec America Corporation	The Group's other related parties
Nidec Copal Coporation	The Group's other related parties
Nidec Electronics (Thailand) Co., Ltd.	The Group's other related parties
Nidec Europe Sales B.V.	The Group's other related parties
Nidec Machinery Corporation	The Group's other related parties
Nidec Precision (Thailand) Co., Ltd.	The Group's other related parties

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
Nidec Sankyo Corporation	The Group's other related parties
Nidec Techno Motor Vietnam Corporation	The Group's other related parties
Nidec (Dalian) Limited	The Group's other related parties
Nidec (H.K.) Co., Limited	The Group's other related parties
Nidec (Zhejiang) Corporation	The Group's other related parties
Nidec Sankyo (H.K.) Co LTD	The Group's other related parties
Nidec Automotive Motor (Zhejiang) Corporation	The Group's other related parties
Nidec Copal (Zhejiang) Co., Ltd.	The Group's other related parties
Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd.	The Group's other related parties
Nidec Machinery (Zhejiang) Corporation	The Group's other related parties
Nidec (Shanghai) International Trading Co.,Ltd.	The Group's other related parties
Nidec Management Shanghai Corporation.	The Group's other related parties
Nidec (Shenzhen) Co., Ltd.	The Group's other related parties
Nidec Taiwan Corporation	The Group's other related parties
Create Area Interior Design Co., Ltd.	The Group's other related parties

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties and the balance of accounts receivables were as follows:

	<u>Sales</u>		<u>Accounts receivables</u>	
	<u>2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The parent company	\$ 13,939	15,027	3,446	2,378
Other related parties				
Nidec (H.K.) Co., Limited	1,591,552	764,584	635,912	628,191
Other related parties	<u>449,686</u>	<u>288,301</u>	<u>104,325</u>	<u>132,892</u>
	<u>\$ 2,055,177</u>	<u>1,067,912</u>	<u>743,683</u>	<u>763,461</u>

The selling price for related parties approximated the market price. The accounts receivables arising from sales of related parties are collected 90 to 120 days after the account day. Amounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	<u>Acquisition price</u>		<u>Other payables</u>	
	<u>2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties	\$ <u>274,328</u>	<u>198,221</u>	<u>89,168</u>	<u>130,217</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms are 120 days, which were no different from the payment terms given by other vendors.

(iii) Property transactions

The acquisition price of property, plant and equipment purchased from related parties and the balance of other payables are summarized as follows:

	<u>Acquisition price</u>		<u>Other payables</u>	
	<u>2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The parent company	\$ 13	-	-	-
Create Area Interior Design Co., Ltd.	-	508	-	60
Other related parties	<u>439</u>	<u>47,927</u>	<u>-</u>	<u>4</u>
	<u>\$ 452</u>	<u>48,435</u>	<u>-</u>	<u>64</u>

The acquisition prices of intangible asset from related parties and the balance of other payables are summarized as follows:

	<u>Acquisition price</u>		<u>Other payables</u>	
	<u>2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties	\$ <u>-</u>	<u>416</u>	<u>-</u>	<u>-</u>

The disposal price gains and losses of property, plant and equipment sales to related parties and the balance of other receivables are summarized as follows:

	<u>Proceeds from disposal of property, plant and equipment</u>		<u>Loss (gain) from disposal of property, plant and equipment</u>		<u>Other receivables</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties	\$ <u>269</u>	<u>17,582</u>	<u>154</u>	<u>9,579</u>	<u>-</u>	<u>-</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Borrowing from a Related Party

	Range of interest rates	Disbursement		Other receivables	
		2021	2020	December 31, 2021	December 31, 2020
Short-term borrowings from the parent company	3 month US Dollar (USD) LIBOR interest rate+0.35%	1,337	673	199,296	313,280
Long-term borrowings from the parent company	3 month US Dollar (USD) LIBOR interest rate+0.35%	4,325	-	664,320	-
		<u>\$ 5,662</u>	<u>673</u>	<u>863,616</u>	<u>313,280</u>

All of the borrowings from related parties of the Group had not been pledged as collateral.

(v) Others

- 1) The amounts of advance payment by the Group to related parties and the balance of other receivables were as follows:

	Advance payment		Other revenue		Other receivables	
	2021	2020	2021	2020	December 31, 2021	December 31, 2020
The parent company	\$ 149	-	697	135	379	135
Other related parties	2,263	-	318	1,152	10	-
	<u>\$ 2,412</u>	<u>-</u>	<u>1,015</u>	<u>1,287</u>	<u>389</u>	<u>135</u>

- 2) The amounts of operating expense by the Group from related parties and the balance of other payables were as follows:

	Operating expense		Other payables	
	2021	2020	December 31, 2021	December 31, 2020
The parent company	\$ 17,639	12,026	5,858	4,614
Other related parties	3,152	4,344	1,132	4,020
	<u>\$ 20,791</u>	<u>16,370</u>	<u>6,990</u>	<u>8,634</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	\$ 51,345	56,706
Post-employment benefits	1,420	1,016
	\$ 52,765	57,722

(8) Pledged assets:None

(9) Commitments and contingencies: None

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:None

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the year ended December 31					
	2021			2020		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
By item						
Employee benefits						
Salary	754,503	468,216	1,222,719	609,288	365,349	974,637
Labor and health insurance	65,098	39,339	104,437	50,278	28,410	78,688
Pension	55,495	26,461	81,956	28,699	15,444	44,143
Remuneration of directors	-	2,096	2,096	-	2,742	2,742
Others	39,678	29,448	69,126	34,047	18,057	52,104
Depreciation	212,304	127,198	339,502	183,871	70,989	254,860
Amortization	523	8,095	8,618	275	4,896	5,171

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Notes
													Item	Value			
0	The Company	Nidec Chaun Choung Vietnam Corporation	Other receivables from related parties	Yes	193,760 (USD7,000)	55,360 (USD2,000)	- (USD4,000)	1%	2	-	Operating capital	-	None	-	466,816	1,867,264	Note 5
1	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	The Company	Other receivables from related parties	Yes	193,760 (USD7,000)	-	-	USD floating rate	2	-	Operating capital	-	None	-	2,808,048 (RMB646,420)	2,808,048 (RMB646,420)	Note 5
2	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	Other receivables from related parties	Yes	1,129,440 (RMB260,000)	608,160 (RMB140,000)	434,400 (RMB100,000)	4.35%	2	-	Operating capital	-	None	-	2,808,048 (RMB646,420)	2,808,048 (RMB646,420)	Note 5

Note 1: Those with business contact please fill in 1

Those necessary for short-term financing please fill in 2

Note 2: The total amount allowed for financing should not exceed 40% of the Company's net equity. The maximum amount of loans to individual entity should not exceed 10% of the Company's net equity. The maximum amount of loans to the Company's foreign subsidiaries, which directly and indirectly hold 100% of the voting shares, should not exceed the borrower's net equity on its latest financial statements.

Note 3: The total amount allowed for financing of Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. should not exceed 40% of its net equity on its current financial statements.

Note 4: Within NJCI's maximum financing allowed, it should not exceed the 10% of NJCI's net worth individually. If the counterpart is the Company owns 100% of its outstanding common shares directly or indirectly, the total financing amount to any individuals should not exceed the most recent net worth of NJCI.

Note 5: The transactions are eliminated when preparing the consolidated financial statements.

Note 6: The exchange rate of NTD to CNY and NTD to USD at December 31, 2021 are NTD4.344 : CNY1 and NTD27.680 : USD1, respectively.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Everflow Technology Corporation	-	Non-current financial assets at fair value through other comprehensive income	1,854	94,468	11.21%	94,468	11.21 %	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase (Sale)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Parent-subsiary	Purchase	2,748,267	37.09%	O/A 150 days	-	-	(1,659,030)	(43.15)%	Note
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	The Company	Parent-subsiary	(Sales)	(2,748,267)	(60.82)%	O/A 150 days	-	-	1,659,030	70.84%	Note
The Company	Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	Parent-subsiary	Purchase	2,406,281	32.48%	O/A 120 days	-	-	(1,243,073)	(32.33)%	Note
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	The Company	Parent-subsiary	(Sales)	(2,406,281)	(60.81)%	O/A 90 days	-	-	1,243,073	64.07%	Note
The Company	Nidec (H.K.) Co., Limited	Other related parties	(Sales)	(1,591,552)	(20.68)%	O/A 90 days	-	-	635,912	24.72%	
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd.	Other related parties	Purchase	272,999	8.87%	O/A 120 days	-	-	(87,748)	(6.02)%	
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec (Shenzhen) Co., Ltd.	Other related parties	(Sales)	(422,279)	(9.35)%	O/A 120 days	-	-	100,265	4.28%	

Note: The transaction has already been written off in the consolidated financial statement.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance (note)	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Parent-subsiary	364,747	1.00	-		218,168	-	Note
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	The Company	Parent-subsiary	1,659,030	1.93	-		1,055,173	-	Note
Nidec Chongqing Qunxiang Technology Co., Ltd.	The Company	Parent-subsiary	1,243,073	2.25	-		-	-	Note
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	Fellow subsidiary	434,400	Note 1	-		-	-	Note
The Company	Nidec (H.K.) Co., Limited	Other related parties	635,912	2.52	-		421,688	-	
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec (Shenzhen) Co., Ltd.	Other related parties	100,265	3.69	-		51,941	-	

Note: The transaction has already been written off in the consolidated financial statements.

Note 1: The calculation of turnover rate excludes other receivables from related parties.

- (ix) Trading in derivative instruments: None.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (note1)	Name of company	Name of counter-party	Nature of relationship (note1)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	NCCI-USA	1	Sales	103,781	On the basis of general conditions	0.94%
0	The Company	NCCI-USA	1	Accounts receivable	37,894	O/A 120 days	0.36%
0	The Company	NJCI	1	Other receivables	364,747	O/A 150 days	3.47%
0	The Company	NCSI	1	Other receivables	56,454	O/A 120 days	0.54%
1	NJCI	The Company	2	Sales	2,748,267	On the basis of general conditions	24.96%
1	NJCI	The Company	2	Accounts receivable	1,659,030	O/A 150 days	15.77%
1	NJCI	NCSI	3	Other receivables	434,400	On the basis of general conditions	4.13%
2	NCSI	The Company	2	Sales	2,406,281	On the basis of general conditions	21.85%
2	NCSI	Accounts receivable	2	Accounts receivable	1,243,073	O/A 120 days	11.81%

Note 1: Assigned numbers represent the following:

1. 0 represents the parent company.
2. The subsidiaries are represented numerically starting from 1.

Note 2: The terms of transactions are defined as follows:

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

Note 3: Intercompany relationships and significant intercompany transactions are only disclosed sales and accounts receivable. The corresponding purchases and accounts payables are not disclosed.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value				
The Company	Conquer Wisdom Co., Ltd.	British Virgin Islands	Investment activities	737,240	737,240	-	100.00 %	4,094,194	100.00 %	309,090	312,005	Note 1 and Note 3
The Company	Nidec Chaun Choung Vietnam Corporation	Vietnam	Sale of thermal module for smart phones	1,002,134	299,343	-	100.00 %	899,632	100.00 %	(47,001)	(47,001)	Note 3
Conquer Wisdom Co., Ltd.	Nidec Chaun Choung Technology America Inc.	U.S.A	Sale of thermal module for computers	8,304 (USD300)	8,304 (USD300)	300,000	100.00 %	13,120 (USD474)	100.00 %	2,605 (USD93)	2,605 (USD93)	Note 2 and Note 3
Conquer Wisdom Co., Ltd.	GLOBE STAR ENTERPRISE Ltd.	Hong Kong	Investment activities	499,403 (USD18,042)	499,403 (USD18,042)	140,407,615	100.00 %	4,075,271 (USD147,228)	100.00 %	305,886 (USD10,921)	305,886 (USD10,921)	Note 2 and Note 3

Note 1: The Group recognized net income of Conquer Wisdom Co., Ltd. \$309,090 thousand, realized gross profit \$46,542 thousand and unrealized gross profit \$43,627 thousand. The Group recognized share of profits of investee \$312,005 thousand in total.

Note 2: The exchange rate of New Taiwan dollars to US dollars as of December 31, 2021 was 27.680 to 1. The average exchange rate of New Taiwan dollars to US dollars for the year ended December 31, 2021 was 28.009 to 1.

Note 3: The transaction has already been written off in the consolidated financial statements.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021 (note 4)	Net income (losses) of the investee (note 4 and 7)	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 5, 6 and 7)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Manufacture the thermal module for computers	636,640 (USD23,000) Note 2 · Note 3	2 Note 1	375,728 (USD13,574)	-	-	375,728 (USD13,574)	51,929 (USD1,854)	100.00%	100.00%	53,889 (USD1,924)	2,784,193 (USD100,585)	321,430
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	Manufacture the thermal module for computers	221,440 (USD8,000)	2 Note 1	221,440 (USD8,000)	-	-	221,440 (USD8,000)	252,025 (USD8,998)	100.00%	100.00%	252,025 (USD8,998)	1,290,608 (USD46,626)	-
Nidec Chiuan-Vector Industrial (Dongguan) Co., Ltd.	Research, development and sale of thermal components	16,507 (RMB3,800)	2 Note 1	-	-	-	-	(5,982) (RMB-1,378)	100.00%	100.00%	(5,982) (RMB-1,378)	2,320 (RMB534)	-

Note 1: Reinvest in Mainland China by establishing investing companies which is the Group 100% owned subsidiary in third region.

Note 2: Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. transferred US dollar 8,800 thousand from retained earnings to capital in 2007.

Note 3: The difference between accumulated outflow of investment from Taiwan and total amount of paid-in-capital is US Dollar 626 thousand, the primary reason is funds acquired from the shareholders in Taiwan and has not remitted to Mainland China.

Note 4: The exchange rate of New Taiwan dollars to US dollars as of December 31, 2021 was 27.680 to 1. The average exchange rate of New Taiwan dollars to US dollars for the year ended December 31, 2020 was 28.009 to 1.

Note 5: Investment income (losses) is recognized according to the financial statements audited by the CPA of the parent company.

Note 6: The Group recognized net income of Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. USD1,854 thousand, realized gross profit USD932 thousand and unrealized gross profit USD862 thousand. The Group recognized share of profits of investee USD1,924 thousand in total.

Note 7: The exchange rate of New Taiwan dollars to Chinese Yuan as of December 31, 2021 was 4.344 to 1. The average exchange rate of New Taiwan dollars to Chinese Yuan for the year ended December 31, 2021 was 4.341 to 1.

(ii) Limitation on investment in Mainland China:

	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
	597,168 (USD21,574)	866,855 (USD31,317)	2,800,896

Note : The exchange rate of New Taiwan dollars to US dollars as of December 31, 2021 was 27.680 to 1.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Nidec Corporation		74,133,982	85.86 %

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

- (a) General information: The main operating activities of the Group are manufacturing, processing and trading of thermal components for computer, which is a single industry. The business decision maker considers the overall operation of the Group, customer service and after-sales support, and each segment unit acquires separately as well as retains the management team at the time of acquisition. The business decision makers manage the segment separately according to the economic environment of the segment located regions. The Group identifies the operating segments and reportable segments and assesses the operating segments which have met the quantified thresholds whether meet the core principles of aggregation, and decides to aggregate the reportable segments. If the operating segments do not meet the quantitative threshold, then they are included in other segments.
- (b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 “significant accounting policies” except for the recognition and measurement of pension cost, which is on a cash basis.

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group’s operating segment information and reconciliation are as follows:

	2021				Total
	Segment Taiwan	Segment Mainland China	Other segment	Reconciliation and elimination	
Revenue					
Revenue from external customers	\$ 7,590,988	3,301,513	119,427	-	11,011,928
Intersegment revenues	<u>103,781</u>	<u>5,179,358</u>	<u>20,530</u>	<u>(5,303,669)</u>	<u>-</u>
Total revenue	<u>\$ 7,694,769</u>	<u>8,480,871</u>	<u>139,957</u>	<u>(5,303,669)</u>	<u>11,011,928</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2021				Total
	Segment Taiwan	Segment Mainland China	Other segment	Reconciliation and elimination	
Interest expenses	\$ 6,180	2	47	-	6,229
Depreciation and amortization	111,131	232,329	5,055	(395)	348,120
Share of profit (loss) of associates subsidiaries accounted for using equity method	265,004	-	-	(265,004)	-
Reportable segment profit or loss	\$ 453,469	364,921	264,697	(570,579)	512,508
Investments accounted for using equity method	\$ 4,993,826	-	-	(4,993,826)	-
Reportable segment assets	\$ 10,437,790	7,490,916	5,181,147	(12,588,005)	10,521,848
Reportable segment liabilities	\$ 5,769,630	3,415,650	124,266	(3,455,858)	5,853,688

	2020				Total
	Segment Taiwan	Segment Mainland China	Other segment	Reconciliation and elimination	
Revenue					
Revenue from external customers	\$ 6,019,321	3,036,576	67,524	-	9,123,421
Intersegment revenues	54,169	3,464,566	9,200	(3,527,935)	-
Total revenue	\$ 6,073,490	6,501,142	76,724	(3,527,935)	9,123,421
Interest expenses	\$ 916	-	126	-	1,042
Depreciation and amortization	85,316	173,271	2,252	(296)	260,543
Share of profit (loss) of subsidiaries accounted for using equity method	555,278	-	-	(555,278)	-
Reportable segment profit or loss	\$ 927,918	707,515	543,403	(1,101,873)	1,076,963
Investments accounted for using equity method	\$ 4,070,704	-	-	(4,070,704)	-
Reportable segment assets	\$ 8,376,956	6,542,025	4,288,111	(10,495,604)	8,711,488
Reportable segment liabilities	\$ 3,964,211	2,744,716	148,205	(2,558,389)	4,298,743

(c) Product and service information

Revenue from the external customers of the Group was as follows:

Product and service	2021	2020
Thermal module	\$ 8,261,684	6,416,095
Thermal product	1,775,177	1,682,927
Others	975,067	1,024,399
	\$ 11,011,928	9,123,421

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information	2021	2020
Revenue from external customers:		
Chinese mainland	\$ 7,983,919	6,096,371
Taiwan	909,938	1,034,074
Singapore	480,350	468,674
Malaysia	633,149	601,772
Other countries	<u>1,004,572</u>	<u>922,530</u>
	<u>\$ 11,011,928</u>	<u>9,123,421</u>
Non-current assets:		
Taiwan	\$ 695,307	549,269
Chinese mainland	1,380,674	1,379,058
Other countries	<u>598,797</u>	<u>290,645</u>
Total	<u>\$ 2,674,778</u>	<u>2,218,972</u>

Non-current assets include property, plant and equipment, right-of-use assets investment property, intangible assets, and other assets, not including financial instruments and deferred tax assets.

(e) Major customers

	2021	2020
E00001	\$ 2,286,148	1,345,105
E00011	1,254,065	1,003,722
L00007	403,409	560,806
NIDJP001	<u>2,055,177</u>	<u>1,067,912</u>
Total	<u>\$ 5,998,799</u>	<u>3,977,545</u>

**NIDEC CHAUN-CHOUNG TECHNOLOGY
CORPORATION**
**(Original name : CHAUN-CHOUNG TECHNOLOGY
CORPORATION)**

Parent Company Only Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

Address: No. 184-3, Zhongxing N. St., Sanchong Dist., New Taipei City 241, Taiwan
(R.O.C.)

Telephone: (02)2995-2666

The independent auditors' report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of significant accounting policies	10~25
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	25
(6) Explanation of significant accounts	26~54
(7) Related-party transactions	55~59
(8) Pledged assets	59
(9) Commitments and contingencies	59
(10) Losses Due to Major Disasters	60
(11) Subsequent Events	60
(12) Other	60
(13) Other disclosures	
(a) Information on significant transactions	61~62
(b) Information on investees	63
(c) Information on investment in mainland China	63~64
(d) Major shareholders	64
(14) Segment information	64
9. List of major account titles	65~73



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION:

Opinion

We have audited the financial statements of NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION (“the Company”), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(o) “Revenue recognition” for accounting policy related to revenue recognition, and note 6(o) “Revenue from contracts with customers” for disclosure information about revenue recognition of the financial statements.

Description of key audit matter:

The main revenue of the Company comes from the researching, development, production, and sale of thermal components in the computer and related industries. Since products are highly customized, the revenue recognition is concerned by the users or receiver of the financial statements, the test for revenue recognition is a highly concerned matter when we comply the audit procedure for the financial statements of the Company.

How the matter was addressed in our audit:

Our principal audit procedures included obtaining the list of top-ten customers and newly-added customers for the current year to analyze whether there is an unusual situation or not, inspecting of significant new contracts and understanding terms and conditions to assess whether there are any significant abnormalities, assessing the appropriateness of accounting policies for revenue recognition (including sales returns and discounts), testing the effectiveness of the design and the implementation of internal controls of sales and performing the sales cut-off test on the period before and after the balance sheet date, to ensure sales are recognized in the appropriate accounting period.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the independent directors or supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Yi Kuo and Hui-Chih Ko.

KPMG

Taipei, Taiwan (Republic of China)

March 24, 2022

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying 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 financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets								Liabilities and equity			
Current assets:								Current liabilities:			
1100	Cash and cash equivalents (notes 6(a)(r))	\$ 484,971	5	546,497	7	2100	Short-term borrowings from related parties (notes 6(i)(r)(s) and 7)	\$ 199,296	2	313,280	4
1150	Notes receivable, net (notes 6(c)(o)(r))	1,483	-	-	-	2170	Accounts payable (note 6(r))	941,995	9	662,319	8
1170	Accounts receivable, net (notes 6(c)(o)(r))	1,889,709	18	1,416,011	17	2180	Accounts payable to related parties (notes 6(r) and 7)	2,902,892	28	2,073,048	25
1181	Accounts receivable due from related parties, net (notes 6(c)(o)(r) and 7)	681,312	7	656,807	8	2200	Other payables (note 6(r))	271,151	3	234,018	3
1200	Other receivables (notes 6(d)(r))	16,467	-	8,464	-	2220	Other payables to related parties (notes 6(r) and 7)	36,935	-	10,919	-
1210	Other receivables due from related parties (notes 6(d)(r) and 7)	447,023	4	431,366	5	2250	Current provisions	739	-	739	-
130X	Inventories (note 6(e))	1,012,360	10	585,610	7	2280	Current lease liabilities (note 6(r))	32,676	-	17,348	-
1410	Prepayments	9,724	-	5,528	-	2300	Other current liabilities	43,173	-	34,614	-
1470	Other current assets	33,731	-	26,208	-		Total current liabilities	4,428,857	42	3,346,285	40
	Total current assets	4,576,780	44	3,676,491	44		Non-current liabilities:				
	Non-current assets:					2540	Long-term borrowings from related parties(note 6(j)(r)(s))	664,320	6	-	-
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(b)(r))	94,468	1	27,983	-	2570	Deferred tax liabilities (note 6(l))	611,850	6	565,786	7
1550	Investments accounted for using equity method (note 6(f))	4,993,826	48	4,070,704	49	2580	Non-current lease liabilities (note 6(r))	58,487	1	48,688	-
1600	Property, plant and equipment (notes 6(g) and 8)	538,966	5	421,011	5	2640	Net defined benefit liability, non-current (note 6(k))	6,059	-	3,452	-
1755	Right-of-use assets	90,854	1	66,079	1	2645	Guarantee deposits received	57	-	-	-
1780	Intangible assets	22,928	-	21,128	-		Total non-current liabilities	1,340,773	13	617,926	7
1840	Deferred tax assets (note 6(l))	77,409	1	52,509	1		Total liabilities	5,769,630	55	3,964,211	47
1900	Other non-current assets	42,559	-	41,051	-		Equity (note 6(m)):				
	Total non-current assets	5,861,010	56	4,700,465	56	3100	Ordinary shares	863,434	9	863,434	10
						3200	Capital surplus	531,823	5	531,823	6
							Retained earnings:				
						3310	Legal reserve	824,071	8	746,181	9
						3320	Special reserve	227,091	2	222,369	3
						3350	Unappropriated retained earnings (note 6(k))	2,422,489	23	2,276,029	27
							Total retained earnings	3,473,651	33	3,244,579	39
						3400	Other equity	(200,748)	(2)	(227,091)	(2)
							Total equity	4,668,160	45	4,412,745	53
							Total liabilities and equity	\$ 10,437,790	100	\$ 8,376,956	100
	Total assets	\$ 10,437,790	100	\$ 8,376,956	100						

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
 (Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000 Operating revenues (notes 6(o) and 7)	\$ 7,694,769	100	6,073,490	100
5000 Operating costs (notes 6(e)(g)(k)(p) and 7)	<u>6,998,583</u>	<u>91</u>	<u>5,463,870</u>	<u>90</u>
Gross profit from operations	<u>696,186</u>	<u>9</u>	<u>609,620</u>	<u>10</u>
Operating expenses (notes 6(g)(k)(p) and 7):				
6100 Selling expenses	150,711	2	108,225	2
6200 Administrative expenses	152,693	2	123,538	2
6300 Research and development expenses	306,314	4	222,328	3
6450 Impairment loss determined in accordance with IFRS 9 (note 6(c))	<u>346</u>	<u>-</u>	<u>181</u>	<u>-</u>
Total operating expenses	<u>610,064</u>	<u>8</u>	<u>454,272</u>	<u>7</u>
Net operating income	<u>86,122</u>	<u>1</u>	<u>155,348</u>	<u>3</u>
Non-operating income and expenses:				
7100 Interest income (note 6(q) and 7)	706	-	944	-
7010 Other income (notes 6(q) and 7)	59,058	1	108,453	1
7020 Other gains and losses, net (note 6(h)(q))	48,759	1	108,811	2
7050 Finance costs (notes 6(q) and 7)	(6,180)	-	(916)	-
7070 Share of profit of subsidiaries accounted for using equity method, net	<u>265,004</u>	<u>3</u>	<u>555,278</u>	<u>9</u>
Total non-operating income and expenses	<u>367,347</u>	<u>5</u>	<u>772,570</u>	<u>12</u>
7900 Profit before income tax	453,469	6	927,918	15
7950 Less: Income tax expenses (note 6(l))	<u>103,805</u>	<u>1</u>	<u>145,520</u>	<u>2</u>
Profit	<u>349,664</u>	<u>5</u>	<u>782,398</u>	<u>13</u>
8300 Other comprehensive income:				
8310 Items that may not be reclassified subsequently to profit or loss				
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	66,485	1	(44,726)	(1)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total components of other comprehensive income that will not be reclassified to profit or loss	<u>66,485</u>	<u>1</u>	<u>(44,726)</u>	<u>(1)</u>
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation	(50,179)	(1)	50,005	1
8391 Other components of other comprehensive income that will be reclassified to profit or loss	(3,956)	-	(4,371)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(10,827)</u>	<u>-</u>	<u>9,127</u>	<u>-</u>
Total components of other comprehensive income that will be reclassified to profit or loss	<u>(43,308)</u>	<u>(1)</u>	<u>36,507</u>	<u>1</u>
8300 Other comprehensive income (loss)	<u>23,177</u>	<u>-</u>	<u>(8,219)</u>	<u>-</u>
Total comprehensive income	<u>\$ 372,841</u>	<u>5</u>	<u>774,179</u>	<u>13</u>
Basic earnings per share (note 6(n))				
Basic earnings per share (NT Dollars)	<u>\$ 4.05</u>		<u>9.06</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
 (Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

	Retained earnings					Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance on January 1, 2020	\$ 863,434	531,823	676,028	185,482	2,024,660	2,886,170	(275,080)	52,711	(222,369)	4,059,058
Profit for the year ended December 31, 2020	-	-	-	-	782,398	782,398	-	-	-	782,398
Other comprehensive loss for the year ended December 31, 2020	-	-	-	-	(3,497)	(3,497)	40,004	(44,726)	(4,722)	(8,219)
Comprehensive income for the year ended December 31, 2020	-	-	-	-	778,901	778,901	40,004	(44,726)	(4,722)	774,179
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	70,153	-	(70,153)	-	-	-	-	-
Special reserve	-	-	-	36,887	(36,887)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(420,492)	(420,492)	-	-	-	(420,492)
Balance on December 31, 2020	<u>863,434</u>	<u>531,823</u>	<u>746,181</u>	<u>222,369</u>	<u>2,276,029</u>	<u>3,244,579</u>	<u>(235,076)</u>	<u>7,985</u>	<u>(227,091)</u>	<u>4,412,745</u>
Profit for the year ended December 31, 2021	-	-	-	-	349,664	349,664	-	-	-	349,664
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(3,165)	(3,165)	(40,142)	66,485	26,343	23,178
Comprehensive income for the year ended December 31, 2021	-	-	-	-	346,499	346,499	(40,142)	66,485	26,343	372,842
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	77,890	-	(77,890)	-	-	-	-	-
Special reserve	-	-	-	4,722	(4,722)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(117,427)	(117,427)	-	-	-	(117,427)
Balance on December 31, 2021	<u>\$ 863,434</u>	<u>531,823</u>	<u>824,071</u>	<u>227,091</u>	<u>2,422,489</u>	<u>3,473,651</u>	<u>(275,218)</u>	<u>74,470</u>	<u>(200,748)</u>	<u>4,668,160</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 453,469	927,918
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	105,736	82,970
Amortization expense	5,395	2,346
Expected credit loss	346	181
Interest expense	6,180	916
Interest income	(706)	(944)
Dividend income	(1,483)	(371)
Share of profit of subsidiaries, accounted for using equity method	(265,004)	(555,278)
(Gain) loss from disposal of property, plant and equipment	(409)	6,905
Property, plant and equipment transferred to expenses	5,210	2,443
Gain from disposal of investment properties	-	(90,619)
Unrealized gain on transactions with affiliates	(5,506)	(48,103)
Unrealized foreign exchange loss	546	368
Gain from lease modifications	(170)	(15)
Total adjustments to reconcile profit	(149,865)	(599,201)
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(1,483)	1,033
(Increase) decrease in accounts receivable	(474,044)	349,070
Increase in accounts receivable due from related parties	(24,505)	(631,364)
Increase in other receivables	(6,891)	(393)
Increase in other receivable due from related parties	(15,657)	(79,691)
(Increase) decrease in inventories	(426,750)	72,736
Increase in prepayments	(6,780)	(3,953)
Increase in other current assets	(7,523)	(23,649)
Total changes in operating assets	(963,633)	(316,211)
Increase (decrease) in accounts payable	279,676	(149,660)
Increase in accounts payable to related parties	829,844	683,626
Increase (decrease) in other payables	1,305	(38,318)
Increase in other payables to related parties	26,016	4,444
Decrease in provisions	-	(553)
Increase (decrease) in other current liabilities	8,559	(3,438)
Decrease in net defined benefit liability	(1,349)	(2,156)
Total changes in operating liabilities	1,144,051	493,945
Total changes in operating assets and liabilities	180,418	177,734
Total adjustments	30,553	(421,467)
Cash inflow generated from operations	484,022	506,451
Interest received	706	944
Interest paid	(6,180)	(916)
Income taxes paid	(35,985)	(27,307)
Net cash flows from operating activities	442,563	479,172
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(702,791)	(299,343)
Acquisition of property, plant and equipment	(202,153)	(67,053)
Proceeds from disposal of property, plant and equipment	3,972	8,660
Increase in refundable deposits	(1,508)	(39,965)
Acquisition of intangible assets	(6,835)	(13,740)
Proceeds from disposal of investment properties	-	147,913
Dividends received	371	927
Net cash flows used in investing activities	(908,944)	(262,601)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	201,456	313,280
Decrease in short-term borrowings	(323,730)	-
Proceeds from long-term borrowings	678,720	-
Increase (decrease) in guarantee deposits received	57	(734)
Payment of lease liabilities	(27,565)	(8,920)
Cash dividends paid	(117,427)	(420,492)
Net cash flows used in financing activities	411,511	(116,866)
Effect of exchange rate changes on cash and cash equivalents	(6,656)	(368)
Net (decrease) increase in cash and cash equivalents	(61,526)	99,337
Cash and cash equivalents at beginning of period	546,497	447,160
Cash and cash equivalents at end of period	\$ 484,971	546,497

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(ORIGINAL NAME : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

(1) Company history

Nidec Chaun-Choung Technology Corporation, formerly called Chaun-Choung Technology Corporation, (“the Company”) was incorporated in December 14, 1973 as a company limited by shares under the approval of Ministry of Economic Affairs. Its registration address is No. 184-3, Zhongxing N. St., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.). The main business activities of the Company are the manufacturing and merchandising of vapor chamber, heat pipe and thermal module. For more detailed information, please refer to note 14.

A resolution was approved during the shareholder’s meeting held on December 9, 2020 to change the name of the Company from “Chaun- Choung Technology Corporation” to “Nidec Chaun-Choung Technology Corporation”.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issue by the Board of Directors on March 24, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The details of impact on the Company’s adoption of the new amendments beginning January 1, 2021 are as follows :

- (i) Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2” (the Phase 2 amendments)

The Company applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Company has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as of December 31, 2020, there is no impact on its opening equity balances as a result of retrospective application.

The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, then the Group will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Company will apply policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permits the hedging relationship to be continued without interruption. The Company applied the following reliefs as and when uncertainty arising from interest rate benchmark reform was no longer present with respect to the timing and amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Company amended the designation of a hedging relationship to reflect changes that were required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge was amended to reflect the changes that were required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

The details of the accounting policies and the financial risk management are disclosed in Note (4) and Note (6)(s).

(ii) Other amendments

The following new amendments, effective January 1, 2021, do not have a significant impact on the Company's financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the parent-company-only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through other comprehensive income are measured at fair value;
- 2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(p).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent-company-only financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. Excluding foreign operations in hyperinflationary economies, the income and expenses of foreign operations, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

(i) Financial assets

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘ investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘ credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Interest rate benchmark reform- Second phase amendment.

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Group will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if it falls on the following conditions:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group will first update the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Group will apply the policies on accounting for modifications to the additional changes.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Non-current assets held-for-sale

In the second quarter of 2020, the Board of Directors approved to dispose the investment property of the Company. All related registration of cancellation of mortgage procedures had been completed on September 9, 2020. Therefore, starting the third quarter of 2020, the Company had applied the accounting policy relating to non-current assets held for sale.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

Non-current assets or disposal groups, comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held-for-sale. Immediately before classifying as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value, less costs to sell.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(i) Investment in subsidiaries

When the parent-company-only financial statements are being prepared, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under equity method, profit or loss and other comprehensive income recognized in the parent-company-only financial statement is the same as total comprehensive income attributable to shareholders of the Company in the consolidated financial statements. In addition, changes in equity recognized in parent-company-only financial statements is the same as changes in equity attributable to owners of parent in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control as equity transactions between the proprietors.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- | | | |
|----|------------------|------------|
| 1) | buildings | 3~50 years |
| 2) | machinery | 1~10 years |
| 3) | office equipment | 3~6 years |
| 4) | other equipment | 2~10 years |

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Beginning January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Company will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for current and comparative periods are as follows:

1) Computer software cost 5~6 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any changes shall be accounted for as changes in accounting estimates.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods—vapor chamber, heat pipe and thermal module

The Company manufactures and sells vapor chamber, heat pipe and thermal module. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

No element of financing is deemed present as the sales of vapor chamber, heat pipe and thermal module are made with a credit term of 100 days, which is consistent with the market practice.

The Company reduces revenue by the amount of expected returns and recognizes a refund liability. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Company reassesses the estimated amount of expected returns.

The Company's obligation to provide a refund for faulty vapor chamber, heat pipe and thermal module under the standard warranty terms is recognized as a provision for warranty.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(s) Operating segments

The Company discloses its information on operating segments in its consolidated financial statements, so it need not disclose such information in its parent-company-only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent-company-only financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	\$ 173	219
Demand deposits	484,798	546,278
Check deposit	-	-
Cash and cash equivalents in the statement of cash flows	<u>\$ 484,971</u>	<u>546,497</u>

Please refer to note 6(r) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

As of December 31, 2021 and 2020, the cash and cash equivalents of the Company had not been pledged as collateral for borrowings or lawsuit.

(b) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income:		
Domestic unlisted common shares-Everflow Technology Corporation	<u>\$ 94,468</u>	<u>27,983</u>

(i) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

During the years ended December 31, 2021 and 2020, the dividends of \$1,483 thousand and \$371 thousand, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2021 and 2020.

(ii) For market risk, please refer to note 6(r).

(iii) As of December 31, 2021 and 2020, the financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(c) Notes and accounts receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable from non-operating activities	\$ 1,483	-
Notes receivables	<u>\$ 1,483</u>	<u>-</u>
Accounts receivables (including related parties)	\$ 2,571,617	2,073,068
Less: Loss allowance	<u>(596)</u>	<u>(250)</u>
Net accounts receivables	<u>\$ 2,571,021</u>	<u>2,072,818</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The loss allowance provisions were determined as follows:

	<u>December 31, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 2,498,002	0.00028%	7
1 to 30 days past due	27,781	0.01440%	4
31 to 120 days past due	46,630	0.13511%	63
121 to 180 days past due	166	0.60241%	1
More than 180 days past due	<u>521</u>	100%	<u>521</u>
	<u>\$ 2,573,100</u>		<u>596</u>

	<u>December 31, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 2,019,369	0.00030%	6
1 to 30 days past due	39,061	0.03072%	12
31 to 120 days past due	13,955	0.16482%	23
121 to 180 days past due	475	0.21053%	1
More than 180 days past due	<u>208</u>	100%	<u>208</u>
	<u>\$ 2,073,068</u>		<u>250</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The movement in the allowance for notes and accounts receivables were as follows:

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 250	659
Impairment losses recognized	346	181
Amounts written off	<u>-</u>	<u>(590)</u>
Balance at December 31	<u><u>\$ 596</u></u>	<u><u>250</u></u>

As of December 31, 2021 and 2020, the aforementioned notes and accounts receivables of the Company had not been pledged as collateral.

For further credit risk information, please refer to note 6(r).

(d) Other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables	\$ 16,467	8,464
Other receivables due from related parties	<u>447,023</u>	<u>431,366</u>
	<u><u>\$ 463,490</u></u>	<u><u>439,830</u></u>

As of December 31, 2021 and 2020, no allowance for impairment was provided because all of the other receivables were still within the normal credit terms.

For further credit risk information, please refers to note 6(r).

(e) Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Raw materials	\$ 54,271	18,876
Work in progress	78,688	27,382
Finished goods	720,407	449,772
Merchandise inventory	<u>158,994</u>	<u>89,580</u>
	<u><u>\$ 1,012,360</u></u>	<u><u>585,610</u></u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

For the years ended December 31, 2021 and 2020, the relating cost and loss of inventories recognized in operating costs amounted to \$91,166 thousand and \$61,095 thousand, respectively. The details of the loss of inventories were as follows:

	<u>2021</u>	<u>2020</u>
Unallocated production overheads	\$ 11,573	5,759
Write-down of inventories (Reversal of write-downs)	75,351	(33,590)
Income from sale of scrap and wastes	(9,530)	(10,989)
Loss from scrap	13,772	99,883
Inventory shortage	<u>-</u>	<u>32</u>
Increase in cost of sales	<u>\$ 91,166</u>	<u>61,095</u>

For the years ended December 31, 2021 and 2020, raw material, and changes in the finished goods, merchandise inventory and work in progress recognized as cost of sales amounted to \$6,907,417 thousand and \$5,402,775 thousand, respectively.

As of December 31, 2021 and 2020, the Company did not provide any inventories as collateral for its loans.

(f) Investments accounted for using equity method

A summary of the Company's investments accounted for using the equity method at the reporting date is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	<u>\$ 4,993,826</u>	<u>4,070,704</u>

(i) Subsidiaries

For the information of subsidiaries, please refer to the consolidated financial statements for the years ended December 31, 2021.

(ii) Collateral

As of December 31, 2021 and 2020, the Company did not provide any investments accounted for using equity method as collateral for its loans.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(g) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:							
Balance on January 1, 2021	\$ 210,127	107,020	239,921	4,174	63,576	16,790	641,608
Additions	-	7,329	62,465	4,314	8,194	119,851	202,153
Disposal	-	-	(8,583)	-	-	-	(8,583)
Reclassification	-	299	(1,059)	-	-	(9,029)	(9,789)
Balance on December 31, 2021	<u>\$ 210,127</u>	<u>114,648</u>	<u>292,744</u>	<u>8,488</u>	<u>71,770</u>	<u>127,612</u>	<u>825,389</u>
Balance on January 1, 2020	\$ 210,127	102,608	165,815	209	108,012	30,991	617,762
Additions	-	7,090	27,865	3,965	11,343	16,790	67,053
Disposal	-	(4,426)	(23,977)	-	(11,360)	-	(39,763)
Reclassification	-	1,748	70,218	-	(44,419)	(30,991)	(3,444)
Balance on December 31, 2020	<u>\$ 210,127</u>	<u>107,020</u>	<u>239,921</u>	<u>4,174</u>	<u>63,576</u>	<u>16,790</u>	<u>641,608</u>
Depreciation:							
Balance on January 1, 2021	\$ -	55,415	124,893	341	39,948	-	220,597
Depreciation for the year	-	12,347	48,793	1,428	15,081	-	77,649
Disposal	-	-	(5,020)	-	-	-	(5,020)
Reclassification	-	-	(6,803)	-	-	-	(6,803)
Balance on December 31, 2021	<u>\$ -</u>	<u>67,762</u>	<u>161,863</u>	<u>1,769</u>	<u>55,029</u>	<u>-</u>	<u>286,423</u>
Balance on January 1, 2020	\$ -	43,645	72,488	157	55,702	-	171,992
Depreciation for the year	-	13,864	35,350	184	24,201	-	73,599
Disposal	-	(2,094)	(11,705)	-	(11,195)	-	(24,994)
Effect of movements in exchange rates	-	-	28,760	-	(28,760)	-	-
Balance on December 31, 2020	<u>\$ -</u>	<u>55,415</u>	<u>124,893</u>	<u>341</u>	<u>39,948</u>	<u>-</u>	<u>220,597</u>
Carrying amounts:							
Balance on December 31, 2021	<u>\$ 210,127</u>	<u>46,886</u>	<u>130,881</u>	<u>6,719</u>	<u>16,741</u>	<u>127,612</u>	<u>538,966</u>
Balance on December 31, 2020	<u>\$ 210,127</u>	<u>51,605</u>	<u>115,028</u>	<u>3,833</u>	<u>23,628</u>	<u>16,790</u>	<u>421,011</u>

As of December 31, 2021 and 2020, the Company did not provide any property, plant and equipment as collaterals for its loans.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(h) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2020	\$ 36,370	34,776	71,146
Disposal	<u>(36,370)</u>	<u>(34,776)</u>	<u>(71,146)</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>-</u>	<u>-</u>
Accumulated depreciation:			
Balance at January 1, 2020	\$ -	13,340	13,340
Depreciation for the year	-	512	512
Disposal	<u>-</u>	<u>(13,852)</u>	<u>(13,852)</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>-</u>	<u>-</u>
Carrying amount:			
Balance at December 31, 2020	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fair value:			
Balance at December 31, 2020			<u>\$ 141,396</u>

The Company classifies its land and building as investment property with the intention of earning a return on the investment either through rental income, the future resale of the property, or both.

On May 11, 2020, the Board of Directors approved to dispose the investment property of the Company. All related registration of cancellation of mortgage procedures had been completed on September 9, 2020. Once an investment property is classified as held-for-sale, it is no longer depreciated. On October 16, 2020, the Company disposed its property to Kuan Chynan Industrial Co., Ltd. at the amount of \$147,913 thousand. For the gain and loss on the disposal of investment property, please refer to note(q).

(i) Short-term borrowings from related parties

The short-term borrowings were summarized as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured short-term borrowings from related parties	<u>\$ 199,296</u>	<u>313,280</u>
Unused credit lines	<u>\$ 17,487</u>	<u>490,759</u>
Range of interest rates	<u>0.47388%</u>	<u>0.57038%~0.60613%</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(i) Issuance and payment of borrowings

As of December 31, 2021 and 2020, the loans amounted to \$201,456 thousand and \$313,280 thousand, respectively. based on the historical exchange rate; and the payments made were \$323,730 thousand and \$323,730 thousand, respectively. for the years ended. For the interest expense, please refer to note 6 (q).

(ii) Collateral of borrowings

For the collateral for short-term borrowings, please refer to note 8.

(j) Long-term borrowings from related parties

	December 31, 2021	December 31, 2020
Unsecured short-term borrowings from related parties	\$ 664,320	-
Deduct: Debt maturity within a year	-	-
Long-term borrowings	<u>\$ 664,320</u>	<u>-</u>
Unused credit lines	<u>\$ -</u>	<u>-</u>
Range of interest rates	<u>0.79588%</u>	<u>-</u>

(i) Issuance of borrowings

For the years ended December 31, 2021 and 2020, the loans amounted to \$678,720 thousand and \$0 thousand, respectively. Based on historical exchange rate. For the interest expense, please refer to note 6 (q) and note 7(c).

(ii) Collateral of borrowings

For the collateral for long-term borrowings, please refer to note 8.

(k) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	\$ 60,795	57,189
Fair value of plan assets	<u>(54,736)</u>	<u>(53,737)</u>
Net defined benefit liabilities	<u>\$ 6,059</u>	<u>3,452</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The Company's employee benefit liabilities were as follows:

	December 31, 2021	December 31, 2020
Long-term vacation liability	<u>\$ 7,356</u>	<u>5,293</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$54,736 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	2021	2020
Defined benefit obligations at January 1	\$ 57,189	53,314
Current service costs and interest cost	920	1,298
Remeasurements loss (gain):		
– Return on plan assets excluding interest income	(2,515)	3,458
– Actuarial loss (gain) arising from financial assumptions	7,037	2,486
Benefits paid	<u>(1,836)</u>	<u>(3,367)</u>
Defined benefit obligations at December 31	<u>\$ 60,795</u>	<u>57,189</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

3) Movements of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets at January 1	\$ 53,737	52,078
Interest income	408	595
Remeasurements loss (gain):		
– Return on plan assets excluding interest income	566	1,573
Contributions paid by the employer	1,861	1,754
Benefits paid	<u>(1,836)</u>	<u>(2,263)</u>
Fair value of plan assets at December 31	<u>\$ 54,736</u>	<u>53,737</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 493	700
Net interest of net liabilities for defined benefit obligations	<u>19</u>	<u>3</u>
	<u>\$ 512</u>	<u>703</u>
	<u>2021</u>	<u>2020</u>
Operating cost	\$ 295	36
Administration expenses	<u>217</u>	<u>667</u>
	<u>\$ 512</u>	<u>703</u>

5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2021 and 2020, was as follows:

	<u>2021</u>	<u>2020</u>
Accumulated amount at January 1	\$ (13,435)	(9,938)
Recognized during the period	<u>(3,165)</u>	<u>(3,497)</u>
Accumulated amount at December 31	<u>\$ (16,600)</u>	<u>(13,435)</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.750 %	0.750 %
Future salary increase rate	2.000 %	1.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$1,933 thousand.

The weighted average lifetime of the defined benefits plans is 16.14 years.

7) Sensitivity analysis

When calculating the present value of defined benefit obligation, the Company must use judgment and estimates to determine the relevant actuarial assumptions at the balance sheet date, including discount rate, employee turnover rate, and future salary increase rate. Any change in actuarial assumptions could materially affect the amount of the Company's defined benefit obligation.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Influences of defined benefit obligations</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2021		
Discount rate (0.25% variation)	\$ (1,904)	1,986
Future salary increasing rate (0.25% variation)	1,927	(1,857)
December 31, 2020		
Discount rate (0.25% variation)	(1,676)	1,751
Future salary increasing rate (0.25% variation)	1,716	(1,652)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of net defined benefit liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(ii) Defined contribution plans

The Company allocates 6.00% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$17,154 thousand and \$13,284 thousand for the years ended December 31, 2021 and 2020, respectively.

(l) Income taxes

(i) Income tax expense

The components of income tax in the years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense	\$ 71,814	23,391
Deferred tax expense	31,991	122,129
Income tax expense	<u>\$ 103,805</u>	<u>145,520</u>

Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows.

	<u>2021</u>	<u>2020</u>
Profit excluding income tax	<u>\$ 453,469</u>	<u>927,918</u>
Income tax using the Company's domestic tax rate	\$ 90,694	185,584
Effect of tax rates in foreign jurisdiction	(6,807)	(12,643)
Tax-exempt income	(296)	(12,856)
Tax incentives	(10,500)	(10,500)
Difference between estimate and assessment	3,918	(3,638)
Land Value Increment Tax	-	696
Over-estimation from prior periods	(2,147)	(7,920)
Additional tax on undistributed earnings	28,943	6,797
Total	<u>\$ 103,805</u>	<u>145,520</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The amount of income tax recognized in other comprehensive income were as follows:

	2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements (gain) loss	\$ <u>(791)</u>	<u>(874)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	\$ <u>(10,036)</u>	<u>10,001</u>
(ii) Deferred tax assets and liabilities		
1) Recognized deferred tax assets and liabilities		

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

Deferred Tax Liabilities:

	Investment income recognized under equity method	Cumulative translation adjustments	Reserve for land revaluation increment tax	Others	Total
Balance at January 1, 2021	\$ 529,812	-	26,241	9,733	565,786
Recognized in profit or loss	46,194	-	-	(130)	46,064
Balance at December 31, 2021	<u>\$ 576,006</u>	<u>-</u>	<u>26,241</u>	<u>9,603</u>	<u>611,850</u>
Balance at January 1, 2020	\$ 431,398	-	26,241	1,877	459,516
Recognized in profit or loss	98,414	-	-	7,856	106,270
Balance at December 31, 2020	<u>\$ 529,812</u>	<u>-</u>	<u>26,241</u>	<u>9,733</u>	<u>565,786</u>

Deferred Tax Assets:

	Allowance for inventory valuation and obsolescence losses	Unrealized profit on downstream transactions	Cumulative translation adjustments	Others	Total
Balance at January 1, 2021	\$ 2,784	2,363	40,560	6,802	52,509
Recognized in profit or loss	15,070	(1,101)	-	104	14,073
Recognized directly in equity	-	-	10,036	791	10,827
Balance at December 31, 2021	<u>\$ 17,854</u>	<u>1,262</u>	<u>50,596</u>	<u>7,697</u>	<u>77,409</u>
Balance at January 1, 2020	\$ 9,502	11,824	50,561	5,608	77,495
Recognized in profit or loss	(6,718)	(9,461)	-	320	(15,859)
Recognized directly in equity	-	-	(10,001)	874	(9,127)
Balance at December 31, 2020	<u>\$ 2,784</u>	<u>2,363</u>	<u>40,560</u>	<u>6,802</u>	<u>52,509</u>

(iii) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by the R.O.C. tax authority.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(m) Capital and other equity

(i) Ordinary shares

As of December 31, 2021 and 2020, the Company's government-registered total authorized capital both amounted to \$1,200,000 thousand, and total issued capital stock both amounted to \$863,434 thousand, divided into 86,343 thousand shares of stock with \$10 par value per share.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2021 and 2020, were as follows:

	December 31, 2021	December 31, 2020
Share capital	\$ 376,600	376,600
Conversion of bonds	155,223	155,223
	\$ 531,823	531,823

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The distribution of retained earnings of the Company should not be less than 15% of the net income. In addition, the stock dividends shall not be more than 80% of total dividends and the cash dividends shall not be less than 20% of total dividends when distributing the dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

2) Special reserve

As the Company opted to avail of the exemptions allowed under IFRS 1 “First-time Adoption of International Financial Reporting Standards” during the Company’s first-time adoption of the IFRSs as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gain) which were previously recognized in shareholders’ equity were reclassified to retained earnings. According to regulations, retained earnings would be increased by \$84,833 thousand, by recognizing the fair value on the adoption date as deemed cost. In accordance with Ruling No.1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings due to the first time adoption of the IFRSs shall be reclassified as a special reserve during earning distribution, and when the relevant assets were used, disposed of or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The balance of special reserve amounted to \$227,091 thousand and \$222,369 thousand as of December 31, 2021 and 2020, respectively.

In accordance with Ruling No.1010012865 mentioned above, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders’ equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders’ equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2020 and 2019 was decided by the resolution adopted, at the general meeting of shareholders held on August 12, 2021 and June 22, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.36	<u>117,427</u>	4.87	<u>420,492</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(iv) Other equity accounts, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2021	\$ (235,076)	7,985	(227,091)
Exchange differences on translation of foreign financial statements, net of tax	(40,142)	-	(40,142)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	66,485	66,485
Balance at December 31, 2021	<u>\$ (275,218)</u>	<u>74,470</u>	<u>(200,748)</u>
Balance at January 1, 2020	\$ (275,080)	52,711	(222,369)
Exchange differences on translation of foreign financial statements, net of tax	40,004	-	40,004
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(44,726)	(44,726)
Balance at December 31, 2020	<u>\$ (235,076)</u>	<u>7,985</u>	<u>(227,091)</u>

(n) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2021 and 2020, were based on the profit attributable to ordinary shareholders of the Company of \$349,664 thousand and \$782,398 thousand, respectively, and the weighted average number of ordinary shares outstanding of 86,343 thousand shares, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	<u>2021</u>	<u>2020</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 349,664</u>	<u>782,398</u>

2) Weighted average number of ordinary shares

	<u>2021</u>	<u>2020</u>
Issued ordinary shares at January 1	<u>\$ 86,343</u>	<u>86,343</u>
Weighted average number of ordinary shares at December 31	<u>\$ 86,343</u>	<u>86,343</u>
Weighted average number of ordinary shares at December 31	<u>\$ 4.05</u>	<u>9.06</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

Considering the employee profit sharing plan and the dividend payout experience in the most recent 2 years, the Company paid the cash bonus and the cash dividends. As the result, the basic earnings per share and the diluted earnings per share were the same for the years ended, 2021 and 2020.

(o) Revenue from contracts with customers

(i) Details of revenue

	<u>2021</u>	<u>2020</u>
Primary geographical markets:		
Chinese mainland	\$ 4,688,193	3,075,400
Taiwan	909,938	1,034,074
Singapore	480,350	468,670
Malaysia	633,149	601,772
Others	<u>983,139</u>	<u>893,574</u>
	<u>\$ 7,694,769</u>	<u>6,073,490</u>
Major products:		
Thermal module	\$ 5,588,838	4,112,168
Thermal products	1,648,060	1,371,132
Others	<u>457,871</u>	<u>590,190</u>
	<u>\$ 7,694,769</u>	<u>6,073,490</u>

(ii) Contract balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes receivables from operating activities	\$ -	-	1
Accounts receivables (including related parties)	2,571,617	2,073,068	1,791,364
Less: allowance for impairment	<u>(596)</u>	<u>(250)</u>	<u>(659)</u>
Total	<u>\$ 2,571,021</u>	<u>2,072,818</u>	<u>1,790,706</u>

For details on accounts receivables and allowance for impairment, please refer to note 6(c).

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(p) Remuneration to employees, directors and supervisors

In accordance with the articles of incorporation the Company should contribute no less than 3% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$14,099 thousand and \$30,360 thousand, and directors' and supervisors' remuneration amounting to \$2,389 thousand and \$3,300 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020.

The amounts, as stated in the parent-company-only financial statements, are identical to those of the actual distributions for 2021. For the year ended December 31, 2020, the difference between the amount stated in the financial statements and the amount to be distributed, approved by Board of Directors, is shown below. According to changes in accounting estimate, the Company recognized the difference through profit and loss in 2021. The related information would be available at the Market Observation Post System website.

	2020		
	The amount to be distributed approved by Board of Directors	The amount stated in the financial statement	Differences
Employee remuneration	\$ 28,847	30,360	(1,513)
Director and supervisor's remuneration	3,300	3,300	-
	\$ 32,147	33,660	(1,513)

(q) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	2021	2020
Interest income from bank deposits	\$ 327	887
Other interest income	379	57
	\$ 706	944

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(ii) Other income

The details of other income were as follows:

	<u>2021</u>	<u>2020</u>
Rental income	\$ 307	3,324
Dividend income	1,483	371
Commission income from purchase of raw materials and equipments	12,912	85,800
Technical service revenue	8,918	4,342
Other income, others	<u>35,438</u>	<u>14,616</u>
	<u>\$ 59,058</u>	<u>108,453</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2021</u>	<u>2020</u>
Loss on disposal of property, plant and equipment	\$ 409	(6,905)
Gain on disposal of investment property	-	90,619
Gain on lease modification	170	15
Foreign currency exchange gain	48,756	26,150
Depreciation of investment property	-	(512)
Others	<u>(576)</u>	<u>(556)</u>
	<u>\$ 48,759</u>	<u>108,811</u>

(iv) Finance costs

The details of finance costs were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense	\$ (5,662)	(673)
Amortization interest of lease liabilities	(518)	(239)
Other finance costs	<u>-</u>	<u>(4)</u>
	<u>\$ (6,180)</u>	<u>(916)</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(r) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets at fair value through other comprehensive income	\$ 94,468	27,983
Financial assets at amortized cost (loans and receivables)		
Cash and cash equivalents	484,971	546,497
Notes and accounts receivables (including related parties)	2,572,504	2,072,818
Other receivables (including related parties)	<u>463,490</u>	<u>439,830</u>
Subtotal	<u>3,520,965</u>	<u>3,059,145</u>
Total	<u>\$ 3,615,433</u>	<u>3,087,128</u>

2) Financial liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial liabilities at amortized cost		
Short-term borrowings-related parties	\$ 199,296	313,280
Accounts payables (including related parties)	3,844,887	2,735,367
Other payables (including related parties)	308,086	244,937
Lease liabilities	91,163	66,036
Long-term borrowings-related parties	<u>664,320</u>	<u>-</u>
Total	<u>\$ 5,107,752</u>	<u>3,359,620</u>

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the Company's exposure to credit risk and the maximum exposure were mainly from notes and accounts receivables and other receivables, the amount is \$3,035,994 thousand and \$2,512,648 thousand, respectively.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

2) Concentration of credit risk

The major customers of the Company are centralized in the high-tech computer industry. To minimize credit risk, the Company periodically evaluates the Company's financial positions and the possibility of collecting accounts receivables. Besides, the Company monitors and reviews the recoverable amount of the accounts receivables to ensure the uncollectible amount are recognized appropriately as impairment loss. As of December 31, 2021 and 2020, 47% and 35%, respectively, of accounts receivables were three major customers. Thus, credit risk is significantly centralized.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost includes other receivables.

All of other receivables are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f). For the years ended December 31, 2021 and 2020, no allowance for impairment were provided because there was no indication of credit-impaired for other receivables.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings from related parties	\$ 199,296	(199,853)	(199,853)	-	-	-
Accounts payable (including related parties)	3,844,887	(3,844,887)	(3,791,758)	(53,129)	-	-
Other payables (including related parties)	308,086	(308,086)	(308,086)	-	-	-
Lease liabilities related parties	91,163	(92,051)	(16,682)	(16,419)	(22,038)	(36,912)
	<u>664,320</u>	<u>(671,076)</u>	<u>(3,118)</u>	<u>(3,118)</u>	<u>(664,840)</u>	<u>-</u>
	<u>\$ 5,107,752</u>	<u>(5,115,953)</u>	<u>(4,319,497)</u>	<u>(72,666)</u>	<u>(686,878)</u>	<u>(36,912)</u>
December 31, 2020						
Non-derivative financial liabilities						
Short-term borrowings from related parties	\$ 313,280	(314,202)	(314,202)	-	-	-
Accounts payable (including related parties)	2,735,367	(2,735,367)	(2,680,342)	(55,025)	-	-
Other payables (including related parties)	244,937	(244,937)	(244,937)	-	-	-
Lease liabilities	66,036	(66,998)	(9,034)	(8,720)	(15,599)	(33,645)
	<u>3,359,620</u>	<u>(3,361,504)</u>	<u>(3,248,515)</u>	<u>(63,745)</u>	<u>(15,599)</u>	<u>(33,645)</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iv) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk were as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 121,085	27.680	3,351,633	119,271	28.480	3,396,838
CNY	32,156	4.344	139,686	17,026	4.377	74,523
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	166,643	27.680	4,612,678	105,488	28.480	3,004,298
CNY	8,620	4.344	37,445	5,114	4.377	22,384

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, loans and borrowings and accounts and other payables that are denominated in foreign currency. A weakening of 1% of the NTD against the USD and CNY as of December 31, 2021 and 2020, would have decreased the net income before tax by \$11,588 thousand and \$4,447 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2021 and 2020.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$48,756 thousand and \$26,150 thousand, respectively.

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1%, the Company's net income would have decreased / increased by \$6,909 thousand and \$2,506 thousand, respectively, for the years ended December 31, 2021 and 2020 with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

(vi) Other pricing risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Price of securities at the reporting date	2021		2020	
	Other comprehensive profit or loss after tax	Profit or loss after tax	Other comprehensive profit or loss after tax	Profit or loss after tax
Increased by 1%	\$ 945	-	280	-
Decreased by 1%	\$ (945)	-	(280)	-

(vii) Fair value of financial instruments

1) Fair value hierarchy

The financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 484,971	-	-	-	-
Notes and accounts receivable (including related parties)	2,572,504	-	-	-	-
Other receivables (including related parties)	463,490	-	-	-	-
Financial assets at fair value through other comprehensive income	94,468	-	-	94,468	94,468
Total	\$ 3,615,433	-	-	94,468	94,468

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

b) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

The book values of the Group's loans and receivables, financial assets carried at cost, and financial liabilities measured at amortized cost are similar to their fair values.

3) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Fair value of the Company's financial instruments that have an active market is displayed by category and attribute as follows:

The listed callable bonds, listed stocks, bill of exchange and corporate bonds are financial assets and liabilities with standard transaction terms and conditions, and traded on active market. The fair value of such items is determined in reference to the quoted market price.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

Fair value of the Company's financial instruments that without an active market is displayed by category and attribute as follows:

Equity instruments without an open quoted price: Fair value is estimated using the approach of comparative companies. The main assumptions are the estimated EBITDA of the investee, and the earnings multiplier derived from the quoted price of a comparative publicly listing company. Such estimate has been adjusted by the discount due from the lack of market circulation of the equity securities.

4) Transfers between Level 1 and Level 2

There were no transfers between levels of fair value hierarchy for the years ended December 31, 2021 and 2020.

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value is fair value through other comprehensive income – equity investments.

The equity investments without active market has multiple significant unobservable inputs. The significant unobservable inputs are independent of each other, and no interrelationship exists.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income - equity investments without an active market	Market comparable companies method	Discount rate for lack of market circulation (25% as of December 31, 2021 and 2020)	The higher the discount rate for lack of market circulation, the lower the fair value.

(s) Financial risk management

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). Since the Company has exposures to IBORs on its financial instruments, they will be replaced or reformed as part of these market-wide initiatives. The main risk of the Company on the reporting day is that the London Interbank Offered Rate (LIBOR) is expected to cease before the end of 2021. Therefore, the consultation on the suspension of LIBOR and possible reform in regulations are in progress. However, the Company may continue to use LIBOR after the end of 2021. Meanwhile, the Company is discussing the terms' amendments of the contract in response to changes in interest rate benchmark with the counterparty.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The Company expects that the interest rate benchmark reform will affect its operations and risk management processes, specifically, its operational risk, such as through renegotiating loan contracts with counterparties, as well as updating contract terms and revision of operational controls related to reform. Financial risk is mainly limited to interest rate risk.

The risk management committee monitors and manages the Company's transition to alternative rates. The committee evaluates the contracts regarding the extent of the IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The committee reports to the Company's board of directors quarterly and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from IBOR reform.

The Company monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Company considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language on December 31, 2021. The amounts of financial liabilities are shown at their carrying amounts:

	<u>USD LIBOR</u>	
	<u>Total amount of unreformed contracts</u>	<u>Amount with appropriate fallback clause</u>
December 31, 2021		
Financial liability		
Short-term borrowings from related parties	\$ 199,296	Note 1
Long-term borrowings from related parties	664,320	Note 1

Note 1: As of December 31, 2021, the Company is discussing the amendments of the contract terms with its counterparties in response to interest rate benchmark reform.

The Company calculated the carrying amount of its short-term loans based on LIBOR on January 1, 2021. However, since the Company had already paid its loan in full on June 30, 2021, there were no significant impact on the financial risk management of the Company.

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying parent-Company-only financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Chairman's office and Group operations center, which are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customer.

1) Accounts and other receivable

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Company; these limits are reviewed regularly. No collateral required for accounts and other receivable, Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Clients who transaction with the Company has few experiences on default losses. When monitoring customers' credit risk, customers are grouped according to its credit characteristics, including whether it is an individual or a legal entity, geographical distinction, industry, aging schedule, maturity date and previously existing financial difficulties. Customers who are rated as high risk are classified as restricted and these customers may transact with the Company only on a prepayment basis.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The Company established an impairment allowance that represents its estimate of incurred losses in respect of accounts and other receivables, as well as investments. Major components of this impairment allowance are specific losses related to individually significant exposure and collective losses which have incurred but have not been identified. The collective losses are based on historical payment experience of similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2021 and 2020, the Company did not provide financial guarantees to other third parties.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company depend its accounting policy to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than accounts payables) over the succeeding 60 days. The Company also monitors the level of expected cash outflows on accounts and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2021 and 2020, the Company's unused credit line were amounted to \$17,487 thousand and \$490,759 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the NTD, US Dollar (USD), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, USD, and CNY.

Loan interest is denominated in the currency of the loan. Generally, the currency of the borrowings is the same as the currency of the cash flows from operating activities, which is mainly NTD and USD. Under this circumstances, economic hedging is provided without signing derivatives, so the Company doesn't apply hedge accounting.

2) Interest rate risk

The Company holds floating interest rate of assets and liabilities, and thus suffer from cash flow interest rate risk exposure. The detail of floating interest rate of the Company's assets and liabilities, please refer to note "liquidity risk management".

3) Other market price risk

The Company doesn't sign merchandise contract except for meeting the expected consumption and sales demand.

(t) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain the future development of the business. The capital includes ordinary shares, capital surplus and retained earnings. The Board monitors the return on capital and controls the level of common stock dividends.

The Company monitors funds by regularly review debt-to-equity ratio. As of December 31, 2021 and 2020, the Company's debt-to-equity ratio is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 5,769,630	3,964,211
Less: cash and cash equivalents	(484,971)	(546,497)
Net debt	<u>\$ 5,284,659</u>	<u>3,417,714</u>
Total equity	<u>\$ 4,668,160</u>	<u>4,412,745</u>
Debt-to-equity ratio	<u>113.21 %</u>	<u>77.45 %</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(7) Related-party transactions

(a) Parent company and ultimate controlling company

Nidec Corporation acquired 48% of the Company's ordinary shares through public tender offer during October 3, 2018 to November 21, 2018. Therefore, Nidec Corporation is both the parent company and the ultimate controlling party of the Company. As of December 31, 2021 and 2020, it owns 85.86% and 67.02% of all shares outstanding of the Company, respectively. Nidec Corporation has issued the consolidated financial statements available for public use.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the parent-company-only financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Nidec Corporation	The parent company
Conquer Wisdom Co., Ltd.	The Company's subsidiary
Nidec Chaun Choung Vietnam Corporation	The Company's subsidiary
Nidec Chaun Choung Techonology America Inc. (Original name: Chaun Choung Techonology America Inc.)	The Company's subsidiary
GLOBE STAR ENTERPRISE Ltd.	The Company's subsidiary
Nidec Jue-Choung Electronics (Kunshan) Co.,Ltd. (Original name: Kunshan Jue-Choung Electronics Co.,Ltd.)	The Company's subsidiary
Nidec Cyun Siang High-Tech (Chongqing) Co.,Ltd. (Original name: Chongqing Cyun Siang High-Tech Co., Ltd.)	The Company's subsidiary
Nidec Chiuan-Vector Industrial (Dongguan) Co., Ltd. (Original name: Dongguan Chiuan-Vector Industrial Co.,Ltd.)	The Company's subsidiary
Nidec America Corporation	The Company's subsidiary
Nidec Copal Coporation	The Company's other related parties
Nidec Electronics (Thailand) Co., Ltd.	The Company's other related parties
Nidec Europe Sales B.V.	The Company's other related parties
Nidec Machinery Corporation	The Company's other related parties
Nidec Precision (Thailand) Co., Ltd.	The Company's other related parties
Nidec Sankyo Corporation	The Company's other related parties
Nidec Techno Motor Vietnam Corporation	The Company's other related parties

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Nidec (Dalian) Limited	The Company's other related parties
Nidec (H.K.) Co., Limited	The Company's other related parties
Nidec (Zhejiang) Corporation	The Company's other related parties
Nidec Sankyo (H.K.) Co LTD	The Company's other related parties
Nidec Automotive Motor (Zhejiang) Corporation	The Company's other related parties
Nidec Copal (Zhejiang) Co., Ltd.	The Company's other related parties
Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd.	The Company's other related parties
Nidec Machinery (Zhejiang) Corporation	The Company's other related parties
Nidec (Shanghai) International Trading Co.,Ltd.	The Company's other related parties
Nidec Management Shanghai Corporation.	The Company's other related parties
Nidec (Shenzhen) Co., Ltd.	The Company's other related parties
Nidec Taiwan Corporation	The Company's other related parties
Create Area Interior Design Co., Ltd.	The Company's other related parties

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties and the balance of accounts receivables were as follows:

	<u>Sales</u>		<u>Accounts receivables</u>	
	<u>2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The parent company	\$ 13,939	14,251	3,446	2,378
Subsidiaries	103,781	54,169	37,894	22,665
Other related parties				
Nidec (H.K.) Co., Limited	1,591,552	764,414	635,912	628,191
Other related parties	<u>26,728</u>	<u>4,231</u>	<u>4,060</u>	<u>3,573</u>
	<u>\$ 1,736,000</u>	<u>837,065</u>	<u>681,312</u>	<u>656,807</u>

The selling price for related parties approximated the market price. The accounts receivables arising from sales of parent company and other related parties are collected 90 to 120 days after the account day. The accounts receivables arising from sales of subsidiaries are collected on the 120 days after the account day. Amounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(ii) Purchases

The amounts of significant purchases by the Company from related parties and the balance of accounts payable were as follows:

	Purchase		Accounts Payable	
	2021	2020	December 31, 2021	December 31, 2020
Subsidiaries				
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	\$ 2,748,267	2,163,120	1,659,030	1,180,031
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	2,406,281	1,295,797	1,243,073	893,017
Other related parties	1,102	-	789	-
	\$ 5,155,650	3,458,917	2,902,892	2,073,048

The pricing of purchase transactions with subsidiaries were not significantly different from those offered by other vendors. The payment terms within 120 to 150 days after the account day, which were no different from the payment terms given by other vendors.

(iii) Property transactions

The acquisition price of property, plant and equipment purchased from related parties and the balance of other payables are summarized as follows:

	Acquisition price		Other payables	
	2021	2020	December 31, 2021	December 31, 2020
Other related parties				
Create Area Interior Design Co., Ltd.	\$ -	508	-	60

(iv) Loans to the related Party

	December 31, 2021	December 31, 2020
Nidec Chaun Choung Vietnam Corporation	\$ -	113,920

The Company's unsecured loans to the related party had an interest rate of 1% per annum, wherein the interest income amounted to \$379 thousand and \$57 thousand respectively for the year ended 2021 and 2020. No impairment loss had been recognized as of the reporting date.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(v) Borrowing from a Related Party

Range of interest rates	Interest expense		Amount of borrowing from related parties		
	2021	2020	December 31, 2021	December 31, 2020	
Short-term borrowing from the parent company	Three month usd LIBOR rate+0.35%	\$ 1,337	673	199,296	313,280
Long-term borrowing from the parent company	Six month usd LIBOR rate+0.6%	4,325	-	664,320	-
		<u>\$ 5,662</u>	<u>673</u>	<u>863,616</u>	<u>313,280</u>

The borrowings from related parties are all unsecured borrowings.

(vi) Others

- 1) The amounts of purchase of raw materials and equipment and advance payment by the Company to related parties, and the balance of other receivables were as follows:

	Purchase of raw materials and equipment and advance payment to related parties		Other revenue	
	2021	2020	2021	2020
The parent company	\$ -	-	697	-
Subsidiaries	\$ 642,340	429,273	8,918	4,342
Other related parties	\$ -	-	318	-
			Other receivables	
			December 31, 2021	December 31, 2020
The parent company			\$ 270	-
Subsidiaries				
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.			\$ 364,747	271,249
Other subsidiaries			81,996	46,197
			<u>\$ 446,743</u>	<u>317,446</u>
Other related parties			<u>\$ 10</u>	<u>-</u>

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

- 2) The amounts of purchase of machine part, raw materials and equipment and advance payment by the Company from related parties, and commission expenses to related parties, as well as the balance of other payables were as follows:

	Purchase of raw materials and equipment and advance payment from related parties		Commission expense		Operating expense	
	2021	2020	2021	2020	2021	2020
The parent company	\$ 17,120	6,796	-	-	-	-
Subsidiaries	\$ 19,133	5,683	15,691	9,200	18,410	2,701
Other related parties	\$ 442	184	-	-	696	177

	Other payables	
	December 31, 2021	December 31, 2020
The parent company		
Nidec Corporation	\$ 4,980	3,185
Subsidiaries		
Nidec Chaun Choung Technology America Inc.	\$ 1,462	1,468
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	29,607	5,208
Other subsidiaries	394	945
	\$ 31,463	7,621
Other related parties	\$ 492	53

The abovementioned transactions, the Company write off the unrealized miscellaneous revenue and give rise to unrealized profit amounted to \$6,308 thousand and \$11,814 thousand as of December 31, 2021 and 2020, respectively, and the unrealized profit is recognized as the deduction of investments accounted for using equity method.

- (d) Key management personnel compensation

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	\$ 51,345	56,706
Post-employment benefits	1,420	1,016
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	\$ 52,765	57,722

(8) Pledged assets:None

(9) Commitments and contingencies:None

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2021			2020		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		110,360	273,174	383,534	115,573	213,887	
Labor and health insurance		12,540	25,952	38,492	11,625	19,303	
Pension		4,446	13,220	17,666	3,889	10,098	
Remuneration of directors		-	2,096	2,096	-	2,742	
Others		6,093	14,345	20,438	6,070	10,148	
Depreciation		73,472	32,264	105,736	56,424	26,034	
Amortization		12	5,383	5,395	17	2,329	

Additional information on the number of employees and employee benefits is disclosed as followed:

	For the years ended December 31,	
	2021	2020
Number of employees	<u>614</u>	<u>516</u>
Number of directors who were not employees	<u>5</u>	<u>4</u>
The average employee benefit	<u>\$ 756</u>	<u>763</u>
The average salaries and wages	<u>\$ 630</u>	<u>643</u>
Adjustment percentage of average employee salaries	<u>(2.02)%</u>	<u>(13.34)%</u>
Supervisors' remuneration	<u>\$ 540</u>	<u>817</u>

The Company's salary and remuneration policies (including directors, supervisors, managers and employees) are as follows:

The Company establishes a remuneration committee to periodically review its performance assessment standards, as well as policies, systems and standards for the remuneration to the directors, supervisors, and managers. The Company takes into account for its general employees' salary levels in the same industry, ensuring that its salary policies arrangements are sufficient to recruit outstanding talents.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION

Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Notes
													Item	Value			
0	The Comapany	Nidec Chaun Choung Vietnam Corporation	Other receivables from related parties	Yes	193,760 (USD5,000)	55,360 (USD2,000)	-	1%	2	-	Operating capital	-	None	-	466,816	1,867,264	-
1	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	The Comapany	Other receivables from related parties	Yes	193,760 (USD7,000)	-	-	USD floating rate	2	-	Operating capital	-	None	-	2,808,048 (RMB646,420)	2,808,048 (RMB646,420)	
2	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	Other receivables from related parties	Yes	1,129,440 (RMB260,000)	608,160 (RMB140,000)	434,400 (RMB100,000)	4.35%	2	-	Operating capital	-	None	-	2,808,048 (RMB646,420)	2,808,048 (RMB646,420)	

Note 1: Those with business contact please fill in 1

Those necessary for short-term financing please fill in 2

Note 2: The total amount allowed for financing should not exceed 40% of the Company's net equity. The maximum amount of loans to individual entity should not exceed 10% of the Company's net equity. The maximum amount of loans to the Company's foreign subsidiaries, which directly and indirectly hold 100% of the voting shares, should not exceed the borrower's net equity on its latest financial statements.

Note 3: The total amount allowed for financing of Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. should not exceed 40% of its net equity on its current financial statements.

Note 4: The maximum amount of loans of Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. to individual entity should not exceed 10% of the current financial statements net equity of Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. The maximum amount of loans of Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. to the Company's foreign subsidiaries, which directly and indirectly hold 100% of the voting shares, should not exceed the latest financial statements net equity of Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.

Note 5: The exchange rate of NTD to CNY and NTD to USD at December 31, 2020 are NTD4.344:CNY1 and NTD27.680:USD1, respectively.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Everflow Technology Corporation	-	Non-current financial assets at fair value through other comprehensive income	1,854	94,468	11.21%	94,468	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase (Sale)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Parent-subsiary	Purchase	2,748,267	37.09%	O/A 150 days	-	-	(1,659,030)	(43.15)%	
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	The Company	Parent-subsiary	(Sales)	(2,748,267)	(60.82)%	O/A 150 days	-	-	1,659,030	70.84%	
The Company	Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	Parent-subsiary	Purchase	2,406,281	32.48%	O/A 120 days	-	-	(1,243,073)	(32.33)%	
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	The Company	Parent-subsiary	(Sales)	(2,406,281)	(60.81)%	O/A 120 days	-	-	1,243,073	64.07%	
The Company	Nidec (H.K.) Co., Limited	Other related parties	(Sales)	(1,591,552)	(20.68)%	O/A 90 days	-	-	635,912	24.72%	
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd.	Other related parties	Purchase	272,999	8.87%	O/A 120 days	-	-	(87,748)	(6.02)%	
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec (Shenzhen) Co., Ltd.	Other related parties	(Sales)	(422,279)	(9.35)%	O/A 120 days	-	-	100,265	4.28%	

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Parent-subsiary	364,747	2.03	-	-	218,168	-
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	The Company	Parent-subsiary	1,659,030	1.93	-	-	1,055,173	-
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	The Company	Parent-subsiary	1,243,073	2.25	-	-	-	-
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	Fellow subsidiary	434,400	Note 1	-	-	-	-
The Company	Nidec (H.K.) Co., Limited	Other related parties	635,912	2.52	-	-	421,688	-
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec (Shenzhen) Co., Ltd.	Other related parties	100,265	3.69	-	-	51,941	-

Note 1: The calculation of turnover rate excludes other receivables from related parties.

- (ix) Trading in derivative instruments: None.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION

Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value			
The Company	Conquer Wisdom Co., Ltd.	British Virgin Islands	Investment activities	737,240	737,240	18,093,265	100.00 %	4,094,194	309,090	312,005	Note 1
The Company	Nidec Chaun Choung Vietnam Corporation	Vietnam	Manufacture thermal module for smart phones	1,002,134	299,343	-	100.00 %	899,632	(47,001)	(47,001)	
Conquer Wisdom Co., Ltd.	Nidec Chaun Choung Technology America Inc.	United State of America	Sale of thermal module for computers	8,304 (USD300)	8,304 (USD300)	300,000	100.00 %	13,120 (USD 474)	2,605 (USD 93)	2,605 (USD 93)	Note 2
Conquer Wisdom Co., Ltd.	GLOBE STAR ENTERPRISE Ltd.	Hong Kong	Investment activities	499,403 (USD18,042)	499,403 (USD18,042)	140,407,615	100.00 %	4,075,271 (USD 147,228)	305,886 (USD 10,921)	305,886 (USD 10,921)	Note 2

Note 1: The Company recognized net income of Conquer Wisdom Co., Ltd. \$309,090 thousand, realized gross profit \$46,542 thousand and unrealized gross profit \$43,627 thousand. The Company recognized share of profits of investee \$312,005 thousand in total.

Note 2: The exchange rate of New Taiwan dollars to US dollars as of December 31, 2021 was 27.680 to 1. The average exchange rate of New Taiwan dollars to US dollars for the year ended December 31, 2021 was 28.009 to 1.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021 (note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021 (note 4)	Net income (losses) of the investee (note 4 and 7)	Percentage of ownership	Investment income (losses) (note 5, 6 and 7)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Manufacture the thermal module for computers	636,640 (USD23,000) Note 2 · Note 3	2 Note 1	375,728 (USD13,574)	-	-	375,728 (USD13,574)	51,929 (USD 1,854)	100.00%	53,889 (USD 1,924)	2,784,193 (USD 100,585)	321,430
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	Manufacture the thermal module for computers	221,440 (USD8,000)	2 Note 1	221,440 (USD8,000)	-	-	221,440 (USD8,000)	252,025 (USD 8,998)	100.00%	252,025 (USD 8,998)	1,290,608 (USD 46,626)	-
Nidec Chiuan-Vector Industrial (Dongguan) Co., Ltd.	Research, development and sale of thermal components	16,507 (RMB3,800)	2 Note 1	-	-	-	-	(5,982) (RMB -1,378)	100.00%	(5,982) (RMB -1,378)	2,320 (RMB 534)	-

Note 1: Reinvest in Mainland China by establishing investing companies which is the Company 100% owned subsidiary in third region.

Note 2: Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. transferred US dollar 8,800 thousand from retained earnings to capital in 2007.

Note 3: The difference between accumulated outflow of investment from Taiwan and total amount of paid-in-capital is US Dollar 626 thousand, the primary reason is funds acquired from the shareholders in Taiwan and has not remitted to Mainland China.

Note 4: The exchange rate of New Taiwan dollars to US dollars as of December 31, 2021 was 27.680 to 1. The average exchange rate of New Taiwan dollars to US dollars for the year ended December 31, 2021 was 28.009 to 1.

Note 5: Investment income (losses) is recognized according to the financial statements audited by the CPA of the parent company.

Note 6: The Company recognized net income of Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. USD1,854 thousand, realized gross profit USD932 thousand and unrealized gross profit USD862 thousand. The Company recognized share of profits of investee USD1,924 thousand in total.

Note 7: The exchange rate of New Taiwan dollars to Chinese Yuan as of December 31, 2021 was 4.344 to 1. The average exchange rate of New Taiwan dollars to Chinese Yuan for the year period ended December 31, 2021 was 4.341 to 1.

(Continued)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
597,168 (USD21,574)	866,855 (USD31,317)	2,800,896

Note : The exchange rate of New Taiwan dollars to US dollars as of December 31, 2021 was 27.680 to 1.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Nidec Corporation		74,133,982	85.86 %

(i) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

(ii) If share are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider' s equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider' s equity announcement please refer to the TWSE website.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2021.

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statement of cash and cash equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description (In thousands)</u>	<u>Exchange Rate</u>	<u>Amount</u>
Cash	NTD 25.73	1.00	\$ 26
	EUR 2.50	31.32	78
	GBP 0.25	38.90	9
	SGD 0.92	20.46	19
	KRW 9.00	0.02350	-
	CAD 1.11	21.62	24
	CNY 2.19	4.344	10
	USD 0.24	27.68	<u>7</u>
	Subtotal		<u>173</u>
Demand deposits			<u>11,781</u>
Foreign currency deposits	USD 15,867.31	27.68	439,207
	EUR 0.52	31.32	43
	CNY 6,198.45	4.344	33,767
	HKD 0.06	3.549	<u>-</u>
	Subtotal		<u>473,017</u>
Total			<u>\$ 484,971</u>

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statement of Accounts receivables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Client name	Amount
Non related parties:	
DELCN003	\$ 529,812
FLEMY001	210,943
PEGTW001	144,570
CLOSG001	127,884
FUGCN001	121,667
Others (the amount of individual client does not exceed 5% of the account balance)	755,429
Subtotal	1,890,305
Less: Loss allowance	596
	\$ 1,889,709

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statement of inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Cost</u>	<u>Market price</u>	<u>Market price basis</u>
Finished goods	\$ 802,106		
Less: Allowance for inventory market decline and obsolescence	<u>(81,699)</u>		
Subtotal	<u>720,407</u>	720,407	Net realizable value
Work in process	78,688		
Less: Allowance for inventory market decline and obsolescence	<u>-</u>		
Subtotal	<u>78,688</u>	78,688	"
Raw materials	59,494		
Less: Allowance for inventory market decline and obsolescence	<u>(5,223)</u>		
Subtotal	<u>54,271</u>	54,271	"
Merchandise inventory	161,345		
Less: Allowance for inventory market decline and obsolescence	<u>(2,351)</u>		
Subtotal	<u>158,994</u>	<u>158,994</u>	"
Total	<u>\$ 1,012,360</u>	<u>1,012,360</u>	

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Name of investee</u>	<u>Beginning balance</u>		<u>Addition</u>		<u>Decrease</u>		<u>Translation</u>	<u>Investment</u>	<u>Others</u>	<u>Ending balance</u>			<u>Pledge or Collateral</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				<u>Adjustment</u>	<u>Income</u>	<u>Shares</u>	
	<u>(thousands)</u>		<u>(thousands)</u>		<u>(thousands)</u>					<u>(thousands)</u>			
Investments accounted for using the equity method:													
Conquer Wisdom Co., Ltd.	18,093	\$ 3,806,546	-	-	-	-	(29,863)	312,005	5,506	18,093	100.00 %	4,094,194	None
Nidec Chaun Choung Vietnam Corporation	-	264,158	-	702,791	-	-	(20,316)	(47,001)	-	-	100.00 %	899,632	"
Total		\$ 4,070,704		702,791		-	(50,179)	265,004	5,506			4,993,826	

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statement of trade payables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Vendor name</u>	<u>Description</u>	<u>Amount</u>
Non-related parties:		
YOU CN001	Operating	\$ 434,550
WIS CN001	"	177,892
DEL SG002	"	80,258
Others (the amount of individual vendor does not exceed 5% of the account balance)	"	<u>249,295</u>
Total		<u><u>\$ 941,995</u></u>

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statement of other payables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Directors' and supervisors' compensation payable and employee remuneration payable	\$ 16,488
Salaries and year-end bonus payable	52,117
Income tax payable	70,019
Payables on equipment	15,644
Sample fees payable	35,428
Other accrued expenses payable	23,051
Others (the amount of individual item does not exceed 5% of the account balance)	58,404
Total	\$ 271,151

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statement of operating revenue

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Thermal module	29,511 thousand sets	\$ 5,588,838
Thermal products	23,930 thousand pieces	1,648,060
Others	26,422 thousand pieces	<u>457,871</u>
Total		<u><u>\$ 7,694,769</u></u>

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statement of operating costs

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Subtotal	Total
Balance of merchandise at January 1		\$ 90,341
Add: Purchases		1,242,976
Others		2,747
Less: Balance of merchandise at December 31		161,345
Scrapping of merchandise		53
Transferred into manufacturing		342
Cost of sale of merchandise		1,174,324
Direct raw materials		
Balance at January 1	21,297	
Add: Purchases of raw materials	817,812	
Transferred from work in process	84,284	
Less: Balance at December 31	59,494	
Scrapping of raw materials	2,503	
Sales	302	
Others	565,068	
Consumption of raw materials		296,026
Transferred from merchandise		342
Transferred from finished goods		320,882
Direct labor		133,017
Transferred to research and development expense		(8,395)
Manufacturing expense		178,407
Conversion costs		384,817
Manufacturing costs		1,305,096
Add: Balance of work in process at January 1		27,382
Less: Transferred to production		89,713
Balance of work in process at December 31		78,688
Cost of finished goods		1,164,077
Add: Balance of finished goods at January 1		460,512
Purchases		5,348,626
Others		16,577
Less: Balance of finished goods at December 31		802,106
Scrapping of finished goods		11,216
Finished goods feeding		320,882
Others		195,338
Cost of sale of manufacturing		5,660,250
Cost of sale of raw materials		302
Other operating costs		163,707
Total operating costs		\$ 6,998,583

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statement of operating expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>	<u>Impairment loss determined in accordance with IFRS 9</u>
Salaries	\$ 55,633	80,157	140,020	-
Transportation expense	14,161	44	2,241	-
Insurance expense	8,090	7,654	15,122	-
Storage expenses	29,802	-	-	-
Commission expense	10,115	-	-	-
Professional service fee	15,128	25,571	5,123	-
Sample fees	117	-	84,128	-
Depreciation expense	2,933	10,036	19,295	-
Miscellaneous expense	246	9,084	662	-
Impairment loss determined in accordance with IFRS 9	-	-	-	346
Others (the amount of individual item does not exceed 5% of the account balance)	<u>14,486</u>	<u>20,147</u>	<u>39,723</u>	<u>-</u>
	<u><u>\$ 150,711</u></u>	<u><u>152,693</u></u>	<u><u>306,314</u></u>	<u><u>346</u></u>