



TPK Holding Co., Ltd.

Annual Report 2021

Annual report inquiry website

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Date of Printing: April 25, 2022

Notice to readers

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

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Freddie Liu	Job Title: Chief Strategy Officer
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2. Headquarters, branch office, factory address and Tel:

(1) Headquarters

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Web Site: https://www.tpk.com	Business Address Address: 199, Banshang Road, Information Photoelectric Park, Torch Development Zone For HighTechnology Industries, Xiamen, Fujian, China
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(2) Subsidiary and branch office

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TPK Material Solutions Inc.	Address: Jinjiang Economic Development Zone, Fujian, China
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(3) Lawsuit, non-lawsuit legal representative name, position, telephone number and e-mail

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Tel: (886)2-7727-1199

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3. Share Transfer Agent:

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4. Auditors:

CPA Name: Chuang, Pi-Yu, Kuo, Tzu-Jung

CPA Firm: Deloitte Touche Tohmatsu Limited

Address: The Twentieth Floor, No. 100, Songren
Road, Sinyi District, Taipei.

Web Site: <http://www2.deloitte.com>

Tel: (886)2- 2725-9988

5. Name of overseas trading office of listed valuable securities and the way to inquire information of valuable overseas securities:

Global Depository Shares	Trading office: Luxembourg Stock Exchange	Web Site: www.bourse.lu/Accueil.jsp
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6. Web Site: <https://www.tpk.com>

7. Board members:

April 25, 2022

Position	Name	Nationality	Main Education/Experience Background
Chairman	Michael Chao-Juei Chiang	Canadian	Business Administration, Fu Jen Catholic University TVM Corporation - Chairman Taiwan Video & Monitor Corporation - President
Director	Capable Way Investments Limited	Taiwan	Master of Business Administration (MBA), Duke University Lite-On Technology Corporation, Portable Image Device SBG - Chief Operation Officer Lite-On Young Fast Co. - President
	Representative: Li-Chien Hsieh		
Director	Max Gain Management Limited	Taiwan	Mechanical and Electrical Engineering, China University of Science and Technology Manufacturing department (China) of Tupo Optoelectronics Incorporated -Assistant Manager Research departments of Chief Industrial Inc.-Assistant Manager TPK Holding Co., Ltd. - Senior Vice President
	Representative: Heng-Yao Chang		
Director	High Focus Holdings Limited	Taiwan	Mechanical Engineering, Feng Chia University Business development at Green Point Incorporated Company -Director
	Representative: Tsung-Liang Tsai		
Director	Global Yield International Co.,Ltd.	Taiwan	Mechanical Engineering , National Chin-Yi University of Technology Quality assurance at TVM (PRC) Corporation- Assistant Vice President Amkor Co. Ltd.- Assistant Vice President
	Representative: Shih-Ming Liu		
Independent Director	Horng-Yan Chang	Taiwan	Master of Business Administration (MBA), APC degree in Accounting, St. John's University Interplex Industries Inc., New York, USA - Deputy Chief Financial Officer and Assistant Chief Controller Department of Business Administration, Soochow University, Taiwan - Adjunct Professor Department of Communications Management, Shih Hsin University, Taiwan - Full-time Associate Professor
Independent Director	Fong-Nien Chiang	Taiwan	Master of Political Economy, University of Texas at Dallas Trend Micro Incorporated- General Manager SINA. COM ONLINE. - CEO SINA Corporation - Chairman
Independent Director	Ming-Jeng Weng	Taiwan	MBA, University of Southern California Citi Bank- Vice President Salomon Smith Barney Inc. Taipei Branch, Citi Group- General Manager Lehman Brothers Securities Taiwan Ltd.- Chairman Nomura International (Hong Kong) Limited, Taipei Branch -Managing Director

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I. Letter to Shareholders

In 2021, the global economic circumstances are continuously influenced by the ongoing COVID-19 pandemic. It results in the severe supply chain chaos, stocked key components supply issue, air transport and sea freight congestion, and the china power cut disruption. Encountering all these challenges, TPK's revenue in 2021 has decreased, however, net profit of 2021 has increased from 2020 given the company's aggressive and effective strategy, as well as developing new business, optimizing product mix and enhancing asset effectiveness.

Looking forward to 2022, the covid-19 pandemic has not ended, in addition, the war in east Europe might arise more uncertainties of global economic environment. The technology industry will continue to encounter many challenges. The long-term development of touch display technology has been related to display panel's roadmap. As the on going spec enhancement of display products, touch related products will keep with the developments and release new products as well, to drive market demand. TPK will continue to develop new technology in terms of product design and manufacturing process, so that the company could stay in the leading position in the industry and to remain as the major supplier to customers. At the same time, TPK will continue to develop new customers and cooperate closely with the customers to make the next generation products entering into mass production in time.

Review of 2021 Company Strategy

The major strategy of the company in 2021 is to operate conservatively, and maintain the existing relationship with our customers while encountering the pandemic disturbance and the impacts of new product spec adjustment from our major customer. Meanwhile, TPK try to strive for new projects. The executed objective items are as below:

1. Maintain steady business and progress consistently

TPK has achieved the target of stable operation, production cost decrease, intensified competitiveness, more value-added on products and market-share gained by continuous yield-rate and production effectiveness enhancement, as well as manufacturing process optimization. In addition, the company has worked closely with our customers, and strived to expand the product lines and also services in order to help the customer to increase their product value, and create the win-win situation for the customers and ourselves.

2. Keep intelligent innovation and look for new opportunity

TPK has continuously entered into electronic automotive industry. Moreover, the company make good use of the ability in terms of R&D, and plenty of experiences in mass production as well as supply chain management, to assist our customers for realizing the mass production of new products with new technology. The 3D printing business of TPK's new business scope has developed very well in its first year of beginning, in 2021. The new business has gone mass production and started to make profits in a very short time. Besides, TPK continuous to provide new services and new products to clients by utilizing the extraordinary ability of product development and design. At the same time, the company is seeking the investment opportunities of all industries with the keen

insight into the industry development trend.

3. Conservative policy and remain stable

Though the revenue decreased in 2021, under strict control of expenses, operating expense rate has maintained at 3.4%. The company continue to enhance the production line automation for the purpose of continually improving the yield rate and efficiency. The number of employees has decreased from about 18,000 at the end of 2020 to 15,000. The company could enjoy the flexibility of human resources arrangement according to the seasonality, and reduce the risk of the uncertainty issues in terms of cost structures under the challenging environment influences worldwide.

Financial Results

TPK reported sales of NT\$103.1 billion in 2021, down 10.0% year-on-year, and net profit for the parent company totaled NT\$1,069 million, equivalent to earnings per share of NT\$2.63 sequentially increased in 2021.

Research & Development

As a leading company in touch industry, TPK plays an important role in the development of touch industry. As of December 31st 2021, the Company has granted 2,877 patents, including 1,621 invention patents and 1,256 new model patents. In 2022, TPK will continue to protect our proprietary IPs and dedicate ourselves not only to research and development, but also to applying for new patents to ensure our technology leading position in the industry and to stand firm in the industry with next generation touch technology.

Summary of Business Plans for 2022

Looking forward to 2022, the covid-19 epidemic is highly possible to come to an end, the demand of stay-at-home economy might change. Interest rate lifting and inflation are two major issues that cause people's attention. The war in east Europe is the major uncertainty to influence the worldwide economy trend and the supply chain management. TPK will continue to pay attention on the international development, economy trend and industry evolvement, so that the company can adjust company policy accordingly. Our business plans for 2022 summarize as below:

1. Product innovation and better efficiency

TPK have faith in being the major supplier of our customers, striving for new and outstanding clients, and working hard on market share gain as well as higher allocation from the existing customers, even though the cost of materials, transportation, labors and goods are increasing given the pandemic disruption and other chaos. The company can assist clients to arise their product values by providing more services. Meanwhile, TPK raise the consumer satisfaction of touch products in terms of sight and user experiences. In the aspect of manufacturing, TPK will continue to enhance the automatic production process and the supply chain management, and hence the company could further improve the yield-rate and production efficiency as well as increase revenue and profit.

2. Competiveness enhancement and new business scope exploration

TPK will exploit to new business scope by taking good advantage of new products innovation, ability to streamline manufacturing process, and the supply chain management core competitiveness. In 2021, the company has successfully developed projects of center console systems in new energy vehicles, and launched 3D printing products to extend the business scope. Looking into the futures, the global industry development will be influenced by the worldwide trend of climate change caring, anti-global warming and carbon emission reduce. TPK will focus on the applications relating to new energy vehicles and the exploration of new energy industry, and actively look for new business partners to arise the company's profits.

3. Conservative and stable operation

Owing to the severe uncertainty of worldwide economic environment, the company will remain a relatively low financial leverage level for preparations to face the volatile revenue and profitability by virtue of obvious seasonality of high-tech electronic industry. Meanwhile, TPK will seek efficient way of cash management and foreign exchange arbitrage opportunity aggressively to increase our non-operating income.

Embrace the future

TPK remains sequentially profit growth given the total revenue decrease year-on-year under the challenges of global economy turmoil, supply chain block and etc. The performance of profit making in the fifth consecutive year results from continuously production yield rate improving and promptly reaction to the external challenges. Looking into 2022, the COVID-19 pandemic, global inflation issues and Russo-Ukrainian war will still cause a lot of uncertainties for the worldwide economy and probably create some opportunities as well. TPK will make every effort to keep closer and closer relationship with existing customers and exploit new business by intelligent innovation. We are looking forward to achieving another new milestone in 2022.

Although TPK have spent lots of efforts on operations, we have never forgotten our responsibility and the expectation from the society. We will continue to execute the environmental protection, social responsibility and corporate governance (ESG) thoroughly. In addition, the Company has spared no effort in showing its concern and feedback for the society and the vulnerable group. Undoubtedly, TPK will continue its contribution to the society in the future. Last but not least, we would like to thank all the shareholders, customers, and colleagues for your perpetual support and care for the Company. We sincerely hope for the support of every shareholder and predecessor in the industry for our business strategy and development, as well as recognizing the efforts made by our management team. While the company is striving for enterprise transformation due to touch industry has become mature, we will stay growing steady and stable to bring the profits for our shareholders.

Michael Chao-Juei Chiang, Chairman

Li-Chien Hsieh, Chief Executive Officer

II. Company Profile

1. Date of Incorporation:

November 21, 2005

2. Company and Group Overview:

(1) Company Overview

TPK Holding Co., Ltd. (Hereinafter referred to as “this company”) was established in the Cayman Islands on November 21, 2005 with 28 subsidiaries which are responsible for the development, manufacturing, and sale of touch applications and other products.

TPK Touch Solutions Inc., as a base for TPK group, strives to develop touch technology. The company has become the smartphone touch sensor development partner of international companies after the successful ITO glass touch solution invented. Since then, the company settled the technology development directions and business strategy, which pursues capacitive touch related technology and manufacturing process. To fulfill capacity requests from the customers, and consider the amount of labors for manufacturing production, the company set up factories in Xiamen in 2005.

This company is the leading company in professional touch technology with vertical integrated manufacturing capability, and can provide customers with comprehensive touch solutions, from advanced research and development to product design and mass production, and hence the company can help customers to significantly reduce the lead time and streamline the production process of product development in order to confront the quickly changing electronics industry.

Touch is the most instinctive and humanized means of communication. Among a variety of recent touch technologies, the capacitive touch, which has multi-touch function with outstanding sensitivity and durability, has brought the best user experience to our customers. Capacitive touch related components, touch module and lamination services are TPK’s major business. TPK has the cutting edge touch technology in terms of yield rate and production efficiency, and has the orders from worldwide brand name companies. As touch market industry has entered into mature stage, the growth rate has slowed down, and hence the company make an effort to explore advanced technology and new market, such as 3D printing manufacturing for mass production and electronic vehicle manufacturing for nich market and etc. We are looking forward to find the new profit driven business in the blue ocean market.

(2) Group Structure: Please refer to the Subsidiaries Chart specified in Chapter VIII Special Events of the Annual Report.

(3) Risk Matters: Please refer to the 6. Risk items specified in Chapter VII of the Annual Report.

3. Company History:

Date	Milestone
May 2003	TPK Touch Solutions Inc. established
August 2004	TPK Touch Solutions (Xiamen) Inc. established
November 2005	This company was established and registered in British Cayman Islands
December 2005	Subsidiary Optera Technology (Xiamen) Co., Ltd. established
May 2006	Subsidiary TPK Lens Solutions Inc. established
June 2006	Subsidiary TPK Touch Systems (Xiamen) Inc. established
June 2007	Mass production
December 2007	Passed ISO TL9000/ISO9001:2000 International Quality Certificate
April 2008	Passed ISO 14001:2004 International Quality Certificate
May 2009	Passed ISO IEC17025:2005 International Quality Certificate
June 2009	Import Six Sigma
July 2009	TPK Touch Solutions (Xiamen) Inc. got the certification of China high-tech companies Optera Technology (Xiamen) Co., Ltd. got the certification of China high-tech companies
December 2009	Passed SA8000:2008 International Quality Certificate
January 2010	Board of directors and board of shareholders passed the application to return to Taiwan for the first listing Elected independent director and set Audit Committee
March 2010	TPK Lens Solutions Inc. got the certification of China high-tech companies This company got 50% stock rights of Optera TPK Holding Pte. Ltd. from Magna International (Hong Kong) Limited, and some assets as well as professional team from Optera Inc.
April 2010	Subsidiary Ray-Star Technology (Xiamen) Inc. established Subsidiary Ray-Star Optical Solutions (Xiamen) Inc. established Subsidiary TPK America, LLC established TPK Touch Solutions (Xiamen) Inc. got the title of SA 8000 (Social Accountability 8000) issued by SAI certificate company
July 2010	Handle IPO
October 2010	Stock listing
November 2010	Passed TL9000-H R5.0/R4.0/ISO9001:2008 certificate
December 2010	Subsidiary TPK Asia Pacific Sdn. Bhd. established Subsidiary Ray-Star Universal Solutions Limited established Subsidiary TPK Universal Solutions Limited established Chairman Michael Chao-Juei Chiang was awarded Manager Today-2010 MVP Manager President Ta-Min Sun got the title of “Excellent Administrator who cares for employees” issued by work committee of labor union of Xiamen development zone
January 2011	TPK Touch Solutions (Xiamen) Inc. was awarded as 2010 Xiamen excellent high-tech enterprise

Date	Milestone
February 2011	Subsidiary TPK Glass Solutions (Xiamen) Inc. established Subsidiary TPK Universal Solutions Limited, Taiwan Branch established TPK Touch Solutions (Xiamen) Inc. was awarded 2010 Xiamen top ten excellent enterprise
April 2011	Optera Technology (Xiamen) Co., Ltd. was awarded Xiamen major enterprise TPK Touch Solutions Inc. office relocated in Neihu Issued the 2011 first overseas unsecured convertible corporate bond Passed ISO14001:2004 certificate Passed ISO9001:2008 certificate Got subsidiary MasTouch Optoelectronics Technologies Co., Ltd. Got subsidiary Ray-Star System Solutions (Xiamen) Inc. Got subsidiary Ray-Star System Solutions Limited
May 2011	Passed the safety certification of German Rheinland Electrical Passed water balance test
July 2011	TPK Universal Solutions Limited purchased 19.9% stock rights of CANDO CORPORATION Got subsidiary CIM Corporation Got subsidiary Hallys Corporation
August 2011	Passed ISO9001 certificate
September 2011	TPK was awarded investment relation prize for IPO in Taiwan CEO Ta-Min Sun was awarded investment relation prize for CEO in Taiwan Chief financial officer Freddie Liu was awarded investment relation prize for chief financial prize in Taiwan
October 2011	TPK Touch Solutions Inc. was awarded best known enterprise by Commonwealth Magazine in Taiwan
November 2011	Set Compensation Committee TPK Touch Solutions Inc. was awarded 2011 top 20 innovative enterprises in Taiwan by MOEAIDB
December 2011	TPK Touch Solutions Inc. ranked 77th of 500 Asia-Pacific High-Tech, High-Growth Fast Enterprises in 2012 TPK Touch Solutions (Xiamen) Inc. won the Xiamen Science and Technology Progress Award issued by Xiamen Science and Technology Bureau for its thin Layer Projected Capacitive Touch Screen Technology
February 2012	Passed ISO14001-2004 certificate
March 2012	Chief financial officer Freddie Liu was awarded the best chief financial officer
April 2012	Got subsidiary XiaMen Jan Jia Optoelectronics Co., Ltd. Got subsidiary TPK Specialty Materials Limited
May 2012	Subsidiary Hallys Hong Kong Limited established
June 2012	TPK Touch Systems (Xiamen) Inc. was awarded 2012 Xiamen “Water Saving” enterprise Subsidiary TPK Film Solutions Limited established

Date	Milestone
	TPK Touch Solutions (Xiamen) Inc. was awarded 2012 most innovative enterprise of China by Chinese Association of Productivity Science
	CEO Ta-Min Sun was awarded 2012 excellent innovative entrepreneur by Chinese Association of Productivity Science
July 2012	Subsidiary TPK Film Solutions (Xiamen) Inc. established
October 2012	Issuance of 2012 overseas unsecured convertible corporate bonds and overseas depository receipts
November 2012	Subsidiary Hallys (Xiamen) Inc. Established
February 2013	TPK Holding Co., Ltd. won the company management prize issued by The Asset Magarizonaine
	TPK Holding Co., Ltd. was awarded Taiwan Best Deal for its overseas unsecured convertible corporate bonds and overseas depository receipts by The Asset Magarizonaine
	Got subsidiary TPK MasTouch Solutions (Xiamen) Inc.
	Subsidiary TPK Touch Solutions (Pingtan) Inc. established
March 2013	Passed OHSAS18001:2007 certificate
April 2013	Passed IOS14001:2004 certificate
	President Ta-Min Sun was awarded the China top 10 credit entrepreneur by Credit Rating and Certification Center of China Academy of Commerce, the Credit Evaluation Research Center of China Academy of Management Science, the Credit Work Committee of China Market Association and the China Credit Construction Promotion Association.
	Subsidiary TPK Cando Solutions Inc. established
May 2013	MasTouch Optoelectronics Technologies Co., Ltd. was bought by TPK Touch Solutions Inc.
July 2013	TPK Holding Co., Ltd. was awarded the third best company in Taiwan by The Asset Magarizonaine
	TPK Holding Co., Ltd. won the second prize of best investor relation in Asia issued by The Asset Magarizonaine
	President Ta-Min Sun was awarded the third best President in Asia by The Asset Magarizonaine
	Chief financial office Freddie Liu was awarded the first best chief financial officer in Asia by The Asset Magarizonaine
	Chief financial officer Freddie Liu won the second prize of most professional investor relation in Asia issued by The Asset Magarizonaine
	TPK Touch Solutions (Xiamen) Inc. and TPK Touch Systems (Xiamen) Inc. were both awarded the Xiamen Energy Conservation Demonstration Project by Xiamen Municipal Energy Conservation Office and Xiamen Economic Development Bureau.
August 2013	Subsidiary TPK Material Solutions Inc. established
October 2013	TPK Holding Co., Ltd. was awarded 2013 best known photoelectricity enterprise in Taiwan by CommonWealth Magazine

Date	Milestone
November 2013	TPK Holding Co., Ltd. signed joint agreement with Nissha Printing Co., Ltd. and Cambrios Technologies Corp. to develop Silver Nanowire together Subsidiary Jin Shun Xin Development (Pingtan) Co., Ltd. established TPK Holding Co., Ltd. won the gold metal of management by The Asset Magarizonaine
December 2013	TPK Glass Solutions (Xiamen) Inc. was awarded the safe production standard three qualification enterprise by Xiamen Safety Production Management Association Optera Technology (Xiamen) Co., Ltd., Ray-Star Optical Solutions (Xiamen) Inc. and TPK Touch Systems (Xiamen) Inc. were awarded the safe production standard three qualification enterprises by Xiamen Safety Production Management Association
February 2014	Subsidiary TPK Touch Solutions (Xiamen) Inc. won China Patent Excellence Award for its “Capacitive Touch Circuit Graphics and Its Manufacturing Method” (200910129503.8) issued by the National Intellectual Property Office
May 2014	President Ta-Min Sun won the prize of most influential people in touch screen industry issued by China Communications Industry Association and Nikkei BP TPK Holding Co., Ltd. won the prize of most influential international brands in the touch screen industry issued by China Communications Industry Association and Nikkei BP TPK Touch Solutions Inc. was awarded 1000 enterprises across the Taiwan Straits by CommonWealth Magazine
July 2014	Subsidiary Ray-Star Optical Solutions (Xiamen) Inc. was awarded water saving enterprise by Xiamen Construction and Administration Bureau Subsidiary TPK Advanced Solutions Inc. established Subsidiary TPK Chenqi (Mainland) Solutions Inc. established
November 2014	Previous President Ta-Min Sun became Vice Chairman, Yi-Hua Chung was employed as President TPK Holding Co., Ltd. won “Best Quality Award” prize issued by ZTE
January 2015	TPK Holding Co., Ltd. won the 2015 Best Quality Planning Prize issued by ZTE Corporation’s Terminal Business Unit
March 2015	TPK Holding Co., Ltd. won the best investor relation prize issued by FinanceAsia
April 2015	Issue of 2015 overseas unsecured convertible corporate bonds and overseas depository receipts
December 2015	XiaMen Jan Jia Optoelectronics Co., Ltd. purchase the 100% stock right of Jin Tong suzhou Optoelectronics Co., Ltd. Subsidiary TPK Touch Solutions (Xiamen) Inc. was recognized as cross-strait youth entrepreneurship base by Taiwan Work Office of the Central

Date	Milestone
	Committee of the Communist Party of China and the Taiwan Affairs Office of the State Council
February 2016	Subsidiary TPK Material Solutions Inc. was awarded the excellent enterprise of tax payment of over NTD 10 million in 2015 by the management committee of Fujian Jinjiang Economic Development Zone
August 2016	Subsidiary TPK Touch Solutions (Pingtan) Inc. was awarded “Thirty Demonstration Enterprises” in the Fujian Province Free Trade Experimental Zone from 2015 to 2016 by the Office of the Leading Group of the China (Fujian) Free Trade Experimental Zone
November 2016	Subsidiary TPK Glass Solutions (Xiamen) Inc. won the third prize of Fire Torque Competition of Xiamen Torch High-tech Zone issued by the Management Committee of Xiamen Torch High-tech Zone
January 2017	TPK Holding Co., Ltd. was awarded 2016 Best Supplier by PEGATRON
March 2017	Subsidiary TPK Touch Solutions (Pingtan) Inc. disposed 91% equity of Jinshunxin Development (Pingtan) Co., Ltd. to Rayxin (Pingtan) Investment Co., Ltd.
April 2017	Audit supervisor PEI-CHI WANG was awarded the 26th Excellent Internal Auditor by the Internal Auditing Association of the Republic of China
June 2017	Subsidiary TPK Advanced Solutions Inc. won the second prize of “Torch Cup “Safety Production Knowledge Competition and the honorary certificate of organization issued by the Xiamen Torch High-tech Zone Management Committee and the Xiamen Development Zone Trade Union. TPK Touch Solutions (Xiamen) Inc., TPK Advanced Solutions Inc., TPK Glass Solutions (Xiamen) Inc., TPK MasTouch Solutions (Xiamen) Inc., TPK Touch Systems (Xiamen) Inc. and XiaMen Jan Jia Optoelectronics Co., Ltd. were awarded 2017 Xiamen Key Industrial Enterprise by Xiamen Economic informatization and Council
September 2017	Selected Hwai-Hai Chiang as President Issue 2017 overseas depository receipts
January 2018	Subsidiary Jan Jia Trading Company Limited established
March 2018	Subsidiary TPK Touch Solutions (Xiamen) Inc. got the honorary title of the 2017 Advanced Purchasing Manager Survey issued by the Xiamen Investigation Team of the National Bureau of Statistics.
May 2018	Subsidiary XiaMen Jan Jia Optoelectronics Co., Ltd. disposed the stock right of Jin Tong suzhou Optoelectronics Co., Ltd. for re-investment to Xiamen Jia Chong dream equity investment Partnership (limited partnership)
June 2018	Subsidiary TPK Touch Solutions (Xiamen) Inc., TPK Advanced Solutions Inc. was awarded the 2017 annual taxpayer enterprise by the Management Committee of Xiamen Torch Hi-Tech Industrial Development Zone Subsidiary TPK Glass Solutions (Xiamen) Inc. was awarded the 2017 Key Taxpaying Enterprise by the Management Committee of Xiamen Torch Hi-Tech Industrial Development Zone

Date	Milestone
	Subsidiary XiaMen Jan Jia Optoelectronics Co., Ltd. won the 2017 Taxation Star Enterprise prize issued by the Management Committee of Xiamen Torch Hi-Tech Industrial Development Zone
July 2018	TPK-KY (3673) is included in the 2017 Taiwan Stock Exchange “Taiwan Corporate Governance 100 Index” by its grade of top 20% corporate governance evaluation results. TPK Touch Solutions (Xiamen) Inc., TPK Advanced Solutions Inc., TPK Glass Solutions (Xiamen) Inc., TPK MasTouch Solutions (Xiamen) Inc., TPK Touch Systems (Xiamen) Inc. and XiaMen Jan Jia Optoelectronics Co., Ltd. were awarded 2018 Xiamen Key Industrial Enterprise by Xiamen Economic informatization and Council
August 2018	Passed ISO9001:2015 certificate Passed IATF16949:2016 certificate
October 2018	Subsidiary TPK Material Solutions (Xiamen) Inc. established
November 2018	Subsidiary TPK Cando Solutions Inc. closed the liquidation
December 2018	Li-Chien Hsieh was elected as President Subsidiary TPK Touch Solutions (Xiamen) Inc. got second prize of patent for its “pressure detecting device“ issued by Xiamen Government TPK has been independent assessed according to the FTSE4GOOD criteria, and has satisfied the requirements to become a constituent of the FTSE4GOOD TIP Taiwan ESG Index. Demonstrating strong Enviromental, Social and Governance (ESG) practices.
January 2019	Subsidiary TPK Touch Solutions (Xiamen) Inc. won the top ten benchmark projects of corporate financial management in 2018 issued by China Merchants Bank
February 2019	Subsidiary TPK Touch Solutions (Xiamen) Inc. and TPK Advanced Solutions Inc. won the assessment certificate of Integration of Informationization and Industrialization Management System Certificate issued by the Ministry of Industry and Information Technology (MIIT).
March 2019	Subsidiary TPK Touch Solutions (Xiamen) Inc. won the Workers' Home (Four Star) awarded by Xiamen City Federation of Trade Unions.
May 2019	Subsidiary TPK Touch Solutions (Xiamen) Inc. won the sample enterprise of China's foreign trade export index issued by the General Administration of Customs of the People's Republic of China.
June 2019	Chairman Michael Chao-Juei Chiang was awarded the Excellent builders of non-public economy in Fujian Province by the People’s Government of Fujian Province.
July 2019	Subsidiary TPK Touch Solutions (Xiamen) Inc. became the Top 500 China patent company, ranking 63 rd .
August 2019	Subsidiary TPK MasTouch Solutions (Xiamen) Inc. won the Laboratory Accreditation Certificate issued by China National Accreditation Service for Conformity Assessment (CNAS).

Date	Milestone
October 2019	Subsidiary TPK Touch Solutions (Xiamen) Inc. won the Best Customer Focus-Europe from the 2019 Visteon Strategic Supplier Conference.
November 2019	Subsidiary TPK Touch Solutions (Xiamen) Inc. won the 2019 Touch Display Industry Leading Enterprise Award from Shenzhen International Touch and Display Exhibition; Won the Xiamen Key Laboratory of Touch issued by Xiamen Science and Technology Bureau.
December 2019	Subsidiary Amplifi Technologies Inc. established. Subsidiary TPK Touch Solutions (Xiamen) Inc. was awarded the 2019 Intellectual Property Demonstration Enterprise by the National Intellectual Property Administration, PRC. Subsidiary TPK Advanced Solutions Inc. won the OUTSTANDING SUPPLIER in 2019 (2019 Best Quality Supplier Award) from Compal Smart Device (ChongQing) Co., LTD; won the 2019 Best Service Award from CD-FATP PSD IDSBG (Chengdu Foxconn)
January 2020	Subsidiary TPK Touch Solutions (Xiamen) Inc. won the Workers' Home (Five Star) awarded by Xiamen City Federation of Trade Unions
March 2020	Subsidiary Amplifi Technologies Inc. Taiwan Branch established
April 2020	Subsidiary Amplifi Tech Hong Kong Co., Limited established Subsidiary TPK Chenqi (Mainland) Solutions Inc. was renamed as Trend Trading (Xiamen) Inc.
May 2020	Subsidiary TPK Universal Solutions Limited Janpan Branch established
June 2020	TPK Holding Co., Ltd. was awarded “Best Liquidity and Investments Solution in Information Technology industry” of The Asset Triple A Treasury, Trade, SSC and Risk Management Awards 2020 by The Asset. Subsidiary TPK Touch Solutions (Xiamen) Inc., TPK Advanced Solutions Inc., TPK Glass Solutions (Xiamen) Inc., TPK MasTouch Solutions(Xiamen) Inc., and TPK Touch Systems (Xiamen) Inc. were awarded ”Provincial Leading Enterprises of Industry and Informatization in Fujian Province”.
November 2020	Subsidiary TPK Advanced Solutions Inc. and TPK Touch Solutions (Xiamen) Inc. were respectively awarded Top 100 Enterprises in Fujian in 2020, ranked 51 st and 76 th , and Top 100 Manufacturing Enterprises in Fujian in 2020, ranking 25 th and 40 th by Fujian Enterprises and Entrepreneurs Confederation, Fujian Media Group, and Fujian Academy of Social Sciences. Subsidiary TPK Touch Solutions (Xiamen) Inc. was awarded 2020 Touch Pannel Industry Leading Enterprise Annual Award by C-TOUCH&DISPLAY in Shenzhen. Subsidiary TPK Touch Systems (Xiamen) Inc. was awarded Excellent Partnership Award by Microsoft
December 2020	Subsidiary Amplifi Tech (Xiamen) Limited established TPK Group won Technology Innovation Award by Visionox

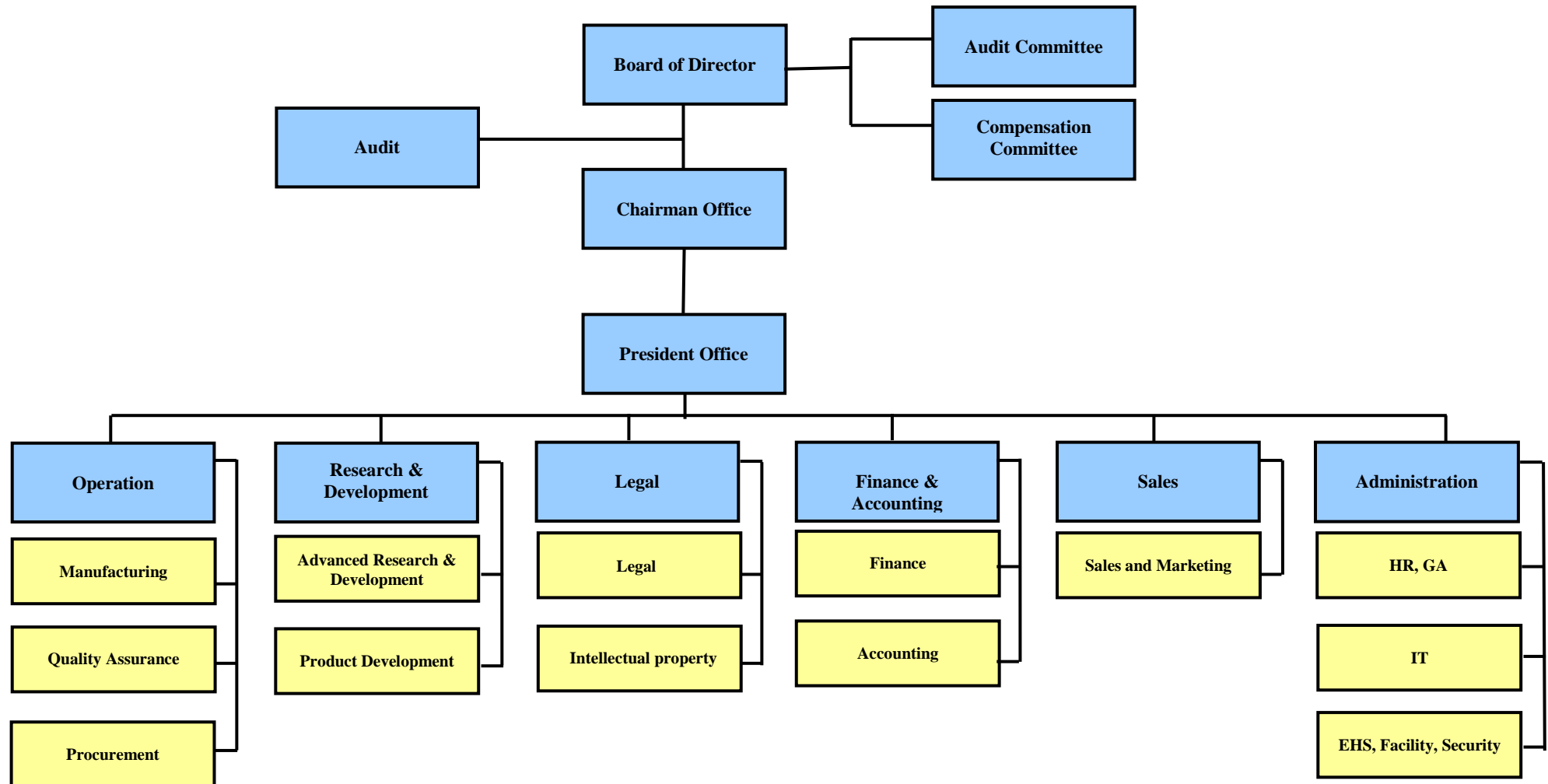
Date	Milestone
	Subsidiary TPK Advanced Solutions Inc. was awarded Best Strategic Partner by FOXCONN
January 2021	Subsidiary TPK Advanced Solutions Inc. was awarded” Quality Excellence Award in 2020” by CVTE
	Subsidiary TPK Touch Solutions (Xiamen) Inc. was awarded the AEO Advanced Certification Enterprise Certificate issued by Xiamen Customs
April 2021	Subsidiary TPK Touch Systems (Xiamen) Inc. was awarded the Laboratory Accreditation Certificate issued by China National Accreditation Service for Conformity Assessment (CNAS).
	Subsidiary Trend Trading (Xiamen) Inc. was renamed as Trend Technology (Xiamen) Inc.
August 2021	Subsidiary TPK Auto Tech Co., Limited established
September 2021	Subsidiary TPK Auto Tech (Xiamen) Limited established
October 2021	Subsidiary Amplifi Channels Hong Kong Co., Limited established
	Subsidiary TPK Touch Solutions (Xiamen) Inc. was awarded 2021 Touch Pannel Industry Leading Enterprise Annual Award by C-TOUCH&DISPLAY in Shenzhen.
November 2021	Subsidiary TPK Core Asset (Xiamen) Inc. established
	Subsidiary TPK Multi-Asset (Xiamen) Inc. established
	Subsidiary TPK Advanced Solutions Inc. and TPK Touch Solutions (Xiamen) Inc. were awarded Top 100 Enterprises in Fujian in 2021, ranking 63 rd & 97 th . Top 100 Manufacturing Enterprises in Fujian in 2021, ranking 29 th & 52 nd . TPK Touch Solutions (Xiamen) Inc. was awarded Top 100 Strategic Emerging Industry Enterprises in Fujian in 2021, ranking 6 th by Fujian Enterprises and Entrepreneurs Confederation, Fujian Media Group and Fujian Academy of Social Sciences.
December 2021	Subsidiary TPK Advanced Solutions Inc. was awarded 2021 Best Team Award by FOXCONN.
January 2022	Subsidiary TPK Advanced Solutions Inc. was awarded Best Partner in 2021 by BYD.
February 2022	Subsidiary TPK Touch Solutions (Xiamen) Inc., TPK Advanced Solutions Inc., TPK Touch Systems (Xiamen) Inc. were awarded Advanced Manufacturing Leading Enterprise in Xiamen by Xiamen Department of Industry and Information Technology.
March 2022	TPK Glass Solutions (Xiamen) Inc. Jimei Branch established
	Subsidiary TPK Auto Tech (Xiamen) Limited was Certified by IATF16949.

III. Corporate Governance Report

1. Organization

(1) Organization Chart

As of December 31, 2021



(2) Key duties and functions of major divisions:

Department	Duties and functions
Chairman Office	Plan quality policies and objectives for business operation and appoint a main manager to promote business execution.
President Office	Execute the decisions made by the board of directors and be responsible for all company affairs.
Audit Committee	Assist with supervising the board of directors and strengthen management mechanisms according to the responsibility entrusted by the Company Law and Security Exchange Law.
Compensation Committee	Assist the board of directors with executing and evaluating the company's overall salary and welfare policies, as well as the salary for directors and managers.
Audit	Responsible for internal auditing and operation procedures, as well as ensuring they can follow management auditing.
Finance & Accounting	Responsible for capital movement, accounting transactions, and strategic investments, as well as implementing company operations, investor relations, and share affairs.
Research & Development	Responsible for developing and designing product technology, introducing new equipment/technology, and the trial production, testing, and verification of new products.
Operation	Responsible for matters related to production, quality, procurement, and information management, thus achieving annual production plans and objectives.
Sales	Responsible for market information collection, product sales, and customer service; develops new market and customers; and responsible for the introduction of new products and maintaining current customers.
Administration	Responsible for general affairs and the HR management system, making full use of organization and human resources, and ensuring good logistic support and harmonious labor-capital relationships.
Legal	Responsible for legal affairs and application for and maintenance of relative patents.

2. Director, Supervisor, President, Vice President, Assistant Vice President, departments, and branch heads

(1) Directors' names, shareholding, and education/experience background (this company does not have a Supervisor set.)

April 25, 2022

Position	Nationality/ registered address	Name	Gender Age	Elected Date	Term year	Date of the initial election	Shareholding when elected		Present shareholding		Present shareholding of spouse & minor children		Shares held in another name		Major Education/Experience Background	Current position in this company and in other company	With spouse or 2 nd degree relative who are a supervisor, Director or Supervisor			Remarks (Note 10)
							Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Position	Name	Relation	
Chairman	Canada	Michael Chao- Juei Chiang	Male 61~70	2019/05/16	3	2006/10/20	17,720,401	4.36%	17,720,401	4.36%	—	—	100,000	0.02%	Business Administration, Fu Jen Catholic University TVM Corporation - Chairman Taiwan Video & Monitor Corporation - President	Note 1	Director	Foster Chiang	father and son	
Director	Samoa	Capable Way Investments Limited (Note 10)	—	2019/05/16	3	2010/01/08	23,139,855	5.69%	23,139,855	5.69%	—	—	—	—	Master of Business Administration (MBA), Duke University Lite-On Technology Corporation, Portable Image Device SBG - Chief Operation Officer Lite-On Young Fast Co. - President	Note 2	—	—	—	
	Taiwan	Representative: Li-Chien Hsieh	Male 51~60				—	—	—	—	—	—	—	—						
Director	Samoa	Max Gain Management Limited (Note 10)	—	2019/05/16	3	2005/11/21 (2005/11/21~ 2006/10/20)	25,222,643	6.20%	25,222,643	6.20%	—	—	—	—	Mechanical and Electrical Engineering, China University of Science and Technology Manufacturing department (China) of Tupo Optoelectronics Incorporated - Assistant Manager Research departments of Chief Industrial Inc.-Assistant Manager TPK Holding Co., Ltd.- Senior Vice President	Note 3	—	—	—	
	Taiwan	Representative: Heng-Yao Chang	Male 51~60				543,643	0.13%	543,643	0.13%	—	—	—	—						
Director	Samoa	High Focus Holdings Limited (Note 10)	—	2019/05/16	3	2010/01/08	13,273,610	3.26%	13,273,610	3.26%	—	—	—	—	Mechanical Engineering, Feng Chia University Business development at Green Point Incorporated Company - Director	Note 4	—	—	—	
	Taiwan	Representative: Tsung-Liang Tsai	Male 51~60				50,372	0.01%	—	—	—	—	—	—						

Position	Nationality/ registered address	Name	Gender Age	Elected Date	Term year	Date of the initial election	Shareholding when elected		Present shareholding		Present shareholding of spouse & minor children		Shares held in another name		Major Education/Experience Background	Current position in this company and in other company	With spouse or 2 nd degree relative who are a supervisor, Director or Supervisor			Remarks (Note 10)
							Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Position	Name	Relation	
Director	Samoa	Global Yield International Co., Ltd. (Note 10)	—	2019/05/16	3	2016/05/27	1,114,000	0.27%	1,114,000	0.27%	—	—	—	—	Mechanical Engineering National Chin-Yi University of Technology Quality assurance at TVM (PRC) Corporation- Assistant Vice President Amkor Co. Ltd.- Assistant Vice President	Note 5	—	—	—	
	Taiwan	Representative: Shih-Ming Liu	Male 51~60				70,945	0.02%	70,945	0.02%	—	—	—	—						
Independent Director	Taiwan	Hong-Yan Chang	Male 61~70	2019/05/16	3	2010/01/08	—	—	—	—	—	—	—	—	Master of Business Administration (MBA), APC degree in Accounting, St. John's University Interplex Industries Inc., New York, USA - Deputy Chief Financial Officer and Assistant Chief Controller Department of Business Administration, Soochow University, Taiwan - Adjunct Associate Professor Department of Communications Management, Shih Hsin University, Taiwan - Full-time Associate Professor	Note 6	—	—	—	
Independent Director	Taiwan	Fong-Nien Chiang	Male 61~70	2019/05/16	3	2013/05/22	—	—	—	—	—	—	—	—	Master of Political Economy, University of Texas at Dallas Trend Micro Incorporated- General Manager SINA. COM ONLINE. - CEO SINA Corporation - Chairman	Note 7	—	—	—	
Independent Director	Taiwan	Ming-Jeng Weng	Male 61~70	2019/05/16	3	2013/05/22	323	0.00%	—	—	—	—	—	—	MBA, University of Southern California Citi Bank- Vice President Salomon Smith Barney Inc. Taipei Branch, Citi Group- General Manager Lehman Brothers Securities Taiwan Ltd.- Chairman Nomura International (Hong Kong) Limited, Taipei Branch -Managing Director	Note 8	—	—	—	

- Note 1: Michael Chao-Juei Chiang's current position in this company and in other company: TPK Touch Solutions Inc.-Chairman, TPK Touch Solutions (Xiamen) Inc.-Executive Director, TPK Glass Solutions (Xiamen) Inc.-Executive Director, Trend Technology (Xiamen) Inc.-Executive Director, TPK Touch Systems (Xiamen) Inc.-Executive Director, TPK Touch Solutions (Pingtan) Inc.-Executive Director, TPK Advanced Solutions Inc.-Chairman, TPK Film Solutions (Xiamen) Inc.-Executive Director, Improve Idea Investments Ltd.-Director, TPK Asia Pacific Sdn. Bhd.-Director, Ray-Star Universal Solutions Limited-Director, TPK Universal Solutions Limited-Director, Upper Year Holdings Limited-Director, Optera TPK Holding Pte. Ltd.-Director, TPK America, LLC-Manager, Amplifi Technologies Inc.-Director, Amplifi Tech Hong Kong Co., Limited-Director, Amplifi Channels Hong Kong Co., Limited-Director, TPK Auto Tech (Xiamen) Limited-Chairman, TPK Auto Tech Co., Limited-Director, TPK Core Asset (Xiamen) Inc.-Executive Director, TPK Multi-Asset (Xiamen) Inc.-Executive Director, TES Touch Embedded Solutions Inc.-Director, TES Technology (Hong Kong) Limited-Director, TES Touch Embedded Solutions (Xiamen) Co., Ltd.-Director, TES Trading (Xiamen) Co., Ltd.-Director, Champ Great Int'l Corporation-Director, Digitalking Technology Limited-Director, First Way Investments Limited-Director, Global Excellent Trading Co., Ltd.-Director, Cambrios Film Solutions Corporation-Director, Cambrios Film Solutions (Hong Kong) Limited-Director, CAM International (Hong Kong) Limited-Director, YING KUAN LIMITED-Director and Representative, Panshi Company Limited-Director and Representative, and Chuan Juei Investment Co. Ltd.-Manager, 36 in total.
- Note 2: Li-Chien Hsieh's current position in this company and in other company: President of the Company, TPK Touch Solutions (Xiamen) Inc.-President, TPK Glass Solutions (Xiamen) Inc.-President, Trend Technology (Xiamen) Inc.-President, TPK Touch Systems (Xiamen) Inc.-President, TPK Advanced Solutions Inc.-Director and President, and Xiamen Jan Jia Optoelectronics Co., Ltd.-Chairman, TPK Core Asset (Xiamen) Inc.-President, TPK Multi-Asset (Xiamen) Inc.-President and TPK Auto Tech (Xiamen) Limited-Director, 7 in total.
- Note 3: Heng-Yao Chang doesn't hold a position in this company and other company.
- Note 4: Tsung-Liang Tsai's current position in this company and other company: Senior Vice President of the Company, Cambrios Film Solutions Corporation Taiwan Branch-Legal representative, Cambrios Film Solutions Corporation Japan Corporation-Legal representative and Cambrios Film Solutions (Xiamen) Corporation-Legal representative, 4 in total.
- Note 5: Shih-Ming Liu's current position in this company and in other company: Senior Vice President of the Company, TPK Film Solutions (Xiamen) Inc.-President, TPK MasTouch Solutions (Xiamen) Inc.-Executive Director and President, TPK Touch Solutions (Pingtan) Inc.-President, TPK Material Solutions Inc.-Supervisor, TPK Advanced Solutions Inc.-Director, and TPK Material Solutions (Xiamen) Inc.-Manager, 7 in total.
- Note 6: Horng-Yan Chang's current position in this company and in other company: Soft-World International Corporation-Director, LU HAI HOLDING CORP. -Independent Director, Department of Communications Management and Department of Business Administration, Shih Hsin University, Taiwan -Full-time Professor (Joint Appointment), 3 in total.
- Note 7: Fong-Nien Chiang's current position in this company and in other company: Purestone Capital Group-Chairman and Standard Foods Corporation -Independent Director, 2 in total.
- Note 8: Ming-Jeng Weng's current position in this company and in other company: Millerful Capital Partners Inc.-Senior Partner, Lion Travel Service Co., Ltd.-Director and Egis Technology Inc. -Independent Director, 3 in total.
- Note 9: FINI name of Taiwan-Max Gain Management Limited: Yuanta Bank in custody for Max Gain Management Limited.; Capable Way Investments Limited: CTBC BANK CO., LTD in custody for Capable Way Investments Limited.; High Focus Holdings Limited: HSBC Bank (Taiwan) Limited in custody for High Focus Holdings Limited.; Global Yield International Co., Ltd.: CTBC BANK CO., LTD in custody for Global Yield International Co., Ltd..
- Note 10: The chairman and the general manager or the equivalent (the top manager) are the same person, and are spouses or relatives of one parent: none.

1. Main Shareholders of Juridical Person

April 25, 2022

Name of Juridical Person	Main Shareholders of Juridical Person	Ratio of shareholding (%)
Capable Way Investments Limited	Digitalking Technology Limited	100%
Max Gain Management Limited	Champ Great Int'l Corporation	100%
High Focus Holdings Limited	Champ Great Int'l Corporation	100%
Global Yield International Co., Ltd.	Digitalking Technology Limited	100%

Note: Taiwan FINI Account Name: Capable Way Investments Limited is the Capable Way special account for investment entrusted by CTBC Bank Co., Ltd.; Max Gain Management Limited is the Max Gain special account for investment entrusted by Yuanta Commercial Bank Co., Ltd.; High Focus Holdings Limited is the High Focus special account for investment entrusted by HSBC Bank (Taiwan) Limited; Global Yield International Co., Ltd. is the special account for investment of Global Yield International Co. Ltd. entrusted by CTBC Bank Co., Ltd. .

2. The above Main shareholder is juridical person

April 25, 2022

Name of Juridical Person	Main Shareholder of Juridical Person	Ratio of shareholding (%)
Champ Great Int'l Corporation	Champ Great Management Co., Ltd.	100%
Digitalking Technology Limited	Champ Great Management Co., Ltd.	100%

(2) Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors

April 25, 2022

Qualification Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Michael Chao-Juei Chiang	<p>Professional qualifications and experience of Directors, please refer to this annual report (1) Directors' names, shareholding, and education/experience background (P.15)</p> <p>None of the directors has any of the conditions of Article 30 of the Company Act (Note 1)</p>	Not Applicable	0
Capable Way Investments Limited Representative: Li-Chien Hsieh			0
Max Gain Management Limited Representative: Heng-Yao Chang			0
High Focus Holdings Limited Representative: Tsung-Liang Tsai			0
Global Yield International Co., Ltd. Representative: Shih-Ming Liu			0
Hong-Yan Chang		<p>All independent directors meet the following conditions:</p> <p>1. Comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies " (Note 2)</p> <p>2. I (or in the name of others), my spouse and minor children do not hold shares in the company</p> <p>3. The amount of remuneration received from providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years</p>	1
Fong-Nien Chiang			1
Ming-Jeng Weng			1

Note 1: Article 30 of Company Act

Anyone who has one of the following circumstances shall not serve as a manager, and those who have already served shall be dismissed of course:

1. He has committed a crime stipulated in the Regulations on the Prevention of Organized Crime, and has been convicted by a conviction, but has not yet been executed, has not been executed yet, or has not been executed for five years, or after the probation period expires or the pardon has expired.
2. Those who have committed the crime of fraud, breach of trust, or embezzlement have been sentenced to fixed-term imprisonment of more than one year and have been sentenced to fixed-term imprisonment for more than one year.
3. Those who have committed crimes under the Code of Corruption and have been convicted of guilt, but have not yet been executed, have not yet been executed, or have been executed, have probation expired or have been pardoned for less than two years.
4. Those who have been declared bankrupt or have been ordered to start liquidation procedures by the court and have not been reinstated.
5. The use of the ticket has not yet expired after the transaction has been refused.
6. Those who are incapacitated or have limited capacity.

7. The declaration of assistance has not been revoked.

Note 2:

1. Governments, legal persons or their representatives not specified in Article 27 of the Company Act.
2. Concurrently serve as independent directors of other public offering companies, no more than three.
3. There is no one of the following conditions in the two years before the election and during the term of office:
 - (1) Employees of the company or its affiliates.
 - (2) Directors and supervisors of the company or its affiliates.
 - (3) I and my spouse, minor children or natural person shareholders who hold more than 1% of the total issued shares of the company in the name of others or hold the top ten shares.
 - (4) Spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship, of the managers listed in (1) or the persons listed in (2) and (3).
 - (5) A director, supervisor or employee of a legal person shareholder who directly holds more than 5% of the total issued shares of the company, and who holds the top five shares or who appoints a representative to serve as a director of the company in accordance with Article 27 of the Company Act.
 - (6) A director, supervisor or employee of another company controlled by the same person with more than half of the directors' seats or voting shares of the company.
 - (7) A director (director), supervisor (supervisor) or employee of another company or institution who is the same person or spouse as the company's chairman, general manager or equivalent.
 - (8) Directors (councils), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company.
 - (9) Professionals, sole proprietorships, partnerships, companies or institutions that provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies with a cumulative amount of remuneration not exceeding NT\$500,000 in the last two years Principal, partner, director (council), supervisor (supervisor), manager and their spouse. However, it is not limited to those who serve as members of the Company's Compensation Committee.

(3) Diversity and Independence of the Board of Directors

1. Diversity of the board of directors:

The nomination and selection of members of the board of directors of the company follows the provisions of the company's articles of association, adopts the nomination system for candidates, and stipulates the "Director Election Method", which clearly defines the nomination, qualification and evaluation policies and standards of director candidates, and follows the "Corporate Election Method". Governance Best Practice Principles" strengthen the functions of the board of directors and achieve the diversity of board members.

At present, the members of the board of directors of the company have diverse backgrounds, including professional backgrounds in different industries, academia and finance. According to Article 20 of "Corporate Governance Best Practice Principles", board members should generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the Bank's Board of Directors implements diversity as follows:

Diversity Core Program Name	Nationality	Gender	Age		Operational Judgment Ability	Accountant and Financial Analysis Ability	Operation Management Ability	Crisis Managem ent Ability	Professional Expertise	View of World	Leadership	Decision- making Ability
			51 ~ 60	61 ~ 70								
Michael Chao-Juei Chiang	Canada	M		✓	✓		✓	✓	✓	✓	✓	✓
Li-Chien Hsieh	R.O.C	M	✓		✓	✓	✓	✓	✓	✓	✓	✓
Heng-Yao Chang	R.O.C	M	✓		✓		✓	✓	✓	✓	✓	✓
Tsung- Liang Tsai	R.O.C	M	✓		✓		✓	✓	✓	✓	✓	✓
Shih-Ming Liu	R.O.C	M	✓		✓		✓	✓	✓	✓	✓	✓
Horng-Yan Chang	R.O.C	M		✓	✓	✓	✓	✓		✓	✓	✓
Fong-Nien Chiang	R.O.C	M		✓	✓		✓	✓		✓	✓	✓
Ming-Jeng Weng	R.O.C	M	✓		✓	✓	✓	✓		✓	✓	✓

2. Independence of the board of directors:

Among the eight directors of the company, three are independent directors, accounting for 38% of the total number of directors, and there is no relationship between the directors of spouses or relatives within the second degree of kinship, nor is there any government agency or a single legal person organization and its subsidiaries occupying the When the number of seats on the board of directors is more than one-third.

(4) President, Vice President, Assistant Vice President, department and branch heads (Assistant Vice President is not available in this company):

April 25, 2022

Position	Nationality	Name	Gender	Elected date	Shareholding		Shareholding of spouse and minor children		Shares held in another's name		Major Education/Experience Background	Current position in other company	With spouse or 2 nd degree relative who are a president or vice president			Remarks
					Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Position	Name	Relation	
President	Taiwan	Li-Chien Hsieh	Male	2018/12/01	—	—	—	—	—	—	Master of Business Administration (MBA), Duke University Lite-On Technology Corporation, Portable Image Device SBG - Chief Operation Officer Lite-On Young Fast Co. - President	TPK Holding Co., Ltd.- Representative of Corporate Director TPK Touch Solutions (Xiamen) Inc.-President TPK Glass Solutions (Xiamen) Inc.-President Trend Technology (Xiamen) Inc.-President TPK Touch Systems (Xiamen) Inc.-President TPK Advanced Solutions Inc.-Director and President XiaMen Jan Jia Optoelectronics Co., Ltd-Chairman TPK Core Asset (Xiamen) Inc.- President TPK Multi-Asset (Xiamen) Inc.- President TPK Auto Tech (Xiamen) Limited-Director	—	—	—	
Senior Vice President	Taiwan	Tsung-Liang Tsai	Male	2006/11/06	—	—	—	—	—	—	Mechanical Engineering, Feng Chia University Business development at Green Point Incorporated Company -Director	TPK Holding Co., Ltd.- Representative of Corporate Director Cambrios Film Solutions Corporation Taiwan	—	—	—	

Position	Nationality	Name	Gender	Elected date	Shareholding		Shareholding of spouse and minor children		Shares held in another's name		Major Education/Experience Background	Current position in other company	With spouse or 2 nd degree relative who are a president or vice president			Remarks
					Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Position	Name	Relation	
												Branch-Legal representative Cambrios Film Solutions Corporation Japan Corporation-Legal representative Cambrios Film Solutions (Xiamen) Corporation-Legal representative				
Senior Vice President	Taiwan	Shih-Ming Liu	Male	2006/01/02	70,945	0.02%	—	—	—	—	Mechanical Engineering, National Chin-Yi University of Technology Quality assurance at TVM (PRC) Corporation- Assistant Vice President Amkor Co. Ltd.- Assistant Vice President	TPK Holding Co., Ltd.- Representative of Corporate Director TPK Film Solutions (Xiamen) Inc.-President TPK MasTouch Solutions(Xiamen) Inc.- Executive Director and President TPK Touch Solutions (Pingtan) Inc.-President TPK Material Solutions Inc.-Supervisor TPK Advanced Solutions Inc.-Director TPK Material Solutions (Xiamen) Inc.-President	—	—	—	
Senior Vice President	Taiwan	Freddie Liu	Male	2009/09/01	433,498	0.11%	—	—	—	—	Master of Business Administration, University of Michigan ASE Group-Vice President of Finance Citibank- Vice President of Unit Head	TPK Touch Solutions (Xiamen) Inc.- Supervisor TPK Glass Solutions (Xiamen) Inc.- Supervisor Trend Technology (Xiamen) Inc.- Supervisor	—	—	—	

Position	Nationality	Name	Gender	Elected date	Shareholding		Shareholding of spouse and minor children		Shares held in another's name		Major Education/Experience Background	Current position in other company	With spouse or 2 nd degree relative who are a president or vice president			Remarks
					Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Position	Name	Relation	
												TPK Touch Systems (Xiamen) Inc.- Supervisor TPK MasTouch Solutions(Xiamen) Inc.- Supervisor TPK Touch Solutions (Pingtan) Inc.- Supervisor TPK Advanced Solutions Inc.- Supervisor TPK Film Solutions (Xiamen) Inc.- Supervisor TPK Asia Pacific Sdn. Bhd.-Director Ray-Star Universal Solutions Limited-Director Optera TPK Holding Pte Ltd.-Director XiaMen Jan Jia Optoelectronics Co., Ltd.-Supervisor TPK Material Solutions (Xiamen) Inc.- Supervisor TPK Core Asset (Xiamen) Inc.Supervisor TPK Multi-Asset (Xiamen) Inc.Supervisor				

Position	Nationality	Name	Gender	Elected date	Shareholding		Shareholding of spouse and minor children		Shares held in another's name		Major Education/Experience Background	Current position in other company	With spouse or 2 nd degree relative who are a president or vice president			Remarks
					Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Position	Name	Relation	
												EDOM Technology Co., Ltd.-Independent Director Just Kitchen Holdings Corp. - Director Casual Restaurants Inc. – Director Pou Sheng International (Holdings) Limited-Independent Non-executive Director				
Senior Vice President	Taiwan	Ming-Chung Chuang	Male	2018/10/09	5,000	0.00%	—	—	—	—	Institute of Electronics Engineering, National Tsing Hua University Wistron Corporation - TFT LCM OEM and ODM Department Supervisor of Optoelectronics Division Industrial PC Electronics Inc.- Executive Vice General Manager of China Agilent Technologies- Supervisor of China/HongKong/Taiwan HP Inc. - Department manager	—	—	—	—	
Senior Vice Presiden	Taiwan	Jen-I Tai	Male	2014/12/16	—	—	—	—	—	—	Department of Law, Soochow University Canatu Oy Ltd.- Director of China Lite On Young Fast (Huizhou) Co., Ltd.-Chief Operating Officer Imagic Technology Co.,Ltd.- Vice General Manager	XiaMen Jan Jia Optoelectronics Co., Ltd-Director Amplifi Tech (Xiamen) Limited.-Executive Director	—	—	—	

Position	Nationality	Name	Gender	Elected date	Shareholding		Shareholding of spouse and minor children		Shares held in another's name		Major Education/Experience Background	Current position in other company	With spouse or 2 nd degree relative who are a president or vice president			Remarks
					Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Position	Name	Relation	
Vice President	Taiwan	Pei-Ching Tsai	Female	2020/02/21	14,264	0.00%	6,000	0.00%	—	—	Master of Finance, Saint Louis University. TPK Touch Solutions Inc-Senior Director of Finance Division TVM Corp.- Assistant Vice President of Finance and Accounting Division Taiwan Video & Monitor Corp.-Manager of Finance Division	—				
Vice President	Taiwan	Chun-An Wei	Male	2021/11/09	—	—	—	—	—	—	Master of Electrical Engineering, Tatung University SiPix Technology Inc.- Assistant Vice President of RD Department CPT Ltd-Director of module design Department. Hitachi Asia Ltd.-Dupty Mananger of RD Department.	—	—	—	—	
Accountant Officer	Taiwan	Hu-Yao Lin	Male	2017/09/01	—	—	—	—	—	—	Master of Accounting, Soochow University Manz Taiwan Ltd. - Manager of Accounting Department	TPK Auto Tech (Xiamen) Limited-Supervisor GeneTouch Corp. - Independent Director	—	—	—	

3. Remuneration of the Director, Supervisor, President and Vice President

(1) Remuneration of Director and Independent Director

Unit: NT\$1,000

Position	Name	Remuneration of Director								Sum of A+B+C+D and ratio to net income		Remuneration in the capacity as an employee								Sum of A+B+C+D+E+ F+G and ratio to net income		Remuner ation from an Invested Company Other than the Company 's Subsidiar y or parent Company
		Remuneration (A)		Pension (B)		Remuneration of Director (C)		Professional fees (D)				Salary, bonus & other fees (E)		Pension (F)		Employee Rewards (G)						
		The Compa ny	All companie s included in the financial report	The Compa ny	All companie s include d in the financia l report	The Compan y	All companie s included in the financial report	The Comp any	All companies included in the financial report	The Company	All companie s included in the financial report	The Compa ny	All companie s included in the financial report	The Compa ny	All companies included in the financial report	The company		All companies included in the financial report		The Com pany	All companie s included in the financial report	
Cash	Stock	Cash	Stock																			
Chairman	Michael Chao-Juei Chiang	-	-	-	-	5,073	5,073	210	210	5,283 0.49%	5,283 0.49%	-	29,982	-	-	-	-	-	-	5,283 0.49%	35,265 3.30%	-
Director	Capable Way Investments Limited Representative: Li-Chien Hsieh																					
Director	Max Gain Management Limited Representative: Heng-Yao Chang																					
Director	High Focus Holdings Limited Representative: Tsung-Liang Tsai																					
Director	Global Yield International Co., Ltd. Representative: Shih-Ming Liu																					
Independent Director	Horng-Yan Chang	-	-	-	-	5,073	5,073	126	126	5,199 0.49%	5,199 0.49%	-	-	-	-	-	-	-	-			-

Independent Director	Fong-Nien Chiang																		5,199	5,199	
Independent Director	Ming-Jeng Weng																		0.49%	0.49%	

Note 1: Please describe Independent Directors' remuneration policies, procedures, standards, structure and connection between the amount of remuneration according to the responsibilities, risks, time spent and other factors:

Independent directors' remuneration is base on participation in the Company's operations and the individual contribution. The board of directors offer a fair remuneration according to the company's operating performance, risks of future and trends, also refer to domestic and foreign market standards.

Note 2: In addition to the above table, Directors remunerations earned by providing services (i.e. non-employee consulting services) to all consolidated enteritites in the financial statements: None.

(2)Range of Remuneration to Director (include Independent Director)

Unit: NT\$

Range of Remuneration to Directors	Name of Director			
	Total Remuneration Amount (A+B+C+D)		Total Remuneration Amount (A+B+C+D+E+F+G)	
	The company	All companies included in the financial report (H)	The company	All companies included in the financial report (I)
Below NT\$ 1,000,000	—	—	—	—
NT\$ 1,000,000 (include)~2,000,000 (not include)	Michael Chao-Juei Chiang, Capable Way Investments Limited, Max Gain Management Limited, High Focus Holdings Limited, Global Yield International Co., Ltd. Horng-Yan Chang, Fong-Nien Chiang, Ming-Jeng Weng	Michael Chao-Juei Chiang, Capable Way Investments Limited, Max Gain Management Limited, High Focus Holdings Limited, Global Yield International Co., Ltd. Horng-Yan Chang, Fong-Nien Chiang, Ming-Jeng Weng	Michael Chao-Juei Chiang, Capable Way Investments Limited, Max Gain Management Limited, High Focus Holdings Limited, Global Yield International Co., Ltd. Horng-Yan Chang, Fong-Nien Chiang, Ming-Jeng Weng	Michael Chao-Juei Chiang, Max Gain Management Limited Horng-Yan Chang, Fong-Nien Chiang, Ming-Jeng Weng,
NT\$ 2,000,000 (include)~3,500,000 (not include)	—	—	—	—
NT\$ 3,500,000 (include)~5,000,000 (not include)	—	—	—	—
NT\$ 5,000,000 (include)~10,000,000 (not include)	—	—	—	High Focus Holdings Limited, Global Yield International Co., Ltd.
NT\$ 10,000,000 (include)~15,000,000 (not include)	—	—	—	—
NT\$ 15,000,000 (include)~30,000,000 (not include)	—	—	—	Capable Way Investments Limited
NT\$ 30,000,000 (include)~50,000,000 (not include)	—	—	—	—
NT\$ 50,000,000 (include)~100,000,000 (not include)	—	—	—	—
Above NT\$ 100,000,000	—	—	—	—
Total	8	8	8	8

(3)Remuneration of Supervisor: Supervisor is not set in this company, thus it is not applicable.

(4) Remuneration of President and Vice President

Unit: NT\$ thousands

Position	Name	Salary (A)		Pension (B)		Bonus and extraordinary charge (C)		Employee Rewards (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration from an Invested Company Other than the Company's Subsidiary or parent Company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Cash	Stock	Cash	Stock			
President	Li-Chien Hsieh	-	34,387	-	-	-	40,719	-	-	-	-	-	75,106 7.03%	-
Senior Vice President	Tsung-Liang Tsai													
Senior Vice President	Shih-Ming Liu													
Senior Vice President	Freddie Liu													
Senior Vice President	Ming-Chung Chung													
Senior Vice President	Jen-I Tai													
Vice President	Pei-Ching Tsai													
Vice President	Chun-An Wei (Note 2)													
Accountant Officer	Hu-Yao Lin													

Note 1: The remunerations disclosed in this table are different from incomes defined in Income Tax, thus this table is only used for information disclosure but not for tax.

Note 2: Chun-An Wei inauguration in November 9, 2021. His remuneration shall be disclosed according to the proportion of inauguration.

Note 3: As of December 31, 2021.

(5)Range of Remuneration of President and Vice President

Unit: NT\$

Range of Remuneration to President and Vice President	Name of President and Vice President	
	The company	All companies included in the financial report (E)
Below NT\$ 1,000,000	—	—
NT\$ 1,000,000 (include) ~ 2,000,000 (not include)	—	Chun-An Wei
NT\$ 2,000,000 (include) ~ 3,500,000 (not include)	—	Hu-Yao Lin
NT\$ 3,500,000 (include) ~ 5,000,000 (not include)	—	Shih-Ming Liu,
NT\$ 5,000,000 (include) ~ 10,000,000 (not include)	—	Freddie Liu, Tsung-Liang Tsai, Pei-Ching Tsai
NT\$ 10,000,000 (include) ~ 15,000,000 (not include)	—	Ming-Chung Chuang, Jen-I Tai
NT\$ 15,000,000 (include) ~ 30,000,000 (not include)	—	Li-Chien Hsieh
NT\$ 30,000,000 (include) ~ 50,000,000 (not include)	—	—
NT\$ 50,000,000 (include) ~ 100,000,000 (not include)	—	—
Above NT\$ 100,000,000	—	—
Total	—	9

Note: Chun-An Wei inauguration in November 9, 2021. His remuneration shall be disclosed according to the proportion of inauguration.

(6)Employee's rewards paid to managers, the names and allocation: None

(7)Separately compare and describe total remuneration as a percentage of net income as paid by this company, and by each other company included in the consolidated financial statements, during the past two fiscal years to its Director, Supervisor, President, and Vice President, and analyze and describe remuneration policies, standards, and packages, the procedure for setting remuneration, and relationships with performance and future risks (this company does not have a Supervisor).

1. Analysis of the proportion of the total remuneration paid by the company and all companies to its director, supervisor, president, and vice president in net income.

Unit: NT\$ thousands

Item	Ratio of total remuneration paid to directors, supervisors, president and vice presidents to net income.			
	2020		2021	
	Amount	%	Amount	%
Director	9,802	0.95%	10,482	0.98%
President and Vice President	72,849	7.06%	75,106	7.03%

Note: Net Income attributed to parent company in 2021 and in 2020 amounted to NT\$1,068,606 thousands and NT\$1,031,323 thousands respectively.

2. Policy, standards, and portfolio of remuneration paid, procedure for remuneration formulated and relationship with operation performance and future risks
 - (1) In accordance with the amendments to the Company Act announced in May 2015, and the annual shareholders' meeting resolved to the amendment in the Articles on May 29, 2018, the Company accrued employees' compensation and remuneration of directors at rates of no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. If the Company has losses of previous years, net profit before income tax should be retained for offsetting the amount of those losses.
 - (2) The remuneration of the Director will be paid according to the service scope and value of this Director to the company and in line with like companies in the R.O.C and abroad. Meanwhile, the board performance evaluation has been conducted each year. The Company shall base its determination of an individual director's remuneration on the evaluation results of his or her performance. The criteria for evaluating the performance of the board of directors which the following five aspects: participation in the operation of the company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control. The criteria for evaluating the performance of the board members which the following six aspects: alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control.
 - (3) The remuneration paid to the managerial officers over the past two years is divided into salaries and bonuses. Reasonable remuneration shall be distributed in consideration of the company's operating results, risk and development trends in the industry, and personal performance and contribution to the company's operating results. Evaluation of performance and reasonable of remuneration shall be reviewed by the Compensation Committee and the board of directors and may be adjusted in a timely manner according to the operations and related law and regulations, so as to achieve the company's sustainable development and risk management.

4. Implementation of Corporate Governance

(1) Operation of the Board of Directors:

The Board of Directors had convened 8 times (A) from 2021 to April 25, 2022.

Attendance records are as follows:

Position	Name	Actual attendance (B)	Attendance through proxy	Actual attendance ratio (%) (B/A)	Remarks (Note)
Chairman	Michael Chao-Juei Chiang	8	0	100%	
Director	Capable Way Investments Limited Representative: Li-Chien Hsieh	8	0	100%	
Director	Max Gain Management Limited Representative: Heng-Yao Chang	7	1	87.5%	
Director	High Focus Holdings Limited Representative: Tsung-Liang Tsai	8	0	100%	
Director	Global Yield International Co., Ltd. Representative: Shih-Ming Liu	8	0	100%	
Independent Director	Horng-Yan Chang	8	0	100%	
Independent Director	Fong-Nien Chiang	7	1	87.5%	
Independent Director	Ming-Jeng Weng	8	0	100%	

Other items that shall be disclosed:

- When one of the following situations occurred to the operations of the Board, state the date and term of the Board meeting, content of proposals, opinions of all Independent Directors and the Company's actions in response to the opinions of the Independent Directors:

(I) Matters included in Article 14-3 of the Securities and Exchange Act: regulations from Article 14-3 are not applicable since the Company has already established an Audit Committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please see Operations of the Audit Committee.

(II) In addition to the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that has been recorded or stated in writing: None.

- The status of avoidance of conflict of interests by Directors on sensitive issues, it shall describe Director name, proposal contents, reasons and status of decisions:

Meeting Date	Proposal Contents	Reasons for avoidance of conflict of interests and status of decisions
March 11, 2021	Decide to pass the KPI bonus plan for senior managers in 2020.	Director Li-Chien Hsieh, Shih-Ming Liu, Tsung-Liang Tsai, and four attended supervisors Chief Strategy Officer Freddie Liu, Chief Financial Officer Pei-Ching Tsai, Audit Supervisor Pei-Chi Wang and Accountant Officer Hu-Yao Lin avoid of conflicts of interests; after the opinions of Directors were inquired by the chairman, the plan passed without objection.
May 12, 2021	Decide to pass the remuneration plan for senior managers.	Director Li-Chien Hsieh, Shih-Ming Liu, Tsung-Liang Tsai, and four attended supervisors Chief Strategy Officer Freddie Liu, Chief Financial

		Officer Pei-Ching Tsai, Accountant Officer Hu-Yao Lin and Audit Supervisor Pei-Chi Wang avoid of conflicts of interests; after the opinions of Directors were inquired by the chairman, the plan passed without objection.
July 9, 2021	Decide to pass remuneration distribution plan of Director for annual surplus in 2020.	Director Michael Chao-Juei Chiang, Li-Chien Hsieh, Heng-Yao Chang, Tsung-Liang Tsai, Shih-Ming Liu, Horng-Yan Chang, Ming-Jeng Weng and Fong-Nien Chiang avoid of conflicts of interests; after the opinions of Directors were inquired by the chairman, the plan passed without objection.
November 9, 2021	Proposed removal of the company's managers' non-compete restrictions	Director Tsung-Liang Tsai avoids of conflicts of interests; after the opinions of Directors were inquired by the chairman, the plan passed without objection.
	Subsidiary TPK Glass Solutions (Xiamen) Inc. proposed to sell 10% shares of TPK Auto Tech (Xiamen) Limited 10% to strategic investor, TES Touch Embedded Solutions (Xiamen) Co., Ltd.	Director Michael Chao-Juei Chiang avoids of conflicts of interests; after the opinions of Directors were inquired by the chairman, the plan passed without objection.
March 17, 2022	Nomination of directors and independent directors and review.	Director Michael Chao-Juei Chiang, Li-Chien Hsieh, Heng-Yao Chang, Tsung-Liang Tsai, Shih-Ming Liu, Ming-Jeng Weng and Chief Strategy Officer Freddie Liu avoid of conflicts of interests; after the opinions of Directors were inquired by the Acting chairman, the plan passed without objection.
	Decide to pass the KPI bonus plan for senior managers in 2021.	Director Li-Chien Hsieh, Shih-Ming Liu, Tsung-Liang Tsai, and four attended supervisors Chief Strategy Officer Freddie Liu, Chief Financial Officer Pei-Ching Tsai, Audit Supervisor Pei-Chi Wang and Accountant Officer Hu-Yao Lin avoid of conflicts of interests; after the opinions of Directors were inquired by the chairman, the plan passed without objection.

3. Performance evaluation of the Board of Directors:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Annually	2020.11.01 to 2021.10.31	Board of Directors	Internal self-evaluation by the board of directors	The measurement items of the "Board Performance Evaluation Self-evaluation Questionnaire" cover five major aspects including participation in company operations, improvement of the decision-making quality of the board of directors, composition and structure of the board, selection and continuous education of directors, and internal control, totaling 38 evaluation indicators.
	2020.11.01 to 2021.10.31	Individual board members	Board member self-evaluation	The measurement items of the "Self-assessment Questionnaire for Directors' Performance Evaluation" include the mastery of the company's objectives and tasks, the awareness of directors' responsibilities, the degree of participation in company operations, internal relationship management and communication, directors' professional and continuing education, internal control, etc. In general, there are a total of 22 evaluation indicators.

4. Strengthening the function of the board of directors and its execution condition in this year and last year (such as establishing an Audit Committee, improving information transparency):

The board of directors authorizes its Audit Committee and Compensation Committee to separately assist with supervision. These two committees are each composed of three Independent Directors. The chairman of each committee shall regularly report its activities and decisions to the board of directors.

(2) Operation condition of Audit Committee:

The Audit Committee had convened 8 times (A) from 2021 to April 25, 2022.

Attendance records are as follows:

Position	Name	Actual attendance (B)	Attendance through proxy	Actual attendance ratio (%) (B/A)	Remarks (Note)
Independent Director	Horng-Yan Chang	8	0	100%	
Independent Director	Fong-Nien Chiang	7	1	87.5%	
Independent Director	Ming-Jeng Weng	8	0	100%	

Other items that shall be disclosed:

1.If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

(I) Matters included in Article 14-5 of the Securities and Exchange Act:

All resolutions have been approved with the consent of one-half or more of all Audit Committee members before a resolution has been reached at the Board meeting. There were no other resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors. (Please see 4. Implementation of Corporate Governance - (11) Major resolutions of the board of shareholders and board of directors)

(II) Except the items in the preceding issues, other resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors: None

2.In regards to the recusal of independent directors from voting due to conflict of interests, the name of the independent directors, the resolutions, reasons for recusal due to conflict of interests and voting outcomes should be stated: None.

3. Communication condition between Independent Directors, internal auditing supervisor, and

CPA (including communication of important events, methods, and results related to financial and business conditions):

Description:

- (1) Company's internal auditing supervisor will regularly communicate the audit results with members of the Audit Committee and report it in the Audit Committee meeting in each quarter. Under special situations, the auditing supervisor will also report to members of the Audit Committee, while special situation did not occur in the recent year. Audit Committee communicates well with internal auditing supervisor.

Date And Method	Communication focus	Communication situation and results
March 11, 2021 Audit Committee	1. Audit execution business and defect tracking report in the fourth quarter of 2020 Execution of internal audit plan declared in MOPS 2. Pass the 2020 Internal Control Statement	All members present discussed and approved.
May 12, 2021 Audit Committee	The first quarter of 2021 audit execution business and defect tracking report Please check the implementation of the internal audit plan of MOPS	All present members agreed to discuss.
August 20, 2021 Audit Committee	Audit execution business and defect tracking report for the second quarter of 2021 Please check the implementation of the internal audit plan of MOPS	All present members agreed to discuss.
November 9, 2021 Audit Committee	1. Audit execution business and defect tracking report in the third quarter of 2021 Please check the implementation of the internal audit plan of MOPS 2. Formulate the 2022 audit plan	All members present discussed and approved.
December 8, 2021 Audit Committee	Audit execution business and defect tracking report in November 2021 Please check the implementation of the internal audit plan of MOPS	All present members agreed to discuss.

- (2) Company's CPA will report financial report check or review results and other matters required in related laws in the annual Audit Committee meeting; under special situations, CPA will also report to members of the Audit Committee. There is no such special situation in the recent year. Audit Committee communicates well with CPA.

CPA attended the Audit Committee meeting on March 11, 2021 and March 17, 2022.

Date And Method	Communication focus	Communication situation and results
March 11, 2021 Audit Committee	1. Arrange two accountants to brief the audit committee and explain the 2020 consolidated financial statements and business reports and other final accounts. 2. Accountants discuss and communicate with the Chairman and members of the Audit Committee on the issues inquired. The accountant issued a 109-year internal control proposal, and during the audit, no major deficiency in the company's internal control was found. 3. Accountants' explanations and discussions on Corporate Governance 3.0 - the period for the publication of self-closing annual financial information by listed OTC companies.	All members present discussed and approved.
March 17, 2022 Audit Committee	1. Arrange two accountants to brief the audit committee and explain the 2021 consolidated financial statements and business reports and other final accounts. 2. Accountants discuss and communicate with the Chairman and members of the Audit Committee on the issues inquired.	All members present discussed and approved.

	<p>The accountant issued an 110Y internal control proposal, and during the audit, no major deficiency in the company's internal control was found.</p> <p>3. Recent regulatory changes report.</p> <p>4. Discuss progress with the competent authority regarding the benchmarking of the special surplus reserve.</p>	
<p>4. Annual key functions and operations:</p> <p>(I) 2021 Annual key functions</p> <ol style="list-style-type: none"> 1. Financial statements, business reports and Profit Distribution. 2. The assessment of the effectiveness of the internal control system and the plan of the audit program. 3. Independence assessment of CPA. 4. Significant assets, capital loans, endorsement guarantees and derivative transactions. 5. New subsidiary case <p>(II) 2021 operations:</p> <p>Matters included in Article 14-5 of the Securities and Exchange Act have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.</p>		

(3) Corporate Governance Implementation Status and Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”:

Evaluation Item	Implementation Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1. Whether this company has formulated and disclosed the company’s corrective action plan according to SE/OTC listed companies’ corrective action?	✓		Our company has formulated an operation practice code and distributed it to the public information observation website; the operation of our company is based on business operation, we promote business operation through strengthening operation transparency and function of the board of directors.	There is no big deviation.
2. This company’s shareholding composition and shareholder’s equity (1) Whether this company has formulated internal operation procedure to deal with shareholder’s proposals, doubts, disputes, and lawsuits, and has been implemented according to the procedure?	✓		(1) In order to ensure shareholder equity, this company has set special personnel and e-mail (7777@tpk.com); special personnel for internal processing procedure can handle share affairs and investor relations, personnel for legal affairs can handle shareholder opinions, disputes, and lawsuits related to overseas income tax. At the same time, in response to the internal and external personnel’s	There is no big deviation.

Evaluation Item	Implementation Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(2) Whether this company has the name list of main shareholders and the final controller of shareholders?	✓		reporting system for illegal (including corruption) and unethical behavior, the company has set an appeal mailbox (whistle.blowing@tpk.com), and special personnel will be assigned to handle relative affairs. (2) This company has set the unit for shares affairs and agent for shares affairs which can timely grasp the main shareholders of the company and the final controller of main shareholders.	There is no big deviation.
(3) This company’s efforts to set up and implement risk control mechanism and firewall with affiliates?	✓		(3) This company has formulated a transaction management method which can define the regulation for enterprise operation, business and financial relation with an interested party, and thus to reach the risk control mechanism.	There is no big deviation.
(4) Whether the company has formulated internal regulations to forbid purchasing and selling of	✓		(4) This company has formulated a processing procedure for important internal information to forbid purchasing	There is no big deviation.

Evaluation Item	Implementation Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
securities by internal employees with the use of undisclosed information in the market?			and selling of securities by internal employees with the use of undisclosed information in the market.	
3. The composition and responsibility of board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	√		(1) Diversity policy and specific management objectives and implementation: Please refer to this annual report (3) Diversity and Independence of the Board of Directors(P.21)	There is no big deviation.
(2) Except for the establishment of Compensation Committee, whether this company has set other functional committees on its own?		√	(2) Our company has set salaries and a remuneration commission, Audit Committee, and other functional committees will be set according to actual demands in future.	There is no big deviation.
(3) Does the company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	√		(3) The company has formulated the board of directors' performance evaluation method and its evaluation method, and regularly conducts performance evaluation every year, and submits the results of the performance evaluation to the board of directors, and uses it as a reference for the	There is no big deviation.

Evaluation Item	Implementation Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(4) Regular assessment of the independent performance of the CPA in the auditing practice?	✓		<p>remuneration of individual directors and nominations for renewal.</p> <p>(4) The company has submitted the 2021 independent evaluation plan of the certifying CPA to the board of directors and Audit Committee on March 17, 2022, all directors decided that Deloitte Touche Tohmatsu Limited CPA Chuang, Pi-Yu and Kuo, Tzu-Jung can accord with independent and suitability standards, the evaluation is based on the “Certifying Accountant Review and Evaluation Form” prepared by the company and the “Accountant’s detached independence statement” issued by the accountant.</p> <p>Review table and detailed indications:</p> <ol style="list-style-type: none"> 1. Independent of CPA 2. Morality of CPA 3. Expertise of audit personnel 4. Evaluate and supervise the existing or potential risks of the Company 	There is no big deviation.

Evaluation Item	Implementation Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			5. Communication with top management 6. Reasonable fees	
4. Does the company set up an appropriate number of suitable personnel responsible for corporate governance matters and appoint a corporate governance manager responsible for corporate governance matters (including but not limited to providing information for directors to perform their functions, assisting directors with legal compliance, handling work related to meetings of the board of directors and the shareholders' meetings in accordance with law, and producing minutes of board meetings and shareholders' meetings).	√		The company has full-time stock personnel responsible for corporate governance-related affairs. On May 12, 2021, the board of directors approved the appointment of senior deputy general manager Freddie Liu, the company's chief strategy officer, as the corporate governance supervisor. He is the top supervisor in charge of corporate governance-related affairs. Handle matters related to the Board of Directors, Audit Committee, Compensation Committee and Shareholders' Meeting, assist directors to take office and continue their education, provide directors with information required for business execution, and assist directors in complying with laws and regulations, etc.	There is no big deviation.

Evaluation Item	Implementation Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
5. Whether the Company has set communication channels for interested parties (including but not limited to shareholders, employees, customers and suppliers) and a special area on the website for interested parties, and whether the Company has responded to the enterprise social responsibility topics concerned by interested parties?	✓		The Company has set special personnel and e-mail (IR@tpk.com), and set a special area for interested parties, established communication channels with interested parties such as investors, employees, customers, suppliers, media, district and government departments and execution conditions (in Note 2), handle and response company's external relations and matters related to interested party.	There is no big deviation.
6. Whether the company has entrusted an agent to handle affairs of the board of shareholders?	✓		The Company has entrusted Yuanta Securities Co. LTD. to handle affairs of the board of shareholders.	There is no big deviation.
7. Disclosure of information (1). Whether the Company has installed a website to fully disclose the information regarding this company's financial business standing as well as management?	✓		(1). The Company has installed a website (www.tpk.com) to disclose relative information at time, company overview, Corporate Governance Information and financial information will be declared to the public information website according to the regulations of authority.	There is no big deviation.

Evaluation Item	Implementation Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(2). Whether other methods have been adopted by the Company to disclose information (e.g., installation of websites in English, appointment of designated personnel to collect and disclose information, process for presentation of commercial papers, firm enforcement of spokesperson system, installation of company website, etc.)	√		(2). 1. The Company has installed a website, and has set the website for financial information and business operation information. 2. The Company has set a spokesperson system, and implemented it according to relative laws. Investors can send emails to IR@tpk.com if there are any doubts, and special personnel will respond. 3. The Company’s juridical person briefing will provide a live webcast or live conference call, and the recording files as well as briefings will be placed in the public information observation website and company website.	There is no big deviation.
(3). Did the company publicly disclose and file its financial report within two months of the end of the fiscal year and publicly disclose and file financial reports for the first, second, and third quarters and monthly operational status reports prior to the time limits set by regulations?		√	(3). The company's first, second, third and annual financial reports for 2021 and monthly revenues are announced and declared at the public information observatory before the prescribed	There is no big deviation.

Evaluation Item	Implementation Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			deadline, and uploaded to the company's website simultaneously.	
8. Whether the Company has important information for others to know the business operations (including but not limited to employee rights, employee care, investor relation, supplier relation, rights of interested parties, training of directors and Supervisors, risk management policy and execution of risk measurement standard, execution condition of customer policy, the condition of the company to buy insurance for directors and Supervisors)?	√		(1) Employee right and benefit: The Company has formulated an employee remuneration method (refer to articles of association), employee performance award method, and employee stock option method. (2) Employee care: The Company pays attention to human rights and employee interests, except for basic requirements in labor laws, the Company has set up a welfare commission, Good News and Wecare to care for employee, and encourages employees to participate in road running, mountain climbing or swimming; in addition, it provides a gym, training center (playing movies irregularly), staff restaurants, staff travel and fire detection drills to maintain a good	There is no big deviation.

Evaluation Item	Implementation Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>working environment, and actively develop community activities, so employees can grow healthily.</p> <p>(3) Investor relation: The Company has set letter box IR@tpk.com, provided a channel for investors to express opinions, and set special personnel to respond; the important information will be released on the public information station and website in a timely manner.</p> <p>(4) Training of board of directors: Training courses for authority (shown in the following table).</p> <p>(5) Execution condition of risk management policy and risk measurement standard: Except for strict internal control system and audit carried out by internal auditing personnel, relative insurances are set to avoid risks.</p>	

Evaluation Item	Implementation Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>(6) Execution condition of customer policy: The Company adheres to credit management and pays attention to customer rights, and the Company has set internal regulations for employees according to relative laws.</p> <p>(7) The situation of the company purchasing liability insurance for directors: The Company has insured liability insurance for directors, which is regularly evaluated every year and reports to directors on the renewal of directors' liability insurance.</p>	
<p>9. Please describe the improvement in the results of the recent corporate management review issued by the Corporate Governance Center of the Taiwan Stock Exchange, and give priority to strengthening measures for those matters which have not been improved.</p> <p>The company's most recent annual corporate governance evaluation results are in the top 21%~35% of listed companies. In the future, we will continue to work hard to safeguard shareholders' rights and treat shareholders equally, strengthen the structure and operation of the board of directors, improve information transparency and promote sustainable development and strengthen corporate governance.</p>				

Attached Table:

(1) Director select proper training courses according to their time management and project background, training courses are shown as follows:

Position	Name	Sponsor Unit	Training Course	Training Date	Training Hours	Whether training can accord with regulation (Note1)
Chairman	Michael Chao-Juei Chiang	Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	November 9, 2021	3	Yes
			The International Economic Situation and China's Political and Economic Changes, How Taiwanese Businessmen Respond		3	Yes
Director	Li-Chien Hsieh	Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	November 9, 2021	3	Yes
			The International Economic Situation and China's Political and Economic Changes, How Taiwanese Businessmen Respond		3	Yes
Director	Heng-Yao Chang	Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	November 9, 2021	3	Yes
			The International Economic Situation and China's Political and Economic Changes, How Taiwanese Businessmen Respond		3	Yes
Director	Tsung-Liang Tsai	Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	November 9, 2021	3	Yes
			The International Economic Situation and China's Political and Economic Changes, How Taiwanese Businessmen Respond		3	Yes
Director	Shih-Ming Liu	Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	November 9, 2021	3	Yes
			The International Economic Situation and China's Political and Economic Changes, How Taiwanese Businessmen Respond		3	Yes
Independent Director	Horng-Yan Chang	Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	November 9, 2021	3	Yes
			The International Economic Situation and China's Political and Economic Changes, How Taiwanese Businessmen Respond		3	Yes
		Financial Supervisory Commission, R.O.C.	The 13th Taipei Corporate Governance Forum	September 1, 2021	6	Yes
		Securities and Futures Institute	Corporate Social Responsibility (CSR, ESG) Model Practice Analysis of Corporate Governance Evaluation	August 11, 2021	3	Yes
		Taiwan Stock Exchange	The first listed company independent director function publicity meeting	January 21, 2021	3	Yes

Independent Director	Fong-Nien Chiang	Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	November 9, 2021	3	Yes
			The International Economic Situation and China's Political and Economic Changes, How Taiwanese Businessmen Respond		3	Yes
Independent Director	Ming-Jeng Weng	Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	November 9, 2021	3	Yes
			The International Economic Situation and China's Political and Economic Changes, How Taiwanese Businessmen Respond		3	Yes

Note1: Means whether it can accord with the training hours, training scope, training system, training arrangements and information disclosure as stipulated in the "Implementation of the Directors of SE/OTC and the implementation of the Supervisor training".

(2) Main manager and audit supervisor of the Company will select suitable courses according to the project, and their participation in the training is shown as follows:

Position	Name	Sponsor Unit	Training Course	Training Date	Training Hours
President	Li-Chien Hsieh	Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	November 9, 2021	3
			The International Economic Situation and China's Political and Economic Changes, How Taiwanese Businessmen Respond		3
Chief Strategy Officer / Corporate Governance Officer.	Freddie Liu	Securities and Futures Institute	110 Annual Insider Equity Transaction Legal Compliance Publicity and Briefing Session	October 27, 2021	3
			110 Annual Prevention of Insider Trading Promotion Conference	November 5, 2021	3
		Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	November 9, 2021	3
			The International Economic Situation and China's Political and Economic Changes, How Taiwanese Businessmen Respond		3
			Tax issues related to companies and major shareholders	November 11, 2021	3
		Taiwan Stock Exchange	2021 Cathay Pacific Sustainable Finance and Climate Change Summit	December 07, 2021	6
Financial Executive	Pei-Ching Tsai	Securities and Futures Institute	110 Annual Insider Equity Transaction Legal Compliance Publicity and Briefing Session	October 27, 2021	3
			110 Annual Prevention of Insider Trading Promotion Conference	November 5, 2021	3
		Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	November 9, 2021	3

			The International Economic Situation and China's Political and Economic Changes, How Taiwanese Businessmen Respond		3
		Taiwan Stock Exchange	2021 Cathay Pacific Sustainable Finance and Climate Change Summit	December 07, 2021	6
Accountant Officer	Hu-Yao Lin	Accounting Research and Development Foundation	Continuing training course for accounting supervisors of issuers, securities firms and stock exchanges	December 06, 2021 ~ December 07, 2021	12
Audit Supervisor	Pei-Chi Wang	The Institute of Internal Auditors-Chinese Taiwan	Practical evolution of materiality benchmarks for untrue financial statements and determination of directors' and supervisors' responsibilities	July 23, 2021	3
			Legal Responsibilities of Enterprise Fraud and Practical Procedures of Investigation and Judgment		3
			Cross-strait tax audit and regulation analysis practice	September 1, 2021	6

(4) Operation condition of Compensation Committee

1. Information of members of Compensation Committee

Position	Condition Name	The professional qualifications and experience of the Company's Compensation Committee.	The independence status of the Company's Compensation Committee	Number of companies where the person also acts as a member of Compensation Committee	Remarks
Independent Director (Convener)	Horng-Yan Chang	The Compensation Committee of the Company consists of all three independent directors. The professional qualifications and experience of the members, please refer to this annual report (1) Directors' names, shareholding, and education/experience background(P.15)	All members of the Compensation Committee meet the following conditions: 1. Comply with Article 14-6 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note) Relevant regulations. 2. I (or in the name of others), my spouse and minor children do not hold shares in the company. 3. The amount of remuneration received from providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.	1	-
Independent Director	Fong-Nien Chiang			1	-
Independent Director	Ming-Jeng Weng			1	-

Note: There is no one of the following two years before the election and during the term of office:

- (1) Employees of the company or its affiliates.
- (2) Directors and supervisors of the company or its affiliates.
- (3) I and my spouse, minor children or natural person shareholders who hold more than 1% of the total issued shares of the company in the name of others or hold the top ten shares.
- (4) Spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship, of the managers listed in (1) or the persons listed in (2) and (3).
- (5) A director, supervisor or employee of a legal person shareholder who directly holds 5% or more of the total issued shares of the company, and who holds the top five shares or appoints a representative to serve as a director of the company in accordance with Article 27 of the Company Act.
- (6) A director, supervisor or employee of another company controlled by the same person with more than half of the directors' seats or voting shares of the company.
- (7) A director (director), supervisor (supervisor) or employee of another company or institution who is the same person or spouse as the company's chairman, general manager or equivalent.
- (8) Directors (councils), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company.
- (9) Professionals, sole proprietorship, partnership, company or institution business owners who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies with a cumulative amount of remuneration exceeding NT\$500,000 in the last two years, partners, directors (council), supervisors (supervisors), managers and their spouses. However, it is not limited to those who serve as members of the Company's Compensation Committee.

2. Operation condition of Compensation Committee

(1) There are three members in the Compensation Committee.

(2) Tenure of members of committee: From May 28, 2019 to May 15, 2022. The Compensation Committee had convened 5 times (A) from 2021 to April 25, 2022.

Attendance condition is shown as follows:

Position	Name	Actual attendance (B)	Attendance through proxy	Actual attendance ratio (%) (B/A)	Remarks
Convener	Horng-Yan Chang	5	0	100%	
Commission Member	Fong-Nien Chiang	4	1	80%	
Commission Member	Ming-Jeng Weng	5	0	100%	

Responsibilities of the Compensation Committee

- (1) Regularly review organization regulation and put forward corrective suggestions.
- (2) Plan and regularly review annual and long-term performance objective as well as policy, system, standard and structure of remuneration for directors and managers.
- (3) Regularly evaluate the realization condition of performance objective for directors and managers, and plan the content and amount for individual remuneration.

Others:

1. If the board of directors does not adopt or revise the opinions of the Compensation Committee, the date, stage, proposal contents, decision results of the board of directors, and company's processing to the opinions of the Compensation Committee (if the remuneration passed by the board of directors is better than the remuneration proposal made by the Compensation Committee) shall be described: None.
2. If any members do not agree with the decision of the Compensation Committee with record or written statement, the date, stage, proposal contents, opinions of all members and processing to opinions of the Compensation Committee shall be described:

Compensation Committee	Agenda	Resolution	The Company's handling of the opinions of the Compensation Committee
The 5 th meeting of the 4 th Compensation Committee March 11, 2021	1. Report the results of the performance evaluations to the Board of Directors	All commission members agree	Submit to board of directors and all directors present agree to pass
	2. Amend the Compensation Committee Charter.	All commission members agree	Submit to board of directors and all directors present agree to pass
	3. Decide to pass the KPI bonus plan for senior managers in 2020.	All commission members agree	Submit to board of directors and all directors present agree to pass
The 6 th meeting of the 4 th Compensation Committee May 12, 2021	1. Appointment of Corporate Governance Officer.	All commission members agree	Submit to board of directors and all directors present agree to pass
	2. Decide to pass the remuneration plan for senior managers.	All commission members agree	Submit to board of directors and all directors present agree to pass
The 7 th meeting of the 4 th Compensation Committee July 9, 2021	1. Decide to pass remuneration distribution plan of Director for annual surplus in 2020.	All commission members agree	Submit to board of directors and all directors present agree to pass
The 8 th meeting of the 4 th Compensation Committee November 9, 2021	1. Appointment of Chief Technology Officer.	All commission members agree	Submit to board of directors and all directors present agree to pass
The 9 th meeting of the 4 th Compensation Committee March 17, 2022	1. Report the results of the performance evaluations to the Board of Directors.	All commission members agree	Submit to board of directors and all directors present agree to pass
	2. Decide to pass the KPI bonus plan for senior managers in 2021.	All commission members agree	Submit to board of directors and all directors present agree to pass

(5) The state of the company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance:

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
1. Does the company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, and the board of directors authorizes senior management to handle it, and the board of directors supervises the situation?	✓		<p>Following the company's corporate social responsibility policy and guidelines, the chairman's office promotes the establishment of a full-time corporate social responsibility unit. In January 2016, a corporate social responsibility committee was established within the group, which is the highest-level sustainable development decision-making center within the company. The chairman, and the vice president of administration is designated as the chairman to coordinate and handle related business part-time, and each department tries its best to fulfill its corporate social responsibility according to its scope of duties and division of labor.</p> <p>The Corporate Social Responsibility Committee serves as a cross-departmental communication platform that integrates up and down and connects horizontally. Through the annual meeting, identify sustainable issues related to company operations and stakeholders, formulate corresponding strategies and work plans, and track the implementation results to ensure that corporate social responsibility policies and guidelines are fully implemented into the company's daily operation and management.</p> <p>In 2021, the chairman of corporate social responsibility will organize subsidiaries in mainland China to hold an annual management review meeting to</p>	None.

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
			<p>communicate and discuss issues of social responsibility management. The company's current social responsibility management system policy is appropriate, clear and effective, and meets the relevant requirements of stakeholders. It will continue to be optimized in the future in order to better manage social responsibility.</p> <p>The relevant implementation results and work plans are reported to the board of directors from time to time by the chairman of the corporate social responsibility committee, and the board of directors supervises the company's sustainable development management policy, strategy and goal formulation and review measures.</p>	
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		<p>1. The information disclosed in the risk assessment covers the company's sustainable development performance in major bases from January 2021 to December 2021. The assessment boundary is mainly based on the company's subsidiaries in mainland China, including subsidiaries in Xiamen and Pingtan in mainland China. .</p> <p>2. The CSR Committee conducts analysis based on the principle of materiality, communicates with internal and external stakeholders, and evaluates material issues by reviewing domestic and foreign research reports, industry peer reports, and integrating evaluation data from various departments and subsidiaries.</p>	None.

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
(Note: The principle of materiality refers to those who have a significant impact on the company's investors and other stakeholders in relation to environmental, social and corporate governance issues.)			<p>Formulate various corporate social responsibility policies and procedures, and improve the company's management system to reduce the impact of related risks.</p> <p>3. Based on the assessed risks, formulate relevant risk management policies or strategies as follows:</p> <p>3.1 surroundings:</p> <p>3.1.1 Committed to the production of products that protect the earth and conform to the concept of environmental protection, and actively organize a variety of employee activities and public welfare projects, encourage every employee to work together and build a resource-saving and environment-friendly home with continuous practical actions .</p> <p>3.1.2 Establish an environmental management system according to ISO international standards, formulate the "Group Environment, Occupational Health and Safety Management Manual" and implement environmental management in accordance with the standards, including formulating environmental policies, implementing and implementing relevant requirements of the policies, etc. At the beginning, the ISO14001 and ISO45001 environmental and energy management system verifications were</p>	

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
			<p>successively introduced, and the certification was maintained on a regular basis.</p> <p>3.1.3 According to ISO14064, it conducts an annual inventory of the greenhouse gas emissions of each subsidiary, and develops and builds a group carbon inventory as a long-term operation carbon reduction target management tool. According to the results of the carbon inventory, it continues to implement carbon reduction measures and effectively reduce carbon emissions.</p> <p>3.2 society:</p> <p>3.2.1 Occupational safety: Continuously improve working conditions and employee benefits, promote labor-management cooperation, create a harmonious working environment, formulate emergency measures for environmental emergencies, and conduct regular enterprise safety production standardized assessments. In 2021, all factories and subsidiaries will complete the ISO45001 occupational health and safety management system certification; every year, various safety education training and publicity will be carried out in each factory on a regular basis to enhance employees' safety awareness.</p>	

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
			<p>3.2.2 Product safety: The company's products comply with various laws and regulations of the government, and carry out hazardous substance testing on materials and finished products, in line with EU RoHS regulations and customer requirements. Set up a customer service line and communication website, and actively conduct customer satisfaction surveys on a regular basis every year to strengthen and improve product quality and safety.</p> <p>3.3 Corporate Governance:</p> <p>3.3.1 By establishing an organization and implementing an internal control mechanism, we ensure that all personnel and operations of the company comply with relevant laws and regulations. The company has formulated complete corporate social responsibility policies and procedures, such as: "TPK Group Corporate Social Responsibility Management Manual", "Administrative Measures for the Prevention of Employment of Child Labor and Juvenile Labor", "TPK Company Personnel Integrity Management Measures", "TPK Supplier Social Responsibility Management Standards, TPK Supplier Integrity Management Measures, TPK Group Conflict Minerals Policy, etc.</p>	

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
			<p>3.3.2 Plan relevant training topics for directors and supervisors, and provide directors with the latest regulations, system development and policies. And take out liability insurance for directors to protect them from lawsuits or claims.</p> <p>3.3.3 An annual analysis of key stakeholders and their major issues of concern. And establish various communication channels and investor mailboxes to actively communicate to reduce confrontation and misunderstanding.</p>	
<p>3. Environmental issues</p> <p>(1) Has the company established an appropriate environmental management system according to its industrial characteristics ?</p>	✓		<p>(1) Establish an appropriate environmental management system according to the company's industrial characteristics. All factories and subsidiaries are implemented in accordance with the ISO14001 management system and continue to pass the verification of third-party manufacturers. Greenhouse gas inventory is carried out every year in accordance with ISO14064-1 specifications to track the effect of emission reduction. The relevant certifications are disclosed on the company's website.</p>	None.
<p>(2) Is the company committed to improving energy efficiency and</p>	✓		<p>(2) To implement the theme of sustainable operation, the company continues to refine the production process and improve quality, and at the same time cooperate with management issues such as water saving, electricity saving,</p>	None.

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
using recycled materials with low impact on the environment?			<p>carbon reduction and emission reduction, to promote the sustainable development of the group, and fulfill the responsibility of the group to protect the environment and protect the earth .</p> <p>a) Promoting paperless e-operations, at present, the file management system has been used to gradually comprehensively e-form standardized documents to reduce the amount of paper and reduce environmental pollution.</p> <p>b) Implement energy conservation and effective reuse of resources. In 2021, the amount of water saved through water-saving projects such as wastewater reuse will reach 660,000 tons, accounting for 12% of the total water consumption for the year; the company will continue to formulate various water-saving measures according to the actual situation, and is committed to reducing water consumption and At the same time, the recycling rate of waste water is improved.</p> <p>c) In 2021, the electricity saving will reach 14,451,000 KWH, achieving an annual saving of 3% of electricity consumption, and will continue to improve the efficiency of renewable energy use year by year through measures such as energy efficiency management and technological transformation.</p>	

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons					
	Yes	no	Summary						
(3) Has the company assessed the current and future potential risks and opportunities of climate change to the company, and taken relevant countermeasures?	✓		d) Since 2016, the company has continued to implement the plan for the reduction of hazardous waste empty barrels and the secondary use of clean cloths, realizing the recycling and reuse of the original empty barrels and the reuse of clean cloths. Up to now, the amount of waste generated has been reduced by approximately 475.3 tons. (3)Questionnaire of the CDP carbon disclosure project every year to disclose information on changes in the climate system and water security, mainly to show whether climate-related issues affect the company's strategy and financial planning, and to drive the company to further Explore climate-related risk management.	None.					
(4) Has the company counted greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulated policies for greenhouse gas reduction, water use reduction or other waste management ?	✓		(4) 1. The company completes internal inspections in accordance with the ISO14064-1 standard, and regularly inspects the achievement of goals. Greenhouse gas emissions in the last 2 years: <div>Unit: tons of CO2e<table><tr><td>year</td><td>Scope 1</td><td>Scope 3</td><td>Scope 3</td><td>Emissions per unit of turnover (gCO2e/NT\$1,000)</td></tr></table></div>	year	Scope 1	Scope 3	Scope 3	Emissions per unit of turnover (gCO2e/NT\$1,000)	None.
year	Scope 1	Scope 3	Scope 3	Emissions per unit of turnover (gCO2e/NT\$1,000)					

Assessment Item	Implementation Status					Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons											
	Yes	no	Summary														
			<table><tr><td>2020</td><td>0.58</td><td>38.48</td><td>0.08</td><td>0.34</td></tr><tr><td>2021</td><td>0.60</td><td>33.86</td><td>0.06</td><td>0.33</td></tr></table> <p>Note 1: Greenhouse gases: including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, nitrogen trifluoride and others announced by the central competent authority.</p> <p>Note 2: Scope 1: Direct emissions, i.e. directly from emission sources owned or controlled by the company.</p> <p>Scope 2: Indirect energy emissions, that is, indirect greenhouse gas emissions from imported electricity, heat or steam.</p> <p>Scope 3: Other indirect emissions, that is, emissions from company activities that are not indirect emissions from energy sources but originate from emissions owned or controlled by other companies.</p> <p>Note 3: Covers the information of all subsidiaries in mainland China</p> <p>Through the formulation of greenhouse gas reduction strategies for the products and processes produced, and cooperation with customers and suppliers, the goal of continuous improvement is achieved to the greatest extent; the company's internal daily management, air-conditioning temperature control throughout the year, and efficient use of energy to achieve energy conservation and carbon reduction The goal of energy saving is to keep the comprehensive energy consumption per unit product flat from 2021.</p>					2020	0.58	38.48	0.08	0.34	2021	0.60	33.86	0.06	0.33
2020	0.58	38.48	0.08	0.34													
2021	0.60	33.86	0.06	0.33													

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons									
	Yes	no	Summary										
			<p>2. The water-saving plan and water-use equipment are monitored every year, and various water-saving measures are formulated according to the actual situation. From 2016 to 2021, the water consumption has been reduced year by year for 6 consecutive years.</p> <p>Water consumption in the last 2 years (covering all factories and companies in mainland China):</p> <table border="1"> <tr> <th>year</th> <th>Total water consumption (thousand tons)</th> <th>Water consumption per unit turnover (ton/ NT \$ thousand)</th> </tr> <tr> <td>2020</td> <td>6,111</td> <td>0.053</td> </tr> <tr> <td>2021</td> <td>5,620</td> <td>0.054</td> </tr> </table> <p>In 2021, mainly through the reclaimed water reuse project, it will save about 660,000 tons of water, a decrease of 4%. In the future, it will continue to use water resources management and water-saving technologies to generate water-saving benefits.</p> <p>3. Waste management: The company is committed to environmental protection. In 2018, the company obtained the highest level of UL zero landfill platinum certification (waste conversion rate reached 100%) in waste management.</p>	year	Total water consumption (thousand tons)	Water consumption per unit turnover (ton/ NT \$ thousand)	2020	6,111	0.053	2021	5,620	0.054	
year	Total water consumption (thousand tons)	Water consumption per unit turnover (ton/ NT \$ thousand)											
2020	6,111	0.053											
2021	5,620	0.054											

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons																
	Yes	no	Summary																	
			<p>External audit, all factories and subsidiaries will pass ISO14001 environmental management system verification in 2021.</p> <p>Waste output in the last 2 years (all factories and subsidiaries in mainland China):</p> <table><tr><td colspan="4">Unit: tons</td></tr><tr><td>year</td><td>Hazardous waste</td><td>general waste</td><td>unit turnover output (kg/NT \$1,000)</td></tr><tr><td>2020</td><td>532.2</td><td>5237.32</td><td>0.050</td></tr><tr><td>2021</td><td>349.0</td><td>6582.62</td><td>0.067</td></tr></table>	Unit: tons				year	Hazardous waste	general waste	unit turnover output (kg/NT \$1,000)	2020	532.2	5237.32	0.050	2021	349.0	6582.62	0.067	
Unit: tons																				
year	Hazardous waste	general waste	unit turnover output (kg/NT \$1,000)																	
2020	532.2	5237.32	0.050																	
2021	349.0	6582.62	0.067																	
4. Social Issues (1) Does the company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	√		(1) The company supports, respects and follows internationally recognized human rights laws, norms and principles, including the United Nations Universal Declaration of Human Rights, the United Nations Global Covenant, the United Nations Guiding Principles on Business and Human Rights, and the Basic Work of the International Labour Organization International human rights conventions such as the Declaration of Principles and Rights. The company's "TPK Group Corporate Social Responsibility Management Manual" formulates	None.																

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
(2) Does the company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect business performance or	√		<p>human rights policies and guidelines to implement safeguards and publishes it on the company's website.</p> <p>The company examines itself every year by paying attention to major social issues, questionnaires, data analysis, etc. to identify and evaluate potential human rights risks and groups facing risks, formulate risk control plans based on potential risks, and continuously monitor and track the implementation of improvement plans results.</p> <p>In addition, human rights protection-related training is carried out every year for colleagues, and new employees are trained when they join the company, covering all employees throughout the year, so as to improve the awareness of human rights protection and reduce the possibility of related risks.</p> <p>(2) The company has established employee codes and remuneration and performance incentive measures, which clearly regulate remuneration and reward and punishment standards, so that colleagues' salaries can grow together with the company's operations and meet social responsibilities.</p> <p>Employee compensation: The company approves the corresponding salary according to the employee's position, work experience, education and skills, etc. and in accordance with the</p>	None.

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
results in employee compensation?			<p>company's internal salary-related policies. Market salary surveys are carried out every year, and salary adjustments are made based on market salary levels, economic trends and personal performance to maintain overall salary competitiveness.</p> <p><u>Welfare measures:</u></p> <p>a) Statutory benefits: According to the location of employment, provide statutory benefits, social insurance and retirement systems that comply with laws and regulations.</p> <p>b) Paid vacation: In order to ensure the work-life balance of employees, the company provides employees with various types of paid leave in compliance with laws and regulations: statutory annual leave, marriage leave, bereavement leave, maternity leave, maternity leave, paternity leave, breastfeeding leave, etc.</p> <p>c) Gifts/Gifts: The company carefully prepares birthday gifts/gifts, wedding gifts, maternity gifts, etc.</p> <p>d) Bonuses/allowances: According to different grades/posts, you can enjoy various bonuses and allowances, such as: night shift allowance, high temperature allowance, post and environmental allowance, travel allowance,</p>	

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
			<p>telephone allowance (depending on the nature of the work), etc. Year-end bonuses are issued according to the company's annual operation and individual performance evaluation. Depending on the company's operating conditions, employees with outstanding performance will be given special rewards to motivate and retain employees and grow together with the company.</p> <p>e) Health and security: In order to prevent various health risks and provide employees with supplementary security, the company has purchased commercial insurance for employees. We regularly arrange welfare and health check-ups for employees, and set up a medical office to provide basic medical care, as well as a psychological counseling hotline to provide counseling and counseling to solve physical and mental health problems.</p> <p><u>Diversity and equality</u></p> <p>in the workplace: To achieve equal remuneration and equal promotion opportunities for men and women, the average proportion of female employees in 2021 will be 39%, and the average proportion of female supervisors will be 25%. The company attaches great importance to the rights and welfare of employees, and advocates an equal employment environment: establishes a health center to provide employment platforms for blind masseurs; regularly</p>	

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
(3) Does the company provide employees with a safe and healthy working environment, and conduct regular safety and health education for employees?	√		<p>organizes women's health care activities; and regularly cares for employees in difficulty every year.</p> <p><u>Business performance reflects employee remuneration:</u></p> <p>the company evaluates year-end bonuses and operating performance bonuses based on the current year's operating conditions and the individual performance of departments and employees, and distributes employees after accounting according to the company's internal regulations, encouraging employees to grow together with the company and strive for good results.</p> <p>(3) <u>Occupational health and safety policies:</u></p> <p>The company believes that employees who are physically and mentally healthy can create high-efficiency and high-quality work performance. In accordance with the international occupational health and safety management system and local regulations, the company formulates occupational safety and health policies to promote the health and safety management of each plant area and create all employees. The best working environment has obtained ISO45001 occupational safety and health management system verification certification.</p> <p>In terms of physical health, the company has a gym, regularly holds employee health checks, and holds outdoor activities from time to time to relieve the</p>	None.

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
			<p>pressure of working on weekdays; in terms of work safety, the company has trained employees to respond to emergencies through continuous education, training and publicity. Ability and safety concept, strengthen employees' cognitive ability, establish a work-related injury prevention and tracking system, and create a safe working environment, in order to reduce the probability of accidents in the working environment and reduce the adverse impact on company assets and employee safety.</p> <p>In 2021, there will be 26 work-related injuries involving 26 people, with a total work-related injury rate of 0.11‰, reaching the target of 0.2‰. On this basis, the company continues to seek improvement plans with the ultimate goal of zero work-related injuries.</p> <p><u>Labor working environment:</u></p> <p>In order to ensure the health and safety of employees and provide a comfortable working environment for employees, for positions with environmental hazards, the current situation of the workplace is evaluated every three years, and third-party manufacturers are entrusted to conduct environmental inspections on the workplace every year, and monthly sampling for internal testing.</p>	

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
			<p>And formulate the "Group Environmental Safety and Health Hazard Identification and Risk Assessment and Control Program" to identify the hazard factors in the potential working environment, carry out job hazard analysis (JHA) risk assessment improvement for medium and high risks, and formulate "Group Occupational Health Management Regulations" and "Group Personal Protective Equipment Management Regulations", compliantly manage occupational hazard positions, and complete pre-job, on-the-job and off-the-job physical examinations for on-the-job personnel; E-way system monitors on-the-job maintenance and management and identifies personal protective equipment (PPE) for hazardous positions wearing requirements.</p> <p><u>Accident Potential Hazard Assessment:</u></p> <p>In order to reduce the potential safety hazards on the job site, the standardized management of health, environmental protection and safety work in each plant area of the Group has been strengthened. In 2021, the Environmental Safety Department will implement preventive measures, inspections and audits in accordance with the "Group Accident Hazard Investigation, Management and Reporting Management Regulations" and relevant management standards, and</p>	

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
(4) Does the company establish an effective career development training program for employees?	√		<p>implement special projects and continue to improve to establish a safe production environment.</p> <p><u>Device Security Management:</u></p> <p>Prevention is the first priority, and the machine acceptance card control is carried out in the early stage of the equipment entering the factory to ensure the safety acceptance of the machine and reduce the incidence of safety accidents from the source. Through risk identification/assessment, the environmental safety department of the plant's operating equipment conducts quantitative or qualitative risk analysis, so as to formulate and implement safety countermeasures.</p> <p><u>Staff education and training:</u></p> <p>Through various safety education training and publicity, we will enhance employees' safety awareness. In 2021, we will open a three-level safety education online course, combining online and offline to achieve full-staff training.</p>	None.

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
(5) Regarding issues such as customer health and safety, customer	√		<p>company provides new personnel training to help them become familiar with the rules and regulations, master the procedures and norms to be aware of, enhance their recognition of the corporate culture, and help them integrate into the environment and be competent for their jobs. In-service employees in each position can choose management or professional learning and development routes according to their career development plans and different ability stages, join corresponding training programs, and obtain promotion training suitable for their development at each stage. In terms of cultivation content, cultivation planning and execution are carried out through the four dimensions of core competency, management competency, professional competency and general competency, and combined face-to-face training and online training provide employees with flexible and efficient learning methods. In 2021, a total of 1,652 people (excluding newcomer training) participated in various face-to-face courses, with a total of 7,840 hours of learning. A total of 32,547 people completed various online training courses, and the accumulated learning hours were 24,360 hours.</p> <p>(5) The marketing and labeling of the company's products and services shall be handled in accordance with relevant laws and regulations, and the raw materials</p>	None.

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
<p>privacy, marketing and labelling of products and services , does the company follow relevant laws and international standards, and formulate relevant policies and complaint procedures for the protection of consumers or customers ' rights and interests?</p> <p>(6) Has the company formulated a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?</p>	✓		<p>and finished products required for production shall be tested for harmful substances.</p> <p>The company provides complete technical services and after-sales service tracking, evaluation, review and improvement according to the needs of different customers, and promptly handles customer problems.</p> <p>(6) The company has formulated the "TSK Group Supplier Social Responsibility Standard Manual", which establishes the qualification evaluation conditions for suppliers in corporate social responsibility such as environmental protection, occupational safety and health or labor rights, and provides suppliers with business ethics, employment , environment and employee safety practices and other requirements and expectations.</p> <p>Sign relevant contracts with suppliers such as "Suppliers' Social Responsibility and Ethics Commitment" and other relevant contracts before cooperation. Urge suppliers to follow the company's corporate business goals such as sustainable operation, environmental protection and energy saving, integrity and integrity, and fulfilling social responsibilities. Supply Suppliers are included in the company's requirements for corporate social responsibility, regular inspections</p>	None.

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
			and evaluations are conducted, and suppliers are encouraged to actively cooperate with the company to improve corporate social responsibility.	
5. Does the company refer to the internationally accepted report preparation standards or guidelines to prepare reports such as Sustainability reports that disclose non-financial information of the company? Has the previous disclosure report obtained the assurance or assurance opinion of the third-party verification unit?		✓	Although the company has not prepared a Sustainability report, it has carried out relevant operations with reference to the internationally accepted reporting standards and guidelines, and disclosed the information on the company's website. Every year, we accept the corporate social responsibility audit conducted by the customer or the third-party agency designated by the customer and according to international standards such as RBA, and obtain good results.	None.
6. If the company has established the sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" please describe any discrepancy between the Principles and their implementation: The company's sustainable development responsibilities all operate in accordance with the relevant codes, and there is no difference.				
7. Other important information helpful to understand the implementation of the promotion of sustainable development :				

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
<p>1. The Xiamen subsidiary of the company cooperates with Xiamen Institute of Technology in establishing and teaching, and cooperates with Fuzhou Vocational and Technical College and Xiamen Ocean Vocational and Technical College in integrated teaching, providing learning and employment opportunities for students.</p> <p>2. The Xiamen subsidiary provides employment opportunities for the blind, reflecting the company's social responsibility, recruiting 45 blind masseurs.</p> <p>3. Play social responsibilities and actively participate in various social activities. On September 8th and 9th, 2021, we will jointly hold a blood donation charity event with the Xiamen City Center Blood Donation Station. The company colleagues responded positively, and the total amount of blood donation reached 93,600 ml (a total of 341) This is the eighth time for the company to convene group employees to support the charity event.</p> <p>4. In order to protect the physical and mental health of the company's female employees, health knowledge lectures and "two cancer screening" activities for cervical cancer and breast cancer were held. A total of 690 employees participated in the examination; a breastfeeding room was set up to create a convenient and hygienic breastfeeding environment.</p> <p>5. The company regards "healthy Chenhong, healthy employees" as the goal of sustainable operation, provides comprehensive protection for employees, and offers free yoga classes, dance classes, taijiquan interest classes. And organizes TBA basketball leagues and group sports meetings to improve employees Awareness of sports fitness and team assistance. And held a series of activities for the Chenhong Health Year to guide employees to pay attention to their own health and master scientific and effective health methods.</p> <p>6. By holding parent-child carnival activities to convey the corporate culture spirit of "people-oriented", to enhance employees and their families to feel the closeness and joy of the TPK family, to increase more opportunities for sharing and communication among colleagues belonging to different departments, for employees' children Send family gifts and thank you cards. We have held several employee activities in accordance with the times, such as online epidemic prevention knowledge competition, team photo collection competition held on May 1st Labor Day, cake gambling activities,</p>				

Assessment Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	no	Summary	
<p>etc. The activities attracted thousands of colleagues to participate. It not only enriches the leisure life of colleagues, but also provides opportunities for colleagues to communicate and interact, enhance team cohesion and inherit folk culture.</p> <p>7. In order to reflect the company's concern and concern for employees in need, through family condolences and holding symposiums, condolences will be given to the group's employees in difficulty when the Spring Festival in 2022 is approaching, and condolences and condolences will be given. Employees who are left-behind children in difficulty apply to the bank's public welfare fund to provide employees with transportation expenses to and from their hometowns.</p> <p>8. The company attaches great importance to environmental protection. It has implemented garbage classification and no disposable tableware in the staff restaurant, and promoted the awareness of caring for the factory area and protecting the environment to employees.</p> <p>9. Cooperate with the local police station to set up a police office next to the gate of Anqin, a subsidiary of Xiamen, to ensure the public security and safety around the company, reduce emergency security incidents, and maintain the personal safety of colleagues.</p> <p>10. Charity sponsors the new work "Blood of the Blue" by famous underwater photographer and director, Mr. Yuan Xuhu. The director and the two leading actors also gave a post-screening greeting on the spot. They encouraged everyone to face difficulties, stick to their dreams, and never give up.</p>				

(6) Implementation of Ethical Corporate Management and Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons:

Assessment Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles For TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p>	<p>√</p> <p>√</p>		<p>(1) The company has formulated the Ethical Corporate Management Best Practice Principles which has been supported and approved by the board of directors. The management of the company advocates its business philosophy that the company attaches importance to and implements integrity through group conferences or emails at irregular intervals.</p> <p>(2) In order to implement the Ethical Corporate Management Best Practice Principles, the company has formulated the Ethical Management Standard Operating Procedure and Behavior Guidelines to detailedly stipulate the matters to be noted by the company's personnel when carrying out business. The contents of the Ethical Corporate Management Best Practice Principles and the Ethical Management Standard Operating Procedure and Behavior Guidelines include but are not limited to the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p> <p>Under the guidance of the above two superordinate guidelines, there are relevant Standard Operating</p>	<p>There is no big deviation.</p> <p>There is no big deviation.</p>

Assessment Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles For TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
(3) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	√		<p>Procedures (SOPs) for business activities with high risk of dishonest behavior implemented, such as the Agreement on Protection of Trade Secrets, Intellectual Property Rights and Non Competition; the Regulation on Company Personnel Behaviors of Honesty-Trust of TPK Holding Co., Ltd (hereinafter referred to as TPK); TPK Group Supplier Integrity Behavior Management Measures; the Supplier Honesty and Integrity Commitment Letter; and the Business Entertainment Expenses Application Standard Operating Procedure.</p> <p>(3) For internal employees, the company's Employee Handbook and various procedure books have provisions on punishment for violation of regulations, and a perfect and transparent complaint channel has been set up in the process of punishment, so as not to indulge any internal employees. For external partners including but not limited to all suppliers and clients, a channel for reporting violations of integrity is set up and disclosed on the company's website.</p> <p>The authority and responsible unit shall revise relevant systems according to the amendment of laws and regulations or the practical operation needs of the company at irregular intervals every year.</p>	There is no big deviation.
2. Ethic Management Practice			(1) The company has formulated the Ethical Management Standard Operating Procedure and Behavior	There is no big deviation.

Assessment Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles For TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
(1) Whether the company has assessed the ethics records of which it has business relationship with and includes business conduct and ethics related clauses in the business contracts?	✓		Guidelines, TPK Group Supplier Integrity Behavior Management Measures and the Supplier Honesty and Integrity Commitment Letter. The company has clearly stipulated that all suppliers shall sign and abide by them. For suppliers, gift money, kickback and transactions with related parties are all prohibited. In case of any violation, the contact with the suppliers shall be cut off, in order to achieve the most reasonable offer, the best quality and the best service.	There is no big deviation.
(2) Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	✓		<p>(2) The Human Resources Department of the company handles the revision, implementation and interpretation of corporate integrity management policies and related procedures, and is committed to promoting the improvement of the corporate integrity system.</p> <p>The internal auditors of the company conduct inspections and evaluate the implementation effects in accordance with relevant regulations, and report the inspection results to the audit committee and the board of directors at least quarterly. In addition, the Audit Office accepts reports, investigations and handling of dishonest behaviors by the company's internal personnel .</p> <p>The chairman office carries out posters on integrity every week, and organizes various employee</p>	

Assessment Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles For TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
(3) Whether the company has established policies to prevent conflict of interests provide appropriate communication and complaint channels and implement such policies properly?	✓		activities, such as visiting anti-corruption education bases, inviting prosecutors into the factory to promote special lectures on avoiding job-related crimes, etc., and actively promote the construction of a culture of integrity. (3) The company has formulated "Regulation of Conflict of Interest Management" to stipulate the reporting and handling workflow for any situation that may cause potential conflict of interest. New employees are required to sign the Ethical Corporate Management Best Practice Principles and the Ethical Management Standard Operating Procedure and Behavior Guidelines. They are required to be honest and upright, and are prohibited to accept kickback, so as to avoid sacrificing the interests of the company due to the employees' personal interests.	There is no big deviation.
(4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	✓		(4) In order to ensure the ethic management practice, the company has established an effective accounting system and an internal control system. The company's internal auditors carry out various audits according to the annual audit plan in accordance with the risk assessment results.	There is no big deviation.
(5) Does the company provide internal and external ethical conduct training programs on a regular basis?			(5) All employees have signed the "Integrity and Self-discipline Commitment", promising not to engage in	There is no big deviation.

Assessment Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles For TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
	✓		any dishonest behavior, and the company regularly organizes training and education to promote the principle of employee integrity. The three training courses that new recruits participate in are "Abide by the principle of integrity and build an integrity Chenhong", "Current economic crime situation and preventive measures", "Certification of integrity culture" and build a corporate culture of integrity in Chenhong.	
3. Implementation of Complaint Procedures				
(1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓		(1) The company has set a complaint mailbox (7777@tpk.com) and a dedicated unit to handle relevant affairs in accordance with the procedures stipulated.	There is no big deviation.
(2) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	✓		(2) The company has set procedures for reporting and investigation. After the investigation is completed, the company will put forward suggestions for improvement and ask the responsible department to conduct parallel inspection to avoid similar problems. The director and personnel unit are responsible for keeping confidential on the data of the parties.	There is no big deviation.
(3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓		(3) The identity of the whistleblower shall be kept confidential during the company's whistleblowing	There is no big deviation.

Assessment Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles For TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
			process to prevent whistleblower from being misconducted.	
4. Information Disclosure Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	✓		The company has a website to disclose information such as relevant measures, corporate culture, and business policies.	There is no big deviation.
5. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation: None.				
6. Other important information for the learning of the execution condition of the company's credit management: (such as the review and revision of credit management rule)				
(1) The Company's "Rules of Board Meeting Procedures" has a system for avoidance of directors' interests, the directors shall not take part in the decision if the cases listed in the board of directors have a relation with him or the juridical person represented by him, which will impair the company's interest, and shall not represent other directors to exercise voting rights.				
(2) The Company has formulated "Preventing Internal Line Trading Management Operation", which specifies that directors, managers and servants must not disclose important internal information that they know to others, and must not inquire or collect personal information from those who know important information within the company, and shall not disclose undocumented internal information to others if the information is got rather than business execution.				

(7) If the company has formulated company rules and relative regulations, the query method of rules and regulations shall be disclosed:

This company has formulated the business operation rule and released it on the public information observation website. The company has operated and implemented related rules according to the company's operation spirit, and it will promote business operation by formulation of the relative management method and strengthening of transparent function of board of directors.

(8) Other important information which can facilitate the understanding of business operations: None.

(9) Implementation of Internal Control System

1. Statement of Internal Control System

TPK Holding Co., Ltd.

Statement of Internal Control System

Date: March 17, 2022

We hereby declare the results of the self-assessment of our internal control system in 2021 as below:

1. We acknowledge that it is the responsibility of the Company's Board of Directors and managers to establish, implement, and maintain the internal control system. We have established said system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including revenue, performance, and asset safety) and reporting are reliable, timely and transparent, as well as to ensure compliance with relevant regulations and laws.
2. Due to the inherent limitations of the internal control system, an effective internal control system can only provide reasonable assurance about the achievements of the three goals above, no matter how completely it is designed. Also, the effectiveness of an internal control system may vary when environment and circumstances change. However, our internal control system contains a self-supervision mechanism. We will immediately take corrective action towards any deficiency identified therefrom.
3. We determine the effectiveness of the design and implementation of our internal control system based on the criteria set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter called the "Regulations"). The Regulations specify five elements during the management and control process that constitute the internal control system: a. control environment, b. risk assessment, c. control activities, d. information and communications, e. supervision activities. Each constituent element may include several topics. The foregoing elements are as described in the Regulations.
4. We have adopted the above criteria of the internal control system to assess the effectiveness of the design and implementation of our internal control system.
5. Based on the results of said assessment, we determined that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2021 have provided an effective design and implementation to reasonably ensure the achievement of goals, including the understanding of the achievement level of our effectiveness and efficiency goals, the reliability, timeliness, and transparency of reporting, as well as compliance with relevant regulations and laws.
6. This Report will form the major part of our annual report and prospectus, and will be disclosed to the public. Any misrepresentation, concealment and other illegal conduct will result in liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Report has been passed by the Board of Directors on March 17, 2022. Among the eight directors present at the meeting, zero members had objections, and the rest agreed to the statement herein.

TPK Holding Co., Ltd.

Chairman: Michael Chao-Juei Chiang

General Manager: Li-Chien Hsieh

2. If an accountant is entrusted to review internal audit control, the accountant review report shall be disclosed: None.

(10) Any penalties for violations of regulations or the Company's internal control systems; Major defects and the status of corrections of internal control systems for the most recent year and up to the publication date of this annual report: None

(11) Major resolutions of the board of shareholders and board of directors:

1. Major resolutions of the board of shareholders in 2021:

meeting date	important resolution		Implementation situation
July 08, 2021	admit case	1. To approve 2020 Business Report and Consolidated Financial Statements.	Material information has been announced and released in accordance with the resolution .
		2. To approve the Proposal for 2020 Profit Distribution.	The ex-dividend base date is August 1, 2021, and the cash dividend distribution date is August 13, 2021. (A cash dividend of NT\$1 per share is distributed.)

2. Major Resolutions of board of directors of fiscal year 2021 and up to April 25th, 2022:

meeting date	important resolution		Implementation situation
The 8 th meeting of the 5 th Board of Directors March 11, 2021	1. The company's 2020 consolidated financial report and business report and other final accounts (Note)		It was announced on March 11, 2021 and submitted to the competent authority for completion on March 30, 2021. It was voted and approved by the 2021 General Meeting of Shareholders .
	2. The Company's 2020 Employee Remuneration and Directors' Remuneration Distribution Plan (Note)		Announced on March 11, 2021 and reported by the Report 2021 Annual General Meeting of Shareholders.
	3. Drafting the Company's 2020 Earnings Distribution Plan (Note)		Material information has been released on March 11, 2021; it has been voted and approved by the 2021 general meeting of shareholders.
	4. Plan to pass the 2020 internal control system effectiveness assessment and issue a statement (Note)		Included in the annual report as required.
	5. The Company's 2020 Independence Assessment Case for Appointment of Certified Public Accountants (Note)		According to the evaluation results, both CPA Guo Cirong and CPA Zhuang Biyu of Qinye Zhongxin Certified Public Accountants in 2020 met the company's independence and suitability evaluation standards.
	6. The company's 2021 annual operation plan		Execute according to its content.
	7. The company's 2021 general meeting of shareholders is proposed to be held, the date, time, place and reasons for the convening		It has been announced in accordance with the resolution.

meeting date	important resolution	Implementation situation
	8. To formulate matters related to the acceptance of shareholder proposals at the company's 2021 general meeting of shareholders	It has been announced in accordance with the resolution.
	9. It is proposed to revise part of the text of the company's "TPK Group Seal Management Measures" (Note)	It has become effective in accordance with the resolution of the board of directors.
	10. It is proposed to revise some provisions of the company's "Organizational Regulations of the Compensation Committee" (Note)	It has become effective in accordance with the resolution of the board of directors.
	11. The 2020 annual over-target bonus distribution case for high-level managers	Implemented in accordance with the resolution.
	12. Proposed to handle the approval of the company's bank joint loan quota	Implemented in accordance with the resolution.
	13. To handle the approval of the company's bank quota	Implemented in accordance with the resolution.
	14. Authorization of Supervisors for Derivatives Trading (Note)	Implemented in accordance with the resolution.
The 9 th meeting of the 5 th Board of Directors May 12, 2021	1. Internal rotation of accountants of the company (Note)	Implemented in accordance with the resolution.
	2. 2021 Q1 Consolidated Financial Quarterly Report (Note)	Material information has been announced and released in accordance with the resolution.
	3. Appointment of the Company's "Corporate Governance Officer" (Note)	Important information was released on May 12, 2021.
	4. Plan to pass the overall reward and remuneration case for senior managers	Implemented in accordance with the resolution.
	5. It is proposed to handle the loan and loan case of TPK Universal Solutions Limited to the company (Note)	Implemented in accordance with the resolution.
The 10 th meeting of the 5 th Board of Directors June 17, 2021	1. Proposal for setting the date and venue for the postponement of the 2021 General Meeting of Shareholders	Material information has been announced and released in accordance with the resolution.
The 11 st meeting of the 5 th Board of Directors Board of Directors July 09, 2021	1. Determining the ex-dividend base date for the company to distribute 2020 cash dividends	Scheduled for August 2021 The ex-dividend base date is March 1, and the execution has been completed.
	2. Proposed the company's compensation distribution plan for directors in 2020	Implemented in accordance with the resolution.
	3. Handle the company's newly established Hong Kong subsidiary (Note)	Implemented in accordance with the resolution.

meeting date	important resolution	Implementation situation
The 12 nd meeting of the 5 th Board of Directors August 20, 2021	1. 2021 Q2 Consolidated Financial Quarterly Report (Note)	Material information has been announced and released in accordance with the resolution.
	2. To handle the case of establishing a new Hong Kong subsidiary by subsidiary Amplifi Technologies Inc. (Note)	Implemented in accordance with the resolution.
	3. To handle the case of the subsidiary TPK Glass Solutions (Xiamen) Inc. establishing a mainland subsidiary, TPK Auto Tech (Xiamen) Limited (Note)	Implemented in accordance with the resolution.
	4. Subsidiary TPK Auto Tech (Xiamen) Limited intends to obtain operating equipment from TPK Touch Solutions (Xiamen) Inc. (Note)	Implemented in accordance with the resolution.
	5. The Company intends to transfer the equity of its subsidiary TPK Auto Tech Co., Limited to its subsidiary TPK Auto Tech (Xiamen) Limited (Note)	Implemented in accordance with the resolution.
	6. The case where the subsidiary TPK Universal Solutions Limited intends to increase the equity of TPK MasTouch Solutions (Xiamen) Inc. to the capital of TPK Glass Solutions (Xiamen) Inc. (Note)	implemented in accordance with the resolution
	7. The case that the subsidiary TPK Touch Solutions (Xiamen) Inc. intends to transfer part of the equity of TPK Advanced Solutions Inc. held by it to TPK Universal Solutions Limited (Note)	Implemented in accordance with the resolution.
The 13 rd meeting of the 5 th Board of Directors November 09, 2021	1. Proposed lifting of the company's managers' non-compete restrictions	It has become effective in accordance with the resolution of the board of directors.
	2. Appointment of the company's technical chief	Important information has been released on November 09, 2021.
	3. Drafting the company's "2022 Annual Audit Plan" (Note)	The announcement has been completed, and in accordance with the law and implemented accordingly.
	4. It is proposed to revise some of the provisions of the company's "management of financial statement preparation process" operating procedures (Note)	It has become effective in accordance with the resolution of the board of directors.
	5. To handle the approval of the company's bank quota	Implemented in accordance with the resolution.

meeting date	important resolution	Implementation situation
	6. It is proposed to apply for the approval of the extension of the endorsement guarantee amount of TPK Universal Solutions Limited by TPK Touch Solutions (Xiamen) Inc. (Note)	Implemented in accordance with the resolution.
	7. Proposed to handle the case of capital loan to the company from subsidiary TPK Universal Solutions Limited (Note)	Implemented in accordance with the resolution.
	8. To handle the loan and loan case of subsidiary TPK Universal Solutions Limited to Amplifi Technologies Inc. (Note)	Implemented in accordance with the resolution.
	9. To handle the case of capital loan from subsidiary TPK Universal Solutions Limited to Amplifi Tech Hong Kong Co., Limited (Note)	Implemented in accordance with the resolution.
	10. The Company proposed that Upper Year Holdings Limited issue new shares to TPK Holding Co., Ltd. and acquire 100% of Optera TPK Holding Pte. Ltd.'s shares held by TPK Holding Co., Ltd. in exchange. (Note)	Implemented in accordance with the resolution.
	11. The subsidiary Ray-Star Universal Solutions Limited proposed that Upper Year Holdings Limited issue new shares to Ray-Star Universal Solutions Limited and acquire 100% of TPK Universal Solutions Limited's shares held by Ray-Star Universal Solutions Limited in exchange. (Note)	Implemented in accordance with the resolution.
	12. The subsidiary Upper Year Holdings Limited proposed that TPK Touch Systems (Xiamen) Inc. issue new shares to Upper Year Holdings Limited and acquire 100% of TPK Touch Systems (Xiamen) Inc.'s shares held by Upper Year Holdings Limited in exchange. (Note)	Implemented in accordance with the resolution.
	13. The proposal to establish a new subsidiary by the subsidiary TPK Glass Solutions (Xiamen) Inc. and increase the capital at the price of real estate (Note)	The establishment of the subsidiary has been completed, and the capital increase by real estate valuation has not yet been implemented as of the date of publication of the annual report.
	14. The proposal to establish a new subsidiary by the subsidiary TPK Touch Solutions (Xiamen) Inc. and	Implemented in accordance with the resolution.

meeting date	important resolution	Implementation situation
	increase the capital at the price of real estate (Note)	
	15. Subsidiary TPK Glass Solutions (Xiamen) Inc. proposed to sell 10% shares of TPK Auto Tech (Xiamen) Limited 10% to strategic investor, TES Touch Embedded Solutions (Xiamen) Co., Ltd.	Implemented in accordance with the resolution.
The 14 th meeting of the 5 th Board of Directors December 08, 2021	1. The case of changing the transaction object of the G015 land development project held by the subsidiary TPK Touch Solutions (Pingtan) Inc. (Note)	Implemented in accordance with the resolution.
The 15 th meeting of the 5 th Board of Directors March 17, 2022	1. The company's 2021 consolidated financial report and business report and other final accounts (note)	It has been announced on March 17, 2022 and submitted to the competent authority for completion on March 30, 2022, and it will be included in the 2022 general meeting of shareholders.
	2. The Company's 2021 Employee and Director Remuneration Distribution Plan (Note)	Announced on March 17, 2022, and included in the 2022 Annual Shareholders' Report.
	3. Plan to pass the 2021 internal control system effectiveness assessment and issue a statement (Note)	Included in the annual report as required.
	4. The Company's 2021 Independence Assessment Case for Appointment of Certified Public Accountants (Note)	According to the evaluation results, accountants Zhuang Biyu and Guo Cirong of Qinye Zhongxin United Certified Public Accountants in 2021 both meet the company's independence and suitability evaluation standards.
	5. The company's 2022 annual operation plan	Execute according to its content.
	6. It is proposed to revise some of the provisions of the Company's "Procedures for the Acquisition or Disposal of Assets" (Note)	It has been passed in accordance with the resolution of the board of directors; it will be included in the discussion at the 2022 general meeting of shareholders.
	7. The proposal to agree to nominate the director of corporate governance officer as a director candidate	Implemented in accordance with the resolution.
	8. Proposal for re-election of directors of the company	Passed in accordance with the resolution of the board of directors; included in the election of the 2022 general meeting of shareholders.

meeting date	important resolution	Implementation situation
	9. Nomination of directors and independent directors and review	It has been passed in accordance with the resolution of the board of directors, and the list of nominees has been announced.
	10. The case of lifting the non-compete restriction on the company's new directors and their representatives	It has been passed in accordance with the resolution of the board of directors; it will be included in the discussion at the 2022 general meeting of shareholders.
	11. It is proposed to hold the company's 2022 general meeting of shareholders, the date, time, place and reasons for the convening	It has been announced in accordance with the resolution.
	12. The Company's 2022 General Meeting of Shareholders will accept matters related to shareholders' nomination of candidates for directors/independent directors	It has been announced in accordance with the resolution.
	13. To formulate matters related to the acceptance of shareholder proposals at the company's 2022 general meeting of shareholders	It has been announced in accordance with the resolution.
	14. Decide to pass the KPI bonus plan for senior managers in 2021.	Implemented in accordance with the resolution.
	15. To handle the approval of the company's bank quota	Implemented in accordance with the resolution.

Note: Matters included in Article 14-5 of the Securities and Exchange Act.

- (12) Major dissenting comments among directors over board meeting resolutions for the most recent year and up to the publication date of this annual report: None
- (13) In the most recent year and up to the date of publication of the annual report, Resignation or Dismissal of the Company related persons (include Chairman, President, Accounting Supervisor, CFO, Internal Audit Supervisor, Corporate Governance Supervisor and R&D Supervisor): None

5. Information on CPA Professional Fees

Amount Unit: NT\$ thousands

Accounting Firm	Name of CPA	CPA's Audit Period	Audit Fee	Non-audit Fee	Total	Remark
Deloitte & Touche	Pi-Yu Chuang	01/01/2021-12/31/2021	11,000	3,568	14,568	Non-audit fees mainly include fees paid for services to

	Tzu-Jung Kuo					prepare transfer pricing report, tax filing and paper processing and company registration.
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The Company shall disclose CPA professional fees if given any one of the following conditions:

- (1). The company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts decreased and reasons of reduction must be disclosed: Not applicable.
- (2). Audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more: Not applicable.

Audit fees decreased by NTD 2.2 million, or 16.67% compared with the previous fiscal year in response to organizational downsizing and the number of subsidiaries decreased.

6. Information on Replacement of CPA:

- (1). Former CPAs: None.
- (2). Successor CPAs: None.
- (3). The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 to the Regulations Governing Information to be published in Annual Reports of Public Companies: None.

7. Audit Independence :

TPK's Chairman, CEO, CFO, and Managers in Charge of Its Finance and Accounting Operations Did Not Hold Any Positions within the Accounting Firm or Its Affiliates of TPK's CPA in the Most Recent Year.

8. Changes in shareholding and/or pledge of Directors, Supervisors, Managers, and major shareholders with more than 10 percent shareholding during the most recent year or as of the annual report printing date:

- (1) Change in shareholding of directors, Supervisors, managers, and major shareholders with more than 10 percent shareholding.

Position	Name	2021		Current year (2022) as of April 25, 2022	
		Increase (decrease) of shareholding	Increase (decrease) of shares pledged	Increase (decrease) of shareholding	Increase (decrease) of shares pledged
Chairman	Michael Chao-Juei Chiang	—	—	—	—
Director	Capable Way Investments Limited Representative: Li-Chien Hsieh	—	—	—	—
Director	Max Gain Management Limited Representative: Heng-Yao Chang	—	—	—	—
Director	High Focus Holdings Limited Representative: Tsung-Liang Tsai	—	—	—	—
Director	Global Yield International Co., Ltd. Representative: Shih-Ming Liu	—	—	—	—
Independent Director	Hornng-Yan Chang	—	—	—	—
Independent Director	Ming-Jeng Weng	—	—	—	—
Independent Director	Fong-Nien Chiang	—	—	—	—
President	Li-Chien Hsieh	—	—	—	—
Senior Vice President	Tsung-Liang Tsai	—	—	(50,372)	—
Senior Vice President	Shih-Ming Liu	—	—	—	—
Senior Vice President	Freddie Liu	—	—	—	—
Senior Vice President	Ming-Chung Chuang	—	—	—	—
Senior Vice President	Jen-I Tai	—	—	—	—
Vice President	Pei-Ching Tsai	—	—	—	—
Vice President	Chun-An Wei (Note)	—	—	—	—
Accountant Officer	Hu-Yao Lin	—	—	—	—

Note: Chun-An Wei inauguration in November 9, 2021.

- (2) Relative person of equity transfer or equity pledge of related party: Not applicable.

9. Information on relationships among the Top 10 Shareholders

April 25, 2022; Unit: Shares; %

Name	Shareholding		Present shareholdings of spouse and minor children		Shares held in another's name		Name and relationship between the company's top ten shareholders, or spouses or relatives within two degrees	
	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Name	Relation
Max Gain Management Limited Representative: Michael Chao-Juei Chiang	25,222,643	6.20%	—	—	—	—	(1) Capable Way Investments Limited (2) High Focus Holdings Limited	Same shareholder
Capable Way Investments Limited Representative: Michael Chao-Juei Chiang	23,139,855	5.69%	—	—	—	—	(1) Max Gain Management Limited (2) High Focus Holdings Limited	Same shareholder
Michael Chao-Juei Chiang	17,720,401	4.36%	—	—	100,000	0.02%		
High Focus Holdings Limited Representative: Michael Chao-Juei Chiang	13,273,610	3.26%	—	—	—	—	(1) Capable Way Investments Limited (2) Max Gain Management Limited	Same shareholder
Vanguard Emerging Markets Stock Index Fund A Series Of Vanguard International Equity Index Funds	4,633,288	1.14%	—	—	—	—	—	—
Acadian Emerging Markets Small Cap Equity Fund Llc	4,618,000	1.14%	—	—	—	—	—	—
Jpmorgan Chase Bank N.A. Taipei Branch In Custody For Vanguard Total International Stock Index Fund A Series Of Vanguard Star Funds	4,615,313	1.13%	—	—	—	—	—	—
Evermajesty Invest Limited Representative: Chiu-Kuei Wu Hsieh	3,119,000	0.77%	—	—	—	—	—	—
Chang, Hung-Chieh	2,920,000	0.72%	—	—	—	—	—	—
Emerging Markets Core Equity Portfolio Of Dfa Investment Dimensions Group Inc.	2,434,000	0.60%	—	—	—	—	—	—

10. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, its directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

As of December 31, 2021; Unit: Share; %

Long-term Investment (Note 1)	Ownership by TPK		Ownership by Directors, Supervisors, Managers and Directly / Indirectly Controlled Subsidiaries		Total Ownership	
	Shares	%	Shares	%	Shares	%
TPK Touch Solutions Inc.	50,717,000	100.00%	—	—	50,717,000	100.00%
Cando Corporation	77,124,591	19.78%	—	—	77,124,591	19.78%
TPK Touch Solutions (Xiamen) Inc.	Note 2	100.00%	—	—	Note 2	100.00%
TPK Touch Systems (Xiamen) Inc.	Note 2	100.00%	—	—	Note 2	100.00%
TPK Glass Solutions (Xiamen) Inc.	Note 2	100.00%	—	—	Note 2	100.00%
XiaMen Jan Jia Optoelectronics Co., Ltd.	Note 2	100.00%	—	—	Note 2	100.00%
TPK Film Solutions (Xiamen) Inc.	Note 2	100.00%	—	—	Note 2	100.00%
TPK MasTouch Solutions (Xiamen) Inc.	Note 2	100.00%	—	—	Note 2	100.00%
TPK Touch Solutions (Pingtan) Inc.	Note 2	100.00%	—	—	Note 2	100.00%
TPK Material Solutions Inc.	Note 2	100.00%	—	—	Note 2	100.00%
TPK Advanced Solutions Inc.	Note 2	100.00%	—	—	Note 2	100.00%
Trend Technology (Xiamen) Inc.	Note 2 & 4	100.00%	—	—	Note 2 & 4	100.00%
TPK Material Solutions (Xiamen) Inc.	Note 2	100.00%	—	—	Note 2	100.00%
Amplifi Tech (Xiamen) Limited	Note 2 & 5	100.00%	—	—	Note 2 & 5	100.00%
TPK Auto Tech (Xiamen) Limited	Note 2 & 6	100.00%	—	—	Note 2 & 6	100.00%
TPK Core Asset (Xiamen) Inc.	Note 2 & 7	100.00%	—	—	Note 2 & 7	100.00%
Upper Year Holdings Limited	261,344,530	100.00%	—	—	261,344,530	100.00%
Improve Idea Investments Ltd.	154,490,000	100.00%	—	—	154,490,000	100.00%
Optera TPK Holding Pte. Ltd.	31,000	100.00%	—	—	31,000	100.00%
TPK America, LLC	Note 2	100.00%	—	—	Note 2	100.00%
Ray-Star Universal Solutions Limited	469,498,000	100.00%	—	—	469,498,000	100.00%
TPK Universal Solutions Limited	467,498,000	100.00%	—	—	467,498,000	100.00%
TPK Asia Pacific Sdn.Bhd.	632,187	100.00%	—	—	632,187	100.00%
TPK Film Solutions Limited	Note 3	100.00%	—	—	Note 3	—
Jan Jia Trading Company Limited	500,000	100.00%	—	—	500,000	100.00%
Amplifi Technologies Inc.	15	57.69%	—	—	15	57.69%
Amplifi Tech Hong Kong Co., Limited	2,000,000	57.69%	—	—	2,000,000	57.69%
TPK Auto Tech Co., Limited	1,000,000 (Note 6)	100.00%	—	—	1,000,000 (Note 6)	100.00%

Note 1: Invested by Equity Method

Note 2: These firms do not issue shares. TPK's investment is measured as a percentage of ownership.

Note 3: The liquidation proceeds of TPK Film Solutions Limited have been completed in July 2021.

Note 4: The subsidiary's former name was Trend Trading (Xiamen) Inc. which was renamed as Trend Technology (Xiamen) Inc. in April 2021.

Note 5: TPK had set up Amplifi Tech (Xiamen) Limited in December 2020 and a capital was invested in February 2021.

Note 6: TPK had set up TPK Auto Tech Co., Limited ("AUTO HK") in August 2021 and a capital was invested in October 2021; TPK had set up TPK Auto Tech (Xiamen) Limited ("AUTO XM") in September 2021 and a capital was invested in November 2021. To integrated automotive application business, TPK sold AUTO HK's equity at book value to AUTO XM in November 2021.

Note 7: TPK Touch Solutions (Xiamen) Inc. had set up TPK Core Asset (Xiamen) Inc. in November 2021, while the real estate investment and capital injection were completed in December 2021 and January 2022, respectively.

IV. Capital Overview

1. Capital and Shares

(1). Source of share capital

1. Capital formation

Unit: NT\$ thousands/One thousand shares

Date/Month	Issuing Price	Authorized Capital Stock		Issued Capital Stock		Notes		
		Shares	Amount	Shares	Amount	Source of share capital	Written off with property other than cash	Other
November 2005	USD 0.1	500,000	USD50,000	250,000	USD25,000	Increment of cash	—	—
August 2006	USD 0.1	500,000	USD50,000	308,261	USD30,826	Increment of cash	—	—
February 2010	NT\$10	300,000	3,000,000	180,000	1,800,000	(1) Authorized equity changes from USD50,000,000 to NT\$3,000,000,000 (2) Issued equity changes from USD30,826,000 to NT\$1,000,000,000 (3) Handle Stock Div-Cpl Reserve NT\$800,000,000	—	Note 1
July 2010	NT\$10	300,000	3,000,000	196,068	1,960,675	Handle stock issuance of 9,000,000 options and 7,067,522 employee stock options	—	Note 2
October 2010	NT\$10	300,000	3,000,000	224,068	2,240,675	Cash increase 28,000,000	—	Note 3
August 2011	NT\$10	400,000	4,000,000	235,271	2,352,709	Surplus to increment 11,203,376	—	Note 4
May 2012	NT\$10	600,000	6,000,000	236,961	2,369,609	1,690,000 employee stock options	—	
June 2012	NT\$10	600,000	6,000,000	238,550	2,385,499	1,589,000 employee stock options	—	
July 2012	NT\$10	600,000	6,000,000	309,131	3,091,312	Surplus to increment 70,581,269	—	Note 5
August 2012	NT\$10	600,000	6,000,000	309,320	3,093,202	189,000 employee stock options	—	
September 2012	NT\$10	600,000	6,000,000	309,357	3,093,572	37,000 employee stock options	—	
October 2012	NT\$10	600,000	6,000,000	326,980	3,269,802	23,000 employee stock options Overseas Depository Receipts 17,600,000	—	
November 2012	NT\$10	600,000	6,000,000	326,996	3,269,962	16,000 employee stock options	—	
December 2012	NT\$10	600,000	6,000,000	327,135	3,271,352	139,000 employee stock options	—	
January 2013	NT\$10	600,000	6,000,000	327,140	3,271,402	5,000 employee stock options	—	
February 2013	NT\$10	600,000	6,000,000	327,152	3,271,522	12,000 employee stock options	—	
March 2013	NT\$10	600,000	6,000,000	327,180	3,271,802	28,000 employee stock options	—	
May 2013	NT\$10	600,000	6,000,000	328,508	3,285,078	1,198,000 employee stock options Foreign Convertible Bonds 129,592	—	
June 2013	NT\$10	600,000	6,000,000	328,600	3,286,008	93,000 employee stock options	—	
July 2013	NT\$10	600,000	6,000,000	328,854	3,288,538	253,000 employee stock options	—	
August 2013	NT\$10	600,000	6,000,000	329,015	3,290,148	161,000 employee stock options	—	
September 2013	NT\$10	600,000	6,000,000	329,102	3,291,018	87,000 employee stock options	—	
October 2013	NT\$10	600,000	6,000,000	329,105	3,291,048	3,000 employee stock options	—	
November 2013	NT\$10	600,000	6,000,000	329,110	3,291,098	5,000 employee stock options	—	
December 2013	NT\$10	600,000	6,000,000	329,289	3,292,888	179,000 employee stock options	—	
January 2014	NT\$10	600,000	6,000,000	329,295	3,292,948	6,000 employee stock options	—	
February 2014	NT\$10	600,000	6,000,000	329,310	3,293,098	15,000 employee stock options	—	
March 2014	NT\$10	600,000	6,000,000	329,535	3,295,348	225,000 employee stock options	—	
May 2014	NT\$10	600,000	6,000,000	329,743	3,297,428	208,000 employee stock options	—	

Date/Month	Issuing Price	Authorized Capital Stock		Issued Capital Stock		Notes		
		Shares	Amount	Shares	Amount	Source of share capital	Written off with property other than cash	Other
June 2014	NT\$10	600,000	6,000,000	330,736	3,307,358	993,000 employee stock options	—	
July 2014	NT\$10	600,000	6,000,000	330,938	3,309,378	202,000 employee stock options	—	
August 2014	NT\$10	600,000	6,000,000	330,956	3,309,558	18,000 employee stock options	—	
September 2014	NT\$10	600,000	6,000,000	331,136	3,311,358	180,000 employee stock options	—	
October 2014	NT\$10	600,000	6,000,000	331,152	3,311,518	16,000 employee stock options	—	
November 2014	NT\$10	600,000	6,000,000	331,273	3,312,728	121,000 employee stock options	—	
December 2014	NT\$10	600,000	6,000,000	331,295	3,312,948	22,000 employee stock options	—	
January 2015	NT\$10	600,000	6,000,000	331,383	3,313,828	88,000 employee stock options	—	
February 2015	NT\$10	600,000	6,000,000	331,387	3,313,868	4,000 employee stock options	—	
April 2015	NT\$10	600,000	6,000,000	351,387	3,513,868	Overseas Depository Receipts 20,000,000	—	
June 2015	NT\$10	600,000	6,000,000	351,604	3,516,038	217,000 employee stock options	—	
July 2015	NT\$10	600,000	6,000,000	351,618	3,516,178	14,000 employee stock options	—	
August 2015	NT\$10	600,000	6,000,000	351,631	3,516,318	14,000 employee stock options	—	
March 2016	NT\$10	600,000	6,000,000	346,634	3,466,338	Cancel the treasury stock 4,998,000	—	Note 6
September 2017	NT\$10	600,000	6,000,000	406,634	4,066,338	Overseas Depository Receipts 59,820,000, 180,000 employee stock options total issuance of 60,000,000 stocks	—	
November 2017	NT\$10	600,000	6,000,000	406,664	4,066,638	30,000 employee stock options	—	

Note 1: Passed by the board of shareholders on January 8, 2010, took effect on February 25, 2010.

Note 2: Passed by the board of directors on June 23, 2010, took effect on July 1, 2010.

Note 3: Passed by the board of directors on August 23, 2010, took effect on September 28, 2010.

Note 4: Passed by the board of directors on June 28, 2011, took effect on August 23, 2011.

Note 5: Passed by the board of directors on June 11, 2012, took effect on July 20, 2012.

Note 6: Passed by the board of directors on February 26, 2016, took effect on March 16, 2016.

2. Listed Stocks

Unit: share

Stocks	Authorized capital stock			Notes
	Outstanding Shares	Unissued Shares	Total	
Common stock	406,663,759	193,336,241	600,000,000	As of April 25, 2022

3. Summarize relative information of declaration system: Not applicable.

(2) Composition of shareholders

April 25, 2022; share; %

Composition of shareholders Quantity	Government entity	Financial institutions	Other judicial persons	Foreign entities and individuals	Individuals	Total
Shareholders	0	0	81	188	41,423	41,692
Shareholding (shares)	0	0	6,114,108	136,650,093	263,899,558	406,663,759
Ratio of shareholding	0%	0%	1.50%	33.6%	64.90%	100.00%

Note 1: Shares held by Mainland Chinese investors is 0%.

(3) Distribution Profile of Share Ownership

1. Common Share: NT\$10 par value

April 25, 2022; Unit: share/NT\$10 par value

Shareholding scale	Number of shareholders	Number of shares held	Percentage of shareholding
1 ~ 999	2,264	449,827	5.43%
1,000 ~ 5,000	30,132	63,794,001	72.27%
5,001 ~ 10,000	4,779	37,946,978	11.46%
10,001 ~ 15,000	1,463	19,024,625	3.51%
15,001 ~ 20,000	963	17,833,372	2.31%
20,001 ~ 30,000	777	20,111,560	1.86%
30,001 ~ 40,000	366	13,260,452	0.88%
40,001 ~ 50,000	229	10,742,265	0.55%
50,001 ~ 100,000	424	30,409,880	1.02%
100,001 ~ 200,000	176	24,549,784	0.42%
200,001 ~ 400,000	63	18,253,522	0.15%
400,001 ~ 600,000	11	5,308,275	0.03%
600,001 ~ 800,000	8	5,473,000	0.02%
800,001 ~ 1,000,000	9	8,158,302	0.02%
More than 1,000,001	28	131,347,916	0.07%
Total	41,692	406,663,759	100.00%

2. Preferred stock: This Company is no issuing of preferred stock

(4) Major shareholders (Top 10 shareholders):

April 25, 2022; shares

Names of major shareholders	Number of shares	Shareholding (Shares)	Percentage
Max Gain Management Limited		25,222,643	6.20%
Capable Way Investments Limited		23,139,855	5.69%
Michael Chao-Juei Chiang		17,720,401	4.36%
High Focus Holdings Limited		13,273,610	3.26%
Vanguard Emerging Markets Stock Index Fund A Series Of Vanguard International Equity Index Funds		4,633,288	1.14%
Acadian Emerging Markets Small Cap Equity Fund Llc		4,618,000	1.14%
Jpmorgan Chase Bank N.A. Taipei Branch In Custody For Vanguard Total International Stock Index Fund A Series Of Vanguard Star Funds		4,615,313	1.13%
Evermajesty Invest Limited		3,119,000	0.77%
Chang, Hung-Chieh		2,920,000	0.72%
Emerging Markets Core Equity Portfolio Of Dfa Investment Dimensions Group Inc.		2,434,000	0.60%

(5) Market Price, Net Worth, Earnings, and Dividends per Common Share

Unit: NT\$/thousand shares

Item			Year	2020	2021
Market Price Per Share	Highest			58.70	58.00
	Lowest			31.70	36.70
	Average			46.62	44.08
Net Worth Per Share	Before Distribution			90.20	86.64
	After Distribution			89.20	85.14 (Note 1)
Earnings Per Share	Weighted Average Shares			406,891	406,949
	Diluted Earnings Per Share			2.53	2.63
Dividends Per Share (Note 6)	Cash Dividends			1.00	1.50 (Note 1)
	Stock Dividend Distribution	From Retained Earnings		—	— (Note 1)
		From Capital Reserve		—	— (Note 1)
	Accumulated Undistributed Dividend (Note 2)			—	—
Return on Investment	Price/Earnings Ratio (Note 3)			18.39	16.79
	Price/Dividend Ratio (Note 4)			46.62	29.39 (Note 1)
	Cash Dividend Yield (Note 5)			2.15%	3.40% (Note 1)

Note 1: Pending the shareholders' meeting approval.

Note 2: If the undistributed dividends for current year will be accumulated and distributed on next profit year in accordance with terms of Securities Issuance, accumulated unpaid dividends at the end of the year shall be disclosed.

Note 3: Price/Earnings Ratio = Average Market Price/ Diluted Earnings Per Share

Note 4: Price/Dividend Ratio = Average Market Price/Cash Dividends Per Share

Note 5: Cash Dividend Yield = Cash Dividends Per Share/Average Market Price

Note 6: Dividends Per Share are approved by the Members by a resolution adopted at next general meeting.

(6) TPK's Dividend Policy and Implementation Status

1. Dividend Policy in Company's Articles of Incorporation:

Under the Company's Articles 34.1 of Incorporation (the "Articles"), the Company may distribute its profits in accordance with the proposals made by the Company's board of directors for a distribution plan and approved in the annual shareholders' meeting. While distributing any profit, the profit shall be first utilized for offsetting losses of previous years, and 10% of the remaining profit shall be set aside as a legal reserve until the accumulated legal reserve equals the Company's paid-in capital. Secondly, the Company shall appropriate the remaining profit to a special reserve in accordance with the Applicable Public Company Rules or as requested by the competent authorities. Any remaining profit together with any undistributed retained earnings may be distributed as dividends (including cash dividends and share dividends) or bonuses under the Company Law of the Cayman Islands and Applicable Public Company Rules after taking into consideration the financial, business and operational factors. The total amount to be distributed as dividends shall be no less than 10 % of the remaining profit, where the total amount of the distributed cash dividends shall be greater than 10 % of the total dividends. However, if dividends per share is less than NT\$1 in any given year, the aforementioned 10% threshold shall not apply. The Company may decide to distribute cash dividends or share dividends in whole or in part at its sole discretion. If the Company's distribute earnings for the current year are less than 10% of the paid-in capital of the Company at the end of the fiscal year, the Company may decide not to pay any dividend (including cash dividends or stock dividends) for the current year.

In accordance with the amended Company Act which was announced in May 2015, the recipients of share dividends and bonuses are limited to shareholders and do not include employees. On May 29, 2018, the shareholders' meeting resolved to amend appropriation of earnings in the Articles and set up the policies on the distribution of employees' compensation.

2. Proposal to Distribute 2021 Earnings

As resolved by TPK's Board of Directors on May 10, 2022, it is intended to distribute cash dividends of NT\$609,995,639 (NT\$1.5 per share) to shareholders. The proposal will be submitted to the shareholders' meeting for resolution.

(7) Effect upon Business Performance and Earnings Per Share of Any Stock Dividend Distribution Proposed or Adopted at The Most Recent Shareholders' Meeting:

Not applicable.

(8) Compensation to Directors and Employees

1. The percentages or ranges with respect to employee and director compensation, as set forth in the company's articles of incorporation

The Company accrued employees' compensation and remuneration of directors at rates of no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. If the Company has losses of previous years, net profit before income tax should be retained for offsetting the amount of those losses.

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

figure, for the current period:

- (1) The basis for estimating the amount of employee and director compensation in 2020:
 - ① The basis for estimating employee compensation: The net profit before income tax should be retained for offsetting the amount of losses of previous years, and the remuneration is in accordance with the distribution percentage under the Articles.
 - ② The basis for estimating director compensation: The net profit before income tax should be retained for offsetting the amount of losses of previous years, and the remuneration is in accordance with the distribution percentage under the Articles.
- (2) The basis for calculating the number of shares to be distributed as employee compensation: Not applicable.
- (3) The accounting treatment of any discrepancy between the actual distributed amount and the estimated figure: If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

- (1) 2021 director and employee compensation were approved by the Board of Directors at its meeting on March 17, 2022.
Employee Compensation (Cash): US\$ 388,000.
Director Compensation (Cash): US\$ 360,000.
- (2) The amount of employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of after-tax net income in 2021 and total employee compensation: Not applicable.

4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated

- (1) 2020 director and employee compensation
Employee Compensation (Cash): US\$ 355,000.
Director Compensation (Cash): US\$ 360,000.
- (2) The discrepancy between the above amount and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated: None.

(9) Company shares purchased by this company itself: None.

2. Issuance of corporate bonds (includes overseas bonds):

- (1) This company is no issuing of domestic corporate bond.
- (2) Overseas corporate bond:
The first overseas unsecured convertible corporate bond in 2012 had been returned on October 30, 2015.
The first overseas unsecured convertible corporate bond in 2015 had been returned on April 8, 2018.
- (3) Convertible Bond
The first overseas unsecured convertible corporate bond in 2012 had been returned on October 30, 2015.
The first overseas unsecured convertible corporate bond in 2015 had been returned on April 8, 2018.

3. Issuance of preferred shares:

N/A.

4. Issuance of GDR:

Issuing (processing) date	October 1, 2012	April 8, 2015	September 8, 2017
Items			
Issuing (processing) date	October 1, 2012	April 8, 2015	September 8, 2017
Issuance and trade location	Luxembourg Stock Exchange	Luxembourg Stock Exchange	Luxembourg Stock Exchange
Total issuance amount	USD236,192,000	USD133,600,000	USD237,000,000
Issuance price per unit	\$13.42 per unit	\$6.68 per unit	\$3.95 per unit
Total Number of Issuance Units	17,600,000 Overseas Depository Receipts manifest 17,600,000 ordinary shares	20,000,000 Overseas Depository Receipts manifest 20,000,000 ordinary shares	59,820,000 Overseas Depository Receipts manifest 59,820,000 ordinary shares, plus 180,000 employee stock options, the total amount of ordinary shares is 60,000,000
Manifest the Source of Securities	The source of securities in this depository is from the cash increment of 17,600,000 shares	The source of securities in this depository is from the cash increment of 20,000,000 shares	The source of securities in this depository is from the cash increment of 60,000,000 shares
Manifest the Number of Securities	Per depository receipt will manifest 1 TPK ordinary share	Per depository receipt will manifest 1 TPK ordinary share	Per depository receipt will manifest 1 TPK ordinary share
Right and obligation of the owner of depository receipt	<p>1. Voting right: Otherwise stipulated in the regulation, holders of depository receipts may exercise their voting rights of TPK ordinary shares manifested by depository receipt according to the relevant provisions of the R.O.C and the British Cayman Islands as well as relevant provisions of the depository deeds.</p> <p>2. Dividend distribution, pre-emptive rights of new stock and other interests: Otherwise stipulated in the depository deed, the holder of a depository certificate can enjoy the same dividend distribution and other rights of allotment as the ordinary shareholders of TPK. If TPK issues stock dividends or handles other share distribution issued in the future, the depository institution may issue corresponding amount to holders of deposit certificate based on the original units held according to depository deeds and relevant laws; or the institution can increase the number</p>		

		<p>of ordinary shares manifested by each unit of depository receipts, or the institution can sell the stock dividends on behalf of the holder of the depository certificate, and shall give the incomes (after deduction of tax and relevant expenses) by a certain proportion to holders of the depository receipt within the scope of law.</p> <p>When TPK handles cash increment or other stock options, holders of depository receipts shall enjoy the same rights as the common stock shareholders; the depository institution shall provide relevant rights to the holder of the depository receipt, or sell the rights on behalf of the holder of the depository receipt, and shall give the incomes (after deduction of tax and relevant expenses) by a certain proportion to holders of the depository receipt based on the depository deed according to the regulations and laws of R.O.C and British Cayman Islands.</p>	
Assignee		N/A	N/A
Depository institution		Citibank, N.A.	Citibank, N.A.
Custodian		Citibank Taiwan Limited	Citibank Taiwan Limited
Un-reconvertible Balance		2,000	
Allocation way of expenses during issuing and duration period		<p>1. Fees related to the issuance of overseas depository receipts: The issuance expenses incurred in relation to the issuance of overseas depository receipts, including legal fees, listing fees, financial advisory fees and any other related expenses, etc. shall be undertaken by the issuing company and the selling shareholders otherwise stipulated in the regulation or agreed by the company and sponsored underwriter and custodian institution.</p> <p>2. Fees in duration: Fees in duration which include information disclosure and other expenses shall be undertaken by the issuing company otherwise stipulated in the regulation or agreed by the company and sponsored underwriter and custodian institution.</p>	
Important items of depository contract and custodian contract		Refer to depository contract and custodian contract for details	
Market price per unit (dollar)	2021	Highest	2.04
		Lowest	1.32
		Average	1.58
	From this year (2022) to April 25, 2022	Highest	1.59
		Lowest	1.19
		Average	1.38

5. Employees stock options:

(1) Information of employee stock option: None.

(2) Execution condition of employee private stock option from last year to this report's printing: None.

(3) List of Executives Receiving Employee Stock Options and the Top Ten Employees with Stock Options: None.

6. Restriction on employee's issuance of new shares:

None.

7. Merger or issuance of new shares from other companies:

None.

8. Implementation of Capital Allocation Plans:

(1) Description of Plans

1. Uncompleted public issue or private placement of securities: None.

2. Issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

(2) Status of Implementation: Not applicable.

V. Business Overview

1. Business Category

(1).Business Scope

(1) Major business contents

The company's major business includes research and development, production and sales of touch modules, touch module total solutions and ITO glasses.

(2) Major products and percentage of sales

Unit: NT\$ thousands; %

Major Products	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
Touch module	126,099,353	92.31	103,561,174	90.38	94,243,721	91.42
Others	10,507,342	7.69	11,022,025	9.62	8,845,024	8.58
Total	136,606,695	100.00	114,583,199	100.00	103,088,745	100.00

(3) Current Products

The company provides customers solutions to all kinds of sizes of touch modules, and provides laminations of precise components. The major end-products of the company's touch solutions are as follows:

1. Below 7-inch: Wearable device, smart home device, e-Reader, smart phone.
2. Above 7-inch (include) and below 11-inch: Tablet.
3. Above 11-inch (include) and below 16-inch: Large-sized tablet, 2-in-1 PC, notebook PC.
4. Above 16-inch (include): All-in-One PC, automotive control control display, interactive electronic whiteboard.
5. Major components of consumer products produced by 3D printing.

(4) New products and services planned to develop in future:

1. Provide customers with next generation high-end touch solutions possessing more extraordinary functions with thinner and lighter designs.
2. Expand touch solutions to more diversified scopes of applications and enter into more brand-new end-product markets.
3. Provide customers with more advanced lamination services by customizing product designs.
4. Expand the innovative touch materials for new applications, such as flexible and super larger-sized touch solutions. Meanwhile, we strive to evolve new business models to enhance the company's value in the supply chain.
5. Strengthen the mass production manufacturing process of 3D printing and develop new customers and new products as well.

(2). Industry overview

(1) Current status and development of touch industry

1. Touch industry development steps into stable growth period.

Touch technology went through explosive growth in the last decade with many manufacturers in its development. Since touch technology has been mature, each end-product will adopt different touch technology with the adequate characteristics correspondingly. The growth rate of touch products shipment have slowed down and have almost been stagnant before the completely innovative and different products launched by brand name customers, and hence touch manufactures in the industry have encountered challenges of the industry, some of the manufactures have quit the touch industry market due to tough market environment. Only major players in touch industry have survived in the market. Therefore, the overall supply and demand of touch industry has gradually gone back to the stable and healthy status.

2. Touch product application scope continues to expand

In recent years, touch products are widely applied to mobile electronic devices such as smart phones, e-Readers, tablets and wearable products. Touch has become the interface that customers get used to. A variety of innovative touch applications and touch products installed in various kindsof areas have been launced one after the other, such as interactive whiteboards for meeting room or for education, home electronics, smart IOT devices, POS, slot machine, window display with transparent OLED and smart touch dressing mirror.

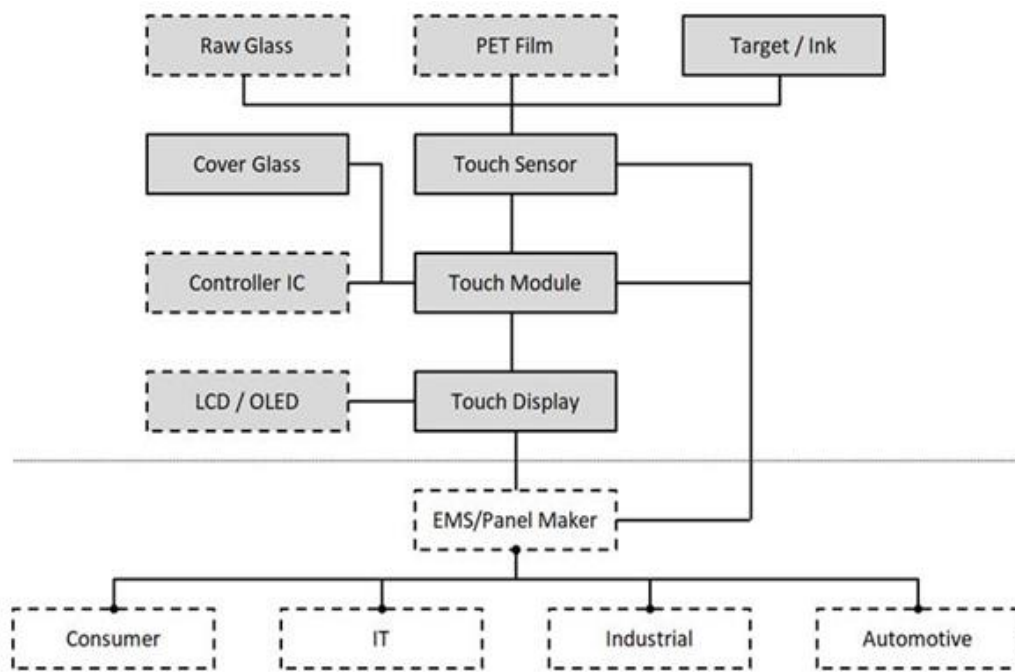
3. Flexible touch will be the next generation trend

Consumer electronics has been in the mature stage of the development. The worldwide main brand companies struggle to increase the sales and stimulate the demand by seeking for breakthrough in terms of product design, product spec and customers' user habit. As the high speed internet progresses, consumers will rely more on their mobile devices. Furthermore, bigger size devices and foldable / flexible mobile device products will be the main stream and will lead the industry to move toward the next generation.

(2) Industry supply chain

TPK provides total solutions of projected capacitive touch. The company is positioned in the mid-downstream of the supply chain. Upstream manufacturers include material suppliers, such as glass substrate, chemical material, Silver nanowire ink and PET film. Midstream manufacturers include suppliers of touch sensors (ITO film, SNW film and ITO glass), Flex, and control IC. Mid-downstream manufacturers include supplier of LCD panel, OLED panel and cover glass. Down stream manufacturers are system integration.

TPK possesses the technology of ITO and SNW coating technology, yellow etching, laser printing, cutting, lamination for flex, cover glass and panels. In the meantime, we provide the services of glass strengthening, surface coating and cutting. The company could provide total solutions for customers in order to enhance the production efficiency and shorten the leadtime for the new products to go mass production from product design, so that we could face the challenges of the fast changing industry and shortening product life cycle. The touch industry supply chain is shown as follows:



(3) The trends of product development

As the touch technology has become mature, there are different structures for touch sensors, including G/G, P/F/F, G/F/F, G1F, G/F, OGS and TOL. After the integration of touch technology, every technology and sensor structure has its own place in the market. The company could provide customized touch solutions and product designs based on the electronic products' characteristics and customers' products market segment. Therefore, we can optimize the market price and production efficiency by providing different touch solutions to meet customers' requests for their high, mid and low end products respectively.

In the near future, the flexible touch products will lead the development of the industry into a new evolution. All the manufacturers in the supply chains put in all sorts of resources for research and development of new material, technology and manufacturing process. Different types of consumer electronic product manufacturers demonstrate their interest in flexible touch products. It is certain that once these flexible touch products are launched to the market, it can lead the industry to the next peak.

(4) Competition

After rapid growth and market integration, the touch industry steps into stable development in recent years. The oversupply situation, causing by manufacturers entered the industry and expanded their capacity at the same time due to explosive growth rate of market demand, has been improved after some manufacturers has been eliminated from the severe competition.

Moreover, upstream manufacturers and downstream manufacturers tend to form a partnership with each other when developing new technologies and expanding the capacity. It totally changes the manufacturers' strategy of competing on the price by increasing the capacity. On the other hand, customers were experiencing consolidation

as well. Some of the customers either exited the market or were merged by others because their products were not attractive to the consumers, and turned out to be failure. As the supply and demand of touch industry has become stable, there is no abnormal profit, meaning no incentive for new entrants. “The big one get bigger” and “Winner takes all” will remain unchanged.

Our company is known for possessing leading technology and extraordinary production integration ability in this industry. As the stable development of the touch industry, the company will continue to concentrate on the development and promotion of new materials, silver nanowire, customer services, product development and innovative technology. Meanwhile, we will continue to optimize the production process to maintain our leading position in the touch industry and improve overall benefits. In addition, the company will take advantage of the precise insights into touch technology and industry development, and continue to look for any opportunities for business cooperation.

(3). Overview of touch technology and research & development

(1) TPK’s technology and research development

As a touch technology leading application manufacturer, the company provides a variety of projected capacitive touch solutions and integrated services of high precision electronic products. TPK plays an important role in the touch industry development. The company mainly concentrates on development of self-owned technology, and at the same time, continues to cooperate with worldwide consumer electronics factories and suppliers of relative materials in technology development which include technology research, material development, process improvement, and yield promotion. Since established, the development and manufacturing technology in the touch industry of this company have been praised and certified by all the worldwide customers.

The company focuses on various touch technology, applications and vertical integrated production. The screen sizes range from 1 inch to 100 inch, of which include wearable devices, smart phones, DSC, PND, PMP, hand-held game consoles, eReaders, tablets, smart IOT devices, notebooks, AIO PCs, screens of entertainment system in automobile and interactive whiteboards.

(2) This company set the R&D department to concentrate on the development and research of touch technology, innovative materials and manufacturing process, and we collect market dynamics and product development trends by the Marketing Department and Business Department in order to make research results that can satisfy market demands and trends. The mobile electronic devices are still the mainstream of touch applications, and we believe foldable or flexible product design will be the next generation trend. However, ITO, the material adopting by traditional touch solutions, is not able to be foldable / flexible. Hence, TPK has devoted itself to the innovation of new material and new manufacturing process at the request of foldable devices in the future.

Besides touch products, TPK has engaged in 3D printing technology. As the mature of

smart manufacturing process, 3D printing technology has expanded from the purpose of educational exhibit to industry practical function, and moreover to successful mass production. TPK collaborates with 3D printing technology company and worldwide brand name sports product to launch new products. The new products are popular with the consumers. We are looking forward to expanding 3D printing technologies into more applications, and hence revenue of 3D printing segment could be one of the company's growth driver.

(3) R&D costs of recent year (2021) and year 2022 as of March 31, 2022

Unit: NT\$ thousands

Year	2021	March 31, 2022
R&D Expenditure	684,439	162,942
Net revenue	103,088,745	25,091,683
% to net revenue (%)	0.66%	0.65%

(4) Developed technology or product

Developed technology or product	Important Application	Manufacturing Process
1. Process of double-sided ITO projected capacitive touch sensor and double-sided photolithography	Smart phone, GPS, and eReader etc.	Double-sided ITO coating, double-sided ITO sensing, circuit structure etching, conductive metal coating, metal wire etching, protective layer coating and photolithography, laser cutting
2. Process of single-sided ITO projected capacitive touch sensor and single-sided photolithography	Smart phone, GPS, and eReader etc.	Single-sided ITO coating, ITO sensing circuit structure etching, insulating layer coating and yellow light forming, conductive metal coating, metal wire etching, protective layer coating and photolithography, laser cutting
3. Pressing technology of projected capacitive touch sensor and double-sided flexible circuit board (FPC)	Smart phone, GPS, and eReader etc.	Positive anisotropic conductive adhesive (ACF) attachment, front FPC fit, back ACF attachment, back FPC fit, double-sided hot pressing
4. Lamination technology of projected capacitive touch module	The same, it is applicable to products with 3.5-32 inch screens	Touch glass bonding optical double-sided adhesive (OCA), glass protective cover, LCD bonding
5. High-strength glass processing technology A. Development of glass chemical strengthening formula B. Development of glass cleaner formulation C. Cutting technology after reinforced high-strength glass	Manufacturing of the protective cover of electronic devices such as smart phones, GPS, and PMP: Strengthen the depth of glass, shorten the strengthening time, increase the activation energy of the surface of the glass protective cover (reduce the contact angle), improve the bonding strength of the module, and cut the depth after the glass is strengthened	Manufactureing process of cover glass: Glass touch grinding and polishing, cleaning polishing powder and crushing, chemical strengthening, cleaning and residual, and then decorative ink printing
6. Full-screen resistive touch module	Smart phone with Windows system has a more beautiful and flexible surface compared with traditional resistance-type products	The optical adhesive is bonded to the ITO film, the double-sided adhesive is applied to the two layers of ITO film, the die-cut molding, and the flexible circuit board is pressed.
7. OGS	Two-glass touch module is simplified into a single piece of glass to make thinner and lighter mobile phone and tablets	The large glass is made of the existing yellow light equipment and the manufacturing process of the touch circuit and the cut is completed, and the secondary reinforcement of the edge is performed.

8. STOL	Two-glass touch module is simplified into a single piece of glass make thinner and lighter mobile phone and tablets	The large piece of glass is used as a substrate to arrange a single piece of six-sided tempered glass cover plate, and the touch circuit is formed according to the existing photolithography equipment and the process. After completion, the single piece of six-sided reinforced touch glass is removed.
9. Silver nanowire borderless touch module	Borderless design touch interface of hand-held device	Silver nanowire bendable signal line, curved surface lamination technology, higher wire width and line spacing resolution, up to 12/12um, and can hide the signal line to the back
10. Writable silver nanowire touch module	In addition to the original finger-sensing capacitive touch sensor, the sensor has developed a more sensitive pen-writing sensor to meet the user's habits.	Low-resistance transparent silver nanowire for higher touch resolution, from centimeters (cm) to millimeters (mm)
11. Manufacturing of high resolution, low visibility silver nanowire photolithography process technology	Smart phones, tablets, e-Readers, etc.	Silver nanowire patterning process. Improve the silver nanowire spacing pattern through the photolithography process, while matching the pattern design to reduce the visibility of the pattern
12. Thin film capacitive silver nanowire touch module	Hand-held human touch interface with light and short requirements	The two-film touch module is upgraded into a single-layer double-sided silver nanowire projected capacitive touch sensor structure, and the thickness is reduced by more than 65%.
13. Roll-to-roll single-sided silver nanowire film	Highly productive thin film capacitive touch module	Roll-to-roll sputtering, coating, printing, and patterning processes increase productivity and reduce production costs
14. Ultra-thin ITO single-sided bridge type projected capacitive touch sensor	Hand-held devices such as smart phone and tablet computer, automobile application	Ultra-thin substrate coating, single-sided ITO coating, bridging, circuit structure etching, conductive metal coating, metal wire etching, protective layer coating and yellow light forming, sensor/glass substrate separation, ultra-thin sensor bonding
15. Bonding technology of 3D glass and film touch sensor	Hand-held devices such as smart phone and tablet computer	Film touch sensor surface preforming, 3D shape/sensor automatically distinguishes alignment, vacuum automatic fit
16. Multi-layer anti-reflective coating technology for 3D curved surface	VR, hand-held devices	3D surface sputtering, multi-layer optical film low reflectivity design

17. Manufacturing technology of ITO narrow frame touch sensor	Hand-held devices such as smart phones and tablet, automobile applications	Narrow line and wide line distance design, yellow light process technology, shortened length Bonding pad pressing technology
18. 3D modeling touch glass substrate optical grade glass protective cover	Protection cover for the touch glass of hand-held devices such as smart phones, tablet and notebooks, GPS and eBooks	2D planar profile cutting, 3D hot bend forming, 3D profile grinding and polishing, chemical strengthening compensation
19. Bonding technology of artificial intelligence non-planar high precision bonding technology	Smart phone, GPS, and eBook	OCA automatic tear film system, high precision sensor placement system, glass cover plate and plastic sensor one-time alignment system
20. Bonding process of large-size curved water glue bonding process	Vehicle surface display equipment, curved TV, etc.	For the display module of thick iron frame and curved surface, the dam glue and the edge banding glue are glued and solidified, and the flat or curved touch module is pressed on the curved display module, and then the glue, solidification and edge sealing are completed, and the curved surface is completed bonding.
21. Super large sized automatic silver nanowire touch module	Interactive education whiteboard, electronic whiteboard of meeting room, public displayer	The full-surface surface-treated glass cover and the silver nanowire film are patterned to form a sensing layer that fits perfectly into the super large sized display. Coupled with a controller that supports 4 active pens.
22. Ultra-thin and narrow-neck large-size touch display module	AIO, touch displayer	The highly wear-resistant Decoration film and the double-sided patterned sensing layer and the liquid crystal display glass are combined to form a fully-fitted touch display module.
23. Touch film is folded back to the back of the display to achieve an ultra-narrow bezel touch module	Tablet computer, notebook	After the touch module is attached to the display, the touch signal line is bent and attached to the back of the display.
24. SNW touch module (support for pen writing)	Tablet, notebook	PET double-coated SNW, sensing circuit structure etching, conductive metal printing, molding, FPC Bonding, Display bonding
25. Display for automotive	Display devices in automotive, such as dashboard, infotainment etc..	Provide more solutions with adjusted coating condition and special black ink to make the product design more beautiful
26. Mass production of 3D printing products	Sporting goods, industrial components and medical goods	Develop and initiate automatic manufacturing process for 3D printing, and make the products go mass production

27. Foldable touch module	Tablets and notebook PCs	Design the products with flexible touch module and flexible display in order to reduce the size of portable products
28. Touch display module with new floating touch technology	POS, order machine, and public information display	Manufacturing of ITO/SNW touch sensor, and the adjustments of display module and software as well as firmware
29. Double sided SNW capacitive film sensor touch module by laser printing	17"-65" industrial computer, meeting room display and blackboard	Taking advantage of SNW's lower resistance characteristic to enhance the touch sensor structures from two layers film sensor to double sided film sensor structure. Hence, it could reduce the thickness more than 65% to save the cost. It is suitable for small-volume large variety production.

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

(1) Short-term business development plan

1. Operation Strategy

Collect resources to help important customers, cooperate with them to develop products with better function and sensitivity whose spec can better fulfill the requirements of customers' high-end products. Furthermore, the company also pursues the innovative development of new touch materials in the hope of providing products with better conductivity and price advantages for customers. Meanwhile, TPK expands touch applications into super large sized segment, and devotes itself to co-develop a more variety of product designs and applications with customers.

2. Manufacturing Strategy

Continue improving the automation of the production line, optimize manufacturing processes, enhance the yield rate, reduce production costs, and enhance the competitiveness by optimizing economic scale and manufacturing process, maintaining the leading position in the industry.

3. Marketing Strategy

Actively develop new technologies to adapt to market trends, review the existing products and make sure the company's products can catch up with the market trends and to enter the supply chain of growing products timely.

(2) Long-term business development plan

1. Operation Strategy

As a leading technology company, TPK has devoted itself to the new material and innovative manufacturing process for long time, and to ensure the leading position in the touch industry with patent portfolio policy. TPK not only provides the merchandise with extraordinary quality and competitive price, but also have a mid to long term goals to look for opportunities to cooperate with other companies, in order to further secure the company's leading position in the industry.

2. Manufacturing Strategy

Continue to strengthen the core technologies, such as production management, manufacturing process development and equipment development, so that the yield rate, efficiency and productivity could be further enhanced to reduce the production costs and maintain the competitiveness of the company. In the mean time, we also make efforts to look for the opportunity to strategically align with major material suppliers to enjoy the advantage in terms of cost.

3. Marketing Strategy

The company provides the advanced and a variety of touch solutions to our customers owing to our leading edge technology, so that we could strengthen the relationship with our customers and take part in new projects in early stage to synchronize with the fast changing market trend and assist our customers to make preparations for the coming advanced products. In the long run, we have the strategy for the diversity of customers, technology and products.

2. Market and business overview

(1). Market analysis

1. Sales breakdown by area

Unit: NT\$ thousands

Area	2020		2021	
	Amount	(%)	Amount	(%)
America	53,022,012	46.27	51,671,714	50.12
Asia	39,296,552	34.30	38,827,615	37.67
Other	22,264,635	19.43	12,589,416	12.21
Total	114,583,199	100.00	103,088,745	100.00

2. Future supply and demand of the market and the market growth

Following industry integration and natural elimination in the touch industry, current touch manufacturers in the market will adopt conservative strategies on capacity establishment; therefore, the oversupply caused by manufacturers' active expansion of capacity will not occur. However, owing to unstable global transportation issue, the market supply will also be volatile.

With regard to market demands, on the backdrop of the new trend of work from home and on-line learning caused by COVID-19 pandemic, the momentum of tablet and notebook shipments, which have been stagnant for a couple of years, have been rebooted. In the aspect of hand-held devices, owing to the slowing down growth rate of end-demand of the electronic consumer devices, and fewer and fewer differences between new launched and existed products, the consumer electronic products life cycle has become longer. Hence, the brand name customers has tried their best to innovate next generation product to stimulate the replacement cycle. In the aspect of new application, such as bigger sized tablets and super-large sized interactive whiteboard, though the addressable market is relatively smaller, the demand could remain growing in the future.

As for current technology development, OLED technology has become mature

and more and more foldable/flexible related manufacturers have started to make the effort to develop the next generation product. From the technology development trend, it's obvious that the foldable/flexible market has started booming. We believe the foldable/flexible products could bring another growing motivation for the industry once the technology becomes more mature and the related applications are completed.

3. Competitive strength

- (1) Pioneer of transparent projected capacitive technology.
- (2) Professional touch manufacturer that is flexible to satisfy the demands of main customers with many upstream component suppliers.
- (3) Own self-developed, high-efficiency design production process and equipment.
- (4) Assist clients to mass produce new products with innovative technology since we have plenty of experiences in mass production and supply chain management.
- (5) Long-term development partnerships with world-class customers.
- (6) Actively strive to develop innovative touch materials and understand critical patent technology.

4. Strengths and weaknesses of development

(1) Strengths

1. Leading manufacture of projected capacitive touch technology with high customer independence

The company is the leading manufacturer of projected capacitive touch technology, and we cooperate with customers to develop updated products that sync with market technology upgrades and evolving design trends. Since this company is able to deal with the raw materials, and produce touch sensors and cover glasses, and possesses the ability to laminate the cover glasses and LCD panels. The company has thus become an important partner for customers, and to provide customers with touch sensors, touch modules and touch displays with integrating the process of LCM.

2. Projected capacitive touch function has become standard, and the terminal application market continues to expand

Through more than ten years of development, the projected capacitive screen has transferred from smart phones and PMPs into the applications of other mobile devices, such as e-readers and tablets, and the projected capacitive touch function has gradually become an expected feature of electronics. Meanwhile, more electronics, regardless of what they used before, have begun to adopt this technology; therefore, automobile screens and super large sized whiteboards used for commerce or education are the potential markets.

3. The ability to streamline the manufacturing and to self-develop and design the equipments with high efficiency

This company independently develops the projected capacitive touch manufacturing process and is a pioneer of transparent glass projected capacitive touch technology with the ability to develop core equipment and provide efficient manufacturing technology with great efficiency and high yield rate.

Furthermore, it adjusts process procedures according to customers' special product specifications and can provide high-quality products commercialized in a timely manner.

4. Possess key materials and technology for next-generation flexible touch solution

According to the prediction of market trend, since flexible products have been launched by few brand name companies, and many manufacturers have started to provide foldable/flexible product designs, the whole new foldable/flexible products could stimulate the stagnation market of smartphones and tablets. TPK has started to develop SNW material for many years, and possessed key material and technology. We look forward to co-develop the representative next generation product with our customers, and set up the mainstream spec of foldable/flexible touch products for the industry.

(2) Weaknesses

1. High market concentration

Projected capacitive technology is mainly adopted in smart phones and tablets, so the market growth of smart phones and tablets will directly impact the company's operations.

Countermeasures:

Actively expand other market applications

Develop new applications: Automobile market, e-readers, wearable electronics, PND, DSC, remote controls, gaming machines, digital cameras, notebooks, 2-in-1 PCs, All-in-One PCs, POS, and KIOSK to expand end product applications and thus reduce market concentration.

2. High customer concentration

Transparent projected capacitive glass touch solution is an innovative application for electronic products, so this company has decided to cooperate with the leading brand at the initial stage, thus the company has a higher customer concentration.

Countermeasures:

In addition to cooperation with major customers and suppliers to develop advanced touch technologies and product structures, the company shall also strive to find new customers with high growing potential.

3. Many big manufacturers are beginning to participate in potential touch applications

Since the growth rate of the end market has slowed down, some manufacturers have started to integrate their business to up/down-stream of the supply chain in order to provide customers with more services..

Countermeasures:

A. Continue to shorten the time-to-market and increase the yield rate

Our company has rich experience in mass production and equipment development. Therefore, we can quickly reach the yield rate for mass

production of new products and satisfy customer's requirement of specifications and are praised and trusted by our customers. Our company will continue researching mass production procedures with the hope of providing better and more reliable products.

B. Expand the scope of product content and services

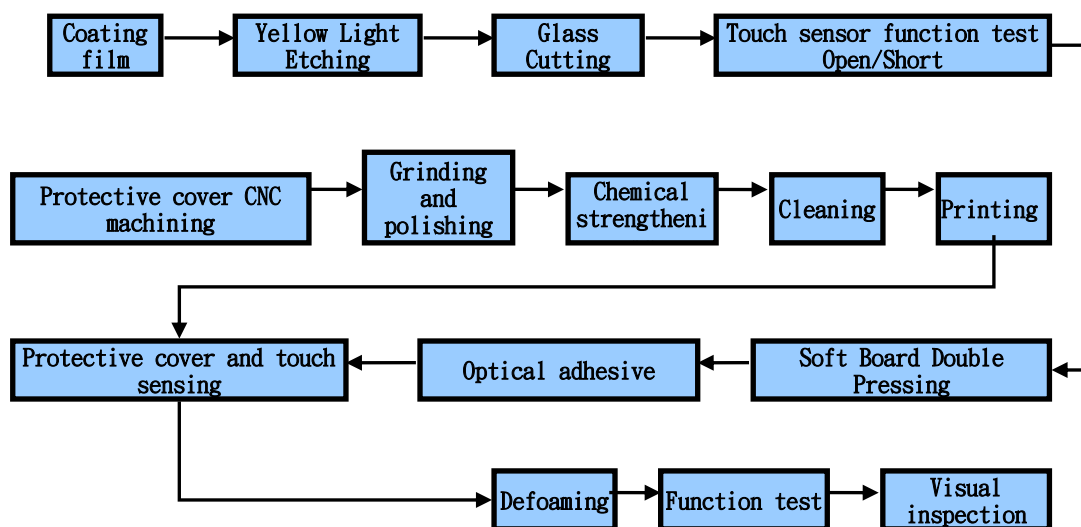
To fulfill the customers' requests, the company not only increase the quality of their services, but also expand the choices of solutions and services. Meanwhile, the company could help the customers to enhance the production efficiency and increase the company's value-add of their products or services, so that the relationship with the customers could be closer.

(2). Purpose and production process of main products

1. Important purpose of major products

Company's products major apply in high-end smart phone, GPS, eReader, PMP, tablets, notebooks and AIO PC etc..

2. Manufacturing process of main products



(3). Major Raw Materials Supply

Raw Materials consist of Glass Substrate, Metal Sputtering Targets, FPC, Cover/Raw Glass, Conductive Adhesives, Protective Film, Optical Clear Adhesive, LCD/LCM and Touch Sensor, etc.

Major Raw Materials	Major Suppliers	Market Status
FPC	Mektec, Fujikura, Garuda	Stable
LCD / LCM	Company B, Company D, Dell	Stable
Cover / Raw Glass	Company B, Corning	Stable

(4). Suppliers / Customers that Accounted for at Least 10% of Annual Consolidated Net Procurement / Net Revenue:

A list of any suppliers and clients accounting for 10% or more of the company's total

procurement (sales) amount in either of the recent 2 years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures. Where the company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

1. Suppliers in 2020 and 2021

Unit: NT\$ thousands

Item	2020				2021			
	Supplier	Procurement Amount	As % of 2020 Total Net Procurement	Relation to TPK	Supplier	Procurement Amount	As % of 2021 Total Net Procurement	Relation to TPK
1	Company B	37,018,962	38.49	None	Company B	32,809,344	36.81	None
2	Company D	16,710,574	17.37	None	Company D	14,380,835	16.13	None
3	Others	42,456,773	44.14	None	Others	41,943,529	47.06	None
	Total Net Procurement	96,186,309	100.00		Total Net Procurement	89,133,708	100.00	

Reason for Increase or Decrease: Due to production transition recession and revenue declining in 2021, the purchase was decreased from Company B and Company D. In the case of touch products application transformation, the purchase was increased from Others.

2. Customers in 2020 and 2021

Unit: NT\$ thousands

Item	2020				2021			
	Customer	Net Revenue	As % of 2020 Total Net Revenue	Relation to TPK	Customer	Net Revenue	As % of 2021 Total Net Revenue	Relation to TPK
1	Company B	59,910,965	52.29	None	Company B	48,268,927	46.82	None
2	Company C	13,566,037	11.84	None	Company C	10,987,707	10.66	None
3	Others	41,106,197	35.87	None	Others	43,832,111	42.52	None
	Total Net Revenue	114,583,199	100.00		Total Net Revenue	103,088,745	100.00	

Reason for Increase or Decrease: The continuing impact of COVID-19 on supply chain disruption and deferred consumption, the sales was decreased from Company B and Company C, and the sales proportion was declined from Company B and Company C but increased from Others by the touch products application transformation in 2021.

(5). Indication of Production Volume in 2020 and 2021

Unit: Thousand Pieces/NT\$ thousands

Major Products	2020			2021		
	Capacity	Output	Amount	Capacity	Output	Amount
Touch Modules	213,042	111,883	103,994,795	199,705	99,687	76,838,026

Others	14,078	5,485	10,666,763	11,124	5,865	7,256,442
Total	227,120	117,368	114,661,558	210,829	105,552	84,094,468

Reason for Increase or Decrease: The decrease of capacity, output and amount in 2021 compared with that in 2020 is mainly caused by the unfavorable product transition of customers and the COVID-19.

Note 1: Capacity includes the productivity by current equipments under normal operation after measuring necessary shutdown and holidays.

Note 2: Combined the capacity units and described as supplementary information by the production substitutability of products.

(6). Indication of Volume of Units Sold in 2020 and 2021

Unit: Thousand Pieces /NT\$ thousands

Major Products	2020				2021			
	Domestic		Export		Domestic		Export	
	Unit	Net Revenue	Unit	Net Revenue	Unit	Net Revenue	Unit	Net Revenue
Touch Modules	85	323,952	112,341	103,237,222	224	567,711	99,648	93,676,010
Others	—	—	4,919	11,022,025	—	—	5,287	8,845,024
Total	85	323,952	117,260	114,259,247	224	567,711	104,935	102,521,034

Reason for Increase or Decrease: The decrease of units and revenue of partial products in 2021 compared with that in 2020 is mainly caused by the unfavorable product transition of customers and the COVID-19.

3. Employee information from past two years to this report's printing

Year		2020	2021	This year up to March 20, 2022
Number of employees	Manager	340	334	326
	R&D Personnel	565	431	412
	General employee	17,518	14,679	13,181
	Total	18,423	15,444	13,919
Average age		30.74	30.51	31.57
Average Seniority		3.35	3.66	3.94
Educational background	Doctor	0.14%	0.14%	0.14%
	Master	1.35%	1.51%	1.59%
	College	22.00%	19.96%	21.58%
	High School	27.69%	32.8%	28.16%
	Below High School	48.82%	45.59%	48.53%

4. Information of environment-oriented expenditures:

- (1) In the most recent year and up to the date of publication of the annual report, the losses suffered due to pollution of the environment (including compensation and environmental protection audit results that violate environmental protection laws and regulations, the date of punishment, the font size of the punishment, the provisions of the statute violation, the content of the statute violation, and the punishment Content): None.
- (2) Estimated amount and corresponding measures that may occur at present and in the future: Comply with government regulations and fulfill environmental protection responsibilities, and pay according to the actual situation.

5. Labor/Management relations:

(1) Execution condition of employee welfare

1. Employee welfare measures

This company also provides group insurance and annual health check for employees in addition to providing basic insurance according to the relevant government regulations of each subsidiary. In addition, the company's employee welfare measures include wedding and funeral support, employee travel, bonuses, employee dividends and subscriptions, and providing employees with various training and training opportunities to enhance their vision, work efficiency, and what's more, long-term bonus or prize is set.

2. Education and training

In order to improve employee quality and skills, strengthen work efficiency and quality, we irregularly carry out general training for all employees or professional skill training for special employees with the hope of cultivating talents and improving operation performance which can achieve the objective for sustainable operation.

3. Retirement system

Subsidiaries of this Company in Mainland China have an employee retirement plan according to the Labor Standards Law, and a retirement reserve is provided at 2% of the total salary paid based on Storage and support - old system. With effect from the implementation of Mainland China Labor Pensions Regulations (hereinafter referred to as the "New System") from July 1, 2005, the employees who originally applied the method should choose the applicable service years after the new system or the new employees who are employed after the new system. The service years are changed to determine the allocation system. The pension payment is paid by the company on the monthly salary of 6%, and is stored in the individual account of the labor pension. Subsidiaries outside the Mainland China are handled according to relevant local laws and regulations.

In addition, after the retirement insurance for employees of enterprises in China, the Company pays endowment insurance for employees according to local "Regulations on the Basic Endowment Insurance for Enterprise Employees in Xiamen". According to the local social insurance operation method, the endowment insurance is included in social insurance (including medical care, maternity, pension, work injury, unemployment). After the company handles the social insurance increase procedures for employees, it will begin to fulfill the obligation to pay pension insurance. The rates and standards for insurance payment are as follows:

Rate of contribution Items	People in this city (Xiamen Household)		People from Outsiders (not Xiamen Household)	
	Individual	Enterprise	Individual	Unit
Endowment Insurance	8.0%	Jan. ~ Aug. 12.0%; Sep. ~ Dec. 14%	8.0%	Jan. ~ Aug. 12.0%; Sep. ~ Dec. 14%
Unemployment Insurance	0.5%	Jan. ~ Sep. 0.5%; Oct. ~ Dec. 0.25%	—	Jan. ~ Sep. 0.5%; Oct. ~ Dec. 0.25%
Employment Injury Insurance	—	Jan. ~ Apr. 0.56%; May ~ Dec. 0.7%	—	Jan. ~ Apr. 0.56%; May ~ Dec. 0.7%
Medical Insurance	2.0%	Jan.~ Sep. 7.0%; Oct. ~ Dec. 6%	2.0%	3.0%

Birth Insurance	—	0.7%	—	0.7%
Social insurance base	<p>1.The payment of medical insurance and maternity insurance is based on the average monthly salary of the employee in the previous year. If the average monthly salary of the employee is lower than 60% of the average salary of the full-caliber urban employees in the province in the previous year, 60% (RMB 3,676.00 RMB), and 300% (RMB 18,379.00) is used as the payment base if it exceeds 300%; if the average monthly salary of the individual employee in the previous year cannot be calculated, the average salary of the whole-caliber urban employees in the province in the previous year is the payment base.</p> <p>2.Endowment insurance takes the average monthly salary of the employee in the previous year as the payment base, and is not lower than the lower limit of the payment base announced by the provincial government; unemployment insurance and industrial injury insurance take the average monthly salary of the employee in the previous year as the payment base, and it is not lower than the provincial government. Government-promulgated minimum wage.</p>			

Note: Blank means individual shall not undertake.

Employees can enjoy the basic pension insurance if they reach the statutory retirement age, and the accumulated payment period (including the deemed payment period) is 15 years. Basic pension insurance is made of:

(1) Insurance before June 30, 1997: basic pension + personal account pension + transitional pension + special zone subsidy.

(2) Insurance after July 1, 1997: basic pension + personal account pension + special zone subsidy, description:

1. Basic pension: The average monthly salary of employees in the city one year before personal retirement $\times 20\%$.
2. Personal Account Pension: Personal account deposit at retirement / 120
3. Transitional pension: The average monthly salary of employees in the city during retirement at the time of retirement $\times 1.3\% \times (\text{the average contribution index} + 0.25) \times \text{the cumulative payment period before June 30, 1997}$.
4. Special zone subsidy: NTD 30.

4. Labor-management agreement condition

The labor-management relation of this company is harmonious; this company respects the opinions of every employee, and employees can reflect opinions through meetings, e-mails, or letter box, and the communication of labor-management is free.

5. Measures to maintain employee rights and benefits

In order to maintain employee rights and benefits, except for the actual implementation of relative laws, top management will improve software and hardware devices required by employees.

(2) In the most recent year and up to the date of publication of the annual report, the company suffered losses due to labor disputes (including labor inspection results that violated the Labor Standards Law, and the date of punishment, the font size of the punishment, the provisions of the regulations, the content of the regulations and the content of the punishment should be listed: None.

(3) Present and future possible estimated amount and countermeasures: None.

6. Cyber security management:

(1).Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1.The cyber security risk management framework

The information department of the company is the main responsible unit for information security. At present, it has established information security supervisors and information security personnel, and has applied for membership of the Taiwan Computer Network Crisis Handling and Coordination Center (TWCERT/CC). Through this alliance, the company can timely Effective access to information security information.

2.The cyber security policies

In order to strengthen the company's information security and prevent the leakage of confidential information and external information security threats, the company has formulated relevant information security management systems and measures to ensure the security of the company's information assets.

3.Concrete management programs and investments in resources for cyber security management.

In order to protect the security of information assets of the company and customers, the company follows the ISO 27001 international information security standard to build an information security management system. The region has established an information security management system and has passed the "ISO 27001:2013 Information Security Management System" international standard certification, which is valid from August 22, 2021 to August 21, 2024.

In the information security knowledge promotion, in order to strengthen the information security knowledge of employees, the company not only conducts information security publicity for each employee from time to time through the computer screen protection program, but also regularly uses the online education system to implement "information security education and training". In order to strengthen employees' information security concept, reduce the risks caused by employees' lack of information security knowledge.

(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: No significant cyber security incidents.

7. Important Agreement:

Item No.	Agreement Property	Client	Agreement Term	Main Contents	Restriction
1	Development and supply (Master Development and Supply Agreement)	Company B	From December 15, 2005 to the end of agreement	Our company will provide development service and sell products to company B to help company B to develop its terminal products.	Confidentiality obligation

VI. Financial Status

1. Condensed Balance Sheets, Statements of Comprehensive Income, Name of CPA and Auditors' Opinions for the Most Recent Five Years

(1) Condensed Balance Sheet

Unit: NT\$ thousands

Year Item		Financial Results from 2017 to 2021 (Note 1)				
		2017	2018	2019	2020	2021
Current Assets		44,680,077	45,539,413	51,661,338	54,113,215	52,715,802
Property, Plant and Equipment		32,994,649	33,237,605	25,417,590	19,997,310	18,026,287
Intangible Assets		92,372	111,225	95,834	70,168	65,935
Other Assets		5,211,214	5,079,362	8,318,355	9,440,335	6,977,406
Total Assets		82,978,312	83,967,605	85,493,117	83,621,028	77,785,430
Current Liabilities	Before Distribution	39,907,817	34,368,726	33,534,975	29,034,583	25,964,847
	After Distribution	41,127,808	34,368,726	33,534,975	29,441,247	26,574,843 (None 2)
Noncurrent Liabilities		5,899,876	12,357,170	15,789,432	17,780,964	16,434,895
Total Liabilities	Before Distribution	45,807,693	46,725,896	49,324,407	46,815,547	42,399,742
	After Distribution	47,027,684	46,725,896	49,324,407	47,222,211	43,009,738 (None 2)
Equity Attributable to Shareholders of the Parent		36,947,695	36,891,602	36,168,710	36,679,831	35,234,902
Capital Stock		4,066,638	4,066,638	4,066,638	4,066,638	4,066,638
Capital Surplus		28,073,650	28,146,706	28,162,570	28,165,226	28,165,226
Retained Earnings	Before Distribution	3,581,405	2,412,900	2,559,058	3,591,068	4,582,940
	After Distribution	2,361,414	2,412,900	2,559,058	3,184,404	3,972,944 (None 2)
Other Equity		1,226,002	2,265,358	1,380,444	856,899	(1,579,902)
Treasury Shares		—	—	—	—	—
Non-Controlling Interests		222,924	350,107	—	125,650	150,786
Total Equity	Before Distribution	37,170,619	37,241,709	36,168,710	36,805,481	35,385,688
	After Distribution	35,950,628	37,241,709	36,168,710	36,398,817	34,775,692 (None 2)

Note 1: The financial statements for 2017-2021 were audited by CPA.

Note 2: Pending the shareholders' meeting approval.

(2) Condensed Statement of Comprehensive Income

Unit: NT\$ thousands (Except EPS: NT\$)

Item \ Year	Financial Results from 2017 to 2021 (Note)				
	2017	2018	2019	2020	2021
Net Revenue	107,208,482	113,481,508	136,606,695	114,583,199	103,088,745
Gross Profit(Loss)	7,534,547	4,212,553	4,739,879	4,865,586	3,768,416
Income (Loss) from Operations	2,610,969	(199,012)	124,127	949,689	313,927
Non-operating Income and Expenses	664,942	895,019	655,975	861,580	1,161,205
Income before Income Tax	3,275,911	696,007	780,102	1,811,269	1,475,132
Net Income	2,386,036	364,734	302,739	1,034,373	1,097,447
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	(2,007,929)	1,039,260	(869,311)	(527,314)	(2,110,576)
Total Comprehensive Income (Loss) for the Year	378,107	1,403,994	(566,572)	507,059	(1,013,129)
Net Income Attributable to Shareholders of the Parent	2,404,390	223,832	208,882	1,031,323	1,068,606
Net Income (Loss) Attributable to Non-controlling Interests	(18,354)	140,902	93,857	3,050	28,841
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	394,619	1,264,724	(670,831)	508,465	(1,038,265)
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	(16,512)	139,270	104,259	(1,406)	25,136
Diluted Earnings Per Share	6.63	0.55	0.51	2.53	2.63

Note: The financial statements for 2017-2021 were audited by CPA.

(3) Name of CPA and Auditors' Opinions from 2017 to 2021

Year	CPA	Accounting Firm	Audit Opinion
2017	Chun-Hung, Chen Cheng-Hung Kuo	Deloitte & Touche	An Unqualified Opinion
2018	Cheng-Hung Kuo Tzu-Jung Kuo (Note)	Deloitte & Touche	An Unqualified Opinion
2019	Tzu-Jung Kuo Pi-Yu Chuang (Note)	Deloitte & Touche	An Unqualified Opinion
2020	Tzu-Jung Kuo Pi-Yu Chuang	Deloitte & Touche	An Unqualified Opinion
2021	Pi-Yu Chuang Tzu-Jung Kuo	Deloitte & Touche	An Unqualified Opinion

Note: Regulatory requirements on rotation in Deloitte & Touche.

2. Financial Analysis for the Most Recent Fiscal Years

Item \ Year (Note 1)		Financial Analysis from 2017 to 2021				
		2017	2018	2019	2020	2021
Capital Structure Analysis (%)	Debts Ratio	55.20	55.65	57.69	55.99	54.51
	Long-term Fund to Property, Plant and Equipment	130.54	149.23	204.42	272.97	287.47
Liquidity Analysis (%)	Current Ratio	111.96	132.50	154.05	186.38	203.03
	Quick Ratio	93.94	100.52	129.23	156.74	160.27
	Times Interest Earned (Times) (Note 3)	4.40	1.98	1.85	3.40	3.30
Operating Performance Analysis	Average Collection Turnover (Times)	16.52	14.38	11.70	8.93	8.19
	Days Sales Outstanding	22	25	31	41	45
	Average Inventory Turnover (Times)	11.93	11.36	13.19	12.67	9.90
	Average Payment Turnover (Times)	6.51	5.76	6.99	6.70	7.10
	Average Inventory Turnover Days	31	32	28	29	37
	Property, Plant and Equipment Turnover (Times)	2.91	3.43	4.66	5.05	5.42
	Total Assets Turnover (Times)	1.26	1.36	1.61	1.36	1.28
Profitability Analysis	Return on Total Assets (%) (Note 2)	3.62	0.88	0.78	1.73	1.95
	Return on Equity (%) (Note 2)	7.17	0.98	0.82	2.83	3.04
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 2)	80.56	17.12	19.18	44.54	36.27
	Net Margin (%) (Note 2)	2.23	0.32	0.22	0.90	1.06
	Diluted Earnings (Loss) Per Share (NT\$)	6.63	0.55	0.51	2.53	2.63
Cash Flow	Cash Flow Ratio (%)	44.46	12.67	22.76	24.03	5.84
	Cash Flow Adequacy Ratio (%)	1.18	1.35	1.60	2.01	1.52
	Cash Flow Reinvestment Ratio (%)	17.57	2.72	6.51	6.15	1.10
Leverage	Operating Leverage	4.38	(38.04)	64.20	7.51	16.58
	Financial Leverage	1.59	0.22	(0.16)	4.88	(0.96)

Note 1: The financial statements for 2017-2021 were audited by CPA.

Note 2: The calculation of financial ratio is based on the consolidated net income and loss.

Note 3: The calculation formulas of financial analysis are listed as follows:

1. Capital Structure Analysis
 - (1) Debt Ratio = Total Liabilities / Total Assets
 - (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
 - (1) Current Ratio = Current Assets / Current Liabilities
 - (2) Quick Ratio = (Current Assets – Inventories – Prepaid Expenses) / Current Liabilities
 - (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
 - (1) Average Collection Turnover = Net Sales / Average Trade Receivables
 - (2) Days Sales Outstanding = 365 / Average Collection Turnover
 - (3) Average Inventory Turnover = Cost of Sales / Average Inventory
 - (4) Average Payment Turnover = Cost of Sales / Average Trade Payables
 - (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
 - (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
 - (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability Analysis
 - (1) Return on Total Assets = [Net Income + Interest Expenses × (1 – Effective Tax Rate)] / Average Total Assets
 - (2) Return on Equity = Net Income / Average Equity
 - (3) Pre-tax Income to Paid-in Capital Ratio = Income before Tax / Paid-in Capital
 - (4) Net Margin = Net Income / Net Sales
 - (5) Earnings (Loss) Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividends) / Weighted Average Number of Shares Outstanding
5. Cash Flow
 - (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
 - (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividends
 - (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities – Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage:
 - (1) Operating Leverage = (Net Sales – Variable Cost and Expense) / Income from Operations
 - (2) Financial Leverage = Income from Operations / (Income from Operations – Interest Expenses)

Analysis of deviation of 2021 vs. 2020 over 20%:

1. Average Inventory Turnover decreased by 22% and Average Inventory Turnover Days increased by 28% mainly due to cost decrease from revenues declining.
2. Cash Flow Ratio, Cash Flow Adequacy Ratio and Cash Flow Reinvestment Ratio decreased by 74%, 24% and 81% respectively, mainly due to a decrease in net cash generated from operating activities.
3. Operating Leverage increased by 121% and Financial Leverage decreased by 120% mainly due to lower operating income by revenues declining..

3. Audit Committee's Review Report for the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for allocation of earnings. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of TPK Holding Co., Ltd.. According to relevant requirements of the Securities and Exchange Act, we hereby submit this report.

TPK Holding Co., Ltd.

Chairman of Audit Committee: Chang, Horng-Yan

March 17, 2022

4. Consolidated Financial Statements for The Most Recent Fiscal Year, Certified by CPA:

Please refer to Annual Report page 147.

5. A parent company only financial statement for the most recent fiscal year, certified by a CPA, but not including the statements of major accounting items:

Not Applicable.

6. Financial Difficulties to TPK or its affiliates:

TPK's affiliate, Cando Corporation ("Cando") suffered from a lack of new funding, falling revenue, and financial difficulty, and so Cando declared bankruptcy on July 21, 2016, and the court announced its bankruptcy on January 17, 2018. As a result, the impairment loss was recognized at the end of the calendar year 2015, the carrying amount of the investment in Cando was zero. The bankruptcy declaration was not able to be significant influence over TPK.

VII. Review and Analysis of Financial Status and Performance, and Risk Assessment

1. Financial Status

Comparison to Financial Status

Unit: NT\$ thousands

Item	2020	2021	Deviation	
			Difference	(%)
Current Assets	54,113,215	52,715,802	(1,397,413)	(2.58)
Property, Plant and Equipment	19,997,310	18,026,287	(1,971,023)	(9.86)
Intangible Assets	70,168	65,935	(4,233)	(6.03)
Other Assets	9,440,335	6,977,406	(2,462,929)	(26.09)
Total Assets	83,621,028	77,785,430	(5,835,598)	(6.98)
Current Liabilities	29,034,583	25,964,847	(3,069,736)	(10.57)
Noncurrent Liabilities	17,780,964	16,434,895	(1,346,069)	(7.57)
Total Liabilities	46,815,547	42,399,742	(4,415,805)	(9.43)
Capital Stock	4,066,638	4,066,638	—	—
Capital Surplus	28,165,226	28,165,226	—	—
Retained Earnings	3,591,068	4,582,940	991,872	27.62
Other Equity	856,899	(1,579,902)	(2,436,801)	(284.37)
Equity Attributable to Shareholders of the Parent	36,679,831	35,234,902	(1,444,929)	(3.94)
Analysis of Deviation over 20%				
1. Decrease in other assets was mainly due to a decrease in prepayments for equipment.				
2. Increase in retained earnings was mainly due to higher profitability.				
3. Decrease in other equity was mainly due to a decrease in exchange differences on translating foreign operations and unrealized gain or loss on financial assets at FVTOCI.				

2. Financial Performance

Analysis to Operating Results

Unit: NT\$ thousands

Item	2020	2021	Deviation	
			Difference	(%)
Net Revenue	114,583,199	103,088,745	(11,494,454)	(10.03)
Gross Profit (Loss)	4,865,586	3,768,416	(1,097,170)	(22.55)
Income (Loss) from Operations	949,689	313,927	(635,762)	(66.94)
Non-operating Income and Expenses	861,580	1,161,205	299,625	34.78
Income (Loss) before Income Tax	1,811,269	1,475,132	(336,137)	(18.56)
Net Income (Loss)	1,034,373	1,097,447	63,074	6.10
Total Net Income (Loss) Attributable to Shareholders of the Parent	1,031,323	1,068,606	37,283	3.62
Diluted Earnings (Loss) Per Share	2.53	2.63	0.10	3.95
Analysis of Deviation over 20%				
1. Decrease in Net Revenue was mainly due to the unfavorable product transition of customers and the impact of the COVID-19.				
2. Decrease in Gross Profit and Income from Operations were mainly due to organizational downsizing and product portfolio shift.				
3. Increase in Non-operating Income and Expenses was mainly due to decrease in exchange differences on translating foreign operations and gain on financial instrument at FVTPL.				

3. Cash Flow

(1) Analysis of cash flow changes

Unit: NT\$ thousands; %

Item \ Year	2020	2021	Difference	(%)
Operating Activities	6,553,820	1,516,193	(5,037,627)	(76.87)
Investing Activities	1,211,008	162,734	(1,048,274)	(86.56)
Financing Activities	(1,057,473)	(2,822,158)	(1,764,685)	(166.88)
Analysis				
1. Decrease in net cash generated from operating activities was mainly due to lower operating income before tax and stock preparation resulted in higher ending materials inventory.				
2. Increase in net cash used in investing activities was mainly due to increase in financial assets at amortized cost.				
3. Increase in net cash generated from financing activities was primarily for reimbursement of bank loan, payments for the principal portion of lease liabilities and cash dividend distribution.				

(2) Liquidity Aanalysis for the Coming year and Remedial Actions for Liquidity Shortfall:

Unit: NT\$ thousands

Cash Balance 12/31/2021	Net Cash Flow from Operating Activities in 2022	Cash used in 2022	Estimate Cash Balance 12/31/2022	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
20,615,121	(3,887,336)	3,662,625	13,045,973	None	None

1. Analysis of Cash Flow in 2022

- (1) Operating Activities: Mainly results from operation.
- (2) Investing Activities: Primarily for capital expenditures.
- (3) Financing Activities: Primarily for bank borrowings reimbursement.

2. Remedial Actions for Liquidity Shortfall: None.

4. Effect upon Financial Operations of Major Capital Expenditures from Recent Years

(1) Excution Status of Capital Expenditures and Sources of Funding:

Unit: NT\$ thousands

Project	Source of Funding	Actual or Planned Completion Date	Total Amount	Capital Expenditures Plan	
				2022	2023
Equipments	Cash flows generated from operations and bank loans	2022 Q4	1,320,000	1,122,000	198,000

(2) Expected Benefit from Capital Expenditures: Automatic equipment is used within production to reduce production operating expenses and improve production efficiency.

5. Reinvestment Policies, Main Reasons for Profit or Loss and Improvement Plans from Recent Year, and Investment Plans for the Coming Year

(1) Reinvestment Policies

TPK's reinvestment policy is focused on the investment of main and relative business in long-term strategic plan, supplemented by short- and mid-term investments and it is implemented by the departments concerned in accordance with "investment cycle" of internal control systems and "Procedures for the Acquisition and Disposal of Assets" that were approved by Audit Committee, Board of Directors or shareholders' meeting.

(2) Main Reasons for Profit or Loss and Improvement Plans from Recent Year

Based on TPK and subsidiaries' 2021 consolidated financial statements, where a reinvestment accounted for under the equity has zero carrying amount, no gain or loss arises from reinvestment.

(3) Investment Plans for the Coming Year:

TPK's investment for the coming year will mainly concentrate on operations, look for low-risk financial investments and cooperate with the medium strategic purposes and beyond. In addition to cooperating with customer demands for capacity establishment, it also actively participates in processes improvement and equipment automation, while searching proper

industry-related investment objectives to achieve multifaceted strategy objectives of the industry layout.

6. Risk items in the Most Recent Year and as of the Date of the Publication Date of the Annual Report:

- (1) The impact of the Company's net profit caused by changes in the interest rates, foreign exchange rates, and inflation and countermeasures:

Unit: NT\$ thousands

Item	2020	2021
Net Interest Income (expense)	21,018	(25,969)
Net Foreign Exchange Gain (loss)	(306,991)	(28,155)

1. Interest rates

The Company's 2021 annual net interest cost amount is NT\$25,969 thousands (the following currencies are subject to NT\$ unless otherwise specified). Maintaining close relationship with banks, taking advantage of financial market fluctuations, flexibly and effectively managing cash in the corporate accounts, and undertaking risk-free high-interest structured deposit products, resulting in net interest cost in 2021.

2. Foreign exchange rates

The functional currency of most of the Company's subsidiaries in mainland China is US dollars, and its major sales revenue and raw materials purchases are denominated in US dollars, while some assets (such as time deposits and capital-guaranteed structured deposits) and liabilities (such as operating expenses in Mainland China and RMB loans) are denominated in RMB and have exchange rate risk. The functional currency of the Company's subsidiary in Taiwan is NT\$. The main sales revenue and raw materials purchases are denominated in US dollars, and the sales revenue is greater than the purchase of raw materials, and there is an exchange rate risk. In addition, the local daily expenses of the Company's main operating locations in Mainland China and Taiwan are supported by RMB and NT\$. Although affected by exchange rate fluctuations, the involved areas are relatively small (the operating expenses in the last three years accounted for approximately 3.4% of the net revenue). Therefore, the impact is relatively low.

According to the above exchange rate risk, financial departments will take the following countermeasures:

- (1). The principle of natural write-off is adopted to handle foreign currency exchange rate risk. Since the main sales revenue and raw material purchases of subsidiaries are denominated in US dollars, the natural hedging effect generated by their mutual offsets is used to reduce the exchange demand, and we can use foreign exchange derivative financial hedging products. to reduce the risk of exchange rates.
- (2). The financial personnel maintain the appropriate net position of foreign exchange based on the judgment of future exchange rate movements, so as to reduce the impact of exchange rate changes on the company's profit.
- (3). Keep close contact with main cooperation bank, and monitor the change of foreign exchange market at time, thus relative supervisors can grasp the director of exchange rate and handle with market emergency.
- (4). The "Procedures for Derivatives Transaction" of this Company according to "Guidelines for the Acquisition or Disposal of Assets by Public Offering Companies" was approved by the Audit Committee, the Board of Directors and the Shareholders' Meeting according to the law, and it revised and regulated the Company's participation in derivative financial products.

3. Inflation

Under the rapid change of overall economic environment, there is no significant impact on the Company's operation from inflation or deflation. The Company's products are sold worldwide, and by monitoring global economic change and market price of raw materials and end products, maintaining good relationship with the suppliers and customers, actively and appropriately adjusting sales strategies, procurement strategies, cost structures and payment terms, the Company's operation is unlikely influenced significantly by inflation or deflation.

4. Risk of increase of loan rate

(1) Current situation

(1). Interest rate for RMB loan

In order to support the economy impact by Covid 19, the PBoC announced the RRR cut as scheduled on April 18th and lowered the deposit reserve ratio of financial institutions by 0.25% since April 25th. Before the epidemic is effectively controlled, the implementation of macro-easing policies will be intensified, and the interest rate spread between China and the United States will continue to narrow in the short term. However, China's two sessions will be officially launched this year, and the economic growth target is set at 5.5%, a significant drop from 8.1% in 2021. Based on the experience, the government has mostly been able to achieve its economic goals. This year coincides with Xi Jinping entering his third term. It is expected to continue to stabilize economic growth as a bargaining chip for his re-election. In the long run, after both China and the US monetary policies are normalized, the China-US interest rate spread will remain positive because the US market is more developed than China, and the financing costs should be lower. In the future, as the Chinese and global economies gradually get rid of the haze of the Covid 19, there's a high possibility that RMB interest rate will rise in the future to adjust to the economy. After the monetary policies return to normal, the interest rate spread between China and the United States will return to normal.

(2). Interest rate for US dollar loan

The U.S. is facing the most vigorous inflation in decades, and the U.S. Federal Reserve is expected to raise interest rates more aggressively than ever. According to the Fed Fund's future implied rate, it is expected that FED will raise interest rates by 2 yards in May and June and will increase by 1 yard in the rest of each FOMC meeting. It will eventually raise the Fed Fund Rate to 2.25% - 2.5% by the year-end.

Although geopolitical turmoil and inflation have added uncertainty to the economic outlook, labor demand remains strong due to accelerated growth in consumer spending, employment will grow moderately, and the U.S. economy is generally more optimistic. It is expected that after a one-off rate hike this year, inflation will be suppressed, the expectation of subsequent rate hikes will be reduced, and the yield curve will show bear flattening.

(2) Countermeasures

Since most of the sales and purchases of the Company and its major subsidiaries are denominated in US dollars, and the current US dollar loan cost is still slightly lower than that of RMB loans, bank loans of this company will mainly be US dollars, but if the RMB loan interest rate continues to decrease, the proportion of RMB loans will be

appropriately increased to save interest expenses. The company will moderately assume higher-yield RMB deposits and capital-guaranteed structured deposits to reduce net interest expenses. Countermeasures include:

- (1). Accounting department shall carefully evaluate the funding demand and financing plan according to actual demands, thus reduce unnecessary loan interest costs;
- (2). Increase cooperation with banks based on its position in industry, increase bargaining power with banks, and try to obtain the optimal loan interest rate under the same market conditions;
- (3). Increase the financial channels of overseas banks, and introduce foreign low-cost dollar loans by means of external debts, thus replace some US dollar loans with higher loan costs in mainland China;
- (4). Increase the proportion of RMB loans to save interest expenses;
- (5). Avoid the risks of market interest rate fluctuations by using exchange rate instruments;
- (6). Appropriately carry out higher-yield RMB deposits and capital-guaranteed structured deposits in order to reduce net interest expenses.

5. Risk of appreciation of JPY

(1) Current situation

- (1). The US economic growth and the labor market have been steady and made substantial progress. As the continuity of high inflation, Fed start raising interest rates this year, while Japan still remain on hold. Under the divergence of monetary policy prospects between the United States and Japan, dollar will maintain its appreciation trend. However, if the war between Russia and Ukraine continues, it may interfere global economic recovery and aggravate the economic fluctuation. Yen may appreciate in the future.
- (2). The procurement of some materials and machines is calculated by JPY, thus with the risk of exchange rate, while the amount is little.

(2) Countermeasures

- (1). Keep close contact with main cooperation bank, monitor the change of foreign exchange market at time, thus relative supervisors can grasp the director of exchange rates and handle with market emergency.
- (2). Use foreign exchange derivatives according to actual demands, thus reduce the risk of the change or relative exchange rate.

6. Risk of appreciation of RMB:

(1) Current situation

- (1). With US, Europe and other countries push for vaccination, personal consumption has gradually recovered ,which boost up Chinese exports in 2021. It has become the fundamentals for the rise of RMB. The Chinese government has announced a series of quantitative easing policy, including credit issuance and increase of market liquidity . It is expected that the People's Bank of China may continue to maintain its quantitative easing policy this year to stabilize economic growth, and there is still room for the RMB to appreciate against the US dollar.
- (2). The Company's principal sales of goods and purchases of raw materials are denominated

in US dollars; however, some of the assets (such as structured deposits and capital-guaranteed structured deposits) and liabilities (such as local operating expenses and RMB borrowings in mainland China) are denominated in RMB, so there is an exchange rate risk.

(2) Countermeasures

- (1). Keep close contact with main cooperation bank, monitor the change of foreign exchange market at time, thus relative supervisors can grasp the director of exchange rates and handle with market emergency.
- (2). Use foreign exchange derivatives according to actual demands, thus reduce the risk of the change or relative exchange rate.

7. Risk of the depreciation of US dollar (exchange for NT\$)

(1) Current situation

- (1). Taiwan export orders has been outperform during 2021. Exporters' heavily selling on US dollar has kept the US dollar against the TWD in a weak trend throughout the year. However, with the gradual normalization of U.S. monetary policy, funds may gradually flow out of Taiwan. In the long run, USD/NTD might head in the direction of appreciation.
- (2). The Company's main sales revenue and raw material purchases of subsidiaries in Taiwan are denominated in US dollars, and the amount of sales revenue is greater than the purchase of raw materials, however, its functional currency is NT\$ which faces exchange rate risk.

(2) Countermeasures

- (1). Keep close contact with main cooperation bank, monitor the change of foreign exchange market at time, thus relative supervisors can grasp the director of exchange rates and handle with market emergency.
- (2). Use foreign exchange derivatives according to actual demands, thus reduce the risk of the change or relative exchange rate.

(2) The main reasons for the profit and loss of high-risk, high-leverage investment, capital loan and other endorsement guarantee and derivative commodity trading, and future countermeasures:

This company has established measures such as “Acquisition or Disposal of Assets Processing Procedures”, “Measures for the Management of Funds and Others”, “Management Measures for Endorsement Guarantees” and “Procedures for Dealing with Derivatives” for the basis of the Company and its subsidiaries. Up to this report's printing, this Company has not engaged in high-risk, high-leveraged investments, group loans and other external financial loans, others, endorsement guarantees, and high-risk derivatives transactions. In addition, This company has always focused on the operation of the touch industry, and has not engaged in other high-risk industries, and the financial planning and operation policies will continue to adhere to the principle of “conservative and stable” and this company will not engage in high-risk and high-leveration. Therefore, the associated risks are limited.

(3) Future R&D plan and estimated expenses:

1. Future R&D plan

This company is dedicated to the principle of self-owned technology. In addition to independent R&D, this company also cooperates with research units, obtains new technology through technology authorization, and continues to input technology resources to improve mature touch technology and enhance market competition, as well as puts great efforts into developing innovative touch materials and application areas. Along with the mature stage of touch technology development, this company make lots of efforts to develop next-generation flexible touch products by grasping key technology, from materials to processes and even to back-end lamination. The company functions as the leading touch manufacturer and will lead the industry into a new stage.

2. Estimated R&D expenses

The R&D investment of 2020 and 2021 was NT\$775,933 thousands and NT\$684,439 thousands respectively. The R&D investment in 2022 is expected to be NT\$669,185 thousands. In addition to the touch technology and related raw materials, the company also cooperates with customers to enhance product efficiency and reduce costs. The company will continue to input development resources in accordance with the product development roadmap in order to remain our competitive advantage.

(4) Risks Associated with Changes in Domestic and Foreign Government Policies and Regulations that Impact Business and Financial Operations:

TPK is incorporated in the Cayman Islands and its main operation located in mainland China, while its products are mainly sold to developed countries as those in North America and Europe. The economic activity in the Cayman Islands is mainly financial services, and the United States and mainland China are the major economies in the world with stable economic development and political environment. Products developed and sold by TPK are the important consumer components in the non-franchised or restricted industry. TPK complies with national policies and laws; it keeps abreast with major policy and legal changes at all times and takes proper measures to adapt to environment changes. It is not expected that other governmental policies or regulatory changes would materially impact TPK's operations or financial condition.

(5) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

The touch market has transformed into stable growth. In past years, the excessive expansion of touch capacity caused an imbalance in production and marketing, severe price competition, and reduction of manufacturers' profits, especially in the price competition of low-end products, which caused manufacturers to suffer losses, and some even quit the market. Faced with the competition of the touch industry and unexpected terminal demands, this company has returned to the supply of smart phone components and develops next-generation products with Silver Nanowires Technology Exchange and critical customers in the hope of creating more opportunities for touch technology.

In recent years, the internal organization of TPK hopes to reach overall competition and reduce production costs through cost control, yield improvement, automatic equipment, efficiency promotion, responsibility division, clear awards and punishments, and proper resource distribution, thus having responded magnificently to these efforts in financial reporting. After COVID-19, strong demand for work from home and online learning leads to

have exceptional operating performance in 2021. COVID-19 continues to impact on global in 2022, we keep strengthening internal controls and offering customers a tailored solution, thus creating better capital profit for shareholders.

With technology developments and updates and rampant hacking, the company is facing more challenges regarding information security. Therefore, the company carries out the protective encryption of sensitive data with multiple defense strategies, imports block chain technology, has established a business secret protection system to protect confidential data, ensures that company data e-mails do not leak, and reduces the risks to information safety. In addition to the existing information security protection mechanism, the company has also established ISO27001 information security management for specific regions and obtained ISO27001 certification successfully. We will continue to review and continuously strengthen information security protection and reduce information security risk threats in the future.

- (6) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

We stick to genuine operating principles and steadfast spirit. We actively strengthen internal management and enhance quality and efficiency based on the operating concept "innovation, efficiency, practical, simple, human-oriented". We recruited numerous talents to work for us. We enhanced the strength of our operation team, contribute our operation achievement back to the shareholders and public, and fulfill our corporate social responsibility. We have a great corporate image. Nothing has happened to alter our corporate image and cause a crisis on the corporate.

- (7) Expected benefits, possible risks, and countermeasures after merger: Nil.
(8) Expected benefits, possible risks, and countermeasures after expansion of factories:

The company is conservative and fairly cautious about the capacity expansion.

- (9) Concentration of stock and sales and the related risks and countermeasures:

1. Stock concentration risk: No higher stock rate of a specific supplier has occurred, and the supplier's ranking will change according to customers' demands and arrangement, and therefore the company should be no risk of stock concentration.
2. Sales concentration risk: The Company focuses on developing innovative touch technology, materials, and processes, and its end customers are high-end consumer electronics factories. Influenced by the size-does-matter status of the high-end consumer electronics market, its customer concentration has been higher than other industries since its establishment; compared with its peers, the company is better than major competitor on the dispersion of customer concentration.

This company further strives to promote touch technology applications, with the expectation of popularizing touch. Through many years of efforts, the company has expanded touch technology to various consumer and commercial electronics, such as smart phones, wearable devices, e-readers, hand-held gaming consoles, tablets, 2-in-1 PCs, notebooks, All-in-One PCs, infotainment system screen in automobile and larger-sized touch screen, achieving the goal of dispersing the concentration risk of terminal touch application products.

- (10) Substantial transfer or change of stock equity of directors, Supervisors, or shareholders who hold over 10% of company shares. The impact, risks, and countermeasures:

No substantial transfer or change of stock equity of directors or shareholders who hold

over 10% of company shares has occurred, so there is no such risk.

- (11) Impact on the company caused by change of management rights and the risks and countermeasures:

From last year to the time of publication, the management rights of this company have not changed. This company has strengthened its company operation measures, brought in independent directors, and established an Audit Committee and Compensation Committee with the hope of improving the protection of overall shareholder rights. While the daily operation of the company relies on professional managers, who have made great contributions to the business performance of this company, they will get shareholders' support in the future, and a change in management right will not negatively impact the company's management and business operation strength.

- (12) In the case of lawsuit or non-lawsuit events, determinations, or administrative disputes of the company and its directors, the Supervisor, President, virtual head, or shareholders who hold over 10% of company shares shall be listed; if the results will have a big impact on shareholder rights or securities price, then the disputed facts, target amount, lawsuit commencement date, main lawsuit party, and processing condition until as of the publication of this report shall be disclosed:

None.

No disputes related to the company or its directors, Supervisor, President, virtual head, or shareholders who hold over 10% of company shares have been determined or ongoing in the last two years as of the publication of this report, so its results will not have a big impact on shareholder rights or securities price.

- (13) Other risks and countermeasures: None.

7. Other Events

None.

VIII. Special Events

1. Information Related to Affiliates

- (1) Subsidiaries Chart: Please refer to Annual Report page 137.
- (2) TPK Subsidiaries: Please refer to Annual Report page 138 to 141.
- (3) Shareholders in Common of TPK and Its Subsidiaries with Deemed Control and Subordination: None.
- (4) Rosters of Directors, Supervisors, and Presidents of TPK's Subsidiaries: Please refer to Annual Report page 142 to 144.
- (5) Operational Highlights of TPK Subsidiaries: Please refer to Annual Report page 145 to 146.
- (6) Consolidated Financial Statements Covering Affiliates: Same as the consolidated financial statements of TPK and its subsidiaries, please refer to Annual Report page 147.

2. Private Placement Securities in the Most Recent Year and as of the Date of the Publication Date of the Annual Report:

None.

3. Status of TPK Common Shares and GDRs Acquired, Disposed of, and Held by Subsidiaries in the Most Recent Year and as of the Date of the Annual Report:

None.

4. Other Necessary Supplements:

None.

5. Any Events in the Most Recent Year and as of the Publication Date of the Date of the Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan:

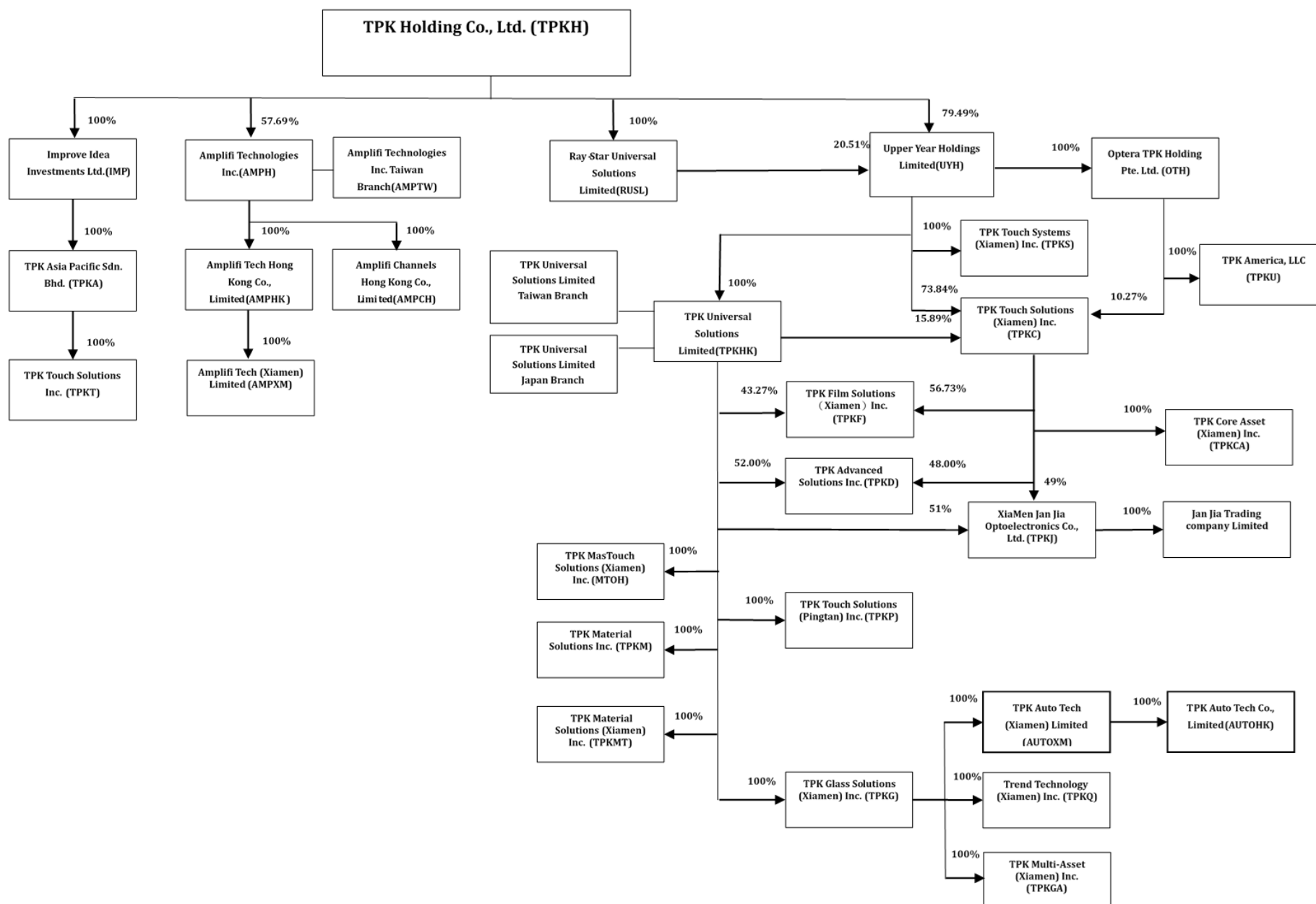
None.

6. Significant Differences in Shareholders' Equity guaranteed regulations in the R.O.C.:

None.

TPK Holding Co., Ltd. Subsidiaries Chart

Up to December 31, 2021



TPK Subsidiaries

As of December 31, 2021

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
TPK Touch Solutions Inc.	May 09, 2003	6 F, No.13-18, Sec. 6, Min-quan E. Rd., Neihs District., Taipei City, Taiwan	NT\$ 507,170,000	Touch related materials and modules sale
Upper Year Holdings Limited	Jan. 17, 2006	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 261,344,530	Holding company
Improve Idea Investments Ltd.	Jan. 17, 2006	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$ 154,490,000	Holding company
Optera TPK Holding Pte. Ltd.	Nov. 24, 2005	80 Robinson Road, #02-00, Singapore 068898	US\$ 24,800,000	Holding company
TPK America, LLC	Apr. 16, 2010	1209 Orange Street, Wilmington, Delaware 19801, U.S.A.	US\$ 4,800,000	International trade
Ray-Star Universal Solutions Limited	Dec. 17, 2010	Units 610-611, 6/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong	US\$ 469,498,000	Holding company
TPK Universal Solutions Limited	Dec. 23, 2010	Suites 1204-07, 12/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong	US\$ 467,498,000	Touch module related product research, holding company and International trade
TPK Asia Pacific Sdn.Bhd.	Dec. 03, 2010	Unit 3(I), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, F.T. Labuan, Malaysia	US\$ 196,808	Holding company
TPK Touch Solutions (Xiamen) Inc.	Aug. 26, 2004	199, Banshang Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China	US\$ 354,066,610	Touch related materials and modules sale
TPK Touch Systems (Xiamen) Inc.	Jun. 21, 2006	Floor 1-8, No.1 Workshop, No. 190, Jimei Avenue, Jimei District, Xiamen, Fujian,	US\$ 25,000,000	Touch modules research, development,

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
		China		manufacture and sales
TPK Glass Solutions (Xiamen) Inc.	Feb. 14, 2011	996, Minan Avenue, Xiangnan Industrial District, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China	US\$ 371,820,000	Optical glass processing and sales
XiaMen Jan Jia Optoelectronics Co., Ltd.	Apr. 01, 2012 (Note 1)	Middle Building, No.1, Xiangming Road, Xiangnan Industrial District, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China	US\$ 3,600,000	Protective film and optical adhesive manufacture and sales
Jan Jia Trading Company Limited	Jan. 03, 2018	Units 610-611, 6/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong	US\$ 500,000	International trade
TPK Film Solutions Limited (Note 2)	Jun. 14, 2012	Units 610-611, 6/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong	-(Note 2)	Holding company
TPK Film Solutions (Xiamen) Inc.	Aug. 07, 2012	D Zone, The Fifth Floor Of Complex Building, No.191, Banshang Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China	US\$ 40,910,000	Touch modules and polymer products research, development, manufacture and sales
TPK MasTouch Solutions (Xiamen) Inc.	Feb. 04, 2013 (Note 1)	The Third Floor, No. 996-3, Minan Avenue, Xiangnan Industrial District, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China	US\$ 86,000,000	Touch modules research, development, manufacture and sales
TPK Touch Solutions (Pingtan) Inc.	Feb. 18, 2013	1, Ruyi East Road, Beicuo Town, Pingtan County, Fujian, China	US\$ 218,852,000	Touch modules research, development, manufacture and sales
TPK Material Solutions Inc.	Aug. 01, 2013	Jinjiang Economic Development Zone, Fujian, China	US\$ 3,500,000	Eelectronic materials manufacture

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
TPK Advanced Solutions Inc.	Jul. 15, 2014	The Second, Third And Fourth Floor, No. 515, Qishan North Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China	US\$ 177,931,460	Touch modules research, development, manufacture and sales
Trend Technology (Xiamen) Inc. (Note 3)	Jul. 31, 2014	E Zone, The Fifth Floor Of Complex Building, No.191, Banshang Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China	RMB 1,500,000	General trade and testing services
TPK Material Solutions (Xiamen) Inc.	Oct. 22, 2018	A Zone, The First Floor, No.3 Workshop Of Bathroom Ironmongery, No. 2168, Tongan Avenue, Tongan District, Xiamen, Fujian, China	US\$ 10,000,000	Eelectronic materials manufacture
Amplifi Technologies Inc.	Dec. 19, 2019	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	US\$ 0.26	Holding company, polymer products research, development, manufacture and sales
Amplifi Tech Hong Kong Co., Limited	Apr. 07, 2020	Units 610-611, 6/F., Tower 2, Lippo Center, 89 Queensway, Admiralty, Hong Kong	US\$ 2,000,000	Holding company and international trade
Amplifi Tech (Xiamen) Limited	Dec. 15, 2020	E Zone, The Third Floor, No. 515, Qishan North Second Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China	US\$ 500,000	Polymer products research, development, manufacture and sales
TPK Auto Tech Co., Limited	Aug. 03, 2021	Units 610-611, 6/F., Tower 2, Lippo Center, 89 Queensway, Admiralty, Hong Kong	US\$ 1,000,000	International trade
TPK Auto Tech (Xiamen) Limited	Sep. 30, 2021	187, Banshang Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen,	RMB 7,000,000 (Note 4)	Touch modules research, development, manufacture and sales

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
		Fujian, China		
Amplifi Channels Hong Kong Co., Limited	Oct. 11, 2021	Units 610-611, 6/F., Tower 2, Lippo Center, 89 Queensway, Admiralty, Hong Kong	-(Note 5)	International trade
TPK Core Asset (Xiamen) Inc.	Nov. 16, 2021	The First Floor, No.1 Workshop, No. 199, Banshang Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China	RMB 362,274,582 (Note 6)	Touch modules manufacture and sales
TPK Multi-Asset (Xiamen) Inc.	Nov. 16, 2021	The Third Floor, No. 996-2, Minan Avenue, Xiangnan Industrial District, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China	-(Note 7)	Touch modules manufacture and sales

Note 1: Date of TPK acquired the ownership.

Note 2: The process of dissolution and liquidation of TPK Film Solutions Limited was completed in July 2021.

Note 3: The subsidiary's former name was Trend Trading (Xiamen) Inc. which was renamed as Trend Technology (Xiamen) Inc. in April 2021.

Note 4: A capital of RMB 63,000 thousand was invested in TPK Auto Tech (Xiamen) Limited from January to April 2022.

Note 5: A capital of US\$ 10 thousand was invested in Amplifi Channels Hong Kong Co., Limited in January 2022.

Note 6: A capital of RMB 1,000 thousand was invested in TPK Core Asset (Xiamen) Inc. in January 2022.

Note 7: There has no capital injection in TPK Multi-Asset (Xiamen) Inc. as of the publication date of the Annual Report.

Rosters of Directors, Supervisors, and Presidents of TPK's Subsidiaries

As of December 31, 2021

Enterprise Name	Position	Name/Representative	Shares Held	
			Number of Shares (Amount of contribution)	Ratio of Shareholding % (Ratio of contribution)
TPK Touch Solutions Inc.	Chairman	Michael Chao-Juei Chiang	—	—
Upper Year Holdings Limited (Samoa)	Director	Michael Chao-Juei Chiang	—	—
Improve Idea Investments Ltd. (Samoa)	Director	Michael Chao-Juei Chiang	—	—
Optera TPK Holding Pte. Ltd. (Singapore)	Director	Michael Chao-Juei Chiang	—	—
	Director	Wee Choo Peng	—	—
	Director	Freddie Liu	—	—
TPK America, LLC	Manager	Michael Chao-Juei Chiang	—	—
Ray-Star Universal Solutions Limited (Hong Kong)	Director	Michael Chao-Juei Chiang	—	—
	Director	Freddie Liu	—	—
TPK Universal Solutions Limited (Hong Kong)	Director	Michael Chao-Juei Chiang	—	—
TPK Asia Pacific Sdn.Bhd (Malaysia)	Director	Michael Chao-Juei Chiang	—	—
	Director	Geoffrey Chang Tze Weng	—	—
	Director	Freddie Liu	—	—
TPK Touch Solutions (Xiamen) Inc.	Executive Director	Michael Chao-Juei Chiang	—	—
	Supervisor	Freddie Liu	—	—
	President	Li-Chien Hsieh	—	—
TPK Touch Systems (Xiamen) Inc.	Executive Director	Michael Chao-Juei Chiang	—	—
	Supervisor	Freddie Liu	—	—
	President	Li-Chien Hsieh	—	—
TPK Glass Solutions (Xiamen) Inc.	Executive Director	Michael Chao-Juei Chiang	—	—
	Supervisor	Freddie Liu	—	—
	President	Li-Chien Hsieh	—	—
XiaMen Jan Jia Optoelectronics Co., Ltd.	Director & President	Qing-Xiong Xiao	—	—

Enterprise Name	Position	Name/Representative	Shares Held	
			Number of Shares (Amount of contribution)	Ratio of Shareholding % (Ratio of contribution)
	Chairman	Li-Chien Hsieh	—	—
	Director	Jen-I Tai	—	—
	Supervisor	Freddie Liu	—	—
TPK Film Solutions (Xiamen) Inc.	Executive Director	Michael Chao-Juei Chiang	—	—
	President	Shih-Ming Liu	—	—
	Supervisor	Freddie Liu		
TPK MasTouch Solutions (Xiamen) Inc.	Executive Director & President	Shih-Ming Liu	—	—
	Supervisor	Freddie Liu	—	—
TPK Touch Solutions (Pingtan) Inc.	Executive Director	Michael Chao-Juei Chiang	—	—
	Supervisor	Freddie Liu	—	—
	President	Shih-Ming Liu	—	—
TPK Material Solutions Inc.	Executive Director & President	Chun-Min Hu	—	—
	Supervisor	Shih-Ming Liu	—	—
TPK Advanced Solutions Inc.	Chairman	Michael Chao-Juei Chiang	—	—
	Director & President	Li-Chien Hsieh	—	—
	Director	Shih-Ming Liu	—	—
	Supervisor	Freddie Liu	—	—
Trend Technology (Xiamen) Inc.	Executive Director	Michael Chao-Juei Chiang	—	—
	Supervisor	Freddie Liu	—	—
	President	Li-Chien Hsieh	—	—
Jan Jia Trading Company Limited	Director	Shu-Yue Liao		
TPK Material Solutions (Xiamen) Inc.	Executive Director	Chun-Min Hu	—	—
	Supervisor	Freddie Liu	—	—
	President	Shih-Ming Liu	—	—
TPK Auto Tech (Xiamen) Limited	Chairman	Michael Chao-Juei Chiang	—	—
	Director	Li-Chien Hsieh	—	—

Enterprise Name	Position	Name/Representative	Shares Held	
			Number of Shares (Amount of contribution)	Ratio of Shareholding % (Ratio of contribution)
	Supervisor	Hu-Yao Lin	—	—
	President	Chien-Ming Lee	—	—
TPK Auto Tech Co., Limited	Director	Michael Chao-Juei Chiang	—	—
TPK Core Asset (Xiamen) Inc.	Executive Director	Michael Chao-Juei Chiang	—	—
	Supervisor	Freddie Liu	—	—
	President	Li-Chien Hsieh	—	—
TPK Multi-Asset (Xiamen) Inc.	Executive Director	Michael Chao-Juei Chiang	—	—
	Supervisor	Freddie Liu	—	—
	President	Li-Chien Hsieh	—	—
Amplifi Technologies Inc.	Director	Michael Chao-Juei Chiang	—	—
Amplifi Tech Hong Kong Co., Limited	Director	Michael Chao-Juei Chiang	—	—
Amplifi Channels Hong Kong Co., Limited	Director	Michael Chao-Juei Chiang	—	—
Amplifi Tech (Xiamen) Limited	Executive Director	Jen-I Tai	—	—
	Supervisor	Kai-Lun Wang	—	—
	President	Lin, Yu-Chia	—	—

Operational Highlights of TPK Subsidiaries

As of 12/31/2021, Unit: NT\$ thousands, except EPS (NT\$)

Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenue	Income (Loss) from Operation	Net Income (Loss)	Basic Earnings (Loss) Per Share
TPK Touch Solutions Inc.	NT\$ 507,170,000	1,768,997	82,163	1,686,834	145,797	(150,855)	(183,461)	(3.62)
Upper Year Holdings Limited	US\$ 261,344,530	42,742,773	2,607,442	40,135,331	-	(589)	631,236	2.42
Improve Idea Investments Ltd.	US\$ 154,490,000	3,630,243	-	3,630,243	-	(51)	(182,465)	(1.18)
Optera TPK Holding Pte. Ltd.	US\$ 24,800,000	1,981,011	222,831	1,758,180	-	(421)	41,695	1,345.00
TPK America, LLC	US\$ 4,800,000	171,701	8,335	163,366	23,278	2,151	2,093	(Note 1)
Ray-Star Universal Solutions Limited	US\$ 469,498,000	8,285,605	36	8,285,569	-	(73)	290,020	0.62
TPK Universal Solutions Limited	US\$ 467,498,000	42,315,089	34,189,331	8,125,758	135,691,258	31,975	278,610	0.60
TPK Asia Pacific Sdn.Bhd.	US\$ 196,808	3,597,653	445	3,597,208	-	(367)	(182,425)	(288.56)
TPK Touch Solutions (Xiamen) Inc.	US\$ 354,066,610	49,842,817	16,487,842	33,354,975	37,712,242	149,610	452,567	(Note 1)
TPK Touch Systems (Xiamen) Inc.	US\$ 25,000,000	6,862,161	3,337,129	3,525,032	13,452,807	369,880	412,967	(Note 1)
TPK Glass Solutions (Xiamen) Inc.	US\$ 371,820,000	5,666,448	5,042,552	623,896	1,469,948	(486,370)	(283,070)	(Note 1)
XiaMen Jan Jia Optoelectronics Co., Ltd.	US\$ 3,600,000	3,490,642	1,321,565	2,169,077	4,935,545	509,038	428,174	(Note 1)
Jan Jia Trading Company Limited	US\$ 500,000	71,017	29,377	41,640	306,772	14,390	13,835	27.67
TPK Film Solutions Limited (Note 2)	-	-	-	-	-	-	-	-
TPK Film Solutions (Xiamen) Inc.	US\$ 40,910,000	131,213	81	131,132	28,043	15,945	16,344	(Note 1)
TPK MasTouch Solutions (Xiamen) Inc.	US\$ 86,000,000	1,719,683	382,417	1,337,266	2,193,475	133,763	157,493	(Note 1)
TPK Touch Solutions (Pingtan) Inc.	US\$ 218,852,000	2,958,841	6,931,646	(3,972,805)	332,685	(602,624)	(587,785)	(Note 1)
TPK Material Solutions Inc.	US\$ 3,500,000	121,640	24,760	96,880	-	(775)	(247)	(Note 1)
TPK Advanced Solutions Inc.	US\$ 177,931,460	31,652,221	18,895,924	12,756,297	48,931,055	(844,353)	(851,761)	(Note 1)
Trend Technology (Xiamen) Inc. (Note 3)	RMB 1,500,000	20,715	26,010	(5,295)	35	(10,270)	(10,199)	(Note 1)
TPK Material Solutions (Xiamen) Inc.	US\$ 10,000,000	399,155	116,380	282,775	180,151	(18,085)	(15,339)	(Note 1)
Amplifi Technologies Inc.	US\$ 0.26	691,838	335,454	356,384	303,769	50,850	68,537	2,636,038.46
Amplifi Tech Hong Kong Co., Limited	US\$ 2,000,000	633,349	557,596	75,753	649,870	14,640	23,742	11.87
Amplifi Tech (Xiamen) Limited	US\$ 500,000	66,486	34,578	31,908	61,332	25,178	18,293	(Note 1)
TPK Auto Tech Co., Limited	US\$ 1,000,000	32,046	4,573	27,473	4,602	(211)	(210)	(0.21)
TPK Auto Tech (Xiamen) Limited	RMB 7,000,000 (Note 4)	364,162	339,820	24,342	-	(7,487)	(6,101)	(Note 1)
Amplifi Channels Hong Kong Co., Limited	-(Note 5)	-	-	-	-	-	-	-
TPK Core Asset (Xiamen) Inc.	RMB 362,274,582 (Note 6)	1,650,833	1,180	1,649,653	(1,194)	(1,194)	(895)	(Note 1)
TPK Multi-Asset (Xiamen) Inc.	-(Note 7)	-	-	-	-	-	-	-

Note 1: These firms do not issue shares. TPK's investment is measured as a percentage of ownership.

Note 2: The process of dissolution and liquidation of TPK Film Solutions Limited was completed in July 2021.

Note 3: The subsidiary's former name was Trend Trading (Xiamen) Inc. which was renamed as Trend Technology (Xiamen) Inc. in April 2021.

Note 4: A capital of RMB 63,000 thousand was invested in TPK Auto Tech (Xiamen) Limited from January to April 2022.

Note 5: A capital of US\$ 10 thousand was invested in Amplifi Channels Hong Kong Co., Limited in January 2022.

Note 6: A capital of RMB 1,000 thousand was invested in TPK Core Asset (Xiamen) Inc. in January 2022.

Note 7: There has no capital injection in TPK Multi-Asset (Xiamen) Inc. as of the publication date of the Annual Report.

TPK Holding Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TPK Holding Co., Ltd.

Opinion

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

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of Inventory

The description of the key audit matter:

As of December 31, 2021, the carrying amount of inventory was NT\$10,867,848 thousand (net of the allowance for inventory valuation and obsolescence losses of NT\$415,835 thousand), which accounted for 14% of the Group's total assets. The Group is mainly engaged in the business of developing, manufacturing and selling touch modules and related products. As the touch modules industry is characterized by rapid change in technology, as well as short life cycles for the related products, in this regard, the risk surrounding the write-down of slow moving and obsolete inventory is higher. Based on the aging of inventories, the net realizable value of the Group's products, the related sales status and the changes in the market, the Group evaluated and recognized losses related to the write-down of slow moving and obsolete inventory monthly. Since such valuation of inventory requires significant judgment from management, the valuation of inventory has been identified as a key audit matter.

Refer to Notes 4 (g), 5 (c) and 11 to the Group's consolidated financial statements for details of the related accounting policy and the relevant information about inventory.

Corresponding audit procedures:

As for the evaluation of losses related to the write-down of slow moving and obsolete inventory, after first gaining familiarity with the industry characteristics to which the Group belongs, we obtained an understanding of the reasonability of the Group's policy for the provision for obsolete inventory and inventory whose carrying amount was lower than the net realizable value, and we randomly inspected inventory aging and performed our own calculation to verify whether the loss recognized adhered to the Group's provision policy.

In addition, at the end of the year, we performed an inventory observation and random counting to understand the inventory status and evaluate the appropriateness of the loss of obsolete and damaged inventory.

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission 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 audit committee, 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 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 for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Pi-Yu Chuang and Tzu-Jung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2022

Notice to Readers

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

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

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Notes 4 and 6)	\$ 20,615,121	27	\$ 22,603,449	27
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31)	372,752	-	1,142,450	1
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 31)	1,510,287	2	3,930,240	5
Financial assets at amortized cost - current (Notes 4, 9, 31 and 33)	3,147,118	4	2,834,934	4
Trade receivables, net (Notes 4, 10, 31 and 32)	12,405,167	16	12,763,804	15
Other receivables, net (Notes 4, 10, 16, 31 and 32)	3,526,711	5	2,224,763	3
Current tax assets (Notes 4 and 25)	37,037	-	10,603	-
Inventories (Notes 4, 5 and 11)	10,867,848	14	8,425,247	10
Other current assets	<u>233,761</u>	<u>-</u>	<u>177,725</u>	<u>-</u>
Total current assets	<u>52,715,802</u>	<u>68</u>	<u>54,113,215</u>	<u>65</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 31)	585,521	1	377,889	-
Property, plant and equipment (Notes 4, 5, 14 and 32)	18,026,287	23	19,997,310	24
Right-of-use assets (Notes 4 and 15)	4,313,507	5	3,903,055	5
Investment properties (Notes 4 and 16)	223,071	-	251,964	-
Intangible assets (Notes 4 and 17)	65,935	-	70,168	-
Deferred tax assets (Notes 4, 5 and 25)	1,240,524	2	1,904,040	2
Prepayments for equipment	495,141	1	2,887,680	4
Refundable deposits (Note 32)	113,555	-	113,399	-
Other non-current assets	<u>6,087</u>	<u>-</u>	<u>2,308</u>	<u>-</u>
Total non-current assets	<u>25,069,628</u>	<u>32</u>	<u>29,507,813</u>	<u>35</u>
TOTAL	<u>\$ 77,785,430</u>	<u>100</u>	<u>\$ 83,621,028</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Short-term borrowings (Notes 18 and 31)	\$ 2,799,213	4	\$ 3,400,323	4
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 31)	351,770	1	1,181,289	2
Notes and trade payables (Note 32)	13,524,761	17	14,443,161	17
Payables for purchase of equipment (Notes 19 and 29)	778,734	1	941,126	1
Other payables - others (Notes 19 and 32)	2,500,721	3	2,729,047	3
Current tax liabilities (Notes 4 and 25)	67,750	-	31,846	-
Provisions - current (Notes 4, 5, 11 and 20)	1,568,665	2	1,929,985	2
Lease liabilities - current (Notes 4, 15 and 32)	463,850	1	556,388	1
Current portion of long-term borrowings (Note 18)	3,685,098	5	3,351,097	4
Other current liabilities	<u>224,285</u>	<u>-</u>	<u>470,321</u>	<u>1</u>
Total current liabilities	<u>25,964,847</u>	<u>34</u>	<u>29,034,583</u>	<u>35</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 32)	10,176,385	13	11,566,775	14
Deferred tax liabilities (Notes 4 and 25)	2,404,864	3	2,796,329	3
Lease liabilities - non-current (Notes 4, 15 and 32)	3,506,668	5	2,987,243	4
Net defined benefit liabilities - non-current (Notes 4 and 21)	3,781	-	5,184	-
Guarantee deposits received	33,635	-	29,489	-
Other non-current liabilities	<u>309,562</u>	<u>-</u>	<u>395,944</u>	<u>-</u>
Total non-current liabilities	<u>16,434,895</u>	<u>21</u>	<u>17,780,964</u>	<u>21</u>
Total liabilities	<u>42,399,742</u>	<u>55</u>	<u>46,815,547</u>	<u>56</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 22, 27 and 28)				
Share capital				
Ordinary shares	<u>4,066,638</u>	<u>5</u>	<u>4,066,638</u>	<u>5</u>
Capital surplus	<u>28,165,226</u>	<u>36</u>	<u>28,165,226</u>	<u>34</u>
Retained earnings				
Legal reserve	3,384,463	4	3,287,058	4
Unappropriated earnings	<u>1,198,477</u>	<u>2</u>	<u>304,010</u>	<u>-</u>
Total retained earnings	<u>4,582,940</u>	<u>6</u>	<u>3,591,068</u>	<u>4</u>
Other equity				
Exchange differences on translating foreign operations	(1,131,483)	(1)	(226,291)	-
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	<u>(448,419)</u>	<u>(1)</u>	<u>1,083,190</u>	<u>1</u>
Total other equity	<u>(1,579,902)</u>	<u>(2)</u>	<u>856,899</u>	<u>1</u>
Total equity attributable to owners of the Company	35,234,902	45	36,679,831	44
NON-CONTROLLING INTERESTS	<u>150,786</u>	<u>-</u>	<u>125,650</u>	<u>-</u>
Total equity	<u>35,385,688</u>	<u>45</u>	<u>36,805,481</u>	<u>44</u>
TOTAL	<u>\$ 77,785,430</u>	<u>100</u>	<u>\$ 83,621,028</u>	<u>100</u>

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

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Notes 4, 23, 32 and 38)	\$ 103,088,745	100	\$ 114,583,199	100
OPERATING COSTS (Notes 4, 11, 14, 15, 17, 20, 21, 24 and 32)	<u>99,320,329</u>	<u>96</u>	<u>109,717,613</u>	<u>96</u>
GROSS PROFIT	<u>3,768,416</u>	<u>4</u>	<u>4,865,586</u>	<u>4</u>
OPERATING EXPENSES (Notes 4, 10, 14, 15, 17, 21, 24 and 32)				
Selling and marketing expenses	427,372	1	447,917	-
General and administrative expenses	2,342,678	2	2,692,047	2
Research and development expenses	<u>684,439</u>	<u>1</u>	<u>775,933</u>	<u>1</u>
Total operating expenses	<u>3,454,489</u>	<u>4</u>	<u>3,915,897</u>	<u>3</u>
OPERATING INCOME	<u>313,927</u>	<u>-</u>	<u>949,689</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Government grant revenue (Note 4)	419,188	-	539,664	1
Interest income (Notes 4, 24 and 32)	614,369	1	775,988	1
Other income (Notes 4, 15, 24 and 32)	192,287	-	220,683	-
Gain on financial products at fair value through profit or loss (Notes 4, 7 and 31)	625,457	1	413,093	-
Finance costs (Notes 4, 15, 18, 24 and 32)	(640,338)	(1)	(754,970)	(1)
Foreign exchange loss, net (Notes 4 and 36)	(28,155)	-	(306,991)	-
Other losses (Notes 4 and 16)	<u>(21,603)</u>	<u>-</u>	<u>(25,887)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,161,205</u>	<u>1</u>	<u>861,580</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,475,132	1	1,811,269	2
INCOME TAX EXPENSE (Notes 4 and 25)	<u>377,685</u>	<u>-</u>	<u>776,896</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,097,447</u>	<u>1</u>	<u>1,034,373</u>	<u>1</u>

(Continued)

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 21)	\$ 1,019	-	\$ 687	-
Unrealized valuation gain (loss) on investments in equity instruments at fair value through other comprehensive income (Notes 4, 8 and 22)	(1,202,698)	(1)	1,083,190	1
Exchange differences arising on translation to the presentation currency (Notes 4 and 22)	<u>(1,023,657)</u>	<u>(1)</u>	<u>(1,861,072)</u>	<u>(2)</u>
	(2,225,336)	(2)	(777,195)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Notes 4 and 22)	<u>114,760</u>	<u>-</u>	<u>249,881</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(2,110,576)</u>	<u>(2)</u>	<u>(527,314)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (1,013,129)</u>	<u>(1)</u>	<u>\$ 507,059</u>	<u>-</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,068,606	1	\$ 1,031,323	1
Non-controlling interests	<u>28,841</u>	<u>-</u>	<u>3,050</u>	<u>-</u>
	<u>\$ 1,097,447</u>	<u>1</u>	<u>\$ 1,034,373</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (1,038,265)	(1)	\$ 508,465	-
Non-controlling interests	<u>25,136</u>	<u>-</u>	<u>(1,406)</u>	<u>-</u>
	<u>\$ (1,013,129)</u>	<u>(1)</u>	<u>\$ 507,059</u>	<u>-</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 2.63</u>		<u>\$ 2.54</u>	
Diluted	<u>\$ 2.63</u>		<u>\$ 2.53</u>	

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

(Concluded)

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Non-controlling Interests (Notes 4, 12, 22 and 28)	Total Equity
	Share Capital (Notes 4 and 22)	Capital Surplus (Notes 4, 22, 27 and 28)	Retained Earnings		Other Equity		Total		
			Legal Reserve (Note 22)	Unappropriated Earnings (Accumulated Deficits) (Notes 4, 21 and 22)	Exchange Differences on Translating Foreign Operations (Notes 4 and 22)	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4, 8 and 22)			
BALANCE AT JANUARY 1, 2020	\$ 4,066,638	\$ 28,162,570	\$ 3,268,129	\$ (709,071)	\$ 1,380,444	\$ -	\$ 36,168,710	\$ -	\$ 36,168,710
Appropriation of 2019 earnings									
Legal reserve	-	-	18,929	(18,929)	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	1,031,323	-	-	1,031,323	3,050	1,034,373
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	687	(1,606,735)	1,083,190	(522,858)	(4,456)	(527,314)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	1,032,010	(1,606,735)	1,083,190	508,465	(1,406)	507,059
Increase in non-controlling interests	-	2,656	-	-	-	-	2,656	127,056	129,712
BALANCE AT DECEMBER 31, 2020	4,066,638	28,165,226	3,287,058	304,010	(226,291)	1,083,190	36,679,831	125,650	36,805,481
Appropriation of 2020 earnings									
Legal reserve	-	-	97,405	(97,405)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	(406,664)	-	-	(406,664)	-	(406,664)
Net profit for the year ended December 31, 2021	-	-	-	1,068,606	-	-	1,068,606	28,841	1,097,447
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	1,019	(905,192)	(1,202,698)	(2,106,871)	(3,705)	(2,110,576)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	1,069,625	(905,192)	(1,202,698)	(1,038,265)	25,136	(1,013,129)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	328,911	-	(328,911)	-	-	-
BALANCE AT DECEMBER 31, 2021	\$ 4,066,638	\$ 28,165,226	\$ 3,384,463	\$ 1,198,477	\$ (1,131,483)	\$ (448,419)	\$ 35,234,902	\$ 150,786	\$ 35,385,688

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

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,475,132	\$ 1,811,269
Adjustments for:		
Depreciation expenses	4,849,456	6,157,402
Amortization expenses	24,205	21,538
Expected credit loss recognized (reversed) on trade receivables	17,543	(7,482)
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(327,520)	56,592
Finance costs	640,338	754,970
Interest income	(614,369)	(775,988)
Gain on disposal of property, plant and equipment	(218,347)	(129,709)
Gain on disposal of intangible assets	-	(4)
(Gain) loss on lease modification	(387)	17
Impairment loss recognized on property, plant and equipment	309,277	18,572
Recognition of write-downs of inventories	70,418	29,501
Recognition of provisions	72,216	410,793
Changes in operating assets and liabilities		
Decrease in trade and notes receivable	340,580	129,223
(Increase) decrease in other receivables	(1,338,861)	2,155,544
Increase in inventories	(2,505,522)	(239,716)
Increase in other current assets	(56,036)	(36,612)
Decrease in notes and trade payables	(918,400)	(3,884,429)
(Decrease) increase in other payables	(234,264)	320,640
Decrease in provisions	(379,741)	(483,770)
Decrease in other current liabilities	(246,036)	(98,799)
Decrease in net defined benefit liabilities	(384)	(433)
Cash generated from operations	959,298	6,209,119
Interest received	653,059	575,259
Income tax paid	(96,164)	(230,558)
Net cash generated from operating activities	<u>1,516,193</u>	<u>6,553,820</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(497,542)	(382,857)
Proceeds from issuing financial liabilities at fair value through profit or loss	194,573	-
Proceeds from sale of financial assets at fair value through profit or loss	341,555	-
Purchase of financial assets at fair value through other comprehensive income	-	(2,850,500)
Proceeds from sale of financial assets at fair value through other comprehensive income	1,152,631	151,094
Purchase of financial assets at amortized cost	(423,390)	-
Proceeds from sale of financial assets at amortized cost	-	5,719,351
Payments for property, plant and equipment	(20,287)	(64,543)

(Continued)

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Proceeds from disposal of property, plant and equipment	\$ 379,767	\$ 199,844
(Increase) decrease in refundable deposits	(166)	59,010
Payments for intangible assets	(21,470)	(17,097)
Proceeds from disposal of intangible assets	-	4
Increase in other assets	(3,779)	(1,905)
Increase in prepayments for equipment	<u>(939,158)</u>	<u>(1,601,393)</u>
Net cash generated from investing activities	<u>162,734</u>	<u>1,211,008</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(284,453)	(2,420,489)
Proceeds from long-term borrowings	7,927,616	6,935,347
Repayments of long-term borrowings	(8,677,818)	(4,785,441)
Proceeds from (refund of) guarantee deposits received	4,146	(1,260)
Repayments of the principal portion of lease liabilities	(831,386)	(324,028)
(Decrease) increase in other liabilities	(86,382)	65,393
Dividends paid to owners of the Company	(406,664)	-
Interest paid	(467,217)	(656,707)
Increase in non-controlling interests	<u>-</u>	<u>129,712</u>
Net cash used in financing activities	<u>(2,822,158)</u>	<u>(1,057,473)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(845,097)</u>	<u>(1,306,293)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,988,328)	5,401,062
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>22,603,449</u>	<u>17,202,387</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 20,615,121</u>	<u>\$ 22,603,449</u>

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

(Concluded)

TPK HOLDING CO., LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

TPK Holding Co., Ltd. (the “Company”) was incorporated as a limited company under the provisions of the Company Law of the Cayman Islands on November 21, 2005.

The Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in the business of developing, manufacturing and selling touch modules, touch display and indium tin oxide (ITO) glass-related products.

The Company’s shares have been listed on the Taiwan Stock Exchange since October 29, 2010.

The functional currency of the Company is the U.S. dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 17, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies:

Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4.

The Group applied the amendment and was only affected in 2020.

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

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

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of above standards and interpretations will not have a significant impact on the Group’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the reporting period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of such acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of financial assets at fair value through other comprehensive income.

See Note 12, Table 7 and Table 8 following the Notes to Consolidated Financial Statements for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

Business combinations involving entities under common control are not accounted for by the acquisition method. In preparing the consolidated financial statements, the balance of the difference between the investment cost generated from the acquisition of the acquiree's interests and the net assets is analyzed and dealt with in the way which was initially performed at the acquisition date.

f. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates and branches in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate. The exchange differences accumulated in equity which resulted from the translation of the assets and liabilities of the entities in the Group into the presentation currency are not subsequently reclassified to profit or loss.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

g. Inventories

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

h. Investments in associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of that associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of an acquisition over the Group's share of net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of the acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in that associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value at its initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

i. Property, plant and equipment

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

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases were initially measured at cost, which comprises the initial measurement of lease liabilities. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss

k. Goodwill (recognized as intangible assets)

Goodwill arising from the acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

- m. Impairment of property, plant and equipment, investment properties, right-of-use assets and intangible assets other than goodwill

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

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

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

- n. Financial instruments

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

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

- 1) Financial assets

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

- a) Measurement categories

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

- i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any interest earned on such financial assets are recognized in interest income. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables and other receivables at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

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

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amounts of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instruments that are measured at FVTOCI.

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 31.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into derivative financial instruments, such as foreign exchange forward contracts, to manage its exposure to foreign currency exchange rate and interest rate risks.

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

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

o. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1) Onerous contracts

Provisions for onerous contracts arise where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

2) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

p. Revenue recognition

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

Revenue from the sale of goods comes from sales of touch modules, touch display and ITO glass-related products. Sales of touch modules, touch display and ITO glass-related products are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

q. Leasing

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

1) The Group as lessor

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

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note 10 for the accounting policies for investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease substantially less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as other income, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

r. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

s. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

The net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

u. Employee share options

Equity-settled share-based payment arrangements and employee share options granted to employees are measured at the fair value of the equity instruments at their grant dates.

The fair value at the grant date of employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimate of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

v. Taxation

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

1) Current tax

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

For the subsidiaries incorporated in the territory of the Republic of China, according to the Income Tax Law in the Republic of China, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology and expenditures on research, development and personnel training to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income. Where current taxes or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Impairment test for property, plant and equipment

In the process of evaluating impairment of assets, the management is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to specific asset groups while taking into consideration the nature of the industry. Furthermore, any changes in such estimations resulting from changes in economic conditions or the Company's strategy could possibly lead to a material impairment loss in future periods.

For the year ended December 31, 2021, the Group recognized an impairment loss on property, plant and equipment in the amount of \$309,051 thousand (for the year ended December 31, 2020: None).

b. Income taxes

As of December 31, 2021 and 2020, no deferred tax asset has been recognized on the tax loss and deductible temporary differences of \$18,609,203 thousand and \$20,694,255 thousand, respectively, due to the unpredictability of future profit streams. The realizability of deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are difference with expected, a material adjustment of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a adjustment takes place.

The details of unused tax losses as of December 31, 2021 and 2020 are described in Note 25.

c. Write-downs of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

The carrying amounts of inventories as of December 31, 2021 and 2020 are disclosed in Note 11.

d. Estimated provisions

Provisions are present obligations arising as a result of past events. Based on the past experience, the Group recognized the estimated expenditures for settling such obligations as provisions. The Group has a variety of provisions, including onerous contracts and warranties. The carrying amounts of provisions as of December 31, 2021 and 2020 are disclosed in Note 20.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 757	\$ 828
Checking accounts and demand deposits	6,158,440	8,943,644
Cash equivalents		
Time deposits	<u>14,455,924</u>	<u>13,658,977</u>
	<u>\$ 20,615,121</u>	<u>\$ 22,603,449</u>

Interest rates for deposits in the bank at the end of the year were as follows:

	December 31	
	2021	2020
Deposits	0%-4.00%	0%-4.18%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ 270,637	\$ 1,142,450
Foreign private equity warrants (b)	2,018	-
Hybrid financial assets		
Foreign listed shares with stock options (b)	100,097	-
Foreign convertible bonds (c)	<u>-</u>	<u>-</u>
	<u>\$ 372,752</u>	<u>\$ 1,142,450</u>

(Continued)

	December 31	
	2021	2020
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets - foreign private fund	\$ 518,979	\$ 377,889
Hybrid financial assets - foreign convertible bonds (d)	<u>66,542</u>	<u>-</u>
	<u>\$ 585,521</u>	<u>\$ 377,889</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ 348,709	\$ 8,144
Stock option contracts (e)	3,061	-
Foreign exchange option contracts (a)	<u>-</u>	<u>1,173,145</u>
	<u>\$ 351,770</u>	<u>\$ 1,181,289</u>
		(Concluded)

- a. The Group entered into foreign exchange forward contracts and foreign exchange option contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Sell USD/Buy RMB	USD/RMB	April 6, 2022-August 19, 2022	USD490,000/RMB3,223,578
Sell RMB/Buy USD	RMB/USD	July 20, 2022-August 17, 2022	RMB2,000,935/USD300,000

<u>December 31, 2020</u>			
Sell USD/Buy RMB	USD/RMB	January 6, 2021-May 21, 2021	USD730,000/RMB5,047,783
Sell RMB/Buy USD	RMB/USD	January 7, 2021-March 18, 2021	RMB654,317/USD100,000

At the end of the year, outstanding foreign exchange option contracts not under hedge accounting were as follows (as of December 31, 2021: None):

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
Foreign exchange option portfolio			
Buy USD call options	RMB/USD	February 3, 2021-	RMB3,071,370/USD430,000
Sell USD put options	RMB/USD	May 19, 2021	RMB3,070,510/USD430,000

- b. The Group invested US\$3,800 thousand to acquire 363,529 public Class A ordinary shares with 90,882 units of options, 100,171 public Class B ordinary shares, and 109,805 units of private equity warrants issued by Hennessy Capital Investment Corp. V in January 2021. As the aforementioned financial assets include common stock and stock options, the hybrid contracts were mandatorily classified as financial assets at fair value through profit and loss.
- c. The Group invested US\$1,500 thousand in the convertible bonds issued by Light Polymers Holdings (HK) Limited in January 2020. The convertible bonds, which could be converted to preference shares, had an interest rate of 8.5% and a maturity period of 6 months, and the principal and interest are payable at maturity. As the bonds have expired and the Group has not yet withdrawn the principal and interest and no other solutions were negotiated; in the third quarter of 2020, the Group recognized a loss of \$44,235 thousand.
- d. The Group invested NZ\$3,000 thousand in the long-term convertible bonds issued by UBCO Holdings Limited. The convertible bonds, which have a maturity period of 2 years and could be converted to preference shares, had an interest rate of 10% that is compounded monthly, and the principal and interest are payable at maturity.
- e. The Group entered into stock option contracts to manage exposures to stock price fluctuations of equity instruments at fair value through other comprehensive income by receiving the option premium. However, those contracts did not meet the criteria of hedge effectiveness and therefore, were not accounted for using hedge accounting.

At the end of the year, outstanding stock option contracts not under hedge accounting were as follows (as of December 31, 2020: None):

	Maturity Date	Option Premium (In Thousands)
<u>December 31, 2021</u>		
Sell call option (Note)	January 21, 2022-February 18, 2022	NT\$32,675 (US\$1,175)

Note: During the contract period, the counterparty has the right to request the Group to settle the underlying stock at the execution price.

Gains and losses on financial instruments at fair value through profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Gain on foreign exchange forward contracts	\$ 336,010	\$ 1,765,616
Gain on stock option contracts	191,504	-
Gain (loss) on foreign private funds	179,880	(6,948)
Gain (loss) on foreign convertible bonds	6,334	(44,235)
Gain on exchange swap contracts	-	7,568
Loss on foreign private equity warrants	(2,673)	-
Loss on foreign listed shares with warrants	(3,437)	-
Loss on foreign listed ordinary shares	(9,719)	-
Loss on foreign exchange option contracts	<u>(72,442)</u>	<u>(1,308,908)</u>
	<u>\$ 625,457</u>	<u>\$ 413,093</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
<u>Investments in equity instruments at FVTOCI</u>		
<u>Current</u>		
Foreign listed ordinary shares		
Canoo Inc.	\$ 1,510,287	\$ 3,930,240

The Group acquired ordinary shares of Kingyoun Optronics Co., Ltd., Jinshunxin Development (Pingtan) Co., Ltd. and Canoo Inc. for strategic purposes. Therefore, the management elected to designate these investments in equity instruments as at FVTOCI.

In June 2014, the Group acquired 16.57% (6,000 thousand shares) equity shares of KYO for \$150,000 thousand. According to the investment contract, if KYO cannot complete the initial public offering process in 5 years after the Group acquired the equity shares of KYO, the Group will request the original shareholder to buy back equity shares at the originally acquired price in June 2019, December 2019 and June 2020, separately. The original shareholders bought back 6,000 thousand shares of KYO for \$50,000 thousand in June 2019, December 2019 and June 2020, respectively.

Because the industry of JSX is not the core business of the Company, on January 26, 2017, the Company's board of directors resolved to sell its interest in JSX to Ruei-Shin Investment (Pingtan) Co., Ltd. ("Ruei-Shin") in order to concentrate and utilize the Company's limited resources. In March 2017, TPKP sold 91% of its interest in JSX at the price of RMB246,192 thousand, and TPKP's percentage of ownership decreased from 100% to 9%. Since the Group lost control over JSX, any investment retained in JSX was reclassified to financial assets at FVTOCI. According to the agreement, TPKP had sold the remaining 9% of its shares of JSX to Ruei-Shin for RMB24,349 thousand in December 2020. At the end of the year, the Group sold all its shares held in JSX.

In December 2020, the Group indirectly invested in Canoo Holding Ltd. by participating in the private placement of Hennessy Capital Acquisition Corp. IV for a total investment amount of US\$100,000 thousand. After the acquisition, Hennessy Capital Acquisition Corp. IV merged with Canoo Holding Ltd. and changed its name to Canoo Inc. In 2021, the Group adjusted its investment portfolio in order to diversify risk, and sold part of its shares. The other equity - unrealized valuation gain on financial assets at fair value through other comprehensive income in the amount of NT\$328,911 thousand was transferred to retained earnings. As of December 31, 2021, the Group owned 2.96% (7,068 thousand shares) of Canoo Inc.'s shares.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Restricted bank deposits	\$ 17,769	\$ 844
Time deposits with original maturities of more than 3 months	3,129,349	2,834,090
	<u>\$ 3,147,118</u>	<u>\$ 2,834,934</u>

The interest rates for time deposits with original maturities of more than 3 months as at the end of the year were as follows:

	December 31	
	2021	2020
Term deposits	0.22%-4.07%	0.06%-2.00%

The interest rates for restricted bank deposits as at the end of the year were as follow:

	December 31	
	2021	2020
Restricted bank deposits	0.30%-1.75%	0.30%-1.75%

Restricted bank deposits are mainly in use as guarantees to banks and for customs guarantee.

Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
<u>Trade receivables (a)</u>		
At amortized cost		
Trade receivables	\$ 9,244,344	\$ 9,765,183
Less: Allowance for impairment loss	<u>(20,633)</u>	<u>(2,576)</u>
	9,223,711	9,762,607
At FVTOCI	<u>3,181,456</u>	<u>3,001,197</u>
	<u>\$ 12,405,167</u>	<u>\$ 12,763,804</u>
<u>Other receivables (b)</u>		
At amortized cost		
Tax refund receivable	\$ 445,687	\$ 399,617
Others	<u>861,522</u>	<u>725,535</u>
	1,307,209	1,125,152
Less: Allowance for impairment loss	<u>(54,379)</u>	<u>(74,808)</u>
	1,252,830	1,050,344
At FVTOCI	<u>2,273,881</u>	<u>1,174,419</u>
	<u>\$ 3,526,711</u>	<u>\$ 2,224,763</u>

a. Trade receivables

1) At amortized cost

The average credit period on sales of goods is 45 to 105 days after the end of the month in which sales occur. No interest was charged on trade receivables.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

December 31, 2021

	Not Past Due and Up to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 12,365,307	\$ 40,417	\$ 18,817	\$ 1,259	\$ 12,425,800
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(8,084)</u>	<u>(11,290)</u>	<u>(1,259)</u>	<u>(20,633)</u>
Amortized cost	<u>\$ 12,365,307</u>	<u>\$ 32,333</u>	<u>\$ 7,527</u>	<u>\$ -</u>	<u>\$ 12,405,167</u>

December 31, 2020

	Not Past Due and Up to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 12,761,571	\$ 2,672	\$ 240	\$ 1,897	\$ 12,766,380
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(535)</u>	<u>(144)</u>	<u>(1,897)</u>	<u>(2,576)</u>
Amortized cost	<u>\$ 12,761,571</u>	<u>\$ 2,137</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ 12,763,804</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 2,576	\$ 1,297
Add: Net remeasurement of loss allowance	18,078	868
Add: Amounts received	-	620
Less: Amounts written off	-	(175)
Foreign exchange gains and losses	<u>(21)</u>	<u>(34)</u>
Balance at December 31	<u>\$ 20,633</u>	<u>\$ 2,576</u>

2) At FVTOCI

For some trade receivables, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

b. Other receivables

As of December 31, 2021 and 2020, the Group's other receivables mainly consists of factored but unfunded receivables, tax refund receivables, interest receivables and receivables from real estate. Apart from tax refund receivables and receivables from real estate, the aging of the remaining receivables is less than 60 days (based on the invoice date).

1) At amortized cost

The Group assessed an allowance for impairment loss on other receivables by reference to the recoverability of receivables. After evaluating the operations and recoverability of the receivables from debtors, the Group recognized an allowance for impairment loss of 100% against the other receivables.

The movements of the loss allowance of other receivables were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 74,808	\$ 76,175
Add: Amounts recovered	-	9,293
Less: Net remeasurement of loss allowance	(535)	(8,350)
Less: Amounts written off	(18,653)	-
Foreign exchange gains and losses	<u>(1,241)</u>	<u>(2,310)</u>
Balance at December 31	<u>\$ 54,379</u>	<u>\$ 74,808</u>

2) At FVTOCI

For some other receivables, the Group will decide whether to sell these other receivables to banks without recourse based on its level of working capital. These other receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

11. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 5,061,254	\$ 4,072,696
Work in progress	874,687	713,185
Raw materials	<u>4,931,907</u>	<u>3,639,366</u>
	<u>\$ 10,867,848</u>	<u>\$ 8,425,247</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$99,231,417 thousand and \$109,847,396 thousand, respectively.

The accounts listed below were included in cost of goods sold:

	For the Year Ended December 31	
	2021	2020
Recognition of inventory write-downs	\$ 70,418	\$ 29,501
Provision for loss on purchase commitments	794	10,338
Loss on inventory scraps	<u>19,350</u>	<u>24,769</u>
	<u>\$ 90,562</u>	<u>\$ 64,608</u>

The cost of goods sold for the years ended December 31, 2021 and 2020 included inventory write-downs of \$70,418 thousand and \$29,501 thousand, respectively.

Because of the characteristics of the industry, the product life cycle is short. Therefore, there is an accrued allowance for losses on inventory with aging of over 360 days.

Due to the characteristics of the industry and market fluctuations, certain raw materials are no longer usable. For the years ended December 31, 2021 and 2020, the Group evaluated and recognized a loss on purchase commitments in the amount of \$794 thousand and \$10,338 thousand, respectively. As of December 31, 2021 and 2020, the Group estimated and recognized short-term provisions for purchase commitments (Note 20) in the amounts of \$13,262 thousand and \$14,709 thousand, respectively.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2021	2020	
TPK Holding Co., Ltd. ("TPKH")	Improve Idea Investments Ltd. ("Improve")	Holding company	100.00	100.00	
	Optera TPK Holding Pte. Ltd. ("OTH")	Holding company	-	100.00	15)
	Upper Year Holdings Limited ("UYH")	Holding company	79.49	100.00	15) and 16)
	Ray-Star Universal Solutions Limited ("RUSL")	Holding company	100.00	100.00	
	Amplifi Technologies Inc. (AMPH)	Holding company; research and development, manufacturing and sale of resin products	57.69	57.69	2)
Improve	TPK Asia Pacific Sdn. Bhd. ("TPKA")	Holding company	100.00	100.00	1)
	TPK Touch Solutions Inc. ("TPKT")	Touch related material and module sales	100.00	100.00	
TPKA	Optera TPK Holding Pte. LTD ("OTH")	Holding company	100.00	-	15)
	TPK Touch Solutions (Xiamen) Inc. ("TPKC")	Touch related material and module sales	73.84	73.84	4)
UYH	TPK Touch Systems (Xiamen) Inc. ("TPKS")	Touch modules research, development, manufacture and sales	100.00	100.00	17)
	TPK Universal Solutions Limited("TPK HK")	Touch module related product research; holding company and international trade	100.00	-	7), 16) and 17)
OTH	TPK America, LLC ("TPKU")	International trade	100.00	100.00	
	TPK Touch Solutions (Xiamen) Inc. ("TPKC")	Touch related material and module sales	10.27	10.27	4)
RUSL	Upper Year Holdings Limited ("UYH")	Holding company	20.51	-	16)
	TPK Universal Solutions Limited ("TPK HK")	Touch module related product research; holding company and international trade	-	100.00	7) and 16)
TPK HK	TPK Glass Solutions (Xiamen) Inc. ("TPKG")	Optical glass processing and sales	100.00	100.00	10) and 20)
	TPK Film Solutions Limited ("TPKF HK")	Holding company	-	100.00	3)
	TPK MasTouch Solutions (Xiamen) Inc. ("MTOH")	Touch modules research, development, manufacture and sales	100.00	100.00	10)
	TPK Touch Solutions (Pingtan) Inc. ("TPKP")	Touch modules research, development, manufacture and sales	100.00	100.00	
	TPK Material Solutions Inc. ("TPKM")	Touch related electronic materials manufacture	100.00	100.00	5)
	TPK Advanced Solutions Inc. ("TPKD")	Touch modules research, development, manufacture and sales	52.00	49.90	11)
	TPK Touch Solutions (Xiamen) Inc. ("TPKC")	Touch related material and module sales	15.89	15.89	4)
	Xiamen Jan Jia Optoelectronics Co., Ltd. ("TPKJ")	Protective film and optical adhesive manufacture and sales	51.00	51.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			2021	2020	
TPKC	TPK Material Solutions (Xiamen) Inc. ("TPKMT")	Touch related electronic materials manufacture	100.00	100.00	
	TPK Film Solutions (Xiamen) Inc. ("TPKF")	Touch modules and resin products research, development, manufacture and sales	43.27	43.27	3) and 4)
	TPK Advanced Solutions Inc. ("TPKD")	Touch modules research, development, manufacture and sales	48.00	50.10	11)
	Xiamen Jan Jia Optoelectronics Co., Ltd. ("TPKJ")	Protective film and optical adhesive manufacture and sales	49.00	49.00	
	TPK Film Solutions (Xiamen) Inc. ("TPKF")	Touch modules and resin products research, development, manufacture and sales	56.73	56.73	4)
TPKG	TPK Core Asset (Xiamen) Inc. ("TPKCA")	Touch modules manufacture and sales	100.00	-	19)
	Trend Technology (Xiamen) Inc. ("TPKQ")	Trade, inspection and testing services	100.00	100.00	8)
	TPK Auto Tech (Xiamen) Limited (AUTO XM)	Touch modules research, development, manufacture and sales	100.00	-	12)
TPKJ	Jan Jia Trading Company Limited ("TPKJ HK")	International trade	100.00	100.00	
AMPH	Amplifi Tech Hong Kong Co., Limited (AMP HK)	Holding company and international trade	100.00	100.00	2)
AMP HK	Amplifi Tech(Xiamen) Limited (AMP XM)	Resin products research, development, manufacture and sales	100.00	-	9)
AUTO XM	TPK Auto Tech Co., Limited (AUTO HK)	International trade	100.00	-	12)

(Concluded)

Remark:

- 1) The Company resolved to dissolve and liquidate TPKA in order to simplify its organizational structure. As of March 17, 2022, the process of dissolution and liquidation was not completed.
- 2) For operational needs, the Company's board of directors resolved to set up AMPH in Cayman Islands as a holding company, which received a capital investment of US\$400 thousand and US\$5,600 thousand in February and April 2020, respectively. AMPH set up AMP HK as its subsidiary in Hong Kong on April 7, 2020, and invested in AMP HK in the amounts of US\$10 thousand, US\$990 thousand and US\$1,000 thousand in June 2020, September 2020 and September 2021, respectively. In addition, AMPH set up a branch in Taiwan, and invested \$10,000 thousand, \$168,000 thousand, and \$42,000 thousand in February 2020, April 2020 and January 2021, respectively.

For the acquisition of external innovation technologies and expansion of its business, the Company's board of directors resolved to increase the capital of AMPH by issuing shares in the amount of US\$4,400 thousand, which was fully subscribed by external investors, and the share issuance was completed in August 2020. After the issuance, the capital of AMPH increased to US\$10,400 thousand, and the total percentage of ownership of the Company in AMPH decreased from 100% to 57.69%. Refer to Note 28 for more information.

To expand product channels, the Company's board of directors resolved that AMPH set up Amplifi Channels Hong Kong Co., Limited in Hong Kong as its subsidiary, which was set up on October 11, 2021 and received a capital investment of US\$100 thousand in January 2022.

- 3) The Company's board of directors resolved to ask TPK HK to acquire 100% of TPKF's shares from TPKF HK in order to simplify its organizational structure, and the acquisition process was completed on September 25, 2020. As of July 22, 2021, the process of dissolution and liquidation of TPKF HK was completed.

- 4) The Company's board of directors resolved to increase the capital of TPKF of US\$23,210 thousand by conversion of debt due to TPKC in order to integrate resources and decrease operating costs. After the issuance of shares, the capital of TPKF increased from US\$17,700 thousand to US\$40,910 thousand. The amendment on registration for the capital increase was completed on September 25, 2020. In addition, TPKC intends to issue shares to TPK HK to exchange the shares of TPKF which are held by TPK HK; and after the exchange, TPKC will merge with TPKF and become the surviving company. After the merger, the percentages of shares of TPKC held by UYH, OTH, and TPK HK are 70.33%, 9.78% and 19.89%, respectively. As of March 17, 2022, the process of the capital increase and merger had not been completed.
- 5) The Company resolved to dissolve and liquidate TPKM in order to simplify its organizational structure. As of March 17, 2022, the process of dissolution and liquidation was not completed.
- 6) The Company resolved to dissolve and liquidate TPK Technology International Inc. in order to simplify its organizational structure, and the process of liquidation was completed in November 4, 2020.
- 7) TPK HK had set up a Japanese branch to expand its automotive application business in May 2020.
- 8) TPKQ changed its name to Trend Technology (Xiamen) Inc. for business needs.
- 9) For operational needs, AMP HK set up AMP XM in Xiamen as its subsidiary, which has completed registration on December 15, 2020, and invested US\$500 thousand in February, 2021.
- 10) For organizational restructuring purposes, the Company's board of directors resolved that TPKG issue new shares to TPK HK, and TPKG acquire 100% of the shares of MTOH held by TPK HK in exchange. The capital increase was completed on March 17, 2022. After the capital increase, MTOH became TPKG's subsidiary.
- 11) For organizational restructuring purposes, the Company's board of directors resolved to transfer the equity from TPKC to TPK HK by selling 2.1% of TPKD's equity held by TPKC. The stock transfer transaction was completed on October 15, 2021. After TPK HK bought the equity, the percentage of TPKD's equity held by TPK HK increased from 49.9% to 52%, and the percentage of TPKD's equity held by TPKC decreased from 50.1% to 48%.
- 12) To meet the needs of customer business and group business operations, the Company's board of directors resolved to set up AUTO HK in Hong Kong as a subsidiary, which was set up on August 3, 2021 and received a capital investment of US\$1,000 thousand in October 2021. The Company will set up a branch in Taiwan in the future.

The Company's board of directors resolved to set up AUTO XM in China as TPKG's subsidiary, which was set up on September 30, 2021 and received a capital investment of RMB7,000 thousand in November 2021. To integrate the automotive application business, the Company sold AUTO HK's equity at book value to AUTO XM on November 19, 2021.

AUTO XM planned to cooperate with TES Touch Embedded Solutions (Xiamen) Co., Ltd. (TES) as a strategic investor. Through the experience and technology of TES in the system design and assembly, both parties can expand the product lines in the field of automotive electronics, to increase core competitiveness and expand the customer base. Therefore, the Company's board of directors resolved that TPKG sell 10% of the shares of AUTO XM to TES, at the same time giving TES the right to increase its shareholding in AUTO XM to not more than 49% within two years after the completion of the transaction, based on the same valuation of AUTO XM in this transaction of US\$39,800 thousand. As of March 17, 2022, the transaction of equity transfer had not been completed.

- 13) The Company resolved to dissolve and liquidate Ray-Star System Solutions Limited in order to simplify its organizational structure, and the process of liquidation was completed in January 2020.
- 14) The Company resolved to dissolve and liquidate TPK Lens Solutions Inc. and Ray-Star Optical Solutions (Xiamen) Inc. in order to simplify its organizational structure, and the process of liquidation was completed in March 2020.
- 15) For organizational restructuring purposes, the Company's board of directors resolved that UYH issue new shares to the Company, and UYH acquire 100% of OTH's shares held by the Company in exchange. The capital increase was completed on December 9, 2021. After the capital increase, OTH became UYH's subsidiary.
- 16) For organizational restructuring purposes, the Company's board of directors resolved that UYH issue new shares to RUSL, and UYH acquire 100% of TPK HK's shares held by RUSL in exchange. The capital increase was completed on December 9, 2021. After the capital increase, TPK HK became UYH's subsidiary, and RUSL held 20.51% of the shares of UYH.
- 17) For organizational restructuring purposes, the Company's board of directors resolved that TPK HK issue new shares to UYH, and TPK HK acquire 100% of TPKS's shares held by UYH in exchange. The capital increase was completed on January 4, 2022. After the capital increase, TPKS became TPK HK's subsidiary.
- 18) For operational needs, the Company's board of directors resolved to set up TPK Multi-Asset (Xiamen) Inc. by injecting capital of RMB1,000 thousand and transferring the real estate investment from TPKG. The set up was completed on November 16, 2021. As of March 17, 2022, the capital injection and real estate investment had not completed.
- 19) For operational needs, the Company's board of directors resolved to set up TPKCA by injecting capital of RMB1,000 thousand and transferring the real estate investment from TPKC. The set up was completed on November 16, 2021, while the real estate investment and capital injection were completed on December 30, 2021 and January 10, 2022, respectively.
- 20) In consideration of the group overall operational planning and transaction process adjustment, TPKG's board of directors resolved to set up a Jimei branch, which was set up on March 16, 2022.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Material Associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31 2021	December 31 2020
Unlisted shares				
Cando Corporation ("Cando")	Touch modules research, development and manufacture	Taiwan	19.78%	19.78%

The Group is able to exercise significant influence over Cando. As such, the investment and the related profit and loss from the investment are accounted for using the equity method.

Cando, a company with unlisted shares which the Group accounts for using the equity method. Due to the fact that Cando's assets were not sufficient enough to offset its liabilities, Cando declared bankruptcy on July 21, 2016, and the court announced its bankruptcy on January 17, 2018. After an assessment, the Group determined that the future recoverable amount for its investment in Cando was zero. As a result, the impairment loss of \$283,252 thousand was recognized at the end of the calendar year 2015. As of December 31, 2021 and 2020, the carrying amounts of the investment in Cando were zero.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Carrying amount for each category		
Buildings	\$ 11,846,246	\$ 13,157,676
Machinery and equipment	5,442,115	5,676,023
Transportation and others	630,616	1,009,877
Property in construction	<u>107,310</u>	<u>153,734</u>
	<u>\$ 18,026,287</u>	<u>\$ 19,997,310</u>

	For the Year Ended December 31, 2021				
	Buildings	Machinery and Equipment	Transportation and Others	Property in Construction	Total
<u>Cost</u>					
Balance, beginning of year	\$ 24,605,753	\$ 47,757,156	\$ 6,261,435	\$ 153,734	\$ 78,778,078
Additions	-	205	-	20,082	20,287
Disposals	(112,869)	(11,782,711)	(549,919)	-	(12,445,499)
Reclassification	(28,024)	2,918,541	202,149	(62,711)	3,029,955
Effects of foreign currency exchange differences	<u>(687,857)</u>	<u>(1,217,800)</u>	<u>(157,053)</u>	<u>(3,795)</u>	<u>(2,066,505)</u>
Balance, end of year	<u>23,777,003</u>	<u>37,675,391</u>	<u>5,756,612</u>	<u>107,310</u>	<u>67,316,316</u>
<u>Accumulated depreciation</u>					
Balance, beginning of year	8,668,988	33,988,000	5,217,959	-	47,874,947
Depreciation expenses	962,154	2,931,450	297,354	-	4,190,958
Disposals	(108,133)	(9,457,455)	(545,970)	-	(10,111,558)
Reclassification	(38,186)	-	(1,662)	-	(39,848)
Effects of foreign currency exchange differences	<u>(252,306)</u>	<u>(869,785)</u>	<u>(115,427)</u>	<u>-</u>	<u>(1,237,518)</u>
Balance, end of year	<u>9,232,517</u>	<u>26,592,210</u>	<u>4,852,254</u>	<u>-</u>	<u>40,676,981</u>
<u>Accumulated impairment losses</u>					
Balance, beginning of year	2,779,089	8,093,133	33,599	-	10,905,821
Impairment losses	-	37,968	271,083	-	309,051
Disposals	-	(2,152,120)	(20,401)	-	(2,172,521)
Reclassification	(2,819)	-	-	-	(2,819)
Effects of foreign currency exchange differences	<u>(78,030)</u>	<u>(337,915)</u>	<u>(10,539)</u>	<u>-</u>	<u>(426,484)</u>
Balance, end of year	<u>2,698,240</u>	<u>5,641,066</u>	<u>273,742</u>	<u>-</u>	<u>8,613,048</u>
Carrying amount, end of year	<u>\$ 11,846,246</u>	<u>\$ 5,442,115</u>	<u>\$ 630,616</u>	<u>\$ 107,310</u>	<u>\$ 18,026,287</u>

	For the Year Ended December 31, 2020				
	Buildings	Machinery and Equipment	Transportation and Others	Property in Construction	Total
<u>Cost</u>					
Balance, beginning of year	\$ 25,691,858	\$ 57,878,040	\$ 6,918,211	\$ 132,683	\$ 90,620,792
Additions	-	-	-	64,543	64,543
Disposals	-	(8,591,588)	(564,666)	-	(9,156,254)
Reclassification	202,916	1,048,030	213,527	(35,748)	1,428,725
Effects of foreign currency exchange differences	(1,289,021)	(2,577,326)	(305,637)	(7,744)	(4,179,728)
Balance, end of year	<u>24,605,753</u>	<u>47,757,156</u>	<u>6,261,435</u>	<u>153,734</u>	<u>78,778,078</u>
<u>Accumulated depreciation</u>					
Balance, beginning of year	8,027,186	38,455,195	5,665,739	-	52,148,120
Depreciation expenses	1,023,383	4,312,316	372,955	-	5,708,654
Disposals	-	(6,970,205)	(559,608)	-	(7,529,813)
Reclassification	59,217	33	(33)	-	59,217
Effects of foreign currency exchange differences	(440,798)	(1,809,339)	(261,094)	-	(2,511,231)
Balance, end of year	<u>8,668,988</u>	<u>33,988,000</u>	<u>5,217,959</u>	<u>-</u>	<u>47,874,947</u>
<u>Accumulated impairment losses</u>					
Balance, beginning of year	2,925,321	10,090,431	39,330	-	13,055,082
Disposals	-	(1,552,118)	(4,188)	-	(1,556,306)
Reclassification	137	-	-	-	137
Effects of foreign currency exchange differences	(146,369)	(445,180)	(1,543)	-	(593,092)
Balance, end of year	<u>2,779,089</u>	<u>8,093,133</u>	<u>33,599</u>	<u>-</u>	<u>10,905,821</u>
Carrying amount, end of year	<u>\$ 13,157,676</u>	<u>\$ 5,676,023</u>	<u>\$ 1,009,877</u>	<u>\$ 153,734</u>	<u>\$ 19,997,310</u>

Part of the equipment for manufacturing purposes could no longer be used due to an alteration in the manufacturing process; such equipment was provided with an allowance for impairment loss. The impairment loss shall be reserved subsequently if the idled equipment is used again after the alteration in the manufacturing process.

Due to some of the machinery and equipment and lease improvements of the Group no longer have value in use an impairment loss of \$309,051 thousand was recognized in operating costs in the consolidated statements of comprehensive income for the year ended December 31, 2021 (for the year ended December 31, 2020: None).

Operating leases relate to leases of machinery and other equipment with lease terms for 1 year to Cambrios Film Solutions (Xiamen) Corporation The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods. The lease contract ended on October 31, 2020.

The Group's buildings mainly consist of factories and the construction of clean rooms, which are depreciated over an estimated useful life ranging from 1 to 20 years.

Otherwise, the property, plant and equipment listed above are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Building	1-20 years
Machinery and equipment	1-13 years
Transportation and others	1-10 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Land	\$ 843,763	\$ 891,167
Buildings	3,015,569	2,798,661
Machinery	447,507	203,096
Transportation equipment	<u>6,668</u>	<u>10,131</u>
	<u>\$ 4,313,507</u>	<u>\$ 3,903,055</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 1,130,145</u>	<u>\$ 1,738,084</u>
Depreciation charge for right-of-use assets		
Land	\$ 22,698	\$ 23,985
Buildings	427,020	381,356
Machinery	187,807	17,391
Transportation equipment	<u>6,032</u>	<u>7,410</u>
	<u>\$ 643,557</u>	<u>\$ 430,142</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ (4,315)</u>	<u>\$ (5,532)</u>

The Group has been subleasing its leasehold plant space located in Xiamen and Zhongli to Cambrios Film Solutions (Xiamen) Corporation and Cambrios Film Solutions Corporation Taiwan Branch since June 2020 and 2018 under operating leases. The related right-of-use assets are presented as investment properties (as set out in Note 16). The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	<u>\$ 463,850</u>	<u>\$ 556,388</u>
Non-current	<u>\$ 3,506,668</u>	<u>\$ 2,987,243</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.9535%-4.8293%	1.9535%-4.8293%
Machinery	0.9103%-3.5829%	1.4472%
Transportation equipment	2.3650%-2.8650%	2.3650%-3.6388%

c. Material lease-in activities and terms

The Group leases certain official vehicles and machinery for operational use and the manufacturing of products with lease terms of 3 years. These arrangements do not contain renewal or purchase options.

The Group leases certain land and buildings for the use of plants and offices with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

Due to the severe impact of the COVID-19 on the market economy in 2020, the Group negotiated with the lessor for rent concessions for parts of building lease. The lessor agreed to provide unconditionally whole rent reductions from March 1 to May 31, 2020 for the lease of the factory, and provide unconditionally 10% rent reductions from March 1 to May 31, 2020 for the lease of the office. The Group recognized in profit for the impact of rent concessions of \$31,238 thousand (presented in other income) for the year ended December 31, 2020 (for the year ended December 31, 2021: None).

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 16.

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 17,860	\$ 7,512
Expenses relating to low-value asset leases	\$ 19	\$ -
Total cash outflow for leases	\$ (849,265)	\$ (331,540)

The Group's leases of certain official vehicles and buildings qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	2020
Lease commitments	\$ 292,726	\$ 964,829

16. INVESTMENT PROPERTIES

	December 31	
	2021	2020
Buildings	\$ 187,925	\$ 156,432
Right-of-use assets	35,146	95,532
	<u>\$ 223,071</u>	<u>\$ 251,964</u>

	Buildings	Right-of-use Assets	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 220,652	\$ 104,624	\$ 325,276
Reclassification	88,341	(57,003)	31,338
Effects of foreign currency exchange differences	<u>(7,282)</u>	<u>(1,988)</u>	<u>(9,270)</u>
Balance at December 31, 2021	<u>\$ 301,711</u>	<u>\$ 45,633</u>	<u>\$ 347,344</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ 59,797	\$ 9,092	\$ 68,889
Depreciation expense	10,988	3,953	14,941
Reclassification	38,186	(786)	37,400
Effects of foreign currency exchange differences	<u>(2,269)</u>	<u>(1,772)</u>	<u>(4,041)</u>
Balance at December 31, 2021	<u>\$ 106,702</u>	<u>\$ 10,487</u>	<u>\$ 117,189</u>
<u>Accumulated impairment</u>			
Balance at January 1, 2021	\$ 4,423	\$ -	\$ 4,423
Reclassification	2,819	-	2,819
Effects of foreign currency exchange differences	<u>(158)</u>	<u>-</u>	<u>(158)</u>
Balance at December 31, 2021	<u>\$ 7,084</u>	<u>\$ -</u>	<u>\$ 7,084</u>
Carrying amounts at December 31, 2021	<u>\$ 187,925</u>	<u>\$ 35,146</u>	<u>\$ 223,071</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 407,079	\$ 37,704	\$ 444,783
Reclassification	(172,691)	71,050	(101,641)
Effects of foreign currency exchange differences	<u>(13,736)</u>	<u>(4,130)</u>	<u>(17,866)</u>
Balance at December 31, 2020	<u>\$ 220,652</u>	<u>\$ 104,624</u>	<u>\$ 325,276</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ 109,861	\$ 3,528	\$ 113,389
Depreciation expense	12,930	5,676	18,606
Reclassification	(59,217)	-	(59,217)
Effects of foreign currency exchange differences	<u>(3,777)</u>	<u>(112)</u>	<u>(3,889)</u>
Balance at December 31, 2020	<u>\$ 59,797</u>	<u>\$ 9,092</u>	<u>\$ 68,889</u>
<u>Accumulated impairment</u>			
Balance at January 1, 2020	\$ 4,795	\$ -	\$ 4,795
Reclassification	(137)	-	(137)
Effects of foreign currency exchange differences	<u>(235)</u>	<u>-</u>	<u>(235)</u>
Balance at December 31, 2020	<u>\$ 4,423</u>	<u>\$ -</u>	<u>\$ 4,423</u>
Carrying amounts at December 31, 2020	<u>\$ 156,432</u>	<u>\$ 95,532</u>	<u>\$ 251,964</u>

In order to activate the land use rights of TPKP, TPKP signed a land development contract with Land Development Corporation of Pingtan Comprehensive Pilot Zone (“Land Development Corporation”) and Fujian Luheng Construction Engineering Company Limited (“Luheng”) in August 2018. TPKP consigned Luheng to build dormitories which was sold to Luheng and Emerging Investment Development Co. LTD of Pingtan Comprehensive Pilot Zone upon the construction completion. The land development project is about 3 years. TPKP signed a sell agreement and construction contract with Luheng, Land Development Corporation and Emerging Investment Development Co. LTD of Pingtan Comprehensive Pilot Zone for RMB1,255,000 thousand. As of December 31, 2021, TPKP received an amount of RMB682,471 thousand, and paid Luheng an amount of RMB808,137 thousand for construction cost. The received payment was classified as other receivables. The land use rights met the definition of the right-of-use assets of investment properties, which was presented as investment properties.

Right-of-use assets included in investment properties are units of plant space in Xiamen and Zhongli and subleased under operating leases to Cambrios Film Solutions (Xiamen) Corporation and Cambrios Film Solutions Corporation Taiwan Branch.

The investment properties were leased out for 4 months to 10 years, with an option to extend for an additional 3 months to 1 year. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2021 and 2020 was as follows:

	December 31	
	2021	2020
Year 1	\$ 15,243	\$ 31,263
Year 2	9,226	16,762
Year 3	9,252	14,350
Year 4	8,889	13,924
Year 5	8,612	13,626
Year 6 onwards	<u>25,657</u>	<u>57,623</u>
	<u>\$ 76,879</u>	<u>\$ 147,548</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	11-20 years
Right-of-use assets	4-50 years

Management was unable to reliably measure the fair value of investment property located at Xiamen, the market is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

Lease commitments (the Group as a lessor) with lease terms commencing after the balance sheet dates are as follows (as of December 31, 2020: None):

	December 31, 2021
Lease commitments of investment properties	<u>\$ 156,293</u>

17. INTANGIBLE ASSETS

	December 31	
	2021	2020
Goodwill	\$ 7,290	\$ 7,719
Computer software	40,570	31,125
Patents	18,075	26,010
Others	<u>-</u>	<u>5,314</u>
	<u>\$ 65,935</u>	<u>\$ 70,168</u>

	For the Year Ended December 31, 2021					
	Goodwill	Technical Know-how	Computer Software	Patents	Others	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 629,197	\$ 14,234	\$ 364,560	\$ 42,145	\$ 22,018	\$ 1,072,084
Additions	-	-	21,470	-	-	21,470
Disposals	-	-	(12,606)	(22)	(4,484)	(17,112)
Reclassification	-	-	5,229	-	(5,229)	-
Effects of foreign currency exchange differences	<u>(17,151)</u>	<u>(381)</u>	<u>(5,315)</u>	<u>(1,150)</u>	<u>(498)</u>	<u>(24,495)</u>
Balance at December 31, 2021	<u>611,976</u>	<u>13,853</u>	<u>373,338</u>	<u>40,973</u>	<u>11,807</u>	<u>1,051,947</u>
<u>Accumulated amortization</u>						
Balance at January 1, 2021	-	14,234	324,292	16,127	16,703	371,356
Amortization expenses	-	-	16,666	7,315	224	24,205
Disposals	-	-	(12,314)	(22)	(4,484)	(16,820)
Effects of foreign currency exchange differences	<u>-</u>	<u>(381)</u>	<u>(4,514)</u>	<u>(530)</u>	<u>(637)</u>	<u>(6,062)</u>
Balance at December 31, 2021	<u>-</u>	<u>13,853</u>	<u>324,130</u>	<u>22,890</u>	<u>11,806</u>	<u>372,679</u>
<u>Accumulated impairment losses</u>						
Balance at January 1, 2021	621,408	-	9,143	8	1	630,560
Impairment loss recognized	216	-	-	-	-	216
Disposals	-	-	(292)	-	-	(292)
Effects of foreign currency exchange differences	<u>(16,938)</u>	<u>-</u>	<u>(213)</u>	<u>-</u>	<u>-</u>	<u>(17,151)</u>
Balance at December 31, 2021	<u>604,686</u>	<u>-</u>	<u>8,638</u>	<u>8</u>	<u>1</u>	<u>613,333</u>
Carrying amounts at December 31, 2021	<u>\$ 7,290</u>	<u>\$ -</u>	<u>\$ 40,570</u>	<u>\$ 18,075</u>	<u>\$ -</u>	<u>\$ 65,935</u>

	For the Year Ended December 31, 2020					
	Goodwill	Technical Know-how	Computer Software	Patents	Others	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 666,878	\$ 324,989	\$ 376,385	\$ 137,880	\$ 41,898	\$ 1,548,030
Additions	-	-	17,097	-	-	17,097
Disposals	-	(305,861)	(18,878)	(92,466)	(24,020)	(441,225)
Effects of foreign currency exchange differences	(37,751)	(4,894)	(10,044)	(3,269)	4,140	(51,818)
Balance at December 31, 2020	<u>629,127</u>	<u>14,234</u>	<u>364,560</u>	<u>42,145</u>	<u>22,018</u>	<u>1,072,084</u>
<u>Accumulated amortization</u>						
Balance at January 1, 2020	-	272,149	337,929	102,732	41,897	754,707
Amortization expenses	-	-	13,343	7,724	471	21,538
Disposals	-	(253,660)	(18,379)	(92,466)	(24,020)	(388,525)
Effects of foreign currency exchange differences	-	(4,255)	(8,601)	(1,863)	(1,645)	(16,364)
Balance at December 31, 2020	<u>-</u>	<u>14,234</u>	<u>324,292</u>	<u>16,127</u>	<u>16,703</u>	<u>371,356</u>
<u>Accumulated impairment losses</u>						
Balance at January 1, 2020	\$ 634,586	\$ 52,840	\$ 10,054	\$ 8	\$ 1	\$ 697,489
Impairment loss recognized	18,572	-	-	-	-	18,572
Disposals	-	(52,201)	(499)	-	-	(52,700)
Effects of foreign currency exchange differences	(31,750)	(639)	(412)	-	-	(32,801)
Balance at December 31, 2020	<u>621,408</u>	<u>-</u>	<u>9,143</u>	<u>8</u>	<u>1</u>	<u>630,560</u>
Carrying amounts at December 31, 2020	<u>\$ 7,719</u>	<u>\$ -</u>	<u>\$ 31,125</u>	<u>\$ 26,010</u>	<u>\$ 5,314</u>	<u>\$ 70,168</u>

The intangible assets listed above are amortized on a straight-line basis over the estimated useful life of the related asset as follows:

Technical know-how	4 years
Computer software	1-6 years
Patents	5-19 years
Other intangible assets	3-5 years

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 2,799,213</u>	<u>\$ 3,400,323</u>

As of December 31, 2021 and 2020, the range of weighted average effective interest rates on bank loans was 0.6211%-2.90% and 0.8449%-3.50% per annum, respectively.

b. Long-term borrowings

	December 31	
	2021	2020
<u>Unsecured borrowings</u>		
Bank loans	\$ 13,861,483	\$ 14,917,872
Less: Current portion (due in one year)	<u>(3,685,098)</u>	<u>(3,351,097)</u>
Long-term borrowings	<u>\$ 10,176,385</u>	<u>\$ 11,566,775</u>

As of December 31, 2021 and 2020, the Group's repayment of the loans will be in the next 5 years and 3 years, respectively; the range of weighted average effective interest rates of bank borrowings were 1.1518%-4.0375% and 1.3545%-4.0375% per annum.

For repayment of borrowings and replenishment of mid-term working capital, the Company's board of directors resolved to apply for joint credit line on April 12, 2018. The Company signed a 3-year syndicated loan which amounted to US\$163,000 thousand with 10 financial institutions including Mega Bank in May 2018, and the loan was fully utilized in June 2018. Additionally, the Company promised the lender on the condition of maintaining these financial ratios for the existence of the loan agreement. For repayment of maturing borrowings above and replenishment of mid-term working capital, the Company's board of directors resolved to apply for a joint credit line on March 11, 2021. The Company signed a 3-year syndicated loan which amounted to US\$100,000 thousand with 8 financial institutions including Taipei Fubon Commercial Bank in May 2021, and the loan was fully utilized in June 2021. Additionally, the Company promised the lender on the condition of maintaining these financial ratios for the existence of the loan agreement. As of December 31, 2021, the Company has not violated the above financial ratio requirements.

19. OTHER LIABILITIES

	December 31	
	2021	2020
Other payables		
Payables for purchase of equipment	<u>\$ 778,734</u>	<u>\$ 941,126</u>
Other payables - others		
Payable for salaries and bonuses	\$ 1,146,200	\$ 1,356,744
Payable for repairs	155,468	241,215
Payable for unused paid leaves	153,160	151,224
Payable for taxes	110,187	107,884
Payable for supplies	97,303	124,571
Others	<u>838,403</u>	<u>747,409</u>
	<u>\$ 2,500,721</u>	<u>\$ 2,729,047</u>

20. PROVISIONS

	December 31		
	2021	2020	
<u>Current</u>			
Warranties (a)	\$ 1,555,403	\$ 1,915,276	
Onerous contracts (b)	<u>13,262</u>	<u>14,709</u>	
	<u>\$ 1,568,665</u>	<u>\$ 1,929,985</u>	
	Warranties	Onerous Contracts	Total
Balance, January 1, 2021	\$ 1,915,276	\$ 14,709	\$ 1,929,985
Additions	71,422	794	72,216
Usage	(377,848)	(1,893)	(379,741)
Effect of foreign currency exchange differences	<u>(53,447)</u>	<u>(348)</u>	<u>(53,795)</u>
Balance, December 31, 2021	<u>\$ 1,555,403</u>	<u>\$ 13,262</u>	<u>\$ 1,568,665</u>
Balance, January 1, 2020	\$ 2,094,172	\$ 9,117	\$ 2,103,289
Additions	400,455	10,338	410,793
Usage	(479,453)	(4,317)	(483,770)
Effect of foreign currency exchange differences	<u>(99,898)</u>	<u>(429)</u>	<u>(100,327)</u>
Balance, December 31, 2020	<u>\$ 1,915,276</u>	<u>\$ 14,709</u>	<u>\$ 1,929,985</u>

- a. The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.
- b. The provision for onerous contracts represents the loss that the Group was presently obligated to make under non-cancellable onerous purchase contracts where the purchased materials and supplies cannot be used for other products. The estimate may vary as a result of changes in future products.

21. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

TPKT, TPK HK Taiwan Branch and AMPH Taiwan Branch adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Company's subsidiaries in China are members of retirement benefit plans operated by their respective governments. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Company with respect to the retirement benefit plans is to make the specified contributions.

The Company's subsidiaries in the USA are required to contribute to the retirement benefit schemes according to the respective policies.

b. Defined benefit plans

The defined benefit plans adopted by TPKT and TPK HK Taiwan Branch, in accordance with the Labor Standards Act, are operated by the Government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. TPKT contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 17,024	\$ 17,784
Fair value of plan assets	<u>(13,243)</u>	<u>(12,600)</u>
Net defined benefit liability	<u>\$ 3,781</u>	<u>\$ 5,184</u>

Movements in the net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	<u>\$ 17,942</u>	<u>\$ (11,638)</u>	<u>\$ 6,304</u>
Service cost			
Net interest expense (income)	<u>198</u>	<u>(131)</u>	<u>67</u>
Recognized in profit or loss	<u>198</u>	<u>(131)</u>	<u>67</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	<u>-</u>	<u>(331)</u>	<u>(331)</u>
Actuarial gain - experience adjustments	<u>(356)</u>	<u>-</u>	<u>(356)</u>
Recognized in other comprehensive income	<u>(356)</u>	<u>(331)</u>	<u>(687)</u>
Contributions from the employer	<u>-</u>	<u>(500)</u>	<u>(500)</u>
Balance at December 31, 2020	<u>17,784</u>	<u>(12,600)</u>	<u>5,184</u>
Service cost			
Net interest expense (income)	<u>134</u>	<u>(96)</u>	<u>38</u>
Recognized in profit or loss	<u>134</u>	<u>(96)</u>	<u>38</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	<u>-</u>	<u>(125)</u>	<u>(125)</u>
Actuarial gain - experience adjustments	<u>(894)</u>	<u>-</u>	<u>(894)</u>
Recognized in other comprehensive income	<u>(894)</u>	<u>(125)</u>	<u>(1,019)</u>
Contributions from the employer	<u>-</u>	<u>(422)</u>	<u>(422)</u>
Balance at December 31, 2021	<u>\$ 17,024</u>	<u>\$ (13,243)</u>	<u>\$ 3,781</u>

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

- 1) Investment risk: The plan assets are invested in both domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rate	0.60%	0.75%
Expected rate of salary increase	3.00%	3.00%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	\$ (425)	\$ (470)
0.25% decrease	\$ 442	\$ 489
Expected rate of salary increase/decrease		
1% increase	\$ 1,814	\$ 2,016
1% decrease	\$ (1,597)	\$ (1,759)

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

	December 31	
	2021	2020
Expected contributions to the plan for the next year	\$ 421	\$ 500
Average duration of the defined benefit obligation	13 years	14 years

22. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	<u>600,000</u>	<u>600,000</u>
Shares authorized	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>406,664</u>	<u>406,664</u>
Shares issued	<u>\$ 4,066,638</u>	<u>\$ 4,066,638</u>

Each holder of fully paid ordinary shares with a face value of \$10 has the right to dividends and to vote.

2) Global depositary receipts

The issuance of the GDRs was completed on October 1, 2012, April 8, 2015, and September 8, 2017, respectively. The GDRs were traded and listed on the Luxembourg Stock Exchange where 17,600 thousand, 20,000 thousand and 59,820 thousand (with 180 thousand units of ordinary shares reserved for employee subscription) units of GDRs. Every units represents one share.

As of December 31, 2021 and 2020, a total of 2 thousand units of GDRs corresponding to 2 thousand ordinary shares were outstanding.

b. Capital surplus

	December 31	
	2021	2020
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Recognized on issuance of ordinary shares	\$ 24,257,305	\$ 24,257,305
Recognized on redemption of convertible bonds	2,089,848	2,089,848
Expired on employee share options	1,181,823	1,181,823
Employee recognized on issuance of ordinary shares	578,774	578,774
Treasury share transactions	<u>54,820</u>	<u>54,820</u>
	<u>28,162,570</u>	<u>28,162,570</u>
<u>May only be used to offset a deficit</u>		
Changes in ownership interests in subsidiaries (2)	<u>2,656</u>	<u>2,656</u>
	<u>\$ 28,165,226</u>	<u>\$ 28,165,226</u>

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

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions.

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation (the "Articles"), the Company may distribute its profits in accordance with the proposals made by the Company's board of directors for a distribution plan and approved in the annual shareholders' meeting. While distributing any profit, the profit shall be first utilized for offsetting losses of previous years, and 10% of the remaining profit shall be set aside as a legal reserve until the accumulated legal reserve equals the Company's paid-in capital. Secondly, the Company shall appropriate the remaining profit to a special reserve in accordance with the Applicable Public Company Rules or as requested by the competent authorities. Any remaining profit together with any undistributed retained earnings may be distributed as dividends (including cash dividends and share dividends) or bonuses under the Company Law of the Cayman Islands and Applicable Public Company Rules after taking into consideration the financial, business and operational factors. The total amount to be distributed as dividends shall be no less than 10 % of the remaining profit, where the total amount of the distributed cash dividends shall be greater than 10 % of the total dividends. However, if dividends per share is less than NT\$1 in any given year, the aforementioned 10% threshold shall not apply. The Company may decide to distribute cash dividends or share dividends in whole or in part at its sole discretion. If the Company's distribute earnings for the current year are less than 10% of the paid-in capital of the Company at the end of the fiscal year, the Company may decide not to pay any dividend (including cash dividends or stock dividends) for the current year. Refer to Note 24(f) for more information related to the Articles of association for distribution policy of employees' compensation and remuneration of directors.

The appropriation of earnings for 2019 were resolved by the annual shareholders' meeting on June 10, 2020 except for legal reserve of US\$636 thousand, there was no appropriations of earnings.

The appropriation of earnings for 2020 were resolved by the annual shareholders' meeting on July 8, 2021. The appropriation and dividends per share were as follows:

	Appropriation of Earnings		Cash Dividends Per Share (NT\$)
	(In Thousands of U.S. Dollars)	(In Thousands of N.T. Dollars)	
Legal reserve	<u>\$ 3,481</u>	<u>\$ 97,405</u>	
Cash dividend	<u>\$ 14,531</u>	<u>\$ 406,664</u>	<u>\$ 1</u>

The appropriations of earnings for 2020 in U.S. dollars were translated into NTD based on the average spot rates for buying and selling published by the Bank of Taiwan prior to the date of the annual shareholders' meeting of US\$1 to NT\$27.985.

d. Other equity items

Exchange differences on translation of financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (226,291)	\$ 1,380,444
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	114,737	250,096
Exchange differences on translating to presentation currency	<u>(1,019,929)</u>	<u>(1,856,831)</u>
Balance at December 31	<u>\$ (1,131,483)</u>	<u>\$ (226,291)</u>

Unrealized valuation gain (loss) on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 1,083,190	\$ -
Recognized for the year		
Unrealized (loss) gain - equity instruments	(1,202,698)	1,083,190
Accumulated gain from disposal of equity instruments transferred to retained earnings	<u>(328,911)</u>	<u>-</u>
Balance at December 31	<u>\$ (448,419)</u>	<u>\$ 1,083,190</u>

e. Non-controlling interests

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 125,650	\$ -
Share in profit for the year	28,841	3,050
Other comprehensive income during the year		
Exchange differences on translating the financial statements of foreign operations	23	(215)
Exchange differences on translating to presentation currency	(3,728)	(4,241)
Change in ownership interest in AMPH (see Note 28)	<u>-</u>	<u>127,056</u>
Balance at December 31	<u>\$ 150,786</u>	<u>\$ 125,650</u>

23. REVENUE

	<u>For the Year Ended December 31</u>	
	2021	2020
Revenue from the sale of goods	\$ 102,270,298	\$ 113,799,232
Others	<u>818,447</u>	<u>783,967</u>
	<u>\$ 103,088,745</u>	<u>\$ 114,583,199</u>

The Group's revenue from the sale of touch modules, touch display and ITO glass-related products. Refer to Note 38 for the details of revenue.

Refer to Note 10 for the accounts receivable arising from the sale of goods.

24. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations:

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	\$ 595,832	\$ 756,031
Financial assets at amortized cost - financing products	-	9,992
Others	<u>18,537</u>	<u>9,965</u>
	<u>\$ 614,369</u>	<u>\$ 775,988</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income		
Rental income from operating lease		
Investment properties (see Notes 15,16 and 32)	\$ 28,388	\$ 29,023
Others	<u>15,797</u>	<u>27,859</u>
	44,185	56,882
Others	<u>148,102</u>	<u>163,801</u>
	<u>\$ 192,287</u>	<u>\$ 220,683</u>

c. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 473,154	\$ 631,439
Interest on lease liabilities	<u>167,184</u>	<u>123,531</u>
Total interest expense for financial liabilities measured at amortized cost	<u>\$ 640,338</u>	<u>\$ 754,970</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 4,190,958	\$ 5,708,654
Right-of-use assets	643,557	430,142
Investment properties	14,941	18,606
Intangible assets	<u>24,205</u>	<u>21,538</u>
	<u>\$ 4,873,661</u>	<u>\$ 6,178,940</u>

(Continued)

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 4,407,321	\$ 5,680,566
Operating expenses	427,194	455,262
Non-operating expenses	<u>14,941</u>	<u>21,574</u>
	<u>\$ 4,849,456</u>	<u>\$ 6,157,402</u>
An analysis of amortization by function		
Operating costs	\$ 7,977	\$ 609
Operating expenses	<u>16,228</u>	<u>20,929</u>
	<u>\$ 24,205</u>	<u>\$ 21,538</u>
		(Concluded)

e. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (see Note 21)		
Defined contribution plans	\$ 269,605	\$ 233,225
Defined benefit plans	<u>38</u>	<u>67</u>
	269,643	233,292
Other employee benefits	<u>8,382,584</u>	<u>8,689,757</u>
Total employee benefits expense	<u>\$ 8,652,227</u>	<u>\$ 8,923,049</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 6,624,566	\$ 6,520,857
Operating expenses	<u>2,027,661</u>	<u>2,402,192</u>
	<u>\$ 8,652,227</u>	<u>\$ 8,923,049</u>

f. Employees' compensation and remuneration of directors

In accordance with the amendments to the Company Act announced in May 2015, and the annual shareholders' meeting resolved to the amendment in the Articles on May 29, 2018, the Company accrued employees' compensation at rates of no less than 0.1% and remuneration of directors at rates of no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. If the Company has losses of previous years, net profit before income tax should be retained for offsetting the amount of those losses.

The employees' compensation and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 17, 2022 and March 11, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.93%	0.91%

Amount

	For the Year Ended December 31			
	2021		2020	
	In Thousands of U.S. Dollars	In Thousands of N.T. Dollars	In Thousands of U.S. Dollars	In Thousands of N.T. Dollars
Employees' compensation	\$ 388	\$ 10,940	\$ 355	\$ 10,516
Remuneration of directors	360	10,147	324	9,592

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

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

25. INCOME TAX RELATED TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 178,252	\$ 230,587
Adjustments for prior years	<u>(116,711)</u>	<u>(15,493)</u>
	<u>61,541</u>	<u>215,094</u>
Deferred tax		
In respect of the current year	416,982	703,269
Adjustments for prior years	(96,917)	(127,742)
Translation adjustments	<u>(3,921)</u>	<u>(13,725)</u>
	<u>316,144</u>	<u>561,802</u>
Income tax expense recognized in profit or loss	<u>\$ 377,685</u>	<u>\$ 776,896</u>

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

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	\$ <u>1,475,132</u>	\$ <u>1,811,269</u>
Income tax expense calculated at the statutory rate	\$ 306,014	\$ 518,994
Permanent differences	130,028	(40,861)
Deferred tax effect of earnings of subsidiaries	(363,133)	165,520
Unrecognized deductible temporary differences	(140,083)	(188,026)
Unrecognized loss carryforwards	660,140	478,226
Exchange differences on translating to presentation currency	(3,921)	(13,725)
Adjustments for prior years' tax	(213,628)	(143,235)
Others	<u>2,268</u>	<u>3</u>
Income tax expense recognized in profit or loss	\$ <u>377,685</u>	\$ <u>776,896</u>

The applicable tax rates used by subsidiaries to calculate deferred tax were as follows:

	December 31	
	2021	2020
TPKT, TPK HK (Taiwan Branch), and AMP (Taiwan Branch)	20%	20%
TPKC, TPKS, TPKJ, TPKG, TPKF, TPKP, TPKD, MTOH, TPKM, TPKMT, AMP XM, AUTO XM, TPKQ and TPKCA	15%-25%	15%-25%
TPK HK, TPKJ HK and AMP HK	16.5%	16.5%
TPKA	12.5%	12.5%
OTH and UYH	10%; 30%	10%; 30%
TPKU	36%	36%

b. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	\$ <u>37,037</u>	\$ <u>10,603</u>
Current tax liabilities		
Income tax payable	\$ <u>67,750</u>	\$ <u>31,846</u>

c. Deferred tax assets and liabilities

	December 31	
	2021	2020
Deferred tax assets		
Loss carryforwards	\$ 131,502	\$ 360,914
Unrealized warranty expenses	342,156	396,122
Unrealized losses on inventories	92,247	80,093
Unrealized impairment losses	289,860	580,591
Others	<u>384,759</u>	<u>486,320</u>
	\$ <u>1,240,524</u>	\$ <u>1,904,040</u>

(Continued)

	December 31	
	2021	2020
Deferred tax liabilities		
Unappropriated earnings of subsidiaries	\$ 2,331,045	\$ 2,786,418
Unrealized foreign exchange gains	2,658	12
Others	<u>71,161</u>	<u>9,899</u>
	<u>\$ 2,404,864</u>	<u>\$ 2,796,329</u>
		(Concluded)

- d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2021	2020
Loss carryforwards		
Expire in 5 years	\$ 15,093,813	\$ 16,605,341
Expire in 6-10 years	928,801	772,937
More than 10 years	<u>29,047</u>	<u>52,291</u>
	<u>\$ 16,051,661</u>	<u>\$ 17,430,569</u>
Deductible temporary differences		
Unrealized impairment losses	\$ 2,313,778	\$ 3,015,587
Others	<u>243,764</u>	<u>248,099</u>
	<u>\$ 2,557,542</u>	<u>\$ 3,263,686</u>

- e. Information about unused loss carryforwards

Loss carryforwards of subsidiaries as of December 31, 2021 were comprised of:

Year of Loss	Unused Amount	Creditable Amount	Expiry Year
2010	\$ 1,062	\$ 94	2030
2011	24,053	2,126	2031
2012	8,392	742	2032
2016	48,305	9,661	2026
2017	3,428,496	735,165	2022 and 2027
2018	3,020,091	625,465	2023, 2038 and no expiry year
2019	2,813,611	581,681	2024, 2039 and no expiry year
2020	3,984,681	857,786	2025 and 2030
2021	<u>3,248,977</u>	<u>724,313</u>	2026, 2031 and 2041
	<u>\$ 16,577,668</u>	<u>\$ 3,537,033</u>	

- f. Income tax assessment

The income tax returns though 2019 of TPKT and TPK HK Taiwan Branch have been assessed by the tax authorities.

26. EARNINGS PER SHARE

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2021	2020
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 1,068,606</u>	<u>\$ 1,031,323</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	406,664	406,664
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonuses issued to employees	<u>285</u>	<u>227</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>406,949</u>	<u>406,891</u>

If the Group offers to settle the compensation or bonuses paid to employees in cash or shares, the Group will assume that the entire amount of the compensation or bonuses to be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plans

In May 2010 and November 2015, 9,000 units and 10,000 units of options were respectively granted to qualified employees of the Company and its subsidiaries. Each unit of options entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted in 2010, and 2015 are valid for 10 years, and 5 years, respectively, and are exercisable at certain percentages after the second anniversary from the grant date. For any subsequent changes in the Company's capital surplus (via share dividend distributions and capital reductions other than by the cancellation of treasury shares), the exercise price shall be adjusted accordingly.

Information on employee share options was as follows (for the Year Ended December 31, 2021: None):

Employee Share Options	For the Year Ended December 31, 2020	
	Units of Options	Weighted- average Exercise Price (NT\$)
Balance at January 1	6,046	\$ 99.9
Options forfeited	(821)	100.0
Options expired	<u>(5,225)</u>	<u>99.9</u>
Balance at December 31	<u>-</u>	<u>-</u>
Options exercisable, end of year	<u>-</u>	<u>-</u>

Options granted were priced using the Black-Scholes pricing model and the inputs for the model were as follows:

Issue date	November 2015	May 2010
Grant date share price (NT\$)	\$101	\$155
Exercise price (NT\$)	\$101	\$164
Expected volatility	50.90%-51.78%	51.65%-52.01%
Expected life	3.5-4.5 years	6-7 years
Expected dividend yield	-	-
Risk-free interest rate	0.68%-0.79%	1.44%-1.51%

Expected volatility was based on the historical share price volatility of similar industries.

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In August 2020, the Group did not subscribe for the new shares of its subsidiary, AMPH, in accordance with its shareholding percentage, causing the percentage of ownership of AMPH to decrease from 100% to 57.69%. The above transaction was accounted for as an equity transaction since the Group did not cease to have control over the subsidiary. The capital surplus of \$2,656 thousand increased due to the equity transaction.

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2021 and 2020:

As of December 31, 2021 and 2020, the Group's payables for the purchase of equipment amounted to \$778,734 thousand and \$941,126 thousand, respectively.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			New Leases	Amortization of Finance Costs	Exchange rate Changes	Others	
Short-term borrowings	\$ 3,400,323	\$ (284,453)	\$ -	\$ -	\$ (316,657)	\$ -	\$ 2,799,213
Long-term borrowings (including current portion)	14,917,872	(750,202)	-	-	(306,187)	-	13,861,483
Guarantee deposits received	29,489	4,146	-	-	-	-	33,635
Lease liabilities	3,543,631	(831,386)	1,130,485	167,184	(34,262)	(4,794)	3,970,518
Other liabilities	395,944	(86,382)	-	-	-	-	309,562
	<u>\$ 22,287,259</u>	<u>\$ (1,948,277)</u>	<u>\$ 1,130,145</u>	<u>\$ 167,184</u>	<u>\$ (657,106)</u>	<u>\$ (4,794)</u>	<u>\$ 20,974,411</u>

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			New Leases	Amortization of Finance Costs	Exchange rate Changes	Others	
Short-term borrowings	\$ 6,492,737	\$ (2,420,489)	\$ -	\$ -	\$ (671,925)	\$ -	\$ 3,400,323
Long-term borrowings (including current portion)	13,176,845	2,149,906	-	-	(408,879)	-	14,917,872
Guarantee deposits received	30,749	(1,260)	-	-	-	-	29,489
Lease liabilities	1,944,891	(324,028)	1,738,084	123,531	65,383	(4,230)	3,543,631
Other liabilities	752,969	65,393	-	-	-	(422,418)	395,944
	<u>\$ 22,398,191</u>	<u>\$ (530,478)</u>	<u>\$ 1,738,084</u>	<u>\$ 123,531</u>	<u>\$ (1,015,421)</u>	<u>\$ (426,648)</u>	<u>\$ 22,287,259</u>

30. CAPITAL MANAGEMENT

The capital structure of the Group consists of its net debt and equity. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of its debt and equity balance. Key management personnel of the Group review the capital structure periodically. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

31. FINANCIAL INSTRUMENTS

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

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values, or that their fair values cannot be measured reliably.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 270,637	\$ 2,018	\$ 272,655
Foreign listed shares with stock options	100,097	-	-	100,097

(Continued)

	Level 1	Level 2	Level 3	Total
Foreign private fund	\$ -	\$ -	\$ 518,979	\$ 518,979
Foreign convertible bonds	<u>-</u>	<u>-</u>	<u>66,542</u>	<u>66,542</u>
	<u>\$ 100,097</u>	<u>\$ 270,637</u>	<u>\$ 587,539</u>	<u>\$ 958,273</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign listed ordinary shares	\$ 1,510,287	\$ -	\$ -	\$ 1,510,287
Trade receivables, net	-	3,181,456	-	3,181,456
Other receivables, net	<u>-</u>	<u>2,273,881</u>	<u>-</u>	<u>2,273,881</u>
	<u>\$ 1,510,287</u>	<u>\$ 5,455,337</u>	<u>\$ -</u>	<u>\$ 6,965,624</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ 3,061</u>	<u>\$ 348,709</u>	<u>\$ -</u>	<u>\$ 351,770</u> (Concluded)

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 1,142,450	\$ -	\$ 1,142,450
Foreign private fund	<u>-</u>	<u>-</u>	<u>377,889</u>	<u>377,889</u>
	<u>\$ -</u>	<u>\$ 1,142,450</u>	<u>\$ 377,889</u>	<u>\$ 1,520,339</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign listed ordinary shares	\$ 3,930,240	\$ -	\$ -	\$ 3,930,240
Trade receivables, net	-	3,001,197	-	3,001,197
Other receivables, net	<u>-</u>	<u>1,174,419</u>	<u>-</u>	<u>1,174,419</u>
	<u>\$ 3,930,240</u>	<u>\$ 4,175,616</u>	<u>\$ -</u>	<u>\$ 8,105,856</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 1,181,289</u>	<u>\$ -</u>	<u>\$ 1,181,289</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTPL			Total
	Derivative Financial Assets	Other Financial Assets	Hybrid Instruments	
Balance at January 1, 2021	\$ -	\$ 377,889	\$ -	\$ 377,889
Recognized in profit or loss	(2,673)	163,977	6,334	167,638
Purchases	4,691	51,983	60,790	117,464
Sales	-	(62,107)	-	(62,107)
Effects of foreign currency exchange differences	-	(12,763)	(582)	(13,345)
Balance at December 31, 2021	<u>\$ 2,018</u>	<u>\$ 518,979</u>	<u>\$ 66,542</u>	<u>\$ 587,539</u>

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTPL		Financial Assets at FVTOCI	Total
	Other Financial Assets	Hybrid Instruments	Equity Instruments	
Balance at January 1, 2020	\$ 77,755	\$ -	\$ 156,325	\$ 234,080
Recognized in profit or loss	(6,948)	(44,235)	-	(51,183)
Reclassification	(18,310)	-	-	(18,310)
Purchases	337,887	44,970	-	382,857
Sales	-	-	(151,094)	(151,094)
Effects of foreign currency exchange differences	(12,495)	(735)	(5,231)	(18,461)
Balance at December 31, 2020	<u>\$ 377,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377,889</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

The fair values of the Group's financial assets and liabilities were determined using methods and assumptions as follows:

- The fair values of foreign exchange forward contracts were determined using quoted prices of forward exchange rates and yield rates. Yield rates are estimated at quoted interest rates with the same contract period.
- The fair values of foreign exchange option contracts were determined using spot exchange rate on valuation date, exercise price of options, exchange rate volatility, contract period and quoted prices of risk-free interest rate with the same contract period.
- The fair values of trade receivables and other receivables at FVTOCI were discounted at a rate that reflected the credit risk of various counterparties and estimated future cash flows.

4) Valuation techniques and inputs applied for Level 3 fair value measurement.

The foreign private fund held by the Group were determined using the asset-based approach and were based on the net asset value measured at fair value and the investment agreement.

The fair values of foreign convertible bonds held by the Group were determined using the binomial tree model.

The fair values of derivative financial assets - foreign private equity warrants held by the Group were assessed based on the fair values of similar instruments in the market, taking into consideration the liquidity discount.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 958,273	\$ 1,520,339
Financial assets at amortized cost (1)	33,793,093	35,851,717
Financial assets at FVTOCI		
Equity instruments	1,510,287	3,930,240
Debt instruments	5,455,337	4,175,616
Refundable deposits	113,555	113,399
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	351,770	1,181,289
Financial liabilities at amortized cost (2)	31,727,344	34,562,939
Guarantee deposits received	33,635	29,489

1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, financing products, trade receivables and other receivables (excluding trade receivables and other receivables at FVTOCI).

2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes and accounts payable, payables for purchase of equipment, Other payables - others, current portion of long-term borrowings, and long-term borrowings.

d. Financial risk management objectives and policies

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

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives are governed by the Group's policies approved by the Company's board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use financial derivatives and non-derivative financial instrument, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Significant financial activities of the Group should be reviewed by the Company's board of directors to ensure compliance with the related regulations and internal control rules. During the execution of financial plans, the Group shall comply with the financial operating procedures and overall financial risk management policies.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contract.

The material carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 36. The carrying amounts of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 7.

b) Analysis of sensitivity for foreign currency risk

The Group was mainly exposed to RMB, NTD, JPY and EUR.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rate is 5%. The sensitivity analysis included outstanding foreign currency denominated monetary items and derivatives, and adjusted their translation at the end of the year for a 5% change in foreign currency rates.

	Impact on Profit or Loss If USD Strengthened 5% Against the Relevant Currency	
	For the Year Ended December 31	
	2021	2020
RMB	\$ 472,014	\$ 536,619
NTD	(25,094)	(53,064)
JPY	1,547	2,417
EUR	868	2,449

	Impact on Profit or Loss If USD Weakened 5% Against the Relevant Currency	
	For the Year Ended December 31	
	2021	2020
RMB	\$ 779,165	\$ (483,413)
NTD	27,736	58,649
JPY	(1,710)	(2,671)
EUR	(959)	(2,707)

c) Interest rate risk

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

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 17,603,042	\$ 16,493,911
Financial liabilities	8,007,298	10,706,420
Cash flow interest rate risk		
Financial assets	5,986,912	8,787,302
Financial liabilities	12,623,916	11,155,406

d) Analysis of sensitivity to interest rate risk

The sensitivity analysis was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher and all other variables were held constant, the Group's the pre-tax profit for the years ended December 31, 2021 and 2020 would decrease by \$33,185 thousand and decrease by \$11,841 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and its variable-rate bank borrowings.

e) Other price risk

The Group was exposed to price risk through its investments in financial instruments at fair value through profit or loss, equity instruments at FVTOCI, funds and convertible bonds. For the years ended December 31, 2021 and 2020, if prices of equity instruments, funds and convertible bonds had been 5% higher/lower, pre-tax profit for the year would have increased/decreased by \$34,281 thousand and \$18,894 thousand, and pre-tax other comprehensive income would have increased/decreased by \$75,514 thousand and \$196,512 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the year, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to the failure of counterparties to discharge an obligation, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of using internal and external credit ratings, only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty-limits that are reviewed and approved by the risk management committee semi-annually.

The Group authorized and approved hierarchical credit lines and monitored trade receivables periodically based on the related trade receivables aging, thus reducing bad debts or overdue trade. Then, at the end of the year, the Group would assess line by line its collectable amounts, allowance for impairment loss, and amounts of impairment recognized on trade receivables. Therefore, the management believed that the credit management of the Group fully covered the credit risk.

The Group's concentration of credit risk of 72.49% and 72.26% in total trade receivables as of December 31, 2021 and 2020, respectively, was related to the Group's the five largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized short-term bank loan facilities of \$44,326,182 thousand and \$45,027,934 thousand, respectively.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details of the Group's remaining contractual maturities for its short-term and long-term borrowings and lease liabilities. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2021

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Variable interest rate borrowings	\$ 830,398	\$ 1,736,090	\$ 711,930	\$ 9,345,498	\$ -
Fixed interest rate borrowings	432,561	371,958	2,401,374	830,887	-
Lease liabilities	<u>93,017</u>	<u>32,364</u>	<u>338,469</u>	<u>1,284,340</u>	<u>2,222,328</u>
	<u>\$ 1,355,976</u>	<u>\$ 2,140,412</u>	<u>\$ 3,451,773</u>	<u>\$ 11,460,725</u>	<u>\$ 2,222,328</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 463,850</u>	<u>\$1,284,340</u>	<u>\$ 731,730</u>	<u>\$ 939,662</u>	<u>\$ 550,936</u>	<u>\$ -</u>

December 31, 2020

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Variable interest rate borrowings	\$ -	\$ 32,702	\$ 1,456,702	\$ 9,666,002	\$ -
Fixed interest rate borrowings	760,017	645,214	3,856,784	1,900,774	-
Lease liabilities	<u>194,892</u>	<u>33,020</u>	<u>328,476</u>	<u>1,048,363</u>	<u>1,938,880</u>
	<u>\$ 954,909</u>	<u>\$ 710,936</u>	<u>\$ 5,641,962</u>	<u>\$ 12,615,139</u>	<u>\$ 1,938,880</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 556,388</u>	<u>\$1,408,363</u>	<u>\$ 676,130</u>	<u>\$ 677,988</u>	<u>\$ 584,762</u>	<u>\$ -</u>

The following table details the Group's expected maturity for some of its non-derivative financial assets. The table below was drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

December 31, 2021

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years
<u>Non-derivative financial assets</u>				
Variable interest rate assets	\$ 5,986,912	\$ -	\$ -	\$ -
Fixed interest rate assets	<u>4,013,600</u>	<u>3,768,180</u>	<u>3,233,419</u>	<u>6,587,843</u>
	<u>\$ 10,000,512</u>	<u>\$ 3,768,180</u>	<u>\$ 3,233,419</u>	<u>\$ 6,587,843</u>

December 31, 2020

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years
<u>Non-derivative financial assets</u>				
Variable interest rate assets	\$ 8,787,302	\$ -	\$ -	\$ -
Fixed interest rate assets	<u>7,890,811</u>	<u>4,548,970</u>	<u>303,891</u>	<u>3,750,239</u>
	<u>\$ 16,678,113</u>	<u>\$ 4,548,970</u>	<u>\$ 303,891</u>	<u>\$ 3,750,239</u>

For non-interest-bearing liabilities recorded as notes and trade payable, payables for purchase of equipment and other payables, the Company has set up the financial risk management policy to secure payment for all the payables prior to the expiry of the credit terms.

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,885</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 2,567,797	\$ 3,141,012	\$ -	\$ -	\$ -
Outflows	<u>(2,565,419)</u>	<u>(3,135,231)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,378</u>	<u>\$ 5,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Net settled

Foreign exchange forward contracts	\$ -	\$ 570,254	\$ 633,557	\$ -	\$ -
Foreign exchange option contracts	<u>-</u>	<u>(551,616)</u>	<u>(588,608)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 18,638</u>	<u>\$ 44,949</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2021	2020
Unsecured bank overdraft facility, reviewed annually and payable on demand:		
Amount used	\$ 20,821,661	\$ 24,645,217
Amount unused	<u>48,106,404</u>	<u>47,581,617</u>
	<u>\$ 68,928,065</u>	<u>\$ 72,226,834</u>

e. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the year were as follows:

December 31, 2021

Subsidiary	Counterparties	Currencies	Receivables Factoring Proceeds	Amounts Reclassified to Other Receivables	Advances Received Unused	Advances Received Used	Annual Interest Rates on Advances Received (Used) (%)
TPK HK	A Bank	US\$	\$ 178,394	\$ 82,149	\$ 82,149	\$ 96,245	2M Libor + 0.48%
		NT\$	<u>\$ 4,937,934</u>	<u>\$ 2,273,881</u>	<u>\$ 2,273,881</u>	<u>\$ 2,664,053</u>	

December 31, 2020

Subsidiary	Counterparties	Currencies	Receivables Factoring Proceeds	Amounts Reclassified to Other Receivables	Advances Received Unused	Advances Received Used	Annual Interest Rates on Advances Received (Used) (%)
TPK HK	A Bank	US\$	\$ 193,207	\$ 41,237	\$ 41,237	\$ 151,970	2M Libor + 0.48%
		NT\$	<u>\$ 5,502,531</u>	<u>\$ 1,174,419</u>	<u>\$ 1,174,419</u>	<u>\$ 4,328,112</u>	

Pursuant to the factoring agreements, losses from sales returns and allowances were borne by the Group, while losses from credit risk shall be borne by the Bank.

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party names and categories

Related Party Name	Related Party Category
Cando Corporation	Associate
TES Touch Embedded Solutions Inc. (Taiwan Branch)	Related party in substance
TES Touch Embedded Solutions (Xiamen) Co., Ltd.	Related party in substance
BTO Technologies (Xiamen) Ltd. ("BTO")	Related party in substance
Vision Optical Technologies (Xiamen) Inc. ("VOT")	Related party in substance
Pan Shi (Xiamen) Real Estate Development Inc.	Related party in substance

(Continued)

Related Party Name	Related Party Category
Taiwan Video & Monitor Corp. (“Taiwan VM”)	Related party in substance
Cambrios Film Solutions Corporation (Taiwan Branch)	Related party in substance
Cambrios Film Solutions Corporation (“Cambrios Film”)	Related party in substance
Cambrios Advanced Materials Corporation	Related party in substance
Cambrios Film Solutions Japan Corporation	Related party in substance
Shanghai Jiuejie Information Technology Corporation	Related party in substance
Liangyi industry and trade (Xiamen) Co., Ltd.	Related party in substance
Cambrios Film Solutions (Xiamen) Corporation (“Cambrios Film Xiamen”)	Related party in substance
	(Concluded)

b. Sales and other income

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
1) Operating revenue, net		
Other related parties	<u>\$ 863,851</u>	<u>\$ 803,881</u>
2) Rental income (recorded as other income)		
Other related parties		
Cambrios Film Xiamen	\$ 691	\$ 10,727
Others	<u>4,282</u>	<u>4,162</u>
	<u>\$ 4,973</u>	<u>\$ 14,889</u>
3) Other income		
Other related parties		
BTO	\$ 6,817	\$ 26,026
Others	<u>1,572</u>	<u>14,538</u>
	<u>\$ 8,389</u>	<u>\$ 40,564</u>

Subsidiaries leased plants, offices and equipment to related parties under mutual lease agreements with monthly rental payments.

c. Purchases of goods, costs and expenses

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
1) Purchases of goods		
Other related parties	<u>\$ 310,231</u>	<u>\$ 335,664</u>
2) Research expenses		
Other related parties	<u>\$ 4,385</u>	<u>\$ 5,692</u>

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
3) Supplies		
Other related parties	\$ <u>3,227</u>	\$ <u>637</u>
4) Professional service fees		
Other related parties		
Cambrios Film	\$ 16,721	\$ 17,741
Others	<u>15,527</u>	<u>18,878</u>
	\$ <u>32,248</u>	\$ <u>36,619</u>
5) Repairs and other expenses		
Other related parties	\$ <u>1,475</u>	\$ <u>1,512</u>

d. Receivables from (payables to) related parties

Related Party Category/Name	December 31	
	2021	2020
1) Trade receivables - related parties (recorded as trade receivables)		
Other related parties	\$ <u>85,279</u>	\$ <u>144,356</u>
2) Trade payables - related parties (recorded as trade payables)		
Associates	\$ 3,595	\$ 3,698
Other related parties	<u>51,153</u>	<u>52,981</u>
	\$ <u>54,748</u>	\$ <u>56,679</u>

The outstanding payables to related parties are unsecured and will be settled in cash. No guarantees were received for receivables from related parties.

Related Party Category/Name	December 31	
	2021	2020
3) Other receivables - related parties (recorded as other receivables)		
Other related parties	\$ <u>1,015</u>	\$ <u>11,750</u>
4) Payables for purchase of equipment - related parties (recorded as payable for purchase of equipment)		
Other related parties	\$ <u>30</u>	\$ <u>-</u>
5) Other payables - related parties (recorded as other payables - others)		
Other related parties	\$ <u>16,452</u>	\$ <u>24,383</u>

e. Others

Related Party Category/Name	December 31	
	2021	2020
Refundable deposits		
Other related parties		
VOT	\$ 15,190	\$ 15,261
Others	<u>7,523</u>	<u>7,523</u>
	<u>\$ 22,713</u>	<u>\$ 22,784</u>

Refundable deposits are the security deposits for leasing parts of plants and offices from related parties during the lease period from 2019 to 2024. For the years ended December 31, 2021 and 2020, the interest income on the deposits were \$3 thousand and \$4 thousand, respectively.

f. Acquisition of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Other related parties	<u>\$ 85</u>	<u>\$ -</u>

g. Disposals of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31	
	2021	2020
Taiwan VM	\$ 615	\$ -
Cambrios Film Xiamen	<u>8</u>	<u>(258,119)</u>
	<u>\$ 623</u>	<u>\$ (258,119)</u>

Related Party Category/Name	Gains on Disposals For the Year Ended December 31	
	2021	2020
Taiwan VM	\$ 615	\$ -
Cambrios Film Xiamen	<u>2</u>	<u>-</u>
	<u>\$ 617</u>	<u>\$ -</u>

The proceeds from disposals in 2020 included the amount of \$8,162 thousand from the sale of equipment to Cambrios Film Xiamen, and the Group canceled the 2019 equipment transaction with Cambrios Film Xiamen in order to adjust the demand, and therefore decreased the proceeds of the disposal by \$266,281 thousand.

- h. Lease arrangements - the Group is lessee (as of December 31, 2021: None)

Line Item	Related Party Category/Name	December 31, 2020
1) Lease liabilities - current	Other related parties	
	BTO	\$ 70,126
	VOT	45,396
	Taiwan VM	<u>30,414</u>
		<u>\$ 145,936</u>

Line Item	Related Party Category/Name	For the Year Ended December 31 2021	2020
2) Interest expense	Other related parties	<u>\$ 2,738</u>	<u>\$ 8,154</u>

The Group leased buildings from other related parties for the use of plant and office spaces. The contents of the contracts were determined by both sides, and the fixed lease payments are paid monthly. Refer to Note 15 for the renewed lease commitments with related parties starting from January 2022.

- i. Endorsements and guarantees

As of December 31, 2021 and 2020, guarantees for long-term and short-term borrowings and credit limits for foreign exchange hedges provided by related parties were as follows:

	December 31, 2021		
	US\$	NT\$	Guarantor
TPKD	\$ 34,496	\$ 954,849	TPKH
TPKD	34,496	954,849	TPKC
TPK HK	47,040	1,302,067	TPKC
	December 31, 2020		
	US\$	NT\$	Guarantor
TPKD	\$ 33,682	\$ 959,263	TPKH
TPKD	33,682	959,263	TPKC
TPK HK	45,930	1,308,086	TPKC

Other related parties that have substantive related party relationship with the Company and the transaction price and payment terms of related parties are provided in Table 7 following the Notes to Consolidated Financial Statements.

- j. Remuneration of key management personnel

For the years ended December 31, 2021 and 2020, the total amounts of the remuneration of directors and other key management personnel were as follows:

	For the Year Ended December 31 2021	2020
Short-term employee benefits	\$ 73,122	\$ 76,966
Post-employment benefits	<u>880</u>	<u>927</u>
	<u>\$ 74,002</u>	<u>\$ 77,893</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for customs guarantee and bank guarantee:

	December 31	
	2021	2020
Bank deposits (classified as financial assets at amortized cost)	<u>\$ 17,769</u>	<u>\$ 844</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2021 and 2020 were as follows:

- a. As of December 31, 2021 and 2020, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$289,427 thousand and \$136,240 thousand, respectively.
- b. Unrecognized commitments are as follows:

	December 31	
	2021	2020
Acquisition of property, plant and equipment	<u>\$ 344,058</u>	<u>\$ 549,872</u>

35. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Group's overseas operating locations have postponed the resumption of operations in the first quarter of 2020. However, all the operations resumed before February 2020. The Group evaluates that the effect of COVID-19 is not significant.

The Group has successively applied to the government for various subsidies such as salaries, working capital and taxes, etc., and negotiated with the lessor to decrease the rent of plants and offices; refer to Note 15 for more information. Additionally, according to the local government announcement, parts of the Group's subsidiaries in China are eligible for the reduction in payments or exemption from the retirement, unemployment, industrial injury, and medical insurance from February to June 2020.

The Group's main operating location is China; operations in Taiwan have not been affected by the outbreak of the COVID-19 pandemic that is currently in Taiwan.

Based on the information available as of the balance sheet date, the Group considered the economic implications of the epidemic when making its critical accounting estimates.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currency and the related the exchange rates between the foreign currencies and the respective functional currency were as follows:

(All Currencies in Thousands)

December 31, 2021			
	Foreign Currency	Exchange Rate	U.S. Dollars
<u>Financial assets</u>			
Monetary items			
RMB	\$ 2,009,766	6.3757	\$ 315,131
NTD	762,897	27.6800	27,561
JPY	101,616	115.0936	883
EUR	80	0.8838	91
Non-monetary items			
Derivative instruments			
RMB buy	3,223,578	6.3757	9,777
<u>Financial liabilities</u>			
Monetary items			
RMB	2,656,987	6.3757	416,616
NTD	235,918	27.6800	8,523
JPY	236,703	115.0936	2,057
EUR	662	0.8838	749
Non-monetary items			
Derivative instruments			
RMB sell	2,000,935	6.3757	12,598
December 31, 2020			
	Foreign Currency	Exchange Rate	U.S. Dollars
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,487,793	6.5325	\$ 227,781
NTD	1,389,846	28.4800	48,801
JPY	116,209	103.3007	1,125
EUR	80	0.8151	99
Non-monetary items			
Derivative instruments			
RMB buy	5,047,783	6.5325	40,114

(Continued)

	December 31, 2020		
	Foreign Currency	Exchange Rate	U.S. Dollars
<u>Financial liabilities</u>			
Monetary items			
RMB	\$ 2,527,868	6.5325	\$ 387,017
NTD	275,507	28.4800	9,674
JPY	300,289	103.3007	2,907
EUR	1,552	0.8151	1,904
Non-monetary items			
Derivative instruments			
Foreign exchange options	3,071,370	6.5325	41,192
RMB sell	654,317	6.5325	286
			(Concluded)

The realized and unrealized net foreign exchange losses were \$28,155 thousand and \$306,991 thousand for the years ended December 31, 2021 and 2020, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group entities.

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries). (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (Table 6)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 8)
- 9) Trading in derivative instruments. (Notes 7 and 31)
- 10) Intercompany relationships and significant intercompany transactions. (Table 11)

b. Information on investees (Table 9)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investee, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 10)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 1, 2, 7 and 8)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 12)

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable is the touch modules segment. The related information was as follows:

a. Information of reportable segment's gains or losses and assets

	For the Year Ended December 31					
	2021			2020		
	Touch Modules	Others	Total	Touch Modules	Others	Total
Revenue from external customers	\$ 103,010,028	\$ 78,717	\$ 103,088,745	\$ 114,538,573	\$ 44,626	\$ 114,583,199
Inter-segment revenue	423,145	7,053,834	7,476,979	217,012	7,229,754	7,446,766
Interest income	656,343	13,377	669,720	809,194	12,218	821,412
Finance costs	567,133	145,421	712,554	631,024	196,026	827,050
Depreciation and amortization	3,905,783	967,878	4,873,661	4,855,921	1,323,019	6,178,940
Impairment loss on assets	309,277	-	309,277	18,572	-	18,572
Reportable segment profit before tax	1,142,353	821,407	1,963,760	3,882,483	1,095,501	4,977,984
Reportable segment income tax expense	(220,084)	(157,601)	(377,685)	(634,727)	(142,169)	(776,896)
Reportable segment net profit	922,269	663,806	1,586,075	3,247,756	953,332	4,201,088
Reportable segment assets	93,241,271	78,186,804	171,428,075	85,899,408	79,249,207	165,148,615
Reportable segment capital expenditure on acquisition of property, plant and equipment and intangible assets	1,015,438	278,038	1,293,476	1,551,930	314,900	1,866,830

b. Reportable segment's gains or losses and other significant items reconciliation

1) Segment revenues and results

Profit and Loss	For the Year Ended December 31	
	2021	2020
Reportable segment profit before tax	\$ 1,142,353	\$ 3,882,483
Reportable segment income tax expense	(220,084)	(634,727)
Reportable segment net profit	922,269	3,247,756
Non-reportable segment's profit	663,806	953,332
Less: Inter-segment profit	(488,628)	(3,166,715)
Less: Net profit on non-controlling interests	(28,841)	(3,050)
Net profit attributable to owners of the Company	<u>\$ 1,068,606</u>	<u>\$ 1,031,323</u>

2) Other significant items reconciliation

For the Year Ended December 31, 2021				
Other Significant Items	Total Amount of Reportable Segment	Total Amount of Non- reportable Segment	Reconciliation	Total
Interest income	\$ 656,343	\$ 13,377	\$ (55,351)	\$ 614,369
Finance costs	567,133	145,421	(72,216)	640,338
Capital expenditure on acquisition of property, plant and equipment and intangible assets	1,015,438	278,038	(312,561)	980,915
Depreciation and amortization	3,905,783	967,878	-	4,873,661
Impairment loss on assets	309,277	-	-	309,277

For the Year Ended December 31, 2020				
Other Significant Items	Total Amount of Reportable Segment	Total Amount of Non- reportable Segment	Reconciliation	Total
Interest income	\$ 809,194	\$ 12,218	\$ (45,424)	\$ 775,988
Finance costs	631,024	196,026	(72,080)	754,970
Capital expenditure on acquisition of property, plant and equipment and intangible assets	1,551,930	314,900	(183,797)	1,683,033
Depreciation and amortization	4,855,921	1,323,019	-	6,178,940
Impairment loss on assets	18,572	-	-	18,572

3) Revenue from major products and services

The Company and its subsidiaries categorized reportable segment based on the type of products. There were no specific additional disclosures for products and revenue.

4) Geographical information

The Group operate in three principal geographical areas - Taiwan, China and the United States (“USA”).

The Group’s revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from		Non-current Assets	
	External Customers		December 31	
	For the Year Ended December 31			
	2021	2020	2021	2020
North America	\$ 51,671,714	\$ 53,022,012	\$ 186,700	\$ 179,271
Asia	38,827,615	39,296,552	23,056,883	27,046,613
Europe	12,589,673	22,263,216	-	-
Others	<u>(257)</u>	<u>1,419</u>	<u>-</u>	<u>-</u>
	<u>\$ 103,088,745</u>	<u>\$ 114,583,199</u>	<u>\$ 23,243,583</u>	<u>\$ 27,225,884</u>

Non-current assets above excludes deferred tax assets and financial assets at FVTPL.

5) Information about major customers

Customers who contributed 10% or more to the Group’s revenue for the years ended December 31, 2021 and 2020 are as follows:

	For the Year Ended December 31	
	2021	2020
Customer A	\$ 48,268,927	\$ 59,910,965
Customer B	<u>10,987,707</u>	<u>13,566,037</u>
	<u>\$ 59,256,634</u>	<u>\$ 73,477,002</u>

TABLE 1

TPK HOLDING CO., LTD. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands)**

No. (Note 1)	Lender	Borrower	Financial Statements Account	Related Parties	Highest Balance for the Period (Notes 5 and 6)	Ending Balance (Notes 5 and 6)	Actual Borrowing Amount (Note 5)	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 5)	Aggregate Financing Limit (Notes 3 and 5)	Note
													Item	Value			
1	TPKC	TPKG	Loan to related parties	Y	NT\$ 12,179,200 (approximately US\$ 440,000)	NT\$ 6,089,600 (approximately US\$ 220,000)	NT\$ 2,491,200 (approximately US\$ 90,000)	0.0000%	b	\$ -	Operating capital	\$ -	-	\$ -	NT\$ 66,709,950 (approximately US\$ 2,410,042)	NT\$ 83,387,438 (approximately US\$ 3,012,552)	
		MTOH	Loan to related parties	Y	NT\$ 4,428,800 (approximately US\$ 160,000)	NT\$ 830,400 (approximately US\$ 30,000)	NT\$ 258,531 (approximately US\$ 9,340)	0.0000%	b	-	Operating capital	-	-	-	NT\$ 66,709,950 (approximately US\$ 2,410,042)	NT\$ 83,387,438 (approximately US\$ 3,012,552)	
		TPKP	Loan to related parties	Y	NT\$ 22,005,600 (approximately US\$ 795,000)	NT\$ 8,027,200 (approximately US\$ 290,000)	NT\$ 6,809,341 (approximately US\$ 246,002)	0.0000%	b	-	Operating capital	-	-	-	NT\$ 66,709,950 (approximately US\$ 2,410,042)	NT\$ 83,387,438 (approximately US\$ 3,012,552)	
		TPKD	Loan to related parties	Y	NT\$ 8,857,600 (approximately US\$ 320,000)	NT\$ 4,705,600 (approximately US\$ 170,000)	NT\$ 2,239,312 (approximately US\$ 80,900)	0.0000%	b	-	Operating capital	-	-	-	NT\$ 66,709,950 (approximately US\$ 2,410,042)	NT\$ 83,387,438 (approximately US\$ 3,012,552)	
		TPKS	Loan to related parties	Y	NT\$ 1,660,800 (approximately US\$ 60,000)	NT\$ 553,600 (approximately US\$ 20,000)	NT\$ 207,600 (approximately US\$ 7,500)	0.0000%	b	-	Operating capital	-	-	-	NT\$ 66,709,950 (approximately US\$ 2,410,042)	NT\$ 83,387,438 (approximately US\$ 3,012,552)	
		TPKQ	Loan to related parties	Y	NT\$ 83,040 (approximately US\$ 3,000)	NT\$ 83,040 (approximately US\$ 3,000)	NT\$ 24,218 (approximately US\$ 875)	0.0000%	b	-	Operating capital	-	-	-	NT\$ 66,709,950 (approximately US\$ 2,410,042)	NT\$ 83,387,438 (approximately US\$ 3,012,552)	
		TPK HK	Loan to related parties	Y	NT\$ 8,304,000 (approximately US\$ 300,000)	NT\$ 4,152,000 (approximately US\$ 150,000)	NT\$ 2,673,702 (approximately US\$ 96,593)	0.0000%	b	-	Operating capital	-	-	-	NT\$ 66,709,950 (approximately US\$ 2,410,042)	NT\$ 83,387,438 (approximately US\$ 3,012,552)	
2	TPK HK	TPKH	Loan to related parties	Y	NT\$ 13,840,000 (approximately US\$ 500,000)	NT\$ 6,920,000 (approximately US\$ 250,000)	NT\$ 5,951,200 (approximately US\$ 215,000)	0.8000%-0.9136%	b	-	Operating capital	-	-	-	NT\$ 16,251,516 (approximately US\$ 587,121)	NT\$ 20,314,395 (approximately US\$ 733,902)	
		TPKC	Loan to related parties	Y	NT\$ 5,536,000 (approximately US\$ 200,000)	NT\$ 2,768,000 (approximately US\$ 100,000)	- -	-	b	-	Operating capital	-	-	-	NT\$ 16,251,516 (approximately US\$ 587,121)	NT\$ 20,314,395 (approximately US\$ 733,902)	
		TPKG	Loan to related parties	Y	NT\$ 3,875,200 (approximately US\$ 140,000)	NT\$ 1,937,600 (approximately US\$ 70,000)	NT\$ 1,937,600 (approximately US\$ 70,000)	0.0000%	b	-	Operating capital	-	-	-	NT\$ 16,251,516 (approximately US\$ 587,121)	NT\$ 20,314,395 (approximately US\$ 733,902)	
		UYH	Loan to related parties - long-term	Y	NT\$ 830,400 (approximately US\$ 30,000)	NT\$ 830,400 (approximately US\$ 30,000)	NT\$ 830,400 (approximately US\$ 30,000)	0.0000%	b	-	Operating capital	-	-	-	NT\$ 16,251,516 (approximately US\$ 587,121)	NT\$ 20,314,395 (approximately US\$ 733,902)	
		AMPH	Loan to related parties	Y	NT\$ 415,200 (approximately US\$ 15,000)	NT\$ 138,400 (approximately US\$ 5,000)	- -	-	b	-	Operating capital	-	-	-	NT\$ 3,250,303 (approximately US\$ 117,424)	NT\$ 4,062,879 (approximately US\$ 146,780)	
		AMP HK	Loan to related parties	Y	NT\$ 415,200 (approximately US\$ 15,000)	NT\$ 138,400 (approximately US\$ 5,000)	- -	-	b	-	Operating capital	-	-	-	NT\$ 3,250,303 (approximately US\$ 117,424)	NT\$ 4,062,879 (approximately US\$ 146,780)	
3	TPKA	TPK HK	Loan to related parties - long-term	Y	NT\$ 1,550,080 (approximately US\$ 56,000)	NT\$ 1,550,080 (approximately US\$ 56,000)	NT\$ 775,040 (approximately US\$ 28,000)	0.0000%	b	-	Operating capital	-	-	-	NT\$ 7,194,416 (approximately US\$ 259,914)	NT\$ 8,993,020 (approximately US\$ 324,892)	
		TPK HK	Loan to related parties	Y	NT\$ 2,159,040 (approximately US\$ 78,000)	NT\$ 1,079,520 (approximately US\$ 39,000)	NT\$ 1,079,520 (approximately US\$ 39,000)	0.0000%	b	-	Operating capital	-	-	-	NT\$ 7,194,416 (approximately US\$ 259,914)	NT\$ 8,993,020 (approximately US\$ 324,892)	

(Continued)

No. (Note 1)	Lender	Borrower	Financial Statements Account	Related Parties	Highest Balance for the Period (Notes 5 and 6)	Ending Balance (Notes 5 and 6)	Actual Borrowing Amount (Note 5)	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 5)	Aggregate Financing Limit (Notes 3 and 5)	Note
													Item	Value			
4	TPKS	TPKC	Loan to related parties	Y	NT\$ 3,321,600 (approximately US\$ 120,000)	NT\$ 1,660,800 (approximately US\$ 60,000)	NT\$ - -	-	b	\$ -	Operating capital	\$ -	-	\$ -	NT\$ 7,050,064 (approximately US\$ 254,699)	NT\$ 8,812,580 (approximately US\$ 318,374)	
5	TPKM	TPKC	Loan to related parties	Y	NT\$ 470,560 (approximately US\$ 17,000)	NT\$ 138,400 (approximately US\$ 5,000)	- -	-	b	-	Operating capital	-	-	-	NT\$ 193,760 (approximately US\$ 7,000)	NT\$ 242,200 (approximately US\$ 8,750)	
6	TPKD	TPKC	Loan to related parties	Y	NT\$ 11,072,000 (approximately US\$ 400,000)	NT\$ 5,536,000 (approximately US\$ 200,000)	- -	-	b	-	Operating capital	-	-	-	NT\$ 25,512,594 (approximately US\$ 921,698)	NT\$ 31,890,743 (approximately US\$ 1,152,122)	
7	TPKT	TPK HK	Loan to related parties	Y	NT\$ 1,107,200 (approximately US\$ 40,000)	NT\$ 553,600 (approximately US\$ 20,000)	NT\$ 553,600 (approximately US\$ 20,000)	0.8000%-0.9130%	b	-	Operating capital	-	-	-	NT\$ 674,734 (approximately US\$ 24,376)	NT\$ 843,417 (approximately US\$ 30,470)	
8	TPKMT	TPKC	Loan to related parties	Y	NT\$ 525,920 (approximately US\$ 19,000)	NT\$ 262,960 (approximately US\$ 9,500)	NT\$ 201,011 (approximately US\$ 7,262)	0.0000%	b	-	Operating capital	-	-	-	NT\$ 565,550 (approximately US\$ 20,432)	NT\$ 706,938 (approximately US\$ 25,540)	
9	TPKJ	TPKC	Loan to related parties	Y	NT\$ 2,352,800 (approximately US\$ 85,000)	NT\$ 1,522,400 (approximately US\$ 55,000)	NT\$ 1,324,153 (approximately US\$ 47,838)	0.0000%	b	-	Operating capital	-	-	-	NT\$ 4,336,966 (approximately US\$ 156,682)	NT\$ 5,421,208 (approximately US\$ 195,853)	

Note 1: The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2: Types of financing were as follows:

- a. Business and trade.
- b. Short-term financing.

Note 3: The limits of financing amounts were as follows:

- a. Financing received from TPKH cannot exceed 50% of TPKH’s net asset value, and the total short-term financing cannot exceed 40% of TPKH’s net asset value.
- b. Financing received from a financing company cannot exceed 50% of the financing company’s net asset value, and the total short-term financing cannot exceed 40% of the financing company’s net asset value.
- c. The limits of individual financing provided are as follows:
 - 1) Intercompany business and trade financing cannot exceed the business and trade amount. The business and trade amount is the higher of the sales amount or purchases amount within one year.
 - 2) Short-term financing cannot exceed 40% of the financing company’s net asset value.
- d. The total financing amount where TPKH directly and indirectly holds 100% of the voting shares of subsidiaries cannot exceed 250% of the lending company’s net asset value, and the amount of individual financing provided cannot exceed 200% of the lending company’s net asset value.
- e. For loans provided to TPKH, the total financing amount where TPKH directly and indirectly holds 100% of the voting shares of subsidiaries cannot exceed 250% of the lending company’s net asset value, and the amount of individual financing provided cannot exceed 200% of the lending company’s net asset value.

Note 4: The Company’s board of directors approved the credit line of loans to another party for NT\$49,478,000 thousand (approximately US\$1,787,500 thousand). The loans to other parties disclosed on Table 1 did not exceed the credit lines approved by the Company’s board of directors.

Note 5: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2021 was US\$1=NT\$27.68.

Note 6: Highest balance and ending balance for the year only indicate credit line of loans to others, not the used amount of loans.

(Concluded)

TABLE 2

TPK HOLDING CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands)**

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 and 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Notes 3 and 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes 3 and 4)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	TPKH	TPKD	Subsidiaries of which the Company indirectly held more than 50% of the voting shares	NT\$ 8,808,726 (approximately US\$ 318,234)	NT\$ 954,849 (approximately US\$ 34,496)	NT\$ 954,849 (approximately US\$ 34,496)	\$ -	\$ -	2.71%	NT\$ 17,617,451 (approximately US\$ 636,469)	Y	N	Y	
1	TPKC	TPKD	Subsidiaries of which the Company’s subsidiary directly held more than 50% of the voting shares	NT\$ 8,808,726 (approximately US\$ 318,234)	NT\$ 954,849 (approximately US\$ 34,496)	NT\$ 954,849 (approximately US\$ 34,496)	-	-	2.71%	NT\$ 17,617,451 (approximately US\$ 636,469)	N	N	Y	
		TPK HK	Inter-company subsidiaries of which the Company indirectly held more than 90% of the voting shares	NT\$ 8,808,726 (approximately US\$ 318,234)	NT\$ 1,302,067 (approximately US\$ 47,040)	NT\$ 1,302,067 (approximately US\$ 47,040)	NT\$ 595,806 (approximately US\$ 21,525)	-	3.70%	NT\$ 17,617,451 (approximately US\$ 636,469)	N	N	N	

Note 1: The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2: For TPKH, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 50% and 25% of TPKH’s net asset value, respectively. The maximum collateral/guarantee amount allowable was calculated based on the net assets value as of December 31, 2021.

Note 3: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2021 was US\$1=NT\$27.68.

Note 4: The maximum amount and outstanding endorsement/guarantee at the end of the year only indicate limits on endorsement/guarantee amount to others, not the used amount.

TABLE 3**TPK HOLDING CO., LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2021****(In Thousands, Unless Stated Otherwise)**

Holding Company Name	Name and Type of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares	Carrying Amount (Note 2)	Percentage of Ownership	Fair Value	
TPKH	<u>Ordinary shares</u> Canoo Inc.	-	Financial assets at FVTOCI - current	7,067,666	NT\$1,510,287 (approximately US\$ 54,562)	2.96	NT\$1,510,287 (approximately US\$ 54,562)	
TPKT	<u>Shares with stock options</u> Hennessy Capital Investment Corp. V	-	Financial assets at FVTPL - current	Note 4	NT\$ 100,097 (approximately US\$ 3,616)	1.08	NT\$ 100,097 (approximately US\$ 3,616)	
TPKT	<u>Equity warrants</u> Hennessy Capital Investment Corp. V	-	Financial assets at FVTPL - current	109,805	NT\$ 2,018 (approximately US\$ 73)	-	NT\$ 2,018 (approximately US\$ 73)	
TPK HK	<u>Fund</u> Wise Road Industry Investment fund I L.P	-	Financial assets at FVTPL - non-current	-	NT\$ 518,979 (approximately US\$ 18,749)	3.36	NT\$ 518,979 (approximately US\$ 18,749)	Note 3
TPK HK	<u>Long-term convertible bonds</u> UBCO Holdings Limited	-	Financial assets at FVTPL - non-current	-	NT\$ 66,542 (approximately US\$ 2,404)	-	NT\$ 66,542 (approximately US\$ 2,404)	
TPK HK	<u>Short-term convertible bonds</u> Light Polymers Holdings (HK) Limited	-	Financial assets at FVTPL - current	-	-	-	-	Note 1

Note 1: The Group evaluated the fair value of short-term convertible bonds as \$0 on December 31, 2021.

Note 2: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2021 was US\$1=NT\$27.68.

Note 3: The Group disclosed the percentage of ownership based on the percentage of the Group's investment amount.

Note 4: TPKT holds 363,529 post-marketing Class A ordinary shares with 90,882 units of options, and 100,171 post-marketing Class B ordinary shares issued by Hennessy Capital Investment Corp. V.

TABLE 4

TPK HOLDING CO., LTD. AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note 1)	Number of Shares	Amount (Notes 2)	Number of Shares	Amount (Notes 2)	Carrying Amount	Gain on Disposal (Notes 2)	Shares	Amount (Notes 3 and 4)
TPKH	Ordinary shares Canoo Inc.	Financial assets at FVTOCI - current	-	-	10,000,000	NT\$ 3,930,240 (approximately US\$ 138,000)	-	-	2,932,334	NT\$ 1,152,631 (approximately US\$ 40,996)	NT\$ 823,720 (approximately US\$ 29,323)	NT\$ 328,911 (approximately US\$ 11,673)	7,067,666	NT\$ 1,510,287 (approximately US\$ 54,562)
	UYH	Investments accounted for using equity method	UYH	Investments accounted for using equity method	196,250,000	NT\$ 30,433,562 (approximately US\$ 1,068,594)	11,501,258	NT\$ 1,804,942 (approximately US\$ 64,926)	-	-	-	-	207,751,258	NT\$ 31,903,575 (approximately US\$ 1,152,586)
	OTH	Investments accounted for using equity method	UYH	Investments accounted for using equity method	31,000	NT\$ 1,764,166 (approximately US\$ 61,944)	-	-	31,000	NT\$ 1,804,942 (approximately US\$ 64,926)	NT\$ 1,804,942 (approximately US\$ 64,926)	Note 5	-	-
UYH	TPK HK	Investments accounted for using equity method	RUSL	Investments accounted for using equity method	-	-	467,498,000	NT\$ 8,331,922 (approximately US\$ 299,709)	-	-	-	-	467,498,000	NT\$ 8,125,758 (approximately US\$ 293,561)
	OTH	Investments accounted for using equity method	TPKH	Investments accounted for using equity method	-	-	31,000	NT\$ 1,804,942 (approximately US\$ 64,926)	-	-	-	-	31,000	NT\$ 1,758,180 (approximately US\$ 63,518)
RUSL	UYH	Investments accounted for using equity method	UYH	Investments accounted for using equity method	-	-	53,593,272	NT\$ 8,331,922 (approximately US\$ 299,709)	-	-	-	-	53,593,272	NT\$ 8,231,756 (approximately US\$ 297,390)
RUSL	TPK HK	Investments accounted for using equity method	UYH	Investments accounted for using equity method	467,498,000	NT\$ 8,033,685 (approximately US\$ 282,082)	-	-	467,498,000	NT\$ 8,331,922 (approximately US\$ 299,709)	NT\$ 8,331,922 (approximately US\$ 299,709)	Note 5	-	-
TPKC	TPKCA	Investments accounted for using equity method	TPKCA	Investments accounted for using equity method	-	-	-	NT\$ 1,657,670 (approximately US\$ 59,628)	-	-	-	-	-	NT\$ 1,649,653 (approximately US\$ 59,597)

Note 1: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2020 was US\$1=NT\$28.48.

Note 2: The exchange rate used for the translation of U.S. dollars to New Taiwan dollars was the monthly average rate of the transaction.

Note 3: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2021 was US\$1=NT\$27.68.

Note 4: The ending balance included profit or loss on the fair value changes of financial assets.

Note 5: The transaction is an organizational restructuring under joint control, using the net book value as the price transaction, and there is no gain or loss on disposal.

TABLE 5

TPK HOLDING CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands)

Buyer	Property	Event Date	Transaction Amount (Note 1)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
TPKCA	Buildings and land use rights	Note 2	NT\$ 1,578,712 (approximately US\$ 56,788)	Note 3	TPKC	The same ultimate parent company	-	-	-	\$ -	Determined with reference to the valuation report issued by EY Asset Appraisal (Shanghai) Co., Ltd.	Operational needs	-

Note 1: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2021 was US\$1=NT\$27.80.

Note 2: The board of directors resolved the transaction on November 9, 2021 and the real estate investment was completed on December 30, 2021.

Note 3: TPKC set up TPKCA by transferring real estate investment and completed on December 30, 2021.

TABLE 6

TPK HOLDING CO., LTD. AND SUBSIDIARIES

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands)**

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount (Note 1)	Transaction Amount (Note 1)	Collection	Gain (Loss) on Disposal (Notes 1 and 4)	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
TPKC	Buildings and land use rights	Note 2	December 2019	NT\$ 507,789 (approximately US\$ 18,266)	NT\$1,578,712 (approximately US\$ 56,788)	Note 3	NT\$1,070,923 (approximately US\$ 38,522)	TPKCA	Investments accounted for using equity method	Operational needs	Determined with reference to the valuation report issued by EY Asset Appraisal (Shanghai) Co., Ltd.	-

Note 1: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2021 was US\$1=NT\$27.80.

Note 2: The board of directors resolved the transaction on November 9, 2021 and the real estate investment was completed on December 30, 2021.

Note 3: TPKC set up TPKCA by transferring real estate investment and completed on December 30, 2021.

Note 4: As the counterparty is the entity controlled by the Company, the recognition of gain on disposal was deferred.

TABLE 7

TPK HOLDING CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands)**

Company Name	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Trade Receivable (Payables)		Note
			Purchase/ Sale	Amount (Notes 2 and 3)	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance (Notes 2 and 4)	% to Total	
TPKC	TPKS	The same ultimate parent company	Purchase	NT\$ 1,082,174 (approximately US\$ 38,616)	1.21	45 days after monthly closing	No significant difference	No significant difference	NT\$ 156,691 (approximately US\$ 5,661)	1.16	
	TPK HK	The same ultimate parent company	Purchase	NT\$ 4,921,973 (approximately US\$ 175,636)	5.52	45 days after monthly closing	No significant difference	No significant difference	NT\$ 764,895 (approximately US\$ 27,633)	5.66	
	TPKJ	Investments accounted for using equity method	Purchase	NT\$ 1,950,968 (approximately US\$ 69,618)	2.19	45 days after monthly closing	No significant difference	No significant difference	NT\$ 481,337 (approximately US\$ 17,389)	3.56	
	TPKG	The same ultimate parent company	Sales	NT\$ 234,019 (approximately US\$ 8,351)	0.23	45 days after monthly closing	No significant difference	No significant difference	NT\$ 94,471 (approximately US\$ 3,413)	0.76	
	TPK HK	The same ultimate parent company	Sales	NT\$ 36,984,050 (approximately US\$ 1,319,737)	35.88	45 days after monthly closing	No significant difference	No significant difference	NT\$ 10,664,671 (approximately US\$ 385,284)	85.97	
	MTOH	The same ultimate parent company	Sales	NT\$ 198,781 (approximately US\$ 7,093)	0.19	45 days after monthly closing	No significant difference	No significant difference	-	-	
TPKS	TPK HK	The same ultimate parent company	Purchase	NT\$ 3,073,618 (approximately US\$ 109,679)	3.45	45 days after monthly closing	No significant difference	No significant difference	NT\$ 694,299 (approximately US\$ 25,083)	5.13	
	TPKJ	The same ultimate parent company	Purchase	NT\$ 655,577 (approximately US\$ 23,394)	0.74	45 days after monthly closing	No significant difference	No significant difference	NT\$ 126,149 (approximately US\$ 4,557)	0.93	
	TPKC	The same ultimate parent company	Sales	NT\$ 1,082,174 (approximately US\$ 38,616)	1.05	45 days after monthly closing	No significant difference	No significant difference	NT\$ 156,691 (approximately US\$ 5,661)	1.26	
	TPK HK	The same ultimate parent company	Sales	NT\$ 5,082,358 (approximately US\$ 181,359)	4.93	45 days after monthly closing	No significant difference	No significant difference	NT\$ 1,288,233 (approximately US\$ 46,540)	10.38	

(Continued)

Company Name	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Trade Receivable (Payables)		Note
			Purchase/ Sale	Amount (Notes 2 and 3)	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance (Notes 2 and 4)	% to Total	
TPKG	TPKC	The same ultimate parent company	Purchase	NT\$ 233,945 (approximately US\$ 8,348)	0.26	45 days after monthly closing	No significant difference	No significant difference	NT\$ 94,471 (approximately US\$ 3,413)	0.70	
	TPK HK	The same ultimate parent company	Sales	NT\$ 706,465 (approximately US\$ 25,209)	0.69	45 days after monthly closing	No significant difference	No significant difference	NT\$ 535,670 (approximately US\$ 19,352)	4.32	
	TPKD	The same ultimate parent company	Sales	NT\$ 736,110 (approximately US\$ 26,267)	0.71	45 days after monthly closing	No significant difference	No significant difference	NT\$ 24,720 (approximately US\$ 893)	0.20	
TPK HK	TPKC	Investments accounted for using equity method	Purchase	NT\$ 36,983,698 (approximately US\$ 1,319,725)	41.49	45 days after monthly closing	No significant difference	No significant difference	NT\$ 10,664,671 (approximately US\$ 385,284)	78.85	
	TPKS	The same ultimate parent company	Purchase	NT\$ 5,082,358 (approximately US\$ 181,359)	5.70	45 days after monthly closing	No significant difference	No significant difference	NT\$ 1,288,233 (approximately US\$ 46,540)	9.52	
	TPKG	Investments accounted for using equity method	Purchase	NT\$ 706,465 (approximately US\$ 25,209)	0.79	45 days after monthly closing	No significant difference	No significant difference	NT\$ 535,670 (approximately US\$ 19,352)	3.96	
	MTOH	Investments accounted for using equity method	Purchase	NT\$ 2,105,699 (approximately US\$ 75,140)	2.36	45 days after monthly closing	No significant difference	No significant difference	-	-	
	TPKD	Investments accounted for using equity method	Purchase	NT\$ 48,672,061 (approximately US\$ 1,736,812)	54.61	45 days after monthly closing	No significant difference	No significant difference	NT\$ 9,759,307 (approximately US\$ 352,576)	72.16	
	TPKC	Investments accounted for using equity method	Sales	NT\$ 5,384,902 (approximately US\$ 192,155)	5.22	45 days after monthly closing	No significant difference	No significant difference	NT\$ 764,895 (approximately US\$ 27,633)	6.17	
	TPKS	The same ultimate parent company	Sales	NT\$ 3,073,618 (approximately US\$ 109,679)	2.98	45 days after monthly closing	No significant difference	No significant difference	NT\$ 694,299 (approximately US\$ 25,083)	5.60	
	TPKD	Investments accounted for using equity method	Sales	NT\$ 32,788,380 (approximately US\$ 1,170,019)	31.81	45 days after monthly closing	No significant difference	No significant difference	NT\$ 3,232,461 (approximately US\$ 116,780)	26.60	
	TES Touch Embedded Solutions (Xiamen) Co., Ltd. ("TES XM")	Related party in substance	Sales	NT\$ 818,820 (approximately US\$ 29,219)	0.79	60 days after monthly closing	No significant difference	No significant difference	NT\$ 81,277 (approximately US\$ 2,936)	0.66	
MTOH	TPKC	The same ultimate parent company	Purchase	NT\$ 198,678 (approximately US\$ 7,090)	0.22	45 days after monthly closing	No significant difference	No significant difference	-	-	

(Continued)

Company Name	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Trade Receivable (Payables)		Note
			Purchase/ Sale	Amount (Notes 2 and 3)	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance (Notes 2 and 4)	% to Total	
MTOH	TPKP	The same ultimate parent company	Purchase	NT\$ 151,235 (approximately US\$ 5,397)	0.17	45 days after monthly closing	No significant difference	No significant difference	NT\$ -	-	
	TPK HK	The same ultimate parent company	Sales	NT\$ 2,105,874 (approximately US\$ 75,146)	2.04	45 days after monthly closing	No significant difference	No significant difference	-	-	
TPKP	MTOH	The same ultimate parent company	Sales	NT\$ 151,235 (approximately US\$ 5,397)	0.15	45 days after monthly closing	No significant difference	No significant difference	-	-	
TPKD	TPKG	The same ultimate parent company	Purchase	NT\$ 736,110 (approximately US\$ 26,267)	0.83	45 days after monthly closing	No significant difference	No significant difference	NT\$ 24,720 (approximately US\$ 893)	0.18	
	TPK HK	The same ultimate parent company	Purchase	NT\$ 32,788,380 (approximately US\$ 1,170,019)	36.79	45 days after monthly closing	No significant difference	No significant difference	NT\$ 3,232,461 (approximately US\$ 116,780)	23.90	
	TPKJ	The same ultimate parent company	Purchase	NT\$ 2,183,757 (approximately US\$ 77,925)	2.45	45 days after monthly closing	No significant difference	No significant difference	NT\$ 365,163 (approximately US\$ 13,192)	2.70	
	TPK HK	The same ultimate parent company	Sales	NT\$ 48,672,061 (approximately US\$ 1,736,812)	42.71	45 days after monthly closing	No significant difference	No significant difference	NT\$ 9,759,307 (approximately US\$ 352,576)	78.67	
	BTO Technologies (Xiamen) Ltd. ("BTO")	Related party in substance	Purchase	NT\$ 170,643 (approximately US\$ 6,089)	0.19	45 days after monthly closing	No significant difference	No significant difference	NT\$ 32,522 (approximately US\$ 1,175)	0.24	
AMPH	AMP HK	Investments accounted for using equity method	Sales	NT\$ 303,769 (approximately US\$ 10,840)	0.29	45 days after monthly closing	No significant difference	No significant difference	NT\$ 35,123 (approximately US\$ 1,269)	0.28	
AMP HK	AMPH	The same ultimate parent company	Purchase	NT\$ 303,769 (approximately US\$ 10,840)	0.34	45 days after monthly closing	No significant difference	No significant difference	NT\$ 35,123 (approximately US\$ 1,269)	0.26	
TPKJ	TPKJ HK	Investments accounted for using equity method	Purchase	NT\$ 292,176 (approximately US\$ 10,426)	0.33	45 days after monthly closing	No significant difference	No significant difference	-	-	
	TPKC	The same ultimate parent company	Sales	NT\$ 1,960,451 (approximately US\$ 69,957)	1.90	45 days after monthly closing	No significant difference	No significant difference	NT\$ 481,337 (approximately US\$ 17,389)	3.88	
	TPKS	The same ultimate parent company	Sales	NT\$ 655,619 (approximately US\$ 23,395)	0.64	45 days after monthly closing	No significant difference	No significant difference	NT\$ 126,149 (approximately US\$ 4,557)	1.02	

(Continued)

Company Name	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Trade Receivable (Payables)		Note
			Purchase/ Sale	Amount (Notes 2 and 3)	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance (Notes 2 and 4)	% to Total	
TPKJ	TPKD	The same ultimate parent company	Sales	NT\$ 2,184,510 (approximately US\$ 77,952)	2.12	45 days after monthly closing	No significant difference	No significant difference	NT\$ 365,163 (approximately US\$ 13,192)	2.94	
TPKJ HK	TPKJ	The same ultimate parent company	Sales	NT\$ 292,176 (approximately US\$ 10,426)	0.28	45 days after monthly closing	No significant difference	No significant difference	-	-	

Note 1: The sales prices and payment terms of intercompany and related party sales and purchases were not significantly different from those transactions with third parties.

Note 2: Except for TES XM and BTO, intercompany balances and transactions were eliminated upon consolidation.

Note 3: The average exchange rate from U.S. dollars to New Taiwan dollars for the year ended December 31, 2021 was US\$1=NT\$28.0238.

Note 4: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2021 was US\$1=NT\$27.68.

(Concluded)

TABLE 8**TPK HOLDING CO., LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2021****(In Thousands)**

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 3)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount (Note 1)	Action Taken		
TPKC	TPK HK	The same ultimate parent company	NT\$ 10,664,671 (approximately US\$ 385,284)	3.57	NT\$ 3,079,416 (approximately US\$ 111,251)	Enhance collection	NT\$ 6,303,487 (approximately US\$ 227,727)	\$ -
	AUTO XM	The same ultimate parent company	NT\$ 234,328 (approximately US\$ 8,446)	-	-	-	-	-
	TPK HK	The same ultimate parent company	NT\$ 285,778 (approximately US\$ 10,324)	-	-	-	NT\$ 285,778 (approximately US\$ 10,324)	-
TPKS	TPKC	The same ultimate parent company	NT\$ 156,691 (approximately US\$ 5,661)	4.03	-	-	NT\$ 156,551 (approximately US\$ 5,656)	-
	TPK HK	The same ultimate parent company	NT\$ 1,288,233 (approximately US\$ 46,540)	4.49	NT\$ 212,499 (approximately US\$ 7,677)	Enhance collection	NT\$ 1,288,233 (approximately US\$ 46,540)	-
TPKG	TPK HK	The same ultimate parent company	NT\$ 535,670 (approximately US\$ 19,352)	2.61	-	-	NT\$ 274,631 (approximately US\$ 9,922)	-
TPK HK	TPKC	Investments accounted for using equity method	NT\$ 764,895 (approximately US\$ 27,633)	9.44	-	-	NT\$ 764,817 (approximately US\$ 27,631)	-
	TPKS	The same ultimate parent company	NT\$ 694,299 (approximately US\$ 25,083)	5.81	-	-	NT\$ 694,299 (approximately US\$ 25,083)	-
	TPKD	Investments accounted for using equity method	NT\$ 3,232,461 (approximately US\$ 116,780)	9.71	-	-	NT\$ 1,926,605 (approximately US\$ 69,603)	-
TPKD	TPK HK	The same ultimate parent company	NT\$ 9,759,307 (approximately US\$ 352,576)	4.93	NT\$ 2,493,674 (approximately US\$ 90,089)	Enhance collection	NT\$ 3,647,982 (approximately US\$ 131,791)	-
TPKJ	TPKC	The same ultimate parent company	NT\$ 481,337 (approximately US\$ 17,389)	4.72	-	-	NT\$ 480,765 (approximately US\$ 17,369)	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 3)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount (Note 1)	Action Taken		
TPKJ	TPKS	The same ultimate parent company	NT\$ 126,149 (approximately US\$ 4,557)	4.90	NT\$ -	-	NT\$ 125,998 (approximately US\$ 4,552)	\$ -
	TPKD	The same ultimate parent company	NT\$ 365,163 (approximately US\$ 13,192)	5.87	-	-	NT\$ 364,724 (approximately US\$ 13,176)	-

Note 1: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2021 was US\$1=NT\$27.68.

Note 2: The amount received in the subsequent period means that the collection was made by February 28, 2022.

Note 3: Please refer to Table 1 for information on financing provided to others.

(Concluded)

TABLE 9

TPK HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee (Note 2)	Share of Profits (Loss) (Notes 2 and 4)	Note
				December 31, 2021 (Note 1)	December 31, 2020 (Note 1)	Number of Shares	%	Carrying Amount (Notes 1 and 4)			
TPKH	Improve	Samoa	Holding company	NT\$ 4,276,283 (approximately US\$ 154,490)	NT\$ 4,276,283 (approximately US\$ 154,490)	154,490,000	100.00	NT\$ 3,630,243 (approximately US\$ 131,150)	NT\$ (182,465) (approximately US\$ -6,511)	NT\$ (182,465) (approximately US\$ -6,511)	Subsidiary
	UYH	Samoa	Holding company	NT\$ 7,251,219 (approximately US\$ 261,966)	NT\$ 5,454,067 (approximately US\$ 197,040)	207,751,258	79.49	NT\$ 31,903,575 (approximately US\$ 1,152,586)	NT\$ 631,236 (approximately US\$ 22,525)	NT\$ 644,118 (approximately US\$ 22,985)	Subsidiary (Note 10)
	OTH	Singapore	Holding company	-	NT\$ 1,443,595 (approximately US\$ 52,153)	-	-	-	NT\$ 41,695 (approximately US\$ 1,488)	NT\$ 49,794 (approximately US\$ 1,777)	Subsidiary (Note 10)
	RUSL	Hong Kong	Holding company	NT\$ 12,995,705 (approximately US\$ 469,498)	NT\$ 12,995,705 (approximately US\$ 469,498)	469,498,000	100.00	NT\$ 8,285,569 (approximately US\$ 299,334)	NT\$ 290,020 (approximately US\$ 10,349)	NT\$ 290,020 (approximately US\$ 10,349)	Subsidiary
	AMPH	Cayman	Holding company; research and development, manufacturing and sale of resin products	NT\$ 166,080 (approximately US\$ 6,000)	NT\$ 166,080 (approximately US\$ 6,000)	15	57.69	NT\$ 205,598 (approximately US\$ 7,428)	NT\$ 68,537 (approximately US\$ 2,446)	NT\$ 39,539 (approximately US\$ 1,411)	Subsidiary
Improve	TPKA	Malaysia	Holding company	NT\$ 4,611,185 (approximately US\$ 166,589)	NT\$ 4,611,185 (approximately US\$ 166,589)	632,187	100.00	NT\$ 3,597,208 (approximately US\$ 129,957)	NT\$ (182,425) (approximately US\$ -6,510)	NT\$ (182,425) (approximately US\$ -6,510)	Sub-subsiary (Note 7)
UYH	TPK HK	Hong Kong	Touch module related research; holding company and international trade	NT\$ 8,295,957 (approximately US\$ 299,709)	-	467,498,000	100.00	NT\$ 8,125,758 (approximately US\$ 293,561)	NT\$ 278,610 (approximately US\$ 9,942)	NT\$ (24,359) (approximately US\$ -869)	Sub-subsiary (Note 9)
	OTH	Singapore	Holding company	NT\$ 1,797,152 (approximately US\$ 64,926)	-	31,000	100.00	NT\$ 1,758,180 (approximately US\$ 63,518)	NT\$ 41,695 (approximately US\$ 1,488)	NT\$ (8,099) (approximately US\$ -289)	Sub-subsiary (Note 10)
AMPH	AMP HK	Hong Kong	Holding company and international trade	NT\$ 55,360 (approximately US\$ 2,000)	NT\$ 27,680 (approximately US\$ 1,000)	2,000,000	100.00	NT\$ 75,752 (approximately US\$ 2,737)	NT\$ 23,742 (approximately US\$ 847)	NT\$ 23,742 (approximately US\$ 847)	Sub-subsiary
OTH	TPKU	U.S.A.	International trade	NT\$ 132,864 (approximately US\$ 4,800)	NT\$ 132,864 (approximately US\$ 4,800)	Note 3	100.00	NT\$ 163,366 (approximately US\$ 5,902)	NT\$ 2,093 (approximately US\$ 75)	NT\$ 2,093 (approximately US\$ 75)	Sub-subsiary
RUSL	TPK HK	Hong Kong	Touch module related research; holding company and international trade	-	NT\$ 12,940,345 (approximately US\$ 467,498)	-	-	-	NT\$ 278,610 (approximately US\$ 9,942)	NT\$ 302,969 (approximately US\$ 10,811)	Sub-subsiary (Note 9)
	UYH	Samoa	Holding company	NT\$ 8,295,957 (approximately US\$ 299,709)	-	53,593,272	20.51	NT\$ 8,231,756 (approximately US\$ 297,390)	NT\$ 631,236 (approximately US\$ 22,525)	NT\$ (12,882) (approximately US\$ -460)	Sub-subsiary (Note 9)
TPK HK	Cando	Taiwan	Touch modules research, development and manufacture	NT\$ 5,358,130 (approximately US\$ 193,574)	NT\$ 5,358,130 (approximately US\$ 193,574)	77,124,591	19.78	-	-	-	Associate accounted for using equity method (Note 6)
	TPKF HK	Hong Kong	Holding company	-	NT\$ 415,615 (approximately US\$ 15,015)	-	-	-	-	-	Sub-subsiary (Note 8)
TPKA	TPKT	Taiwan	Touch related material and module sales	NT\$ 2,911,700 (approximately US\$ 116,433)	NT\$ 2,911,700 (approximately US\$ 116,433)	50,717,000	100.00	NT\$ 1,686,834 (approximately US\$ 60,941)	NT\$ (183,461) (approximately US\$ -6,547)	NT\$ (183,461) (approximately US\$ -6,547)	Sub-subsiary
TPKJ	TPKJ HK	Hong Kong	International trade	NT\$ 13,840 (approximately US\$ 500)	NT\$ 13,840 (approximately US\$ 500)	500,000	100.00	NT\$ 41,640 (approximately US\$ 1,504)	NT\$ 13,835 (approximately US\$ 494)	NT\$ 13,835 (approximately US\$ 494)	Sub-subsiary
AUTO XM	AUTO HK	Hong Kong	International trade	NT\$ 27,680 (approximately US\$ 1,000)	-	1,000,000	100.00	NT\$ 27,472 (approximately US\$ 993)	NT\$ (210) (approximately US\$ -7)	NT\$ (210) (approximately US\$ -7)	Sub-subsiary (Note 11)

(Continued)

- Note 1: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2021 was US\$1=NT\$27.68.
- Note 2: The average exchange rate from U.S. dollars to New Taiwan dollars for the year ended December 31, 2021 was US\$1=NT\$28.0238.
- Note 3: TPKU does not issue shares. OTH's investment is measured as a percentage of ownership.
- Note 4: Except for Cando, intercompany balances and transactions were eliminated upon consolidation.
- Note 5: Please refer to Table 10 for information on investment in mainland China.
- Note 6: Based on assessments, the recoverable amounts of the Company's interests in Cando were less than their carrying amounts. Hence, impairment losses of the total carrying amounts were recognized. Refer to Note 13 to the consolidated financial statements for more information.
- Note 7: The Company resolved to dissolve and liquidate TPKA in order to simplify its organizational structure. As of March 17, 2022, the process of dissolution and liquidation was not completed.
- Note 8: In order to simplify the organizational structure, the Company's board of directors resolved to dissolve and liquidate TPKF HK, which was completed in July 2021.
- Note 9: For organizational restructuring purposes, the Company's board of directors resolved that UYH issue new shares to RUSL, and UYH acquire 100% of TPK HK's shares held by RUSL in exchange. The capital increase was completed on December 9, 2021. After the capital increase, TPK HK became UYH's subsidiary and RUSL held 20.51% of the shares of UYH.
- Note 10: For organizational restructuring purposes, the Company's board of directors resolved that UYH issue new shares to the Company, and UYH acquire 100% of OTH's shares held by the Company in exchange. The capital increase was completed on December 9, 2021. After the capital increase, OTH became UYH's subsidiary.
- Note 11: To meet the needs of customers and group business operations, the Company's board of directors resolved to set up AUTO HK in Hong Kong as a subsidiary, which was set up on August 3, 2021 and received a capital investment of US\$1,000 thousand in October 2021.

(Concluded)

TABLE 10

TPK HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands)

Investee Company	Main Business and Products	Paid in Capital (Notes 1 and 2)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 2)	Net Income (Loss) of the investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Notes 3 and 5)	Carrying Amount as of December 31, 2021 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2021 (Note 3)
					Outward	Inward						
TPKC	Touch related material and module sales	NT\$ 8,115,776 (approximately US\$ 293,200)	Direct investment	\$ -	\$ -	\$ -	\$ -	NT\$ 452,567 (approximately US\$ 16,149)	100.00	NT\$ 452,567 (approximately US\$ 16,149)	NT\$ 33,354,975 (approximately US\$ 1,205,021)	\$ -
TPKS	Touch modules research, development, manufacture and sales	NT\$ 692,000 (approximately US\$ 25,000)	Direct investment	-	-	-	-	NT\$ 412,967 (approximately US\$ 14,736)	100.00	NT\$ 412,967 (approximately US\$ 14,736)	NT\$ 3,525,032 (approximately US\$ 127,349)	-
TPKG	Optical glass processing and sales	NT\$ 10,291,978 (approximately US\$ 371,820)	Direct investment	-	-	-	-	NT\$ (283,070) (approximately US\$ -10,101)	100.00	NT\$ (283,070) (approximately US\$ -10,101)	NT\$ 623,896 (approximately US\$ 22,540)	NT\$ 150,642 (approximately US\$ 5,442)
MTOH	Touch modules research, development, manufacture and sales	NT\$ 2,380,480 (approximately US\$ 86,000)	Direct investment	-	-	-	-	NT\$ 157,493 (approximately US\$ 5,620)	100.00	NT\$ 164,750 (approximately US\$ 5,879)	NT\$ 1,267,594 (approximately US\$ 45,795)	-
TPKP	Touch modules research, development, manufacture and sales	NT\$ 6,057,823 (approximately US\$ 218,852)	Direct investment	-	-	-	-	NT\$ (587,785) (approximately US\$ -20,974)	100.00	NT\$ (587,785) (approximately US\$ -20,974)	NT\$ (3,972,805) (approximately US\$ -143,526)	-
TPKM (Note 6)	Touch related electronic materials manufacture	NT\$ 96,880 (approximately US\$ 3,500)	Direct investment	-	-	-	-	NT\$ (247) (approximately US\$ -9)	100.00	NT\$ (247) (approximately US\$ -9)	NT\$ 96,880 (approximately US\$ 3,500)	-
TPKQ	Trade, inspection and testing services	NT\$ 6,236 (approximately US\$ 225)	Direct investment	-	-	-	-	NT\$ (10,199) (approximately US\$ -364)	100.00	NT\$ (10,199) (approximately US\$ -364)	NT\$ (5,295) (approximately US\$ -191)	-
TPKD	Touch modules research, development, manufacture and sales	NT\$ 3,541,143 (approximately US\$ 127,931)	Direct investment	-	-	-	-	NT\$ (851,761) (approximately US\$ -30,394)	100.00	NT\$ (851,761) (approximately US\$ -30,394)	NT\$ 12,756,297 (approximately US\$ 460,849)	-
AMP XM (Note 7)	Resin products research, development, manufacture and sales	NT\$ 13,840 (approximately US\$ 500)	Direct investment	-	-	-	-	NT\$ 18,293 (approximately US\$ 653)	100.00	NT\$ 18,293 (approximately US\$ 653)	NT\$ 31,908 (approximately US\$ 1,153)	-
TPKJ	Protective film and optical adhesive manufacture and sales	NT\$ 99,648 (approximately US\$ 3,600)	Direct investment	-	-	-	-	NT\$ 428,174 (approximately US\$ 15,279)	100.00	NT\$ 427,042 (approximately US\$ 15,239)	NT\$ 2,191,401 (approximately US\$ 79,169)	-
TPKF	Touch modules and resin products research, development, manufacture and sales	NT\$ 1,132,389 (approximately US\$ 40,910)	Direct investment	-	-	-	-	NT\$ 16,344 (approximately US\$ 583)	100.00	NT\$ 16,344 (approximately US\$ 583)	NT\$ 131,132 (approximately US\$ 4,737)	-

(Continued)

Investee Company	Main Business and Products	Paid in Capital (Notes 1 and 2)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 2)	Net Income (Loss) of the investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Notes 3 and 5)	Carrying Amount as of December 31, 2021 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2021 (Note 3)
					Outward	Inward						
TPKMT	Touch related electronic material manufacture	NT\$ 276,800 (approximately US\$ 10,000)	Direct investment	\$ -	\$ -	\$ -	\$ -	NT\$ (15,339) (approximately US\$ -547)	100.00	NT\$ (15,339) (approximately US\$ -547)	NT\$ 282,775 (approximately US\$ 10,216)	\$ -
TPKCA (Note 8)	Touch modules manufacture and sales	-	Direct investment	-	-	-	-	NT\$ (895) (approximately US\$ -32)	100.00	NT\$ (895) (approximately US\$ -32)	NT\$ 1,649,653 (approximately US\$ 59,597)	-
AUTO XM (Note 9)	Touch modules research, development, manufacture and sales	NT\$ 30,368 (approximately US\$ 1,097)	Direct investment	-	-	-	-	NT\$ (6,101) (approximately US\$ -218)	100.00	NT\$ (6,101) (approximately US\$ -218)	NT\$ 24,342 (approximately US\$ 879)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Notes 2 and 4)
-	-	NT\$1,012,101 (approximately US\$36,564)

- Note 1: It is calculated based on historical cost.
- Note 2: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2021 was US\$1=NT\$27.68.
- Note 3: The average exchange rate from U.S. dollars to New Taiwan dollars for the year ended December 31, 2021 was US\$1=NT\$28.0238.
- Note 4: The limit cannot exceed 60% of TPKT's net asset value as of December 31, 2021.
- Note 5: The investee company's financial report was audited by parent company's auditors.
- Note 6: The Company resolved to dissolve and liquidate TPKM in order to simplify its organizational structure. As of March 17, 2022, the process of dissolution and liquidation was not completed.
- Note 7: AMP HK set up AMP XM in Xiamen as its subsidiary, which has completed registration on December 15, 2020 and invested US\$500 thousand in February 2021.
- Note 8: TPKC set up TPCA by injecting capital of RMB1,000 thousand and transferring the real estate investment from TPKC. The set up was completed on November 16, 2021, and the capital injection and real estate investment were completed on December 30, 2021 and January 10, 2022, respectively.
- Note 9: The Company's board of directors resolved to set up AUTO XM in China as TPKG's subsidiary, which was set up on September 30, 2021 and received a capital investment of RMB7,000 thousand in November 2021.

(Concluded)

TABLE 11**TPK HOLDING CO., LTD. AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands)**

No. (Note 1)	Company Name (Note 2)	Counterparty (Note 2)	Relationship (Note 3)	Transactions Details				
				Financial Statement Account	Amount (Approximately US\$)	Amount (NT\$)	Terms (Note 4)	Percentage of Consolidated Total Gross Sales or Total Assets (Note 5)
1	TPKH	TPK HK	1	Short-term borrowings	\$ 215,000	\$ 5,951,200		7.65
2	UYH	TPK HK	3	Short-term borrowings	30,000	830,400		1.07
3	TPKA	TPK HK	3	Loan to related parties - short-term	67,000	1,854,560		2.38
4	AMPH	AMP HK	3	Sales	10,840	303,769		0.29
5	TPKT	TPK HK	3	Loan to related parties - short-term	20,000	553,600		0.71
6	TPKC	TPKS	3	Loan to related parties - short-term	7,500	207,600		0.27
		TPKS	3	Trade payables	5,661	156,691		0.20
		TPKS	3	Purchase	38,616	1,082,174		1.05
		TPKG	3	Loan to related parties - short-term	90,000	2,491,200		3.20
		TPKG	3	Trade receivables, net	3,413	94,471		0.12
		TPKG	3	Rental expense	3,830	107,320		0.10
		TPKG	3	Sales	8,351	234,019		0.23
		TPK HK	3	Other current assets	10,324	285,778		0.37
		TPK HK	3	Loan to related parties - short-term	96,593	2,673,702		3.44
		TPK HK	3	Trade receivables, net	385,284	10,664,671		13.71
		TPK HK	3	Trade payables	27,633	764,895		0.98
		TPK HK	3	R&D expense	16,519	462,929		0.45
		TPK HK	3	Purchase	175,636	4,921,973		4.77
		TPK HK	3	Sales	1,319,737	36,984,050		35.88
		MTOH	3	Loan to related parties - short-term	9,340	258,531		0.33
		MTOH	3	Sales	7,093	198,781		0.19
		TPKP	3	Loan to related parties - short-term	246,002	6,809,341		8.75
		TPKD	3	Other current assets	3,040	84,148		0.11
		TPKD	3	Loan to related parties - short-term	80,900	2,239,312		2.88
		TPKD	3	Rental revenue	8,936	250,423		0.24
		TPKD	3	Non-operating income	7,132	199,868		0.19
		AUTO XM	3	Other current assets	8,466	234,328		0.30
		TPKJ	3	Short-term borrowings	47,838	1,324,153		1.70
		TPKJ	3	Trade payables	17,389	481,337		0.62
		TPKJ	3	Purchase	69,618	1,950,968		1.89
		TPKMT	3	Short-term borrowings	7,262	201,011		0.26

(Continued)

No. (Note 1)	Company Name (Note 2)	Counterparty (Note 2)	Relationship (Note 3)	Transactions Details				
				Financial Statement Account	Amount (Approximately US\$)	Amount (NT\$)	Terms (Note 4)	Percentage of Consolidated Total Gross Sales or Total Assets (Note 5)
7	TPKS	TPK HK	3	Trade receivables, net	\$ 46,540	\$ 1,288,233		1.66
		TPK HK	3	Trade payables	25,083	694,299		0.89
		TPK HK	3	Purchase	109,679	3,073,618		2.98
		TPK HK	3	Sales	181,359	5,082,358		4.93
		TPKJ	3	Trade payables	4,557	126,149		0.16
		TPKJ	3	Purchase	23,394	655,577		0.64
8	TPKG	TPK HK	3	Trade receivables, net	19,352	535,670		0.69
		TPK HK	3	Short-term borrowings	70,000	1,937,600		2.49
		TPK HK	3	Sales	25,209	706,465		0.69
		TPKD	3	Sales	26,267	736,110		0.71
9	TPK HK	MTOH	3	Purchase	75,140	2,105,699		2.04
		TPKD	3	Trade receivables, net	116,780	3,232,461		4.16
		TPKD	3	Trade payables	352,576	9,759,307		12.55
		TPKD	3	Purchase	1,736,812	48,672,061		47.21
		TPKD	3	Sales	1,170,019	32,788,380		31.81
10	MTOH	TPKP	3	Purchase	5,397	151,235		0.15
11	TPKD	TPKC	3	Lease liabilities-non-current	3,839	106,252		0.14
		TPKC	3	Lease liabilities-current	7,462	206,539		0.27
		TPKJ	3	Trade payables	13,192	365,163		0.47
		TPKJ	3	Purchase	77,925	2,183,757		2.12
		TPKJ	3	Non-operating income	7,695	215,649		0.21
12	TPKCA	TPKC	3	Property, plant and equipment	56,788	1,578,712		1.53
13	TPKJ	TPKJ HK	3	Purchase	10,426	292,176		0.28

Note 1: The parent company is indicated by “1”, while all other numbers indicate subsidiaries.

Note 2: The Company name and counterparty are listed in Note 12 to the financial statements.

Note 3: No. 1 represents the transactions from parent company to subsidiary.
No. 2 represents the transactions from subsidiary to parent company.
No. 3 represents the transactions between subsidiaries.

Note 4: The sales prices and payment terms of intercompany sales and purchases were not significantly different from those transactions with third parties. For other intercompany transactions, prices and terms are determined based on mutual agreements.

Note 5: Other transactions that were less than 0.1% of total assets or sales are not disclosed.

Note 6: Intercompany balances and transactions were eliminated upon consolidation.

(Concluded)

TABLE 12**TPK HOLDING CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Max Gain Management Limited	25,222,643	6.20
Capable Way Investments Limited	23,139,855	5.69

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.