

Stock Name: jpp-KY

Stock Code: 5284



JPP Holding Company Limited

Annual Report 2021

(Translation)

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.

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

JPP Holding Company Limited annual report is available at:

<http://www.jppholding.com>

Published on May 25, 2022

1. Spokesperson and Deputy Spokesperson
Spokesman Name: Mr. CHUNG, KUO-CHUN Title: Vice General Manager
Tel:+886-2-2541-5566 E-mail: kc_chung@jinpao.co.th
Deputy Spokesperson: Mr. CHEN, HSIN-YUAN Title: Finance Manager
Tel:+66-2-7093687 E-mail: edward@jinpao.co.th
2. Contact information of the head company, subsidiary company and factories
 - (1) Head company
Name: JPP Holding Company Limited
Registered Add: One Nexus Way Camana Bay Grand Cayman, KY1-9005
Cayman Islands
The Representative Office in Taiwan: Rm. 1112, No. 152, Songjiang Rd.,
Zhongshan Dist., Taipei City 10458, Taiwan (R.O.C.)
Tel: +886-2-2541-5566
 - (2) Subsidiary company
Name: Jinpao Precision Industry Co., Ltd.
Add: 631 Soi 12 Moo 4 Bangpoo Industrial Estate T. Phraksa, A. Muang,
Samutprakarn 10280 Thailand.
Tel: +66-2-7093687
3. Stock Transfer Agency
Name: The Transfer Agency Department of First Securities Inc.
Stock Division Website: <http://www.ftsi.com.tw>
Add: 6 F., No. 27, An Ho Rd., Sec. 1, Da An Dist., Taipei City, Taiwan (R.O.C.)
Tel: + 886-2-2563-5711
4. Auditors / Certified Public Accountants
Name: YANG, CHING-CHENG and GUNG, TZA-LI
Firm: Deloitte & Touche Firm Taiwan
Website: <http://www.deloitte.com.tw>
Tel: + 886-2-2725-9988
Address: 20F, No. 100, Songren Rd., Xinyi Dist.,
Taipei, 11073, Taiwan
5. Overseas trade places for listed negotiable securities: None.
6. Company website: <http://www.jppholding.com>
7. The Litigation and non-litigious agent
Name: CHUNG, KUO-CHUN Title: Vice General Manager
Tel: +886-2-2541-5566 E-mail: kc_chung@jinpao.co.th
8. Board of directors
Directors 7 seat:

HO SHENG HOLDINGS CO., LTD. (Corporate Representative: WANG,
WEN-SHAN);
POWELL GROUP CO., LTD. (Corporate Representative: CHUNG,
KUO-SUNG);
BELIEVING POWER CO., LTD. (Corporate Representative: KUO, HUI-LING);
WANG, JIA-NAN;
CHEN, SHIH-CHIN;
LAI, CHEN-CHU;
HUANG, YUNG-FU

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I. LETTER TO SHAREHOLDERS

Dear all Shareholders:

Welcome to this year's annual general shareholders meeting of Jinpao Company. In the past few years, things to change much in the world, there have been many disasters and disputes, the economy has fallen and people's livelihood has been difficult. It is still spreading, and it has not been able to fully restore the previous pre-epidemic situation. But today I am very great to be able to reunite with all shareholders to report on the operating results last year and the latest progress of Jinpao. Especially, under the influence of the new crown epidemic for more than two years and many unfavorable factors impact, the company's revenues and profits can still grow against the trend every year.

1. The 2021 Annual Operating Report

(1) Business result

Unit: Millions NT\$ (Except EPS)	2021		2020		Variance (+/-)	
	amount	Percentage to revenue	amount	Percentage to revenue	amount	Percentage
sales revenue	1,351	100.00%	1,259	100.00%	92	7.31%
cost of sales	903	66.84%	861	68.39%	42	4.88%
gross profit	448	33.16%	398	31.61%	50	12.56%
Operation revenue	165	12.21%	114	9.05%	51	44.74%
Net income before tax	169	12.51%	128	10.17%	41	32.03%
Net income	131	9.70%	116	9.21%	15	12.93%
Shares (Millions)	43.66		43.66			
Earnings per share (NT\$)	3.00		2.65		0.35	

Under the influence of the Covid-19 epidemic for more than two years and many unfavorable factors, the company's sales and profits can still grow against the trend every year. In 2021, the sales revenue increased by NT\$92 million compared with 2020. Due to the growth in turnover, the company reduced direct labor and controlled related indirect production costs, the gross profit margin increased by 1.55% compared with the same period last year to 33.16%. Besides, the reduction of non-essential expenses, the overall cost of operating expenses decreased slightly compared with that in 2020. In addition, due to the decrease of foreign exchange benefits and the recognition of losses of related companies by adopting the equity method, and because the tax exemption of the approval letter on the corporate income tax preference expired

in 2020, so the income tax increasing on the earnings distribution, cause to the net profit after income tax was increased by 15 million compared with 2020, the annual growth rate was 12.93%, and the basic earnings per share was NT\$3.00 only.

(2) Budget execution result: According to current law, the company had not prepared any public disclosure of financial forecasting.

(3) Asset structure and employee number

Unit: Millions NT\$	2021	2020	Variance (+/-)
Cash from operating activities	233	353	-120
Total assets	2,928	3,245	-317
Fixed assets (net amount)	1,440	1,685	-245
gross liability	1,272	1,397	-125
shareholders' equity	1,635	1,817	-182
Employee statistics	1,080	1,005	75

Owing to increasing in the company's before income tax net profit, and decrease in the amounts of accounts payable and other accounts payable, the operating cash flow of 2021 decreased by NT\$0.12 billion compared with 2020. The decrease in fixed assets was mainly due to the depreciation of the spot exchange rate between Thai baht and Taiwan dollar at the end of the year, thus the amount of fixed assets converted into New Taiwan dollar decreased. In addition, the relevant organization, management personnel and related business activities also gradually recovered due to the Covid-19 epidemic eased slightly last year. Therefore, the personnel allocation of each department was adjusted, and the number of employees increased by 75 persons compared with 2020.

2. The 2022 Business Plan

This year's growth forecast will continue to hit new highs, thanks to the following business performance: 1. Server racks (Rack), in view of the persistent trade friction between China and the United States and the strict epidemic control against the status of the world's factories, based on risk management and control, Southeast Asia, which has the geographical advantage of the blue ocean, has seen an endless stream of transfer orders, and even large OEM manufacturers have come here to set up factories and expand factories. Companies start and choose to optimize their product mix to increase profit margins. 2. The intelligent automatic beverage vending machine, which has been developed in collaboration with customers for a long time, has been mass-produced since the second half of last year and has been shipped. Unexpectedly, it has become a popular product in Thailand. Once expand additional production capacity, customer

orders are expected to take more than two years to digest. 3. Prospective investment in the strategic star industry of Thailand's electric motorcycle, and also focusing on returning orders to the parent company with related battery charging and replacing stations, cabinets of energy storage power plants, etc., through the national key strategy to develop energy saving and carbon reduction goals with the local irreplaceable all-round excellent system, Thailand's state-owned institutions, local energy giants and their supporting manufacturers have come to discuss business opportunities for the collaborative development of related cabinet, chassis products. 4. The synergistic effect of reinvesting in French companies is emerged obviously. After the disaster of the Covid-19 epidemic in the past two years, European and American countries have the courage to face it, lifted the lockdown earlier than Asia, passed the peak of confirmed diagnoses, and freely travelled around. Airbus has received many aerospace orders from the market, not only Jinpao Thailand has contributed many orders, but also the French subsidiary has also turned losses into profits, together with contributing some benefits of reinvestment to Jinpao.

Chairperson:

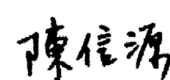
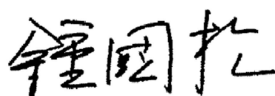
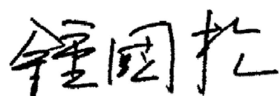
CHUNG, KUO-SUNG

General Manager:

CHUNG, KUO-SUNG

Finance Manager:

CHEN, HSIN-YUAN

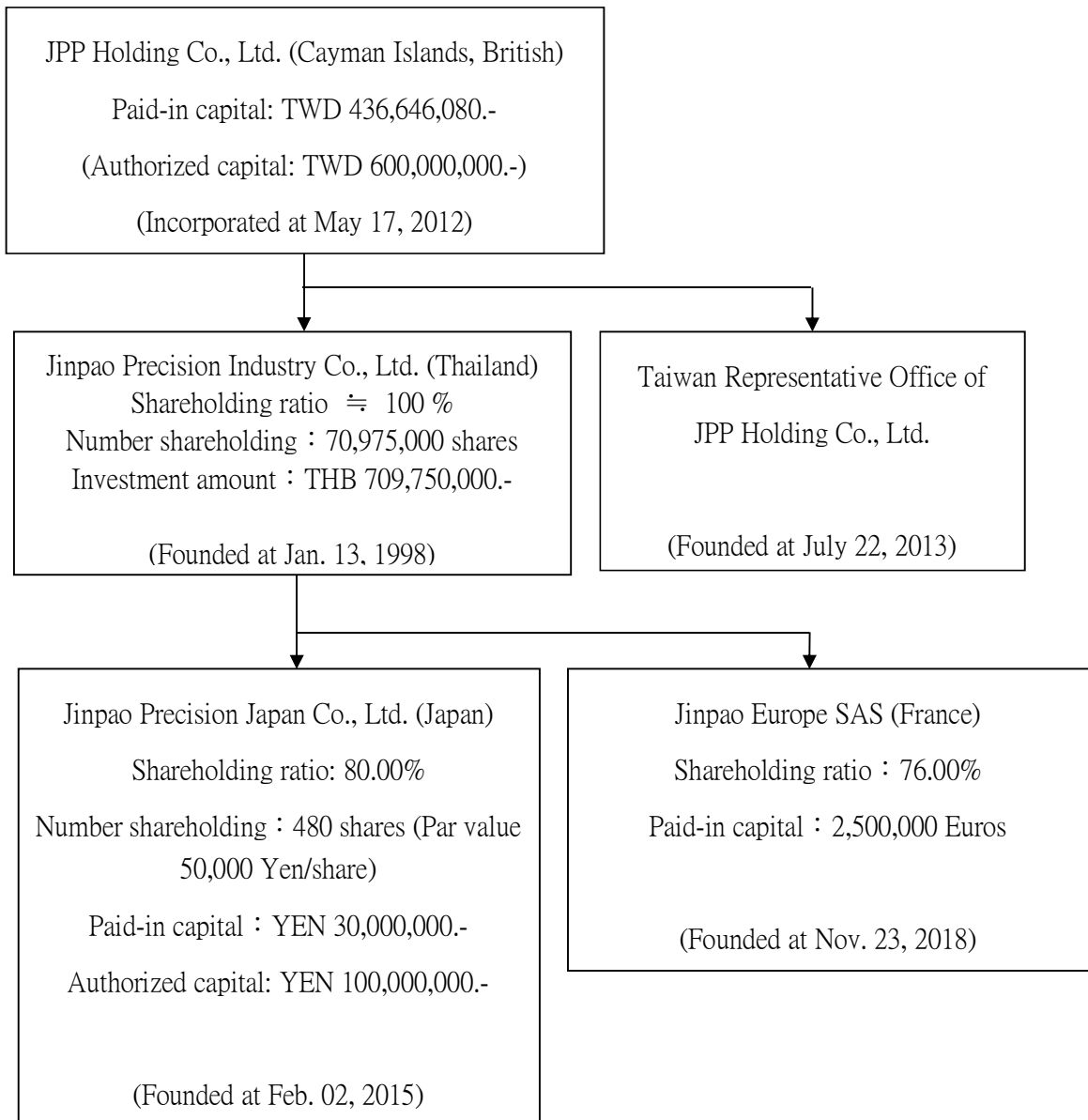


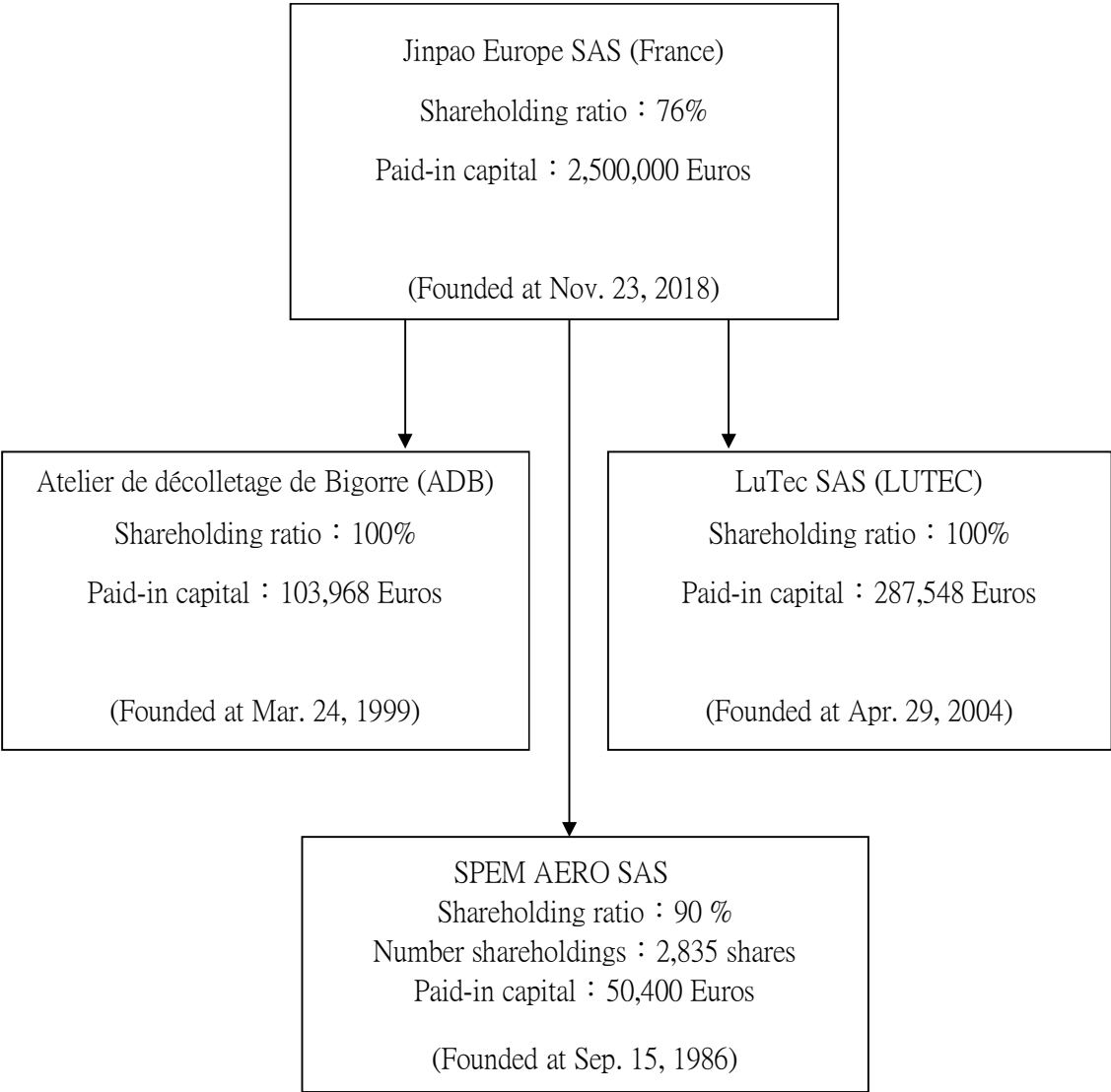
II. COMPANY PROFILE

1. DATE OF INCORPORATION

JPP Holding Company Limited (abbreviated as “JPP Holding” or “The Head Company” hereafter) was incorporated at Cayman Islands, British on May 17, 2012. The primary subsidiary company is the Jinpao Precision Industry Co., Ltd. (abbreviated as Jinpao (Thai) hereafter) The main business is the production of customized precision CNC sheet metal of small volume , for template use, for pilot run, and no need to use the mold. Primary applications are electrical, telecommunication and niche (including food inspection, medical, communication, recreation and aerospace application) products.

2. GROUP STRUCTURES





3. ADDRESSES AND PHONE NUMBERS OF HEAD OFFICE, BRANCH OFFICES AND FACTORY

1. The Head Company: JPP Holding Company Limited
Address: One Nexus Way Camana Bay Grand Cayman, KY1-9005 Cayman Islands
The Representative Office Taiwan Address: Rm. 1112, No. 152, Songjiang Rd., Zhongshan Dist., Taipei City 10458, Taiwan (R.O.C.)
Tel: +886-2-2541-5566
2. The Subsidiary in Thailand: Jinpao Precision Industry Co., Ltd.
Address: 631 Soi 12 Moo 4 Bangpoo Industrial Estate T. Phraksa, A. Muang, Samutprakarn 10280 Thailand.
Tel: +66-2-7093687
Main business: Design, manufacturing, selling of customized precision sheet metal products
3. Jinpao Precision Japan Company Limited
Address: Vision Center Nihonbashi Fukushima Bldg. 2F, 1-5-3 Nihonbashimuromachi, Chuo-ku, Tokyo, 103-0022, Japan.
Tel: +81-3-6869-1099
Main business: Expansion of Japanese business and after-sales service
4. Jinpao Europe SAS
Address: Zone Industrielle Pyrène Aéroport, 65290 Louey R.C.S. TARBES FRANCE
Tel: +33-5-62 45 63 80
Main business: Holding company with holding 100% shares of two French subsidiaries “Lutec SAS”, “Atelier de décolletage de Bigorre (ADB)”, and a 90% of “SPEM AERO SAS”.
5. Atelier de décolletage de Bigorre (ADB)
Address: Zone Industrielle Pyrène Aéroport, 65290 Louey R.C.S. TARBES FRANCE
Tel: +33-5-62 45 63 80
Main business: Aerospace precision metal milling specialist.
6. SAS LuTec
Address: 27 Chemin Lou Tribail Zone Artisanale de Toctoucau CESTAS, 33610
Tel: +33-5-62 45 63 80
Main business: Aerospace precision metal milling specialist.
7. SPEM AERO SAS
Address: 6 Rue Castelmouly, 65200 BAGNERES DE BIGORRE RCS TARBES
Tel: +33-5-62 91 32 32
Main business: Aerospace surface treatment and industrial painting service

4. THE COMPANY HISTORY

B.C.	History
1998	<ul style="list-style-type: none"> ▶ Company establishment in Jan, for hard tooling design and manufacturing. ▶ Registered capital of 10m Thai Baht (par value of 100 Thai Baht)
2001	<ul style="list-style-type: none"> ▶ Capital increase of 10m Thai Baht (capital = 20m Thai Baht)
2002	<ul style="list-style-type: none"> ▶ Purchased first CNC punching and bending machines, penetrated HMLV product area.
2003	<ul style="list-style-type: none"> ▶ Capital increase of 40m Thai Baht (capital = 60m Thai Baht)
2004	<ul style="list-style-type: none"> ▶ Capital increase of 40m Thai Baht (capital = 100m Thai Baht) ▶ Purchased 14.58 rai (23,328 sqm) of land on May to build phase 1 facility
2005	<ul style="list-style-type: none"> ▶ BOI approves investment incentives for Tooling and Precision Parts project on Apr ▶ Phase 1 facility completed on Oct
2006	<ul style="list-style-type: none"> ▶ ISO9001 certified on Aug ▶ Capital increase of 50m (capital = 150m Thai Baht) on Oct; Launch Phase 2 expansion
2007	<ul style="list-style-type: none"> ▶ Phase 2 expansion completed on Aug. added Painting, silk screen and welding capability
2008	<ul style="list-style-type: none"> ▶ Capital increase of 30m Thai Baht (capital = 180m Thai Baht) on Aug ▶ ISO14001 certified on Aug ▶ BOI approved investment incentives (electrical products, electronics, health-care, and industrial products) on Sep. with 3-year tax exempt
2009	<ul style="list-style-type: none"> ▶ Sur Tec 650 Chromit AL® TCP certified on Jun ▶ Acquire 8.34 rai of land (13,344 sqm) on Aug for Phase 3 expansion ▶ Telecom outdoor enclosure product certified by TOT
2010	<ul style="list-style-type: none"> ▶ TUV TS16949 (Automotive) certification on Jan ▶ AFNO AS9100 (Aerospace) certification on Mar ▶ Started to penetrate niche markets like as aerospace, food inspection and health-care products
2011	<ul style="list-style-type: none"> ▶ PDM went live on Jul ▶ ERP went live on Aug ▶ Phase 3 expansion (aerospace products and smart digital factory) on Aug ▶ Capital increase 120m Thai Baht (capital = 300m Thai Baht) on Sept
2012	<ul style="list-style-type: none"> ▶ BOI approved investment incentives (telecom and aerospace) on Jan and Feb respectively, and of 8 yrs tax exempt and another 5 yrs 50% off. ▶ Phase 3 expansion completed on Jul ▶ Resolution for going public to stock market Taiwan and registered to adopt FA from underwriter on Jun. ▶ Change par value to 10 Baht on Oct

B.C.	History
	<ul style="list-style-type: none"> ▶ Premium capital increase of 5m shares (capital = 350m Baht) on Nov
2013	<ul style="list-style-type: none"> ▶ Telecom outdoor enclosure products certified by AIS and going to mass production ▶ Established 1st European subsidiary (Belgium) on March ▶ Pre-IPO shares restructuring completed on Jun (listing entity “JPP holding” going to share-swap with operation entity “JP-Thailand”) ▶ Premium capital increase of 10m shares (capital = 450m Baht) on Sep ▶ “JPP holding” going to premium capital increase of 6,666,666 shares (capital = 300m TWD) on Oct
2014	<ul style="list-style-type: none"> ▶ A Board Meeting of GTSM held on the July to approve an application from the company for listing in GTSM securities market Taiwan. ▶ A cash capital increasing by issuing new ordinary share with 3,750,000 shares successfully (capital to be as TWD 337.5 M). ▶ The company shares were initial public offering, listing and being transacted successfully in the securities markets Taiwan which her share code registered as be no.: 5284. ▶ In November, Jinpao to be accredited with a Nadcap Certificate in the field of Non-Destructive Testing by the Authority of SAE.
2015	<ul style="list-style-type: none"> ▶ Established a subsidiary at Tokyo in February ▶ For Signing Ceremony of a MOU to corporation with Labor Department of Thailand to develop technician education of the nation. ▶ Jinpao to be granted and awarded with “Green Star” by Industrial Estate of the Authority Thailand on September ▶ Issuing 1st local convertible bond TWD 200M in market Taiwan on October ▶ Premium capital increase of 2.3m shares (capital=360.5m NT dollars) on November ▶ In December, Jinpao to be accredited with a Nadcap Certificate in the field of Chemical Processing by the Authority of SAE. ▶ In additional, Jinpao to be accredited with a Nadcap Certificate in the field of Welding by the Authority of SAE.
2016	<ul style="list-style-type: none"> ▶ Jinpao accredited with more Nadcap Certificates in relative item of Spot Welding, Seam & Projection by the Authority of SAE on April. ▶ More land about 30.81 rai (49,296 sq m) and factory 13.11 rai (20,976 sq m) were procured from Philips Thailand for expansion purpose on July. ▶ Jinpao passed to migrate in the Taiwan stocks exchange market on a meeting held on Nov. ▶ Jinpao granted by the President of Republic of China (Taiwan) with the 18th Outstanding Overseas Taiwanese SMEs Award on October. ▶ The Company Managing Director Mr. Chung Kuo-Sung and Vice MD Ms. Kuo Hui-Ling rewarded by the Vice President of Republic of China (Taiwan) with the 25th Selection of Model Taiwan and Overseas Entrepreneurs Award on December.
2017	<ul style="list-style-type: none"> ▶ The Board of company resolved and approved an application for migration from OTC to major stock market of “TWSE” on a meeting held at January.

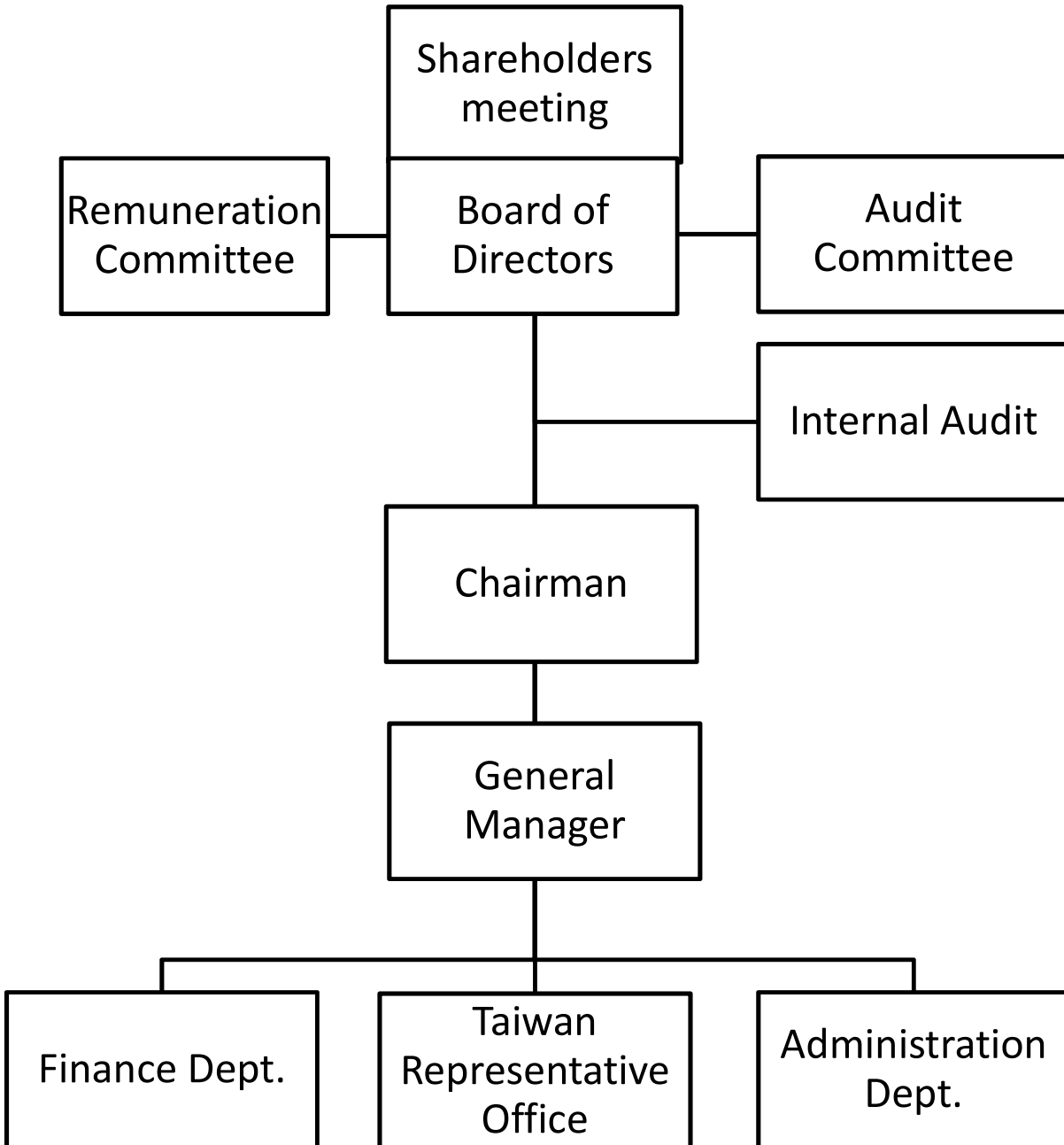
B.C.	History
	<ul style="list-style-type: none"> ▶ For Ceremony of the Company to be transacted and migrated officially in the Taiwan Stocks Exchange Market out of OTC on the 9th of March. ▶ Being a project to acquire the Philips Thailand property, Jinpao granted tax incentives by BOI with (1) Aerospace products for 8yrs' exemption, (2) Auto Machine products for 5yrs' exemption and 1yr 50% off in a row. ▶ Phase 4 factory expansion (for aerospace anodize treatment) kicked off on October. ▶ The Board resolved and approved a solar PV power rooftop project on October which costs 28.4 M Baht for a grid system 993.6 kWp power plan. ▶ The Board resolved and approved for procurement a land of 54 Rais in the Eastern Economic Corridor (EEC) for collaboration to Thai Industry 4.0.
2018	<ul style="list-style-type: none"> ▶ Grandly held the 20th Anniversary Celebration and Year-end Staff Sports Conference on Feb. ▶ In August, Jinpao was awarded the 2018 Corporate Social Responsibility Award (CSR-DIW Award) by the Ministry of Industry of Thailand. ▶ In September, the Company signed the Share Purchase Agreement to formally acquire ADB and LuTec, two France aerospace professional precision milling companies.
2019	<ul style="list-style-type: none"> ▶ The Minister of Oversea Community Affairs Councils, ROC (Taiwan) Mr. Hsin-Hsing Wu visited Jinpao Company on Jan 9. ▶ The first Jinpao Cup of National Automation Contest in Thailand was held by the Company on March 9. ▶ The Jinpao Company of Thailand jointly with her French subsidiary as of a manufacturing supplier to co-participate in the Paris Air Show Franch on the 17 to 23 of June. ▶ To launch the phase V project of construction new Spray Paint Factory on current area of lane No. 11 on November. ▶ Issuing 2nd domestic convertible bond TWD 200M in TPEX market on November 28. ▶ Capital increasing by 4.2M new ordinary shares in premium (capital=436.64M Baht) on December 23.
2020	<ul style="list-style-type: none"> ▶ To hold a closing ceremony of M&A transaction (acquired SPEM Aero SAS) at La Ferme de Pinot, musée Aéroscopia on January 7. ▶ On July, Jinpao to be accredited with U.S. Nadcap Certificate in the field of Anodizing of Chemical Processing by the Authority of SAE. ▶ The Representative of Taipei Economic & Cultural Office in Thailand Mr. Lee Ying-Yuan visited Jinpao on the 5th of November.
2021	<ul style="list-style-type: none"> ▶ I-Motor Thailand invited The Permanent Secretary of Ministry of Industry of Industry Mr. Kobchai Sungsitthisaward & Secretary General of the Board of Investment of Thailand Ms. Duangjai Asawachintachit to attend the Virtual Inauguration of Vapor on October 22. ▶ Customer launched Asia's first brewable smart drink vending machine

III. THE CORPORATE GOVERNANCE REPORT

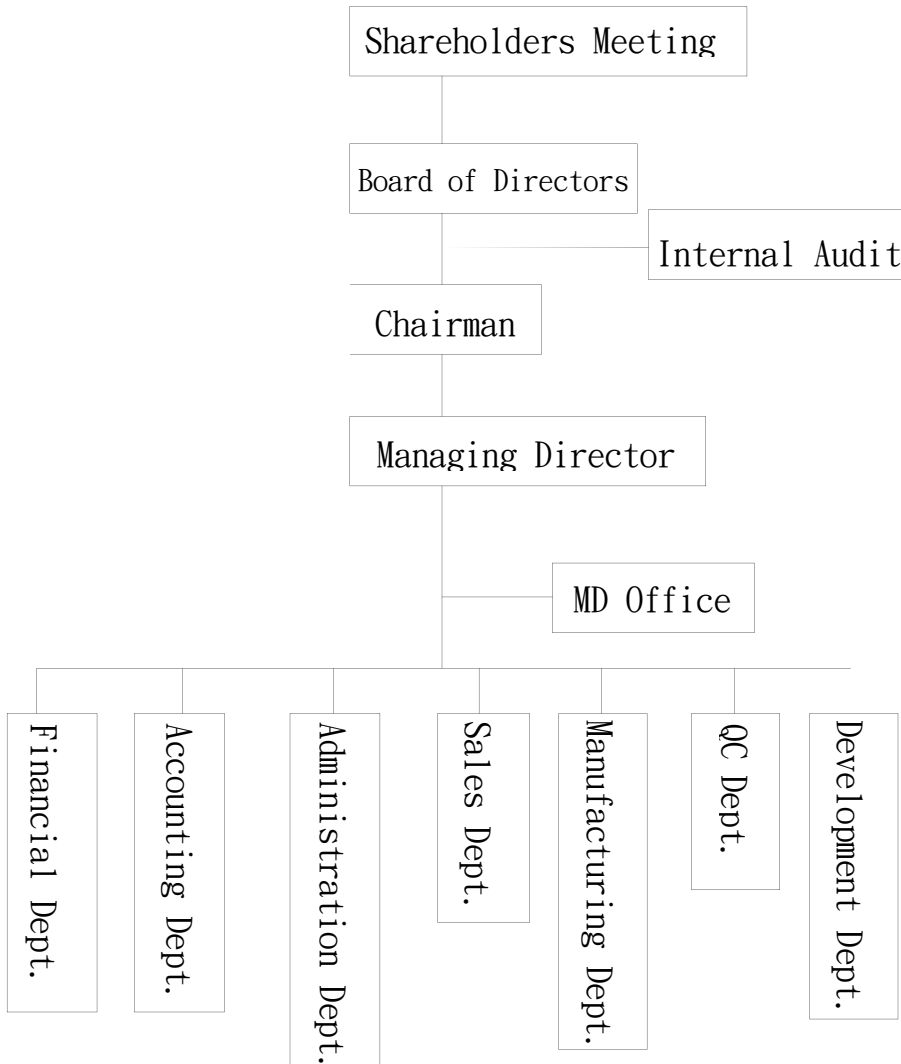
1. ORGANIZATIONAL STRUCTURE

(1) The corporate organization chart

(i) JPP Holding Company Limited



(ii) Jinpao Precision Industry Co., Ltd. (Thailand)



(2) Major operation businesses in each department

(i) JPP Holding Company Limited

Departments	Businesses in charge
Board of directors/ Chairman	Strategy and objective peg for group business operations.
Audit Committee	Supervision for group business and financial status \ fair presentation of financial statements and effective implementation of internal control.
Remuneration Committee	Pegging and regular review on directors and managers' performances evaluations and remuneration policies, systems, standards and structures, and regular review and pegging on remuneration of directors and managers.
Internal Audit	Revisions and executions of internal audit regulations and audit manuals, internal control audit for headquarter and subsidiaries, checking the improvement results, re-examine reports and other audit-relevant items.
General Manager	Receipt of resolution of boards of directors to overall charge of company business.
Finance Dept.	Overall charging of the group financial and accounting items.
Administration Dept.	Overall charging of group planning, administration, corporate governance, general affairs and secretary operations.
Taiwan Representative Office	Investors relationship maintenance, appointing the litigation/non-litigation agent of based on company regulations, and to finish assigned matters from the headquarter.

(ii) Jinpao Precision Industry Co., Ltd.(Thailand)

Departments	Businesses in charge
Board of directors	Strategy and objective peg for group business operations.
Internal Audit	Revisions and executions of internal audit regulations and audit manuals, internal control audit for headquarter and subsidiaries, checking the improvement results, re-examine reports and other audit-relevant items.
General Manager	Receipt of resolution of boards of directors to overall charge of company business.
Administration Dept.	Overall charging of group planning, administration, corporate governance, general affairs and secretary operations.
Accounting Dept.	Processing accounting related items such as accounting and taxation affairs.
Finance Dept.	Planning and executions of financial items
Sales dept.	Development and planning of market business, market research, collection and analysis of business information, planning and execution of business objective, planning and management of product sale and receivables.
Manufacturing dept.	In charge of production planning, execution and supervision, such as products manufacturing, development and equipment maintenance.
QC dept.	Quality control and management of products in charge.
Development dept.	Design, research and development and production of metallic parts and the relevant development for manufacturing and machine equipment.

2. Directors, Executives Officers and Management Team

(1) Directors and supervisors (the company did not set any supervisors)

Title	Name	Gender/ year	Nationality	Date first-elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Spouse & Minor shareholding		Shareholding by nominee arrangement		Experience (Educations)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	Ho Sheng Holdings Co., Ltd.	-	British Virgin Is.	2016.06.17	2019.6.25	3 years	6,173,030	15.64%	6,698,599	15.34%	-	-	-	-	-	-	-	-	-
Director	Representative Wang Wen-Shan	Male / 75	R.O.C	-	-	-	-	-	20,000	0.05%	2,000	0.0%	-	-	Hsing Wu Junior college of commerce Rodex Fasteners Corp./Director and President	JPP Holding Company Limited Chiao Pao Metal Co., Ltd., Chairman Director of Ho Sheng Holdings Co., Ltd.	-	-	-
Director	Powell Group	-	British Virgin Is.	2016.06.17	2019.6.25	3 years	4,787,779	12.13%	5,195,408	11.9%	-	-	-	-	-	-	-	-	-

Title	Name	Gender/year	Nationality	Date first-elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Spouse & Minor shareholding		Shareholding by nominee arrangement		Experience (Educations)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
	p Co., Ltd.			7															
	Representative Chung, Kuo-Sung	Male / 62	R.O.C	—	—	—	—	—	10,545	0.02 %	—	—	—	—	Feng Chia University Department of Industrial Engineering Bachelor Hong Yang Thailand Co., Ltd./Director Compal Electronics /Industrial Engineers	President of the company Director of Hong Yang Thailand Co., Ltd./Director and President of JPP Holding Co. Ltd. Powell Group Co., Ltd./Director P.C. Cosmos Inc./Director	Vice President of Jinpao Precision Industry Co., Ltd.	Kuo, Hui-Ling	Husband and wife
	Believing Power Co., Ltd.	-	British Virgin Is.	2016.06.17	2019.6.25	3 years	3,783,612	9.59 %	4,105,747	9.4 %	—	—	—	—	—	—	—	—	—
Director	Representative Kuo, Hui-Ling	Female / 61	R.O.C	—	—	—	—	—	10,545	0.02 %	—	—	—	—	Department of Atmospheric Sciences, national central university Master Hong Yang Thailand Co., Ltd./Director Hoo Thai Industrial Co., Ltd./ Director	Hong Yang Thailand Co., Ltd.Director Hoo Thai Industrial Co., Ltd. Director Jinpao Precision (Thai) Director/Vice President Believing Power Co., Ltd./Director Sowing Blessing Co.,	President, Jinpao (Thai)P resident	Chung, Kuo-Sung	Husband and wife

Title	Name	Gender/ year	Nationality	Date first-elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Spouse & Minor shareholding		Shareholding by nominee arrangement		Experience (Educations)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
															Ltd./Director				
Director	Wang, Jia-Nan	Male / 79	R.O.C	2013.07.15	2019.6.25	3 years	168,177	0.43%	184,665	0.42%	—	—	—	—	U.S. University of Illinois, MBA Chinese Culture University, Department of Economic, Master CHFRDA /General secretary Mega Management Advisor Co., Ltd. /President Mega Bank Adm. Sec., Center of Asia-Pacific Region Associate/Director Mega Bank (Thailand) /President	The Director of the Company	—	—	—
Independent Director	Chen, Shih-Chin	Male / 79	R.O.C	2013.07.15	2019.6.25	3 years	—	—	—	—	—	—	—	—	Graduate council of public finance, National Cheng-Chi University Mega Management Advisory Co. Ltd. / Director Mega Bank/ Vice president Member, National Development Fund Review Panel, Executive Yuan Executive Director, Taiwan Securities Association		—	—	—
Independent Director	Lai, Chen-Chu	Male / 69	R.O.C	2019.09.06.2	2019.6.25	3 years	—	—	—	—	—	—	—	—	Graduate Council of Law, University of Soochow Master Degree. Graded from Magistrate Training Institute of ROC. Former Judge, Banqiao District Court, Taiwan,		—	—	—

Title	Name	Gender/ year	Nationality	Date first-elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Spouse & Minor shareholding		Shareholding by nominee arrangement		Experience (Educations)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
				5										The Advisor of Taipei County Government, Honorary Lawyer of the SME Division of the Ministry of Economic Affairs R.O.C., Vice Chairman and Executive Director of Proview International Holdings Limited (H.K.), Supervisor of Soaring Technology Co., Ltd.					
Independent Director	Huang, Yung-Fu	Male / 56	The R.O.C	2013.07.15	2019.06.25	3 years	—	—	—	—	—	—	—	Doctor of Management, Department of Industrial Management, National Taiwan University of Science and Technology Lecturer at Fortune Institute of Technology, Department of Industrial Management Lecturer/Vice Professor/Professor at Department of Business Administration, Chaoyang University of Technology Professor/Chairman at Department of Marketing and Distribution Management, Chaoyang University of Technology	Professor at Department of Marketing and Distribution Management, Chaoyang University of Technology	—	—	—	

(1). Major Shareholders of the Institutional Shareholders:

Apr. 27, 2022

Name of Institutional Shareholders	Major Shareholders
Ho Sheng Holdings Co., Ltd. Representative : Wang Wen-Shan	Wang Wen-Shan (75%) 、 Wang Hu Yi-Fen (Wang Wen-Shan's wife ; 25%)
Powell Group Co., Ltd. Representative : Chung Kuo-Sung	P.C. Cosmos Inc. (100%)
Believing Power Co., Ltd. Representative : Kuo Hui-Ling	Sowing Blessing Co., Ltd. (100%)

Note: If the institutional shareholder is not a company, the names and shareholding ratio of shareholders to be disclosed are the names of people who contributed or donated the capital and the ratio of their contribution or donation.

(2) Major Shareholders of the Company's Major Institutional Shareholders shown as below:

The main shareholder list of the juristic shareholders: Apr. 27, 2022

Name of Institutional Shareholders	Major Shareholders
Sowing Blessing Co., Ltd. (100%)	Kuo Hui-Ling (100%)
P.C. Cosmos INC. (100%)	Chung Kuo-Sung (100%)

Note: If the institutional shareholder is not a company, the names and shareholding ratio of shareholders to be disclosed are the names of people who contributed or donated the capital and the ratio of their contribution or donation.

(3) Professional qualifications and independency analysis of directors and supervisors

Criteria	5-years Working experience & professional qualification requirements			Independence criteria (note 1)										Number of other public companies in which the individual is concurrently serving as an independent director	
	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department Related to the business needs of the company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Have work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10		
Name															
Director Ho Sheng Holdings Co., Ltd. Representative: Wang Wen-Shan			V	V		V	V		V	V	V	V	V		0
Director Powell Group Co., Ltd. Representative : Chung Kuo-Sung			V			V			V	V		V	V		0
Director Believing Power Co., Ltd. Representative: Kuo Hui-Ling			V			V			V	V		V	V		0
Wang Jia-Nan			V			V	V	V	V	V	V	V	V		2
Chen Shih-Chin			V			V	V	V	V	V	V	V	V		0
Lai Chen-Chu		V	V			V	V	V	V	V	V	V	V		1
Huang Yung-Fu	V		V			V	V	V	V	V	V	V	V		0

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(2) JPP Holding Company Limited

April 27, 2022

Title	Name	Gender	Nationality	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experiences/ Education	Other Position	Managers who are spouses or within two degrees of kinship			Remark(s) (note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Chung Kuo-Sung	Male	R.O.C	2013.09.02	10,545	0.02%	—	—	5,195,408	11.9%	Feng Chia University Department of Industrial Engineering Bachelor Hong Yang Thailand Co., Ltd. /Director Calcomp Electronics/Industrial Engineers	Director of Hong Yang Thailand Co., Ltd. Director and President of JPP Holding Co. Ltd. Powell Group Co., Ltd./Director P.C. Cosmos Inc./Director	Vice President of Jinpa o Precision Industry Co., Ltd.	Kuo Hui-Ling	Husband and wife	—
													Vice President of Jinpa o Precision Industry Co., Ltd.	Chung Kuo-Chun	Brothers	

Title	Name	Gender	Nationality	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experiences/ Education	Other Position	Managers who are spouses or within two degrees of kinship			Remark(s) (note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Financial manager	Chen Hsin-Yuan	Male	R.O.C	2013.09.02	2,272	0.01%	—	—	—	—	Institute of Business and Management, National Taipei University of Technology Department of Accounting, National Cheng-chi University Tycoons Group Enterprise(Thailand)/Audit Deputy Manager Golden Bridge Electech Inc./Audit officer	Jinpao Precision Co. Ltd. Financial Manager	—	—	—	—
Chief Internal Audit	Hong Chien-Kai	Male	R.O.C	2022.03.25	5,000	0.01%	10,000	0.02%	—	—	Institute of Computer Science, Asia University Department of Accounting, Chinese Culture University. Takming University of Science and Technology/ Lecturer Sanmin tutoring center/ Finance License Lecturer Taiwan Investor Relations Institute/ Supervisor	Jinpao Precision Co. Ltd. Internal Auditor	—	—	—	—

(3) Jinpao Precision Industry Co., Ltd.

April. 27, 2022

Title	Name	Gender	Nationality	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experiences/ Education	Other Position	Managers who are spouses or within two degrees of kinship			Remark(s) (note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Chung Kuo-Sung	Male	R.O.C	1998.01.13	10,545	0.02%	—	—	5,195,408 (Note. 1)	11.9%	Feng Chia University Department of Industrial Engineering Bachelor Hong Yang Thailand Co., Ltd. /Director Calcomp Electronics/Industrial Engineers	Director of Hong Yang Thailand Co., Ltd. Director and President of JPP Holding Co. Ltd. Powell Group Co., Ltd./Director P.C. Cosmos Inc./Director	Vice President of Jinpa o Precision Industry Co., Ltd.	Kuo Hui-Li	Husband and wife	—
													Vice President of Jinpa o Precision Industry Co., Ltd.	Chung Kuo-C hun	Brothers	

Title	Name	Gender	Nationality	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experiences/ Education	Other Position	Managers who are spouses or within two degrees of kinship			Remark(s) (note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President	Kuo Hui-Ling	Female	R.O.C	1998.01.13	10,545	0.02%	—	—	4,105,747 (Note. 2)	9.4%	Department of Atmospheric Sciences, national central university Master Hoo Thai Industrial Co., Ltd./Director Hong Yang Thailand Co., Ltd./Director	Hong Yang Thailand Co., Ltd. Director Hoo Thai Industrial Co., Ltd. Director Jinpao Precision (Thai) Director/Vice President Believing Power Co., Ltd./Director Sowing Blessing Co., Ltd./Director	President	Chung Kuo-Sung	Husband and wife	—
Vice President	Chung Kuo-Chun	Male	R.O.C	2005.08.18	10,851	0.02%	—	—	2,678,920 (Note.3)	6.14%	Institute of Business and Management, National Taipei University of Technology Chemical Fiber Group, Fiber Engineering Division, National Taipei University of Technology Taroko Textile	KC Billion Investment Co., Ltd. The director KC Top Investment Co., Ltd. The director	President	Chung Kuo-Sung	Brother-in-law	—

Title	Name	Gender	Nationality	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experiences/ Education	Other Position	Managers who are spouses or within two degrees of kinship			Remark(s) (note)	
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
Vice President	Somsak Norvong	Male	Thailand	2007.07.02	—	—	—	—	—	—	Corp.(Jinan)/Executive Vice President Taroko Textile Corp./Associate, Director	—				—	
Chief Financial Officer	Chen Hsin-Yuan	Male	R.O.C	2002.06.18	2,272	0.01%	—	—	—	—	Institute of Business and Management, National Taipei University of Technology Department of Accounting, National Chengchi University Tycoons Group Enterprise(Thailand)/Audit Deputy Manager Golden Bridge Electech Inc./Audit officer	JPP Holding Co. Ltd. Financial Manager	—	—	—	—	—
Chief Internal Audit	Hong Chien-Kai	Male	R.O.C	2022.03.25	5,000	0.01%	—	—	—	—	Institute of Computer Science, Asia University Department of Accounting, Chinese Culture University.	JPP Holding Co. Ltd. Internal Auditor	—	—	—	—	—

Title	Name	Gender	Nationality	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experiences/ Education	Other Position	Managers who are spouses or within two degrees of kinship			Remark(s) (note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
											Takming University of Science and Technology/ Lecturer Sanmin tutoring center/ Finance License Lecturer Taiwan Investor Relations Institute/ Supervisor					

Note 1 : Holding indirectly via Powell Group Co., Ltd.

Note 2 : Holding indirectly via Believing Power Co., Ltd

Note 3 : Holding indirectly via KC Billion Investment Co., Ltd.

3. Remunerations of directors, executive officers, president and vice-presidents

(1) Remunerations of directors & independent directors in the recent (2020) fiscal year

Unit: NT\$/Thousand

Title	Name	Remunerations of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant remuneration received by directors who are also employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note 1)		
		Base Compensation (A)		Severance Pay (B)		Company Surplus (C)		Business Allowance (D)				Salary, Bonuses and Allowances (E)		Severance Pay (F)		Dividend from Surplus (G)						
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	Cash	Stock	Cash	Stock		The Company	All companies in the consolidated financial statement
Director	Ho Sheng Holdings Co., Ltd. Representative: Wang Wen-Shan	960	960	0	0	1200	1588	200	200	0.0189	0.0220	280	5554	0	0	0	0	1629	0	0.0212	0.0796	0
Director	Powell Group Co., Ltd. Representative: Chung Kuo-Sung																					

Range of Remunerations

Range of remuneration	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statement	The company	Companies in the consolidated financial statement I
Less than NT\$ 1,000,000	Ho Sheng Holdings Co., Ltd.(Representative: Wang Wen-Shan), Powell Group Co., Ltd.(Representative : Chung Kuo-Sung), Believing Power Co., Ltd. (Representative: Kuo Hui-Ling), Wang Jia-Nan, Chen Shih-Chin, Lai Chen-Chu, Huang Yung-Fu	Ho Sheng Holdings Co., Ltd.(Representative: Wang Wen-Shan), Powell Group Co., Ltd.(Representative : Chung Kuo-Sung), Believing Power Co., Ltd. (Representative: Kuo Hui-Ling), Wang Jia-Nan, Chen Shih-Chin, Lai Chen-Chu, Huang Yung-Fu	Ho Sheng Holdings Co., Ltd.(Representative: Wang Wen-Shan), Wang Jia-Nan, Chen Shih-Chin, Lai Chen-Chu, Huang Yung-Fu, Believing Power Co., Ltd. (Representative: Kuo Hui-Ling), Powell Group Co., Ltd. (Representative : Chung Kuo-Sung)	Ho Sheng Holdings Co., Ltd.(Representative: Wang Wen-Shan), Wang Jia-Nan, Chen Shih-Chin, Lai Chen-Chu, Huang Yung-Fu
NT\$1,000,000~T\$1,999,999				
NT\$2,000,000~NT\$3,499,999				Believing Power Co., Ltd. (Representative: Kuo Hui-Ling)
NT\$3,500,000~NT\$4,999,999				Powell Group Co., Ltd. (Representative : Chung Kuo-Sung)
NT\$5,000,000~NT\$9,999,999				
NT\$10,000,000~NT\$14,999,999				
NT\$15,000,000~NT\$29,999,999				
Over NT\$30,000,000				
Total	7	7	7	7

(2) Remuneration of supervisors in the recent(2021) fiscal year: not available

(3) Remuneration of Presidents and Vice-presidents in the recent (2021) fiscal year Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay(B)		Bonus (C)		Dividend from Surplus (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note)
		The Company	Companies in the consolidated financial statement	The Company	Companies in the consolidated financial statement	The Company	Companies in the consolidated financial statement	The Company		The Company	Companies in the consolidated financial statement			
								Cash	Stock			Cash	Stock	
President	Chung Kuo-Sung	480	9,423	0	0	0	0	0	0	3,132	0	0.38	10.07	0
Vice President	Kuo Hui-Ling													
Vice President	Somsak Noorvong													
Vice President	Chung Kuo-Chun													

- Note: a. Specify the amount of remuneration received by the president and vice presidents from ventures other than subsidiaries or from the parent company in this field (Please fill in "None" if none).
- b. Where the Company's president and vice president received relevant remuneration from ventures other than subsidiaries or from the parent company, the remuneration received by the Company's president and vice president from ventures other than subsidiaries or from the parent company shall be included in the "E" column of the remuneration bracket table with the column name changed to "the parent company and all invested companies."
- c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expense received by the president or vice president serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

Range of Remunerations

Range of remuneration	Names of Presidents and Vice-Presidents	
	The Company	All companies in the consolidated financial statement
Less than NT\$ 1,000,000	Chung Kuo-Sung, Kuo Hui-Ling, Chung Kuo-Chun, Somsak Norvong	
NT\$1,000,000~NT\$1,999,999		
NT\$2,000,000~NT\$3,499,999		Kuo Hui-Ling, Chung Kuo-Chun, Somsak Norvong
NT\$3,500,000~NT\$4,999,999		Chung Kuo-Sung
NT\$5,000,000~NT\$9,999,999		
NT\$10,000,000~NT\$14,999,999		
NT\$15,000,000~NT\$29,999,999		
Over NT\$30,000,000		
Total	4	4

(4) Managerial officers with the top five highest remuneration amounts in a TWSE/TPEX-listed company (disclose their names and remuneration method) (Note 1)

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 6)		Remuneration from ventures other than subsidiaries or from the parent company (Note 7)
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements (Note 5)		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
EP	Chung Kuo-Sung	0	3,107	0	0	0	0	300	0	814	0	0.24	3.14	
VP	Kuo Hui-Ling	420	2,038	0	0	0	0	0	0	814	0	0.34	2.29	
VP	Somsak Noorvoing	0	2,166	0	0	0	0	300	0	814	0	0.24	2.39	
VP	Chung Kuo-Chun	0	2,110	0	0	0	0	0	0	690	0	0	2.24	
Fin Mgr.	Chen Hsin-Yuan	0	1,454	0	0	0	0	0	0	389	0	0	1.48	

Note 1: Managerial officers with the top five highest remuneration amounts refers to managers at the Company, in which the standard for determining managers is the applicable scope set forth in Order Tai-Cai-Zheng-San-Zi No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003. The top five highest remuneration amounts are determined based on the sum of salaries, severance pay, bonuses and allowances, and employee compensation received by a managerial officer from all companies in the consolidated financial statements (i.e., A+B+C+D).

Note 2: Refers to the salaries, duty allowances, and severance pay paid to the managerial officers with the top five remuneration amounts in the most recent year.

(5) Employee compensation of the Executive Officers in the recent (2021) fiscal year

Dec. 31, 2021 Unit: NT\$/Thousands

	Title	Name	In Stock	In Cash	Total	Rate of total amount to pure profits after tax (%)
	Executive Officers	President	Chung Kuo-Sung	0	3,521	3,521
Vice President		Chung Kuo-Chun				
Vice President		Kuo Hui-Ling				
Vice President		Mr. Somsak				
Fin & Acc Manager		Chen Hsin-Yuan				

Note: Employee compensation distribution proposal of Y2021 passed by the board meeting of directors on Mar. 25, 2022.

(6) Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Independent Directors, President and Vice Presidents.

The Remuneration for the Company directors and employees are implemented by the regulations, and are listed in expenses list of the account year.

- A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income

Unit: NT\$/Thousands

Item	2020				2021			
	Total remuneration		Ratio to net income (%)		Total remuneration		Ratio to net income (%)	
	The company	Consolidated financial statement	The company	Consolidated financial statement	The company	Consolidated financial statement	The company	Consolidated financial statement

Director	3.660	11.784	3.16%	10.17%	3,435	10,726	2.75%	8.60%
President and vice president	420	14.035	0.36	12.11%	480	12,555	0.38%	10.07%
Total	4.080	25.819	3.52%	22.28%	3,915	23,281	3.13%	18.67%

B. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

a. Directors and independent directors

Remuneration to directors includes cars and gasoline reimbursements, compensation from the surplus and business operation payments. Compensation from the surplus is stipulated in the Company regulations. On the other hand, the Company do not set any supervisors, thus no policy is made to payments to supervisors.

b. Presidents and vice president

The remunerations paid to presidents and vice presidents include salaries, bonuses and employee dividends, and all but salaries will be suitably adjusted and distributed based on the Company's operation performances.

4. Implementation of Corporate Governance

(1) Operations of the Board of Directors

A total of nine 【A】 meetings of the Board of Directors were held in the previous period.

The attendance of directors was shown as below:

Title	Name	In-person Attendance 【B】	By proxy	In-person Attendance Rate (%) 【B/A】	Remarks
Director's legal person representative	Ho Sheng Holdings Co., Ltd. Representative : Wang Wen-Shan	5	0	100	Be elected continuously on 06/25/2019
Director's legal person representative	Powell Group Co., Ltd. Representative : Chung Kuo-Sung	5	0	100	
Director's legal person representative	Believing Power Co., Ltd. Representative: Kuo Hui-Ling	5	0	100	
Director	Wang Jia-Nan	5	0	100	

Independent director	Chen Shih-Chin	5	0	100	
Independent director	Lai Chen-Chu	5	0	100	Be elected newly on 06/25/2019
Independent director	Huang Yung-Fu	5	0	100	Be elected continuously on 06/25/2019

Other matters to be recorded :

1. During operations of the Board of Directors, the meeting date, period, content, qualified opinion and resolution made by any independent director should be specified for matters specified in Article 14.3 of the Taiwan Securities and Exchange Act and other Independent Directors who expressed opposition or qualified opinions that were recorded or declared in writing as: None.
2. To avoid conflict of interest among directors, the Director's name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be properly recorded:
 - (1) 2019/3/26 For the agendas of No.11 & No.12 to "Lifting the restrictions of competing for Chung Kuo-Sung as the new director and Mr. Chen Hsin-Yuan as the Manager of the subsidiary Jinpao-Thailand", director Chung Kuo-Sung avoided the voting process to avoid interest conflict, and the remaining directors present approved the case with no dissenting opinion.
3. Strengthening the functions of the board in the current and recent fiscal years (e.g. establishing the Audit Committee, promoting information transparency, etc.) and conducting performance assessment
 - (1) In 2016, the election of the audit committee according to the company regulations and re-election of the audit committee was held by the first of 3rd generation board of directors on the Y2019.
 - (2) On 2017/11/7, to incorporate with the decree revision of "Position Implementation for audit committee of declared issued company", "independent director establishment and requirement for declared issued company" and "Implementations of the Board of Director meetings for declared issued company" declared by no. 1060027112 declaration from Financial Supervisory Commission, R.O.C on 2017/7/28, the company passed the board of directors to revise relevant regulations for "The audit committee organization regulation", "the occupation range of independent directors" and "the regulations of meetings for board of directors" to strengthen company government, audit committee meeting transparency and specified occupation boundary of independent directors.
 - (3) On 2018/3/26, to implement the linkage of remunerations of directors, supervisors and the management team to personal performances and guide the Company to stipulate reasonable remunerations of directions, supervisors and the management team, and strengthen the

occupational ability of remuneration committee, the board of directors passed the revision of relevant decrees of “regulation of remuneration committee” refer to the template of “Self Evaluation or Colleagues Evaluation Board of Directors” issued on Dec.31, 2014 by Taiwan Stock Exchange Ltd.

(2) Implementation Status of Board Evaluations

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Evaluation method (Note 4)	Evaluation items (Note 5)
Once a year	from 1 st Jan to 31 st Dec	Directors, independeny directos and remuneration committees	Internal evaluation of Board and cross-assessment byself in the members	Meeting participation, functional meeting with internal audit and CPA, professional seminar participation

Note 1: Refers to the cycle of Board evaluations, such as: Once a year.

Note 2: Refers to the period covered by the Board evaluation, such as: evaluation of Board performance between January 1, 2019 and December 31, 2019.

Note 3: The scope of performance evaluations includes the Board of Directors, individual directors, and functional committees.

Note 4: The evaluation method includes internal self-evaluation by the Board of Directors, self-assessment by directors, peer evaluation, and entrusting external professional institutions and experts or using other appropriate methods for performance evaluation.

Note 5: According to the scope of evaluation, evaluation items must at least include the following items:

- I. Board performance evaluation: At least includes level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and internal controls.
- II. Individual director performance evaluation: At least includes grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.
- III. Functional committee performance evaluation: Participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees, and member selection and internal control.

1. In order to implement corporate governance, enhance the functions of the board of directors of the company, and establish performance goals to enhance the efficiency of the board of

directors, Y2021 is implemented in accordance with Article 37 of the Code of Practice for Governance of Listed TWSE Companies and Article 6 of the Company's "Measures for the Performance Evaluation of the Board of Directors". The performance evaluation of the annual board of directors was submitted and reviewed at the 18th meeting of the 3rd board of directors.

- The performance evaluation of the board of directors of the Company is conducted by means of self-evaluation questionnaires. After the seven directors completed the relevant written self-evaluation, the evaluation results are summarized as follows:

Self-evaluation Questionnaire for Board Performance Evaluation: It contains six aspects and 23 evaluation items, and is self-evaluated by seven directors/independent directors.

	Evaluation Aspects	Assessment Score and Commend	remark
1	Mastery of company goals and tasks (3 items)	All directors give positive evaluation/average score 4.95	
2	Awareness of Directors' Responsibilities (3 items)	All directors give positive evaluation/average score 4.86	
3	Participation in company operations (8 items)	All directors give positive evaluation/average score 4.80	
4	Internal relationship management and communication (3 items)	All directors give positive evaluation/average score 4.86	
5	Professional and Continuing Education for Directors (3 items)	All directors give positive evaluation/average score 4.86	
6	Internal Control (3 items)	All directors give positive evaluation/average score 4.76	
	Comprehensive comments	According to the performance evaluation self-assessment questionnaire executed by each director member, the general comments of all directors are synthesized; all directors can play the role of good directors, and the operation of the board of directors is correct, fair and effective	

(3) Operations of the Audit Committee

A total of nine **【A】** Audit Committee meetings were held in the previous period.

The attendance of the independent directors was as follows:

Title	Name	In-person attendance 【B】	By proxy	In-person Attendance Rate (%) 【B/A】	Remarks
Independent director	Chen Shih-Chin	4	0	100	Be elected continuously on 06/25/2019
Independent director	Lai Chen-Chu	4	0	100	Be elected newly on 06/25/2019
Independent director	HuangYung-Fu	4	0	100	Be elected continuously on 06/25/2019
<p><u>Other matters to be recorded :</u></p> <ol style="list-style-type: none"> 1. For matters specified in Article 14.5 and resolution not passed by audit committee but agreed by over two-thirds of all directors, the meeting date of the Board of Directors, period, content, results of the Audit Committee's resolutions and the Company's processing for audit committee opinion must be reported : None. 2. Recusal by any independent directors for conflict of interest should have the independent director names, the meeting content, the reason for recusal, and the participation of the voting process be reported: None. 3. Communication between independent directors and internal auditor supervisor and accountant (which include the materials, methods, and results pertaining to corporate finances and/or operations, etc.): The Company's head of internal audit attends the audit committee meeting every time. Besides, the independent director has reviewed the financial statements of the Company regularly, and has discussed with the accountant before the meeting of the first season Board of Director meeting. The discussion meeting was held in 9 A.M. on 2020/11/06 in the JPP meeting room, and the content and relevant documents can be viewed or downloaded from the Company's homepage http://www.jppholding.com/e5-3.html. 					

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

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has formed a corporate governance code and complied by relevant regulations of information disclosure to constantly and immediately provide information regarding the status of the Company’s financial, sale, shares held by insiders and corporate governance on MOPS and established website by the Company to shareholders	No Difference
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholder’s suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(1)Aside from stipulating the shareholder rights protection items in the Company’s regulations and internal rules, the Company has established a specified unit to deal with investor relationships as well as handling shareholder’s suggestions, doubts and disputes. (2)The Company possesses the list of controlling shareholders and the ultimate owners of those shares through the stock agent unit. (3)The Company sets the “trading policy for affiliated enterprise” to serve as the guide of trading with affiliated enterprises. (4)The Company has established an “Insider Trading Policy” that prevent the Company or insiders from accidentally or deliberately breaking the law and resulting in litigations and jeopardizing reputations, so to protect rights of investors and the Company.	No Difference
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1)The Company had established three independent directors since Jul.15,2013 to reinforce the Board of Directors and follows the regulations of the Article 20 for “Governance Principles of listed companies” to revise the regulations about election procedures for chairmen and supervisors such to	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
<p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?</p> <p>(4) Does the company regularly evaluate the independence of CPAs?</p>			<p>implement the diversity direction.</p> <p>(2)The Company had established remuneration committee and the audit committee on Sep. 2, 2013, and the operation core Thailand subsidiary had established corporate social responsibility committee on Sep.18, 2017 and the committee declared the corporate social responsibility policy and direction on Oct.1 that year.</p> <p>(3)It is demanded that the board of directors should adjust composition of the board based on the result of performance assessment in the Company’s “Director election procedures”</p> <p>(4)In the first season of each year, the Company’s the Board of Directors evaluate the suitability and independence of the CPA. Besides, the elected CPA’s firm has strict demands for the CPA’s independence, e.g. The certification must not be done by the same accountant for seven years in a row for listed companies. If the CPA’s firm substitutes its accountant for internal structure reasons, the professions, personality and dependence of the new CPA is fully evaluated and sent to the board for resolution.</p>	
<p>4. As a TWSE/TPEX listed company, does the Company have set corporate governance (concurrent) unit or personnel in responsible for concerned affairs (including but not limited to offering necessary materials for the directors and supervisors, executing matters of meetingsfor board of directors and shareholders, executing the corporate registration and change of registration, proceedings for the board of directors and shareholder meetings and so on) ?</p>	V		<p>The Company’s secretary of board of directors is responsible for handling corporate governance and share affairs including providing all necessary materials for directors and supervisors, executing matters of meetings for board and shareholders for Thailand and offshore holding companies, handling corporate registration and change of registration, and managing proceedings for the Board of Directors as well as shareholder meetings and other relevant matters.</p>	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
5. Does the Company establish communication channels and dedicate section for stakeholder on its website to respond to important issues of corporate social responsibility concerns?	V		(1) Aside from regulations of the Company for protecting the shareholder’s rights, the Company also established a designated unit to deal with the stakeholders’ matters in order to deal with their suggestions, doubts and disputes properly. (2) The Company had established website and built financial business information and corporate governance information for reference by the shareholders and stakeholders. Specialists are in charge of the maintenance of the website, and update the written information to ensure its correctness to avoid misleading.	No Difference
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		(1) The Company had appointed a professional shareholder service agency to deal with shareholder affairs.	No Difference
7. Disclosure information (1) Does the company have a corporate website to disclose both financial operations and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(1) The Company had established a website to announce relevant information after issuing on the MOPS according to the competent authority rules. (2) The Company has established a website, and has appointed one spokesperson and one deputy spokesperson	No Difference
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk	V		1. Rights and care for employee: Please refer to the Section 52 Operation Outline, Paragraph 1 Company Operations, subparagraph 5 the Labor Relationship of the annual report. 2. Investors relationships: Establishing the spokesman and the spokesman email to deal with shareholders’ suggestions.	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description	
management policies and risk evaluation measures, the implementation of customer relation policies, and purchasing insurance for directors and supervisors)?			<p>3. Supplier relationships: The contract of the company and the supplier contains compliment of operation integrity policies, and the contract can be terminated if the opposite party of trading conducts non-integrity behaviors.</p> <p>4. Relationship with stakeholders: through cognition and analysis of stakeholder’s types by the business social responsibility committee on Mar.18, 2018, communications and discussions were made with employees upon their interest issues on Apr.6 to protect their rights.</p> <p>5. Training for directors and supervisors: the Company notifies directors to participate in profession knowledge training irregularly.</p> <p>6. Implementation of risk management policy and risk measurement standard: Internal control system and relevant management policy are established and executed.</p> <p>7. Implementation of customer policies : The Company maintains good relations with customers to create revenues for the Company.</p> <p>8. Liability insurance for the Company’s directors and supervisors: Liability insurance for the business range is covered for directors and supervisors.</p>	
9. According to the latest result of the Corporate Governance Evaluation System by the Corporate Governance Center of TWSE, explains the amendments or propose the priority measures to the non-improvement items	V		The Company has participated in the annual self-evaluation for Corporate Governance Evaluation System by TWSE since the listing in 2014. For each year, subsequent improvements were made based on the evaluation result; e.g. revisions were made to the Company regulations to shift the elections for director/independent director to the candidate nomination system in 2016.	No Difference

Note 1: Regardless of “Yes” or “No” for the implementation status, descriptions should be placed in the description column.

(5) If the company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed.

1. Information on members of the Compensation Committee

Identity (Note 1)	Condition Name	Meet One of the Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Attribute (Note2)								Concurrent compensation committee position in other publicly listed companies	Remarks	
		An Instructor or higher position in a Department of Commerce, Law, Finance, Accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or other Professional or Technical Specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the areas of Commerce, Law, Finance, or Accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8			
Independent Director	Chen Shih-Chin			V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Lai Chen-Chu		V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Huang Yung-Fu	V		V	V	V	V	V	V	V	V	V	V	0	

Note 1: Fill in the Identity with directors, independent directors or others

Note 2: For each member during the previous two years of election or occupation who satisfy the following conditions, please enter check under the following representatives.

- (1) Not an employee of the company or relation corporations
- (2) Not a director or supervisor of the company or relation corporations (not limited to independent directors of the company, or the child company whose parent company directly or indirectly holds shares voting rights for over 50%).
- (3) Natural shareholders who is not the person, its spouse or by other's name holding share issued by the company which is over 1% to the total amount or the amount of share ranks at top-ten.
- (4) Not the spouse, within second-degree relatives or direct blood relatives within three-degree relatives of those listed in the prior 3 subparagraphs
- (5) Not the director, supervisor or employee of the legal person's shareholder holding issued shares directly for over 5% total

share amounts from the company, or not the director, supervisor or employee of the legal person's shareholder who holds shares ranking at top-5.

- (6) Not chairmen (directors), supervisors, managers or shareholders holding share over 5% of specific corporations or organizations with financial or business interactions with the company.
- (7) Not professionals providing business, law, financial, accounting service or counseling for company or relation corporations, individual proprietorship, partnership company or organization's owners, partners, chairmen (directors), supervisors, managers or its spouse.
- (8) Not matching items described in each subparagraph of the article 30 of the Company Act.

2. The responsibility of Compensation Committee

A. Sets and periodically reviews the evaluation of the directors and managers performance and compensation policy, system, criteria and structure.

B. Periodically evaluate the compensation for the directors and managers.

3. Operation status of the Compensation Committee

A. There are 3 members in the Company's Compensation Committee.

B. Current Tenure: From June 25, 2019 to June 24, 2022, the Compensation Committee held five meetings in the fiscal year 2021 up to the date of printing of the annual report, total of 2

【A】 meetings of the Compensation Committee was held in the previous period.

The attendance was shown as below:

Title	Name	In-person Attendance 【B】	By proxy	In-person Attendance Rate (%) 【B/A】 (Note)	Remarks
Convenor	Lai Chen-Chu	2	0	100	Be elected newly on 06/25/2019
Committee	Chen Shih-Chin	2	0	100	Be elected on 06/25/2019 continuously
Committee	Huang Yung-Fu	2	0	100	Be elected on 06/25/2019 continuously

Other mentionable items :

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the

recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified) should be described in detail: None.

2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

Note: (1) If any compensation committee member resigned before the end of the year, in the remarks the resignation date should be remarked, and the actual attendance (%) is calculated based on the times of meetings held by the compensation committee and the actual attendance times during the member's in-office period.

- (2) Before the end of the year, if any reelected member is present, the new and old compensation committee member should be listed and it should be denoted on whether the member is the old, new, reelected one and the reelected date. The actual attendance (%) is calculated based on the times of meetings held by the compensation committee and the actual attendance times during the member's in-office period.

(6) The status of the company's performance of corporate social responsibilities

Items	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
<p>1. Corporate Governance Implementation</p> <p>(1) Does the company declare its corporate social responsibility policy and examine the results of the implementation?</p> <p>(2) Does the company provide educational training on corporate social responsibility on a regular basis?</p> <p>(3) Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?</p> <p>(4) Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?</p>	V		<p>(1)The Company emphasizes the moral concepts and stipulated each management regulations from related laws to enforce management team and employees compliance. Relevant department of the Company will be in charge of stipulating and reviewing the result of corporate social responsibilities.</p> <p>(2)The operation body Thailand Company has established the corporate social responsibility committee on Sep. 18, 2017 and the committee declared corporate social responsibility policy and guideline on Oct. 1 in the same year to promote corporate social responsibility.</p> <p>(3)Each specialized group of the Corporate Social Responsibility Committee will promote distinct tasks for corporate social responsibility and the committee will report to the Boards about the implementation results.</p> <p>(4)The Company has developed the compensation policy passed by the compensation committee and the board of directors, as well as integrated with employee`s performance appraisal to establish an effective reward and discipline system.</p>	No Difference
<p>2. Sustainable Environment Development</p> <p>(1) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>(2) Does the company establish proper environmental management systems based on the characteristics of</p>	V		<p>(1)The Company improves the use efficiency of various resources, as well as promotes to save electricity and recycle papers. At the same time, the Company handles waste properly and dedicates in waste classification. The Company demands the suppliers to stop or refrain from using substance hazardous to environment for the products and ingredients as to decrease loading to the</p>	No Difference

<p>their industries?</p> <p>(3) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?</p>		<p>environment.</p> <p>(2)The Company develops appropriate environment management policies based on the characteristics of the industry and keeps to be certified with ISO14001 certification.</p> <p>(3)The Company promotes the electricity work of file management to cut down paper. At the same time, the Company aggressively promotes energy conservation and switches the light to energy saving LED light and the temperature of an air-conditioner to reduce energy consumption.</p> <p>The Thailand company board of directors has passed an investment for the solar energy system equipment for 100 thousand kWh on Oct, 2017. Using substitution energy to protect the environment and cut down at least 400 thousand Baht (100 thousand kWh/month). The plant construction was finished and started running at the third season, 2018.</p>	
<p>3. Preserving Public Welfare</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?</p> <p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employee on a regular basis?</p> <p>(4) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?</p> <p>(5) Does the company provide its employees with career development and training sessions?</p>	<p>V</p>	<p>(1) In accordance with the local and international labor laws, legal rights of employee human rights is protected, and the employee appointments and dismissals and compensations are implemented based on relevant management regulations.</p> <p>(2) The Company has set up a bearer opinion box, and employees can respond to human resource departments or appropriate senior directors with opened communication way, and the Company set up an employee grievance mechanism and hotline to actively deal with the grievance matters for employees and keep the employee in secret.</p> <p>(3) For working environment, the Company regularly implemented the fire inspection to ensure solid environment safety, and for each year hold employee health check regularly and irregularly participate in various spiritual lessons.</p> <p>(4) The Company established employee benefit committee</p>	<p>No Difference</p>

<p>(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding research and development, purchasing, producing, operating and service?</p> <p>(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?</p> <p>(8) Does the company evaluate the records of suppliers' impact on the environment and society before taking on business partnerships?</p> <p>(9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?</p>			<p>according to decrees and every employee rights can obtain reasonable addresses through the above channels.</p> <p>(5) The Company holds various career development and training plans for employees irregularly, including language and skill trainings.</p> <p>(6) The Company's products are not sold to normal consumers; hence consumer right policy has not been developed and declared yet. However, the Company insists to give service to customers with high quality, high-efficiency ways to create satisfying services. Besides, the Company appointed dedicated office to deal with complaints procedures to reach the highest objective of customer-satisfying services.</p> <p>(7) The Company complies with relevant laws as well as international standards when it comes to marketing and labeling of first-class customized products and services.</p> <p>(8) The Company has evaluated the suppliers to meet the international convention as being free of public nuisance before taking on business partnerships.</p> <p>(9) The contracts between the Company and supplier all contain compliance of ethical corporate management policy, and if the trading counterpart is involved in unethical behaviors or has violated relevant laws, resulting in breach of contract, the contracts may be terminated any time.</p>	
<p>4. Enhanced information disclosure</p> <p>(1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?</p>	V		<p>The Company discloses relevant information on the Company website and the shareholder meeting annual report irregularly after the information is publicly issued.</p>	No Difference
<p>5. If the company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: No difference.</p>				
<p>6. Other important information to facilitate a better understanding of the company's corporate social responsibility practices:</p>				

- (1) the Company developed moral behavior standard, ethical corporate management policy and corporate social responsibility best-practice principles as the system and program of the Company's corporate social responsibility, and devoted to improve the awareness of environment and social responsibility for all employees; Besides, on November 25, 2021, the Financial Regulatory Commission issued a letter of Jin Guan Zheng Fa Zi No. 1100375814, in line with the international development trend, to implement the goal of sustainable development, and to strengthen the promotion of enterprise development. Code of Practice", and by amending the relevant provisions
- (2) The Company implemented corresponding measures in respect to The Restriction of Hazardous Substances in Electrical and Electronic Equipment (ROHS) Directive, to make the customer's orders pass the ROHS regulation.
- (3) The Company has promoted industry-academia cooperation plans to sponsor fundamental facility of colleges and universities to train talents and advance the academia-industry communication.
- (4) The Company sponsored 50,000 Baht to the Thai Red-Cross Society on Nov, 2021.
- (5) The Company sponsored 30,000 Baht to the World Vision Foundation on December of 2021.
- (6) In December 2021, the company continued to invest in the purchase of aerospace product liability insurance to protect consumers and clients.
- (7) The operation and implementation of the Company's sustainable management were submitted to the directors' meeting for inspection at the 19th meeting of the 3rd Board. For the results of 2021 energy conservation, water conservation and carbon reduction, please refer to the attached Energy Saving Report as below

10. Energy Saving Report (รายงานการอนุรักษ์พลังงาน ปี 2021)																	
Method of Analysis		Energy Saving		Unit	Jan'21	Feb'21	Mar'21	Apr'21	May'21	Jun'21	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Total
1	Solar Cell (Car Park) Install 23/05/13	Total (KWh)	33.15 (KW)	KW	943	1,027	1,191	1,027	948	980	921	961	836	911	842	1,077	11,664
		Total (THB)		THB	3,485	3,795	4,339	4,112	3,365	3,479	3,372	3,518	3,103	3,263	3,103	3,907	42,841
		Saving (CO2)		KG	589	642	744	642	593	613	576	601	523	569	526	673	7,290
2	Solar Cell 01 Factory 1 + Solar Cell 02 AMP	Total (KWh)	993.60 (KW)	KW	78,300	77,400	90,950	76,300	98,800	112,100	99,100	101,100	95,500	74,200	75,300	78,900	1,057,950
		Total (THB)		THB	285,157	286,016	279,592	305,467	350,744	408,418	359,915	367,179	352,455	263,413	274,343	281,718	3,814,417
		Saving (CO2)		KG	48,938	48,375	56,844	47,688	61,750	70,063	61,938	63,188	59,688	46,375	47,063	49,313	661,219
3	Wind Turbine Install 25/05/13	Total (KWh)	0.2 (KW)	KW	46	49	44	43	17	49	43	21	5	48	30	27.00	422
		Total (THB)		THB	167	182	135	172	60	180	159	77	17	174	111	98	1,532
		Saving (CO2)		KG	29	31	27	27	10	31	27	13	3	30	19	17	264
4	Water Reused Install July 13	Total (M ³)	Back-THB Bill (THB/M ³)	M ³	240	155	291	185	163	216	211	232	7	84	183	171	2,138
		Total (THB)		THB	9,037	6,157	10,882	6,966	5,267	7,932	8,032	8,268	260	2,933	6,672	5,166	77,571
5	Water Reuse New AMP Plant Apr	Total (M ³)	34 (THB/M ³)	M ³	17	7	12	1	31	7	8	8	181	16	11	12	311
		Total (THB)		THB	640	278	449	38	1002	257	305	285	6713	559	401	363	11,288
Summery Saving Energy		Total (KWh) ประหยัดไฟ			79,289	78,476	92,185	77,370	99,765	113,129	100,064	102,082	96,341	75,159	76,172	80,004	1,070,036
		Total (M ³) ประหยัดน้ำ			257	162	303	186	194	223	219	240	188	100	194	183	2,449
		Total CO ₂ emitted (kg) ลด CO ₂			49,555	49,048	57,616	48,356	62,353	70,706	62,540	63,801	60,213	46,975	47,608	50,003	668,772
		Total (THB)			298,486	296,429	295,397	316,754	360,439	420,266	371,783	379,327	362,547	270,341	284,630	291,251	3,947,649

(7) Ethical Corporate Management

Items	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Description	
<p>1. Establishments of ethical corporate management policies and programs</p> <p>(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?</p> <p>(2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?</p> <p>(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p>	V		<p>(1) The Company has developed written system of ethical corporate management policies.</p> <p>(2) The Company promotes the ethical corporate management concept to all employees through holding relevant educational activity by the corporate social responsibility committee.</p> <p>(3) The Company demands all employees to not accepting any improper gift so as to avoid the employee sacrificing the Company's interest for the individual interest. On the other hand, all employees should assume the obligation of keeping operation secrets of the Company or others.</p>	No Difference
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity and report the implementation status to the Board regularly?</p> <p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Has the company established effective system for both</p>	V		<p>(1) There is assessment mechanism between the Company and the customers or suppliers, and upon concluding contracts, rights and obligations are described in detail therein and kept secrets.</p> <p>(2) Promotions related to the corporate ethical management of the Company are implemented by the corporate social responsibility committee, and executed by each group member based on the person's work range. The internal auditor shall check the compliance status to the system of the previous clause, and make the audit report to report to the Board.</p> <p>(3) The Company establishes the reporting channels to let</p>	No Difference

<p>accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>			<p>the prosecutor report illegal matters while keeping the prosecutor identity and the content as secret.</p> <p>(4) The Company establishes the internal audit plan and the internal audit units execute various works according to the audit plan.</p> <p>(5) The Company regularly holds educational trainings and promotions in accordance with written system of ethical corporate management policies, and invites the trade counterpart to participate in them to let the person understand the Company's resolution, the policy, the precaution programs and the result to violation of the ethical corporate managements.</p>	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company establish standard operating procedures for confidential reporting on investigating cases?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	V		<p>(1) The Company establishes and publicize the internal independence report mailbox and hotline for the Company's insiders and external personnel's use.</p> <p>(2) Processed by to the Company's exclusive unit in the procedure described below:</p> <p>(3) Being passed to department executives if the report matter is involved by general employees and to independent directors if the matter is involved by chairman or top executives.</p> <p>(4) The Company keeps the prosecutor identity and report content secret as of dealing relevant personnel for the reported matter.</p> <p>(5) The Company executes protection to the prosecutor to prevent the person from improper treat due to the report.</p>	No Difference
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPs?</p>	V		<p>After publicizing, the Company disclose various relevant information on the Company's website and MOPs in accordance with related decrees.</p>	No Difference
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: None.</p>				
<p>6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (such as review and revision of regulations):</p>				

- (1) The Company strictly abides by its rules, the Securities Exchange Act, the ethical corporate management policy to TWSE/TEEx Listed Companies or other laws related to commerce conduct to embody the ethical corporate management principle to create a sustainable management environment.
- (2) The Company's 【the governing regulation of board of directors' meeting】 developed regulations for directors to avoid interest, and the director shall explain the concern in the Board of Directors when the meeting subject exhibits the concern for the director himself or the legal person he represents. If the interests of the Company are jeopardized, the director shall not be allowed to participate in the discussion and voting, as well as act on behalf of other directors in exercising their voting rights.
- (3)The Company was granted by the President of Republic of China (Taiwan) with the 18th Outstanding Overseas Taiwanese SMEs Award on October, 2016.
- (4) The Company President Mr. Chung Kuo-Sung and Vice President Ms. Kuo Hui-Ling rewarded by the Vice President of Republic of China (Taiwan) with the 25th Selection of Model Taiwan and Overseas Entrepreneurs Award on December, 2016.
- (5) On 2017/11/7, to cooperate with the decree revision of “Position Implementation for audit committee of public company”, “independent director establishment and requirement for public company” and “Implementations of the Board of Director meetings for public company” declared by no. 1060027112 declaration from Financial Supervisory Commission, R.O.C on 2017/7/28, the company's board of directors had passed to revise relevant regulations for “The audit committee organization regulation”, ”the occupation range of independent directors” and “the governance regulations of board of directors' meeting” to strengthen company government, audit committee meeting transparency and occupation boundary clearness of independent directors.

(8) If the company has adopted corporate governance principles or related regulations, shall disclose how these are to be searched: Please refer to the Company's website:<http://www.jppholding.com>

(9) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed: the reviews for the status of execution of resolution items through shareholders' meeting in recent years.

Meeting Name	Period	Content	Resolutions	Implementation status
Annual General shareholders' meeting of 2020	1	Adoption of the 2019 Business Report and Financial Statements	Total shareholder attendance of 29,959,186 voting rights (including the electronic voting of 189,665), approval 29,864,671 of voting rights (including the electronic voting of 181,028), ratio of approval was 99.68 %, disapproval 5,393 of voting rights (including the electronic voting of 5,393), invalid 0 of voting rights, abstention 89,122 of voting rights (including the electronic voting of 3,244), proposal by the Board was approved.	Based on the resolution, the proposal was executed.
	2	Adoption of the Proposal for Distribution of 2019 Profits	Total shareholder attendance of 29,959,186 voting rights (including the electronic voting of 189,665), approval 29,864,671 of voting rights (including the electronic voting of 181,028), ratio of approval was 99.68 %, disapproval 5,393 of voting rights (including the electronic voting of 5,393), invalid 0 of voting rights, abstention 89,122 of voting rights (including the electronic voting of 3,244), proposal by the Board was approved.	Based on the resolution, the proposal was executed. The cash dividend totaled NT\$82,962,755 which distributed with NT\$1.9 per share and completed at Aug. 27, 2020.
	3	Amendment to the Company's Memorandum and	Total shareholder attendance of 29,959,186 voting rights (including the electronic voting of 189,665), approval	Based on the resolution, the proposal was

		Articles of Association. (Special Resolution	29,864,671 of voting rights (including the electronic voting of 181,028), ratio of approval was 99.68 %, disapproval 5,393 of voting rights (including the electronic voting of 5,393), invalid 0 of voting rights, abstention 89,122 of voting rights (including the electronic voting of 3,244), proposal by the Board was approved.	executed and came into effect immediately.
Annual General shareholders' meeting of 2021	1	Adoption of the 2020 Business Report and Financial Statements	Total shareholder attendance of 28,757,713 voting rights (including the electronic voting of 26,885,158), approval 28,745,357 of voting rights (including the electronic voting of 26,873,802), ratio of approval was 99.96 %, disapproval 9,052 of voting rights (including the electronic voting of 9,052), invalid 0 of voting rights, abstention 3,304 of voting rights (including the electronic voting of 2,304), proposal by the Board was approved.	Based on the resolution, the proposal was executed.
	2	Adoption of the Proposal for Distribution of 2020 Profits	Total shareholder attendance of 28,757,713 voting rights (including the electronic voting of 26,885,158), approval 28,745,357 of voting rights (including the electronic voting of 26,873,802), ratio of approval was 99.96 %, disapproval 9,052 of voting rights (including the electronic voting of 9,052), invalid 0 of voting rights, abstention 3,304 of voting rights (including the electronic voting of 2,304), proposal by the Board was approved.	Based on the resolution, the proposal was executed. The cash dividend totaled NT\$91,695,677 which distributed with NT\$2.1 per share and completed at Sep. 03, 2021.
	3	Amendment to the Rules of Procedure for Shareholder	Total shareholder attendance of 28,757,713 voting rights (including the electronic voting of 26,885,158),	Based on the resolution, the proposal was

		Meetings	<p>approval 28,743,357 of voting rights (including the electronic voting of 26,871,569), ratio of approval was 99.95 %, disapproval 11,052 of voting rights (including the electronic voting of 11,052), invalid 0 of voting rights, abstention 3,304 of voting rights (including the electronic voting of 72,3040), Proposal by the Board was approved.</p>	<p>executed and came into effect immediately.</p>
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(10) Internal Control System Execution Status

i. Statement of Internal Control System

JPP Holding Co. Ltd.

Declaration of Internal Control

Date: March. 25, 2022

The following declaration regarding the internal control system of the Company and subsidiaries has been made based on a self-assessment performed in 2021:

- I. The Company and subsidiaries acknowledge and understand that establishment, implementation and maintenance of the internal control system are the responsibility of the board and managers, and that such a system has been implemented within the Company. The Company has the internal control system established to provide a reasonable assurance for the realization of operating effect and efficiency (including profits, performance, and assets safety), the reliability of financial report, and the obedience of relevant regulations.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company and subsidiaries features a selfmonitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company and subsidiaries evaluate the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether the existing system continues to be effective. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the "Governing Rules" for the details of the said items.
- IV. The Company and subsidiaries have adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the assessments described above, the Company and subsidiaries consider the design and execution of its internal control system to be effective as at December 31, 2021. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's and subsidiaries' business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This declaration was approved during the board of directors meeting held on March 25, 2025; all 7 attending directors had concurred with the context of this declaration.

JPP Holding Company Limited

Chairman: **Chung Kuo-Sung**

President: **Chung Kuo-Sung**

- ii. If CPA was engaged to conduct a Special Audit of Internal Control System,
Provide Its Audit Report: None

(11) Disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: There are no material deficiencies for violations to the law and the internal control.

(12) Material resolutions of shareholders meeting and board of directors meeting:

NO.	Resolution moves	Meeting Date	Meeting type
1	1. Approval the Investment of THB 357.2 Million to the Significant Subsidiary Jinpao Precision Industry Co., Ltd.	2020.01. 15	The 6 th meeting of the 3 rd Board
2	1. Adoption of the Company's 2019 business report and corporate consolidated financial statements. 2. Approval of the Company's 2019 earnings distribution proposal. 3. Approval of the Company's 2019 employees' and directors' compensation proposal. 4. Approval of the Company's "Articles of Association" revision proposal. 5. Approval of the Company's 2019 internal control system statements 6. Approval of the accountant appointment and the audit fee proposal. 7. Discussion of the date, time, agendas etc. for the Company's 2020 shareholders' annual general meeting. 8. Discussion on the period and place for proposal application for the Company's 2020 shareholder's annual general meeting.	2020.03. 24	The 7 th meeting of the 3 rd Board
3	1. To consider the proposal for an agenda of AGM 2020 by the shareholder.	2020.05. 05	The 8 th meeting of the 3 rd Board
4	Adoption Items : 1. Adoption of the 2019 Business Report and Financial Statements 2. Adoption of the Proposal for Distribution of 2019 Profits	2020.06. 23	The annual general shareholders' meeting

	Discussion Item : 1. Amendment to the Company's Memorandum and Articles of Association		
5	1. Adoption of the 2 nd Q Consolidated Financial Statements of 2020 2. Approval HR Adjustment Proposal of the Subsidiary "Jinpao Precision Industry Co., Ltd." 3. To Approve an Application of a Short-term Loan Two Million US Dollars with CTBC Bank Co., Ltd. Taiwan 4. Amendment of the Regulations Governing Procedure of Shareholders Meetings 5. Amendment of the Governing Procedure of Board of Directors' Meetings 6. Amendment of the Rules for the Scope of Duties of Independent Directors 7. Amendment of the Rules and Regulations of Audit Committee 8. Amendment of the Rules and Regulations of Management Compensation Committee	2020.08.07	The 9 th meeting of the 3 rd Board
6	1. Approval for a Loaning Funds 3.4 Million Euro Dollars to the Subsidiary "Jinpao Euro SAS"	2020.09.30	The 10 th meeting of the 3 rd Board
7	1. Approval of the Company's 2021 annual internal audit plan 2. Adoption of the 3 rd Q Consolidated Financial Statements of 2020 3. Approval of the Company's 2021 annual budget proposal 4. Approval of the Application for a Mid-term Loan Euro 2.7 Million Dollars with Mega International commercial Bank Foreign Department Taiwan 5. Amendment of the "Rules Governing Financial and Business Matters between this Corporation and its affiliated Enterprises" 6. To Stipulate the Company's "Rules for Performance Evaluation of Board of Directors".	2020.11.06	The 11 th meeting of the 3 rd Board
8	1. To Consider a Funds Limited 2.97 Million Euro Dollars Loaning to the Subsidiary "Jinpao Euro SAS".	2020.12.08	The 12 th meeting of the 3 rd Board
9	1. Approval of the Company's 2020 employees' and directors' compensation proposal. 2. Adoption of the Company's 2020 business report and corporate consolidated financial statements. 3. Approval of the Company's 2020 earnings distribution proposal. 4. Approval of an Amendment on the Company's "Regulations Governing Procedure of Shareholders Meetings". 5. Approval of the Company's 2020 internal control system statements 6. Approval of the accountant appointment and the audit fee proposal. 7. Discussion of the date, time, agendas etc. for the Company's 2021 shareholders' annual general meeting. 8. Discussion on the period and place for proposal application for the Company's 2021 shareholder's annual general	2021.03.26	The 13 th meeting of the 3 rd Board

	meeting.		
10	<ol style="list-style-type: none"> To consider the proposal for an agenda of AGM 2021 from the shareholder. Adopted to amend the compliance consultant appointment contract 2019 for listing company on major board Approved the relevant prevention measures to cope with the Covid-19 epidemic during the annual General shareholder meeting. 	2021.05.07	The 14 th meeting of the 3 rd Board
11	<ol style="list-style-type: none"> Discussion of changing the date of the Company's 2021 annual general shareholders' meeting. Discussion Cash Dividends distribution of 2020 Approval of the Application for a increasing short-term credit limited up to US Dollars 3 Million with CTBE Bank 	2021.07.08	The 15 th meeting of the 3 rd Board
12	<ol style="list-style-type: none"> Adoption of the 2nd Q Consolidated Financial Statements of 2021 Approval Salary Adjustment Proposal for directors and managements of the subsidiary "Jinpao Precision Industry Co., Ltd." Approval for a Loaning Funds 3.4 Million Euro Dollars to the Subsidiary "Jinpao Euro SAS" 	2021.08.26	The 16 th meeting of the 3 rd Board
13	<ol style="list-style-type: none"> Approval of the Company's 2022 annual internal audit plan Approval of the Company's 2022 annual budget proposal To Consider a Funds Limited 2.97 Million Euro Dollars Loaning to the Subsidiary "Jinpao Euro SAS". 	2021.11.09	The 17 th meeting of the 3 rd Board
14	<ol style="list-style-type: none"> Approval of the Company's 2020 employees' and directors' compensation proposal. Adoption of the Company's 2020 business report and corporate consolidated financial statements. Approval of the Company's 2020 earnings distribution proposal. Approval of an Amendment on the Company's "Regulations Governing Procedure of Shareholders Meetings". Approval of the Company's 2020 internal control system statements Approval of the accountant appointment and the audit fee proposal. Discussion of the date, time, agendas etc. for the Company's 2021 shareholders' annual general meeting. Discussion on the period and place for proposal application for the Company's 2021 shareholder's annual general meeting. 	2022.03.25	The 18 th meeting of the 3 rd Board

(13) Where, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None

(14) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D:

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Chief Internal Auditor	Wen Hong Rong	104.08.07	111.03.26	Retirement
Chief Internal Auditor	Hong Chien Kai	111.03.27	-	-

5. Information Regarding the Company's Audit Fee and Independence

(1) The Audit fee of CPA

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
Deloitte & Touche	Gung Tza Li	Jan. 1, 2021~ Dec. 31, 2021	
	Yang Ching Cheng	Jan. 1, 2021~ Dec. 31, 2021	

Note: If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason.

Currency: NT\$

Fee Range		Fee Items	Audit fee	Non-Audit fee	Total
1	Under NT\$ 2,000,000				
2	NT\$ 2,000,001~ 4,000,000				
3	NT\$ 4,000,001~ 6,000,000		V		V
4	NT\$ 6,000,001~ 8,000,000				
5	NT\$ 8,000,001~ 10,000,000				
6	Over NT\$ 10,000,000				

Currency: NT\$

CPA Firm	Name of CPA	Audit fee	Non-Audit fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company registration	Human Resources	Others	Subtotal		
Deloitte & Touche	Gung Tza Li	4,350,000	0	0	0	0	0	2021	
	Yang Ching							2021	

	Cheng							
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(2) Information on replacement of certified public accountant: None.

(3) Information on service of the company's chairman, president, and financial or accounting managers at the accounting firm or its affiliates: None.

Evaluation CPA independence was reviewed and resolved by the 18th meeting of the 3rd board of directors on Mar. 25, 2022. The evaluation checklist was shown as below:

Independence evaluation checklist of F-JPP's CPA in 2022		
Check items of independence evaluation	Accountant: Deloitte Gung Tza- Li	Accountant: Deloitte Yang Ching-Cheng
1 In the annual quotation, non-audit fee paid to CPA, the accounting firm and its affiliates is over one-quarter of audit fee paid to them	Not available	
2 Information on Service of the Company's Chairman, President, and Financial or Accounting Managers at the Accounting Firm or Its Affiliates in the recent year	Not available	
3 Information on holding the company's shares of the accountant and his/her spouse	Not available	Not available
4 Information on service of the accountant's second degree of kinship at the Company	Not available	Not available
5 Retained by the client or audited person to be charged of ordinary work and to receive fixed compensation, or to be made to serve as the director or supervisor	Not available	Not available
6 Information on past service as the client or audited person's director, supervisor, managerial person or officer exhibited material effects on certified case, and the separation of the past service was within two years	Not available	Not available
7 Information on spouse, direct blood relatives, direct relatives by marriage or collateral relatives by blood within two generations relationships with the client or the audited person's responsible person or managerial person	Not available	Not available
8 Investment or financial interest sharing relationships for the principal, his spouse or his dependent children and the client or the audited person	Not available	Not available

9 Information on loaned capital for the principal, his spouse or his dependent children and the client or the audited person	Not available	Not available
10 Execution of management consult or other non-certification business to affect the independency	Not available	Not available
11 Incompatible of the regulations of the supervise institution for accountant rotation, agency for other's accounting matters or others capable of affecting the independency	Not available	Not available

6. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent:

(1) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders greater than 10 percent stake in the company.

Unit: share

Title	Name	Year 2021		Year 2022 Up to the publication date of the annual report	
		Shareholding Increase/Decrease	Pledged Shares Increase/Decrease	Shareholding Increase/Decrease	Pledged Shares Increase/Decrease
Director/ Major Shareholder	Ho Sheng Holdings Co., Ltd. Representative: Wang Wen-Shan	—	—	—	—
Director	Wang Wen-Shan	—	—	—	—
Director	Believing Power Co., Ltd. Representative: Kuo Hui-Ling	—	—	—	—
Director	Kuo, Hui-Ling	—	—	—	—
Director/ Major Shareholder	Powell Group Co., Ltd. Representative: Chung Kuo-Sung	—	—	—	—

Director	Chung Kuo-Sung	—	—	—	—
Director	Wang Jia-Nan	—	—	—	—
Independent Director	Chen Shih-Chin	—	—	—	—
Independent Director	Lai Chen-Chu	—	—	—	—
Independent Director	Huang Yung-Fu	—	—	—	—
Juristic Person Representative / Chairman	Chung Kuo-Sung	—	—	—	—
Jinpao(Thailand) Vice-President	Kuo Hui-Ling	—	—	—	—
Jinpao (Thailand) Vice-President	Chung Kuo-Chun	—	—	—	—
Jinpao (Thailand) Vice-President	Somsak Norvong	—	—	—	—
Financial Manager	Chen Hsin-Yuan	—	—	—	—
Audit director	Wen Hong-Rong	—	—	—	—

(2) Information on equity transfer: The counterparties of equity transfer are not related parties.

(3) Information on equity pledge: The counterparties of share pledges are not related parties.

7. Relationship information among the company's top 10 shareholders:

Apr. 27, 2022; Unit: Share

Name (Note1)	Shareholding		Spouse & Minor Current Shareholding		Current shareholding in the name of others		relationship among the top ten shareholders, anyone who is of a related party of Financial Accounting Standards No.6 Relation, spouse, or second-degree kinship of another: Name & relation (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Ho Sheng Holdings Co., Ltd.	6,698,599	15.34%	—	—	—	—	—	—	—
Representative: Wang Wen-Shan	20,000	0.05%	2,000	0.0%	—	—	—	—	
Powell Group Co.,	5,195,408	11.9%	—	—	—	—	—	—	—

Ltd. Representative: Chung Kuo-Sung		10,545	0.02%	10,545	0.02%	—	—	Kuo,Hui-Ling	Spouse	
								Chung, Kuo-Chun	Brother	
Believing Power Co., Ltd. Representative:Kuo Hui-Ling		4,105,747	9.4%	—	—	—	—	—	—	
								Chung, Kuo-Sung	Spouse	—
		10,545	0.02%	10,545	0.02%	—	—	Chung, Kuo-Chun	Brother-in-law	
Happy Forever International Ltd. Representative: Ms. Sirinporn Saresawatpichai Mr. Mingtsung Cheeweasuk		3,936,390	9.02%	—	—	—	—	—	—	
		—	—	—	—	—	—	—	—	—
KC Billion Investment Co., Ltd. Representative: Chung Kuo-Chun		2,678,920	6.14%	—	—	—	—	—	—	
								Chung, Kuo-Sung	Brother	—
		10,851	0.02%	—	—	—	—	Kuo, Hui-Ling	Brother's Spouse	
Luckace Investments Limited Representative: Tu, Chang-Hung, Tu Wei Yu		2,418,362	5.54%	—	—	—	—	—	—	
		51,000	0.12%	—	—	—	—	—	—	—
Well Pacific Worldwide Co., Ltd. Representative: Liou Ling Di		1,010,447	2.31%	—	—	—	—	—	—	
		—	—	—	—	—	—	—	—	—
First Venture Capital Co., Ltd. Representative: none		636,000	1.46%	—	—	—	—	—	—	
		—	—	—	—	—	—	—	—	—
Topson Holdings Limited		464,715	1.06%	—	—	—	—	—	—	
Representatives:	Tzou Sin	21,000	0.05%	—	—	—	—	—	—	
	Huang,T un-Chen	18,000	0.04%	—	—	—	—	—	—	—
	Sarunya Maneechay 、 Somsak Norvon	—	—	—	—	—	—	—	—	

	g · Jaran Masoon gnern ·									
Lee Chon-Cheng	446,772	1.02%	—	—	—	—	—	—	—	—

Not 1: The top 10 shareholders should be all listed, and those belongs to legal person shareholders should list the name of legal person shareholder and the name of representative, respectively.

Note 2: The calculation of shareholding percentage (%) is calculated respectively for the principal, spouse, the minors or the name of others.

Note 3: The relationship of the mentioned shareholders including legal person and natural person should be disclosed according to the Regulations Governing the Preparation of Financial Reports by Issuers.

8. Ownership of Shares in Affiliated Enterprises:

April 27, 2022 ; Unit : Shares

Joint venture	The Company		Investment by Directors, Supervisors, Managerial Person and Directly or Indirectly Controlled Businesses		Comprehensive Investment	
	Shares	%	Shares	%	Shares	%
Jinpao Precision Industry Co.,Ltd.	70,974,998	≐ 100%	2	≐ 0%	70,975,000	100%
Jinpao Precision Japan Co., Ltd.	-	-	480	80%	480	80%
Jinpao Europe SAS	-	-	1,900,000	76%	1,900,000	76%
Atelier de décolletage de Bigorre (ADB)	-	-	5,776	76%	5,776	76%
LuTec SAS (LUTEC)	-	-	417,629	76%	417,629	76%
Wefly Aero Co., Ltd.	-	-	250,000	25%	250,000	25%
SPERM AERO SAS	-	-	2,835	90%	2,835	90%

IV. CAPITAL OVERVIEW

1. Capital and shares

(1) Issued Shares

April 27, 2022 Unit: NT\$Thousand/Shares

Year /month	Par Value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital Increased by Assets Other Than Cash	Others
2012 /05	10	100,000	1,000,000	1	10	established	—	—
2012 /06	10	100,000	1,000,000	100	1,000	Capital increase 990 by cash	—	—
2013 /06	10	60,000,000	600,000,000	23,333,334	233,333,340	NT\$ 233,332,340	—	Note 1
2013 /10	10	60,000,000	600,000,000	30,000,000	300,000,000	Capital increase 66,666,660 by cash	—	Note 2
2014 /10	10	60,000,000	600,000,000	33,750,000	337,500,000	Capital increase 37,500,000 by cash	—	Note 3
2015 /11	10	60,000,000	600,000,000	36,050,000	360,500,000	Capital increase 23,000,000 by cash	—	Note 4
2015 /12 ~ 2018 /10	10	60,000,000	600,000,000	39,464,608	394,646,080	Corporate Bond jpp-1 convert to common stock	—	Note 5
2019 /12	10	60,000,000	600,000,000	43,664,608	436,646,080	Capital increase 42,000,000 by cash	—	Note 6
2022 /04	10	60,000,000	600,000,000	43,664,608	436,646,080	Corporate Bond jpp2KY convert to common stock	—	Note 7

Note 1: Stock rights were reestablished to issue new stocks

Note 2: Private placements were done before listing and issued premium at NT\$36 per share.

Note 3: First capital increase issued for listing, approved on 2014/09/17 Securities and Futures Bureau No. 1030036526, and issued premium at NT\$50 per share.

Note 4: The capital increase at 2015 was approved on 2015/09/21 Securities and Futures Bureau No. 1040037400, and issued premium at NT\$50 per share.

Note 5: Approved on 2015/09/21 by Financial Supervisory Commission (Taiwan) Securities and Future Bureau No. 10400374002, 2000 three-year-period debenture convertible bonds"jpp-1"with total amount at

NT\$0.2 billion was issued on 2015/10/23

Note 6: The capital increase at 2019 was approved on 2019/11/06 Securities and Futures Bureau No. 1080334512, and issued premium at NT\$47 per share.

Note 7: Approved on 2019/11/06 by Financial Supervisory Commission (Taiwan) Securities and Future Bureau No. 10803345121, 2000 sheets three-year-period debenture convertible bonds”jpp2KY”with total amount at NT\$0.2 billion was issued on 2019/11/28

Type of shares

Unit: Shares

Type of Shares	Approved Capital			Remarks
	Issued Shares	Un-issued Shares	Total (Note)	
Registered Common Stock	43,664,608	16,335,392	60,000,000	Listed Stocks

(2) Recent shareholding distribution status

i. Status of Shareholders

Date: Apr. 27, 2022; Unit: share %

Items	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Netural Persons	Foreign Institutions and Netural Persons(Note)	Total
Number of Shareholders	0	4	11	1,666	21	1,702
Shareholding (shares)	0	169,469	1,380,613	15,400,063	26,714,463	43,664,608
Percentage	0%	0.39%	3.16%	35.27%	61.18%	100.0%

Note: Capital investment from the Mainland China indirectly holds 2.31% of the Company’s shares through Well Pacific Worldwide Co., Ltd.

ii. Shareholding Distribution Status

Par value NT\$10 per share; Apr. 27, 2022; Unit: Share

Class of Shareholding	Number of Shareholders	Shareholding	Percentage (%)
1~ 999	263	33,178	0.0760%

1,000~ 5,000	951	1,936,890	4.4358%
5,001~ 10,000	177	1,349,054	3.0896%
10,001~15,000	84	1,046,686	2.3971%
15,001~20,000	53	952,905	2.1823%
20,001~30,000	48	1,180,845	2.7044%
30,001~40,000	21	709,753	1.6255%
40,001~50,000	31	1,406,010	3.2200%
50,001~100,000	37	2,568,167	5.8816%
100,001~200,000	20	2,817,739	6.4531%
200,001~400,000	6	1,633,625	3.7413%
400,001~600,000	3	1,349,883	3.0915%
600,001~800,000	1	636,000	1.4566%
800,001~1,000,000	0	0	0%
Over 1,000,001	7	26,043,873	59.6452%
Total	1,702	43,664,608	100.00%

(3) List of Major shareholders:

List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list.

Apr. 27, 2022; Unit: Share

Shareholders' Name	Shareholding	
	Shares	Percentage (%)
Ho Sheng Holdings Co., Ltd.	6,698,599	15.34%
Powell Group Co., Ltd.	5,195,408	11.90%
Believing Power Co., Ltd.	4,105,747	9.40%
Happy Forever International Ltd.	3,936,390	9.02%
KC Billion Investment Co., Ltd.	2,678,920	6.14%
Luckace Investments Limited	2,418,362	5.54%
Well Pacific Worldwide Co., Ltd.	1,010,447	2.31%
First Venture Capital Co., Ltd.	636,000	1.46%
Topson Holdings Limited	464,715	1.06%
Lee Chon-Cheng	446,772	1.02%

(4) Information of Market Price, Net Worth, Earnings and Dividends per Share.

Unit: NT\$; Thousand Shares

Item		2020 (International Financial Reporting Standard Applied)	2021 (Applying International Financial Reporting Standard Applied)	Up to Mar. 31, 2022	
Market Price Per Share	Highest	51.30	50.00	47.80	
	Lowest	28.55	34.20	42.80	
	Average	38.38	42.22	44.89	
Net Worth Per Share	Before distribution	41.62	37.45	39.72	
	After distribution	39.51	35.15	(Not distributed)	
Earnings per share	Basic Weighted average shares	43,665	43,665	43,665	
	Earnings per share	2.65	3.0	1.12	
Dividend per share	Cash Dividend		2.1	2.3	(Not distributed)
	Stock Dividends	Stock Dividends Appropriat ed from Retained Earnings	—	—	—
		Stock Dividends Appropriat ed from capital surplus	—	—	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investme nt	P/E ratio	14.48	14.07	—	
	Price-dividend ratio	18.28	18.36	—	
	Cash dividend yield%	5.47%	5.45%	—	

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(5) Dividend Policy and Implementation Status

i. Company's dividend policy

From the Company's by-laws article 14.4, "If the Company gains "revenue"(defined afterwards), 0.1% to 10% of the annual revenue should be contributed to the employees' compensations, the contribution target of the

employees' compensation includes the employees belonged to the Company meeting certain requirements; The Company shall contribute no more than 2% of the annual revenue to the directors'(exclusive of independent directors) compensations. The employees' and directors' compensation distribution proposal shall be executed for the proposal resolution is made for that two-thirds of directors attend the board of directors' meeting and over half of attended directors are approved of the proposal, and be reported at the shareholder's meeting. Yet, if accumulated deficits are remained, the Company should retain the amount for compensation in advance, and then contribute the employees' and directors' compensation with the mentioned percentage of revenue. The "revenue" refers to the net profit before tax, and to avoid ambiguity, the net profit before tax refers to the amount before paying the employees' and directors' compensation."

From the Company's by-laws article 14.5, "The Company operation refers to the niche market of specific demand and customized goods, and is in the growing stage. The board of directors shall consider earnings of each fiscal year, overall development, financial plan, capital demand, industry prospect and the future prospect of the Company to draft the shareholders' dividend distribution proposal and report to the shareholder's meeting for a resolution. When the board proposes the earning distribution for emerging stock trading or during the listing in TPEX period, aside from implementing the contribution based on the article 14.4, the board shall prepare the following together with the earnings of each fiscal year:(i) reserve payment for corresponding fiscal year; (ii)compensation for past deficit amount; (iii)surplus reserve for 10% of earning(or statutory surplus reserve hereafter); and (iv) the special capital reserve demanded according to the regulations for public companies by R.O.C. authority of securities."

From the Company's by-laws article 14.6, "Under the circumstance that the Company Act of Cayman Islands is not violated, if there are residual earnings after contribution of the employees' and directors' compensation based on the article 14.4 and preparation of amount the board considering to be appropriate based on the distribution policy of the article 14.5, the residual earnings shall be combined with all or part of undistributed earnings of past years, and among it not less than 20% of the earnings after tax that year should be distributed based on the shareholder's shareholding percentage as the shareholder's dividend after that the board considers financial, sale and operation factors and suggest the approval of the distribution in shareholder's meeting. Nevertheless, for the shareholder's dividend, the cash dividend should not be less than 10%."

ii. Proposed Distribution of Dividend the year

The Company's earnings distribution proposal was drafted by the board on Mar. 25, 2022, in which cash dividend of NT\$2.3 per share is to be distributed, and the proposal will be reported to the shareholder's meeting on Jun. 23, 2022 for a

resolution.

(6) Compensation of employees, directors, and supervisors

- i.** The compensation percentage or range of employees, directors and supervisors as replied by the Company's by-law: See the above "dividend policy" for details.
- ii.** If the estimation base of employees', directors' and supervisors' compensation estimates this period, the share calculation base for employees' compensation from the share distribution, and the real distributed amount has discrepancy with the estimated amount, the corresponding accounting manipulation: The Company implements the estimation for planned distribution earnings based on decree, by-law and experience. The discrepancies between the employee bonuses resolution by the board, the real distribution of the directors' and supervisors' compensations and the recognition amount in financial statements will be viewed as the changes in accounting estimates, and are listed to the loss or profit for the next fiscal year.
- iii.** Information on the resolution of employees' bonuses approved by the board and the related matter

 - a. The cash dividend, stock dividend for employees and compensation for directors and supervisors will be distributed. For the differences to the annual estimation of the recognition fee, the difference, reasons and corresponding measures should be disclosed: None.
 - b. The stock dividend distribution resolution to the employees and the ratio to the net profit after tax and employees bonus total in individual or respective financial statement: None.
 - c. The estimate earnings per share after the resolutions for the bonus of employees and the compensation of directors and supervisors are distributed: 2.1
- iv.** The compensation distribution and results reported in the shareholder's meeting

 - a. The final distributed employees' cash and stock dividends and directors' and supervisors' compensations are reported to the shareholder's meeting. If any difference to the Board resolution of distribution, the difference, reasons and corresponding measures should be disclosed: The Company's compensation distribution of Y2020 for NT\$160,000 to employee together with NT\$ NT\$1,200,000 to directors been reported in the annual general shareholders' meeting of Y2021, there is no difference between the resolution made by the board of directors.
 - b. For the employee's stock dividend distribution resolution by the board, the distributed shares and the ratio to the capital increase by earnings: None.

- v. The actual distribution of compensation for employees, directors, and supervisors in the previous fiscal year (including shares distributed, monetary amount, stock price) and any discrepancy between the recognition compensation for employees, directors, and supervisors. The discrepancy, reason, and response should be specified: None.

(7) Buy-back of Treasury Stock: None.

2. Corporate bonds

Execution Status of Corporate Bonds

Corporate Bond Type	The 2 nd unsecured convertible corporate bond within territory of the R.O.C.	
Issue (Execution) Date	Nov. 28, 2019	
Denomination	NT\$100 thousand of each bond	
Issuing and transaction location	Market (listed)	
Issue price	Issue by denomination	
Total price	NT\$200,000 thousand	
Coupon rate	0.00%	
Tenor	Three years Maturity: Nov. 28, 2022	
Guarantee agency	None	
Consignee	Mega Bank, Department of Trusts	
Underwriting institution	Grand Fortune Securities Co., Ltd.	
Certified Lawyer	Not applicable	
Certified Public Accountant	Not applicable	
Repayment method	Except of converting back to common stock by the bond holder according to Article 13, or buying back by the Company according to Article 21, and cancellation after buying back from over-the-counter markets by the Company, the Company implements redemption by cash at one time based on 101.5% of par value as the bond expires.	
Outstanding Principal	NT\$200,000 thousand up to the date of Apr.30, 2022	
Terms of redemption or advance repayment	Execution is based on articles 21 “The Buying-back” of the Company’s rule for issuance and conversion of convertible bond	
Restrictive clause (Note 1)	None	
Name of credit rating agency, rating date, rating of corporate bonds	Not applicable	
Other rights attached	Converted amount of (exchange or stock warrant) Common Stocks, Global Depository Receipts, or	NT\$ 0 up to May 20, 2022.

	other securities up to the publication date of the annual report.	
	Issuance and conversion method (exchange or stock warrant)	Please refer to the Company's "rule for issuance and conversion of convertible bond"
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		Based on current circulating amount of NT \$200 Million and the current convertible price of NTD \$49.60, it might be increased by 4,032,000 new shares. The maximum dilution ratio against to the existing shareholder's equity is 8.45%, which is not significant, and the holders of conversion bonds are usually converse to ordinary shares by gradual does neither have an immediate effect nor have a significant impact on shareholders' equity.
Transfer agent		Not applicable

Note 1: For instance, the limitation to cash dividends payouts, investment abroad or the requirement of keeping a fixed asset ratio.

Information on convertible corporate bond

Corporate bond type (Note 1)		The 2nd unsecured convertible corporate bond within territory of the R.O.C.	
Item		2021	current year up to March 31, 2022 (Note 2)
Market Price of Convertible Corporate Bond	Highest	111	105.80
	Lowest	100	101.00
	Average	106.45	103.50
Conversion Price		Adjusted to NT\$49.6 on Aug. 15, 2021	Not applicable
Issuance date and conversion price at issuance		Nov. 28, 2019 NT\$ 55	Not applicable
Conversion method / Carrying-out (Note 1)		None	delivered 0 issued shares

Note 1: Delivery of issued shares or issuance of new shares

Note 2: The 3-year convertible corporate bond's maturity date: Nov. 28, 2022.

3. Preferred shares: None
4. Global depository receipts (GDR) : None

5. Employee stock option: None
6. Status of new shares issuance in connection with merges and acquisitions: None
7. Financing Plans and Implementation:

- (1) Financing Plan: According to the capital increase by cash approval on 2019/11/06 by Securities and Future Bureau No. 1080334512, Financial Supervisory Commission (Taiwan), the Executive Yuan, the Company executed the capital increase by cash on 2019/12/23 on the objective of operation fund enrichment. For the capital increase by cash, the issuance of 4,200,000 common shares at the face value NT\$10 and the issue price NT\$47 per share raised fund of NT\$197,400 thousand. On the other hand, according to approval on 2019/11/06 by Securities and Future Bureau No. 10803345121, the issuance of 2,000 unsecured convertible corporate bonds “jpp2KY” was executed on 2019/11/28, amounting to NT\$0.2 billion for three-year period, on the objective of operation fund enrichment and repayment of banking loan.
- (2) Implementation Status: the Company has finished the fund-raising based on the original plan up to the 4thQ of 2019.
- (3) Introduced Affect: the fund-raising plan was finished at the 3rd quarter, 2020 and aimed at enriching the operation fund, which is not only to enhance the stability of long-term capital, to increase the self-capitals, to reduce the interest load from loan and to yield flexible financing, but also strengthens the financial structure and enhance the debt-paying ability, and the related issues are addressed below:

(i) To repay bank loans: The Company has had repay the bank loan of NT\$ 345,218 thousand with this funds-raising project. If it is calculated based on the interest rate of the bank loan to be repaid, it is estimated that interest expense can be saved by about NT\$8,970 thousand in 2020, and the interest expense can be saved by about NT\$9,785 Thousand will moderately reduce the company’s financial burden and dependence on bank loans, thereby enhancing long-term competitiveness and improving financial structure.

(ii) To enrich operation funds:

Unit: NT\$ Thousand

Item of Plan	Schedule to complete	Amount requested	Timing of capital
			The 3 rd of 2020
Repay bank loans	The 1 st Q of 2020	345,218	345,218

Enrich operation funds	The 1 st Q of 2020	52,182	52,182
Total		397,400	397,400

The company intended to use NT\$52,182 thousand of the amount-raised this time to enrich working capital. In addition to increasing long-term capital, stable sources, and improving short-term debt repayment capacity, it also reduced the interest burden caused by borrowing from financial institutions. This will strengthen the company's long-term competition and increase the flexibility of capital rollover. Based on the current average short-term banking rate of 2.96%, it is expected to save interest expenses of NT\$1,416 thousand in 2020, and NT\$1,545 thousand since 2021 onward.

V. Operational Highlights

1. Business Activities

(1) Business Scope

i. Main areas of business operations

The companies currently focuses on manufacture of non-consumer electronics in the niche market, providing customers one-stop services from product design to finished products, and small-volume production of a wide range of different items. It employs high-level automation and digitalization of precision machining technology. The company targets on the high-end market, and its major products include mechanical parts of avionics systems, 5Gcommunication cabinets, networking equipment, add value machine, food testing instrument, automotive cooling fan and sensor, solar inverter chassis, server, mechanical parts of medical display, game consoles, components of high-speed rail vehicle, industrial printers, etc. Its customers are global first-tier companies whose products are applied in communications, electronics, aerospace, medical, green energy, food equipment, automobiles, transportation and other industries.

ii. Revenue distribution

UNIT: NT\$ thousand ; %

Major Divisions	2020		2021	
	Sale revenues	%	Sale revenues	%
Telecommunications	623,170	49.48	678,644	50.23
Electronics	137,403	10.91	211,419	15.65
Aerospace	345,288	27.42	327,933	24.27
Healthcare	22,093	1.75	22,791	1.69
Other	131,488	10.44	110,195	8.16
Total	1,259,442	100.00	1,350,982	100.00

iii. Main products:

Main product series are listed as follows:

A. Telecommunication

- (A) 4G CABINET Series
- (B) 5G CABINET Series
- (C) I Mobile General Payment Series
- (D) COVER AMARA TESE Series
- (E) UPS+Battery Series
- (F) Smart Meters Series
- (G) IOT CABINET Series
- (H) SEVER RACK Series

B. Electronics

- (A) Optical base for 3D theater Series
- (B) Electronic control device box Series
- (C) Power distribution control panel Series

C. Aerospace

- (A) Flight Control System enclosure Series
- (B) Cockpit System and Displays enclosure Series
- (C) Mechanical Series of Electrical System and Power Conversional System

D. Medical

- (A) Diagnostic Displays Series
- (B) Radiology Displays Series
- (C) Mammography Displays Series
- (D) Surgery Displays Series
- (E) Mechanical Series of Point of Care Device

E. Others

- (A) Cabinet for food analyzer Series
- (B) Battery chassis for Green power system Series
- (C) Entertainment Series
- (D) Automotive Series
- (E) Industrial Printer & 3D Printer Series
- (F) High-Speed Railway Series
- (G) Oil Tank Series
- (H) Brewable Smart Beverage Vending Machine Series

iv. New products (services) development:

The sales department determines the future product development directions depending on the market needs and product development trends that meet market trends and values. In terms of production process and technology development, the company will enhance the production process technology capabilities and introduce new automation equipment to improve production efficiency and product quality. The details are listed in the follows:

Mid-term and long-term product development directions:
(1) Regarding the improvement in the field of non-aerospace technology and process capabilities, this year will focus on the deployment of fully automated spray production lines to enhance competitiveness and play production performance, in response to the rapid growth of Netcom products and orders such as communication cabinets and server data cabinets (Rack), contributing to

operating income
(2) In terms of business development and future deployment, the company team has begun to contact and plan several leading industries and national strategic products. In Thailand at 2020, Jinpao invested in the establishment of an aerospace international certification academy, and the cultivation of technical talents will develop towards the all-round aerospace industry chain, integrating manufacturing, maintenance services, technical training and academic certification in diversified related aerospace fields.
(3) JPP cooperates with Thailand's national key strategy development Electric locomotive production plan and extension of the charging station development and deployment of the development of the EV Ecosystem and Clean Energy Facility; the other followed by the product research and development of Musk Space X parts. In active efforts, I hope to formally penetrate and join its manufacturing supplier team.
(4) Customized orders for electronics and food are also gradually increasing and strengthening. The first smart beverage vending machine in Thailand, developed in collaboration with customers, will also enter mass production in the second half of the year.
Mid-term and long-term production process and technology development:
(1) The new ERP system and KIOSK software and hardware systems have been implemented. At the same time, the plant adopts paperless policy that the R&D team has continuously tested parameters tuning to ensure the correctness of the collected big data. In the future, the company will employ big data to improve the production process of sheet metal, and integrates sensing systems and industrial technology to optimize the entire production process, and to make the best use of the resources, realizing the smart factory.
(2) Actively cooperate with customers to obtain 5G communication cabinet certification from telecom providers and orders for Netcom products from international manufacturers.
(3) Building a new plant for the manufacture of aerospace products, and applying for NADCAP accreditation in several special process categories like anodizing and thermal processing procedures. The certifications include mechanical parts of cockpit, and other sheet metal components.

(2) Industry Overview

i. Macroeconomic Environment and Future Development

A. Global metal sheet processing industry

In 2019, the market scale of the metal products industry in emerging markets, including Asia, Africa and the Middle East, and Latin America will continue to expand, accounting for 37.96%, 9.72% and 8.53% respectively. Among them, emerging markets such as Brazil, China, India and Southeast Asia, the Middle East and Russia are expected to have rapid growth.

In addition, in recent years, in line with the usage of Internet of Things (IoT), big data, cloud computing, artificial intelligence, etc., being more and more frequently, manufacturers in the metal product industry have also begun to move toward intelligent manufacturing (Intelligent Manufacturing; IM, Smart Manufacturing), as well in turn drives innovation in traditional manufacturing further.

B. Global telecommunication industry

Driven by the demand for smart phones, the global mobile communications market will have 9 billion global mobile communications users by 2023, higher than today's 7.7 billion. The introduction of 5G in the future will follow a development process similar to that of 4G LTE, but the growth of networking revenue of service providers is limited. Wireless service revenue will peak in 2021, reaching US\$881 billion, which is 3% higher than the 2018 forecast. In addition, as 4G and 5G mobile communications drive the development of diversified mobile service business models, the global mobile communications market has risen from the bottom in 2017, and the rise of AIoT that combines artificial intelligence (AI) and the Internet of Things (IoT), plus edge computing Demand, the growth rate is accelerating.

5G development started from 5 million users in 2019, and grows to 577 million in 2023 (excluding fixed wireless services and industrial Internet of Things). In recent years, telecom companies have vigorously promoted 5G services, but the growth of users' speed showed a slow acceleration state. Before launching 5G services, the 4G LTE platforms had a considerable amount of time to develop through LTE-Advanced and LTE-Advanced Pro technologies. Taken together, this technology will account for more than half of all 4G LTE connections by mid-2018 and reach 2 billion users by the end of the year. Even with 5G, many devices still rely on 4G to provide links outside the 5G coverage area.

According to MIC data disclosed, the main development trend of the mobile communications industry includes:

- (A) 5G starts commercial use, and related industries are ready to go
- (B) Paving the way for Gigabit LTE download rate
- (C) Wi-Fi / Bluetooth launches new standards to strengthen smart applications
- (D) Brain-computer interface emerges
- (E) Three development trends of unmanned retail stores
- (F) Smart clothing high growth
- (G) Three directions of industrial robots
- (H) AR recreates new business opportunities for virtual and real interactions
- (I) Payment, fashion and communication create smart wristband opportunities

In the next few years, as important e-service providers specialize in 5G, there are many unsolved issues related to infrastructure costs and deployment strategies, and how service providers can surpass basic Internet services and develop new revenues.

C. Global server industry

Cloud capex will grow 18% in 2022 (excluding Amazon), with Microsoft (Microsoft) having the largest annual increase in capex in the industry, followed by Alphabet, Facebook and Amazon was the lowest. Its 2021 capex growth of 34% leads its peers after the impact of COVID-19 and Facebook's advertising division, and the company's 2022 capex outlook is \$29-34 billion, driven by AI, machine learning, and the next milestone, the Metaverse drive investment. Investments by the other public cloud players mentioned above also continued to grow

Due to the development of the ICT industry, Taiwan has not only been known as the kingdom of ICT, but also moved towards the Asian Silicon Valley owing to vigorous development in the fields of cloud, 5G, and AIoT. Among them, the data center (Data Center), which can be called the infrastructure of the science and technology industry, is blooming in various regional markets around the world. The role of the "arms supplier" played by the cloud server supply chain in Taiwan cannot be ignored, not only in the United States, China The two major markets are highly dependent on the R&D and manufacturing capacity of Taiwan's server supply chain system. Even in emerging markets such as Europe, Russia, and Southeast Asia, Taiwan's supply chain footprint can be seen.

According to the Digitimes survey, the cloud revenue of Taiwan's server ODM factories was above 200 billion dollars despite under a Covid-19 epidemic impact. Besides, Taiwan's top 3 manufacturers made optimistic forecasts for the server market next year. It is estimated that in 2022, the revenue of each server will exceed 200 billion dollars. In Chart, we can see that Facebook and Google are Quanta's two largest cloud customers, while Wiyynn's two largest customers are Facebook and Microsoft. Inventec's customers, which also have three cloud customers of Amazon, Google and Microsoft, are relatively scattered. According to the planned capital expenditure of cloud service providers (CSPs) in 2022, the consumer NB market is expected to decline next year, but Quanta's NB market share will increase with MacBook, especially the Pro series equipped with Mini LED has received positive reactions. As for Wiyynn, Facebook-related revenue is estimated to grow to 121 billion yuan (up 24% year-on-year), accounting for 52% of its full-year total. Although Wiyynn's revenue from Microsoft has declined, and its contribution in FY22 is expected to decrease from 41% in FY21 to 38%, Wiyynn's revenue from Microsoft is still expected to reach 89 billion yuan, an annual increase of 17%.

DIGITIMES Research observes that in the next five years, driven by demand for public cloud services, high-performance computing (HPC), AI applications, and 5G telecom data centers, the compound annual growth rate (CAGR) of global server shipments is expected from 2020 to 2025. It will reach 6.7%. Among them, large-scale public cloud companies continue to build infrastructure as the main force to drive growth. Due to the new crown pneumonia (COVID-19) epidemic, corporate customers have accelerated cloud adoption to facilitate home office or distance learning, as well as online commerce and other needs increase, and some of these activities will become the norm in the future.

D. Global aerospace industry

Global governments are removing restriction of the global air transportation market. It brings huge benefits for consumers, boost business and the tourism industry, thus driving the growth of

the air transportation and travel markets. The global aerospace industry is introduced in three parts as follows,

(A) Global aerospace market overview

The global aviation industry has continued to recover slowly recently. The domestic passenger transport market in many countries has recovered faster than the international market, and the overall freight business revenue has grown against the trend. The International Air Transport Association predicts that the aviation industry will still have a long road to recovery, and passenger traffic will not return to 2019 levels until 2024 at the earliest.

According to the global aviation market analysis report recently released by the International Air Transport Association (IATA), global air passenger traffic in October 2020 decreased by 70.6% compared with the same period in 2019, and continued to narrow from the 72.2% year-on-year decline in September 2020. The recovery of domestic air transport in various countries is the main driving force behind the recovery of the industry. Industry insiders predict that the promotion and use of the Covid-19 vaccine will effectively enhance people's travel confidence. The global aviation industry is expected to reduce losses in 2021, but there is still a long way to go to completely get rid of the epidemic.

According to the report of the IATA, in October 2020 air passenger traffic in Europe dropped by 77.6% year-on-year, and North America dropped by 70.1%. The Asia-Pacific region performed best, with a year-on-year decrease of 61.6%, which was the lowest in the world. Air passenger traffic has recovered by nearly 40%.

"Passenger to cargo" has become a highlight. The IATA report shows that the cargo business is one of the highlights of the international aviation industry in 2020. Freight revenue has grown against the trend, from US\$104.2 billion in 2019 to US\$117.7 billion in 2020, an increase of 15%. Approximately 50% of air cargo is transported by passenger aircraft. "The performance of cargo transportation in 2020 is significantly better than that of passenger transportation. Although cargo business cannot fill the gap caused by the sharp decline in air passenger revenue, it accounts for a significant increase in airline revenue. Cargo revenue enables airlines to maintain their basic international network.

When the epidemic hit, it realized the need to change the business model and started the 'customer-to-goods' service. Most of the flights are changed to carry cargo, so that they will not fall into financial crisis. Industry insiders pointed out that currently about 80% of cross-border e-commerce businesses require air cargo. With the vigorous development of cross-border e-commerce business, the demand for freight will increase day by day. In 2021, the number of global passenger aircraft transshipment aircraft will increase by 36% to 90%, and by 2022 this number will be close to 110%. According to Boeing's latest forecast in October 2020, by 2039, the total number of global freighters will exceed 2,400, of which about 1,400 will be converted from passenger aircraft.

The latest statistics from the IATA show that in 2020, global airlines have cut costs by 45.8%, while revenue still fell by 60.9%, with a total net loss of 118.5 billion U.S. dollars. The recovery of the global aviation industry is long and difficult. The global aviation industry will pick up further in 2021. The Chinese market will recover faster than the international market. Major airlines will not turn around until at least the fourth quarter of 2021. The passenger traffic will not return to the level of 2019 until 2024 at the earliest. Financial support is the main reason why many airlines can maintain. Governments continue to provide support to airlines to inject vitality into economic development.

As the airline's goal will partly return to normal travel, industry insiders pointed out that Airbus has already put forward requirements on suppliers. Based on this year's existing goal, the production of A320 series passenger aircraft will increase by 18% by the end of 2022. The

production figures for the end of next year are still unknown. Airbus previously only promised to increase production in two steps in January. By the end of 2021, it will increase its production from 40 to 45 per month. This is also the first sign that Airbus hopes to achieve recovery.

An Airbus spokesperson pointed out that the market is expected to return to pre-epidemic levels between 2023 and 2025, but uncertainty still exists. Airbus had enjoyed record demand for jetliners before the outbreak, but cut production of its best-selling model A320 by a third to 40 per month during the outbreak a year ago. Chief Executive Guillaume Faury said in April that Airbus's goal will be "a sharp rise" from 2022 to 2023. The supplier pointed out that they need 3 to 18 months to prepare for the change in production targets for the A320 passenger aircraft.

E. Industry and Policy of Electric Vehicles and Related Equipment in Thailand

Recently, the "National Electric Vehicle Policy Committee" (nevpc) established by the Thai government released the "Master Plan", which intends to continue to promote the development of the domestic electric vehicle locomotive industry in 5 years, 10 years and 15 years respectively within the above time frame. Build a complete electric vehicle industry chain and master advanced core technologies.

According to the "National Next-Generation Vehicle Committee" chaired by the Deputy Prime Minister and Minister of Energy of Thailand in March 2021, through Thailand's plan to accelerate the development of electric vehicle production projects: 1. Electric vehicles will account for 50% of Thailand's total vehicle production by 2030; 2. 2025 The total number of electric vehicles in Thailand reaches 1,055,000: divided into 402,000 cars/pickup trucks, 622,000 motorcycles, and 31,000 public buses/trucks; 3. The total number of electric vehicles in Thailand in 2030 should be Increase to 6.22 million: divided into 2.93 million cars/pickup trucks, 3.13 million motorcycles, and 156,000 public buses/trucks; 4. The total number of electric vehicles in Thailand will increase to 18.41 million in 2035: divided into cars/ 8.62 million pickup trucks, 9.33 million motorcycles, 458,000 public buses/vans, all locally produced new cars will achieve zero emissions.

The "National Next-Generation Vehicle Committee" subsequently approved an investment incentive plan for electric vehicle (EV) charging and battery swap business projects in its May meeting, promoting 50% of locally produced vehicles to become electric vehicles, and accelerating efforts to meet the demand for electric vehicles. Through this incentive, at least 12,000 charging stations and 1,450 battery swap stations will be established nationwide, and the program includes tax-free periods, financing support and other non-tax incentives. And amend relevant regulations that may slow down or lead to unnecessary costs in the production of electric vehicles and their spare parts, in order to encourage people to build electric vehicle infrastructure. Focusing on the three areas of zero-emission vehicles, next-generation vehicle technology and innovative business models, by 2035, Thailand will become a first-class "center of excellence" and a modern transportation hub in ASEAN. The government hopes to give full play to the competitiveness of its skilled labor and supply chain system in the global auto industry, and build Thailand into the largest electric vehicle manufacturing base in ASEAN.

At present, Thailand has more than 2,000 upstream and downstream supporting enterprises in the automobile industry, and 30 global automobile manufacturers have set up factories in Thailand. After 40 years of construction and development, Thailand has become the 11th largest automobile production base in the world, with a total output of 2.2 million vehicles in 2020.

In line with the global boom in electric vehicles, many Thai businesses see a huge opportunity. Unlike traditional fuel vehicles with strict technologies and patents in the past, electric vehicles have relatively low barriers to entry in terms of capital and technology. Therefore, in recent years, Thai investors and enterprises have increased their investment in the construction of passenger

cars, electric buses, electric motorcycles, electric tricycles, electric boats, battery manufacturing, public charging facilities and home charging piles.

In order to promote the development of the electric vehicle industry and enhance the public's confidence in the use of electric vehicles, it is also planned to expand the construction of the charging facility network. Thailand will build 10,000 charging stations nationwide by 2025, with a distance of no more than 50 kilometers. By 2035, the number of charging stations will increase to 80,000.

Thailand's current power generation capacity reserve rate is close to 50%, which is much higher than the world average of 15% to 20%. At the same time, Thailand is committed to the development of a smart grid system that can generate and distribute electricity more efficiently, thereby supporting the development of the electric vehicle industry.

ii. Industrial relationship with upstream, midstream and downstream

Jinpao's products and services belong to the midstream sector of the industry supply chain. The upstream companies provide raw materials like steel plates, copper plates and aluminum plates. Jinpao purchases raw materials from more than two suppliers, so that they have more choices to change suppliers. The downstream applications include telecommunication, server, cloud storage device, medical equipment and aerospace.

Jinpao's business is categorized to the metal forging industry based on the industrial classification system of Ministry of Economic Affairs. Its business models are based on Build to Order (BTO), including small-lot production of low-volume high-mix orders (i.e. punching press business) and mass production (ie. tooling design and manufacturing business). With regard to the supply chain of punching press machine, the upstream companies provide raw materials like steel, stainless steel, copper, aluminum. After the purchase of metal materials, Jinpao started the structural design of machine parts, followed by layout, laser cutting, stamping and bending processes. After that, welding, chrome treatment, powder/liquid painting, silk screen printing processes are conducted before finally assembly.

With regard to tooling manufacturing, after the purchase of metal materials and design, Jinpao conducts hard tooling stamping process. After that, welding, chrome treatment, powder coating/liquid painting, silk screen printing processes are conducted before final assembly. The finished products are distributed to companies in the downstream in the telecommunications, medical, aerospace and energy industries. The industry relevance of metal mechanical components in the upstream, midstream and downstream is shown in the following chart.

Industrial relationship with upstream, midstream and downstream companies:

<u>Upstream</u>		<u>Midstream</u>		<u>Downstream</u>
steel, stainless steel, copper, aluminum, magnesium, zinc and other metal materials	Molding: die casting, semi-solid forming, stamping, forging, extrusion	Secondary treatment: CNC, laser, chemical conversion coating, vibratory finishing, chemical etching, polishing, spinning, wire drawing	Surface treatment: spraying anode, electroplating transfer, PVD, NCVM	telecommunication industry, healthcare industry, aerospace industry, power industry

iii. Various product trends

A. Telecommunication

The development of the telecommunication industry has moved from 4G to 5G network. 5G data transfer speed is faster than 4G, so the energy consumption of the communication cabinet and host density is higher compared to 4G. As a result, 5G communication cabinets have more cooling requirements than 3G communication cabinets. The new communication cabinets are required to have high heat dissipation and increased strength in the internal structure in response to the requirement of high density. The main design trend of mechanical parts of servers in the future will emphasize on heat dissipation, strength structure, energy saving, high density, and rapid maintenance and disassembly.

B. Electronics

At present, the Company provides both general-purpose and custom electronics products. The general-purpose products include the system unit for heat dissipation and mechanical components of cameras. The company's 3D projector is the customized product which is designed and manufactured in accordance with customers' requirements. The internal designs will change depending on the special requirements of electronic components.

C. Aerospace

In response to the increasing demand for air transport in Asia, the aerospace industry in Asia is booming. Aluminum alloys are major materials of mechanical parts used for the aerospace application. In the past, European A5754 is the specified material of aluminum alloy used for the aerospace application. With more suppliers coming from Asia, the market is starting to adopt A5052 aluminum alloy from Asia suppliers to save cost. In addition, it's a trend to simplify internal structure and increase structural strength of mechanical parts.

D. Healthcare

As China and the United States increase health insurance coverage, reduce medical costs and improve medical services, the medical-related spending will increase year by year. The United

States will procure affordable medical devices with high reliability to reduce the procurement cost. Since there is expansion of healthcare infrastructure in China, the Chinese medical device market has become more price-sensitive. Therefore, there is an increasing market demand for affordable healthcare products. It's a trend to develop multi-functional healthcare products to further reduce cost.

In terms of materials, titanium alloy is considered to be the best material applied to the invasive medical devices because of the lowest probability of rejection from the body. Stainless steel is considered to be the second best adopted materials. The non-invasive products such as X-ray machine and NMR instrument adopt stainless steel and aluminum because of their excellent resistance to corrosion and rust. As a result, titanium alloy, stainless steel and aluminum are regarded as mainstream metal choices in the coming years.

E. Others

Mechanical parts for the solar energy applications belong to a mature product line. In response to the reduction of solar subsidy policies in various countries, it's a trend to reduce procurement cost of mechanical parts to maintain the rate of return on solar power generation. In the past, solar DC/AC conversion boxes were mainly produced by die-casting process. However, the die-casting parts cost higher than sheet metal. Therefore, the sheet metal has become the mainstream adoption currently.

iv. Product competition

Jinpao focuses on small-volume production of diverse niche products instead of the highly competitive consumer market. Therefore, it's hard for competitors to penetrate the market where there is no intense competition. For example, Jinpao provides customized intelligent add value machines, and is the sole supplier of the customer. Besides, the company has in-house design and manufacturing capabilities of 4G or 5G communication cabinets. Because of its strong ODM capability, it is chosen as one of major suppliers of the Thai telecoms. The specifications of telecommunication products are varied. Also, the telecommunication supplying model features low-volume high-mix production. Therefore, the industry competition is relatively low.

It takes around three years to get accreditation of aerospace products having strict requirements of safety and stable quality. Also, the suppliers need to have custom design capability. Due to the high entry barrier, it's hard for new entrants to survive in the market. The existing suppliers are hard to replace, and normally the product life cycle could extend to 20 years.

As for the healthcare market, it takes around two years to achieve product certifications. Considering the safety of human body treatment, medical product suppliers are not easy to replace. Also, the hospitals have different needs of healthcare products. At present, Jinpao products are suppliers, providing custom design of mechanical parts of operating table and pathological image display for customers. The company's healthcare products belong to the

niche product line, which is predicted to have great growth potential and a low level of competition.

(3) Technology and R&D Overview

i. Ker Success Factors and Research Scope

Since its inception, Jinpao has been continuously researched and developed products on its own, and actively cultivated R&D personnel to keep its competitiveness in the market. The company has its own R&D center and capability to develop its core technology. It employs multinational R&D talents from other countries like Thailand, Malaysia, the Philippines and other English-speaking countries. The Company has built a competent R&D team that can quickly provide solutions in response to the customers' needs.

Jinpao began its business by developing and manufacturing metal stamping dies, and has started to develop CNC manufacturing technology since 1996. The company emphasizes on the development and manufacture of mechanical parts of electronics and telecommunication equipment as well as general metal parts. The company has experienced technical teams with excellent industrial design capabilities and rich mass production experiences, actively developing new production process technology. Jinpao owns in-house R&D capabilities to design innovative and high-quality products, enable product concept design to mass production, and deliver custom designs.

In terms of R&D, the company's food equipment has met the IP69 waterproof and dustproof requirements. The company conducts machining process of work pieces, and joints sheet metals by spot welding, achieving 50 micron precision. It's time consuming to manufacture mechanical parts by milling process. To deal with the issue, Jinpao used extrusion materials to replace part of the milling process, saving 50% of processing time.

In terms of manufacturing process, Jinpao developed laser cutting process of titanium alloy, the milling process and the welding process. The company is developing precision key components applied for the medical industry, such as artificial joints, bone connection parts and set screw. With many years of efforts and hard work, the Company's products have been recognized by the international companies, and the recently passed NADCAP accreditation based on specific process used in the aerospace application. The company has established a firm foundation in business development of in the aerospace industry. In addition to the research and development of new products and technologies, the Jinpao also put efforts to improve R&D efficiency and IP protection. In addition to the use of computer-aided design, the company introduced the Document Management and Security System (PLM) to implement digitization of important documents to avoid leaking important information of key technology.

ii. R&D expenses in the past five years

Unit: NT\$ thousand; %

Year	2017	2018	2019	2020	2021
Amount					
R&D expenses (A)	16,647	19,118	20,683	19,797	20,331
Net operating revenue (B)	1,273,827	1,217,575	1,437,581	1,259,442	1,350,982
R&D expenses as a percentage to operating revenues=(A)/(B)	1.31	1.57	1.44	1.57	1.50

iii. Overview product developments and research achievements in the past 2 years

Year	R&D Achievements
2020	Passed U.S. NADCAP special welding process accreditation with new items, Chemical Processing in Anodizing
	Developed COVE LIGHT BRACKET ASSY - STD Aerospace product
	Developed X BRACKET OUTER DOUBLER Aerospace product
	Developed CLEVIS - DOUBLE REDUCED DOOR Aerospace product
	Developed DOUBLER - AFT SINGLE REDUCED Y BRACKET Aerospace product
	Developed FAN PLATE ADAPTER Aerospace product
	Developed CEILING LIGHT BRACKET ASSY Aerospace product
	Developed BRACKET, STAR TRACKER INTERFACE BKT Aerospace product
	Developed ANTENNA; X-BAND HORN ANTENNA 15dBi ALU Aerospace product
	Developed POWER PWB SHIELD Electronic product
	Developed Spike insulator Aerospace Electronic product
	Developed FRAME, AUTOCUTTER CG2162 Electronic product
	Developed Delivery Box Set (R, Silver) Telecommunication product
	Developed 3PP0A_MM181_BALANCING WEIGHT Telecommunication product
	Developed 3JMDS-MM016 Cover-Top-Rear Chamber Telecommunication product
	Developed 3JMDS-MM036 Door Front-Door Telecommunication product
	Developed 3JM35-MM034 Plate_Interlock Fix Plate Telecommunication product
	Developed 3JM35-MM326 Tiewrap Cover RA2 Telecommunication product
	Developed 3JMDS-MM034 Container powder worktable Telecommunication product
	Developed 3JMDS-MM236 Cyclone depowdering Telecommunication product
Developed REFLECTIVE PLATE Electronic product	
Developed BASE SUPPORT MATERIAL B8A3A THICK FIN. Transportation product	
Developed ENCLOSURE COVER Transportation product	

	Developed ADJUSTTING PLATE Foodindustry product
	Developed SINGLE LINE SENSOR ENCLOSURE Electronic product
	Developed FBM,RF SHIELD,TOP,REVANCHE NIC-78 Telecommunication product
	Developed Curtain Railsupport assy Foodindustry product
	Developed Connecteur cuivre gamgo2F12 Electronic product
	Developed Curtain clamp, Cpl. Narrow Foodindustry product
	Developed LVDC CHASSIS FILLER Telecommunication product
	Developed AR1 48U Rack PEM Nut Telecommunication product
	Developed AR1 42U Rack PEM Nut Telecommunication product
	Developed POWER ENTRY MODULE-CHASSIS Telecommunication product
	Developed SILDE TRAY RACK 350 MM Telecommunication product
	Developed C50166-Z1-C72 DOOR-375 Electronic product
2021	Developed REAR WALL SWITCH PANEL WAVEJET Aerospace product
	Developed PER SRM 51-25-00 Aerospace product
	Developed HEAT SINK for AVIATORS 散熱模組
	Developed CIRCULAR CONNECTOR PANEL Aerospace product
	Developed AEROPAIR BRACKET Aerospace product
	Developed WIPER ROD PS Automotive product
	Developed BUSBAR AL ALLOY Automotive product
	Developed LCD Base Electronic product
	Developed IRIS UNIT Electronic product
	Developed BASE PLATE Electronic product product
	Developed Frame Unit EIL Busbar Fitting Electronic product
	Developed ROTOR CORE, t1.0mm Electronic product
	Developed BASE_NAMEPLATE Electronic product
	Developed COOLING FIN Energy product
	Developed Busbar plate Copper Energy product
	Developed Busbar plate Aluminium Energy product
	Developed CABINET WINE SCAN ASSY Food Industry product
	Developed INDICATOR COVER Food Industry product
	Developed CUBE WB300-S R BLACK Telecommunication product
	Developed 3JMDS-MM901 CHAMBER ASS'Y Telecommunication product
	Developed X0PD12006-C109 ROUTER BRACKET Telecommunication product
	Developed X0PD12006-C112 RACK Connector Spacer Telecommunication product
	Developed D16661-MX1301 CASE 35 Telecommunication product
	Developed 6PL23-MM100 THERMAL INSULATION DOOR Telecommunication product
Developed KIT,THOR,6-UNIT SUB-RACK,SHEETMETAL Telecommunication product	

	Developed CHARGER MINI STATION (SGCC) Telecommunication product
	Developed MECH ASSY BOTTOM H-EDFA Telecommunication product
	Developed S42022-L5020-A16 ETSI RACK Telecommunication product
	Developed HEAT SPREADER ARBOR EmETXI2700R14 Transportation product

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

i. Short-term business development plans

A. Product marketing

(A) Build a talent inventory and expand production capacity to meet existing customers' requirements.

(B) Client cultivation in the telecommunication market, and understand market requirements of 3G, 4G and LTE products in Thailand.

(C) Increase sales of high value-added products to achieve growth of the company's sales revenue and profit.

(D) Improve services of existing customers.

(E) Increase sales of aerospace products through NADCAP accreditation of special process and development of new aerospace product lines to the U.S. aerospace companies.

B. Manufacturing technology

(A) Actively recruit R&D professionals to develop new products so as to expand market and have competitiveness.

(B) Keep introducing automation equipment, improving production process in capability and stability to increase production capacity and equipment utilization rate.

(C) Master and overcome key engineering technology, enhance quality and performance when adoption new materials, as well as establish and maintain database management system.

ii. Long-term business development plans

A. Product marketing

(A) Develop customers who require electromechanical integration.

(B) Get medical products related certifications, and expand sales channels

(C) Set up overseas operation sites and expand Jinpao's overseas business

B. Manufacturing technology

(A) Gain more U.S. NADCAP accreditations to make it easy to increase the U.S. aerospace market share.

(B) Implement the information system integration to reduce production time, and enhance production process and automation capabilities to increase productivity.

2. Market and Sales Overview

(1) Market analysis

i. Sales region of main products

Unit: NT\$ thousand; %

Item \ Year		2020		2021	
		Sales Amount	%	Sales Amount	%
Export Sales	Americas	22,870	1.82	46,818	3.47
	Europe	338,882	26.91	308,978	22.87
	Asia	182,739	14.51	215,048	15.92
	Other area	431	0.03	352	0.03
	Subtotal	544,922	43.27	571,196	42.29
Domestic Sales		714,520	56.73	779,786	57.71
Total		1,259,442	100.00	1,350,982	100.00

ii. Market share

Jinpao provides low-volume high-mix niche products, to the customers in the telecommunications, aerospace, medical equipment, food, electronics, and green energy fields. The domestic public-listed companies focus on consumer electronic products at present. Jinpao has no competitors in Thailand by far. The company's diversified product lines make it hard to find comparison data from industry players. Therefore, it's difficult to calculate the market share.

iii. Future market supply and demand, and growth potential

A. Global telecommunication industry

According to Gartner, the world's most authoritative IT research and consulting firm, Thailand's IT spending will grow by 6.4% year-on-year in 2022, reaching 871 billion baht (about 720 billion Taiwan dollars, 1 baht is about 0.83 Taiwan dollars). Enterprise software in Thailand is expected to grow by 14.8% to 61.3 billion baht in 2022, followed by IT services, which will increase by 9.8% to 85.4 billion baht and equipment, which will increase by 9% to 220 billion baht. Communications services will see the slowest growth of 3.8 percent, but remain the country's largest IT spending sector at 483 billion baht, accounting for about half of the overall market. Growth in spending on related IT equipment (mainly PCs and tablets) will peak at 21.7% in 2021, driven by the need for people to work and study from home. Individuals and businesses upgrade the equipment they need or invest in multiple devices for remote or hybrid work. Data center system, spending is expected to rise 4.6 percent to 21.6 billion baht. Overall IT spending in Thailand is expected to reach 819 billion baht in 2021, up 7.4% year-on-year. IT spending in Thailand is forecast to grow by 6.4% in 2022, higher than the global increase of 5.5%. Worldwide IT spending is expected to reach \$4.24 trillion in 2021, an increase of 9.5% year-on-year, and is expected to increase to \$4.47 trillion in 2022.

Worldwide, enterprise software is expected to experience the highest growth in 2022, growing 11.5 percent to \$669.8 billion, as spending on infrastructure software continues to outpace spending on application software, according to John-David Lovelock, research vice president at Gartner. Growth in device spending is expected to peak at 15.1% in 2021, supported by remote work and online learning, and may grow another 2.3% in 2022. What will change in 2020 and 2021 is not the technology itself, but the willingness and desire of people to embrace it and use it in different ways. In 2022 Chief Information Officers (CIOs) will need to reconfigure how work is done by adopting business composability and technologies that accommodate asynchronous workflows.

B. Global server industry

According to a survey by Digitimes Research, despite the interference of the Covid-19 epidemic in 2020, long-distance business opportunities will drive the demand for cloud services to grow against the trend. Coupled with a low base period in 2019, global server shipments have a growth rate up to 7% compared to 2019. As for 2021, the Covid-19 epidemic may still affect the willingness of corporate capital expenditures, but because remote office and online shopping will become the new normal of life, the demand for cloud services will be further driven, and the new generation of Intel and AMD a large number of microprocessors (CPUs) will be distributed in the first half of the year, which is expected to drive a certain degree of replacement tide, so that global server shipments can maintain an upward trend, and the annual growth rate is estimated to be nearly 6%.

TrendForce, a market research agency, also believes that the introduction of Intel's 10-nanometer Ice Lake and AMD's seven-nanometer Milan dual products into the market will once again stimulate the server replacement wave of enterprise clients and the scale of infrastructure construction of cloud data centers. The transformation of the new normal of human life will continue to drive the demand for cloud data center construction. At the same time, geopolitical uncertainty caused by the international tensions, regional data center demand will gradually emerge. Therefore, it is estimated that 2021 Global server shipments will grow by 6 to 7% compared to the same period in 2020, and the main shipment momentum will still be concentrated in the North American data center market, with an annual growth rate of as high as 16 to 18%.

DIGITIMES Research observes that in the next 5 years, driven by demand for public cloud services, high-performance computing (HPC), AI applications and 5G telecom data centers, global server shipments are expected to grow at a compound annual growth rate (CAGR) 6.7% from 2020 to 2025. Among them, large public cloud companies continue to build infrastructure as the main force to drive growth. Due to the pneumonia COVID-19 epidemic, corporate customers are accelerating cloud migration to facilitate home office or remote teaching, as well as online business and other needs increasing, and part of these activities will become the norm in the future.

C. Global aerospace industry

"The global aviation industry is recovering slowly under the severe impact of the epidemic, but the situation of recovery varies from country to country, some are rapid but some slow recovery." IATA Chairman and CEO Alexander de Juniac told that the situation of epidemic prevention and control, it is the main factor affecting the aviation market of various countries. The Asia-Pacific aviation market, especially China's domestic aviation market, is accelerating its recovery.

According to the report of the IATA, in October 2020 air passenger traffic in Europe dropped by 77.6% year-on-year, and North America dropped by 70.1%. The Asia-Pacific region performed best, with a year-on-year decrease of 61.6%, which was the lowest in the world. Air passenger traffic has recovered by nearly 40%.

Insiders pointed out that currently about 80% of cross-border e-commerce businesses require air cargo. With the vigorous development of cross-border e-commerce business, the demand for freight will increase day by day. In 2021, the number of global passenger aircraft transshipment aircraft will increase by 36% to 90, and by 2022 this number will be close to 110. According to Boeing's latest forecast in October 2020, by 2039, the total number of global freighters will exceed 2,400, of which about 1,400 will be converted from passenger aircraft. In view of the expected growth of the global aerospace industry in the future, the overall industry development trend, except for European and American countries with advanced technology and high wage costs, which are actively using smart devices to reduce costs, countries such as Southeast Asia or Eastern Europe are through the government Support, provide subsidies and incentives such as land or industrial cooperation to seize aerospace business opportunities. In addition, with the development of Industry 4.0 smart manufacturing, it has led to the gradual transformation of the aerospace industry and the development of intelligence to enhance the competitiveness of the industry.

D. Global medical equipment market

As China and the United States aim to increase medical insurance coverage, reduce medical costs, and improve medical services, medical-related expenditures will increase year by year in the future. At present, the United States will achieve the purpose of reducing prices by purchasing foreign high-trust and affordable medical products. Under the expansion of basic medical equipment, it is also more sensitive to medical prices. Therefore, the purchase of affordable medical products is also the focus. Therefore, the price of medical products will become a trend in the future. Considering the factor of price parity, medical products are currently taking a multi-functional integration route. In order to achieve the purpose of cost reduction, in terms of materials, for current medical products, titanium alloys are the best if they are invasive products, which have the lowest human body repellency, followed by stainless steel products. Non-invasive products such as X-ray machines and nuclear magnetic resonance instruments use stainless steel and aluminum. , Taking anti-corrosion as the main consideration, so in the future, the materials of medical product components will be titanium alloy, stainless steel, and aluminum as the mainstream.

According to the latest report of the global market research organization TrendForce Biotechnology Industry, as consumers' awareness and requirements for medical treatment and health management increase, coupled with the cross-domain integration of new technologies such as computer computing, digitalization, and artificial intelligence, this The global medical materials market has grown steadily. The size of the global medical materials market in 2018 is estimated to reach US \$ 444.2 billion, and the output value will grow to US \$ 577.6 billion by 2023, with a compound growth rate (CAGR) of 5.4% from 2017 to 2023.

E. Global test equipment and instruments

The non-destructive testing instrument market will witness the world's highest growth in 2020-2025.

The non-destructive testing equipment market research report from 2020 to 2025 proposes an in-depth evaluation station for non-destructive testing equipment. It provides an industry overview and market growth analysis and historical & future perspectives considering the bottom-up approach. According to the end-use applications in various regions, calculated in millions of dollars, estimate the global market size of non-destructive testing equipment for stations. The report covers the historical growth of the market, the impact of COVID-19 and predicts the recovery after COVID-19. The report also forecasts the investment in non-destructive testing equipment from 2020 to 2025.

The top companies in the global non-destructive testing equipment market are General Electric (NYSE: GE), Bosello High Technology Srl, Olympus (OTCMKTS: OCPNY), Nikon (OTCMKTS: NINOY), Magnaflux, Mistras, Sonatest, YXLON, Zetec, Inc, Fujifilm, Union, etc.

According to this research, in the next five years, the non-destructive testing equipment market will be calculated at a compound annual growth rate of 5.3%. The global market size will reach US\$49278 million from US\$409.5 million in 2019 and US\$407.8 million by 2025.

This report studies the non-destructive testing equipment market, which is a wide range of equipment used in science and industry to evaluate the performance of materials, components or systems without causing damage. Common non-destructive testing methods include ultrasound, magnetic powder, liquid penetrants, radiography, remote visual inspection, eddy current testing and low-coherence interferometry.

iv. Competitive niche

A. Competitive and quality products approved by the international big brands

With accumulated experiences of metal processing and manufacturing for years, the company has design and production capabilities from structural design, laser cutting, stamping and bending process, to powder (liquid) painting, silk screen printing, molding, etc. Jinpao has full in-house production capability, being able to control production quality and reduce failure rate to a controllable range.

Jinpao was certified by ISO9001, ISO14001, TS16949 (for automotive industry), AS9100 and NADCAP (for aerospace industry). It provides trust-worthy high-quality products, after-services, and on-time delivery. Also, it keeps investing on intelligent production facilities to enhance product quality and production efficiency. As a reputed company, Jinpao has become the designated supplier of many international manufacturers. Its products meet international standards that make it easy to expand the company's overseas markets.

B. R&D and marketing capabilities

Jinpao's professional R&D staff can modify the purchased automation equipment to meet the requirements from the production lines. They can also design production process and key tooling products on their own. With continuing improvement on production procedures and parameters, the company can provide fast design, sampling, trial run and shipment services based on OEM and ODM business as well as to offer complete solutions to customers from different verticals. Furthermore, the company can keep abreast of the ever-changing market dynamics, and introduce innovate products to differentiate itself from competitors.

C. Excellent location

The Thai government has an open attitude and policy towards foreign exchange. Besides, the infrastructure in the airport and seaport near the industrial zone is well facilitated. Moreover, the people are friendly. Those are favorable factors to contribute to the long-term development for the enterprises. Also, Thailand is located in the low-risk area with fewer natural disasters like earthquake and typhoon. The climate there is relatively stable in four seasons, making it hard for metal to oxidize and rust. Therefore, it's a favorable place for metal processing. Seeing it's located at the heart of the ASEAN area, the company set up an operation center for its geographical convenience of shipment to enable low transportation cost and short delivery time. Jinpao believes the excellent location helps the company to expand the sales market in the ASEAN region, and might increase profits in the near future.

D. Outstanding management team

Jinpao's management team is composed of elites from finance, sales and production functions. They have their own expertise, and work in harmony with each other. They have the same work concept and goal, effectively leading the company to develop and grow at a steady pace. The R&D departments also utilized their professional skills to contribute to the company.

v. Favorable development prospects, unfavorable factors and countermeasures

A. Favorable factors

(A) Recognized by international companies, maintaining long-term and good cooperation

With years of efforts, Jinpao has become one of important suppliers in the ecosystem of the international companies, and is hard to be replaced. It requires long time and complicated process to get approval from the international companies' procure and certification systems. High quality, stable supply and R&D efficiency are top priorities to enter the ecosystem instead of pricing. Replacing suppliers might bring intangible loss and take much time that would impose a substantial risk and cost. In addition, long-time cooperation with international leading companies makes Jinpao well-known in the industry. It helps to develop new potential customers.

(B) ASEAN economy

ASEAN and China have formed a huge regional economy since 2010, and it has evolved into ASEAN+3 that include 10 member countries as well as China, Japan and Korea, and even extend to ASEAN+6 that include China, Japan, Korea, New Zealand, Australia and India. ASEAN provides tariff reduction and exemption for products traded in the region.

The members of ASEAN+N, expanded from a single country to a regional alliance, have formed ASEAN Economy Community (AEC). The enterprise established here will be more competitive than the ones in other countries. Malaysia and Thailand are located in the center of the ASEAN region. Jinpao, which set up operation center in Thailand, will make the best of the geographical advantage to expand its presence in new markets.

The Thai Government has implemented the large-scale economic reform plan called “Thailand 4.0” in recent years, which is a new policy initiative relatively rare seen in modern history. The government has promoted the ten major industrial upgrade plans to drive industry innovation and high added value. The plan is implemented at a national level across departmental committees, and includes corporate tax preferences on public infrastructure building.

“Thailand 4.0” is a 20-year national development plan between 2017 and 2036, divided into four five-year development phases. The Thai government promises to invest at least more than 3 trillion baht, around NT\$ 3 trillion, on public infrastructures in eight years, such as high-speed rail and highways. Besides, the Thailand 4.0 illustrates the investment amount and details of East Economic Corridor (EEC). It will serve a passenger link to Don Muang International Airport, Suvarnabhumi International Airport and U-Tapao International Airport in Rayong. The government plans to build high-speed rail and double-track freight and passenger railway to connect the three airports as well as the digital industry park (Digital Park), and include Laem Chabang Port Phase III expansion.

Thailand 4.0 plans to drive the top ten target industries as a new engine for the nation’s economic growth with a new economic model. The top ten hot industries, which are expected to attract hot money, can be divided into two categories. The first is to add value to existing industries through advanced technology, including new-generation cars, smart electronics, high-end tourism and medical tourism, high-efficiency agriculture and biotechnology, and food innovation. The second category includes five emerging industries that will lead the future economic growth of Thailand, including smart machinery and automation, aerospace, bioenergy and biochemistry, digitization, medical and health care industries.

The so-called new economic model shifts from the labor-intensive industry to high value-added and innovation-driven industry, from producing goods to producing innovative products. The model focuses on high-tech, industrial creativity and innovation.

(C) Strong market demand from emerging countries

In recent years, the economic growth rate of emerging markets has been increasing, and infrastructure investments in those countries have been greatly increased as well. The Chinese government has actively implemented the 4-trillion RMB infrastructures after the financial crisis, such as the investment projects of rail transport system and telecom base stations initiated in the 12th Five-Year Plan. The infrastructures accelerated the development and urbanization of the central and western regions in China. The Indian government increased the infrastructure investment from US\$ 514 billion in the 11th Five-Year Plan to US \$1 trillion in the 12th Five-Year Plan (2012~2017). The high growth and future development potential of the emerging markets, as well as the implementation of urbanization have led to a significant increase in demand for communications equipment. In addition, as economic conditions in emerging countries have improved, the public's awareness of healthcare has been increasing as well. Also, the governments of emerging countries actively set up healthcare reform policies and improve basic medical care. Those are driving factors to boost the medical device market with great business growth potential in the future.

(D) Competitive advantages in the uncontested market space

- a. Regional risk diversification –set up factories in Southeast Asia to avoid the world's factory – China competition.

- b. Jinpao has tax free preference which is promised by Thailand BOI (The Board of Investment of Thailand).
 - c. No worries of huge natural disasters like typhoons, earthquakes, cold winter, etc. Thai people are not xenophobic and mild, and show high levels of obedience and cooperation.
- (E) Low-volume high-mix production of special manufacturing / capability of rapid customized products
- a. Possess high-precision, high-tech, and high-degree composite manufacturing processing capability, as well as multinational engineering teams and knowledge management.
 - b. With vertical integration related engineering equipment and technology, as well as the digitizing panel beaters plant to conduct the whole production process of precision mechanical parts.
 - c. (a) and (b) empower Jinpao with quick integration and reaction.
 - d. With ODM (Original Design Manufacturer) capability to create value for customers.
- (1) Employ professionals specializes in 3D design to meet the customers' needs of special functions.
- (2) Provide optimized solutions to reduce manufacturing costs without changing product features, and create value for customers.
- e. Have Stamping, Punching (N.C.T.), Laser, Bending and other standalone equipment. After integration, functional complementation, the equipments can be used for flexible production processes in accordance with the numbers of orders and manufacturing cost.
- (a) Low-volume high-mix production
 - (b) Flexible mass customization
 - (c) Mass Production
- (F) Have manufacturing equipment and technology to manufacture mechanical parts for cutting-edge precision machines.
- a. Integrate mold design and high-functioning equipment to provide high precision and advanced complex technology that the single process cannot offer.
 - b. With abilities to modify and improve machinery and equipment, as well as strong welding capability to enable firm and aesthetics connection of materials.
 - c. With the spray paint and coating abilities of different colors, reducing changeover time.
 - d. Understand and meet customers' requirements of complex production process quickly, and introduce a variety of precision testing equipment to ensure product quality and precision.
 - e. Actively cooperate with the machinery suppliers to develop first-class advanced automated and custom manufacturing equipment, and keep improving existing production processes.
 - f. Vertically integrate the manufacturing equipment and technology of metal mechanical parts to provide differentiation with fast response and flexibility to the

market.

- g. With a world-class AS9100 and NADCAP aerospace certifications of quality control and production process.
- h. In terms of tooling design and manufacturing, Jinpao implemented standardization of tooling set and accessories as well as the design process to shorten mold delivery that makes it more competitive in the market.

(G) Focus on six niche industries and keep good relationship with top-tier customers

- a. Supply aerospace, telecommunications, green energy, healthcare, electronics, food testing in the six niche markets.
- b. The low-volume high-mix custom production model creates high entry barrier that results in less competition.
- c. Maintain relationship with customer groups in the six niche low-risk markets with a diversification approach.

B. Unfavorable factors and countermeasures

(A) Raw material cost affects profitability

The major raw materials of Jinpao's products are stainless steel, copper, aluminum and other metal materials, accounting for around 50 percent of the product cost. Part of the low-volume high-mix products are easily affected by the price fluctuation of raw materials in particular.

Countermeasures:

- Cooperate with many suppliers of raw materials to strengthen procure capability.
- Sign long-term supply contacts with raw material suppliers to control the price fluctuation of raw materials effectively.
- Actively develop niche products with high added value to increase product profit margin.
- Observe the market trend of international raw materials, and use hedging instrument to offset potential losses.

(B) Industry competition

Jinpao faces increasing competition from existing and new players in the market. The price competition leads to lower profit margin, and forced the company to lower product price.

Countermeasures:

- Actively expand the market in the ASEAN region to eliminate market risk
- Build long-term relationship with existing customers, and develop new customers
- Continue to invest new equipment to enable innovative production process like smart factory to enhance production efficiency and reduce production cost so as to provide competitive pricing.
- Involved with the early-stage product development with customers to reduce price competition of mature products.
- Provide customers with integrated solutions of custom R&D to manufacturing services, product high-quality products, and offer a low-volume high-mix production with fast delivery to attract customers. Use the strategy to create entry barrier and

differentiate it from competitors.

(C) Increasing exports ration, exchange rate fluctuations affect profitability

- In order to reduce the impact of exchange rate changes on profit, the company has opened a foreign currency deposit account for foreign exchange management, and sells foreign currency at the appropriate time or makes foreign currency payments to foreign manufacturers.
- The company’s sales departments takes take into account the changes of the future exchange rate when negotiating the unit price with customers. The quotation will be adjusted according to the changes of exchange rates to mitigate the impact of exchange rate fluctuations on the company's revenue and profit.
- The company’s finance personnel keeps close contact with the foreign exchange department of the banks to get the sufficient and timely market information to predict the long-term and short-term trend of foreign exchange rates.
- In order to reduce the risk of foreign exchange, Jinpao adopts derivative financial instruments like buying forward to hedge the exposure to foreign exchange risks in accordance with the “Operating Procedures of Acquisition or Disposal of Assets”. The company uses the investment strategy to avoid the relevant exchange rate risks and minimize the impact of exchange rate fluctuations.

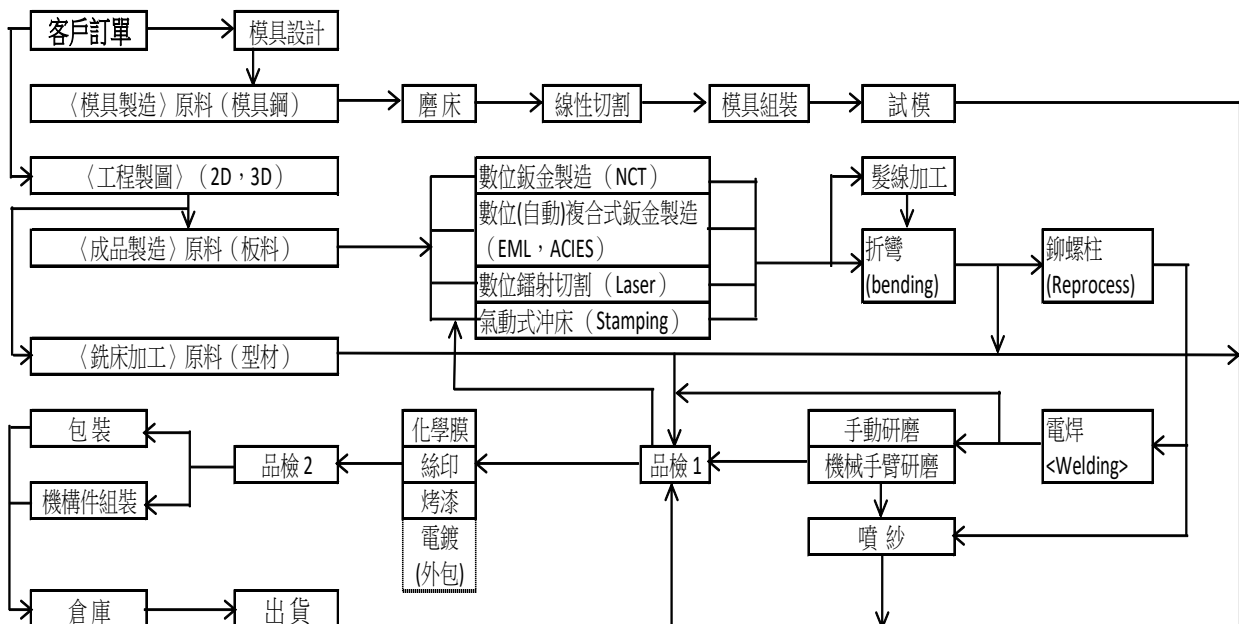
(2) Main products’ important functions and production process

i. Main products’ important functions

Main Products	Main functions and applications
Aerospace	Enclosures of flight control computer, mechanical parts of the aircraft cockpit electronics, enclosures and mechanical parts of telecommunication and navigation control systems
Telecommunications	Monitor control cabinet, optical fiber communication system, 4G LTE telecommunication cabinet, 5G telecommunication cabinet, telephone system switch box + IP phone system cabinet, telecommunication system cooling set-up box, multimedia self-refill billing machine, ups+battery series, smart meters, high-end smart storage system with identification function, vending machine supporting third-party payment, enclosures of self-service gas station, Sever Rack cabinet etc.
Electronics	Medical parts of 3D monitor picture projector for digital cinema, surveillance system, camera, industrial printer and 3D printer, industrial ventilation system chassis, game console, cash register assembly
Healthcare	Mechanical parts of X-Ray, medical displays, mechanical components of endoscopy host machine
Transportation	Mechanical components of high-speed rail and automotive, MRT ticketing vending machines
Green energy	Mechanical components of solar energy systems, AC/DC solar inverter, electric vehicle charging pile, battery swap station, energy storage power plant cabinet, etc.
Food testing	Automatic check weightier, foreign object inspection equipment, quality test equipment, meat analyzer, milk analyzer.

ii. Main products' production process

<p>客戶訂單: Receive customer's order</p> <p>模具設計: Tooling design</p> <p>原料(模具製造/模具鋼): Materials(tooling manufacturing / die steel)</p> <p>工程製圖: 2D/3D drawing</p> <p>磨床: Grinding</p> <p>線性切割: Wire cutting</p> <p>模具組裝: Mold assembly</p> <p>試模: Tooling testing</p> <p>原料(成品製造/板料): Raw material (manufacture of finished product / sheet metal)</p>	<p>原料(銑床加工/型材): raw material (milling process/extrusion)</p> <p>數位鈹金製造: NCT stamping of sheet metals</p> <p>數位(自動)複合式鈹金製造(EML, ACIES): Digital (automatic) composite manufacturing of sheet metals</p> <p>數位雷射切割: Laser cutting</p> <p>氣動式沖床: Pneumatic stamping</p> <p>髮線加工: Hairline finishing</p> <p>折彎: Bending</p> <p>鉚螺柱: Rivet stud (Reprocess)</p>
<p>包裝: Packaging</p> <p>機構件組裝: Assembly of mechanical parts</p> <p>品檢 2: Quality inspection 2</p> <p>化學膜 Chemical coating</p> <p>絲印 Screen printing</p> <p>烤漆 Coating</p> <p>電鍍(外包): Electroplating (outsourced)</p> <p>倉庫 Warehouse</p> <p>出貨 Shipping</p>	<p>品檢 1: Quality inspection 1</p> <p>手動研磨: Manual grinding</p> <p>機械手臂研磨 Robotic grinding</p> <p>噴砂 Sand blasting</p> <p>電銲 Welding</p>



(3) Supply status of major raw materials

Jinpao purchases raw materials based on the orders received by the sales department, and the forecast of the customers. The company raises the procurement demand according to procurement timeliness, minimum order and safety stock. The company set up an internal procurement control measurements as basis of the purchasing policies. In addition to the consigned materials from customers, Jinpao purchase main materials from two suppliers to ensure stable supply and reasonable cost, avoiding supply shortage or disruptions.

(4) Significant changes in gross profit margin by main product or department in the last two years

i. Changes in gross profit margin in the last two years

Unit: NT\$ thousand

Item	Year	2020	2021
	Operating margin		398,028
Operating margin ratio (%)		31.60	33.13
Profit margin change (%)		4.84%	

Source: From the consolidated financial report signed and checked by the accounts.

ii. Gross profit margin analysis

The change of annual gross profit margin ratio is less than 20% in 2020 and 2021. There is no need to state the causes of changes.

(5) List of major suppliers and customers

i. The data is based on the suppliers' purchase amount and ratio that accounted for more than 10 percent in one of the two recent years, with explanation of the changes in the following:

Unit: NT\$ thousand

Item	2020				2021				Q1 2022			
	Ranking	Company	Amount	Annual net purchase [%]	Relationship with issuer	Company	Amount	Annual net purchase [%]	Relationship with issuer	Company	Amount	Annual net purchase [%]
1	TSK Steel	54,029	13.20	None	United Coil Center	41,906	9.05	None	United Coil Center	17,434	12.27	None
2	Hoo Thai	29,840	7.29	1 Board director is same	TSK Steel	34,026	7.35	None	Kunshan Znanming	10,841	7.63	None

Item	2020				2021				Q1 2022			
Ranking	Company	Amount	Annual net purchase [%]	Relationship with issuer	Company	Amount	Annual net purchase [%]	Relationship with issuer	Company	Amount	Annual net purchase [%]	Relationship with issuer
—	Other	325,516	79.51		Other	387,069	83.60		Other	113,798	80.10	
—	Net purchase	409,385	100.00	—	Net purchase	463,001	100.00	—	Net purchase	142,073	100.00	—

Note: Hoo Thai Industrial Co., Ltd. (Hereinafter referred to as “HOO THAI”)

The company provides small-volume production of diverse products, and part of them is outsourced to Hoo Thai Industrial. Therefore, the two companies have a long-term and good relationship; she was ranking as the largest vender of company in 2019. But in 2019, the company's largest domestic customer “Forth” has had to postponed her plan of investment in the communication market at ASEAN in line with domestic regulation changed, resulting in higher costs, demand decreased and the company's orders were reduced. So the amount of procurement from Hoo Thai was decreasing.

Due to higher sales on electronic and communication products at 2021, the demand for related raw materials such as galvanized steel sheet and stainless steel sheet increased, thus increasing the products purchasing on United Coil Center.

ii. The data is based on the customers’ purchase amount and ratio that accounted for more than 10 percent in one of the two recent years, with explanation of the changes in the following:

Unit: NT\$ thousand

Item	2020				2021				Q1 2022			
Ranking	Company Name	Amount	Annual net sales [%]	Relationship with issuer	Company Name	Amount	Annual net sales [%]	Relationship with issuer	Company Name	Amount	Annual net sales [%]	Relationship with issuer
1	Delta Thai	260,723	20.70%	None	H Co.,	224,477	16.62%	None	H Co.,	57,318	14.65%	None
2	H Co.,	127,504	10.12%	None	Delta Thai	154,239	11.42%	None	Delta Thai	43,254	11.05%	None
	Other	871,215	69.18%	—	Other	972,266	71.96%	—	Other	290,803	74.30%	—
	Net Sales	1,259,442	100.00%	—	Net Sales	1,350,982	100.00%	—	Net Sales	391,375	100.00%	—

The company's revenue from communications products in 2010 and 2011 increased, thus orders of communications products from Delta Thai and cloud cabinets from company H

were increased, so it became a customer with a revenue share of more than 10%.

In addition, due to the transfer order effect of the Sino-US trade war, in 2010, Company H assigned its server cabinets which the subsequent manufacturing process was commissioned by the company, making Company H jump to become the company's largest customer in 2021.

(6) Production volume and value analysis for the last two years:

Unit: PCS ; NT\$ thousand

Year	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Telecommunications	15,208,570	2,097,820	602,371	15,762,162	1,696,558	357,957
Electronics		3,930,221	100,203		4,357,941	115,412
Healthcare		180,204	19,938		213,380	18,958
Other		2,203,153	100,315		2,381,142	121,993
Aerospace	1,129,993	356,172	298,799	1,287,966	221,472	269,006
Total	16,338,563	8,767,570	1,121,626	17,050,128	8,870,493	883,326

(7) Sales volume and value analysis for the last two years:

Unit: PCS ; NT\$ thousand

Year	2020				2021			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Telecommunications	1,561,188	497,872	721,948	125,298	1,557,071	523,036	517,770	155,608
Electronics	5,794,697	99,223	262,602	38,180	4,021,134	163,934	380,682	47,485
Aerospace	63,566	21,397	270,067	323,890	35,743	7,310	189,693	320,623
Healthcare	34,573	6,425	147,025	15,668	25,907	7,046	171,236	15,745
Other	2,135,437	89,603	28,074	41,886	2,077,471	78,460	22,654	31,735
Total	9,589,461	714,520	1,429,716	544,922	7,717,326	779,786	1,282,035	571,196

3. Human Resources:

Year		2020	2021	Ending March 31, 2022
Number of employees	Managers	32	31	31
	Office staff	376	466	418
	Production line workers	597	583	718
	Total	1005	1080	1167
Average age		34.6	33.2	33
Average length of service		5.9	5.4	5.3
Education level distribution ratio	Masters or above	16	20	19
	University (College)	158	204	173
	High school	814	798	899
	Below high school	17	58	76

4. Environmental Expenditure Information

(1) Provide information of the company's improvement on the environmental pollution during two recent years and as of to the publishing date of the annual report. Any disputes of environment pollution should be explained with reasons and countermeasures. During two recent years, and during the current fiscal year up to the date of publication of the annual report, there is no environmental pollution. In 2015, Jinpao replaced all lights in the factory with energy-saving LED lights, and received Green Star Award from Industrial Estate Authority of Thailand. In October 2017, the Board of Directors approved to invest 28.5 million baht in the construction of a one-mega 1 MW solar energy system. Using the alternative energy helps the company to protect the environment and has saved 400,000 baht (100,000 kWh) per month. The construction was completed in the fourth quarter of 2018.

(2) List the amount of any loss including compensation caused by environmental pollution, and indicated mitigation measures like improvement plants being or to be taken and possible expenses the estimated amount of loss, disposition and compensations that may be incurred without taking countermeasures. If it cannot be reasonably estimated, the reasons why it cannot be reasonably estimated should be explained): the losses caused by environmental pollution during two recent years, and during the current fiscal year up to the date of publication of the annual report: None

(3)The company's waste disposal principles are listed as below:

- i. Classify and collect residual metal materials, and then sell them to the recycling companies.
- ii. Recyclables such as paper products and packaging materials are sold to the recycling companies.
- iii. The industrial waste and pollutants such as tarpaulin, gloves, sludge, waste oil, coolant,

waste solvent, coating materials and cleaning materials that cannot be disposed of as garbage are sent to qualified waste management companies by paying the companies by weight.

- iv. According to the relevant regulations released by the Industrial Estate Authority of Thailand, all the disposal and management methods of wastes and pollutants shall be listed and compiled into a handbook which is submitted to the authority. The company can only implement the disposal and management of wastes and pollutants after the authority's approval.
- (4) After passing the ISO 14000 Environmental management standard since 2008, the company conducts regular inspection and verification annually, and conforms to the regulations to protect the environment for the certificate renewal.
- (5) The company developed new ERP system as well as hardware and software of Kiosk systems that are implemented in the factory. The R&D team has constantly checked and tested the tuning parameters to ensure the accuracy of collected data. In the future, the big data will be applied to the sheet metal process. The sensory control system and related industrial technology will be adopted to optimize the production process in the whole plant as well as use the resources in the most efficient way. The company aims to build a paperless smart factory.

5. Labor Relations

- (1) Various aspects of employee welfare measures, continuing education, job training, retirement system and its implementation, as well as labor agreements, labor rights and employment protection measures are listed as follows.

i. Employee benefits

- A. Year-end bonus, perfect attendance bonus
- B. New Year bonus.
- C. Year-end sports meet, lucky draw and party
- D. Meal allowance of 30 baht per day (after employment probation period)
- E. a pair of sneakers per year
- F. Three uniforms
- G. Two welder suits
- H. Provide free annual staff uniforms, and 1,000 baht clothing allowance to the employees with two years' service.
- I. Provide pregnant uniform
- J. Full attendance bonus
- K. Wedding gift money
- L. Funeral grant
- M. Annual health checkup
- N. 10-Year Service Award(celebrate the years of service milestone)
- O. Commuter bus
- P. Night shift allowance of 60 baht per day
- Q. Technical allowance
- R. Regional allowance
- S. Position allowance (for factory)

- T. Annual leaves based the labor laws
- U. Emergency loan from the Employee Welfare Committee
- V. Tuition subsidies and merit scholarships for employees' children
- W. Five-day workdays of indirect employees per week
- X. Work injury compensation from the department supervisors

ii. Continuing education and training

With the corporate culture of integrity, Jinpao has been working for the sustainable management environment and competitiveness in the market. The well-designed education and training plans help employees to continuously improve work performance, increase career potentials, achieving the enterprise development and employees' growth in a win-win approach. The training programs are designed to boost employees' growth, available with industrial management, financial budgeting, sales, human resources, procurement, language and occupational safety in addition to the new employee orientation to meet the needs of various functions at work.

iii. Retirement system

The company has set up a staff retirement scheme in accordance with the labor pension related regulations.

The non-managerial employees and employer each allocates 3% of the monthly salary of the employee. This amount shall be deposited to the labor-management mutual savings fund after the employee passes the probation period.

Retirement benefits are paid at different percentages by years of service:

- 1 to 3 years – 25% allocated by the employer
- 3 to 4 years – 50% allocated by the employer
- 4 to 5 years – 75% allocated by the employer
- More than 5 years – 100 % allocated by the employer

iv. Labor agreements, maintenance of employee rights and interests

The company pays much attention to the employee rights, and respects employees' opinions. The company sets up an anonymous suggestion system to let employees to communicate with the human resource department or high-ranking executives to maintain a good relationship between the management and employees.

- A. Labor Insurance Fund applies to the employees as follows (after employment probation period):
 - 1. Section Managers and above
 - 2. Group life insurance for high-risk employees
- B. The coverage of Occupational Accident Insurance is listed as follows:
 - 1. Occupational injuries and diseases
 - 2. Disability that occurs in the workplace
 - 3. Death or loss that occurs at work
- C. Social security benefits covers 7 items as follows:
 - 1. Disease or injuries that occur due to work

2. Childbirth subsidy
3. Disability benefit
4. Survivors benefit
5. Maternity benefits
6. Pension
7. Unemployment compensation

(2) List any loss sustained as a result of labor disputes during two recent years, and during the current fiscal year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken. The losses caused by labor disputes during two recent years and the current fiscal year up to the date of publication of the annual report: None

6. Important contracts

Type of contract	Party	Contract Duration	Content	Restriction
Credit Line Agreement	LH Bank PCL	2018/6/28 (Auto-renewed upon expiry)	Short-term loan	No
Loan agreement	Mega International Commercial Bank PCL	2018/11/7 (three years after the date of drawdown)	Long-term loan	No
Loan agreement	UOB BANK (Thai) PCL	2014/9/17 (Auto-renewed upon expiry)	Short-term loan	No
Loan agreement	Bangkok Bank PCL	2014/7/24 (Auto-renewed upon expiry)	Short-term loan	No
Loan agreement	Mega International Commercial Bank	2015/6/6(Auto-renewed upon expiry)	Short-term loan	No
Loan agreement	Jinpao Europe SAS-1 (Subsidiary)	2021/9/17(1 year term after drawdown)	Short-term loan	No
Loan agreement	CTBC Bank	2021/7/8(1 year term after drawdown)	Short-term loan	No
Service agreement	Jinpao Precision Japan Co., Ltd.	2021/1/1 to 2021/12/31	Markets R&D	No
Service agreement	Hoo Thai Industrial Co., Ltd.	2021/6/19 to 2022/6/19	Raw materials R&D	No
Joint venture A.	FREDBOU SARL	2019/5/10 to JV Co dismissed	JV a subsidiaey	No
Office rental A.	Mr. Yang Shei Yi	2018/8/16 to 2023/8/15	Office leasing	No
Loan agreement	Mega International Commercial Bank Foreign D	2020/11/6 (3 years term after drawdown)	Long-term loan	No
Loan agreement	Jinpao Euro SAS-2	2021/11/15 for 1 year	Loan to subsidiary	No

Type of contract	Party	Contract Duration	Content	Restriction
Appointment agreement	Grand Fortune Securities Co., Ltd.	2019/12/3 to 2021/12/31	Legal consultant	No
Liability insurance agreement	Mega assets insurance Co., Ltd.	2021/7/4 to 2022/7/4	Directors' liability insurance	No

VI. Financial Profile

1. Five-Year Financial Summary

(1) Condensed balance sheet and consolidated income statement

i. Condensed balance sheet – Based on IFRS

Unit: NT\$ thousand

Item \ Year		Financial information in the last 5 years					Current financing data ending Mar. 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		859,941	822,330	1,344,157	1,103,539	1,072,381	1,182,762
Property, plant and equipment		1,096,348	1,368,637	1,529,787	1,684,621	1,440,132	1,508,767
Intangible assets		56,735	55,424	163,076	242,975	198,530	198,685
Other assets		76,519	265,713	282,656	213,744	217,344	213,690
Total assets		2,089,543	2,512,104	3,319,676	3,244,879	2,928,387	3,103,904
Current liabilities	Before distribution	372,629	605,009	927,150	769,089	1,007,656	1,084,458
	After distribution	497,081	707,617	1,010,113	860,785	1,108,085	1,084,458
Non-current liabilities		233,895	290,304	494,613	628,175	264,009	263,374
Total liabilities	Before distribution	606,524	895,313	1,421,763	1,397,264	1,271,665	1,347,832
	After distribution	730,976	997,921	1,504,726	1,488,960	1,372,094	1,347,832
Interests attributable to parent company owner		1,483,009	1,595,807	1,878,426	1,817,074	1,635,125	1,734,261
Non-controlling interests		10	20,984	19,487	30,541	21,597	21,811
Share Capital		388,913	394,646	436,646	436,646	436,646	436,646
Capital reserve	Before distribution	747,180	775,720	933,720	933,720	933,720	933,720
	After distribution	747,180	775,720	933,720	933,720	933,720	933,720
Retained earnings	Before distribution	416,580	441,355	430,149	455,269	494,509	543,497
	After distribution	292,128	338,747	347,186	363,573	394,080	543,497
Other interests		(69,664)	(15,914)	77,911	(8,561)	(229,750)	(179,602)
Treasury stock		—	—	—	—	—	—

Non-control interest		10	20,984	19,487	30,541	21,597	21,811
Total equity	Before distribution	1,483,019	1,616,791	1,897,913	1,847,615	1,656,722	1,756,072
	After distribution	1,358,567	1,514,183	1,814,950	1,755,919	1,556,293	1,756,072

Note 1: Financial report Q1 2022 was signed and reviewed by CPA

i i. Condensed Statements of Comprehensive Income – Based on IFRS
Unit: NT\$ thousand

Item	Year	Financial information in the last 5 years					Current financial data ending March 31st, 2022 (Note: 1)
	2017	2018	2019	2020	2021		
Operating revenue	1,273,827	1,217,575	1,437,581	1,259,442	1,350,982	391,750	
Operating margin	453,536	412,423	446,128	398,028	447,612	139,401	
Operating income	239,808	176,039	135,650	113,840	165,087	65,373	
Non-operating income and expenses	8,765	(2,290)	(30,328)	14,612	3,673	(1,629)	
Income from continuing operations before income tax	248,573	173,749	105,322	128,452	168,760	63,744	
Net income from continuing operations	204,447	146,469	90,678	117,284	124,736	48,830	
Loss of suspended business unit	—	—	—	—	—	—	
Net income	204,447	146,469	90,678	117,284	124,736	48,830	
Other comprehensive income(net of tax)	17,864	55,929	91,831	(92,536)	(223,933)	50,520	
Total comprehensive income	222,311	202,398	182,509	24,748	(99,197)	99,350	
Profit attributable to the equity holders of the Company	204,558	146,518	91,402	115,873	130,936	49,988	
Net profit attributable to non-controlling interests	(111)	(49)	(724)	1,411	(6,200)	(158)	
Comprehensive income attributable to the equity holders of the Company	222,426	202,977	185,227	21,611	(90,253)	99,136	
Comprehensive income attributable to non-controlling interests	(115)	(579)	(2,718)	3,137	(8,944)	214	
Earnings per share	5.29	3.74	2.31	2.65	3.00	1.12	

Note 1: Financial report of Q1 2022 was signed and reviewed by CPA

(2) Material matters that affected the consistency of the above financial statements, such as accounting changes, company mergers or closed business units, and their impact on the current fiscal year's financial statements: None

(3) The names of appointed certified accountants and their audit opinions in the last 5 years

i. The names of appointed certified accountants and their audit opinions in the last 5 years

Year	Name of accounting firm	Name of CPA	Audit opinion
2017	Deloitte & Touche	Tza-Li Gung / Tung-Feng Lee	unqualified opinion
2018	Deloitte & Touche	Tza-Li Gung / Tung-Feng Lee	unqualified opinion
2019	Deloitte & Touche	Yang Ching-Cheng / Chen Chih-Yuan	unqualified opinion
2020	Deloitte & Touche	Yang Ching-Cheng / Chen Chih-Yuan	unqualified opinion
2021	Deloitte & Touche	Gung Tza-Li / Yang Ching-Cheng	unqualified opinion

ii. If the company changes the accountants in the last five years, the predecessor and the successor auditors should be listed with reasons of replacement: None

2. Five-Year Financial Analysis

Unit: Thousand NT Dollars
(Continued)

Item		Year	Financial information for the last 5 years					Current financial data ending March 31, 2022
			2017	2018	2019	2020	2021	
Financial structure %	Debt to asset ratio		29.03	35.64	42.83	43.06	43.43	43.42
	Ratio of long-term capital to property, plant and equipment		156.60	137.81	161.67	232.61	138.24	138.41
Solvency %	Current ratio		230.78	135.92	144.98	143.49	106.42	109.06
	Quick ratio		177.23	90.02	116.21	105.19	77.17	79.19
	Interest coverage ratio		23.78	16.03	5.86	7.18	19.30	19.30
Operating performance	Receivable turnover rate (Times)		4.67	4.13	4.71	3.27	2.74	2.85
	Average collection days		78	88.37	77.49	111.78	133.21	128.07
	Inventory turnover (Times)		4.16	3.07	3.33	3.07	3.07	3.25
	Payable turnover rate (Times)		5.67	4.83	6.83	4.79	3.31	3.25
	Average sales days		88	118.89	109.6	118.91	118.91	112.31
	Property, plant and equipment turnover (Times)		1.16	0.99	1.01	0.82	0.86	1.06
	Total assets turnover (Times)		0.63	0.53	0.49	0.38	0.44	0.52
Profitability	Return on assets (%)		10.62	6.77	3.73	3.57	4.04	6.48
	Return on equity (%)		14.50	9.52	5.26	6.35	7.23	11.60
	Profit before tax to paid-in capital ratio (%)		63.91	44.03	24.12	29.42	12.31	18.61
	Net profit ratio (%)		16.06	12.03	6.36	9.31	9.23	12.48
	Earnings per share (NT)		5.29	3.74	2.31	2.65	3.00	1.12
Cash flow	Cash flow ratio (%)		76.35	36.45	15.15	45.86	23.08	32.18
	Cash flow adequacy ratio (%)		101.30	85.16	72.71	65.10	62.61	60.65
	Cash reinvestment ratio(%)		7.91	3.66	1.18	8.19	5.18	3.10
Leverage	Operating leverage		1.89	2.34	3.29	3.50	2.58	1.64
	Financial leverage		1.05	1.07	1.19	1.16	1.11	1.05

Description:

- (1) The ratio of long-term capital to property, plant and equipment: The decrease in 2021 compared with 2020 was mainly due to the portion of convertible corporate bonds issued at the end of 2019 will mature in November 2022, so such portion was

- transferred to current liabilities in 2021, thus reducing the long-term capital position.
- (2) The decrease in current ratio in 2021 compared to 2020 was mainly due to the transfer of convertible corporate bonds into current liabilities in 2021.
 - (3) The drop in quick ratio in 2021 compared to 2020 was mainly due to the transfer of convertible corporate bonds into current liabilities in 2021.
 - (4) The increase in interest coverage ratio in 2021 compared to 2020 was mainly due to the increase in profit before tax and interest in 2021.

Note: The formula for calculations is as follows:

1. Financial structure

(1) Debt to asset ratio = total liabilities / total assets

(2) Long-term capital ratio to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment

2. Solvency

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities

(3) Interest coverage ratio = earnings before interests and taxes / current interest expenses

3. Operating performance

(1) Receivable (including trade receivable and notes receivable arising from business operations) turnover ratio = net sales / average receivable (including trade receivable and notes receivable arising from business operations) for each period

(2) Average collection period for receivables = 365 / receivables turnover ratio

(3) Inventory turnover ratio = cost of goods sold / average inventory

(4) Payable (including trade payable and notes payable arising from business operations) turnover ratio = cost of goods sold / average payables (including trade payable and notes payable arising from business operations) for each period

(5) Average sales days = 365 / inventory turnover ratio

(6) Property, plant and equipment turnover ratio = net sales / average net worth of property, plant and equipment

(7) Total asset turnover ratio = net sales / total assets

4. Profitability

(1) Return on Total Assets = [Net Income + Interest Expenses * (1 - Effective Tax Rate)] / Average Total Assets

(2) Return on Equity = Net Income / Average Stockholders' Equity.

(3) Net profit margin = Net Income / Net Sales

(4) Earnings per share = (profit and loss attributable to owners of the parent – dividends paid for preferred shares) / weighted average number of shares outstanding

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities / current liabilities

(2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditures + inventory additions + cash dividend) within five years

(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) / operating income

(2) Financial leverage = operating income / (operating income – interest expenses)

3. Supervisors' or audit committee's report in 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 CPA firm of Deloitte & Touche was retained to audit JPP Holding Company Limited's Financial Statements and has issued an audit report relating to the Financial Statements. 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 JPP Holding Company Limited. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

JPP Holding Company Limited

Chairman of the Audit Committee: Shih-Chin Chen



March 25, 2022

4. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices: See page 152 to page 220 for details.

5. The company's individual financial statement in the most recent fiscal years signed and audited by CPA. It does not contain statements of major accounting items. This company is a foreign issuer listed in its home country, so the regulation is not applicable to the company.

6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

VII. Review of Financial Conditions, Results and Risk Management

1. Analysis of Financial status

Unit: NT\$ thousand; %

Item	Year	2020	2021	Difference	
				Amount	%
Current assets		1,103,539	1,072,381	(31,158)	-2.82%
Property, plant and equipment		1,684,621	1,440,132	(244,489)	-14.51%
Intangible assets		242,975	198,530	(44,445)	-18.29%
Other assets		213,744	217,344	3,600	1.68%
Total assets		3,244,879	2,928,387	(316,492)	-9.75%
Current liabilities		769,089	1,007,656	238,567	31.02%
Non-current liabilities		628,175	264,009	(364,166)	-57.97%
Total liabilities		1,397,264	1,271,665	(125,599)	-8.99%
Share capital		436,646	436,646	-	0.00%
Capital reserve		933,720	933,720	-	0.00%
Retained earnings		455,269	494,509	39,240	8.62%
Other interests		(8,561)	(229,750)	(221,189)	2583.68%
Treasury stock		-	-	-	-
Non-controlling Interests		30,541	21,597	(8,944)	-29.29%
Total equity		1,847,615	1,656,722	(190,893)	-10.33%
<p>Analysis of significant changes in assets, liabilities and shareholders' equity in the last two years (over 20% of the previous period and the change amounted to NT\$ 10 million):</p> <p>(1) Current liabilities increased by NT\$238 million, mainly due to the fact that the convertible corporate bonds issued at the end of 2019 will be due at the end of November 2022, so it was transferred to current liabilities in 2021.</p> <p>(2) Non-current liabilities decreased by NT\$364 million, mainly due to the repayment of long-term borrowings and the transfer of convertible corporate bonds to current liabilities.</p> <p>(3) The decrease in other equity was due to the exchange rate conversion in the statement.</p>					

2. Analysis of Operation Results

(1) The main reasons for the significant changes in operating revenues, operating profit and income before tax in the last two years.

Unit: NT\$ thousand ; %

Item \ Year	2020	2021	Difference	
			Amount	%
Operating revenue	1,259,442	1,350,982	91,540	7.27%
Gross profit	398,028	447,612	49,584	12.46%
Operating net profit	113,840	165,087	51,247	45.02%
Non-operating revenue and expenses	14,612	3,673	(10,939)	-74.86%
Pre-tax net profit	128,452	168,760	40,308	31.38%
Current profit of continuing operations	117,284	124,736	7,452	6.35%
Loss from discontinued operations	-	-	-	-
Current net profit	117,284	124,736	7,452	6.35%
Other comprehensive income (net of income tax)	92,536	(223,933)	(131,397)	142.00%
Total comprehensive income	24,748	(99,197)	(123,945)	-500.83%
Net income attributable to Shareholders of the parent	115,873	130,936	15,063	13.00%
Net income attributable to non-controlling interests	1,411	(6,200)	(7,611)	-539.40%
Total comprehensive income attributable to shareholders of the parent	21,611	(90,253)	(111,864)	-517.63%
Total comprehensive income attributable to non-controlling interests	3,137	(8,944)	(12,081)	-385.11%

Item	Year	2020	2021	Difference	
				Amount	%
Analysis of significant changes over 20% of the previous period and the change amounted to NT\$ 10 million:					
1. The net operating profit of Y2021 increased by NT\$51,247 thousand compared with the same period of last year, main reason is that the communication products in 2021 benefited from the substantial growth of cloud cabinets and server orders, and the sales revenue increased by NT\$91,540,000 compared with last year. The gross profit of sales was due to the direct labor control and indirect material control. In the same period last year, it increased by 1.53%; in addition, the company also reduced the related service fees and consulting fees, which led to the growth of net operating profit in 2021.					
2. Non-operating income decreased by RMB 10,939,000, which was mainly due to the recognition of impairment loss of goodwill in 2021 and the loss of financial assets measured by the fair value of the profit and loss case.					
3. Due to the increase in the company's gross profit and the decrease in management and sales expenses, the net profit after tax increased by TWD 7,452,000 compared with that in 2020, with an annual growth rate of 6.35%.					
4. The decrease in comprehensive profit and loss for the current period was mainly due to the devaluation of the Thai baht.					

(2) The output forecast and its basis, and its possible impacts on the financial performance in the future and counter measures:

The company mainly sets the annual sales target based on the customer's forecasts, production capacity and previous operating performance. The company's products are applied in various industries at the growth stage. The company will continue to develop new markets and expand business to increase market share and profitability as well as maintain good financial performance.

3. Analysis of Cash Flow

(1) Cash flow analysis for the recent year (2021)

Unit: NT\$ thousand

Balance, beginning	Annual cash flow from operating	Annual cash flow from other	Balance	Cash shortage contingency plan

of year	activities	activities	(insufficient)a mount	Investment plan	Financing plan
204,073	232,525	(293,101)	148,834	—	—
<p>Analysis of changes in cash flow in the most fiscal year:</p> <p>Operating activities: The main reason is that the company continued to make profits in 2021.</p> <p>Investing activities: The cash outflow was mainly due to the acquisition of real estate, plant and equipment and the increase in investment in subsidiaries.</p> <p>Financing activities: The period caused to cash outflows were due to dividend payment and installment payments for banking loans.</p>					

Source: 2021 consolidated financial statements signed and audited by CPA.

(2) The improvement plan of a lack of liquidity: not applicable

(3) Cash flow forecast analysis over the next year (2021):

Unit: NT\$ thousand

Balance, beginning of year	Annual cash flow from operating activities	Annual cash flow from other activities	Balance (insufficient) amount	Cash shortage contingency plan	
				Investment plan	Financing plan
148,834	348,980	(350,628)	147,186	—	—
<p>Analysis of changes in cash flow over the next year:</p> <p>Operating activities: revenue and profit are expected to continue to grow in the future.</p> <p>Investing activities: to purchase production equipment will lead to cash outflows continuously.</p> <p>Financing activities: It is expected that cash dividends will be paid and long-term loans will be repaid in installments within this year.</p>					

4. Major capital expenditures items:

In 2019, the company made payments by drawdown some loans from Mega International Commercial Bank of Thailand, United Overseas Bank and LH Bank; in addition, it also financed three-year interim loans from Mega International Bank Foreign department Taiwan for funding to M&A France new subsidiary SPEM AERO SAS, such loan will be repaid in installments in the future. Therefore it has no material impact on the financial performance.

5. Investment policy in last year, main causes for the profits or losses, improvement plans and the investment plans for the coming year:

(1) Investment policy:

The company's current investment policy is based on the relevant investment targets of its main business, and is not engaged in non-core business operations. The relevant departments follow the internal control system “investment cycle” and the “Procedures for Acquisition or Disposal of Assets”. The procedure is discussed and approved by the Board of Directors or in the shareholders meeting.

(2) Main causes of profits or losses incurred by re-invested business and improvement plans:

Unit: NT\$ thousand

Re-invested company \ Item	Recognized profit (loss) in 2021	Main reasons for profit or loss	Improvement plan
JINPAO PRECISION INDUSTRY CO., LTD.	173,168	Revenue growth	None
Jinpao Precision Japan Co., Ltd.	(209)	Operation not came into economic scale yet	None
Jinpao Europe SAS	(17,056)	Caused by impact of covid-19 pneumonia has not yet achieved benefits	None
Wefly Aero Co., Ltd.	(817)	Caused by impact of covid-19 pneumonia has not yet achieved benefits	None

(3) Investment plans for the coming year: None

6. Analysis of risk management

(1) The effect upon the company's profits and losses of interest and exchange rate fluctuations and changes in the inflation rate, and countermeasures to be taken in the future:

i. The effect on the company's profits and losses of interest rate fluctuations and countermeasures to be taken in the future:

The main source of interest income of the Company is banking deposit, while interest expense is mainly due to interest charges arising from bank loans. The Company's annual interest incomes of Y2021 and Y2020 were NT\$ 450K and NT\$ 1,582K respectively, accounting for less than 1% of net operating income, and interest expenses were NT\$ 19,076K and NT\$ 20,779K respectively, accounting for a net operating income ratio of 1.41 % and 1.65%; the ratio is not high. Thus, the change in interest rate has no significant impact on the company.

Countermeasures:

If there is a large fluctuation of interest rate in the future and demand to continuous borrowing for the company, the company will use other financial tools to raise funds from capital market. In addition, the company will choose fixed or floating interest rates of loans depending on the interest rate movement to avoid the risk of interest rate fluctuations.

ii. The effect of exchange rate fluctuation upon the company's profits and losses, and countermeasures to be taken in the future:

A. The effect on the company's income

Unit: NT\$ thousand

Item	2020	2021
Exchange gains (losses)	27,852	27,453
Operating revenue	1,259,442	1,350,982
Exchange gains or losses /Operating income (%)	2.21	2.03
Net operating income	113,840	165,087
Exchange gains or losses /Net operating income (%)	24.47	16.63

The Company's exchange gain (loss) for the years of 2021 and 2020 were respectively NT\$ 27,453K and NT\$ 27,852K, and the exchange gain (loss) accounted for 2.21% and (1.08%) of the net revenue, 16.63% and 24.47% of the operating income respectively. The most deals of import/export of company are quoted in U.S. dollars currency, but some of them were traded in Euro currency, while the Company always adopts Thai baht for the payment to the local suppliers for daily operations. The company is exposed to foreign currency risk when there is appreciation of US dollars. Therefore, movements in foreign currency exchange rates have financial impact on the company's revenue and profit.

B. Contingency measures:

To effectively mitigate the risk of exchange rate fluctuation, Jinpao keeps close contact with banks to collect exchange rate-related financial information to understand and predict exchange rates trends in the future as well as take measures as follows to eliminate the impact of the company's revenue and profit by exchange rate fluctuation:

- (A) Open a US dollar savings account, and deposit the payments of customers in US dollars from the exports in a foreign currency account which is used for procurement payments to the foreign suppliers, and reduce the impact of exchange rate fluctuations by means of natural hedge through offsets of foreign currency claims and debts foreign currency credits and debts.
- (B) When the customer remits the payment to Jinpao's company bank account, the company will appropriately adjust the foreign exchange position depending on the demand for funds

and movement of exchange rates.

- (C) The sales department considers the impact of exchange rate fluctuation on the sales price, and adjusts the product price according to the exchange rate fluctuation to mitigate the impact of exchange rate fluctuation on the company's revenue and profit before making a quotation for foreign customers.
- (D) The sales and procurement staff uses the real-time stock and foreign exchange market information provided by the correspondent banks as the basis when making a quotation and purchases of raw materials.
- (E) The company conducts the pre-sale of foreign exchange forward transaction depending on the foreign currency position and exchange rate changes in accordance with the Procedures for Acquisition or Disposal of Assets, and the net foreign exchange position is used as the hedged instrument after natural hedging to reduce the exchange rate risk arising from the business operations of the company.

iii. The impact of inflation and countermeasures to be taken in the future:

The inflation has not materially affected the company's profit and loss in the past. The company will also appropriately adjust the sales price to cope with the inflation, so inflation may not have a significant impact on the company. The company reviews and compiles relevant information for decision-making of the management with reference to the economic analysis data and reports of the government and research institutions regularly and from time to time.

(2) The main reasons of the profit or loss due to investment of high-risk investments and highly leveraged investments, loans to other parties, endorsement, guarantee, and derivative transactions, and response measures to be taken in the future.

The company is committed to its core business and has a conservative financial policy. The company has not engaged in high-risk or highly leveraged investments in the most recent year as of the date of report publication. It has established the "Operational Procedures for Lending Capital to Others" and "Operational Procedures for Endorsements and Guarantees" as the bases for operations.

The company conducts trading in derivative commodities to avoid the risk of exchange rate fluctuations of foreign currency assets. The exchange rate of the contract has been determined, and there is no significant risk of cash flow. The company has performed transactions with the banks with good credit, and the possibility of credit risk is extremely low. The company conducts the transactions in compliance with the "Procedures for Acquisition or Disposal of Assets" with regular monitoring and evaluation.

(3) Future research and development projects, and expenditures expected in connection therewith:

R & D expenses of the company and its subsidiaries in 2021 and 2020 were NT\$ 20,331 thousand and NT\$ 19,797 thousand respectively. Jinpao has started to establish the intelligent production system, strengthen the industry 4.0 capabilities, manufacturing via MES, Kiosk, PLM and highly customized ERP system which are available to collect production data automatically then provides real-time production status to managers and manufacturing department. With regard to the future product development direction, the sales department will develop value-added products that meet market demands. In terms of production process and technology development, the company keeps improving the manufacturing capabilities and introduces the latest automation equipment to improve production efficiency and product quality. In order to develop the work direction, the company will continue to spend R&D expenses to enhance the company's competitiveness.

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

The company is an exempted company registered in the Cayman Islands, and the company is in compliance with Section 2 of Article 2-1 of Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants, or the recommended securities firm considers the issuer's financial report has significant influence on the overall economy, changes in the political and economic environment, relevant laws and regulations, foreign exchange control and taxation of the country of registration and the country of operation, and whether or not to recognize the effectiveness of the civil judgment of the courts in ROC. Please refer to the description of the risk items on page 13 above.

The company's financial operations have not significantly affected by changes in major political policies and economic environment in the Cayman Island, Thailand and Taiwan in the most recent year and the year as of the publication date of the annual report.

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

The Company always pays attention to the relevant technological changes in the industry, find out and keep up with the latest market trends, and evaluates its impact on the business operations. The company has no major technological or industrial changes that may significant affect the financial operations in the most recent year and the year as of the publication date of the annual report.

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

The company is committed to manufacture of high-quality products, and upholds the principle of good faith to maintain a good image of the company in the industry. In the most recent year and the year as of the publishing date of the annual report, the company has not changed the corporate image and affected the corporate image.

(7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures to be taken:

In December 2018, the company completed the acquisition of two European subsidiaries, Atelier dedecolletage de Bigorre and SAS LUTEC. These two companies are professional aerospace milling machine suppliers, which have a synergy plus effect to the company's current production process capability; In addition, in the latest case happened in January 2020, the company also completed the acquisition of SPEM AERO SAS, a French company specializing in aerospace surface treatment and industrial painting, which is the first-tier supplier of Airbus Process. These three companies' factory locations are close to the French Airbus production base, which drives the two companies easily to access into the aerospace market and develop other quality customers. Other possible risks are due to the separation of Asian and European cultures. Relevant management methods and practices must be tailored to local conditions, and the advantages of both parties should be combined in order to create maximum benefits.

(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures to be taken:

In order to meet the order and production requirements of aerospace products, the subsidiary of the company, Jinpao (Thailand), has been expanded with the aerospace assembly and anode treatment plant at the current site of the Thai factory. It is expected to construction be completed within the October to November in 2019. In addition, the company will also apply for American aviation industrial certification "NADCAP" heat-treatment process line, and it is estimated that can be obtained the certification in the second quarter of 2020, then going to mass production, which should make a significant contribution to the overall profit of the group.

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

i. Risks associated with purchasing and contingency measures

Single source never happened in the Company. The company has so many suppliers to choice for major raw materials. The purchase ratios of the top ten suppliers of 2020 compared with 2019 were 49.99% and 40.61% respectively. In order to ensure the stability and reliability of the source on supply and quality, the company makes appropriate adjustments of the purchase in accordance with the customers' demands, safety stock and delivery status as well as the market demand. The company has no excessive concentration of purchasing sources.

ii. Risks associated with sales and contingency measures

Most of the company's customers are listed companies in Thailand or internationally renowned listed companies. The sales ratio of the first largest customers from the year 2019 to 2021 was 13.70%, 20.70% and 16.62%, respectively, kept in a stable trend. The company's end products are mainly applied for the industrial market rather than consumer electronics market. It belong kind of primarily customized products with relatively stable order all the way. The company has been recognized by the customers with its top-notch technology, and maintains a long-term stable cooperative relationship with them. The company's sales market comprises Asia, America and Australia, including Thailand and Japan. The company has actively developed business in European, and maintained good relationship with European customers. On the whole, the company has no risk in customer concentration.

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

In the most recent year and the year as of the date of report publication, the information on share transfer of directors and shareholder holding more than 10 percent of shares of the company is described in the Page 70 of the annual report. The matter has no significant impact on the company's operation rights and financial operations.

(11) The impact and risks of changes in governance personnel or top management of the company, and countermeasures:

There is no managing organizational change in the most recent year and up to the date of publication of the annual report.

(12) Litigious and non-litigious matters:

If there has been any substantial impact upon shareholders' equity or prices for the company's

securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, general manager, de facto responsible person, or major shareholder with more than 10 percent of shares of the company and affiliated companies, and the matter was finalized or remained pending during the current fiscal year up to the publication date of the annual report, the report shall disclose the information of the facts and amount in dispute, commencement date, main parties involved, and current status of the case.

In the most recent year and the year as of the date of report publication, there is no litigation or ongoing litigation, non-litigation.

(13) Other important risks and mitigation measures being or to be taken:

i. Risk of price fluctuation on raw materials

The main materials of the company's products are metals like iron, stainless steel and copper. In the last three years, the raw materials account for around 45% to 55% of product cost. The low-volume high-mix products are easily affected by the price fluctuation of raw materials in particular.

Countermeasures:

- A. Purchase raw materials from more suppliers to increase bargaining power of suppliers.
- B. Actively develop high value-added niche products to increase profits.
- C. Observe changes in the price of raw materials and use hedging instruments to mitigate the risk of price volatility.
- D. Keep close and long-term relationship with major suppliers to ensure stable supply of raw materials.

ii. Risks associated with market competition

Jinpao faces increasing competition from existing and new players in the market. The price competition leads to lower profit margin, and forced the company to lower product price.

Countermeasures:

- A. Actively expand the market in the ASEAN region to eliminate market risk
- B. Build long-term relationship with existing customers, and develop new customers

- C. Continue to invest new equipment to enable innovative production process like smart factory to enhance production efficiency and reduce production cost so as to provide competitive pricing.
- D. Involved with the early-stage product development with customers to reduce price competition of mature products.
- E. Provide customers with integrated solutions of custom R&D to manufacturing services, product high-quality products, and offer a low-volume high-mix production with fast delivery to attract customers. Use the strategy to create entry barrier and differentiate it from competitors.

iii. Foreign currency risk

The company is selling and buying in U.S. dollars, and part of the customers use Euro as the trade currency. The company uses Thai baht for the payment to the suppliers and for the daily operations. The company is exposed to foreign exchange risk when there is appreciation of US dollars. Therefore, movements in foreign currency exchange rates have financial impact on the company's revenue and profit.

Countermeasures:

- A. Open a US dollar savings account, and deposit the payments of customers in US dollars from the exports in a foreign currency account which is used for procurement payments to the foreign suppliers, and reduce the impact of exchange rate fluctuations by means of natural hedge through offsets of foreign currency claims and debts foreign currency credits and debts.
- B. When a US dollar savings account, and deposit the payments of customers in US dollars from the exports in a foreign currency account which is used for procurement payments to the foreign suppliers, and reduce the impact of exchange rate fluctuations by means of natural hedge through offsets of foreign currency claims and debts foreign currency credits and debts.
- C. The sales department considers the impact of exchange rate fluctuation on the sales price, and adjusts the product price according to the exchange rate fluctuation to mitigate the impact of exchange rate fluctuation on the company's revenue and profit before making a quotation for foreign customers.
- D. The sales and procurement staff uses the real-time stock and foreign exchange market information provided by the correspondent banks as the basis when making a quotation and purchases of raw materials.

- E. The company conducts the pre-sale of foreign exchange forward transaction depending on the foreign currency position and exchange rate changes in accordance with the Procedures for Acquisition or Disposal of Assets, and the net foreign exchange position is used as the hedged instrument after natural hedging to reduce the exchange rate risk arising from the business operations of the company.

iv. Risks associated with talent outflow

Contributed to the technological development, business strategies and client cultivation from high-ranking executives, the company has successfully grown and expanded its business since its inception. Most of the top management in the company has worked for more than ten years. The major personnel changes in the top management might cause operational risks. Therefore, the company is committed to providing a good working environment and welfare system to retain outstanding talents to enhance the company's competitiveness.

Countermeasures:

The company has been working to improve the internal working environment to reduce the risk of outflows of the top management. Talents are one of the most important assets, making the company highly competitive in the market. As a result, the company actively joins the academic and industry networks to approach outstanding talents and ask them to join the management team. On the other hand, it continues to provide a good working environment and welfare system to retain outstanding talents so as to enhance the company's competitiveness.

v. Environmental regulations raise the trade barrier

Due to destructed global ecological environment, imbalance of natural environment and increasing natural disasters, the worldwide governments pay more attention to environmental protection through legislation. Various regional and international organizations have signed agreements and are committed to environmental protection. For example, the European Union has prohibited the use of certain hazardous substances in electrical and electronic equipment, including Lead, Cadmium, Mercury, Hexavalent Chromium, Polybrominated Biphenyls, Polybrominated Diphenyl Ether since July 1, 2006. In addition, it is stated in the appendix that the proportion of lead in steel shall not exceed 0.35%, and restricts the use of lead-bearing materials such as leaded free-cutting steel. The legislation has great influence on the products which are able to be distributed in the region or not, as well as on customers' willingness to purchase and evaluation of the supplier, in addition to the impact on transaction cost.

Countermeasures:

In recent years, the awareness of environmental protection has risen. To meet the market requirement, the materials and production process adopted by Jinpao are compliant with

environmental safety regulations. For example, each batch of the main raw materials including stainless steel, aluminum, copper, steel and other metals will be attached with a Mill Certificate or SGS test report. And the company has a mass spectrometer which is a sophisticated testing instrument used for total inspection of incoming materials from external suppliers to ensure the chemical composition of metals and product testing to meet RoHS compliance. The iron scraps or residual materials generated in the production process are recycled to the steel mill for re-refining into steel raw materials.

The company's operational activities have been affected by climate change. As a result, the company conducted greenhouse gas inventory, and take measures to reduce carbon emission and greenhouse gas like changing the entire factory lighting to LED lights in 2015. Thus, the company was awarded the Green Star Award by the Industrial Estate Authority of Thailand in 2015. In the third quarter of 2018, the company invested in the construction of 100,000 kWh systems for solar power generation to meet the requirements of energy conservation, carbon reduction and world environmental protection. The company uses this alternative energy source to protect the environment and save electricity by 400,000 baht per month (100,000 kWh / month).

vi. Protection of shareholders' equity

There are many different differences between the Companies Law of Cayman Islands and Company Act of Taiwan. Although the Company has amended the Articles of Incorporation in accordance with the Checklist of Shareholders Right Protection Items for the foreign issuer released by Taiwan Stock Exchange Corporation. However, there are still many differences in terms of business operation, and the legal rights. The Law of ROC is not completely applicable to the company registered in the Cayman Islands. The investor may consult with experts before the investment, and understand the shareholder

Investors investing on the offshore company with a registration office in Cayman Islands companies they invest in. Investors should know and consult with experts to invest in whether the Cayman Islands have unprotected shareholders' rights.

vii. Certain conditions are possibly unable to provide sufficient protection

There are many risks and dangers in the business operation procedures, including failure, damage or abnormality of machinery and equipment, delay in delivery of equipment, labor strikes, fires, natural disasters, environmental disasters, occupational injuries, etc., which may

have material adverse impacts on the Company's operations. Although the Company has insured fixed assets and inventory in accordance with the practices of the country of operation, such insurance may not be able to provide sufficient protection under certain circumstances. If the company suffers losses, it may adversely affect the company's operations.

viii. Explanation of information security risk assessment analysis

Analysis of the company's existing systems and ISA95 standards; at the business planning and logistics platforms there are ERP, PLM, HR, JODS, BPM, BI, KM, etc., whilst at the manufacturing operation platform with JSIMS information system and AP100, and in factory at the monitoring system such as View and V Factory has CCTV and sensors installed at the perception layer. Except that every production machine usually does not provide external maintenance out of internet remote connection, the other backbone network architectures are equipped with firewalls for external links, and the backup mechanism is equipped with remote backup hosts. Although each system has different levels of information security protection, the target of recovery time since infected & damage is set within one hour. The external hard disk of the company's PC is controlled and recorded through DLP behaviors, the installation process of antivirus software in the factory, has to update in the WI operation instructions, and the virus code update mechanism has the antivirus server centrally to update the virus code simultaneously.

7. Other Major Risks: None

VIII. Special Disclosure

1. Summary of Affiliated Company

(1) Consolidated business report of affiliated companies

i. Organizational chart of affiliate companies

Please see: organization chart in the Company Profile

iii. Basic information of affiliated companies—company name, date of incorporation, address, paid-in capital, types of business

As of Dec. 31, 2021

Company Name	Setup date	address	Paid-in capital	Main biz scope
Jinpao Precision Industry Co., Ltd.	Jan. 13, 1998	631 Soi 12 Moo 4 Bangpoo Industrial Estate T. Phraksa, A. Muang, Samutprakarn 10280 Thailand.	THB 709,750,000	Design, manufacture and sell custom precision sheet metals.
Jinpao Precision Japan Co., Ltd.	Feb. 2, 2015	Vision Center Nihonbashi Fukushima Bldg. 2F, 1-5-3 Nihonbashimuromachi, Chuo-ku, Tokyo, 103-0022, Japan.	JPY 30,000,000	Responsible for the Japanese market and after-sales services.
Jinpao Europe SAS	Nov. 23, 2018	Zone Industrielle Pyrène Aéroport, 65290 Louey R.C.S. TARBES FRANCE	Euro 2,500,000	The joint venture owns two French milling plants ADB and Lutec.
Atelier de décolletage de Bigorre (ADB)	Mar. 24, 1999	Zone Industrielle Pyrène Aéroport, 65290 Louey R.C.S. TARBES FRANCE	Euro 103,968	Product and sale of metal milling parts
SAS LuTec	Apr. 29, 2004	27 Chemin Lou Tribail Zone Artisanale de Toctoucau CESTAS, 33610 FRANCE	Euro 287,548	Product and sale of metal milling parts
SPEMAERO SAS	Sep. 15, 1986	6 Rue Castelmouly, 65200 BAGNERES DE BIGORRE FRANCE, RCS TARBES	Euro 50,400	Aerospace surface treatment and industrial painting service
Wefly Aero Co., Ltd	Aug. 16, 2019	647 Moo4 Soi 11 Phraksa, A. Muang, Samutprakarn 10280 Thailand	THB 5,620,000	Aerospace education and training
I Motor Holding Co., Ltd.	Sep. 7, 2021	90 Moo4, T. Bangchalong, A. Bangpee, Samutprakarn 10280 Thailand	THB 40,200,000	Holding Company
I Motor Manufacturing Co., Ltd.	Nov. 5, 2020	90 Moo4, T. Bangchalong, A. Bangpee, Samutprakarn 10280 Thailand	THB 39,000,000	Product Electric Motorcycles
I Motor Marketing Co., Ltd.	Nov. 6, 2020	90 Moo4, T. Bangchalong, A. Bangpee, Samutprakarn 10280 Thailand	THB 10,000,000	Sale of Electric Motorcycles

iii. The presumption of a relationship of subordination and control under Article 369-3 of the Company Law: None

iv. The business scopes of affiliated companies are listed as below. If any of the affiliated

companies has business relation with each other, the mutual dealings and division of work among affiliates shall be described.

Company Name	Business Operations	Description of the mutual dealings and division of work among affiliates
Jinpao Precision Industry Co., Ltd.	Design, manufacture and sell custom precision sheet metals.	Not applicable
Jinpao Precision Japan Co., Ltd.	Responsible for the Japanese market and after-sales services.	Provide after-sales and product design services for the parent company. Explore business opportunities in the local market, cultivate customer relationships, and develop business.
Jinpao Europe SAS	The joint venture owns two French milling plants ADB and Lutec.	Explore business opportunities in European and African markets, cultivating customer relationships, and develop business.
Atelier de décolletage de Bigorre (ADB)	Produce and sale of metal milling parts	Produce, sale and provide service for European and African clients
SAS LuTec	Produce and sale of metal milling parts	Produce, sale and provide service for European and African clients
SPEM AERO SAS	Aerospace surface treatment and industrial painting service	Produce, sale and provide service for European and African clients

- v. Names of directors and presidents of affiliated companies, and their shareholding or capital contribution to the company.

Dec. 31, 2020				
Company name	Title	Name or representative	Shares owned	
			Capital Contribution / Shares	Shareholding Percentages (%)

Jinpao Precision Industry Co., Ltd.	Chairman and General Manager	Chung Kuo-Sung	1	0.00
	Director of the Board	Wang Wen-Shan	1	0.00
	Director of the Board and Deputy General Manager	Kuo Hui-Ling	0	0.00
Jinpao Precision Japan Co., Ltd.	Director of the Board	Yoshiaki Hoshizaki	60	10.00
	Director of the Board	Chung Kuo-Sung	0	0.00
Jinpao Europe SAS	Chairman	Chung Kuo-Sung	-	0.00
	Managing Director	Frederic BOURGON	600,000	24.0
	Director of the Board	Chen Hsin-Yuan	-	0.00
Atelier de décolletage de Bigorre (ADB)	Chairman	Chung Kuo-Sung	-	0.00
	Managing Director	Frederic BOURGON	-	0.00
	Director of the Board	Chen Hsin-Yuan	-	0.00
SAS LuTec	Chairman	Chung Kuo-Sung	-	0.00
	Managing Director	Frederic BOURGON	-	0.00
	Director of the Board	Chen Hsin-Yuan	-	0.00
SPEMAERO SAS	Chairman	Chung Kuo-Sung	-	0.00
	Managing Director	Frederic BOURGON	-	0.00
	Director of the Board	Chen Hsin-Yuan	-	0.00

I-Motor Holding Co., Ltd.	Chairman	Chung Kuo-Sung	1	0.00
I-Motor Manufacturing Co., Ltd.	Chairman	Chung Kuo-Sung	4,627	1.19
I-Motor Marking Co., Ltd.	Chairman	Chung Kuo-Sung	7,877	7.88

vi. Operation Status of affiliate companies:

Dec 31, 2021 Unit: NT\$ thousand

Co., name	capital	Total assets	Total liabilities	Net value	Operation incomes	Operation profit	Netincome (after tax)	EPS\$(after tax)
Jinpao Precision Industry Co., Ltd.	639,961	2,833,623	1,118,370	1,715,253	1,350,982	185,688	173,168	2.44
Jinpao Precision Japan Co., Ltd.	8,280	395	-	395	-	(249)	(249)	(415)
Jinpao Europe SAS	87,550	240,125	184,629	55,496	-	-	(22,442)	(89.77)
Atelier de décolletage de Bigorre	3,641	85,458	42,720	42,738	95,213	(7,322)	(6,876)	(1,190.44)
LuTec SAS	10,070	78,309	75,360	2,949	64,670	(5,582)	(4,474)	(10.71)
SPEM AERO SAS	1,765	50,321	19,380	30,941	64,179	(8,895)	(3,654)	(1,160)
Wefly Aero Co., Ltd	19,112	14,801	13,288	1,513	9,550	(3,176)	(3,093)	(1.85)
I Motor Holding Co., Ltd	33,555	33,547	8	33,539	-	(17)	(17)	(0.04)

(2) The consolidated financial statement of affiliated companies: please refer to the consolidated financial statements in the Financial Profile on the page 152.

Relational Business Consolidated Financial Statements:

(3) Relational report: None

2. Private placement securities in the most recent years: None.

3. The shares in the company held or disposed of by subsidiaries in the most recent years: None.

4. Descriptions of material matters of domestic shareholders' equity

Important matters of shareholder right protection	The differences of Articles of Incorporation
<p>1. All general meetings shall be held in the territory of ROC. If the Directors resolve to hold a general meeting outside ROC or the shareholder(s) obtain the approval of the regulatory authority to hold a general meeting outside ROC, the Company or such shareholders shall apply for the approval of the Taipei Exchange (TPEX) thereof within two days after the board resolution or the authority's approval.</p> <p>2. The shareholders who hold at least three percent of the issued shares for more than one year are entitled to convene the extraordinary general meeting and specifying the subjects for discussion and the reasons in writing. If the Board fails to give a notice for convening such meeting within 15 days after the date of such deposit, the shareholders are entitled to convene the general meeting after the authority's approval.</p>	<p>1. The Companies Law of Cayman Island does not regulate the convening of shareholders' general meeting, so Article 19.6 of the Article of Incorporation has not stated that the application of a general meeting convened by shareholders shall be submitted to the regulatory authority. The shareholders convene the extraordinary general meeting outside the ROC without an approval of the regulatory authority in the Cayman Islands, so Article 18.2 of the Articles of Incorporation only stated the application shall be submitted to TSE for its prior approval. If it is not subject to "the shareholder(s) who obtain the approval of convening shall apply for the approval of the Taipei Exchange (TPEX) thereof within two days", it may have no substantial impact on the shareholders rights and interest of ROC.</p>

<p>When the company convenes a shareholders' meeting, the votes may be exercised by correspondence or electronically. The company shall adopt the electronic voting as one of the methods for exercising the votes if the company is in the range of companies subject to electronic voting requirement. If the general meeting is held outside Taiwan, the voting shall be exercised in writing or by way of electronic transmission. A Shareholder who exercises voting rights by correspondence or electronically shall be deemed to have attended such general meeting in person, but shall be deemed to have waived his votes in accordance with the extempore motion and the amendments of the proposals at such general meeting.</p>	<p>In respect of the exercise of voting rights by shareholders by correspondence or electronically, the Companies Law of Cayman Island does not state whether shareholders who exercise their voting rights by correspondence or electronically can be deemed to have attended the shareholders' meeting in person, and the lawyer of Cayman Islands have not found any relevant cases. The Article 25.4 states that " if the shareholder exercises voting rights by correspondence or electronically in accordance with the above provision, that is the shareholder appoints the chair to be a proxy to attend a shareholders meeting. The proxy cannot exercise voting rights for the items not stated in the written or electronic documents, and or for the amendments to original proposal of that meeting. A shareholder exercising voting rights by correspondence or electronic means will be deemed to waive his/her rights with respect to the extempore motion and /or amendments to original proposals of that meeting."The voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. In accordance with the Article of Incorporation 26.3, when the Chair is pointed as proxy to attend the general meeting to exercise the voting right, he/she is not subject to the regulation.</p>
<p>A company shall not do any of the following acts without a resolution adopted by a majority of the shareholders present who represent two-thirds or more than half of the total number of its outstanding shares:</p> <ol style="list-style-type: none"> 1. Enter into, amend, or terminate any contract for lease of the company's business in whole, or for entrusted business, or for regular joint operation with others, transfer the whole or any essential part of its business or assets, accept the transfer of another's whole business or assets, which has great impact on the business operation of the company. 2. Change the Articles of Incorporation 	<ol style="list-style-type: none"> 1. Regarding the method of resolution at the shareholders' meeting, in addition to the ordinary resolution and supermajority resolution in accordance with the applicable law, the Article 1.1 of the Articles of Incorporation specifies "Special Resolution" under the Companies Law of Cayman Islands. At the shareholders' meeting of the company, the resolution is approved by shareholders entitled to participate in the voting and attend the meeting in person, by authorization letters, or by a legally authorized representative by a non-natural person. The resolution is approved by at least

<p>3. The rights of shareholders holding preferred shares may be varied because of changes of the Articles of Incorporation, the revision shall be approved by a special resolution passed at a separate shareholders general meeting.</p> <p>4. Make distribution of whole or part of dividends and bonus by the issuance of new shares</p> <p>5. Resolutions of dissolution, consolidation or merger, and split-up</p> <p>6. Issue restricted shares to employees</p>	<p>two-thirds of the shareholders with the right to vote.</p> <p>2. Abide by the Companies Laws of Cayman Islands, the following items shall be approved by a special resolution:</p> <p>(1) Change Articles of Incorporation</p> <p>According to the Companies Law of Cayman Islands, the change of Articles of Incorporation shall be based on the Special Resolution of the Law. Therefore, Article 12.1 of the Articles of Incorporation does not determine the threshold and changed into the supermajority resolution in accordance with the Checklist of Shareholders Right Protection Items. In addition, in accordance with Article 13 of the Articles of Incorporation, if any modification or change to the Articles of Incorporation may affect any type of preferred rights, the relevant amendments or changes shall be passed by special resolution and shall be convened separately by the shareholders of the damaged shares. The shareholders' meeting was approved by a special resolution.</p> <p>(2) Dissolution:</p> <p>In accordance with the Companies Law of Cayman Island, if the company cannot pay their debts, it may be wound up and go into liquidation voluntarily. The resolutions of dissolution shall be made at the shareholders' meeting. The dissolution shall be made by a special resolution in accordance with the Companies Law of Cayman Island. Article 12.4(a) states determines the threshold for the resolution of the company to be voluntarily liquidated and dissolved due to the inability to settle its debts at maturity, and has not been changed into the items of supermajority resolution according to the provisions in the Checklist of Shareholders Right Protection Items.</p> <p>(3) Consolidation / Merger:</p>
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	<p>A "merger" or "consolidation" as defined under Companies Law of Cayman Islands is regulated by the mandatory provisions for the voting method, Article 12.3(b) of the Articles of Incorporation states the consolidation shall be approved by a supermajority resolution. The merger and/or consolidation defined by the Companies Law of Cayman Island may be approved by a special resolution.</p> <p>3. With regard to the difference between the matters mentioned above and in the Checklist of Shareholders Right Protection Items, the supermajority resolution in the Checklist of Shareholders Right Protection Items shall be regulated by supermajority resolution and special resolution respectively in the Articles of Incorporation. As these differences are due to legal requirements of the Cayman Islands, and the company's Articles of Incorporation have already listed the supermajority resolutions and special resolution in the Articles of Incorporation. As a result, the impact of shareholders' equity should be limited.</p>
<ol style="list-style-type: none"> 1. Supervisors of a company shall be elected by the meeting of shareholders, among them at least one supervisor shall have a domicile within the territory of the Republic of China. 2. The term of office of a supervisor shall not exceed three years, but he/she may be eligible for re-election. 3. In case all supervisors of a company are discharged, the board of directors shall, within 60 days, convene an extraordinary general meeting of shareholders to elect new supervisors. 4. Supervisors shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the 	<p>The Companies Law of Cayman Islands does not state the "Supervisor", and the issuer shall set up an audit committee. Therefore, there is no relevant regulation in the Articles of Incorporation.</p>

<p>business and financial conditions of the company, inspect accounting books and documents, and request the board of directors or managers to make reports thereon.</p> <p>5. Supervisors shall audit the various statements and records prepared for submission to the shareholders' meeting by the board of directors, and shall make an auditing report of their findings and opinions at the meeting of shareholders.</p> <p>6. In performing their functional duties under the preceding Paragraph, the supervisors may appoint a certified public accountant and lawyer to conduct the auditing on behalf of the Company.</p> <p>7. Supervisors shall attend the board meeting to express their opinions. In case the board of directors or any directors are in violation of the laws when carrying out the business operations of the company, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, the board of directors or the director to cease such act.</p> <p>8. Supervisor may each exercise the supervision power individually.</p> <p>9. A supervisor shall not be concurrently a director, a manager or other staff of the company.</p>	
<p>1. Any shareholders holding 3 percent or more of the total number of issued shares for a period of one year or a longer time shall have the right to submit a petition in writing for and on behalf of the Company against its director(s), and the Taiwan Taipei District Court may be court of the first instance for this matter.</p> <p>2. If the supervisor does not file litigation within 30 days after the shareholder's petition, the shareholder may file a lawsuit against the company, and agrees that Taipei District Court of Taiwan shall be the court of first instance for</p>	<p>The Companies Law of Cayman Islands does not state the "Supervisor", and the issuer shall set up an audit committee. Therefore, there is no relevant regulation in the Articles of Incorporation. However, with reference to Article 214 of the Company Act of the Republic of China on the minority shareholder's lawsuits and derivative actions against a director, (a) Article 48.3 of the</p>

<p>any litigation arising out of the articles.</p>	<p>Articles of Incorporation states that shareholders holding 3% or more of the total number of issued shares for a period of one year or a longer time (a) shall have litigation rights to file a lawsuit against the directors of the company, and agrees that Taipei District Court of Taiwan shall be the court of first instance for any litigation arising out of the articles. Or (b) the shareholders can ask the independent director in the audit committee to file a petition in writing against the director on behalf of the company, and agrees that Taipei District Court of Taiwan shall be the court of first instance for any litigation arising out of the articles. With references to (a) and (b), within 30 days after receiving the shareholder's claims, if (i) the Board of Directors does not give official permission for abovementioned conducts or the authorized independent director in the audit committee doesn't not file a lawsuit, or (ii) the commissioned independent director in the audit committee doesn't not file a lawsuit, the shareholders are eligible to file a lawsuit to the director on behalf of the company under the Law of the Cayman Island. Taipei District Court of Taiwan shall be the court of first instance for the litigation.</p> <p>However, lawyers in the Cayman Islands reminded the following provisions:</p> <p>The Companies Law of Cayman Island does not allow certain minority shareholders to file specific rules of derivative proceedings against directors in the Cayman Island's court. The company's Articles of Island is not a contract between the shareholders and the directors, but the agreement between the shareholders and the company is that even if the minority shareholders are allowed to file a derivative action against the directors in the Articles of Island, lawyers in the Cayman Island consider the</p>
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	<p>content will not be able to regulate the directors. However, under the common law, all shareholders (including minority shareholders) have the right to file derivative actions (including litigation against directors) regardless of their shareholding ratio or shareholding period. Once the shareholder files a suit, the court in the Cayman Islands will have full discretion to determine whether the shareholder can continue the lawsuit.</p> <p>In the statement, even if the company's Articles of Incorporation (or shareholders with the required shareholding ratio or within the shareholding period) permits the shareholders to have the right to file a lawsuit against the director on behalf of the company. Whether the lawsuit can continue, the court in the Cayman Islands has the authority to rule on the case. According to the relevant judgment of the Grand Court in the Cayman Islands, when considering whether to approve the continuation of derivative proceedings, the applicable criterion is whether the Grand Court believes and accepts that the plaintiff's claim on behalf of the company is substantial and the unlawful conduct is claimed by the controllable company, and the controllers can prevent from the company's litigation. The Grand Court will make a determination on a case-by-case basis in accordance with the evidence. (Although the court may consider the statement of the Article of Incorporation, but it's not the decisive factor.)</p> <p>Under the Companies Law of the Cayman Islands, the Board of Directors shall make decisions (instead of individual directors) on behalf of the company. Therefore, the directors shall, in accordance with the provisions of the Articles of Incorporation, authorize any director to file a lawsuit against other directors on behalf of the company by a resolution</p>
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	<p>at the board meeting. The Companies Law of the Cayman Islands does not stated in writing that shareholders are authorized to convene a board meeting to a make resolution of the specific matter. However the Law does not prohibit the company from establishing rules relating to the board meeting agenda in the Articles of Incorporation (including the provisions of convening the board meeting).</p>
<ol style="list-style-type: none"> 1. A director shall have loyalty and shall exercise due care of a good administrator in conducting the business operation of the company. If he/she has acted contrary thereto, he/she may be liable for the damages sustained by the company there from. If the director does anything for himself/herself or on behalf of another person in violation of the preceding provision, the shareholders shall consider the earnings in such an act as earnings of the company and request the relevant director to return the benefit by a resolution at the shareholders' meeting. 2. If a director has, in the course of conducting the business operations of the company, violated any provision of the applicable laws and/or regulations and thus caused damages to any other person, he/she shall be liable for the damage and required to pay compensation. 3. Any manager and supervisor of the company shall bear the same liability for damages as the directors of the company when conducting the business operations. 	<p>In accordance with the Article 48.4 of the Articles of Incorporation, “without prejudice and subject to the general directors’ duties that a director owe to the company and its shareholders under common law principals and the laws of the Cayman Islands, the director shall have loyalty and shall exercise due care of a good administrator in conducting the business operation of the company. If the responsible person of a company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to the company, he/she shall be liable for the damage to the company. If the director does anything for himself/herself or on behalf of another person in violation of the preceding provision, the company shall, subject to the ordinary resolutions of the shareholders' meeting, take all appropriate actions and measures to the extent permitted by law to request the relevant director to return the benefit to the company. If a director has, in the course of conducting the business operations of the company, violated any provision of the applicable laws and/or regulations and thus caused damages to any other person, the director and the company have joint and several liabilities to compensate for such damage. If the director’s indemnification obligation for such damage is not joint and several due to any reason, the director shall supplement any losses suffered by</p>

the company in violation of his or her responsibilities. The manager has the same indemnification obligation as the director of the company in the course of conducting the business operations.”

However, lawyers in the Cayman Islands reminded the following provisions: The director’s duties can be roughly divided into a duty to exercise reasonable care, skill and diligence under the common law, and duty of loyalty. However, the directors are legally obligated under the provisions of various laws and, in certain circumstances, also have obligations to third parties (such as creditors). If the company is unable to pay off the debts or intends to evade payment of duty, the directors should consider the interests of the creditors when performing their duties.

The company's Articles of Incorporation is an agreement between shareholders and the company, and the directors are not the related party of the company's Articles of Incorporation. As a result, all rights to claim damages to the directors caused by breaches of the obligations shall be stated in the service contract. Under the law in the Cayman Island, in general, a manager or supervisor does not have the same responsibility as a director or shareholder of the company. However, if the manager or supervisor is authorized to act on behalf of the senior executive, it will be subject to the same obligations as the company's directors. For the avoidance of doubt, the companies registered in the Cayman Island are generally required to regulate the liabilities and duties of managers or supervisors to the company and the shareholders of the company in the service contracts. Since the company' Articles of Incorporation are the agreement between

	<p>shareholders and the company, the manager or supervisor is not the related party of the company's Articles of Incorporation. As a result, all rights to claim damages to the directors caused by breaches of the liabilities shall be stated in the service contract.</p> <p>In addition, regarding the provisions of the Directors' interests as the company's income, Lawyers in the Cayman Island considers that such regulations uncertain and too general, so they have doubts about their enforceability. For example, whether the court has the authority to rule on the case on a director's breach of obligation, and how to define the benefit (and the period in which it benefits). Cayman's lawyers also believe that this clause does not limit the director's obligations. Directors are still subject to various statutory obligations, duties specified in the common law and duty of loyalty under the Law in the Cayman Island.</p>
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5. Other Necessary Supplementary Notes

Commitment items of the listed company, and the information of implementation status:

Commitment items	Status of implementation	Results
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Commitment items	Status of implementation	Results
<p>1. The Company commits to modify the Procedures for Acquisition or Disposal of Assets to add the provision “The Company shall not waive the capital increase of Jinpao Precision Industry Co., Ltd. in coming years. Jinpao Precision Industry Co., Ltd. shall not waive the capital increase of JP Belgium BVBA in coming years. In the future, if the company is required to abandon the capital increase or dispose of the company in consideration of the strategic alliance or other consent of Taipei Exchange, it must be approved by the special resolution of the company’s board meeting.” Any amendment shall be disclosed on the Disclosure of Material Corporate Governance Information, and reported to Taipei Exchange for future reference.</p>	<p>In accordance with the OTC Commitment required from Taipei Exchange (TPEX) on August 1, 2014 by Letter No. issued by Taipei Exchange on August 1, 2014, the company issued a letter of undertaking on July 1, 2014, and board meetings was convened on August 14, 2014 to approve the amended provisions of the Procedures for Acquisition or Disposal of Assets. The amended approved at the extraordinary shareholders’ meeting on August 22.</p>	<p>The undertaking was completed in 2014. Recently, JP Belgium BVBA has been closed for liquidation. On March 25, 2016. The Board of Directors passed the amended the Procedures for Acquisition or Disposal of Assets that deleted some provisions. The proposal has been discussed and <i>approved</i> by resolution at the shareholders' meeting on June 17.</p>
<p>2. The Company commits that the Related Party Transaction Policy, Procedures of Related Party, Specific Companies a ND Group Enterprises Transaction Management between the Company and the related parties shall be submitted to the Board of Directors of the Company and approved by the special resolution at the board meeting. The independent directors shall attend the meeting and express their opinions.</p>	<p>In accordance with the OTC Commitment required from TPEX on August 1, 2014 by Letter No. 10301011581, the Company issued a letter of undertaking on July 22, 2014, and convened the board meeting to modify the Procedures Of Related Party, Specific Companies and Group Enterprises Transaction Management of the company which was audited and approved by the audit committee. The amendments were approved by the special resolution passed at the board meeting.</p>	<p>The undertaking was completed in 2014.</p>
<p>3. The company commits to amend the articles of incorporation of the Company without violating the Cayman Islands Act (including mandatory or prohibitory provisions), so that the articles of incorporation comply with the relevant provisions of the Company Law and Securities and Exchange Act of the Republic of China, and convened the shareholders' meeting to discuss and pass the revision of the company's articles of incorporation before IPO and listing on the market.</p>	<p>In accordance with the OTC Commitment required from TPEX on August 1, 2014 by Letter No. 10301011581, the company issued a letter of undertaking on July 22, 2014, and convened the board meeting on August 14, 2014 to amend the Articles of Incorporation of the company. The amendments were approved by shareholders at the extraordinary generally meeting on August 22.</p>	<p>The undertaking was completed in 2014.</p>
<p>4. The company commits to approve the amendment of the provisions of Article 9 of the articles of incorporation of the Company regarding the change of the company’s</p>	<p>The 9th Board of Directors discussed and approved the amendments to the</p>	<p>The undertaking was completed in 2015.</p>

Commitment items	Status of implementation	Results
<p>registration place at the last shareholders' meeting (annual or extraordinary general meeting) that deleted the paragraph "... and except for the Company Law (and its amendments) and other provisions provided in the company's Articles of Incorporation, the company has the right to continue to exist as an incorporation under other applicable laws outside the Cayman Islands, and to cancel the registration in the Cayman Islands" as well as to deleted the provisions of Article 20.4 concerning the missing notification of shareholders' meetings.</p>	<p>memorandum and articles of incorporation on March 26, 2015. The resolutions were submitted to the shareholders' meeting. The shareholders voted to approve the amendments on June 30, 2015.</p>	
<p>5. The Company commits that the registered office of the Company shall be maintained in the Cayman Islands without being changed or transferred to jurisdiction outside the Cayman Islands before the shareholders' meeting approves the provisions of Article 9 of the company's Articles of Incorporation.</p>	<p>The company's registered office is still in the Cayman Islands in accordance with the letter of undertaking and the amended Article 9 of the Articles of Incorporation.</p>	<p>The undertaking is under implementation.</p>

IX. Material effect on price or value of securities

If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None.

Appendix

JPP Holding Company Limited 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
JPP Holding Company Limited

Opinion

We have audited the accompanying consolidated financial statements of JPP Holding Company Limited 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 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 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 matters of the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Accuracy Occurrence of the Revenue of the Group as Agent to Specific Customer

To generate revenue from a specific customer, the Group is required to purchase certain high-cost semi-finished products designated by a specific customer. After products are assembled, the Group sells them back to the specific customer. Since the role of the Group as an agent in the transaction arrangement involves significant accounting judgment, we considered the accuracy of revenue of the Group to a specific customer as a key audit matter

The main audit procedures that we performed in response to the accuracy of revenue of the Group as agent to specific customer were as follows:

- We examined the implementation process of the agreement between the Group and its specific customer and confirmed the role of the Group as an agent.
- We analyzed the actual sales conditions based upon the agreed terms and evaluated the Group's control over the inventory of semi-finished products during the manufacturing process for the related transactions.
- We reviewed the appropriateness of all relevant transactions recognized.

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, 2020 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 Tza-Li Gung and Ching-Cheng Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 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.

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 148,834	5	\$ 204,073	6
Financial assets at fair value through profit or loss - current (Notes 7 and 20)	-	-	152	-
Financial assets at amortized cost - current (Notes 9 and 31)	71,541	3	74,554	2
Notes receivable	-	-	8	-
Trade receivables (Note 10)	519,021	18	467,529	15
Trade receivables from related parties (Notes 10 and 30)	1,737	-	5,412	-
Inventories (Note 11)	294,781	10	294,505	9
Other current assets (Notes 18 and 30)	36,467	1	57,306	2
Total current assets	<u>1,072,381</u>	<u>37</u>	<u>1,103,539</u>	<u>34</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	35,174	1	24,676	1
Investments accounted for using the equity method (Note 13)	23,326	1	11,389	-
Property, plant and equipment (Notes 14, 30 and 31)	1,373,781	47	1,605,713	50
Right-of-use assets (Note 15)	66,351	2	78,908	3
Other intangible assets (Note 17)	135,384	5	167,125	5
Goodwill (Notes 16 and 27)	63,146	2	75,850	2
Deferred tax assets (Note 25)	6,045	-	7,620	-
Other non-current assets (Note 18)	152,799	5	170,059	5
Total non-current assets	<u>1,856,006</u>	<u>63</u>	<u>2,141,340</u>	<u>66</u>
TOTAL	<u>\$ 2,928,387</u>	<u>100</u>	<u>\$ 3,244,879</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 31)	\$ 333,780	11	\$ 127,993	4
Financial liabilities at fair value through profit or loss - current (Notes 7 and 20)	5,133	-	-	-
Notes payable	2,331	-	802	-
Trade payables	277,356	9	247,726	8
Trade payables to related parties (Note 30)	7,066	-	10,495	-
Other payables (Notes 21 and 30)	48,553	2	71,148	2
Current tax liabilities (Note 25)	13,947	1	4,240	-
Lease liabilities - current (Note 15)	12,943	-	16,361	1
Current portion of bonds payable (Note 20)	161,328	6	-	-
Current portion of long-term borrowings (Notes 19 and 31)	127,318	4	268,917	8
Other current liabilities	17,901	1	21,407	1
Total current liabilities	<u>1,007,656</u>	<u>34</u>	<u>769,089</u>	<u>24</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 20)	-	-	180,633	6
Long-term borrowings (Notes 19 and 31)	151,902	5	309,522	9
Deferred tax liabilities (Note 25)	33,603	1	38,232	1
Lease liabilities - non-current (Note 15)	33,421	1	52,699	2
Net defined benefit liabilities - non-current (Note 22)	43,285	2	46,063	1
Guarantee deposits received	13	-	14	-
Other non-current liabilities	1,785	-	1,012	-
Total non-current liabilities	<u>264,009</u>	<u>9</u>	<u>628,175</u>	<u>19</u>
Total liabilities	<u>1,271,665</u>	<u>43</u>	<u>1,397,264</u>	<u>43</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital				
Ordinary shares	436,646	15	436,646	13
Capital surplus	933,720	32	933,720	29
Retained earnings				
Legal reserve	108,622	4	97,814	3
Special reserve	89,284	3	89,284	3
Unappropriated earnings	296,603	10	268,171	8
Total retained earnings	494,509	17	455,269	14
Other equity	(229,750)	(8)	(8,561)	-
Total equity attributable to owners of the Company	1,635,125	56	1,817,074	56
NON-CONTROLLING INTERESTS	21,597	1	30,541	1
Total equity	<u>1,656,722</u>	<u>57</u>	<u>1,847,615</u>	<u>57</u>
TOTAL	<u>\$ 2,928,387</u>	<u>100</u>	<u>\$ 3,244,879</u>	<u>100</u>

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

JPP HOLDING COMPANY LIMITED 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 (Note 30)	\$ 1,350,982	100	\$ 1,259,442	100
OPERATING COSTS (Notes 11, 24 and 30)	<u>903,370</u>	<u>67</u>	<u>861,414</u>	<u>68</u>
GROSS PROFIT	<u>447,612</u>	<u>33</u>	<u>398,028</u>	<u>32</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	31,583	2	30,883	2
General and administrative expenses	230,518	17	235,570	19
Research and development expenses	20,331	2	19,797	2
Expected credit loss recognized (reversed)	<u>93</u>	<u>-</u>	<u>(2,062)</u>	<u>-</u>
Total operating expenses	<u>282,525</u>	<u>21</u>	<u>284,188</u>	<u>23</u>
PROFIT FROM OPERATIONS	<u>165,087</u>	<u>12</u>	<u>113,840</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 30)				
Other gains	18,665	1	32,800	3
Share of loss of associates	(5,414)	-	(1,829)	-
Finance costs	(19,076)	(2)	(20,779)	(2)
Interest income	450	-	1,582	-
Other income	<u>9,048</u>	<u>1</u>	<u>2,838</u>	<u>-</u>
Total non-operating income and expenses	<u>3,673</u>	<u>-</u>	<u>14,612</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	168,760	12	128,452	10
INCOME TAX EXPENSE (Note 25)	<u>44,024</u>	<u>3</u>	<u>11,168</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>124,736</u>	<u>9</u>	<u>117,284</u>	<u>9</u>

(Continued)

JPP HOLDING COMPANY LIMITED 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 (Notes 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ -	-	\$ (7,790)	(1)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	13,479	1	9,733	1
Exchange differences on translation to the presentation currency	<u>(237,412)</u>	<u>(17)</u>	<u>(94,479)</u>	<u>(7)</u>
Other comprehensive loss for the year, net of income tax	<u>(223,933)</u>	<u>(16)</u>	<u>(92,536)</u>	<u>(7)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (99,197)</u>	<u>(7)</u>	<u>\$ 24,748</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 130,936	10	\$ 115,873	9
Non-controlling interests	<u>(6,200)</u>	<u>(1)</u>	<u>1,411</u>	<u>-</u>
	<u>\$ 124,736</u>	<u>9</u>	<u>\$ 117,284</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (90,253)	(7)	\$ 21,611	2
Non-controlling interests	<u>(8,944)</u>	<u>-</u>	<u>3,137</u>	<u>-</u>
	<u>\$ (99,197)</u>	<u>(7)</u>	<u>\$ 24,748</u>	<u>2</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 3.00</u>		<u>\$ 2.65</u>	
Diluted	<u>\$ 2.94</u>		<u>\$ 2.43</u>	

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

(Concluded)

JPP HOLDING COMPANY LIMITED 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							Other Equity			Non-controlling Interests	Total Equity	
	Ordinary Share Capital (Note 23)		Capital Surplus (Note 23)	Retained Earnings (Note 23)			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Other Equity	Total			
	Shares (Thousand)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings							Total
BALANCE AT JANUARY 1, 2020	43,664	\$ 436,646	\$ 933,720	\$ 88,674	\$ 89,284	\$ 252,191	\$ 430,149	\$ 74,695	\$ 3,216	\$ 77,911	\$ 1,878,426	\$ 19,487	\$ 1,897,913
Appropriation of 2019 earnings													
Legal reserve	-	-	-	9,140	-	(9,140)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(82,963)	(82,963)	-	-	-	(82,963)	-	(82,963)
	-	-	-	9,140	-	(92,103)	(82,963)	-	-	-	(82,963)	-	(82,963)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	7,917	7,917
Net profit for the year ended December 31, 2020	-	-	-	-	-	115,873	115,873	-	-	-	115,873	1,411	117,284
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(7,790)	(7,790)	(96,205)	9,733	(86,472)	(94,262)	1,726	(92,536)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	108,083	108,083	(96,205)	9,733	(86,472)	21,611	3,137	24,748
BALANCE AT DECEMBER 31, 2020	43,664	436,646	933,720	97,814	89,284	268,171	455,269	(21,510)	12,949	(8,561)	1,817,074	30,541	1,847,615
Appropriation of 2020 earnings													
Legal reserve	-	-	-	10,808	-	(10,808)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(91,696)	(91,696)	-	-	-	(91,696)	-	(91,696)
	-	-	-	10,808	-	(102,504)	(91,696)	-	-	-	(91,696)	-	(91,696)
Net profit for the year ended December 31, 2021	-	-	-	-	-	130,936	130,936	-	-	-	130,936	(6,200)	124,736
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(234,668)	13,479	(221,189)	(221,189)	(2,744)	(223,933)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	130,936	130,936	(234,668)	13,479	(221,189)	(90,253)	(8,944)	(99,197)
BALANCE AT DECEMBER 31, 2021	43,664	\$ 436,646	\$ 933,720	\$ 108,622	\$ 89,284	\$ 296,603	\$ 494,509	\$ (256,178)	\$ 26,428	\$ (229,750)	\$ 1,635,125	\$ 21,597	\$ 1,656,722

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

JPP HOLDING COMPANY LIMITED 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		
Income before income tax	\$ 168,760	\$ 128,452
Adjustments for:		
Depreciation expense	148,006	144,670
Amortization expense	17,610	17,087
Expected credit loss recognized (reversed)	93	(2,062)
Net loss (gain) on fair value change of financial assets and liabilities designated as at fair value through profit or loss	5,566	(4,669)
Finance costs	19,076	20,779
Interest income	(450)	(1,582)
Share of loss of associates	5,414	1,829
Gain on disposal of property, plant and equipment	(2,050)	(279)
Loss on disposal of other intangible assets	-	3
Allowance for inventory valuation and obsolescence loss	(219)	10,950
Unrealized loss on foreign currency exchange	3,862	929
Impairment loss on goodwill	5,272	-
Changes in operating assets and liabilities		
Notes receivables	8	(8)
Trade receivables	(116,855)	(160,281)
Trade receivables from related parties	3,161	(3,720)
Inventories	(39,677)	(51,244)
Other current assets	9,604	78,997
Notes payable	1,723	(965)
Trade payables	64,435	136,382
Trade payables to related parties	(2,222)	7,068
Other payables	(15,341)	71,421
Other current liabilities	(843)	(20,331)
Net defined benefit liabilities	2,992	6,046
Cash generated from operations	277,925	379,472
Interest received	471	2,764
Interest paid	(13,540)	(15,930)
Income tax paid	(32,331)	(13,569)
Net cash generated from operating activities	<u>232,525</u>	<u>352,737</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(4,891)	(74,086)
Proceeds from sale of financial assets at amortized cost	-	85,445
Acquisition of long-term investments accounted for using the equity method	(19,554)	(12,060)
Acquisition of associates	-	(88,772)
Payments for property, plant and equipment	(104,565)	(325,455)
Proceeds from disposal of property, plant and equipment	2,134	2,560
Increase in refundable deposits	(100)	-

(Continued)

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

	2021	2020
Decrease in refundable deposits	\$ -	\$ 52
Purchase of other intangible assets	<u>(3,422)</u>	<u>(10,617)</u>
Net cash used in investing activities	<u>(130,398)</u>	<u>(422,933)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	620,203	-
Repayments of short-term borrowings	(431,956)	(386,202)
Proceeds from long-term borrowings	-	351,637
Repayments of long-term borrowings	(244,637)	(126,613)
Refunds from guarantee deposits received	-	(11)
Repayment of the principal portion of lease liabilities	(15,569)	(11,252)
Increase in other non-current liabilities	952	1,012
Dividends paid to owners of the Company	(91,696)	(82,963)
Increase in non-controlling interests	<u>-</u>	<u>7,935</u>
Net cash used in financing activities	<u>(162,703)</u>	<u>(246,457)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>5,337</u>	<u>(26,151)</u>
NET DECREASE INCREASE IN CASH	(55,239)	(342,804)
CASH AT THE BEGINNING OF THE YEAR	<u>204,073</u>	<u>546,877</u>
CASH AT THE END OF THE YEAR	<u>\$ 148,834</u>	<u>\$ 204,073</u>

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

(Concluded)

JPP HOLDING COMPANY LIMITED 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. ORGANIZATION AND OPERATIONS

JPP Holding Company Limited (the “Company”) was incorporated in Cayman Islands on May 17, 2012, and was set up for the purpose of organizational restructuring. The Company completed organizational restructuring on June 10, 2013, and after restructuring, the Company became the ultimate parent company of the whole group.

The Company was listed on the mainboard of the Taipei Exchange in October 2014, and transferred listing to the Taiwan Stock Exchange (TWSE) on March 9, 2017.

The functional currency of the Company is the Thai Baht. 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 25, 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 of the Republic of China (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Company and the entities controlled by the Company (collectively, the “Group”).

- 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 will be 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” will be 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” will be 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 is continuously assessing the possible impact of the application of above standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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 the 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 the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; 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 (its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective date of acquisition up to the effective date of disposal, 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 Company.

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.

See Note 12 and Table 6 for the detailed information of subsidiaries (including the percentage 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.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period on facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

f. Foreign currencies

In preparing the financial statements of each individual group entity, 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 period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency which are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries, associates, joint ventures or branch operations in other countries or subsidiaries which use currencies that are different from the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of 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 from functional currencies to the presentation currency, are not subsequently reclassified to profit or loss.

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

g. Inventories

Inventories consist of finished goods, work-in-process, raw materials and inventories in transit, 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 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 which is neither a subsidiary nor an interest in a joint venture. 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 the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the 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 the net fair value of the identifiable assets and liabilities over the cost of 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 the 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 and joint ventures 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 had the investee 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 loss, if any. 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 on 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 had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

i. Property, plant and equipment

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

The 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 method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of 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 entity 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 on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in business combinations

Intangible assets are acquired in a business combinations and recognized separately from goodwill are initially recognized at their fair value at the acquisition date which is regarded as their cost. Subsequently 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.

l. Impairment of property, plant and equipment, 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, 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 asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

m. Financial instruments

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are 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.

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 trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

iii. 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

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, lease receivables and contract assets. 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. For financial instruments and contract assets, 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.

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 equity instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income, without diminishing the carrying amounts of such financial assets.

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 the Group 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 the Group 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 that are measured at fair value, all financial liabilities are measured at amortized cost using the effective interest method.

Fair value is determined in the manner described in Note 29.

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) Convertible bonds

The conversion option component of the convertible bonds issued by the Group, which will be settled other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of the Company's own equity instruments, is classified as a derivative financial liability.

On initial recognition, the derivative financial liability component of the convertible bonds is recognized at fair value, and the initial carrying amount of the non-derivative financial liability component is determined by deducting the amount of the derivative financial liability component from the fair value of the hybrid instrument as a whole. In subsequent periods, the non-derivative financial liability component of the convertible bonds is measured at amortized cost using the effective interest method. The derivative financial liability component is measured at fair value, and the changes in fair value are recognized in profit or loss.

n. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of precision sheet metal products and is recognized when the goods are delivered to the customer's specific location or when the goods are shipped. Revenue and trade receivables are recognized concurrently.

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

2) Rendering of services

Service income is recognized when services are provided.

o. Leases

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.

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 adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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 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.

p. Borrowing costs

The borrowing costs are recognized in profit or loss in the period in which they are incurred.

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

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

r. Taxation

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

1) Current tax

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

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 in the consolidated financial statements 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 recognized for all deductible temporary differences and unused loss carryforwards 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, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with 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 asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the 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 tax for the year

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

Where current tax 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, estimates 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH

	December 31	
	2021	2020
Cash on hand	\$ 743	\$ 798
Checking accounts and demand deposits	<u>148,091</u>	<u>203,275</u>
	<u>\$ 148,834</u>	<u>\$ 204,073</u>

The market rate intervals of cash in bank at the end of the reporting period are as follows:

	<u>December 31</u>	
	2021	2020
Demand deposits	0.02%-0.20%	0.02%-0.20%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2021	2020
<u>Financial assets held for trading - current</u>		
Derivative		
Second issuance of convertible bonds in Taiwan	\$ -	\$ 152
<u>Financial liabilities held for trading - current</u>		
Derivative		
Second issuance of convertible bonds in Taiwan	\$ 5,133	\$ -

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2021	2020
<u>Non-current</u>		
Overseas unlisted ordinary shares	\$ 35,174	\$ 24,676

The Group acquired ordinary shares of overseas unlisted companies for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	\$ 71,541	\$ 74,554

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.35%-0.45% and 0.35%-0.63% per annum as of December 31, 2021 and 2020, respectively.
- b. Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.

10. TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 521,243	\$ 473,384
Less: Allowance for impairment loss	<u>(485)</u>	<u>(443)</u>
	<u>\$ 520,758</u>	<u>\$ 472,941</u>

The average credit period of sales of goods is 30-90 days. No interest was charged on trade receivables.

The Group uses other publicly available financial information or 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 annually.

In order to minimize credit risk, the management of the Group 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. Due to historical experience, the Group recognized an allowance for impairment loss of 100% against all receivables aged over 180 days except for the receivables recovered before the issuance of the consolidated financial statements. The Group reviews the trading records and analyzes the financial status to estimate the unrecoverable debts for the customers' overdue receivables which are less than 180 days overdue excluding those received before the issuance of the consolidated financial statements.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the 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 debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. 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	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.00%	1.11%	0.00%	0.42%	48.99%	
Gross carrying amount	\$ 504,655	\$ 7,414	\$ 5,019	\$ 3,361	\$ 794	\$ 521,243
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(82)</u>	<u>-</u>	<u>(14)</u>	<u>(389)</u>	<u>(485)</u>
Amortized cost	<u>\$ 504,655</u>	<u>\$ 7,332</u>	<u>\$ 5,019</u>	<u>\$ 3,347</u>	<u>\$ 405</u>	<u>\$ 520,758</u>

December 31, 2020

	Not Past Due	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.00%	0.00%	0.03%	0.00%	59.94%	
Gross carrying amount	\$ 426,997	\$ 10,722	\$ 34,230	\$ 711	\$ 724	\$ 473,384
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>(434)</u>	<u>(443)</u>
Amortized cost	<u>\$ 426,997</u>	<u>\$ 10,722</u>	<u>\$ 34,221</u>	<u>\$ 711</u>	<u>\$ 290</u>	<u>\$ 472,941</u>

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

	2021	2020
Balance at January 1	\$ 443	\$ 2,622
Add: Net remeasurement of loss allowance	93	-
Less: Net remeasurement of loss allowance	-	(2,062)
Foreign exchange gains and losses	<u>(51)</u>	<u>(117)</u>
Balance at December 31	<u>\$ 485</u>	<u>\$ 443</u>

11. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 55,058	\$ 66,537
Work in process	94,905	103,078
Raw materials	142,588	124,179
Inventories in transit	<u>2,230</u>	<u>711</u>
	<u>\$ 294,781</u>	<u>\$ 294,505</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	\$ 903,589	\$ 850,464
Inventory write-downs (reversed)	<u>(219)</u>	<u>10,950</u>
	<u>\$ 903,370</u>	<u>\$ 861,414</u>

The reversals of write-downs resulted from increased selling prices in certain markets or the increase in the sale of the aged inventories.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31 2021	December 31 2020	
The Company	Jinpao Precision Industry Co., Ltd. (Jinpao)	Material parts design and manufacturing	99.99	99.99	b
Jinpao	Jinpao Precision Japan Co., Ltd. (Jinpao Japan)	Processed metal products development and trading	80.00	80.00	b
Jinpao	Jinpao Europe SAS (Jinpao Europe)	Metal parts manufacturing and milling	76.00	76.00	b
Jinpao Europe	Atelier De Decolletuge De Bigorre (ADB)	Metal parts manufacturing and milling	100.00	100.00	b
Jinpao Europe	SAS LUTEC (LUTEC)	Metal parts manufacturing and milling	100.00	100.00	b
Jinpao Europe	SPEM AERO SAS (SPEM)	Surface treatment	90.00	90.00	a and b

Remarks:

- a. The Group acquired 90% of the shares of SPEM on January 8, 2020.
- b. The financial statements of the Group and Jinpao were prepared on the basis of their functional currency, the Thai Baht. The financial statements of Jinpao Japan were prepared on the basis of its functional currency, the Japanese Yen. The financial statements of Jinpao Europe, ADB, LUTEC and SPEM were prepared on the basis of their functional currency, the Euro. In the preparation of the consolidated financial statements, the account items were translated into the presentation currency, the New Taiwan dollar, as follows: All balance sheet accounts were translated at their respective functional currencies at the balance sheet dates, equity accounts were translated based on the historical exchange rates, and all income statement accounts were translated at the average exchange rates for the periods. Exchange differences on translation of foreign currencies are recognized as other comprehensive income and classified within the shareholders' equity section. The spot exchange rates of THB to NT\$ on December 31, 2021 and 2020 are THB1=NT\$0.8347 and THB1=NT\$0.9556, respectively. The average exchange rates of THB to NT\$ in 2021 and 2020 are THB1=NT\$0.8823 and THB1=NT\$0.9496, respectively.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Associates that are not individually material	\$ 23,326	\$ 11,389
	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Net loss for the period	\$ (5,414)	\$ (1,829)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss) for the year	\$ (5,414)	\$ (1,829)

The Group acquired 33.25% of the shares of I motor manufacturing Co., Ltd. in December 2020. The Group disposed 2.5% of the shares to a non-related party in February 2021, then, the Group acquired 2.54% of the shares in October 2021.

The Group acquired 28% of the shares of I motor marketing Co., Ltd. in December 2020, then the Group disposed 2.5% of the shares in February 2021.

The Group acquired 40% of the shares of I motor Holding Co., Ltd. in September 2021.

Refer to Table 6 “Information on Investees” for the nature of activities, principal places of business and country of incorporation of the associate.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2020	\$ 608,198	\$ 424,106	\$ 1,400,926	\$ 84,944	\$ 2,518,174
Additions	-	117,850	194,316	13,289	325,455
Acquired through business combinations	436	1,339	22,066	-	23,841
Disposals	-	-	(26,453)	(1,799)	(28,252)
Effects of foreign currency exchange differences	<u>(32,468)</u>	<u>(14,357)</u>	<u>(11,346)</u>	<u>(4,488)</u>	<u>(62,659)</u>
Balance at December 31, 2020	<u>\$ 576,166</u>	<u>\$ 528,938</u>	<u>\$ 1,579,509</u>	<u>\$ 91,946</u>	<u>\$ 2,776,559</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2020	\$ -	\$ 165,610	\$ 823,024	\$ 61,714	\$ 1,050,348
Disposals	-	-	(25,035)	(936)	(25,971)
Acquired through business combinations	-	7,515	54,457	-	61,972
Depreciation expense	-	18,005	106,361	9,021	133,387
Effects of foreign currency exchange differences	<u>-</u>	<u>(8,507)</u>	<u>(37,120)</u>	<u>(3,263)</u>	<u>(48,890)</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 182,623</u>	<u>\$ 921,687</u>	<u>\$ 66,536</u>	<u>\$ 1,170,846</u>
Carrying amount at December 31, 2020	<u>\$ 576,166</u>	<u>\$ 346,315</u>	<u>\$ 657,822</u>	<u>\$ 25,410</u>	<u>\$ 1,605,713</u>
<u>Cost</u>					
Balance at January 1, 2021	\$ 576,166	\$ 528,938	\$ 1,579,509	\$ 91,946	\$ 2,776,559
Additions	-	9,580	87,567	7,418	104,565
Reclassifications	1,486	-	(1,486)	-	-
Disposals	-	-	(49,024)	(1,387)	(50,411)
Effects of foreign currency exchange differences	<u>(73,032)</u>	<u>(67,020)</u>	<u>(198,236)</u>	<u>(11,959)</u>	<u>(350,247)</u>
Balance at December 31, 2021	<u>\$ 504,620</u>	<u>\$ 471,498</u>	<u>\$ 1,418,330</u>	<u>\$ 86,018</u>	<u>\$ 2,480,466</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	\$ -	\$ 182,623	\$ 921,687	\$ 66,536	\$ 1,170,846
Disposals	-	-	(49,024)	(1,303)	(50,327)
Depreciation expense	-	24,369	103,174	8,402	135,945
Effects of foreign currency exchange differences	-	(24,226)	(116,752)	(8,801)	(149,779)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 182,766</u>	<u>\$ 859,085</u>	<u>\$ 64,834</u>	<u>\$ 1,106,685</u>
Carrying amount at December 31, 2021	<u>\$ 504,620</u>	<u>\$ 288,732</u>	<u>\$ 559,245</u>	<u>\$ 21,184</u>	<u>\$ 1,373,781</u> (Concluded)

The Group had no significant disposal of property, plant and equipment for the years ended December 31, 2021 and 2020. Furthermore, after assessment, there was no indication of impairment, hence, the Group did not perform any impairment test.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Building of factory	20 years
Air-conditioner system	5 years
Machinery and equipment	3-10 years
Other equipment	1-5 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings was set out in Note 31.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2021	2020
<u>Carrying amount</u>		
Buildings	<u>\$ 66,351</u>	<u>\$ 78,908</u>
<u>For the Year Ended December 31</u>		
	2021	2020
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 27,927</u>
Depreciation change for right-of-use assets		
Buildings	<u>\$ 12,061</u>	<u>\$ 11,283</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amount</u>		
Current	<u>\$ 12,943</u>	<u>\$ 16,361</u>
Non-current	<u>\$ 33,421</u>	<u>\$ 52,699</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Buildings	1.75%-3.25%	1.75%-3.25%

c. Material lease-in activities and terms

The Group leases buildings for the use of plants and offices with lease terms of 5 to 10 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Expenses relating to low-value asset leases	<u>\$ 2,309</u>	<u>\$ 2,283</u>
Total cash outflow for leases	<u>\$ (18,692)</u>	<u>\$ (16,492)</u>

The Group's leases of certain office equipment qualify as low-value asset 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.

16. GOODWILL

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Cost</u>		
Balance at January 1	\$ 75,850	\$ 53,487
Additional amounts recognized from business combinations occurring during the year (Note 27)	-	19,803
Effects of foreign currency exchange differences	<u>(7,716)</u>	<u>2,560</u>
Balance at December 31	<u>\$ 68,134</u>	<u>\$ 75,850</u>

(Continued)

For the Year Ended December 31

Accumulated impairment loss

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ -	\$ -
Recognition impairment loss during the year	5,272	-
Effects of foreign currency exchange differences	<u>(284)</u>	<u>-</u>
Balance at December 31	<u>\$ 4,988</u>	<u>\$ -</u>
Net Balance at December 31	<u>\$ 63,146</u>	<u>\$ 75,850</u>

The Group acquired SPEM on January 8, 2020 and recognized the amount of goodwill of \$19,803 thousand, which was mainly related to the operating synergies expected to be bought about from the expansion of the business scale, improvements in aerospace engineering technologies and potential sales growth in the European market.

Based on the appraisal report obtained in 2020, the amounts of fair value of goodwill and other intangible assets of the subsidiary - SPEM, are recognized as \$19,803 thousand and \$63,208 thousand on acquisition date, respectively. The Group has already adjusted original accounting entries to record the tentative amounts and prepared the relevant comparable information.

The related items of balance sheet are adjusted as follows:

	December 31, 2020	Acquisition Date
Goodwill adjustment	<u>\$ 19,803</u>	<u>\$ 62,011</u>
Other intangible asset	<u>\$ 63,028</u>	<u>\$ -</u>
Non-controlling interests	<u>\$ 6,303</u>	<u>\$ -</u>

The Group acquired ADB and LUTEC on December 21, 2018, and recognized the amount of goodwill of \$55,608 thousand, which was mainly related to the operating synergies expected to be bought about from the expansion of the business scale, improvements in aerospace engineering technologies and potential sales growth in the European market.

Due to the impact of COVID-19, the actual sales growth of ADB and LUTEC did not turn out as expected. The recoverable amount of the goodwill was \$141,804 thousand, which was lower than the related carrying amount for the years ended December 31, 2021, and impairment loss of \$5,272 thousand was recognized in 2021.

The recoverable amount of ADB and LUTEC was determined based on a DCF calculation that used cash flow projection in the financial budgets approved by management covering a 5-year period, with a discount rate of 13.7%. The cash flows beyond 5-year have been extrapolated, using a 0% per annum growth rate. Other key assumptions included budgeted revenue and budgeted gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectation on market development.

17. OTHER INTANGIBLE ASSETS

	Other Intangible Assets	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 60,668	\$ 101,875	\$ 162,543
Additions	-	10,617	10,617
Acquisition through business combinations	63,028	-	63,028
Disposals	-	(5)	(5)
Effects of foreign currency exchange differences	<u>4,294</u>	<u>(5,401)</u>	<u>(1,107)</u>
Balance at December 31, 2020	<u>\$ 127,990</u>	<u>\$ 107,086</u>	<u>\$ 235,076</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2020	\$ 4,932	\$ 48,022	\$ 52,954
Amortization expense	8,975	8,112	17,087
Disposals	-	(2)	(2)
Effects of foreign currency exchange differences	<u>438</u>	<u>(2,526)</u>	<u>(2,088)</u>
Balance at December 31, 2020	<u>\$ 14,345</u>	<u>\$ 53,606</u>	<u>\$ 67,951</u>
Carrying amount at December 31, 2020	<u>\$ 113,645</u>	<u>\$ 53,480</u>	<u>\$ 167,125</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 127,990	\$ 107,086	\$ 235,076
Additions	-	3,422	3,422
Effects of foreign currency exchange differences	<u>(13,089)</u>	<u>(13,732)</u>	<u>(26,821)</u>
Balance at December 31, 2021	<u>\$ 114,901</u>	<u>\$ 96,776</u>	<u>\$ 211,677</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	\$ 14,345	\$ 53,606	\$ 67,951
Amortization expense	8,842	8,768	17,610
Effects of foreign currency exchange differences	<u>(2,012)</u>	<u>(7,256)</u>	<u>(9,268)</u>
Balance at December 31, 2021	<u>\$ 21,175</u>	<u>\$ 55,118</u>	<u>\$ 76,293</u>
Carrying amount at December 31, 2021	<u>\$ 93,726</u>	<u>\$ 41,658</u>	<u>\$ 135,384</u>

Except for the recognition of amortization expenses, other intangible assets of the company did not occur any significant increase, disposal or impairment in 2021 and 2020.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Other intangible assets	12.3-18 years
Computer software	10 years

18. OTHER ASSETS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Prepaid expenses and others	\$ <u>36,467</u>	\$ <u>57,306</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 146,821	\$ 160,044
Refundable deposits	897	919
Others	<u>5,081</u>	<u>9,096</u>
	<u>\$ 152,799</u>	<u>\$ 170,059</u>

19. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Secured borrowings (Note 31)</u>		
Bank loans*	\$ <u>333,780</u>	\$ <u>127,993</u>

* The range of weighted average effective interest rates on bank loans was 1.49%-2.22% and 1.98%-2.38% per annum at December 31, 2021 and 2020, respectively. The part of loans are secured by Jinpao as guarantee.

b. Long-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Secured borrowings (Note 31)</u>		
Bank loans (1)	\$ -	\$ 63,707
Bank loans (2)	83,344	206,934
Bank loans (3)	32,545	67,325
Bank loans (4)	59,172	94,161
Bank loans	3,685	1,621
Bank loans	<u>-</u>	<u>1,351</u>
	178,746	435,099
<u>Unsecured borrowings</u>		
Bank loans	<u>100,474</u>	<u>143,340</u>
	279,220	578,439
Less: Current portions	<u>(127,318)</u>	<u>(268,917)</u>
Long-term loans	<u>\$ 151,902</u>	<u>\$ 309,522</u>

- 1) As of November 16, 2021 and December 31, 2020, the annual weighted average effective interest rates of the bank borrowings secured by the Group's freehold land and buildings (see Note 31) were 2.9908% both. The loan is due on November 16, 2021.
- 2) As of December 31, 2021 and 2020, the annual weighted average effective interest rate of the bank borrowings secured by the Group's freehold land and buildings (see Note 31) were 2.2326% and 2.2413%, respectively. The loan is due on November 23, 2021.
- 3) As of December 31, 2021 and 2020, the annual weighted average effective interest rate of the bank borrowings secured by Jinpao as guarantee for the bank loan were 1.8% both. According to the provisions of the loan contract, the current ratio shall not be lower than 100% (inclusive) and the debt ratio shall not be higher than 100% (inclusive), and the net value shall not be lower than NT\$1,550,000 thousand (inclusive). The loan is due on December 26, 2022.
- 4) As of December 31, 2021 and 2020, the annual weighted average effective interest rate of the bank borrowings secured by Jinpao as guarantee for the bank loan were 1.8% both. According to the provisions of the loan contract, the current ratio shall not be lower than 100% (inclusive), the debt ratio shall not be higher than 100% (inclusive), and the net value shall not be lower than NT\$1,550,000 thousand (inclusive). The loan is due on November 30, 2023.

20. BONDS PAYABLE

	<u>December 31</u>	
	2021	2020
Second issuance of unsecured domestic convertible bonds in Taiwan	\$ 161,328	\$ 180,633

On November 28, 2019, the Group issued 2 thousand units of 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$200,000 thousand. The maturity date of the bonds is on November 28, 2022.

Each bond entitles the holder to convert it into ordinary shares of the Group at a conversion price of \$55. In the case of ex-right or ex-dividend, the conversion price should be adjusted according to the adjustment formula. The conversion price was adjusted on December 23, 2019, August 4, 2020 and August 15, 2021 from \$55 to \$54.6, \$54.6 to \$52.1 and \$52.1 to \$49.6, respectively.

Conversion may occur at any time between February 29, 2020 and November 28, 2022. If the bonds have not been converted and the closing price of the Group's ordinary shares exceeds 30% of the conversion price for at least 30 consecutive trading days consecutively or the value of the outstanding convertible bonds falls lower than 10% of the original total amount issued, they will be redeemed at face value from February 29, 2020 to October 19, 2022.

The liability (asset) component includes embedded financial derivatives and non-financial derivative liabilities (assets). On December 31, 2021 and 2020, the fair value of such embedded financial derivatives was \$5,133 thousand and \$(152) thousand, and the amount of liabilities of non-financial derivatives measured at amortized cost was \$161,328 thousand and \$180,633 thousand. The effective interest rate for both liabilities was 2.2256% per annum on initial recognition.

Liability component at December 31, 2019 (separately recognized as bonds payable of \$186,681 thousand and financial liabilities at FVTPL - current of \$4,804 thousand)	\$ 191,485
Interest charged at the effective interest rate	3,947
Gain on valuation of financial assets	(4,669)
Effects of exchange rate changes	<u>(10,282)</u>
Liability component at December 31, 2020 (separately recognized as bonds payable of \$180,633 thousand and financial assets at FVTPL - current of \$152 thousand)	180,481
Interest charged at the effective interest rate	3,750
Loss on valuation of financial assets	5,566
Effects of exchange rate changes	<u>(23,336)</u>
Liability component at December 31, 2021 (separately recognized as bonds payable of \$161,328 thousand and financial liability at FVTPL - current of \$5,133 thousand)	<u>\$ 166,461</u>

21. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Other payables		
Payables for equipment	\$ 1,575	\$ 22,323
Others	<u>46,978</u>	<u>48,825</u>
	<u>\$ 48,553</u>	<u>\$ 71,148</u>

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plans adopted by Jinpao of the Group in accordance with the Labor Protection Act is operated by the government of Thailand, which is a state-managed defined contribution plan. The defined benefit plans adopted by Jinpao Europe, ADB, LUTEC and SPEM of the Group in accordance with the Labor Standards Act is operated by the government, which is a state-managed defined contribution plan. Pension paid is calculated based on years of service and the salaries before the approved retirement date.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 43,285	\$ 46,063
Fair value of plan assets	<u>-</u>	<u>-</u>
Net defined benefit liabilities	<u>\$ 43,285</u>	<u>\$ 46,063</u>

Movements in net defined benefit liabilities are as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
Balance at January 1, 2020	<u>\$ 31,148</u>	<u>\$ -</u>	<u>\$ 31,148</u>
Service cost			
Current service cost	<u>2,332</u>	<u>-</u>	<u>2,332</u>
Recognized in profit or loss	<u>2,332</u>	<u>-</u>	<u>2,332</u>
Remeasurement			
Actuarial loss - experience adjustments	<u>7,790</u>	<u>-</u>	<u>7,790</u>
Recognized in other comprehensive	<u>7,790</u>	<u>-</u>	<u>7,790</u>
Benefits paid	<u>(94)</u>	<u>-</u>	<u>(94)</u>
Business combinations	<u>5,966</u>	<u>-</u>	<u>5,966</u>
Others	<u>(1,079)</u>	<u>-</u>	<u>(1,079)</u>
Balance at December 31, 2020	<u>46,063</u>	<u>-</u>	<u>46,063</u>
Service cost			
Current service cost	<u>2,607</u>	<u>-</u>	<u>2,607</u>
Interest expense	<u>384</u>	<u>-</u>	<u>384</u>
Recognized in profit or loss	<u>2,991</u>	<u>-</u>	<u>2,991</u>
Others	<u>(5,769)</u>	<u>-</u>	<u>(5,769)</u>
Balance at December 31, 2021	<u>\$ 43,285</u>	<u>\$ -</u>	<u>\$ 43,285</u>

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 are as follows:

	December 31	
	2021	2020
Discount rates	0.39%-2.81%	0.39%-2.81%
Expected rates of salary increase	3.00%-6.00%	3.00%-6.00%

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

	<u>December 31</u>	
	2021	2020
Discount rates		
1% increase	<u>\$ (2,879)</u>	<u>\$ (3,245)</u>
1% decrease	<u>\$ 3,139</u>	<u>\$ 3,502</u>
Expected rates of salary increase		
1% increase	<u>\$ 3,537</u>	<u>\$ 3,584</u>
1% decrease	<u>\$ (3,147)</u>	<u>\$ (3,197)</u>

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

	<u>December 31</u>	
	2021	2020
Expected contributions to the plan for the next year	\$ -	\$ -
Average duration of the defined benefit obligation	10 years	10 years

23. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	2021	2020
Numbers of shares authorized (in thousands)	<u>60,000</u>	<u>60,000</u>
Value of shares authorized	<u>\$ 600,000</u>	<u>\$ 600,000</u>
Number of shares issued and fully paid (in thousands)	<u>43,664</u>	<u>43,664</u>
Value of shares issued	<u>\$ 436,646</u>	<u>\$ 436,646</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to dividends.

b. Capital surplus

	<u>December 31</u>	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Premium from issuance of ordinary shares	<u>\$ 933,720</u>	<u>\$ 933,720</u>

* 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's capital surplus and only once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit (except when accumulated legal reserve have already achieved paid-in capital of the Company), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 24(h).

The Group's operations are highly specialized with customized products, and is in the growth stage. The board of directors of the Group proposes the distribution plan based on previous years' retained earnings, overall growth, financial planning, capital needs, industry outlook and future development plans, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. When distributing dividends, the Group should first (i) pay the reserved amount for the yearly tax payment; (ii) offset losses of previous years; (iii) set aside as a legal reserve 10% of the remaining profit (legal reserve); and (iv) set aside as special reserve required by Taiwan Stock Exchange by the rules governing the special reserve of public companies. In accordance with the Company Law of the Cayman Islands and rules of public companies, where the Group made a profit in a fiscal year, the Group may combine all or parts of the accumulated undistributed retained earnings after considering the financial, operational and administrative factors, the board should advise the shareholders that no less than 20% of the undistributed retained earnings should be distributed as dividends to shareholders unless the undistributed retained earnings is less than 20% of the outstanding ordinary shares. The dividends can be distributed in shares or cash, but the cash dividends should not be less than 10% of the total dividends distributed.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022, issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings on July 29, 2021 and June 23, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31	For the Year Ended December 31	For the Year Ended December 31	For the Year Ended December 31
	2020	2019	2020	2019
Legal reserve	\$ 10,808	\$ 9,140		
Cash dividends	91,696	82,963	\$2.1	\$1.90

The appropriation of earnings for 2021 had been proposed by the Company's board of directors on March 25, 2022. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 13,094	
Special reserve	140,466	
Cash dividends	100,429	\$2.3

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 23, 2022.

d. Non-controlling interests

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 30,541	\$ 19,487
Net (loss) profit for the year	(6,200)	1,411
Other comprehensive income/(loss) during the year		
Exchange differences on translation of the financial statements of foreign entities	(2,744)	1,726
Cash dividends to non-controlling interests	-	(2,590)
Non-controlling interests from acquisition of subsidiaries	<u>-</u>	<u>10,507</u>
Balance at December 31	<u>\$ 21,597</u>	<u>\$ 30,541</u>

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	2021	2020
Balance at January 1	\$ (21,510)	\$ 74,695
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>(234,668)</u>	<u>(96,205)</u>
Other comprehensive income recognized for the year	<u>(234,668)</u>	<u>(96,205)</u>
Balance at December 31	<u>\$ (256,178)</u>	<u>\$ (21,510)</u>

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	2021	2020
Balance at January 1	\$ 12,949	\$ 3,216
Recognized for the year		
Unrealized gain/(loss) - equity instruments	<u>13,479</u>	<u>9,733</u>
Other comprehensive income recognized for the year	<u>13,479</u>	<u>9,733</u>
Balance at December 31	<u>\$ 26,428</u>	<u>\$ 12,949</u>

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Interest income		
Bank deposits	\$ <u>450</u>	\$ <u>1,582</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Others	\$ <u>9,048</u>	\$ <u>2,838</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange gain	\$ 27,453	\$ 27,852
Impairment loss on goodwill	(5,272)	-
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	(5,566)	4,669
Gain on disposal of property, plant and equipment	<u>2,050</u>	<u>279</u>
	\$ <u>18,665</u>	\$ <u>32,800</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 14,512	\$ 13,875
Interest on convertible bonds	3,750	3,947
Interest on lease liabilities	<u>814</u>	<u>2,957</u>
	\$ <u>19,076</u>	\$ <u>20,779</u>

e. Impairment losses recognized (reversed) on financial assets

	For the Year Ended December 31	
	2021	2020
Trade receivables	\$ <u>93</u>	\$ <u>(2,062)</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 135,945	\$ 133,387
Right-of-use assets	12,061	11,283
Other intangible assets	<u>17,610</u>	<u>17,087</u>
	<u>\$ 165,616</u>	<u>\$ 161,757</u>
An analysis of depreciation by function		
Operating costs	\$ 128,121	\$ 124,397
Operating expenses	<u>19,885</u>	<u>20,273</u>
	<u>\$ 148,006</u>	<u>\$ 144,670</u>
An analysis of amortization by function		
Operating costs	\$ 9,127	\$ 9,282
Operating expenses	<u>8,483</u>	<u>7,805</u>
	<u>\$ 17,610</u>	<u>\$ 17,087</u>

g. Employee benefits expense

Function	2021			2020		
	Operating Costs	Operating Expense	Total	Operating Costs	Operating Expense	Total
Properties						
Salary expense	\$ 217,199	\$ 121,751	\$ 338,950	\$ 229,525	\$ 123,457	\$ 352,982
Insurance expense	-	599	599	-	548	548
Pension expense						
Defined contribution plans	134,052	38,747	172,799	116,717	45,836	162,553
Defined benefit plans	-	2,991	2,991	-	2,332	2,332
Remuneration of directors and supervisors	-	3,155	3,155	-	2,070	2,070
Other employee benefits	<u>16,596</u>	<u>20,246</u>	<u>36,842</u>	<u>20,526</u>	<u>27,052</u>	<u>47,578</u>
Total employee benefits expense	<u>\$ 367,847</u>	<u>\$ 187,489</u>	<u>\$ 555,336</u>	<u>\$ 366,768</u>	<u>\$ 201,295</u>	<u>\$ 568,063</u>

As of December 31, 2021 and 2020, the Group's monthly average of employees was 1,026 and 1,116 employees, respectively, including 4 directors not concurrently serving as employees for both years. Employee benefits expense of both years is calculated based on the abovementioned number of employees.

The average employee benefits expense for the years ended December 31, 2021 and 2020 was \$540 thousand and \$509 thousand, respectively.

The average employee salary expense and bonuses for the years ended December 31, 2021 and 2020 was \$332 thousand and \$317 thousand, respectively. The average employee salary expense has increased by 5%.

The remuneration of managers is decided by the board of directors. Directors, supervisors, and managers' salary remuneration should correspond with the financial performance. If there is a significant decline in profit or long-term loss, the salary remuneration should not be higher than that of last year. If it is higher than that of last year, reasonable description needs to be disclosed and presented in the shareholders' meeting.

h. Compensation of employees and remuneration of directors and supervisors

The Company accrued compensation of employees at rates between 0.1% and 10%, and accrued remuneration of directors and supervisors at rates no higher than 2% of the net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors on March 25, 2022 and March 26, 2021, respectively, are as follows:

Amount

	<u>For the Year Ended December 31</u>	
	2021	2020
Compensation of employees	\$ 320	\$ 160
Remuneration of directors and supervisors	1,200	1,200

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

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	2021	2020
Foreign exchange gains	\$ 63,861	\$ 53,041
Foreign exchange losses	<u>(36,408)</u>	<u>(25,189)</u>
Net foreign exchange gains (losses)	<u>\$ 27,453</u>	<u>\$ 27,852</u>

25. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ (104,628)	\$ 9,074
Deferred tax		
In respect of the current year	<u>148,652</u>	<u>2,094</u>
Income tax expense recognized in profit or loss	<u>\$ 44,024</u>	<u>\$ 11,168</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax	<u>\$ 168,760</u>	<u>\$ 128,452</u>
Income tax expense calculated at the statutory rate	\$ 30,941	\$ 26,411
Tax-exempt income	(4,923)	(2,219)
Deferred tax effect of earnings of subsidiaries	3,459	(18,380)
Unrecognized deductible temporary differences	<u>14,547</u>	<u>5,356</u>
Income tax expense recognized in profit or loss	<u>\$ 44,024</u>	<u>\$ 11,168</u>

The Company was established in the British Cayman Islands and is exempt from paying income tax.

The applicable tax rate used by Jinpao Precision Industry Co., Ltd. in Thailand was 20%. The applicable tax rate used by Jinpao Japan, Jinpao Europe, ADB, LUTEC and SPEM is operated by the government.

b. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	<u>\$ 13,947</u>	<u>\$ 4,240</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for inventory valuation loss	\$ 3,044	\$ (221)	\$ -	\$ (374)	\$ 2,449
Allowance for doubtful accounts	1	9	-	-	10
Defined benefit plans	3,751	327	-	(492)	3,586
Investment losses	<u>824</u>	<u>(761)</u>	<u>-</u>	<u>(63)</u>	<u>-</u>
	<u>\$ 7,620</u>	<u>\$ (646)</u>	<u>\$ -</u>	<u>\$ (929)</u>	<u>\$ 6,045</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Retaining earning of subsidiaries	<u>\$ 38,232</u>	<u>\$ 148,006</u>	<u>\$(147,786)</u>	<u>\$ (4,849)</u>	<u>\$ 33,603</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for inventory valuation loss	\$ 2,337	\$ 827	\$ -	\$ (120)	\$ 3,044
Allowance for doubtful accounts	163	(153)	-	(9)	1
Defined benefit plans	2,083	1,769	-	(101)	3,751
	<u>-</u>	<u>819</u>	<u>-</u>	<u>5</u>	<u>824</u>
	<u>\$ 4,583</u>	<u>\$ 3,262</u>	<u>\$ -</u>	<u>\$ (225)</u>	<u>\$ 7,620</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Retaining earning of subsidiaries	<u>\$ 38,544</u>	<u>\$ 5,356</u>	<u>\$ (3,611)</u>	<u>\$ (2,057)</u>	<u>\$ 38,232</u>

d. Tax Exemption Information

Jinpao has been granted rights and privileges for the production of metal stamping, metal pieces and aircraft conversion under the Investment Promotion Act of B.E. 2520 (1977), summarized as follows:

- 1) The preferential measures granted under Certificate Number 1050(1)/2555 includes the following:
 - Exemption from import duties on machinery as approved by the Board of Investment.
 - Exemption from corporate income tax for the period of 8 years from the telecommunication income is first derived from the promoted activities which were on November 15, 2012.
 - In case of losses arising from operations during the period which the Company is granted exemption from corporate income tax, such losses incurred can be deducted from net profit after the corporate income tax exemption period up to 5 years from the expiry date of such period and can be selected to deduct from net profit of any one year or several years.
 - Reduction from corporate income tax at 50% of normal rate for the period of 5 years after that period of 8 years from the date of the Company receiving the respective revenues.
- 2) The preferential measures granted under Certificate Number 1218(1)/2555 includes the following:
 - Exemption from import duties on machinery as approved by the Board of Investment.
 - Exemption from corporate income tax for the period of 8 years from the aircraft conversion income is first derived from the promoted activities which were on January 4, 2013.
 - In case of losses arising from operations during the period which the Company is granted exemption from corporate income tax, such losses incurred can be deducted from net profit after the corporate income tax exemption period up to 5 years from the expiry date of such period and can be selected to deduct from net profit of any one year or several years.
 - Reduction from corporate income tax at 50% of normal rate for the period of 5 years after that period of 8 years from the date of the Company receiving the respective revenues.
- 3) The preferential measures granted under Certificate Number 61-0665-1-04-1-0 includes the following:
 - Exemption from import duties on machinery as approved by the Board of Investment.
 - Exemption from corporate income tax for the period of 3 years from the income is first derived from the promotion certificate which were on October 1, 2018. The deduction limit amount is 50% of the investment amount, excluding land price and working capital.
 - In case of losses arising from operations during the period which the Company is granted exemption from corporate income tax, such losses incurred can be deducted from net profit after the corporate income tax exemption period up to 5 years from the expiry date of such period and can be selected to deduct from net profit of any one year or several years.
- 4) The preferential measures granted under Certificate Number 61-0664-1-00-2-0 includes the following:
 - Exemption from import duties on machinery as approved by the Board of Investment.
 - Exemption from corporate income tax for the period of 8 years from the aircraft conversion income is first derived from the promoted activities which were on April 1, 2021.

- In case of losses arising from operations during the period which the Company is granted exemption from corporate income tax, such losses incurred can be deducted from net profit after the corporate income tax exemption period up to 5 years from the expiry date of such period and can be selected to deduct from net profit of any one year or several years.
- Reduction from corporate income tax at 50% of normal rate for the period of 5 years after that period of 8 years from the date of the Company receiving the respective revenues.

Jinpao has met the requirements stipulated by the Board of Investment.

The Company is exempt from paying tax since it was incorporated in the Cayman Islands. The corporate income tax of Jinpao, Jinpao Japan, Jinpao Europe, ADB, LUTEC and SPEM of the group through 2019 has 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 are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2021	2020
Profit for the year attributable to owners of the Company	\$ 130,936	\$ 115,873
Effects of potentially dilutive ordinary shares - convertible bonds	<u>9,316</u>	<u>(512)</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 140,252</u>	<u>\$ 115,361</u>

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

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	43,664	43,664
Effects of potentially dilutive ordinary shares:		
Convertible bonds	4,032	3,839
Compensation of employees	<u>8</u>	<u>6</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>47,704</u>	<u>47,509</u>

The Group may settle the compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will 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 the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
SPEM	Surface treatment	January 8, 2020	90	\$ 112,934

SPEM were acquired on January 8, 2020 in order to expand the Group's operating scale, enhance the Group's competitiveness and for tapping into the Europe market.

b. Consideration transferred

	SPEM
Cash	<u>\$ 112,934</u>

c. Assets acquired and liabilities assumed at the date of acquisition

	SPEM
Current assets	
Cash	\$ 24,162
Trade receivables	24,205
Inventories	3,344
Other current assets	1,451
Non-current assets	
Land	436
Buildings	1,339
Equipment	22,066
Other intangible assets	63,028
Other non-current assets	186
Current liabilities	
Short-term borrowings	(4,731)
Trade payables	(6,623)
Other current liabilities	(19,418)
Non-current liabilities	
Net defined benefit liabilities	<u>(5,966)</u>
	<u>\$ 103,479</u>

d. Goodwill recognized on acquisitions

	SPEM
Consideration transferred	\$ 112,934
Plus: Non-controlling interest (10% of the net assets)	10,348
Less: Fair value of identifiable net assets acquired	<u>(103,479)</u>
Goodwill recognized on acquisitions	<u>\$ 19,803</u>

The goodwill recognized on the acquisitions of SPEM mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of SPEM.

The total amount of acquired goodwill is not tax-deductible.

e. Net cash outflow on the acquisition of subsidiaries

	SPEM
Consideration paid in cash	\$ 112,934
Less: Cash and cash equivalent balances acquired	<u>(24,162)</u>
	<u>\$ 88,772</u>

f. Impact of acquisitions on the results of the Group

Since the acquisition date, the results of the acquirees included in the consolidated statements of comprehensive income are as follows:

	SPEM
Revenue	<u>\$ 88,190</u>
Profit	<u>\$ 12,184</u>

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations would have been \$1,259,442 thousand, and the profit from continuing operations would have been \$117,284 thousand for the year ended December 31, 2020. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

28. CAPITAL MANAGEMENT

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 the debt and equity balance. Key management personnel of the Group review the capital structure on an annual basis. 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, and the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

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

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 161,328	\$ 207,900	\$ -	\$ -	\$ 207,900

December 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 180,633	\$ 195,400	\$ -	\$ -	\$ 195,400

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	\$ -	\$ 5,133	\$ -	\$ 5,133
Investments in equity instruments at FVTOCI				
Overseas unlisted ordinary shares	\$ -	\$ -	\$ 35,174	\$ 35,174

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 152	\$ -	\$ 152
Investments in equity instruments at FVTOCI				
Overseas unlisted ordinary shares	\$ -	\$ -	\$ 24,676	\$ 24,676

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - redemption, repurchase, and conversion rights of convertible bonds.	The valuation of convertible bonds is based on a binary tree valuation model, the inputs include fluctuation of conversion price, risk free interest rate, discount rate, and liquidity risk.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of overseas unlisted equity investments were determined using the market approach.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
Financial assets at FVTOCI	\$ 35,174	\$ 24,676
Financial assets at FVTPL	-	152
Financial assets at amortized cost (1)	741,133	751,576
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	5,133	-
Financial liabilities at amortized cost (2)	1,109,634	1,217,236

1) The balances include loans and receivables measured at amortized cost, which comprise cash, financial assets at amortized cost, notes receivable, trade receivables, and trade receivables from related parties.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes payable, trade and other payables, trade payables to related parties, current portion of long-term borrowings, current portion of bonds payable, bonds payable and long-term borrowings.

d. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables, lease liabilities, bonds payable, and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the 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.

1) Market risk

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

The Group uses forward exchange contracts to avoid the exchange rate risk arising from the conversion of the Group's investment in foreign operating institutions, Jingbao (the functional currency is Thai Baht).

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

a) Foreign currency risk

The objective of the Group's foreign currency risk management is the trading of financial instruments for hedging purposes rather than for speculation. The exchange rate risk management strategy is to regularly review the net positions of assets and liabilities in various currencies, and to carry out risk management on the net positions; the choice of exchange rate risk avoidance tools is based on the consideration of hedging costs and hedging periods which mainly using forward exchange contracts to manage the risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to fluctuations in the USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the Thai Baht (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 rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the Thai Baht strengthening 5% against the relevant currency. For a 5% weakening of the Thai Baht against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	\$ <u>6,029</u> *	\$ <u>6,090</u> *

* This was mainly attributable to the exposure outstanding on US\$receivables and payables which were not hedged at the end of the reporting period.

b) 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, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period are as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Fair value interest rate risk		
Financial assets	\$ 71,541	\$ 74,554
Financial liabilities	333,780	377,686
Cash flow interest rate risk		
Financial assets	148,091	203,275
Financial liabilities	486,912	578,439

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 100 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 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have (decreased)/increased by \$(3,388) thousand and \$(3,752) thousand, respectively, which was mainly a result of variable-rate deposits and borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. The Group has appointed a special team to monitor and consider the price risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the Group's pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$352 thousand and \$247 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties, and the Group's exposure and the credit ratings of its counterparties are continuously monitored. The aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved regularly.

In order to minimize credit risk, management of the Group 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 allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group's concentration of credit risk of 74% and 75% of total trade receivables as of December 31, 2021 and 2020, respectively, was due to the Group's five largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash 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. The Group is creditworthy and maintains good relationships with financial institutions. Therefore, the Group has no issues when applying for financing facilities from financial institutions.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

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

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 52,185	\$ 253,156	\$ 29,965	\$ -	\$ -
Lease liabilities	574	1,149	11,220	21,052	12,369
Variable interest rate liabilities	-	-	127,318	151,902	-
Fixed interest rate liabilities	-	58,429	475,351	-	-
	<u>\$ 52,759</u>	<u>\$ 312,734</u>	<u>\$ 643,854</u>	<u>\$ 172,954</u>	<u>\$ 12,369</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 12,943</u>	<u>\$ 21,052</u>	<u>\$ 12,369</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>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 37,475	\$ 242,958	\$ 49,595	\$ 143	\$ -
Lease liabilities	634	1,267	5,703	35,803	23,920
Variable interest rate liabilities	-	-	293,364	309,522	-
Fixed interest rate liabilities	-	-	81,226	200,000	-
	<u>\$ 38,109</u>	<u>\$ 244,225</u>	<u>\$ 429,888</u>	<u>\$ 545,468</u>	<u>\$ 23,920</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 7,604</u>	<u>\$ 35,803</u>	<u>\$ 23,920</u>	<u>\$ -</u>	<u>\$ -</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	<u>December 31</u>	
	2021	2020
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 589,601	\$ 679,125
Amount unused	<u>1,004,527</u>	<u>1,088,098</u>
	<u>\$ 1,594,128</u>	<u>\$ 1,767,223</u>

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group 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 name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Hoo Thai Industrial Co., Ltd. (Hoo Thai)	Related party with the same board
Chin I Metal Co., Ltd. (Chin I)	Related party with the same board
Hong Yang Thailand Co., Ltd. (Hong Yang)	Related party with the same board

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2021	2020
Related party with the same board	<u>\$ 8,350</u>	<u>\$ 10,557</u>

The prices of goods sold to related parties were made with reference to the market prices and based on the contracts.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2021	2020
Related party with the same board	<u>\$ 29,315</u>	<u>\$ 29,279</u>

Purchases prices were based on markup of cost and calculated after consideration of the market prices.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category	For the Year Ended December 31	
		2021	2020
Accounts receivable	Related party with the same board		
	Hoo Thai	\$ 1,692	\$ 4,900
	Chin I	<u>45</u>	<u>512</u>
		<u>\$ 1,737</u>	<u>\$ 5,412</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category	December 31	
		2021	2020
Accounts payable	Related party with the same board		
	Hoo Thai	\$ 7,048	\$ 10,468
	Chin I	15	25
	Hong Yang	<u>3</u>	<u>2</u>
		<u>\$ 7,066</u>	<u>\$ 10,495</u>

The outstanding trade payables to related parties are unsecured and will be settled in cash.

f. Disposals of property, plant and equipment

Related Party Category	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Related party with the same board				
Hoo Thai	\$ -	\$ 190	\$ -	\$ 190

g. Other transactions with related parties

Line Item	Related Party Category	For the Year Ended December 31	
		2021	2020
Operating costs - rental and other expenses	Related party with the same board	\$ 3,038	\$ 3,374
Miscellaneous revenue	Related party with the same board	\$ 33	\$ 670

Line Item	Related Party Category	December 31	
		2021	2020
Other receivables (classified under other current assets)	Related party with the same board	\$ 5	\$ 3
Other payables	Related party with the same board	\$ 254	\$ 291

Rental amounts of rental agreements with related parties were made with reference to the market prices and based on general payment terms.

Miscellaneous revenue, operating cost, and payment terms from transactions with related parties were based on mutual agreement from both parties.

h. Remuneration of key management personnel

The remuneration of directors and key executives for the years ended December 31, 2021 and 2020 are as follows:

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 9,112	\$ 7,867
Post-employment benefits	<u>332</u>	<u>90</u>
	\$ 9,444	\$ 7,957

The remuneration of directors and key executives was determined based on the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Pledged deposits (classified as financial assets at amortized cost)	\$ 71,541	\$ 74,554
Property, plant and equipment, net amount	<u>363,026</u>	<u>430,693</u>
	<u>\$ 434,567</u>	<u>\$ 505,247</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments of Jinpao on the balance sheet date are as follows:

As of December 31, 2021 and 2020, the unpaid amounts from Jinpao's purchase of land, construction of new factories and purchase of equipment but whose contracts have been signed were \$12,461 thousand and \$144,157 thousand, respectively.

33. SIGNIFICANT FINANCIAL 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 currencies of entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,573	33.2469 (USD:THB)	\$ 126,926
EUR	286	37.5083 (EUR:THB)	<u>8,952</u>
			<u>\$ 135,878</u>
<u>Financial liabilities</u>			
Monetary items			
USD	229	33.2469 (USD:THB)	\$ 6,352
EUR	50	37.5083 (EUR:THB)	<u>1,572</u>
			<u>\$ 7,924</u>

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,400	29.9767 (USD:THB)	\$ 126,054
EUR	361	36.4949 (EUR:THB)	<u>12,566</u>
			<u>\$ 138,620</u>
<u>Financial liabilities</u>			
Monetary items			
USD	148	29.9767 (USD:THB)	\$ 4,249
EUR	8	36.4949 (EUR:THB)	<u>277</u>
			<u>\$ 4,526</u>

The Group is mainly exposed to the USD and EUR. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency are disclosed. The significant realized and unrealized foreign exchange gains (losses) are as follows:

Foreign Currency	For the Year Ended December 31			
	2021		2020	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
THB	0.8823 (THB:NTD)	<u>\$ 27,453</u>	0.9496 (THB:NTD)	<u>\$ 27,852</u>

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 5)
- 11) Information on investees (Table 6)
- b. Information on investments in mainland China (None)
- c. 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 7)

35. 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 segments under IFRS 8 "Operating Segments" are as follows:

- a. Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments.

	For the Year Ended December 31	
	2021	2020
Revenue from external customers	\$ 1,350,982	\$ 1,259,442
Inter-segment revenue	<u>-</u>	<u>-</u>
Segment revenue	1,350,982	1,259,442
Eliminations	<u>-</u>	<u>-</u>
Consolidated revenue	<u>\$ 1,350,982</u>	<u>\$ 1,259,442</u>
Segment income	\$ 165,087	\$ 113,840
Non-operating income and expense	<u>3,673</u>	<u>14,612</u>
Income before income tax	<u>\$ 168,760</u>	<u>\$ 128,452</u>

Segment profit represents the profit before tax earned by each segment without allocation of interest income, gains or losses on disposal of property, plant and equipment, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

- b. Total segment assets and liabilities

The Group's valuation of assets and liabilities was not provided to the chief operating decision maker.

c. Other segment information

For the year ended December 31, 2021

	Molding and Metal Parts Department	
	<u>For the Year Ended December 31</u>	
	2021	2020
Depreciation and amortization	<u>\$ 165,616</u>	<u>\$ 161,757</u>

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	<u>For the Year Ended December 31</u>	
	2021	2020
Founding mold and metal parts	<u>\$ 1,350,982</u>	<u>\$ 1,259,442</u>

e. Geographical information

The Group operates in the principal geographical areas - Thailand and France. The Group's revenue from continuing operations from external customers by location of operations and information are detailed in a) segment revenue and results.

f. Information on major customers

Included in revenue from the molding and metal parts department of \$1,350,982 thousand and \$1,259,442 thousand in 2021 and 2020, respectively, is revenue of approximately \$224,477 thousand and \$260,723 thousand, which arose from sales to the Group's largest customer. Single customers contributing 10% or more to the Group's revenue were as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Customer A	\$ 224,477	\$ 260,723
Customer B	154,239	127,504

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 1)	Ending Balance (Note 1)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	JPP Holding Company Limited	Jinpao Europe	Other receivables - related party	Yes	\$ 93,020 (EUR 2,970)	\$ - (EUR -)	\$ - (EUR -)	Note 3	Short-term financing needs	\$ -	Funding needs for short-term investments	\$ -	None	\$ -	\$ 327,025 (20% of net assets of JPP Holding Company Limited)	\$ 654,050 (40% of net assets of JPP Holding Company Limited)	Note 2
		Jinpao Europe	Other receivables - related party	Yes	106,488 (EUR 3,400)	- (EUR -)	- (EUR -)	Note 4	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	327,025 (20% of net assets of JPP Holding Company Limited)	654,050 (40% of net assets of JPP Holding Company Limited)	Note 2
		Jinpao Europe	Other receivables - related party	Yes	106,488 (EUR 3,400)	106,488 (EUR 3,400)	106,488 (EUR 3,400)	Note 4	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	327,025 (20% of net assets of JPP Holding Company Limited)	654,050 (40% of net assets of JPP Holding Company Limited)	Note 2
		Jinpao Europe	Other receivables - related party	Yes	93,020 (EUR 2,970)	93,020 (EUR 2,970)	93,020 (EUR 2,970)	Note 3	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	327,025 (20% of net assets of JPP Holding Company Limited)	654,050 (40% of net assets of JPP Holding Company Limited)	Note 2
2	ADB	LUTEC	Other receivables - related party	Yes	2,506 (EUR 80)	- (EUR -)	- (EUR -)	Note 5	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	8,547 (20% of net assets of ADB)	17,095 (40% of net assets of ADB)	Note 2
		LUTEC	Other receivables - related party	Yes	2,192 (EUR 70)	2,192 (EUR 70)	2,192 (EUR 70)	Note 5	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	8,547 (20% of net assets of ADB)	17,095 (40% of net assets of ADB)	Note 2
3	Jinpao Europe	LUTEC	Other receivables - related party	Yes	2,192 (EUR 70)	2,192 (EUR 70)	2,192 (EUR 70)	Note 5	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	11,099 (20% of net assets of ADB)	22,198 (40% of net assets of ADB)	Note 2
		LUTEC	Other receivables - related party	Yes	8,770 (EUR 280)	8,770 (EUR 280)	8,770 (EUR 280)	Note 5	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	11,099 (20% of net assets of Jinpao Europe)	22,198 (40% of net assets of Jinpao Europe)	Note 2

Note 1: The financing facilities are approved by the board of directors of the Company and converted at the exchange rate on the balance sheet date.

Note 2: The transactions of the related parties have been eliminated in consolidated financial statements as of and for the year ended December 31, 2021.

Note 3: The annual interest rate for other receivables of funding is based on EUR LIBOR 3M plus 1.95%.

Note 4: The annual interest rate for other receivables of funding is based on EUR LIBOR 3M plus 2.00%.

Note 5: The annual interest rate for other receivables of funding is based on EUR LIBOR 3M/6M plus 1.75%.

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period (Note)	Outstanding Endorsement/ Guarantee at the End of the Period (Note)	Actual Amount Borrowed (Note)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	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											
1	Jinpao	JPP Holding Company Limited	3	\$ 339,910 (20% of net assets of JPP)	\$ 109,620 (EUR 3,500)	\$ 74,416 (EUR 2,376)	\$ 74,416 (EUR 2,376)	\$ -	4.39	\$ 849,775 (50% of net assets of Jinpao)	-	Y	-	
		JPP Holding Company Limited	3	339,910 (20% of net assets of JPP)	84,564 (EUR 2,700)	84,564 (EUR 2,700)	84,564 (EUR 2,700)	-	4.99	849,775 (50% of net assets of Jinpao)	-	Y	-	

Note: The limit of the guarantee amount has been approved by the board of directors of the Company, and the exchange rates are based on the rates at the end of the reporting period.

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
JPP Holding Company Limited	<u>Shares</u> Superior Plating Technology Holding (Thailand) Co., Ltd.	None	Financial assets at FVTOCI - non-current	350	\$ 35,174	5.62	\$ 35,174	

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2021

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

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
JPP Holding Company Limited	Jinpao Europe	Parent and subsidiary	\$ 199,508 (EUR 6,370)	-	\$ -	-	\$ -	\$ -

Note: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2021.

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	JPP Holding Company Limited	Jinpao Europe Jinpao Europe Jinpao Europe	a	Other accounts receivable	\$ 199,508	Normal	6.81
			a	Interest income	3,624	Normal	0.27
			a	Interest receivable	4,250	Normal	0.15
1	Jinpao	LUTEC LUTEC	c	Operating revenue	160	Normal	0.01
			c	Accounts receivable	152	Normal	0.01
2	Jinpao Europe	LUTEC	c	Other accounts receivable	10,962	Normal	0.37
3	ADB	LUTEC	c	Other accounts receivable	2,192	Normal	0.07

Note 1: Business relationships between the parent and subsidiaries are numbered as follows:

- a. Parent: 0.
- b. Subsidiaries are numbered in order from 1.

Note 2: Relationship between parties is numbered as follows:

- a. Parent to subsidiary.
- b. Subsidiary to parent.
- c. One subsidiary to another subsidiary.

Note 3: The percentage of consolidated operating revenue or consolidated total assets: For balance sheet accounts, the percentage is calculated by dividing the ending balance of the account by consolidated total assets; for income statement accounts, the percentage is calculated by dividing the interim accumulated amount of the account by the consolidated operating revenue.

Note 4: The disclosure of the significant transactions is determined by the materiality.

Note 5: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2021.

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	%	Carrying Amount			
JPP Holding Company Limited	Jinpao Precision Industry Co., Ltd.	631 Soi 12 Moo 4 Bangpoo Industrial Estate T. Phraksa, A. Muang, Samutprakarn 10280	Material parts design and manufacturing	\$ 1,429,475 (THB 1,538,437 thousand)	\$ 1,429,475 (THB 1,538,437 thousand)	70,974,998	99.99	\$ 1,699,540	\$ 173,168	\$ 173,168	-
Jinpao	Jinpao Precision Japan Co., Ltd.	Vision Center Nihonbashi Fukushima Bldg. 2F, 1-5-3 Nihonbashimuromachi, Chuo-ku, Tokyo, 103-0022, Japan	Developing and selling metal processed products	¥ 6,489 (¥ 24,000 thousand)	¥ 6,489 (¥ 24,000 thousand)	480	80.00	315	(262)	(209)	-
	Jinpao Europe SAS	Zone Industrielle Pyrène Aéroport, 65290 Louey	Metal parts manufacturing and milling	€ 68,278 (€ 1,900 thousand)	€ 68,278 (€ 1,900 thousand)	1,900,000	76.00	42,161	(22,442)	(17,056)	-
	Wefly Aero Co., Ltd	647 Moo 4 Soi 11 Phraska, A. Muang Samutprakarn, 10280 Thailand	Aviation training	THB 4,808 (THB 5,000 thousand)	THB 4,808 (THB 5,000 thousand)	500,000	25.00	1,287	(3,269)	(817)	-
	I motor manufacturing Co., Ltd.	No. 13/43, MOO 3, T. Samet, A. Chonburi, Chonburi 20000, Thailand	Mobility vehicles manufacturing	THB 11,883 (THB 12,983 thousand)	THB 6,355 (THB 6,650 thousand)	129,828	33.29	8,623	(7,029)	(2,340)	-
	I motor marketing Co., Ltd.	No. 13/43, MOO 3, T. Samet, A. Chonburi, Chonburi 20000, Thailand	Mobility vehicles marketing and selling	THB 2,437 (THB 2,550 thousand)	THB 2,675 (THB 2,800 thousand)	25,498	25.50	-	(10,471)	(2,250)	-
	I motor holding Co., Ltd.	No. 13/43, MOO 3, T. Samet, A. Chonburi, Chonburi 20000, Thailand	Holding company	THB 13,322 (THB 16,080 thousand)	- (THB - thousand)	160,799	40.00	13,416	(17)	(7)	-
Jinpao Europe SAS	Atelier de décolletage de Bigorre	Zone Industrielle Pyrène Aéroport, 65290 Louey	Metal parts manufacturing and milling	€ 151,770 (€ 4,300 thousand)	€ 151,770 (€ 4,300 thousand)	5,776	100.00	107,146	(6,876)	(6,876)	-
	SAS LUTEC	27 Chemin Lou Tribail Zone Artisanale de Toctoucau CESTAS, 33610	Metal parts manufacturing and milling	€ 52,943 (€ 1,500 thousand)	€ 52,943 (€ 1,500 thousand)	417,933	100.00	30,817	(4,474)	(4,474)	-
	SPEM AERO SAS	6 Rue du Castelmouly, 65200 Bagnères-de-Bigorre	Surface treatment	€ 112,934 (€ 3,351 thousand)	€ 112,934 (€ 3,351 thousand)	2,835	90.00	93,201	(3,654)	(3,289)	-

Note 1: Calculated based on the investees' audited financial statements for the same period and the Company's shareholding proportion.

Note 2: Except for Wefly, I motor manufacturing Co., Ltd. and I motor marketing Co., Ltd. the investment gain (loss) of the investee companies, investments accounted for using the equity method and net asset values between investee companies have been fully eliminated upon the preparation of the consolidated financial statements.

TABLE 7**JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ho Sheng Holdings Co., Ltd.	6,698,599	15.34
Powell Group Co., Ltd.	5,195,408	11.89
Believing Power Co., Ltd.	4,105,747	9.40
Happy Forever International Ltd.	3,936,390	9.01
KC Billion Investment Co., Ltd.	2,678,920	6.13
Luckace Investments Limited	2,418,362	5.53

Note: 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 preference 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.

經寶精密控股股份有限公司

JPP Holding Company Limited

董事長

鍾國圻

總經理

鍾國圻