

Stock Code: 6672



**ventec**  
INTERNATIONAL GROUP  
騰輝電子



# 2021 Annual Report

## Ventec International Group Co., Ltd.

Printed Date: 2022/4/27

Taiwan Stock Exchange Market Observation Post System:  
[mops.twse.com.tw](http://mops.twse.com.tw)

Wherever **technology**  
takes you, Ventec delivers

無論將來科技如何發展、  
騰輝總能不負所託

[ventec laminates.com](http://ventec laminates.com)

1、 Name of the spokesperson and acting spokesperson, job title, contact telephone, and email address:

|                                 |   |
|---------------------------------|---|
| Spokesperson: Tu, Jennifer      | Title: Chief Financial Officer  |
| Telephone: (86) 512-6809-1810   | Email: <a href="mailto:jennifer@ventec.com.cn">jennifer@ventec.com.cn</a> |
| Acting Spokesperson: Lee, Susan | Title: : Senior General Manager   |
| Telephone: (86) 512-6809-1810   | Email: <a href="mailto:susanlee@ventec.com.cn">susanlee@ventec.com.cn</a> |

2、 Headquarters, primary place of business, subsidiary and factory information:

(1) Head office

Name: Ventec International Group Co.,Ltd.  
Address: The Grand Pavilion Commercial Centre, Oleander Way,802 West Bay Road,  
P.O. Box 32052,Grand Cayman Ky1-1208,Cayman Islands  
Website: <http://www.ventec-group.com>  
Telephone: (86) 512-6809-1810

(2) Samoa subsidiary

Name: Ventec International Group Limited(SAMOA)  
Address: Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road,  
Apia, Samoa  
Website: -  
Telephone: (86) 512-6809-1810

(3) British Virgin Islands subsidiary

Name: Ventec Logistics Limited.  
Address: OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands  
Website: -  
Telephone: (86) 512-6809-1810

(4) Hong Kong subsidiary

Name: Ventec International Group Limited(HK).  
Address:Unit B 22/F.,Chung Pont Commerical Building,300 Hennseey Road, Wanchai,  
Hong Kong  
Website: -  
Telephone: (86) 512-6809-1810

(5) Hong Kong subsidiary

Name: Ventec Electronics (HK) Company Limited.  
Address:Unit B 22/F.,Chung Pont Commerical Building,300 HonnessyRoad, Wanchai,  
Hong Kong  
Website: -  
Telephone: (86) 512-6809-1810

(6) Taiwan subsidiary

Name: Ventec Electronics Corporation  
Address: 10F., Gongye 5th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)  
Website: -  
Telephone: (886) 3- 4195-901

(7) China subsidiaries

Name: Ventec Electronics (Suzhou) Co., Ltd.

Address: No. 308, Taishan Road, New District, Suzhou City, Jiangsu Province, China 215129

Website: -

Telephone: (86)512-6809-1810

Name: Ventec Electronics (Suzhou) Co., Ltd Shenzhen Branch

Address: 101,Building A,The Third Branch Of Rapoo&Space Life Science Park,No.22 Jinxiu East Road, Jinsha Community, Kengzi Street, Pingshan District, Shenzhen, Guangdong,P.R.C.518122

Website: -

Telephone: (86) 755-89389600

Name: Ventec Electronics (Jiangyin) Co., Ltd.

Address: 73-1 Qingtong Road, Qingyang Town, Jiangyin,Jiangsu, P.R.C. 214403

Website: -

Telephone: (86) 510-8655-3456

Name: Ventec Electronics(Shenzhen) Co., Ltd.

Address: Chengguan INC., Qisan Rd, Shenzhen Export Processing Zone, Pingshan New District, Shenzhen, Guangdong, P.R.C. 518118

Website: -

Telephone: (86) 755-8398-9609

(8) Britain subsidiary

Name: Ventec Europe Limited

Address: Unit 1, Trojan Business Centre, Tachbrook Park Estate, Leamington Spa, Warwickshire, CV34 6RH, United Kingdom

Website: -

Telephone: (44) 1926-423540

(9) Germany subsidiary

Name: Ventec Central Europe GmbH.

Address: Morschheimerstr, 15 D-67292 Kirchheimbolanden, Germany

Website: -

Telephone: (49) 6352-753260

(10) USA subsidiary

Name: Ventec USA LLC

Address: 311 South Highland Ave. Unit B, Fullerton, CA 92832, USA

Website: -

Telephone: (1) 714-7739621

- 3、 Name, title, contact phone number, and e-mail address of the designated agent within the territory of the Republic of China

Name : Lao, Kai-Lu

Job title: Chairman of the Board

Telephone: (886) 3- 4195-901

Email: tonylau@ventec.com.cn

- 4、 Name, Address, Website and Telephone of Stock Transfer Agency:

Name: Yuanta Securities Co., Ltd.

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

Address: B1F., No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)

Telephone: +886-2-2586-5859

- 5、 Most recent fiscal year financial report CPA's name, the CPA firm, address, website, and telephone number

Name of the accountants : Liu,Yi-Ching and Chen,Chun-Hung

Name of the firm: Deloitte & Touche

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

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei, 11073, Taiwan

Telephone: (886) 2-2725-9988

- 6、 Name of Overseas Securities Trading exchanges and methods for searching for overseas securities information: None.

- 7、 The Company Website: <http://www.ventec-group.com>

- 8、 List of Directors:

| Job title                                   | Name                             | Nationality | Main experience   |
|---|----------------------------------|-------------|---|
| Chairman                                    | Top Master Limited               | Samoa       | Chairman of Ventec International Group Co.,Ltd.   |
|   | Representative:<br>Lao, Kai- Lu  | ROC         | Chairman of Supreme Charger International Co., Ltd<br>Chairman of Top Master Limite   |
| Director                                    | Alpha Victor Limited             | Samoa       | Chairman of Good Things International Ltd.  |
|   | Representative::<br>Wang, Yu-Tzu | ROC         | Chairman of Ten Mark Corporation  |
| Director and<br>CEO &<br>General<br>Manager | Chung, Chien- Jen                | ROC         | CEO & General Manager of Ventec International Group Co.,Ltd.<br>Founder, CTO, General Manager Ventec International Group<br>R&D Manager Asia Chemical |

| Job title            | Name            | Nationality | Main experience  |
|----------------------|-----------------|-------------|--|
| Director             | Tang,Ching-Chou | ROC         | General Manager of Lien Hwa Industrial Co., Ltd.   |
| Independent Director | Sheu, Yuan- Kuo | ROC         | Independent Director of Ventec International Group Co.,Ltd.<br>Counselor of Direction Law Firm.<br>Legislator.<br>Assistant Professor, Risk Mangement And Insurance Department, Shih ChienUniversity   |
| Independent Director | Chen, Tsung-Hsi | ROC         | Independent Director of Ventec International Group Co.,Ltd.<br>Ming Jong Technologies Finance Dep. Manager.<br>JSWAY Digital Technology Finance Dep. Assistant Manager.  |
| Independent Director | Hou, Yu-Tau     | ROC         | Independent Director of Ventec International Group Co.,Ltd.<br>Technical Marketing Director of Realtek Semiconductor Corp.<br>Technical Marketing Director of SMC Corporation, Taiwan Branch<br>Vice President Technical Marketing of Giantplus Technology Co., Ltd<br>Vice President for Asia of Astec Agencies LTD<br>Chief Operating Officer of Consulting Engineering Ltd. |

## Contents of the Annual Report

|   |     |
|---|-----|
| I. BUSINESS REPORT TO SHAREHOLDERS .....  | 1   |
| II. COMPANY PROFILE .....   | 6   |
| 1、Date of Incorporation .....   | 6   |
| 2、Structure of the company.....   | 7   |
| 3、Company History .....   | 8   |
| 4、Assessment of Risks.....  | 10  |
| III. CORPORATE GOVERNANCE REPORT.....   | 11  |
| 1、Organization .....  | 11  |
| 2、Background Information on Directors, Supervisors, General Managers, Vice General<br>Managers, Assistant Managers and Heads of Various Departments and Branches.....             | 13  |
| 3、Remunerations paid to directors, supervisors, general managers and vice general<br>managers in recent years .....   | 27  |
| 4、Corporate Governance .....  | 34  |
| 5、Audit Fees .....  | 77  |
| 6、Information for Change of CPA .....   | 77  |
| 7、The Company's Chairman, President, Managers Responsible for Finance and Accounting<br>Who Have Held a Position in the CPA Office or Its Affiliates Within the Latest Year ..... | 78  |
| 8、Shareholding Transferred or Pledged by Directors, Management, and Major Shareholders<br>Who Hold 10% or More of the Company Shares .....  | 78  |
| 9、Information of Relationship among the Top 10 Shareholders Who Are Related,Spouses<br>or Relatives within the Second Degree of Kinship .....                                     | 79  |
| 10、Shareholding Proportion of Ventec to Investees. ....   | 80  |
| IV. CAPITAL OVERVIEW .....  | 81  |
| 1、Capital and Shares .....  | 81  |
| 2、Corporate Bonds.....  | 87  |
| 3、Preferred Stock issued.....   | 87  |
| 4、Issuance of Overseas Depository Receipts.....   | 87  |
| 5、Employee Stock Options.....   | 87  |
| 6、Employee Restricted Stock Option.....   | 88  |
| 7、Issuance of New Shares in Connection with the Merger or Acquisition.....  | 92  |
| 8、Financing Plans and Implementation .....  | 92  |
| V. OPERATIONAL HIGHLIGHTS .....   | 93  |
| 1、Business Activities .....   | 93  |
| 2、Overview of the Market, Production and Sales Analysis .....   | 101 |
| 3、The most recent two years number of employees....   | 110 |
| 4、Environmental Protection Measures and Expenses.....   | 111 |

|  |     |
|--|-----|
| 5、Employee Welfare .....   | 113 |
| 6、Information Security Management .....  | 114 |
| 7、Important Contracts and Agreements .....   | 116 |
| VI. FINANCIAL INFORMATION .....  | 117 |
| 1、Condensed financial information for the most recent 5 years.....   | 117 |
| 2、Financial Analysis of the Past Five Years .....  | 120 |
| 3、Audit Committee’s Report for the Most Recent Year .....  | 123 |
| 4、Consolidated Financial Report for the most recent year as audited by the CPAs .....  | 123 |
| 5、Entity Financial Statement of the Latest Year Inspected and Authenticated by CPAs .....  | 123 |
| 6、Impact of the Latest Financial Difficulties Encountered by the Company and its<br>Associated Enterprises on the Company's Financial Standing as of the Date of Printing<br>of the Annual Report .....  | 123 |
| VII. REVIEW AND ANALYSIS OF THE FINANCIAL CONDITION, PERFORMANCE AND RISK<br>MANAGEMENT .....  | 124 |
| 1、Financial Standing.....  | 124 |
| 2、Financial Performance .....  | 125 |
| 3、Cash Flow .....  | 126 |
| 4、Major Capital Expenditures in Recent Years and Impacts on Financial and Operational<br>Situations .....  | 127 |
| 5、Main Reasons for Profits or Losses of the Latest Re-investment Policy, Improvement<br>Plan and Investment Plan for the Coming Year.....  | 127 |
| 6、Analysis and Assessment of Risks.....  | 129 |
| 7、Other important items .....  | 133 |
| VIII. SPECIAL NOTES .....  | 134 |
| 1、Affiliated Companies .....   | 134 |
| 2、Organization of the Latest Private Placement Securities as of the Date of Printing of<br>the Annual Report .....   | 137 |
| 3、Holding or disposal of the Company's shares by its subsidiaries of the latest year and<br>up to the date of printing of the Annual Report .....  | 137 |
| 4、Other matters requiring supplementary information.....   | 137 |
| 5、Any Event Which Has a Material Impact on Shareholders’ Equity or Securities Prices<br>Was Stipulated in Subparagraph 2, Paragraph 2, Article 36 of Securities Exchange Act in<br>the Most Recent Fiscal Year and up to the Date of the Publication of the Annual Report .. | 137 |
| 6、The Company's Articles of Incorporation and any variation from the provisions governing<br>the protection of shareholders' rights in Taiwan.....   | 138 |

## I. BUSINESS REPORT TO SHAREHOLDERS

Ladies and Gentlemen,

The summary of the Company's 2021 annual operating performance is as follows:

### 1.2021 Business Report

#### 1.1 consolidated profit and loss comparison of operating results:

Unit: NT\$ thousands ,Except

Earnings Per Share

| Year                                 | 2021      | 2020      | Increase<br>(decrease)<br>Amount | Increase<br>(decrease)<br>ratio (%) |
|--------------------------------------|-----------|-----------|----------------------------------|-------------------------------------|
| NET REVENUE                          | 7,667,219 | 4,830,183 | 2,837,036                        | 58.74%                              |
| GROSS PROFIT                         | 2,324,341 | 1,423,323 | 901,018                          | 63.30%                              |
| PROFITFROMOPERATIONS                 | 1,076,466 | 532,006   | 544,460                          | 102.34%                             |
| NON-OPERATING INCOME AND<br>EXPENSES | (28,164)  | (61,066)  | 32,902                           | (53.88)%                            |
| PROFIT BEFORE INCOME TAX             | 1,048,302 | 470,940   | 577,362                          | 122.60%                             |
| NET PROFIT FOR THE YEAR              | 827,812   | 373,253   | 454,559                          | 121.78%                             |

1.2. Budget execution:The Company did not publicly disclose any financial forecasts .

#### 1.3. Summary of cash flow statements and analysis of profitability:

| Item                             |   | 2021   | 2020   |
|----------------------------------|---|--------|--------|
| Financial<br>structure(%)        | Ratio of liabilities to assets (%)                                | 50.74  | 44.99  |
|                                  | Ratio of long-term capital to property,<br>plantand equipment (%) | 330.36 | 277.46 |
| Liquidity<br>analysis<br>(%)     | Current ratio (%)   | 175.24 | 182.16 |
|                                  | Quick ratio (%)   | 119.44 | 127.59 |
| Profitability<br>Analysis<br>(%) | Return on total assets (%)  | 15.73  | 8.77   |
|                                  | Return on shareholders' equity (%)                                | 30.08  | 15.52  |
|                                  | Ratio of pre-tax income to paid-in capital (%)                    | 146.71 | 65.91  |
|                                  | Ratio of net income to sales (%)                                  | 10.80  | 7.73   |
|                                  | Earnings per share (NT\$/share)                                   | 11.72  | 5.28   |

#### 1.4. Research and Development Direction:

- (1) In response to the advent of the era of 5G communications and Metaverse applications, the Company will continue to promote high-frequency and high-speed materials and precise application requirements for light, thin, and short applications. These efforts will be done in anticipation of huge business opportunities in the future!
- (2) With high-order heat dissipation materials having thermal conductivity above 7.0 and multi-layer mixing, we will continue expanding our leading position in heat-dissipating metal substrates
- (3) We shall actively intervene in display technology with an orientation towards Mini/Micro LED backlight technologies, introducing the Company's products into the



market and continuing to maintain our advantages in the display technology application domain!

- (4) In order to capture the upcoming era of autonomous driving, we shall engage in continuous optimization of UHF applications for autonomous driving and automotive radar applications (such as Bosch motors, Continental, and so on).
- (5) We shall remain committed to the development of semiconductor substrates and test substrate materials as we strive for massive business opportunities in the booming semiconductor industry.

## 2、Business Plan Outline for 2022

### 2.1. Operational guidelines:

Adhering to our corporate value concepts of "Innovation, Division of Labor, Cooperation, and Sharing," the Company continues to ground itself in industries related to copper foil substrates. We continually focus on providing high-performance products and insist on optimal collaboration with our customers, our suppliers, our employees, and our shareholders. With a vision of providing global supply chain solutions that extend from proofing to new product rollouts to mass production, we aim to achieve a high standard of management in terms of "quality, speed, cost, and service." In doing so, our mission will be to create greater corporate value as we satisfy the product or technology needs of the market and of our customers.

### 2.2. Production and Sales Projections:

In response to the post-pandemic era, each country's government has been printing money to save the world while launching a variety of stimulus programs. Meanwhile, the widespread blossoming of electric vehicles and 5G applications has resulted continuous innovation among innovative technology applications. At the same time, pent-up consumer demand is now being released in the wake of the pandemic even as raw material supply faces constraints due to suppression and a lack of expansion during the COVID years. Therefore, even as full-scale vaccination programs are widely expected to dispel the coronavirus, we now face an imbalance between supply and demand! Raw materials are in short supply and prices are skyrocketing. At the same time, product application technology is also set to explode all over as all sorts of innovative applications take the lead. This will pose a big challenge for substrate product technology!

Based in Asia, the Company deploys a balanced global development strategy. Sources of orders are thus relatively balanced, and we have achieved the development of special materials. With certifications and orders continuing to increase, the Company's production and sales will keep on growing. In terms of our business philosophy, the Company does not focus on pursuing high growth in overall shipments. Instead, we focus our resources on products bearing high gross profits; these include aluminum substrates, military aerospace products, high frequency and high speed products, carrier boards, and packaging and testing products, as well as a small amount of

diversified products in Europe and the United States. Applications and order sources will be expanded more evenly in response to the continuous growth in shipments of aluminum substrates and military aerospace products, as well as the launch of a full range of 5G products.

### 2.3. Key Production and Marketing Strategies:

We have formulated our development strategies in view of a gradual easing of the pandemic, adjustments in global competition and cooperation following the election of the US president, and each country's large-scale introduction of stimulus programs as well as raw material shortages and soaring prices. These development strategies of the Company are as follows:

#### (1) Marketing Strategy:

- (A) Engage in continuous involvement in products that require high reliability and certification, improving product and customer structural composition to increase profitability and reduce competitive pressure.
- (B) Actively develop new markets such as packaging and testing materials, 5G, and autonomous and electric vehicles as we diversify risk with new clients.
- (C) Establish long-term cooperative relationships with customers and suppliers, and effectively control the supply of raw materials.

#### (2) Production Policies:

- (A) Implement a quality policy of continuous improvement, and devote more investment to automation and intelligent manufacturing to reduce costs.
- (B) Continuously improve the efficiency and productivity of teamwork among colleagues.
- (C) Commit to the development of distinct equipment for the production of special materials, further distinguishing our manufacturing capabilities for such products versus the capabilities of the industry.

### 3. Future Development Strategy of the Company

#### 3.1. Marketing strategy:

- (1) Establish strategic alliances with major customers to stabilize our sources of business and increase our competitiveness.
- (2) Establish marketing channels for diversified new products to achieve the goals of diversifying risks and increasing profits.

#### 3.2. Production Policies:

- (1) Cooperate with relevant international manufacturers to raise our technical standards.
- (2) Engage in continuous research to improve product reliability, continually investing in testing and production equipment to improve accuracy and foster distinction.
- (3) Dedicate continuous investment into equipment automation to cut cost and improve efficiency.

### 3.3 Research and Development Strategy:

- (1) Various smart application technologies in life services are gradually maturing in response to the anticipated introduction of 5G and artificial intelligence. The Company thus continues to develop every type of high-end material with high frequency and high speed.
- (2) As energy-saving lighting becomes increasingly high-power, we are therefore continuing to develop environmentally friendly materials with high heat dissipation.
- (3) At the same time, IC packaging tends to be highly integrated and we are developing new related materials to meet its functional requirements. Semiconductor substrates and packaging materials form an important part of our plans for future growth!

### 3.4. Financial Strategy:

- (1) Fully utilize the capital market's financing tools to obtain relatively inexpensive funding to support the Company's operations.
- (2) Based on the principle of stability, use financial management tools to obtain efficient capital utilization and create a range of added value.

## 4、Influence of External Competition, Environmental Regulations, and the Overall Business Environment

In 2021, unstable conditions under the COVID-19 pandemic caused every country in the world to adopt pandemic prevention and isolation strategies. The resulting halt in production among factories both domestically and overseas led to shortages in automotive chips, impacts on materials both short and long-term, and disruptions in land and ocean transportation. These developments were compounded by responses to energy saving and carbon reduction as well as electricity curtailment measures and other factors across China. Taken together, these factors had a serious impact on the global economy. Amid this severe environment, the Company still maintained its focus on developing niche products and actively deploying to and cultivating the automotive market. In addition to improving the lighting penetration rate of original automotive LED lights, the Company engaged in development of new non-lighting energy applications; for example, in-vehicle chargers, power steering wheels, turbocharging of electronic engines, and large-scale machine tools. The aerospace and defense medical fields have grown significantly, and we will continue to deepen end certification of heat dissipation materials to provide customers with high-quality products and sales services.

Looking forward to 2022, and under the influence of overall economic uncertainty, Ventec will focus on niche market development and business expansion. Heat dissipation materials are still the main driving force in line with the active promotion of new energy vehicles in many countries, and the heat dissipation substrate has been approved by several auto parts suppliers in Germany and the United States. The low-loss material of the multi-layer HDI process is used in high-end notebook computers. The mass production process of semiconductor application certification has been launched, and the demand for a series of tec-speed high-speed and low-loss materials used in network communication-related equipment has increased. The specific growth in the future is enough to look forward to.

In response to clean energy demand, the US, the EU, and Japan all aim to achieve carbon neutrality by 2050. Meanwhile, China has declared that 2030 will mark its peak carbon output and looks to 2060 for its carbon neutrality goal. These trends will bring opportunities for new energy replacement and rapid use of electric vehicles in power generation and consumption, and more intelligence will simultaneously be introduced into existing manufacturing and consumer products. Ventec will strive to seize such opportunities! 5G, low-orbit satellites, self-driving cars, and semiconductor applications are still in continuous development. Meanwhile, we look to Metaverse business opportunities: after Facebook changed its name to Meta, it announced that the application of various virtual and virtual-real conversions in a number of fields would enter their first year of development in 2022, bringing endless possibilities!

In addition to complying with relevant laws and regulations, the Company also pays attention to relevant developments such as important domestic and foreign policies and legal changes; and we plan response measures in real-time to address the Company's operational needs. Therefore, important domestic and foreign policies and legal changes have no significant impact on the Company's financial business.

Sincerely,

Chairman: Lao, Kai-Lu

General Manager: Chung, Chien-Jen

Chief Financial Officer: Tu, Jennifer

## II. COMPANY PROFILE

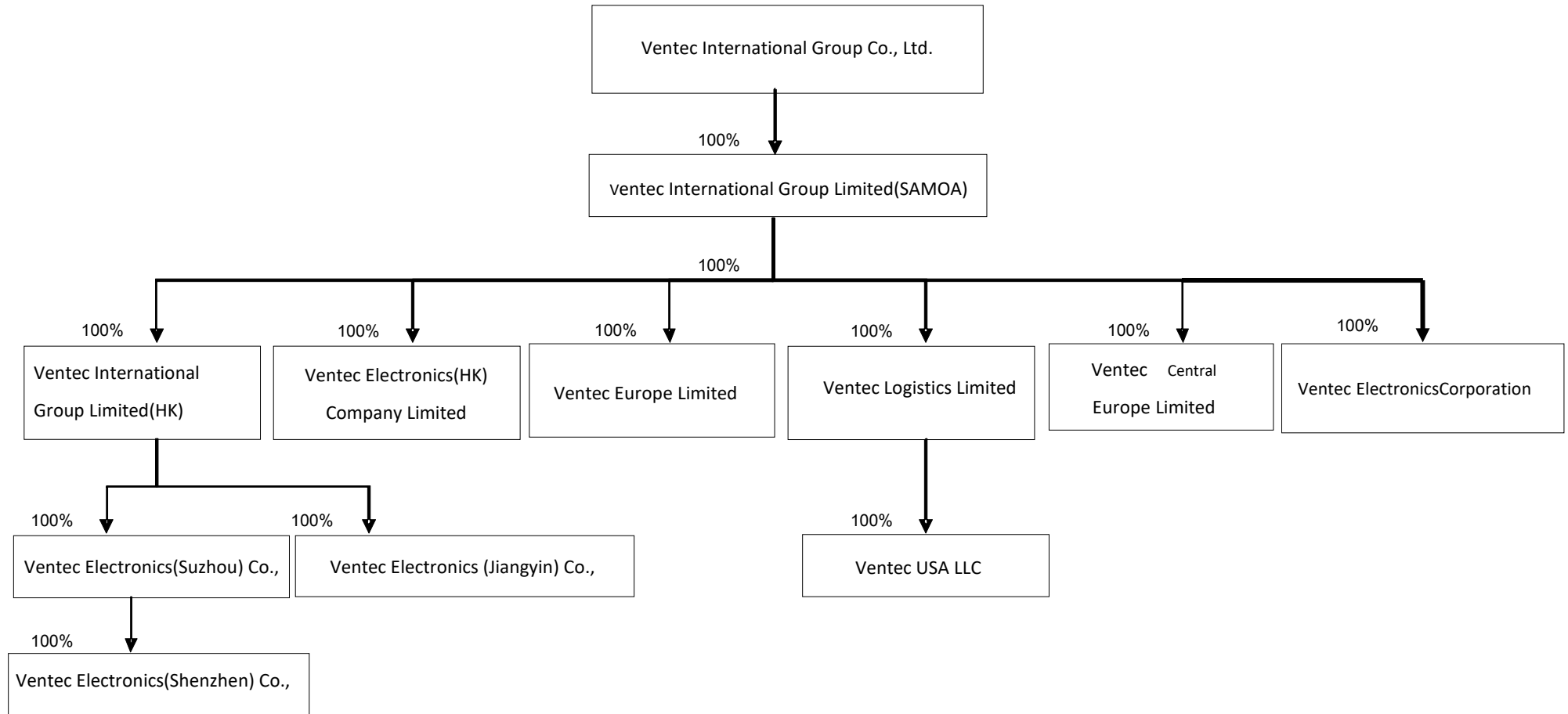
### 1、Date of incorporation:

Ventec International Group Co., Ltd. (the “Company”) was incorporated in the Cayman Islands on October 16, 2012. The Company and its subsidiaries, collectively referred to as the “Group”, mainly engages in the research and development, production and sale of copper clad laminate (CCL), aluminium-backed laminate (IMS) and prepreg.

Subsidiaries Location and Business Content were as follows:

| Company  | Location               | Business Content   |
|--|------------------------|--|
| Ventec International Group Limited(SAMOA)<br>(VIG Samoa) | Samoa                  | General investment   |
| Ventec International Group Limited(HK)<br>(VIG HK)       | Hong kong              | General investment   |
| Ventec Electronics (HK) Company Limited<br>(VT HK)       | Hong kong              | General investment   |
| Ventec Logistics Limited<br>(VLL BVI)                    | British Virgin Islands | General investment   |
| Ventec Electronics Corporation<br>(VT TW)                | Taiwan                 | Manufacture and sell of CCL, IMS and prepreg                           |
| Ventec Electronics (Suzhou) Co., Ltd.<br>(VT SZ)         | China                  | Research and development, manufacture and sell of CCL, IMS and prepreg |
| Ventec Electronics (Jiangyin) Co.,<br>(VT JY)            | China                  | Manufacture and sell of CCL, IMS and prepreg                           |
| Ventec Electronics(Shenzhen) Co.,<br>(VT SZWT)           | China                  | Manufacture and sell of CCL, IMS and prepreg                           |
| Ventec Europe Limited<br>(VT UK)                         | Britain                | Sell of CCL, IMS and prepreg   |
| Ventec USA LLC<br>(VT US)                                | USA                    | Sell of CCL, IMS and prepreg   |
| Ventec Central Europe GmbH.<br>(VT DE)                   | Germany                | Sell of CCL, IMS and prepreg   |

## 2、Structure of the company



### 3、 Company History

| Year | Company and Group History   |
|------|---|
| 2000 | Establishment of Ventec Electronics (Suzhou) Co., Ltd. in the Gaoxin District, Suzhou City with Promax Investments Limited as the offshore holding company.<br>The plant located on Xiangyang Rd, Gaoxin District, Suzhou City specializes in the manufacture of CCL and prepreg. |
| 2005 | Established Ventec Electronics (Jiangyin) Co.,  |
| 2006 | Established Ventec Electronics(HK) Company Limited  |
|      | Established Ventec International Group Limited(SAMOA)   |
|      | Established Ventec Logistics Limited  |
|      | Established Ventec Europe Limited   |
| 2007 | Corporate reorganization – Acquisition of 97.5% of the equity of Ventec Electronics (Suzhou) Co., Ltd. by Ventec International Group Limited(SAMOA)   |
|      | Established Ventec USA LLC  |
|      | Acquisition of 67,292.5 M <sup>2</sup> of land on Taishan Rd., Gaoxin Dist.,Suzhou City for the construction of the Taishan plant   |
| 2008 | Established Ventec International Group Limited(HK)  |
|      | Official commissioning of the plant located on Taishan Road, Gaoxin Dist., Suzhou City  |
|      | Acquisition of the ISO9001 Quality Management System Certification by the Suzhou Plant  |
|      | Initiation of the development of aluminum substrate by the Suzhou Plant<br>PI(Polyimide) products pass UL certification – mass production initiated   |
| 2009 | Established Ventec Electronics(Shenzhen) Co.,   |
|      | Aluminum substrate passes UL certification – mass production initiated<br>PI(Polyimide) products approved by NASA and Boeing – expansion into the aerospace industry  |
| 2010 | Established Ventec Central Europe GmbH  |
| 2011 | Establishment of Ventec Electronics Co., Ltd. – monthly output of CCL exceeds 900,000 units   |
| 2012 | Corporate reorganization – Equity swap between the newly established Ventec International Group Co.,Ltd.and Ventec International Group Limited (SAMOA); paid-in capital of NT\$ 450 million   |
|      | Acquisition of land and plant ownership rights by Ventec Electronics Co., Ltd.  |
|      | Acquisition of the AS 9100C Aerospace Industry Quality Management System certification for CCL and prepeg and approval of the use of aluminum substrate manufactured by the Suzhou Plant for automotive power control units by BMW and BYD  |

| Year | Company and Group History   |
|------|---|
| 2013 | Conclusion of an Agreement Governing Compensation for the Purchase of State-Owned Land Usage Rights in line with the service sector promotion policy for the Gaoxin District in Suzhou City; planned transfer of the land of the Xiangyang Plant to the government and expansion of the Taishan Plant   |
| 2014 | <p>Ventec International Group Limited(HK) acquires 2.5% of the equity of Ventec Electronics (Suzhou) Co., Ltd. from Suzhou New District Economic Development Group Corporation, turning the company into a full subsidiary of the group.</p> <p>Acquisition of the IECQ (Quality Assessment System for Electronic Components) certification by Ventec Electronics (Suzhou) Co., Ltd.</p> <p>Official approval of MCPCB materials by Valeo, a French global automotive supplier; utilization of end products for LED headlights of numerous high-end models manufactured by Mercedes Benz, Maserati, Volvo etc.</p> <p>Official approval of PI (Polyimide) products by the European Space Agency</p> |
| 2016 | <p>Acquisition of 100% of the equity of Kaiyin Electronic Material Co., Ltd. and the land and ownership rights to the Jiangyin Plant by Ventec Electronics (Jiangyin) Co., Ltd.</p> <p>Completion of Taishan Plant expansion project and official transfer of the Xiangyang Plant usage rights to the local government</p> <p>Cash capital increase by Ventec International Group Co., Ltd. in February; share capital increased to NT\$ 484,306,000</p> <p>Exercise of employee stock options in December; share capital increased to NT\$ 514,191,000</p>   |
| 2017 | <p>Cash capital increase in March; share capital increased to NT\$ 544,126,000</p> <p>Cash capital increase in May; share capital increased to NT\$ 561,143,000</p> <p>Exercise of employee stock options in October; share capital increased to NT\$ 586,143,000</p> <p>Official approval of aluminum substrate by Shanghai Edrive Co., Ltd. and Kostal OBC, a German automotive part manufacturer; expansion into the new energy vehicle industry</p> <p>Share offering by Ventec International Group Co., Ltd.in Taiwan upon approval by the Securities and Futures Bureau</p>   |
| 2018 | <p>Emerging stock market registration of Ventec International Group Co., Ltd. shares in Taiwan</p> <p>UL certification of high-frequency materials for 5G applications</p> <p>CUL (Canada) certification of aluminum substrate and high-TG materials</p> <p>Cash capital increase in October; share capital increased to NT\$ 646,143,000</p> <p>Development of high-TG,high-modulus, and highly reliable carrier materials for 5G smartphones and various high-end mobile handheld</p>   |



| Year | Company and Group History   |
|------|---|
|      | devices.  |
|      | Development of halogen-free CTI400 materials  |
|      | Initiation of trial production of ULL (ultra low loss) materials for 5G applications  |
| 2019 | The Company's stock was listed on the Taiwan Stock Exchange.  |
|      | Ceramic filled hydrocarbon Laminates for 5G antenna application was approved by ZTE etc.  |
|      | Developed no flow Prepreg with low loss signal integrity and got preliminary approval for customer.   |
|      | IMS with low modulus&high reliability & high thermal conductivity, certified by UL& approved by Koito (Japan) and Valeo (France), has come to mass production; it also passed the reliability tests at ZKW (Austria). |
|      | Developed ceramic filled PTFE composites with Dk3.0 for radar application.  |
|      | Authorization of one invention patent of USA and two utility model patents.   |
| 2020 | Authorization of two invention patents of China and seven utility model patents.  |
|      | Developed high emissivity and high thermal conductive metal base laminate, which changed the traditional radiator and approved by osram-continental, will be applied to Renault's various cars.                       |
|      | Developed hydrocarbon composites with Dk 10.2, which has come to mass production.   |
|      | Developed ceramic filled PTFE composites with Dk 6.15&10.2 and got partial recognition.   |
| 2021 | Authorization of one utility model patent of China, three trademarks in China and one trademark in UK.  |
|      | Expand the high-speed product series, such as high-speed products for antenna, server and package test application, and has got small batch of orders from customers.   |
|      | Expand the PTFE product series, developed PTFE composites with DK2.94, passed customers'nd package test application, and has got small batch of   |
|      | Developed super white material with resistance to high heat and yellow degeneration for LED package application, passed many customers' test and certification and has come to mass production.                       |

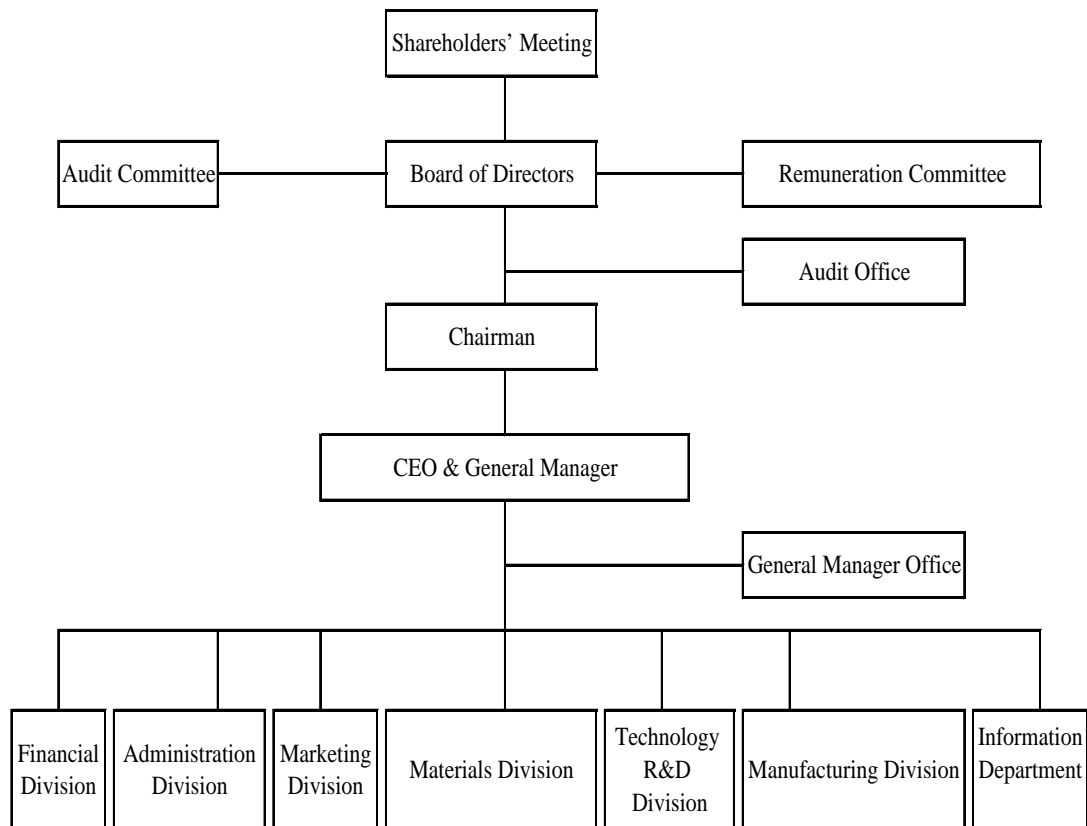
#### 4.Assessment of Risks:

Please refer to Chapter VII. Discussion and Analysis of Financial Standing and Financial Performance and Risks of this annual report.

### III. CORPORATE GOVERNANCE REPORT

#### 1.Organization

##### 1.1 Organization Chart



##### 1.2 Affairs In Charge For Each Major Department

| Principal Departments  | Business Operations  |
|------------------------|--|
| Board Of Directors     | Execution of resolutions adopted by shareholders' meetings and decisions on business plans and investment schemes of the Company within the scope authorized by shareholders' meetings   |
| Remuneration Committee | Formulation and regular review of director and manager performance assessment and remuneration policies, systems, standards, and mechanisms; regular assessment and determination of director and manager remuneration contents and amounts and provision of recommendations to the board. |
| Audit Committee        | Monitoring of group operations and finances, preparation of adequate financial statements, and effective implementation of the internal control system   |

| Principal Departments   | Business Operations   |
|-------------------------|---|
| CEO & General Manager   | Establishment of a sound group management system and organizational structure, execution of board resolutions, centralized management of company matters, and realization of group management and development goals   |
| Audit Office            | Carrying out of various auditing operations, assessment and execution of the internal control system, offering of suggestions for improvement, and constant tracking of improvement progress  |
| Financial Division      | Carrying out of accounting operations, formulation and execution of accounting policies and systems, and financial planning and funding   |
| Administration Division | Human resource management, administrative and legal affairs, ethical corporate management, environmental protection, public security, and labor health and safety   |
| Marketing Division      | Sale of the Company's products on global markets, collection of market and customer information   |
| Materials Division      | Internal departmental planning, control of production and material progress, handling of abnormalities in the production progress, and tracking of processes and progress pertaining to new products  |
| Technology R&D Division | <ol style="list-style-type: none"> <li>1. Product development and adoption, collection and management of information pertaining to the product development process, development and analysis of new formula, process analysis and improvement, testing, verification, and guidance for customer products, submission of reports on product feedback and improvement initiatives</li> <li>2. Planning operations for the QA Department, new product risk assessment, process design and reliability verification, supervision of the handling of quality issues, ISO system maintenance and implementation, and supervision of lab operations</li> <li>3. Management and maintenance of department equipment and facilities</li> </ol> |
| Manufacturing Division  | Handling of manufacturing related matters   |
| Information Department  | Overall planning, implementation, and control of computer operations and planning and management of IT hard- and software   |

## 2. Background Information on Directors, Supervisors, General Managers, Vice General Managers, Assistant Managers and Heads of Various Departments and Branches

### 2.1 Board Directors

#### (1) Information on board directors

2022/4/19; Unit:Thousand;shares;%

| Title    | Name                  | Gender<br>Age | Nationality<br>or<br>Registration<br>Place | Date<br>First<br>Elected | Date<br>Elected | Term<br>(Years) | Shareholding<br>when elected |      | Current<br>shareholding |      | Spouse & Minor<br>Shareholding |     | Shares held in<br>the name of others |     | Experience ( Education )   | Current jobs<br>with the<br>Company and<br>other companies   | Executives, Directors or<br>Supervisors who are spouses or<br>within two degrees of kinship |      |          |
|----------|-----------------------|---------------|--|--------------------------|-----------------|-----------------|------------------------------|------|-------------------------|------|--------------------------------|-----|--------------------------------------|-----|--|--|---|------|----------|
|          |                       |               |  |                          |                 |                 | Shares                       | (%)  | Shares                  | (%)  | Shares                         | (%) | Shares                               | (%) |  |  | Title   | Name | Relation |
| Chairman | Top Master<br>Limited | -             | Samoa                                      | 2017.6.16                | 2021.7.30       | 3               | 4,713,307                    | 6.60 | 4,713,307               | 6.60 | -                              | -   | -                                    | -   | -  | -  | -   | -    | -        |
|          | Lao, Kai-Lu           | Male<br>61~70 | Taiwan                                     |                          |                 |                 | -                            | -    | -                       | -    | -                              | -   | -                                    | -   | Department of International Trade,<br>Tamsui Institute of Business<br>Administration | Director of Ventec<br>International Group<br>Limited (SAMOA).<br>Director of Ventec<br>International<br>Group Limited.(HK)<br>Director of Ventec<br>Electronics (Suzhou)<br>Co., Ltd.<br>Director of Ventec<br>Electronics<br>(Shenzhen) Co., Ltd.<br>Director of Ventec<br>Electronics (Jiangyin)<br>Co., Ltd.<br>Director of Ventec<br>Electronics(HK)<br>Company<br>Director of Limited<br>Ventec Logistics<br>Limited<br>Director of Ventec<br>USA LLC<br>Director of Ventec<br>Europe Limited<br>Director of Ventec<br>Electronics<br>Corporation<br>Chairman of Supreme<br>Charger International<br>Co., Ltd<br>Chairman of Top<br>Master Limite | -   | -    | -        |

| Title    | Name                       | Gender<br>Age | Nationality<br>or<br>Registration<br>Place | Date<br>First<br>Elected | Date<br>Elected | Term<br>(Years) | Shareholding<br>when elected |      | Current<br>shareholding |      | Spouse & Minor<br>Shareholding |      | Shares held in<br>the name of others |     | Experience ( Education )   | Current jobs<br>with the<br>Company and<br>other companies   | Executives, Directors or<br>Supervisors who are spouses or<br>within two degrees of kinship |      |          |
|----------|----------------------------|---------------|--|--------------------------|-----------------|-----------------|------------------------------|------|-------------------------|------|--------------------------------|------|--------------------------------------|-----|--|--|---|------|----------|
|          |                            |               |  |                          |                 |                 | Shares                       | (%)  | Shares                  | (%)  | Shares                         | (%)  | Shares                               | (%) |  |  | Title   | Name | Relation |
| Director | Alpha<br>Victor<br>Limited | -             | Samoa                                      | 2017.6.16                | 2021.7.30       | 3               | 4,090,908                    | 5.73 | 4,090,908               | 5.73 | —                              | —    | —                                    | —   | —  | —  | —   | —    | —        |
|          | Wang, Yu-<br>Tzu           | Male<br>61~70 | ROC  |                          |                 |                 | —                            | —    | —                       | —    | —                              | —    | —                                    | —   | Department of International Trade,<br>Fu Jen Catholic University<br>Chairman of Good Things<br>International Ltd.<br>Chairman of Ten Mark Corporation  | Director of Alpha<br>Victor Limited<br>Chairman of Good Things International<br>Ltd.<br>Chairman of Ten<br>Mark Corporation  | —   | —    | —        |
| Director | Chung,<br>Chien-Jen        | Male<br>51~60 | ROC  | 2012.10.16               | 2021.7.30       | 3               | 1,359,623                    | 1.90 | 1,263,623               | 1.77 | 69,848                         | 0.10 | —                                    | —   | Department of Chemical<br>Engineering, Tunghai University<br>CEO & General Manager of<br>Ventec International Group<br>Co., Ltd.<br>Founder, CTO, General Manager<br>Ventec International Group<br>R&D Manager Asia Chemical | Director and CEO &<br>General Manager<br>of Ventec<br>International<br>Group Co., Ltd.<br>Director of Ventec<br>International<br>Group Limited( HK)<br>Director of Ventec<br>Electronics(HK)<br>Company Limited<br>Director of Ventec<br>Logistics Limited<br>Director of Ventec<br>Electronics<br>Corporation<br>Director and CEO &<br>General Manager<br>of Ventec Europe<br>Limited | —   | —    | —        |
| Director | Tang,<br>Ching-Chou        | Male<br>61~70 | ROC  | 2021.7.30                | 2021.7.30       | 3               | 300,000                      | 0.04 | 300,000                 | 0.04 | —                              | —    | —                                    | —   | Department of Economics,<br>Soochow University<br>General Manager of Lien Hwa  | General Manager<br>of Lien Hwa<br>Industrial Co., Ltd.<br>Chairman of<br>United Industrial<br>Gases Co., Ltd.<br>Chairman of Far<br>Eastern Industrial<br>Gases Co., Ltd.  | —   | —    | —        |

| Title                   | Name               | Gender<br>Age | Nationality<br>or<br>Registration<br>Place | Date<br>First<br>Elected | Date<br>Elected | Term<br>(Years) | Shareholding<br>when elected |     | Current<br>shareholding |     | Spouse & Minor<br>Shareholding |     | Shares held in<br>the name of others |     | Experience ( Education )   | Current jobs<br>with the<br>Company and<br>other companies   | Executives, Directors or<br>Supervisors who are spouses or<br>within two degrees of kinship |      |          |
|-------------------------|--------------------|---------------|--|--------------------------|-----------------|-----------------|------------------------------|-----|-------------------------|-----|--------------------------------|-----|--------------------------------------|-----|--|--|---|------|----------|
|                         |                    |               |  |                          |                 |                 | Shares                       | (%) | Shares                  | (%) | Shares                         | (%) | Shares                               | (%) |  |  | Title   | Name | Relation |
| Independent<br>director | Sheu,<br>Yuan-Kuo  | Male<br>61~70 | ROC  | 2018.6.19                | 2021.7.30       | 3               | —                            | —   | —                       | —   | —                              | —   | —                                    | —   | Doctor of Law, South Carolina<br>State University<br>Master's degree, Graduate Institute<br>of Law, Tulane University<br>Department of Law, Soochow<br>University<br>Legislator<br>Assistant Professor, Risk<br>Management And Insurance<br>Department, Shih Chien University  | Counselor of<br>Direction Law Firm.<br>Assistant<br>Professor, Risk<br>Management And<br>Insurance<br>Department, Shih<br>Chien University | —   | —    | —        |
| Independent<br>director | Chen,<br>Tsung-Hsi | Male<br>51~60 | ROC  | 2018.6.19                | 2021.7.30       | 3               | —                            | —   | —                       | —   | —                              | —   | —                                    | —   | Department of Accounting, Fu Jen<br>Catholic University<br>Master's degree, Graduate Institute<br>of Accounting in-Service Master's<br>Program, Taipei University<br>Assist of CSC Securities<br>Ming Jong Technologies Finance<br>Dep. Manager<br>JSWAY Digital Technology Finance<br>Dep. Director<br>Tsung Fung CPA Office Executive<br>CPA   | Tsung Fung CPA<br>Office Executive<br>CPA  | —   | —    | —        |
| Independent<br>director | Hou,<br>Yu-Tau     | Male<br>51~60 | ROC  | 2018.6.19                | 2021.7.30       | 3               | —                            | —   | —                       | —   | —                              | —   | —                                    | —   | Master's degree, Graduate<br>Institute of Engineering, Brown<br>University<br>Technical Marketing Director of<br>Realtek Semiconductor Corp.<br>Technical Marketing Director of<br>SMC Corporation, Taiwan Branch<br>Vice President Technical<br>Marketing of Giantplus<br>Technology Co., Ltd<br>Vice President for Asia of ASTEC<br>AGENCIES LTD.<br>Chief Operating Officer<br>of Consulting Engineering Ltd. | Chief Operating<br>Officer of<br>Consulting<br>Engineering Ltd.  | —   | —    | —        |

(2) Major shareholders of Ventec's Directors are institutional shareholders

2022/4/19

| Name of Institutional Shareholders | Major Shareholders of the Institutional Shareholders |
|------------------------------------|--|
| Top Master Limited                 | Lao, Kai-Lu (2%)、Lao, Ta-Jung (98%)                  |
| Alpha Victor Limited               | Wang, Yu-Tzu (100%)                                  |

(3) If the major shareholder is an institution, then the major institutional shareholder: None.

(4) Disclosure of information and term on the professional qualifications of directors and the independence of independent directors.

| Qualification<br>Name   | Professional Qualifications And Experience   | Independence Situation | Independent Director of other public companies numbers |
|---|--|------------------------|--|
| <p>Chairman of the Board of Director</p> <p>Top Master Limited</p> <p>Representative: Lao, Kai-Lu</p> | <ul style="list-style-type: none"> <li>➤ Have more than ten years of work experience required by the company's business.</li> <li>➤ Current chairman of the board of directors of this company, Top Master Limited, Supreme Charger International Co., Ltd., and Top Elevation Global Company Limited.</li> <li>➤ Served as a chairman and board of directors and a director of the company for many terms.</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul> | Not available          | -  |
| <p>Director</p> <p>Alpha Victor Limited</p> <p>Representative: Wang, Yu-Tzu</p>                       | <ul style="list-style-type: none"> <li>➤ Have more than ten years of work experience required by the company's business.</li> <li>➤ Current Chairman of Board of Directors of Good Things International Ltd. and Ten Mark Corporation.</li> <li>➤ Served as a director of the company for many terms.</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul>   | Not available          | -  |

| Qualification<br>Name        | Professional Qualifications And Experience   | Independence Situation | Independent Director of other public companies numbers |
|------------------------------|--|------------------------|--|
| Director<br>Chung, Chien-Jen | <ul style="list-style-type: none"> <li>➤ Have more than ten years of work experience required by the company's business.</li> <li>➤ Current CEO and General Manager of the company</li> <li>➤ Served as the CEO and the General Manager of the company for many terms</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul>   | Not available          | -  |
| Director<br>Tang, Ching-Chou | <ul style="list-style-type: none"> <li>➤ Have more than ten years of work experience required by the company's business.</li> <li>➤ Current General Manager of Linde Lienhwa Industrial Gases Co. Ltd., and current Chairman of Board of Directors of United Industrial Gases Co., Ltd. and Far Eastern Industrial Gases Co., Ltd.</li> <li>➤ With the experience of General Manager of Linde Lienhwa Industrial Gases Co. Ltd. for many terms.</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul> | Not available          | -  |



| <div>Qualification</div> <div>Name</div>                  | Professional Qualifications And Experience   | Independence Situation   | Independent Director of other public companies numbers |
|---|--|--|--|
| <div>Independent Director</div> <div>Sheu, Yuan-Kuo</div> | <ul style="list-style-type: none"> <li>➤ Has more than ten years of business, legal work experience required by the company's business.</li> <li>➤ Current Direction International Lawconsultant and the independent director / Auditing Committee Member / Remuneration Committee Member</li> <li>➤ Has been Legislator, Full-time Associate Professor, Department of Risk Management and Insurance of Shih Chien University, and Independent Director / Audit Committee Member / Remuneration Committee Member for many terms</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul> | <ul style="list-style-type: none"> <li>➤ The independent directors of the company meet the requirements of independence.</li> <li>➤ The independent directors themselves, their spouses, and relatives within the second degree do not serve as directors, supervisors or employees of the company or its related companies; they do not hold shares in the company; they do not serve as directors, supervisors or employees of companies that have a specific relationship with the company.</li> <li>➤ In the past two years, there has been no remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates.</li> </ul> | <div>-</div>   |

| <div>Qualification</div> <div>Name</div>                   | Professional Qualifications And Experience   | Independence Situation   | Independent Director of other public companies numbers |
|--|--|--|--|
| <div>Independent Director</div> <div>Chen, Tsung-Hsi</div> | <ul style="list-style-type: none"> <li>➢ Has business, financial, or accounting work experience required by the company's business.</li> <li>➢ Current Tsung Fung CPA Office Accountant and the independent director / Auditing Committee Member / Remuneration Committee Member</li> <li>➢ Has been Enterprise Finance Assistant Manager of the CSC Securities, Financial Department Manager of the Ming Jong Technologies Co., Ltd., Financial and Accounting Associate Manager of the Jsdway Digital Technology Co., Ltd. and Independent Director / Audit Committee Member / Remuneration Committee Member.</li> <li>➢ None of the provisions of Article 30 of the Company Act.</li> </ul> | <ul style="list-style-type: none"> <li>➢ The independent directors of the company meet the requirements of independence.</li> <li>➢ The independent directors themselves, their spouses, and relatives within the second degree do not serve as directors, supervisors or employees of the company or its related companies; they do not hold shares in the company; they do not serve as directors, supervisors or employees of companies that have a specific relationship with the company.</li> <li>➢ In the past two years, there has been no remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates.</li> </ul> | <div>-</div>   |

| <div>Qualification</div> <div>Name</div>               | Professional Qualifications And Experience   | Independence Situation   | Independent Director of other public companies numbers |
|--|--|--|--|
| <div>Independent Director</div> <div>Hou, Yu-Tau</div> | <ul style="list-style-type: none"> <li>➤ Have business, legal, financial, or accounting work experience required by the company's business.</li> <li>➤ Current COO of H&amp;K Consulting Engineering Ltd. and the independent director / Auditing Committee Member / Remuneration Committee Member</li> <li>➤ Has been Technical Marketing Director of Realtek Semiconductor Corp., Technical Marketing VP of Giantplus Technology Co., Ltd., Asia Pacific VP of Astec Agencies Limited Taiwan Branch (H.K.) (Emerson Network Power Business Unit) and Independent Director / Audit Committee Member / Remuneration Committee Member.</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul> | <ul style="list-style-type: none"> <li>➤ The independent directors of the company meet the requirements of independence.</li> <li>➤ The independent directors themselves, their spouses, and relatives within the second degree do not serve as directors, supervisors or employees of the company or its related companies; they do not hold shares in the company; they do not serve as directors, supervisors or employees of companies that have a specific relationship with the company.</li> <li>➤ In the past two years, there has been no remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates.</li> </ul> | <div>-</div>   |

(5) Board of Directors diversity and independence:

a) Board of Directors diversity:

Based on the policy of diversification and strengthening of corporate governance, the company promotes the development of the composition and structure of the board of directors. The nomination of director candidates is based on the nomination system of candidates in accordance with the provisions of the company Charter. Each candidate's academic (experience) qualifications, integrity or relevant professional qualifications are evaluated. After the resolution of the board of directors is passed, it is submitted to the shareholders' meeting for election. The composition of members of Board of Directors is not more than one-third of the number of directors who also serve as managers of the company. The current board of directors of the company consists of 7 directors. The specific management objectives and achievement of the diversity policy of the board of directors are as follows:

| Management Objectivity  | Achievement |
|---|-------------|
| The number of independent directors exceeds one third of the number of directors. | Achieved    |
| Independent Director Terms not exceed for 3 terms.                                | Achieved    |
| Diversified professional knowledge and skills.                                    | Achieved    |

| Name                 |   | Basic Composition |        |          |          |                            | Professional Background |                      |            |        | Professional knowledge and skills |                         |                            |                  |
|----------------------|---|-------------------|--------|----------|----------|----------------------------|-------------------------|----------------------|------------|--------|-----------------------------------|-------------------------|----------------------------|------------------|
|                      |   | Nationality       | Gender | Age      |          | Independent Director Terms | Domain                  | Financial Accounting | Technology | Lawyer | Business Judgment                 | Business Administration | Leadership Decision Making | Domain Knowledge |
|                      |   |                   |        | 51 to 60 | 61 to 70 |                            |                         |                      |            |        |                                   |                         |                            |                  |
| Director             | Top Master Limited Representative: Lao, Kai-Lu    | ROC               | Male   |          | V        |                            | V                       |                      | V          |        | V                                 | V                       | V                          | V                |
|                      | Alpha Victor Limited Representative: Wang, Yu-Tzu | ROC               | Male   |          | V        |                            | V                       |                      | V          |        | V                                 | V                       | V                          | V                |
|                      | Chung, Chien-Jen                                  | ROC               | Male   | V        |          |                            | V                       |                      | V          |        | V                                 | V                       | V                          | V                |
|                      | Tang, Ching-Chou                                  | ROC               | Male   |          | V        |                            | V                       |                      | V          |        | V                                 | V                       | V                          | V                |
| Independent Director | Sheu, Yuan-Kuo                                    | ROC               | Male   |          | V        | V                          | V                       |                      | V          | V      | V                                 | V                       | V                          | V                |
|                      | Chen, Tsung-Hsi                                   | ROC               | Male   | V        |          | V                          | V                       | V                    | V          |        | V                                 | V                       | V                          | V                |
|                      | Hou, Yu-Tau                                       | ROC               | Male   | V        |          | V                          | V                       |                      | V          |        | V                                 | V                       | V                          | V                |

b) The independence of Board of Directors:

The procedures for the selection and appointment of directors of the company are in compliance with the provisions of the company's "Charter", "Regulations for Election of Directors", "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and "Article 14-2 of the Securities and Exchange Act". The composition of the board of directors consists of 3 independent directors (43%) and 4 non-independent directors (57%). The company's board of directors guides the company's strategy, supervises the management level, and is responsible to the company and shareholders. The operation and arrangement of the board of directors are in accordance with the laws, the company's Charter or the resolutions of the shareholders' meeting, etc., according to which the board of directors exercises its functions and powers.

Independent directors also follow relevant laws and regulations, and cooperate with the powers of the Audit Committee to review the management and control of the company's existing or potential risks, so as to supervise the effective implementation of the company's internal control. In addition, according to the company's "Director Election Regulations", the nomination system for directors and independent directors has been established, and shareholders are encouraged to participate. Shareholders who hold a certain number of shares or more can submit a list of candidates. The qualifications of the candidates are reviewed for any violation Confirmation of matters listed in Article 30 of the Company Law, and relevant acceptance operations are carried out in accordance with the law and announced to protect the rights and interests of shareholders and maintain independence. The company has established a performance evaluation system for the board of directors, and conducts the internal self-evaluation of the board of directors and the self-evaluation of director members once a year, at least every three years by an external professional independent organization or a team of external experts and scholars. The evaluation result will be disclosed on the company annual report and website.

## 2.2 President, Vice Presidents, Assistant Vice Presidents, and Chiefs of Units and Branches

2022/4/19; Unit: Shares, %

| Title                      | Name             | Gender | Nationality | Date Effective | Shareholding |      | Shareholding of Spouse&Minor Children |      | Other Positions and Other Companies |      | Curriculumvitae  | Other Positions   | Managers who are Spouses or Within Two Degrees of Kinship |      |              |
|----------------------------|------------------|--------|-------------|----------------|--------------|------|---------------------------------------|------|-------------------------------------|------|--|---|---|------|--------------|
|                            |                  |        |             |                | Share        | (%)  | Share                                 | (%)  | Share                               | (%)  |  |   | Title   | Name | Relationship |
| CEO & General Manager      | Chung, Chien-Jen | Male   | ROC         | 2000.02        | 1,263,623    | 1.77 | 69,848                                | 0.10 | —                                   | —    | Department of Chemical Engineering, Tunghai University.<br>CEO & General Manager of Ventec International Group Co.,Ltd.<br>Founder, CTO, General Manager Ventec International Group<br>R&D Manager Asia Chemical   | Director and CEO & General Manager of Ventec International Group Co.,Ltd.<br>Director of Ventec International Group Limited( HK)<br>Director of Ventec Electronics(HK) Company Limited<br>Director of Ventec Logistics Limited<br>Director of Ventec Electronics Corporation<br>Director and CEO & General Manager of Ventec Europe Limited | —   | —    | —            |
| Vice GM of Oversea Company | Mark Ian Goodwin | Male   | Britain     | 2007.02        | —            | —    | —                                     | —    | 120,000                             | 0.17 | The Open University Professional Diploma In Management<br>Isola Group Sales Manager UK and Ireland<br>IsolaGroup Commercial Manager<br>BTR UK Sales Director<br>Vente International Group<br>GeneralManager Europe<br>Ventec International Group<br>ChiefOperating Officer | Director of Ventec Europe Limited<br>Director of Ventec Central Europe GmbH   | —   | —    | —            |

| Title                                       | Name            | Gender | Nationality | Date Effective | Shareholding |      | Shareholding of Spouse&Minor Children |     | Other Positions and Other Companies |      | Curriculumvitae   | Other Positions                            | Managers who are Spouses or Within Two Degrees of Kinship |      |              |
|---|-----------------|--------|-------------|----------------|--------------|------|---------------------------------------|-----|-------------------------------------|------|---|--|---|------|--------------|
|   |                 |        |             |                | Share        | (%)  | Share                                 | (%) | Share                               | (%)  |   |  | Title   | Name | Relationship |
| GM of Ventec Europe Ltd.                    | Anthony Jackson | Male   | Britain     | 2019.11        | —            | —    | —                                     | —   | —                                   | —    | Derby Grammar School, Bury, Lancashire<br>Invotec Circuits Product Assurance Manager & Technical Manger<br>DDI Thomas-Walter Operations Director  | —  | —   | —    | —            |
| GM of Ventec Central Europe GmbH.           | Frank Lorentz   | Male   | Germany     | 2018.08        | —            | —    | —                                     | —   | 5,000                               | 0.01 | IHK Mainz, Supply chain Management<br>A&O Production Manager<br>FAZ group Supply Chain Manager  | —  | —   | —    | —            |
| Head of Global OEM Marketing and Technology | Didier Mauve    | Male   | France      | 2014.01        | —            | —    | —                                     | —   | 167,258                             | 0.23 | Chief Operating Officer of DCM Technology<br>Deglorges Elektronik, PCB Division PCB Division<br>Director& Managing Director<br>ISOLA Ingenieur  | Chief Operating Officer of DCM Technology  | —   | —    | —            |
| Global Head IMS Technology                  | Chris Hanson    | Male   | USA         | 2018.08        | —            | —    | —                                     | —   | 10,000                              | 0.01 | Bachelor Degree Business Management<br>Henkel Corp, Global Sales Director<br>Thermal Clad (IMS)   | —  | —   | —    | —            |
| Vice President of Sale                      | Chiu, Chiao Wei | Male   | ROC         | 2019.08        | 3,000        | 0.00 | —                                     | —   | —                                   | —    | Department of Chemical Engineering, Ming Xin Industrial College<br>Sales assistant manager of Lianzhi Technology CO.,LTD.<br>Sales section supervisor of Hong Tai Electric.<br>Sales Engineer Asia Chemical | Director of Ventec Electronics Corporation | —   | —    | —            |

| Title                   | Name          | Gender | Nationality | Date Effective | Shareholding |      | Shareholding of Spouse&Minor Children |     | Other Positions and Other Companies |     | Curriculumvitae   | Other Positions | Managers who are Spouses or Within Two Degrees of Kinship |      |              |
|-------------------------|---------------|--------|-------------|----------------|--------------|------|---------------------------------------|-----|-------------------------------------|-----|---|-----------------|---|------|--------------|
|                         |               |        |             |                | Share        | (%)  | Share                                 | (%) | Share                               | (%) |   |                 | Title   | Name | Relationship |
| Chief Financial Officer | Tu, Jennifer  | Female | ROC         | 2018.07        | —            | —    | —                                     | —   | —                                   | —   | Master's degree, Graduate Institute of Finance in-Service, College of Management, National Taiwan University.<br>University of Illinois Urbana-Champaign MSA.<br>Department of Accounting, National Taiwan University.<br>Chief Financial Officer & Spokesperson of DR.WU SKINCARE CO., LTD<br>Chief Financial Officer in Asia of Fletcher Building NZ.<br>Audit Assistant of Deloitte & Touche | —               | —   | —    | —            |
| Sale Director           | Lee, Yu Ming  | Male   | ROC         | 2012.04        | 2,000        | 0.00 | —                                     | —   | —                                   | —   | Master's Chemical degree, Graduate National Taiwan University<br>— Researcher Asia Chemical<br>Sales Supervisor of EMC<br>R&D Manager Tripod Technology Corporation   | —               | —   | —    | —            |
| Purchasing Director     | Sung, Han Lin | Male   | ROC         | 2009.09        | —            | —    | —                                     | —   | —                                   | —   | Department of Business Administration, Zhongyuan University<br>— Manager of Asia Chemical<br>Vice President, Dali Technology  | —               | —   | —    | —            |



| Title               | Name            | Gender | Nationality | Date Effective | Shareholding |      | Shareholding of Spouse&Minor Children |     | Other Positions and Other Companies |     | Curriculumvitae   | Other Positions | Managers who are Spouses or Within Two Degrees of Kinship |      |              |
|---------------------|-----------------|--------|-------------|----------------|--------------|------|---------------------------------------|-----|-------------------------------------|-----|---|-----------------|---|------|--------------|
|                     |                 |        |             |                | Share        | (%)  | Share                                 | (%) | Share                               | (%) |   |                 | Title   | Name | Relationship |
| Assistant Manager   | Tseng, Yu-Ting  | Female | ROC         | 2012.03        | 2,000        | 0.00 | —                                     | —   | —                                   | —   | Department of Accounting, Fu Jen Catholic University<br>Financial Senior Manager of Optimax Technology Corporation<br>Chief Audit Officer& Financial Manager of Asia Chemical | —               | —   | —    | —            |
| Chief Audit Officer | Chou, Hung Kung | Male   | ROC         | 2019.05        | —            | —    | —                                     | —   | —                                   | —   | Department of Accounting, Tamkang University.<br>Audit Assistant of Deloitte & Touche.<br>Chief Audit Officer of For Land Auto Trade Holding Co. Ltd.                         | —               | —   | —    | —            |

### 3、Remunerations paid to directors, supervisors, general managers and vice general managers in recent years

#### 3.1 Remuneration of directors (including independent directors)

Unit: NT\$ thousands

| Title    | Name                         | Remuneration          |  |                   |  |                            |  |                |  | Amount and Ratio of Total Remuneration (A+B+C+D) and proportion of Net Income (%) |  | Relevant Remuneration Received by Directors Who are Also Employees |  |                  |  |                           |  |             |  | Amount and Ratio of Total Remuneration (A+B+C+D) and proportion of Net Income (%) |        | Remuneration Received from invested companies other than subsidiaries or the parent company |   |
|----------|------------------------------|-----------------------|--|-------------------|--|----------------------------|--|----------------|--|---|--|--|--|------------------|--|---------------------------|--|-------------|--|---|--------|---|---|
|          |                              | Base Compensation( A) |  | Severance Pay (B) |  | Directors Compensation (C) |  | Allowances (D) |  |   |  | Salary, Bonuses, andAllowances (E)                                 |  | Severance Pay(F) |  | Employee Compensation (G) |  |             |  |   |        |   |   |
|          |                              | The company           | All companies in the consolidated financial report | The company       | All companies in the consolidated financial report | The company                | All companies in the consolidated financial report | The company    | All companies in the consolidated financial report | The company   | All companies in the consolidated financial report | The company  | All companies in the consolidated financial report | The company      | All companies in the consolidated financial report | The company               | All companies in the consolidated financial report | The company | All companies in the consolidated financial report |   |        |   |   |
| Chairman | Top Master Limited           | -                     | -  | -                 | -  | 18,701                     | 18,701   | 42             | 42   | 18,743  | 18,743   | 12,425   | 15,647   | -                | -  | 14,095                    | -  | 14,095      | -  | 45,263  | 48,486 | 5.86%   | - |
|          | Representative: LAO, Kai- Lu |                       |  |                   |  |                            |  |                |  |   |  |  |  |                  |  |                           |  |             |  |   |        |   |   |
| Director | Alpha Victor Limited         |                       |  |                   |  |                            |  |                |  |   |  |  |  |                  |  |                           |  |             |  |   |        |   |   |
|          | Representative: Wang, Yu-Tzu |                       |  |                   |  |                            |  |                |  |   |  |  |  |                  |  |                           |  |             |  |   |        |   |   |
| Director | Chung, Chien-Jen             |                       |  |                   |  |                            |  |                |  |   |  |  |  |                  |  |                           |  |             |  |   |        |   |   |
| Director | Tang,Ching-Chou              |                       |  |                   |  |                            |  |                |  |   |  |  |  |                  |  |                           |  |             |  |   |        |   |   |

| Title                | Name            | Remuneration          |  |                   |  |                            |  |                |  | Amount and Ratio of Total Remuneration (A+B+C+D) and proportion of Net Income (%) |  | Relevant Remuneration Received by Directors Who are Also Employees |  |                  |  |                           |  |             |  | Amount and Ratio of Total Remuneration (A+B+C+D) and proportion of Net Income (%) |             | Remuneration Received from invested companies other than subsidiaries or the parent company |
|----------------------|-----------------|-----------------------|--|-------------------|--|----------------------------|--|----------------|--|---|--|--|--|------------------|--|---------------------------|--|-------------|--|---|-------------|---|
|                      |                 | Base Compensation (A) |  | Severance Pay (B) |  | Directors Compensation (C) |  | Allowances (D) |  |   |  | Salary, Bonuses, and Allowances (E)                                |  | Severance Pay(F) |  | Employee Compensation (G) |  |             |  |   |             |   |
|                      |                 | The company           | All companies in the consolidated financial report | The company       | All companies in the consolidated financial report | The company                | All companies in the consolidated financial report | The company    | All companies in the consolidated financial report | The company   | All companies in the consolidated financial report | The company  | All companies in the consolidated financial report | The company      | All companies in the consolidated financial report | The company               | All companies in the consolidated financial report | The company | All companies in the consolidated financial report |   |             |   |
| Independent Director | Sheu, Yuan-Kuo  | 2,520                 | 2,520  | -                 | -  | -                          | -  | 36             | 36   | 2,556 -   | 2,556 0.31%  | -  | -  | -                | -  | -                         | -  | -           | -  | 2,556 -   | 2,556 0.31% | -   |
|                      | Chen, Tsung-His |                       |  |                   |  |                            |  |                |  |   |  |  |  |                  |  |                           |  |             |  |   |             |   |
|                      | Hou, Yu-Tau     |                       |  |                   |  |                            |  |                |  |   |  |  |  |                  |  |                           |  |             |  |   |             |   |

Note: The allocation of earnings for 2021 was approved by the resolution of the Board of Directors on March 4, 2022 with the allocation of directors' remuneration of US \$668 thousand and employees' remuneration of US \$3,355 thousand and submitted to the 2022 Regular shareholders' Report.

Table of range of remuneration

| Range of Remuneration Paid to Each Director | Name of Director   |  |  |  |
|---|--|--|--|--|
|   | Total (A+B+C+D)  |  | Total (A+B+C+D+E+F+G)  |  |
|   | The company  | All Consolidated Entities  | The company  | All Consolidated Entities  |
| <\$1,000,000                                | Sheu, Yuan-Kuo、Chen,Tsung-Hsi、Hou,Yu-Tau                               | Sheu, Yuan-Kuo、Chen,Tsung-Hsi、 Hou,Yu-Tau                              | Sheu, Yuan-Kuo、Chen,Tsung-Hsi、 Hou,Yu-Tau                              | Sheu, Yuan-Kuo、Chen,Tsung-Hsi、 Hou,Yu-Tau                              |
| \$1,000,000 ~<\$2,000,000                   | Alpha Victor Limited<br>(Representative:Wang, Yu-Tzu) Tang,Ching-Chou  | Alpha Victor Limited<br>(Representative:Wang, Yu- Tzu) Tang,Ching-Chou | Alpha Victor Limited<br>(Representative:Wang, Yu- Tzu) Tang,Ching-Chou | Alpha Victor Limited<br>(Representative:Wang, Yu- Tzu) Tang,Ching-Chou |
| \$2,000,000~<\$3,500,000                    | -  | -  | -  | -  |
| \$3,500,000 ~<\$5,000,000                   | -  | -  | -  | -  |
| \$5,000,000 <\$10,000,000                   | Top Master Limited<br>(Representative: Lao, Kai- Lu) 、Chung, Chien-Jen | Top Master Limited<br>(Representative: Lao, Kai- Lu) 、Chung, Chien-Jen | -  | -  |
| \$10,000,000 <\$15,000,000                  | -  | -  | Top Master Limited<br>(Representative: Lao, Kai- Lu)                   | Top Master Limited<br>(Representative: Lao, Kai- Lu)                   |
| \$15,000,000 <\$30,000,000                  | -  | -  | Chung, Chien-Jen   | Chung, Chien-Jen   |
| \$30,000,000<\$50,000,000                   | -  | -  | -  | -  |
| \$50,000,000 <\$100,000,000                 | -  | -  | -  | -  |
| \$100,000,000 or higher                     | -  | -  | -  | -  |
| Total                                       | 7 persons  | 7 persons  | 7 persons  | 7 persons  |

\* The information on the remuneration disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

### 3.2 Remuneration of supervisors: N/A.

### 3.3 Remuneration paid to President, Senior Vice President, and Vice President

Unit: NT\$ thousands

| Title                                       | Name             | Salary<br>(A)  |  | Severance<br>Pay<br>(B) |  | Bonus and<br>allowance<br>(C) |  | Profit Sharing- Employee Bonus (D) |       |   |       | Amount and Ratio of<br>Total<br>Compensation<br>(A+B+C+D) and<br>proportion of Net<br>Income (%) |  | Remuneration received from invested companies other than subsidiaries or the parent company |
|---|------------------|----------------|--|-------------------------|--|-------------------------------|--|------------------------------------|-------|---|-------|--|--|---|
|   |                  | The<br>Company | Companies<br>in the<br>consolidated<br>financial<br>statements | The<br>Company          | Companies<br>in the<br>consolidated<br>financial<br>statements | The<br>Company                | Companies<br>in the<br>consolidated<br>financial<br>statements | The<br>Company                     |       | Companies in the<br>Consolidated<br>financial<br>statements |       | The<br>Company   | Companies<br>in the<br>consolidated<br>financial<br>statements |   |
|   |                  |                |  |                         |  |                               |  | Cash                               | Stock | Cash  | Stock |  |  |   |
| CEO & General Manager                       | Chung, Chien-Jen | 2,887          | 36,352   | -                       | -  | 9,224                         | 14,141   | 32,516                             | -     | 32,516  | -     | 44,627<br>-  | 83,009<br>10.03%   | -   |
| Vice GM of Oversea Company                  | Marklan Goodwin  |                |  |                         |  |                               |  |                                    |       |   |       |  |  |   |
| GM of Ventec Europe Ltd.                    | Anthony Jackson  |                |  |                         |  |                               |  |                                    |       |   |       |  |  |   |
| GM of Ventec Central Europe GmbH.           | Frank Lorentz    |                |  |                         |  |                               |  |                                    |       |   |       |  |  |   |
| Head of Global OEM Marketing and Technology | Didier Mauve     |                |  |                         |  |                               |  |                                    |       |   |       |  |  |   |
| Global Head IMS Technology                  | Chris Hanson     |                |  |                         |  |                               |  |                                    |       |   |       |  |  |   |
| Vice President of Sale                      | Chiu, Chiao Wei  |                |  |                         |  |                               |  |                                    |       |   |       |  |  |   |
| Sale Director                               | Lee,Yu Ming      |                |  |                         |  |                               |  |                                    |       |   |       |  |  |   |
| Purchasing Director                         | Sung,Han Lin     |                |  |                         |  |                               |  |                                    |       |   |       |  |  |   |

Table of range of remuneration

| Bracket of compensation to<br>respective president or vice president | Names of Presidents and Vice Presidents |   |
|--|---|---|
|  | The company                             | Companies in the<br>consolidated<br>financial statements  |
| <\$1,000,000   | Anthony Jackson 、 Chris Hanson          | -   |
| \$1,000,000～<\$2,000,000   | Frank Lorentz 、 Didier Mauve            | -   |
| \$2,000,000～<\$3,500,000   | Chiu, Chiao Wei 、 Sung, Han Lin         | -   |
| \$3,500,000～<\$5,000,000   | Lee,Yu Ming                             | Anthony Jackson   |
| \$5,000,000～<\$10,000,000  | Mark Ian Goodwin                        | Frank Lorentz 、 Didier Mauve 、<br>Chris Hanson 、 Chiu, Chiao Wei 、<br>Lee,Yu Ming 、 Sung, Han Lin |
| \$10,000,000～<\$15,000,000   | Chung, Chien-Jen                        | -   |
| \$15,000,000～<\$30,000,000   | -                                       | Chung, Chien-Jen 、 Mark Ian Goodwin   |
| \$30,000,000～<\$50,000,000   | -                                       | -   |
| \$50,000,000～<\$100,000,000  | -                                       | -   |
| \$100,000,000 or higher  | -                                       | -   |
| Total  | 9 persons                               | 9 persons   |

\* The information on the remuneration disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

3.4 If a listed company has the following circumstances, it shall disclose the compensation of the first five top management individually: Not applicable since the following circumstances are not observed.

- 1) Parent company only or individual financial statements in the last three years have shown after-tax losses: None.
- 2) Listed companies whose results of the most recent corporate governance assessment are at lowest level: Not

3.5 Names of managers determining employees' compensation and distribution status

Unit: NT\$ thousands

| Title                                       | Name             | Stock | Cash   | Total  | Ratio of Total Amount to Net Income (%) |
|---|------------------|-------|--------|--------|---|
| CEO & General Manager                       | Chung, Chien-Jen | -     | 43,492 | 43,492 | 5.25%                                   |
| Vice GM of Oversea Company                  | Mark Ian Goodwin |       |        |        |   |
| CFO   | Tu, Jennifer     |       |        |        |   |
| GM of Ventec Europe Ltd.                    | Anthony Jackson  |       |        |        |   |
| GM of Ventec Central Europe GmbH.           | Frank Lorentz    |       |        |        |   |
| Head of Global OEM Marketing and Technology | Didier Mauve     |       |        |        |   |
| Global Head IMS Technology                  | Chris Hanson     |       |        |        |   |
| Vice President of Sale                      | Chiu, Chiao Wei  |       |        |        |   |
| Sale Director                               | Lee, Yu Ming     |       |        |        |   |
| Purchasing Director                         | Sung, Han Lin    |       |        |        |   |
| Assistant Manager                           | Tseng, Yu-Ting   |       |        |        |   |

3.6 Provide a comparative explanation and analysis for total remuneration paid to the Company' Directors, Supervisors, Presidents, and Vice Presidents in the most recent two years as a percentage of net income after tax of any entity or individual financial statements as stated in the Company's financial statements and consolidated financial statements, and the effects of the remuneration policy, standards, and combinations, the processes and procedures for determination of remuneration, and relation to operational efficacy and future risks.

- (1) 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        |  |
|--|-------------|--|-------------|--|
|  | The company | All Companies listed in this consolidate | The company | All companies listed in this consolidate |
| Directors  | 10,244      | 10,244                                   | 21,299      | 21,299                                   |
| Ratio of total remuneration paid to directors                      | -           | 2.74                                     | -           | 2.57                                     |
| Supervisors  | -           | -  | -           | -  |
| Ratio of total remuneration paid to supervisors                    | -           | -  | -           | -  |
| Presidents and Vice Presidents                                     | 13,917      | 51,265                                   | 44,627      | 83,009                                   |
| Ratio of total remuneration paid to presidents and vice presidents | -           | 13.73                                    | -           | 10.03                                    |

- (2) Policies, standards and combinations of remuneration, procedures for determining remuneration and their relationship with business performance and future risks. The company's remuneration policy is stipulated in the company's Charter. If the company makes a profit in the current year, it will allocate 5%-10% as employee remuneration and allocate no more than 2% as director's remuneration for distribution to directors. However, when the company still has accumulated losses, it should reserve the amount in advance to make up for it; The procedures for the company's directors and managers to determine remuneration are based on the "Remuneration Regulations for Directors and Managers" and other norms as the basis for evaluation.

The independent directors of the company perform business independently and participate in corporate governance based on their responsibilities, and receive fixed remuneration. Directors' remuneration is only given in cash, and is allocated according to the company's operating performance, future operations and consideration of industry standards, and according to its participation in the company's operations and the value of its contribution.

The appointment, dismissal and remuneration of managers are handled in accordance with the company's regulations and approved by the board of directors. The overall remuneration package mainly includes salary, bonus, employee remuneration and benefits. Salary market, company operation status, and adjust according to the industry's salary level and industrial prosperity, and then according to the value of participation and contribution to the company's operation and the achievement rate of work goals, support managers' salary to maintain the overall competition of human assets to ensure the company's operational performance.

The company has set up a compensation and remuneration committee. The performance appraisal of directors and managers and the rationality of their remuneration are regularly reviewed and evaluated by the Remuneration Committee, and adjusted according to the operating conditions and relevant laws and regulations. The amount of remuneration distribution for directors and managers in 2021 will be decided by the board of directors after deliberation by the compensation and remuneration committee. The company pays the remuneration of directors and managers. In addition to considering the company's future operational development and operational risks, the company has also comprehensively considered the amount of remuneration, payment methods and the company's future risk matters, and at the same time evaluates the positive correlation with its operating performance, in order to seek balance between sustainable operation and risk control.



#### 4、Corporate Governance:

##### 4.1 Board Meetings' Implementation Status:

A total of 7 meetings of the board of directors were held in 2021. Director attendance was as follows:

| Title                | Name  | Times actually attending (B) | Times in Attendance by Proxy | Actual Attendance rate(%) (B/A) | Remarks  |
|----------------------|---|------------------------------|------------------------------|---------------------------------|--|
| Chairman             | Top Master Limited Representative: Lao, Kai- Lu   | 7                            | 0                            | 100.00%                         | The election for the Board was eligible for re-appointment on July 30, 2021. |
| Director             | Alpha Victor Limited Representative: Wang, Yu-Tzu | 7                            | 0                            | 100.00%                         | The election for the Board was eligible for re-appointment on July 30, 2021. |
| Director             | Chung, Chien- Jen                                 | 7                            | 0                            | 100.00%                         | The election for the Board was eligible for re-appointment on July 30, 2021. |
| Director             | Tang, Ching-Chou                                  | 3                            | 1                            | 75.00%                          | The election for the Board was eligible for appointment on July 30, 2021.    |
| Independent Director | Sheu, Yuan- Kuo                                   | 7                            | 0                            | 100.00%                         | The election for the Board was eligible for re-appointment on July 30, 2021. |
| Independent Director | Hou, Yu-Tau                                       | 7                            | 0                            | 100.00%                         | The election for the Board was eligible for re-appointment on July 30, 2021. |
| Independent Director | Chen, Tsung-Hsi                                   | 7                            | 0                            | 100.00%                         | The election for the Board was eligible for re-appointment on July 30, 2021. |

Other required disclosure:

- 1 .If any of the following circumstances occurs in the operation of the Board of Directors, the date, period, content of the motions, the opinions of all independent directors, and the Company's handling of independent directors' opinions shall be stated:

(1) Items listed in Article 14-3 of the Securities and Exchange Act:

| Date/Term of the Board meeting                 | Content of motion  | All independents directors' opinion and the Company's response to independent directors' opinion |
|--|--|--|
| The 22 th meeting of the 4th Term<br>2021.3.12 | <ol style="list-style-type: none"> <li>1.2020Business Report and Financial Statement.</li> <li>2.2020 Internal Control Statement.</li> <li>3.2020 Distribution Proposal of Directors' Remuneration and Employee Bonus</li> <li>4. Review of the company's annual compensation assessment for directors in 2020</li> <li>5. Election of all of the Company's directors.</li> <li>6. To release the directors and representatives of corporate directors from the competition restrictions.</li> </ol>   | Approved by all independent directors in attendance  |
| The 23 th meeting of the 4th Term<br>2021.5.7  | <ol style="list-style-type: none"> <li>1. 2020 Earnings Distribution Proposal</li> <li>2. Nomination and review of candidates for directors (including independent directors) by the board of directors</li> <li>3. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at CitiBank.</li> <li>4. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CitiBank Taipei.</li> <li>5. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Co., Ltd.and petition for approval</li> <li>6. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Co., Ltd. at CTBC Bank.</li> <li>7. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CTBC Bank.</li> </ol> | Approved by all independent directors in attendance  |
| The 2 th meeting of the 5th Term<br>2021.8.16  | <ol style="list-style-type: none"> <li>1. The company's earnings allocation plan for the first half of 2021</li> <li>2. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CitiBank Taipei.</li> </ol>   | Approved by all independent directors in attendance  |
| The 3 th meeting of the 5th Term<br>2021.11.5  | <ol style="list-style-type: none"> <li>1. Applied for provision of an endorsement/guarantee by the Company for the subsidiary Ventec International Group Limited(HK)for the subsidiary Ventec Europe Ltd.</li> <li>2. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd.and Ventec Electronics Corporation at Taishin Bank Taipei.</li> </ol>   | Approved by all independent directors in attendance  |

| Date/Term of the Board meeting                | Content of motion   | All independents directors' opinion and the Company's response to independent directors' opinion |
|---|---|--|
| The 4 th meeting of the 5th Term<br>2021.11.5 | 1. Approval of the company's audit plan for 2021<br>2. The company's certified accountant appointment independence evaluation | Approved by all independent directors in attendance  |

(2) Other than the matters mentioned above, other resolutions on which the Independent Directors have dissenting opinions or qualified opinions, and for which there are written records or statements of the Board's decisions thereon: None

2、If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:

(1) During the discussion of directors' remuneration distribution in the meeting of the board of directors on March 12, 2021. The directors did not participate in the voting process to avoid conflict of interest When they talk about individuals. The other directors present and passed the case without objection.

(2) During the discussion of evaluation results of the performance of managerial officers 、 bonuses and the distribution of the surplus in the meeting of the board of directors on May 7, 2021. CEO Chung, Chien- Jen did not participate in the voting process in accordance with the Rules of Procedure of the Board of Directors' Meetings to avoid conflict of interest and the chairman consulted the other directors present and passed the case without objection.

3. Implementation of self-evaluations by the Company's Board of Directors:

| Evaluation cycle | Evaluation period   | Scope of evaluation  | Evaluation method                           | Evaluation items  |
|------------------|---|----------------------|---|---|
| Once A year      | Performance evaluation for January 1, 2021 to December 31, 2021 | Board of Directors   | Internal evaluation of the board            | 1. Participation in the operation of the company.<br>2. Improvement of the quality of the board of director s' decision making.<br>3. Composition and structure of the board of directors<br>4. Selection and continuing education of directors.<br>5. Internal control   |
| Once A year      | Performance evaluation for January 1, 2021 to December 31, 2021 | Individual Directors | self-evaluation by individual board members | 1. Board members' performance evaluation.<br>2. Alignment of the goals and missions of the Company<br>3. Awareness of the duties of a director.<br>4. Participation in the operation of the Company,<br>5. Management of internal relationship and communication, the director's professionalism and continuing.<br>6. Internal control |

|                |  |                         |  |   |
|----------------|--|-------------------------|--|---|
| Once<br>A year | Performance<br>evaluation for<br>January 1,<br>2021<br>to December<br>31, 2021 | Functional<br>Committee | Self-<br>evaluation<br>by the<br>Committee | 1.The committee's performance evaluation.<br>2.Participation in the operation of the Company.<br>3.Awareness of the duties of the committee.<br>4.Quality of the committee's decision making,<br>position and appointment of the committee.<br>5.Internal control |
|----------------|--|-------------------------|--|---|

4.Targets for strengthening the functions of the Board of Directors (such as establishing an Audit Committee and enhancing information transparency) in the current and the most recent fiscal year and assessing implementation there of:

- (1) In addition to providing relevant laws and regulations to directors and supervisors whenever necessary, the Company shall report the Company's current business status to directors and supervisors at the time of the board meeting, and prepare related information and assign personnel for directors' and supervisors' inquiry.
- (2) The Company actively provides information on various types of continuous education courses and encourages directors and supervisors to participate in various corporate governance courses, or the Company irregularly holds such courses, in order to strengthen the competencies of the Board members. In 2021, 7 directors received continuing education for a total of 48 hours.
- (3) In order to implement corporate governance and enhance the function of the Board of Directors for the purpose of establishing performance targets and strengthening the efficiency of the Board of Directors, the Company completed the enactment of the "Regulations Governing the Board Performance Evaluation" on April 24, 2018, and performs the assessment at the beginning of each year. After evaluation, the achievement rate was over 95% and the evaluation result was "Exceeding Standards" in 2021; it was reported to the Board meeting on March 4, 2022.

#### 5. External Performance Assessment for the Board of Directors

In 2021, the company first appointed the Taiwan Investor Relations Institute (TIRI). This independent organization has no business relationship with the company, to evaluate the effectiveness of the board's performance evaluation from January 1, 2021, to December 31, 2021. The institution appointed three evaluation experts to evaluate the operating performance of the board of directors through questionnaires and on-site interviews in terms of the composition and professional development of the board of directors, decision-making quality, operational effectiveness, internal control and risk management and the degree of the board's participation in corporate social responsibility. The company has obtained professional and objective evaluation results and suggestions through the review of professional institutions and the guidance and communication of evaluation committees and has reported the evaluation results to the board of directors on March 4, 2022.

#### (4) The overall remarks for the assessment report

The composition of the board of directors has a balanced internal and external director structure and independent director seats. The board members have rich experience and diverse professional skills. Their professional backgrounds include business management, industrial technology, academic and financial law, etc., which are in line with the company's

development needs; in addition to the quarterly board meeting, provide information on the company's business operations to board members from time to time, such as business operations, performance achievement and development may face risks, etc., to assist directors to supervise the company's operating status and strategy implementation in a timely manner.

(5) Improvement Suggestion and Future Improvement Plan

| Item | Assessment Report Suggestions  | The planed measures of the company   |
|------|--|--|
| 1    | Fulfilling the company's corporate social responsibility well, planning and preparing a corporate social responsibility report       | The company will gradually plan related operations to fulfill its corporate social responsibility and expose the company's philosophy and practices for sustainable management.  |
| 2    | Implementation of ESG-related projects, depending on the implementation status, report to the board of directors in appropriate time | In the future, the board of directors can integrate ESG issues into discussions in major decision-makings, continue to deepen corporate governance, enhance the sustainable development of enterprises, and strengthen competitiveness.  |
| 3    | Establish multi-directional communication channels to strengthen the interaction and management of stakeholders                      | The company will plan to set up corresponding contact windows according to different types of stakeholders, to smoothen the communication channels, to timely understand and respond to the opinions of stakeholders.  |
| 4    | Enhancing the diversity of board members   | At present, the composition of the board of directors is diverse and the operation is smooth and the business performance is good. While maintaining the current operation situation, considering adding female directors or independent directors in the future, it can also strengthen the operations of corporate governance.   |
| 5    | Set up a Corporate Governance Officer  | The company will set up a corporate governance officer.  |
| 6    | Planning diversified courses for board members   | The company will plan a variety of advanced training courses for board members. In addition to at least six hours of advanced education per person per year according to the regulations, additional training hours will be added and courses related to corporate governance topics such as finance, risk management and corporate social responsibility will be selected to assist directors in obtaining the new knowledge to keep pace with the times, and to effectively implement the corporate governance system. |
| 7    | Strengthen the communication between the board of directors and the management team  | Strengthen the communication platform between directors and the management team. In addition to enhancing mutual interaction, directors who are not involved in day-to-day operations can better understand the implementation of the company's operating strategies.  |

#### 4.2 Operational status of the Audit Committee or Supervisors' Participation in the Board Meetings:

The Company's Audit Committee held 6 meetings (A) in the most recent year of 2021. The attendance (presence) of Audit Committee members was as follows:

| Title                | Name            | Times actually attending (B) | Times in Attendance by Proxy | Actual attendance rate (%) (B/A) | Remarks   |
|----------------------|-----------------|------------------------------|------------------------------|----------------------------------|---|
| Independent Director | Sheu, Yuan-Kuo  | 5                            | 0                            | 100.00%                          | The election for the Board was eligible for re-appointment on July30, 2021. |
| Independent Director | Chen, Tsung-Hsi | 5                            | 0                            | 100.00%                          | The election for the Board was eligible for re-appointment on July30, 2021  |
| Independent Director | Hou, Yu-Tau     | 5                            | 0                            | 100.00%                          | The election for the Board was eligible for re-appointment on July30, 2021. |

Other required disclosure:

1. If any of the following circumstances occur, the dates of meetings, Terms, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:.

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

| Date/Term of the Audit Committee              | Content of motion  | Independent director's opinions or objections | Resolution of the Audit Committee                        | The Company's response to the opinion of the Audit Committee   |
|---|--|---|--|--|
| 2021.3.12<br>The 20th meeting of the 1th Term | 1.2020 Business Report and Financial Statement.<br>2.2020Internal Control Statement. | None  | Approved by all Committee Members present inthe meeting. | Submitted the 22th meeting of the 4th Term of the Board of Directors for resolution and proceed in accordance with the resolution of the Board |

| Date/Term of the Audit Committee             | Content of motion   | Independent director's opinions or objections | Resolution of the Audit Committee                         | The Company's response to the opinion of the Audit Committee   |
|--|---|---|---|--|
| 2021.5.7<br>The 21th meeting of the 1th Term | 1. Approval of 2021 Q1 Consolidated Financial Statement.<br>2. 2020 Earnings Distribution Proposal<br>3. Approval of provision of an endorsement /guarantee by the Company for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at CitiBank.<br>4. Approval of provision of an endorsement /guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CitiBank Taipei.<br>5. Approval of provision of an endorsement /guarantee by the Company for the subsidiary Ventec Electronics Co., Ltd. and petition for approval<br>6. Approval of provision of an endorsement /guarantee by the Company for the subsidiary Ventec Electronics Co., Ltd. at CTBC Bank.<br>7. Approval of provision of an endorsement /guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CTBC Bank.<br>8. Credit line renewal for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at Industrial and Commercial Bank | None  | Approved by all Committee Members present in the meeting. | Submitted the 23th meeting of the 4th Term of the Board of Directors for resolution and proceed in accordance with the resolution of the Board |

|  |   |  |  |  |   |
|--|---|--|--|--|---|
|  |   | of China.<br>9. Credit line renewal for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at China Construction Bank.   |  |  |   |
|  | 2021.8.16<br>The 1st meeting of the 2th Term  | 1. The company's earnings allocation plan for the first half of 2021<br>2. Approval of 2021 Q2 consolidated financial statement.<br>3. Approval of provision of an endorsement /guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CitiBank Taipei.  |  |  | Submitted the 2th meeting of the 5th Term of the Board of Directors for resolution and proceed in accordance with the resolution of the Board |
|  | 2021.11.5<br>The 2th meeting of the 2th Term  | 1. Approval of 2021 Q3 Consolidated Financial Statement.<br>2. Applied for provision of an endorsement /guarantee by the Company for the subsidiary Ventec International Group Limited(HK) for the subsidiary Ventec Europe Ltd.<br>2. Approval of provision of an endorsement /guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. and Ventec Electronics Corporation at Taishin Bank Taipei. |  |  | Submitted the 3th meeting of the 5th Term of the Board of Directors for resolution and proceed in accordance with the resolution of the Board |
|  | 2021.12.17<br>The 3th meeting of the 2th Term | 1. Approval of the company's audit plan for 2022<br>2. The company's certified accountant appointment independence evaluation  |  |  | Submitted the 4th meeting of the 5th Term of the Board of Directors for resolution and proceed in accordance with the resolution of the Board |



(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None

2、 If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified : None.

3、 Communications between the independent directors, the Company's Chief Internal Auditor and CPAs:

(1) Independent directors and internal audit supervisors may usually contact each other by email, telephone or meeting at any time as necessary. Department, if there are major abnormalities, meetings can be convened at any time, and the communication channels are diversified and smooth; The head of the department's audit will deliver the audit report or follow-up report of the previous month to each independent director for inspection. The necessity of reporting is given to give a response or opinion. There are no major abnormalities in the 2021 audit results, and the independent directors have no objections.

| Meeting and Date | Communication Matters  | Communication Method                                  | Result  |
|------------------|--|---|---|
| 2021/3/12        | 1. The internal audit report for the fourth quarter of 2020<br><br>2. The Internal Control System Statement for 2020 | Participate in the report and discuss related issues. | 1. It has been fully communicated and reported reviewed by the Audit Committee.<br>2. The Independent director didn't make any recommendation.  |
| 2021/5/7         | The internal audit report for the 1st quarter of 2021.   | Participate in the report and discuss related issues. | 1. It has been fully communicated and reported reviewed by the Audit Committee.<br>2. The Independent director didn't make any recommendation.  |
| 2021/8/16        | The internal audit report for the 2nd quarter of 2021  | Participate in the report and discuss related issues. | 1. It has been fully communicated and reported reviewed by the Audit Committee.<br>2. The Independent directors didn't make any recommendation. |
| 2021/11/5        | 1. The internal audit report for the 3rd quarter of 2021.  | Participate in the report and discuss related issues. | 1. It has been fully communicated and reported reviewed by the Audit Committee.<br>2. The Independent director didn't make any recommendation.  |

(2) The company's CPAs will report to the independent directors on the audit or review of the financial report, and will also report on the update of the new knowledge of the tax laws and the related impact measures. Usually, the independent directors and accountants may email, call or meet at any time as needed. The methods are mutually connected, and the independent directors of the company communicate well with the CPAs.

| Meeting and Date | Communication Matters  | Result   |
|------------------|--|--|
| 2021/03/12       | <ol style="list-style-type: none"> <li>1. The audit method and scope of the 2020 consolidated financial report, accountants' responsibilities and independence, significant risks, key audit items, fraud assessment, audit report types and contents, etc.-the audit summary stage.</li> <li>2. Major amendments to laws and regulations and their impact.</li> </ol>                           | Have been fully communicated and the Independent directors didn't make any recommendation. |
| 2021/08/16       | <ol style="list-style-type: none"> <li>1. The audit method and scope of the consolidated financial report for the second quarter of 2021, accountants' responsibilities and independence, significant risks, key audit items, fraud assessment, audit report types and contents, etc.-the audit summary stage.</li> <li>2. Major amendments to laws and regulations and their impact.</li> </ol> | Have been fully communicated and the Independent directors didn't make any recommendation. |
| 2021/11/5        | <ol style="list-style-type: none"> <li>1. The review method and scope of the consolidated financial report for the third quarter of 2021, the type and content of the review report, the review focus and major adjustments, etc.</li> <li>2. Major amendments to laws and regulations and their impact.</li> </ol>  | Have been fully communicated and the Independent directors didn't make any recommendation. |

4.3 Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

| Performance Evaluation Items  | Operational status |    |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------|----|--|---|
|   | Yes                | No | Summary  |   |
| 1. Whether the Company has set and disclosed corporate governance in accordance with “Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies”.                       | V                  |    | The Company’s Board of Directors adopted the Corporate Governance Best Practice Principles on April 24, 2018, and published their contents on the Company website.   | At present there are no major impediments or deviations in implementation.  |
| 2. Shareholding structure & shareholders’ rights  |                    |    |  |   |
| (I) Has the Company established internal procedures for handling shareholder proposals, inquiries, disputes, and litigation? Are such matters handled according to the internal procedures? | V                  |    | (I) The Company clearly stipulates in its Articles of Incorporation and internal regulations how shareholder rights and interests are safeguarded. A dedicated unit has been established for the proper handling of matters pertaining to the Company’s relationships with its investors as well as shareholder proposals, inquiries, and disputes.        | At present there are no major impediments or deviations in implementation.  |
| (II) Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?          | V                  |    | (II) The Company has formulated procedures governing stock affairs and has assigned dedicated personnel for the management of relevant information. Changes in the shareholdings of insiders are reported to the Market Observation Post System on a monthly basis pursuant to the regulations set forth in Article 25 of the Securities and Exchange Act. |   |
| (III) Has the Company established and enforced risk control and firewall systems with its affiliated businesses?  | V                  |    | (III) The Company and its affiliated businesses have established an Internal Control System and formulated Guidelines Governing Authorized Representatives and Proxies, Procedures Governing Transactions with   |   |

| Performance Evaluation Items   | Operational status |    |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|--|--------------------|----|--|---|
|  | Yes                | No | Summary  |   |
| (IV) Has the Company established an internal regulation that prohibits the use of undisclosed information in the market?   | V                  |    | <p>Related Parties, Rules Governing Financial and Business Matters Between this Company and its Affiliated Businesses, Procedures Governing the Supervision and Management of Subsidiaries, Regulations Governing the Acquisition and Disposal of Assets, Regulations Governing Lending of Funds to Other Parties, Regulations Governing Endorsements/Guarantees to regulate the management of personnel, assets, and financial matters and facilitate effective risk assessment and establishment of adequate firewall systems.</p> <p>(IV) The Company has formulated Procedures for the Prevention of Insider Trading and the Handling of Material Inside Information to regulate confidentiality obligations with regard to such information, prohibit relevant transactions, prevent insider trading, and education of internal personnel on relevant laws.</p> |   |
| <p>3. Composition and Responsibilities of the Board of Directors</p> <p>(I) Does the Board established a diversity policy, specific management goals and implemented it accordingly?</p> | V                  |    | <p>(I) In accordance with the Code of Corporate Governance Practice and the selection procedure for directors and independent directors, the Board shall consider diversity in its membership, and formulate a diversity policy in terms of basic conditions and expertise in respect of its operations, types of operations and development needs.</p> <p>Specific management objectives: the board of directors of the company shall be responsible to the shareholders' committee , and the operation and</p>   | At present there are no major impediments or deviations in implementation.  |

| Performance Evaluation Items  | Operational status |    |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------|----|--|---|
|   | Yes                | No | Summary  |   |
| (II) In addition to the Remuneration Committee and Audit Committee Established according to law, has the company voluntarily established other functional committees? | √                  |    | <p>arrangement of its corporate governance system shall ensure that the board of directors shall exercise its powers in accordance with the provisions of the law, the articles of association of the company or the resolutions of the shareholders' committee.</p> <p>When appointing directors, not only the professional background of the directors themselves, but also the diversity of the directors is an important factor. The overall configuration of the board should be taken into consideration. The specific objective is that the board should be composed of members of different genders, ages, professional knowledge and backgrounds. The company has 7 directors, including 3 independent directors (43%), and the consecutive terms of independent directors shall not exceed three consecutive terms. Four directors are over 65 years old, and three are 51-60 years old. "Directors who also serve as managers of the company do not exceed the specific management goal of one-third of the number of directors, which drives the company to play its business decision-making and supervisory functions. The professional background of the members covers business management, finance and accounting, industry, professional and knowledge diversity. background, and can give professional advice from different perspectives with its experience</p> <p>(II) The Company has established a Remuneration Committee in accordance with relevant laws. In the General Shareholders' Meeting convened on June 19, 2018, the supervisor system was abolished and a system of independent directors was added. Upon the election of a new board in the shareholders' meeting, an Audit Committee was formed to assume the functions of the supervisors. Other functional committees will be established in the future if</p> |   |

| Performance Evaluation Items  | Operational status |    |   | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------|----|---|---|
|   | Yes                | No | Summary   |   |
| <p>(III) Does the company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?</p> <p>(IV) Does the Company regularly implement assessments on the independence of the CPA?</p> | <p>V</p> <p>V</p>  |    | <p>deemed necessary in line with operational requirements.</p> <p>(III) In order to implement corporate governance and enhance the function of the Board of Directors for the purpose of establishing performance targets and strengthening the efficiency of the Board of Directors, the Company completed the enactment of the "Regulations Governing the Board Performance Evaluation" on April 24, 2018, and performs the assessment at the beginning of each year. After evaluation, the achievement rate was over 90% and the evaluation result was "Exceeding Standards" in 2021; it was reported to the Board meeting on March 4, 2022.</p> <p>(IV) The financial department of the company will evaluate the independence of the visa accountant once a year, and submit the annual evaluation result of 2020 to the audit committee and the board of directors for deliberation and approval. The financial department of the company has assessed that both Chen, Chun-Hung and Chien, Ming-Yen joint accounting firm have met the independence assessment standard of the company and are qualified to be certified accountants of the company.</p> |   |
| 4. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate   | V                  |    | The Financial Affairs Division is responsible for the handling of corporate governance related matters. The shareholding division is responsible for corporate governance related matters, including: providing directors, handling matters related to meetings of the board of directors and shareholders' meeting   | At present there are no major impediments or deviations in implementation.  |

| Performance Evaluation Items  | Operational status |    |   | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------|----|---|---|
|   | Yes                | No | Summary   |   |
| governance matters(including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)? |                    |    | in accordance with law, handling company change registration, and producing minutes of board and shareholders' meetings.  |   |
| 5. Has the company established a channel to communicate with stakeholders (including but not limited to the shareholders, employees and suppliers), and created a stakeholder section on the Company's website, and appropriately responded to the important corporate social responsibility issues that are relevant to the stakeholders?    | V                  |    | (I) The Company appoints spokespersons and acting spokespersons as an External communication channel. Feedback is handled in accordance with The regulations of the internal control system.<br>(II) The Company has set up a website which can be conveniently accessed via the Internet for the provision of information on financial operations and corporate governance for shareholders and stakeholders. Dedicated personnel has been assigned for the maintenance of this website to ensure that the presented information is detailed, accurate, up-to-date, and unambiguous. | At present there are no major impediments or deviations in implementation.  |
| 6. Has the Company appointed a professional shareholder services agency in handling of the shareholders' meeting?   | V                  |    | The Company has entrusted Yuanta Securities with the handling of its shareholders' meetings   | At present there are no major impediments or deviations in implementation.  |

| Performance Evaluation Items  | Operational status         |    |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|---|----------------------------|----|--|---|
|   | Yes                        | No | Summary  |   |
| <p>7. Information Disclosure</p> <p>(I) The Company's corporate website discloses information on financial operations and corporate governance.</p> <p>(II) The Company has adopted other information disclosure methods (such as creating an English website, delegating specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website).</p> <p>(III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?</p> | <p>V</p> <p>V</p> <p>V</p> |    | <p>(I) The Company discloses relevant financial business and material information to the Open Information Observatory pursuant to the Statute, and Set up an Investor Relations Specialist on the company's Chinese and English website (<a href="http://www.ventec-group.com/">http://www.ventec-group.com/</a>) District, timely disclosure of relevant company information.</p> <p>(II) Responses to relevant issues of the Company are provided by the spokesperson or acting spokesperson. Relevant departments and the spokesperson or acting spokesperson are responsible for the collection and disclosure of information.</p> <p>(III) The Company announces annual financial statements and reports Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit.</p> | At present there are no major impediments or deviations in implementation.  |
| 8. Has the Company provided other information which is helpful to understand implementation of corporate governance (including but not  | V                          |    | 1. Employee rights and interests: Labor-management relations are harmonious and the lawful rights and interests of employees are safeguarded in accordance with local labor laws at all operating sites. No major labor-management disputes have occurred and no fines have been   | At present there are no major impediments or deviations in implementation.  |



| Performance Evaluation Items  | Operational status |    |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------|----|--|---|
|   | Yes                | No | Summary  |   |
| limited to the rights and interests of employees, employee care, investor relations, supplier relations, stakeholder relations, continuing education status for Board members and Supervisors, risk management policies and risk balance standards' implementation, customer policy implementation status, and purchasing Directors' and Supervisors' liability insurance)? |                    |    | <p>imposed by the competent authority for serious labor-management issues or severe violations of labor laws.</p> <p>2. Employee care: The Company provides reasonable compensation and bonuses for its employees and organizes staff trips and welfare measures (through its trade union) to build excellent labor-management relations that are characterized by mutual trust and dependence.</p> <p>3. Investor relations: The Company has established a corporate website and a spokesperson system. It makes financial and other material information public on the Market Observation Post System in a timely manner to safeguard investor rights and interests.</p> <p>4. Supplier relations: The Company embraces ethical corporate management and fair trading with suppliers. It maintains long-term positive partnerships with all its suppliers.</p> <p>5. Stakeholder rights: The Company has established excellent channels for smooth communication with stakeholders to safeguard their rights and interests. It upholds integrity principles and adopts a responsible attitude to facilitate proper handling and fulfillment of its CSR.</p> <p>6. Continuing further education status of directors (including independent directors): The Company offers course information to all directors (including independent directors) from time to time, and provides at any time relevant regulatory information that directors (including independent</p> |   |

| Performance Evaluation Items                          | Operational status  |                            |   | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for such Discrepancies |             |                            |   |   |                           |   |   |                           |                  |   |                           |                  |  |                           |  |                           |  |
|---|---|----------------------------|---|---|-------------|----------------------------|---|---|---------------------------|---|---|---------------------------|------------------|---|---------------------------|------------------|--|---------------------------|--|---------------------------|--|
|   | Yes   | No                         | Summary   |   |             |                            |   |   |                           |   |   |                           |                  |   |                           |                  |  |                           |  |                           |  |
|   |   |                            | <div>directors) need to pay attention to. The continuing education status of directors in 2021 is as follows:</div> <table><thead><tr><th>Name</th><th>Course Name</th><th>Continuing education hours</th></tr></thead><tbody><tr><td>Top Master Limited<br/>Representative: Lao, Kai-Lu</td><td><div>• Analysis of insider trading/equity declaration practice</div><div>• Integrity management and prohibition of insider trading</div></td><td><div>3</div><div>3</div></td></tr><tr><td>Alpha Victor Limited<br/>Representative: Wang, Yu- Tzu</td><td><div>• Analysis of insider trading/equity declaration practice</div><div>• Integrity management and prohibition of insider trading</div></td><td><div>3</div><div>3</div></td></tr><tr><td>Chung, Chien-Jen</td><td><div>• Analysis of insider trading/equity declaration practice</div><div>• Integrity management and prohibition of insider trading</div></td><td><div>3</div><div>3</div></td></tr><tr><td rowspan="2">Tang, Ching-Chou</td><td><div>• Business case law</div><div>• Enterprise operation layout and transfer pricing management thinking</div></td><td><div>3</div><div>3</div></td></tr><tr><td><div>• Analysis of insider trading/equity declaration practice</div><div>• Integrity management and prohibitionof insider trading</div></td><td><div>3</div><div>3</div></td></tr></tbody></table> | Name  | Course Name | Continuing education hours | Top Master Limited<br>Representative: Lao, Kai-Lu | <div>• Analysis of insider trading/equity declaration practice</div> <div>• Integrity management and prohibition of insider trading</div> | <div>3</div> <div>3</div> | Alpha Victor Limited<br>Representative: Wang, Yu- Tzu | <div>• Analysis of insider trading/equity declaration practice</div> <div>• Integrity management and prohibition of insider trading</div> | <div>3</div> <div>3</div> | Chung, Chien-Jen | <div>• Analysis of insider trading/equity declaration practice</div> <div>• Integrity management and prohibition of insider trading</div> | <div>3</div> <div>3</div> | Tang, Ching-Chou | <div>• Business case law</div> <div>• Enterprise operation layout and transfer pricing management thinking</div> | <div>3</div> <div>3</div> | <div>• Analysis of insider trading/equity declaration practice</div> <div>• Integrity management and prohibitionof insider trading</div> | <div>3</div> <div>3</div> |  |
| Name  | Course Name   | Continuing education hours |   |   |             |                            |   |   |                           |   |   |                           |                  |   |                           |                  |  |                           |  |                           |  |
| Top Master Limited<br>Representative: Lao, Kai-Lu     | <div>• Analysis of insider trading/equity declaration practice</div> <div>• Integrity management and prohibition of insider trading</div> | <div>3</div> <div>3</div>  |   |   |             |                            |   |   |                           |   |   |                           |                  |   |                           |                  |  |                           |  |                           |  |
| Alpha Victor Limited<br>Representative: Wang, Yu- Tzu | <div>• Analysis of insider trading/equity declaration practice</div> <div>• Integrity management and prohibition of insider trading</div> | <div>3</div> <div>3</div>  |   |   |             |                            |   |   |                           |   |   |                           |                  |   |                           |                  |  |                           |  |                           |  |
| Chung, Chien-Jen                                      | <div>• Analysis of insider trading/equity declaration practice</div> <div>• Integrity management and prohibition of insider trading</div> | <div>3</div> <div>3</div>  |   |   |             |                            |   |   |                           |   |   |                           |                  |   |                           |                  |  |                           |  |                           |  |
| Tang, Ching-Chou                                      | <div>• Business case law</div> <div>• Enterprise operation layout and transfer pricing management thinking</div>                          | <div>3</div> <div>3</div>  |   |   |             |                            |   |   |                           |   |   |                           |                  |   |                           |                  |  |                           |  |                           |  |
|   | <div>• Analysis of insider trading/equity declaration practice</div> <div>• Integrity management and prohibitionof insider trading</div>  | <div>3</div> <div>3</div>  |   |   |             |                            |   |   |                           |   |   |                           |                  |   |                           |                  |  |                           |  |                           |  |

| Performance Evaluation Items | Operational status |    |   | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |  |   |
|------------------------------|--------------------|----|---|---|--|---|
|                              | Yes                | No | Summary   |   |  |   |
|                              |                    |    |   |   |  |   |
|                              |                    |    | Sheu, Yuan-Kuo  | · Analysis of insider trading/equity declaration practice   |  | 3 |
|                              |                    |    |   | · Integrity management and prohibition of insider trading   |  | 3 |
|                              |                    |    | Chen, Tsung-Hsi   | · Analysis of insider trading/equity declaration practice   |  | 3 |
|                              |                    |    |   | · Integrity management and prohibition of insider trading   |  | 3 |
|                              |                    |    | Hou, Yu-Tau   | · Analysis of insider trading/equity declaration practice   |  | 3 |
|                              |                    |    |   | · Integrity management and prohibition of insider trading   |  | 3 |
|                              |                    |    | 7. Continuing education for directors and supervisors: The Company organizes workshops on securities laws and courses on corporate governance pursuant to the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies and regulations governing the required number of training hours. |   |  |   |
|                              |                    |    | 8. Implementation of risk management policies and risk balance standards: The Company formulates various internal rules and carries out different types of risk management and assessment.  |   |  |   |
|                              |                    |    | 9. Implementation of customer policies: The Company is firmly committed   |   |  |   |

| Performance Evaluation Items   | Operational status |    |   | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|--|--------------------|----|---|---|
|  | Yes                | No | Summary   |   |
|  |                    |    | to the provision of the best possible services and products to its customers. Customer service hotlines are available for the handling of customer problems by dedicated personnel. Purchase of liability insurance for directors and supervisors: Insurance has been purchased for directors pursuant to relevant regulations set forth in the Company's Corporate Governance Best Practice Principles |   |
| <p>9. Please explain the improvement status concerning the results of the corporate governance assessment issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation Limited in the most recent year and propose priority strengthening matters and measures for those who have not yet improved:</p> <p>(1) In 2021, for in line with business needs and laws and regulations, the company revised the company's "Regulations of Procedures for the Board of Directors," "Organization Regulations of the Audit Committee," "Organization Regulations of the Remuneration Committee," "Management Procedures for Preventing Insider Trading," etc.</p> <p>(2) In 2021, to establish performance goals and strengthen the operating efficiency of the board of directors, according to the company's "board of directors performance evaluation method," an internal board performance evaluation shall be completed before the end of the first quarter of the next year. It shall be reported to the board of directors, uploaded to the Market Observation Post System and disclosed in the annual report.</p> <p>(3) In 2021, the company continued to strengthen efforts to improve the direction of the competent authorities' response to the 2021 (company self-assessment) evaluation project, to meet the requirements of the competent authorities in the corporate governance assessment project.</p> <p>(4) In 2021, to establish performance targets to strengthen the operational efficiency of the board of directors, the actual operation of the audit committee and the annual work focus were disclosed in the annual report, and the "Communication status among the independent directors and internal audit supervisors, and accountant" was disclosed in the annual report and the company website.</p> <p>(5) From January 2021, the company added an English version to upload announcements in the major information disclosure.</p> <p>(6) After the company's financial report is approved by the board of directors, the announcement shall be uploaded immediately and the financial report shall be announced within 1 day after the approval.</p> |                    |    |   |   |

4.4 The Company has established a Remuneration Committee, it shall disclose its composition, duties and operational status

(1) Profiles of the Members of the Remuneration Committee

| Name \ Conditions                 |                 | Professional qualifications and experience  | Independent status | Number of other public companies in which the individual is concurrently serving as the Remuneration Committee member |
|-----------------------------------|-----------------|---|--------------------|---|
| Convenor and independent director | Sheu, Yuan-Kuo  | Refer to the "Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" table on pages 16-20. |                    | None  |
| independent director              | Hou, Yu-Tau     |   |                    | None  |
| independent director              | Chen, Tsung-Hsi |   |                    | None  |

(2) Operations of Remuneration Committee

(a) The Company's Remuneration Committee consists of three (3) members.

(b) This slate of the Committee is in office from: August 16, 2021 through August 15, 2024.

A total of 3 meetings of the remuneration committee were held in the most recent years. and the members' qualifications and attendance are as follows:

| Title                | Name            | Number in actual Attendance (B) | Numbers in Attendance by Proxy | Actual presence (%) (B/A) (Note) | Remarks   |
|----------------------|-----------------|---------------------------------|--------------------------------|----------------------------------|---|
| Independent Director | Sheu, Yuan-Kuo  | 3                               | 0                              | 100%                             | Reappointed by the board of Directors on 2021.08.16 |
| Independent Director | Chen, Tsung-Hsi | 3                               | 0                              | 100%                             | Reappointed by the board of Directors on 2021.08.16 |
| Independent Director | Hou, Yu-Tau     | 3                               | 0                              | 100%                             | Reappointed by the board of Directors on 2021.08.16 |

Other required disclosures:

1. In the event the Board of Directors does not adopt or amends the proposals of the Remuneration

Committee, please state the date and number of the Board meeting, the content of the proposals, determination and any resolution from the Board of Directors, and the method by which the opinion of the Remuneration Committee was handled (e.g., if the salaries and compensations approved by the Board were higher than the levels suggested by the Remuneration Committee, please state the differences and reasons thereof): None.

2. If for any matter under consideration of the Remuneration Committee, any member has a dissenting or qualified opinion, and there is a record thereof or written statement, then the date, session, contents of the proposal, all members' opinions and the handling of the opinions of the member(s) of the Remuneration Committee shall be duly stated: None.
3. Discussed matters and resolutions of the Remuneration Committee, and the Company's handling of the members' opinions: Note

| Date       | Agenda   | Resolution                          | The company's handling of members' opinions |
|------------|--|-------------------------------------|---|
| 2021.3.12  | 1.The Company's 2020 annual director remuneration allocation<br>2.The payment amount and method of employee remuneration and director remuneration in 2020 | Approved by all the members present | No objection                                |
| 2021.5.7   | Approved the 2020 annual compensation plan for the company's managers  | Approved by all the members present | No objection                                |
| 2021.12.17 | Through its subsidiaries Ventec Europe Ltd. and Ventec Central Europe GmbH executive compensation  | Approved by all the members present | No objection                                |

4.5 Fulfillment of Social Responsibility and Deviations from the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons

| Performance Evaluation Items  | Operational status |    |   | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------|----|---|---|
|   | Yes                | No | Summary   |   |
| I.<br>Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors? | V                  |    | Although the company does not assign a full-time unit, the administrative department is also responsible for the practice of promoting sustainable development, and it is performed from time to time as needed.  | At present there are no major impediments or deviations in implementation.  |
| II.<br>Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?  | V                  |    | In order to ensure the stable operation and sustainable development of the company, the company passed the "Risk Management Policies and Procedures" on December 17, 2021 at the 4th meeting of the 5th board of directors to establish an overall risk management system. , the audit committee, the audit office, the general manager and other units to jointly promote the implementation of relevant risk management measures. The Company regularly reports on its risk management operations in the previous year in the fourth quarter of each year. The scope of the Company's risk management for the current year includes, but is not limited to, market risk, environmental risk, investment risk, | At present there are no major impediments or deviations in implementation.  |

| Performance Evaluation Items | Operational status   |  |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |                      |                     |                    |  |  |  |
|------------------------------|--|--|--|---|----------------------|---------------------|--------------------|--|--|--|
|                              | Yes  | No   | Summary  |   |                      |                     |                    |  |  |  |
|                              |  |  | <div>information security risk or other risks that may cause significant losses. The risk management team evaluates key risk items based on the principle of materiality. Important risk categories and response measures are as follows:</div> <table><tr><th>Type</th><th>Impact on Operations</th><th>Response strategies</th></tr><tr><td>Environmental Risk</td><td>The impact of climate change and natural disasters on greenhouse gas emission management, energy management, and compliance with environmental laws and regulations.</td><td>Set up a green energy team to promote solar energy, energy saving and carbon reduction, waste treatment, research and development of RoHS-compliant products and continuous ISO14001 and IECQ QC080000 certification, etc. Facing the possible impact and response of climate change, the concept of green production is</td></tr></table> | Type  | Impact on Operations | Response strategies | Environmental Risk | The impact of climate change and natural disasters on greenhouse gas emission management, energy management, and compliance with environmental laws and regulations. | Set up a green energy team to promote solar energy, energy saving and carbon reduction, waste treatment, research and development of RoHS-compliant products and continuous ISO14001 and IECQ QC080000 certification, etc. Facing the possible impact and response of climate change, the concept of green production is |  |
| Type                         | Impact on Operations   | Response strategies  |  |   |                      |                     |                    |  |  |  |
| Environmental Risk           | The impact of climate change and natural disasters on greenhouse gas emission management, energy management, and compliance with environmental laws and regulations. | Set up a green energy team to promote solar energy, energy saving and carbon reduction, waste treatment, research and development of RoHS-compliant products and continuous ISO14001 and IECQ QC080000 certification, etc. Facing the possible impact and response of climate change, the concept of green production is |  |   |                      |                     |                    |  |  |  |



| Performance Evaluation Items | Operational status |    |                 |   |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|------------------------------|--------------------|----|-----------------|---|--|---|
|                              | Yes                | No | Summary         |   |  |   |
|                              |                    |    |                 |   | implemented in production management   |   |
|                              |                    |    | Market Risk     | Domestic and foreign economic, technological changes, industrial changes and other factors have an impact on the company's finance and business | The company continues to pay attention to global market changes, develop niche products, continuous terminal certification to face environmental changes. Pay attention to laws and policies that may affect the business and financial aspects of the company to plan timely response measures. |   |
|                              |                    |    | Investment Risk | High - risk, high - leverage, derivatives and other short-term market volatility  | Pay attention to changes in interest rates and exchange rates, reduce the  |   |

| Performance Evaluation Items | Operational status |    |                           | Summary  |   |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies |
|------------------------------|--------------------|----|---------------------------|--|---|--|--|
|                              | Yes                | No |                           |  |   |  |  |
|                              |                    |    |                           | investments, management of investee companies                                      | risk of exchange rate fluctuations through appropriate financial tools, and regularly evaluate the status of funds and bank interest rates to reduce the impact of interest rates on the company. |  |  |
|                              |                    |    | Information Security Risk | Confidentiality, integrity and availability of the information will not be ensured | Strengthen personnel's awareness of information security events, establish multi-level defense such as network firewall, and establish control mechanisms such as                                 |  |  |

| Performance Evaluation Items  | Operational status |    |   |  |  |   | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------|----|---|--|--|---|---|
|   | Yes                | No | Summary   |  |  |   |   |
|   |                    |    |   |  |  | anti-virus and mail filtering to reduce network threats. Data are set up backup and remote backup to ensure service continuity and data loss. |   |
| III. Environmental issues<br>(1) Does the company establish a dedicated or concurrent unit in charge of promoting CSR with senior management authorized by the board to take charge of proposing CSR policies and reporting to the board? | V                  |    | The company has introduced ISO 14001 and IECQ QC080000 environmental management systems to ensure that while pursuing operational and operational performance, it can also strictly abide by the spirit of environmental management, and reduce the impact on the environment during business activities with an attitude of sustainable development                      |  |  |   | At present there are no major impediments or deviations in implementation.  |
| (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?   | V                  |    | (2) The company adheres to the ISO14001 "Energy Conservation Policy, and strives to improve energy conservation matters, including the renewal of operating equipment in the factory: use of lower energy consumption or frequency conversion equipment, installation of solar power generation systems or the use of recycled water, etc. In addition, the supply of The |  |  |   | At present there are no major impediments or deviations in implementation.  |

| Performance Evaluation Items   | Operational status |    |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies |
|--|--------------------|----|--|--|
|  | Yes                | No | Summary  |  |
| (3) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues? | V                  |    | <p>products provided by the company include materials, parts, semi-finished products, finished products and packaging materials, all of which must comply with international and local environmental regulations, hazardous substance management requirements and compliance with the non-use of minerals in the conflict zone of the Democratic Republic of the Congo.</p> <p>(3) The global greenhouse effect has led to an abnormal climate, and the accompanying natural disasters such as wind disasters, snow disasters, floods, and droughts have become more frequent and serious. Such disasters will have an impact on the supply of key components, product transportation, warehousing, and sales in some supply chains, which in turn will cause fluctuations in overall corporate operating costs. In this regard, the company will reduce such impacts through measures such as supply chain management.</p> <p>As consumers become more aware of green sourcing in the face of climate change and global warming, changes made to meet the market demand for mitigation and adaptation to climate change will create opportunities for the Group, such as the development of new products of green energy technologies that reduce pollution. The response measures are to reduce operating costs by improving the efficiency of</p> |  |

| Performance Evaluation Items  | Operational status |    |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------|----|--|--|
|   | Yes                | No | Summary  |  |
| (4) Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management? | V                  |    | <p>resource use, reducing water consumption and consumption, or adopting more efficient modes of transportation.</p> <p>(4) Besides strictly complying with international environmental protection criteria and researching and developing products compliant with the RoHS, the Company also authorizes waste treatment service providers approved by the Environmental Protection Administration to clear the waste and enforce pollution prevention to maintain a sanitary environment in compliance with the Waste Disposal Act, Noise Control Act, Air Pollution Control Act, and Water Pollution Control Act, among others.</p> <p>We comply with relevant environmental laws and regulations, including, but are not limited to, Waste Disposal Act, Water Pollution Control Measures and Testing Reporting Management Regulations, and Air Pollution Control Act. The overall greenhouse gas emissions 、 the water consumption and waste volume over the past two years of the Company are as follows:</p> |  |

| Performance Evaluation Items  | Operational status |    |  |      |                     |                            |                    | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |  |
|---|--------------------|----|--|------|---------------------|----------------------------|--------------------|---|--|
|   | Yes                | No | Summary  |      |                     |                            |                    |   |  |
|   |                    |    |  | Year | GHG emissions (Ton) | the water consumption (m³) | waste volume (Ton) |   |  |
|   |                    |    |  | 2020 | 28,718              | 218,344                    | 515                |   |  |
|   |                    |    |  | 2019 | 29,744              | 189,644                    | 519                |   |  |
|   |                    |    | The company has obtained ISO14001 system (the latest validity period is 2021.5.26~2024.05.31) and IECQ QC080000 system (the latest validity period is 2020.08.23~2023.08.23) certification.  |      |                     |                            |                    |   |  |
| IV. Social issues   |                    |    |  |      |                     |                            |                    |   |  |
| (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? | V                  |    | (1)The company complies with relevant labor laws and international human rights conventions, protects the legitimate rights and interests of employees, respects the internationally recognized principles of basic labor human rights, prohibits the use of child labor, and eliminates discrimination against women.<br>We also make every possible effort to ensure that our recruitment policy does not discriminate based on gender, ethnicity, age, marital status, and/or family conditions. We also ensure a working environment that all employees are protected from not being bullied, discriminated, and harassed. |      |                     |                            |                    |   | At present there are no major impediments or deviations in implementation. |
| (2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do                                      | V                  |    | (2) Besides providing competitive salaries, we offer performance incentive and year-end bonus reflective of personal performance if employees fulfill the operating goals set by the   |      |                     |                            |                    |   |  |

| Performance Evaluation Items   | Operational status |    |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies |
|--|--------------------|----|--|--|
|  | Yes                | No | Summary  |  |
| business performance or results reflect on employee salaries?  |                    |    | company. The Company has an employee bonus system, allowing employees to participate in the sharing of management results. The Company provides labor insurance program, health insurance program, and a variety of group insurance programs for employees to choose among from. The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of the Group's subsidiary in mainland China, United Kingdom, United States and Germany are members of a state-managed retirement benefit plan operated by the local government. |  |
| (3) Does the company provide a safe and healthy working environment and provide employees with regular safety and health training? | V                  |    | (3) The company has been ISO45001 certified and has based its comprehensive developments on the above-mentioned management regulations. With promotion of the environmental safety and health management system, the safety and health culture of the Company is enhanced. Relevant departments regularly carry out environmental and facility inspection every month. Implement environmental safety laws and regulations, relevant personnel to take skills certification.   |  |

| Performance Evaluation Items   | Operational status |    |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies |
|--|--------------------|----|--|--|
|  | Yes                | No | Summary  |  |
| (4) Does the company set up effective career development and training programs for its employees?  | V                  |    | (4) To make the employees grow in line with the company, the company has established a comprehensive training program based on the company's business philosophy, long-term operation strategy and talent development strategy. Through internal and external training, employees can improve work skills, quickly adapt to environmental changes, improve work performance, improve product and service quality, create personal and organizational competitiveness and make employees' career development and business development complement each other.  |  |
| (5) Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures? | V                  |    | (5) The products produced by the company are in line with the commercial standards of IC product reliability testing and international ISO certification (such as ISO 14001 and IATF 16949) and international green energy standards (in compliance with EU RoHS regulations), to provide customers with quality products as the purpose. The company complies with confidentiality agreements and the "Personal Data Protection Act" for the customers' privacy; to reduce the health and safety risks of employees, visitors and customers. At the same time, the company also provides standardized and effective complaint procedures for products and services. The company stipulates the attribution of responsibilities and relevant provisions in the contract with customers. In case of related |  |



| Performance Evaluation Items  | Operational status |    |  | Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies |
|---|--------------------|----|--|--|
|   | Yes                | No | Summary  |  |
| (6) Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?                                    | V                  |    | <p>problems, you can directly contact the business personnel provided on the company's website. Customer service units and stakeholders will be in the dedicated area to protect consumer rights and interests and provide channels for appeals.</p> <p>(6) The company formulates a supplier management policy to ensure that the raw materials meet the required quality standards. The company requires the supplier's quality control system to be based on ISO9001, with IATF16949 as the goal and with priority to obtain QC080000/ ISO14001/ISO45001 and other certifications and comprehensively evaluates the technical capabilities, supply chain risks, etc. of new suppliers, provides products that meet the requirements of RoHS, REACH, local government regulations, etc. and fully comply with the laws and regulations of the countries/regions where they operate. Meanwhile, the company will conduct audits regularly, the audit results are also one of the important factors for the company's decision-making.</p> |  |
| VI. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance | V                  |    | <p>The company has set up a website to disclose corporate social responsibility related information, and has dedicated staff to update and maintain the information.</p> <p>Website (<a href="http://www.ventec-group.com/">http://www.ventec-group.com/</a>)</p>  | At present there are no major impediments or deviations in implementation.   |

| Performance Evaluation Items   | Operational status |    |         | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies |
|--|--------------------|----|---------|---|
|  | Yes                | No | Summary |   |
| from a third party verification unit?  |                    |    |         |   |
| VII. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: No significant difference |                    |    |         |   |
| VII. Other important information to facilitate a better understanding of the company's corporate social responsibility practices:None  |                    |    |         |   |

#### 4.6 Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

[illegible]

| Performance Evaluation Items  | Operational status |    |   | Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons For such Discrepancies |
|---|--------------------|----|---|---|
|   | Yes                | No | Summary   |   |
| (III) Did the company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?   | V                  |    | (III) The Company strictly abides by Ethical Corporate Management Best Practice Principles. Offering and acceptance of bribes and illegal contributions is explicitly forbidden.  |   |
| 2. Implementing ethical corporate management<br>(I) Does the company evaluate the ethical records of parties it does business with and stipulate ethical conduct clauses in business contracts?   | V                  |    | (I) Agreements concluded with cooperating subcontractors clearly stipulate that both sides shall not accept bribes or engage in any other unethical business practices.   | At present there are no major impediments or deviations in implementation.  |
| (II) Did the company establish a dedicated unit under the board of directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical corporate management policy and unethical conduct prevention plan? | V                  |    | (II) The Administrative Division serves as the dedicated unit of the Company for the promotion of ethical corporate management. It submits reports to the board after regular reviews.  |   |
| (III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement such policies properly?  | V                  |    | (III) Where directors or the juristic persons they represent have conflicts of interest that may prejudice the interest of the Company, said directors may state their opinions and respond to inquiries but may not participate in discussion or voting. |   |

| Performance Evaluation Items   | Operational status |    |  | Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons For such Discrepancies |
|--|--------------------|----|--|---|
|  | Yes                | No | Summary  |   |
| <p>(IV) Does the company have effective accounting system and internal controls set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based</p> <p>(V) Does the company regularly hold internal and external education and training for ethical corporate management?</p>   | V                  |    | <p>(IV) The Company has established an effective accounting and internal control system. Internal auditors regularly audit compliance with said system.</p> <p>(V) The Company holds internal and external education and training for ethical corporate management periodically in line with actual needs.</p>   |   |
| <p>3. Operational status of the whistle blowing channels</p> <p>(I) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to receive complaints?</p> <p>(II) The Company has established a whistleblowing system and set up standard operating procedures and related confidentiality mechanisms for investigating reported cases.</p> | V                  |    | <p>(I) The Company has set up a grievance mailbox. Where employees detect conduct that violates relevant laws and regulations or the code of ethical conduct, reports are handled by dedicated personnel assigned by the Company. Penalties are imposed and disciplinary action is taken after joint deliberations by the GM and HR Department in accordance with the severity of the violation.</p> <p>(II) The Company has established internal communication channels. The HR Department is responsible for the handling of related matters. Confidentiality mechanisms have been adopted</p> | At present there are no major impediments or deviations in implementation.  |

| Performance Evaluation Items   | Operational status |    |  | Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons For such Discrepancies |
|--|--------------------|----|--|---|
|  | Yes                | No | Summary  |   |
| (III)The Company has established a whistleblowing system and set up measures to protect whistleblowers from inappropriate disciplinary actions or retaliation for reporting purposes.  | V                  |    | for relevant information.<br>(III)The Company protects whistleblowers from inappropriate disciplinary actions through its HR Department, which has overall responsibility. |   |
| 4. Strengthening information disclosure<br>Has the Company disclosed the content and effectiveness of its ethical corporate management best practice principles on its website and the Market Observation Post System (MOPS)?  | V                  |    | Upon its IPO, the Company developed various CSR systems in a prompt manner.Relevant information is disclosed on its official website for viewing by the public.            | At present there are no major impediments or deviations in implementation.  |
| 5. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", please describe any discrepancies between the prescribed best practices and the actual implementation of the Company:No discrepancy or deviation. |                    |    |  |   |
| 6. Other important information that facilitates the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles)None.   |                    |    |  |   |

4.7 If the Company has established Corporate Governance Principles and related guidelines, disclosure of the method for searching their contents:  
The Company has established Corporate Governance Principles and related guidelines, and they have been published on the corporate website.

4.8 Any material information as to increasing an understanding of the Company's governance operating status: none.

#### 4.9 Status of implementation of the internal control system:

##### (1) Internal Control Statement:

Ventec International Group Co., Ltd.  
Statement on Internal Control System

Date: March 4, 2022

The Company's internal control system for 2021 is announced according to the results of self-evaluation, and the following is a summary thereof:

1. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of Directors and the managers of the Company, and the Company has established such a system. Our internal control process is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations, to ensure reasonable assurance thereof.
2. The internal control system has inherent limitations. No matter how complete their design, effective internal control systems are limited to providing reasonable assurance of the aforementioned three objectives. Moreover, in light of the environment and changes in circumstances, internal control system effectiveness may also be affected. However, the Company's internal control system contains self-monitoring mechanisms, and when any fault is noted, the Company immediately deploys corrective action.
3. The Company has made its judgments as to components of, and the effectiveness of the design and implementation of the internal control systems according to the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Compliance Guidelines"). The internal control system adopted in the "Compliance Guidelines" involves the process of management control, and is divided into five elements:  
(1) The control environment, (2) Risk assessment, (3) Control processes, (4) Information communication, and (5) Supervision operations. Each constituent element includes a number of items. For the aforementioned items, please refer to the "Compliance Guidelines".
4. The Company has adopted the abovementioned internal control system assessment items to evaluate the effectiveness of the internal control system design and implementation.
5. In accordance with the Company's aforementioned evaluation, the Company found that its internal control system (including the assessment and management of subsidiaries) including efficacy of understanding operations, efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant Guidelines and law, indicate that the internal control system design and implementation are effective, and can reasonably provide assurance of the aforesaid goals as of December 31, 2021.
6. This Declaration will become an integral part of the main contents of the Company's annual report and Prospectus, and shall be made public. For any falsehood, concealment, or other illegality in the contents to be made public there will be legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. The Statement has been agreed to by the Company's Board of Directors on March 4, 2022, where none of the 7 directors present voted against the resolution, and the remaining directors thus all agreed with the content of the Statement, and such is now attested to.

Ventec International Group Co., Ltd.  
Chairman: Lao, Kai-Lu  
General Manager: Chung, Chien-Jen

- (2) For any CPA retained to conduct a project review of the internal control system, the CPA's audit report shall be disclosed:

#### Internal Control Systems' Compliance Report

Attached is the March 4, 2022 assessment of the internal control system of Ventec International Group Co., Ltd. and its external financial reports and assurance of its protection of assets, with the Attestation of December 31, 2021 as to effective design and implementation thereof, duly approved upon conclusion of audit by the CPA. The internal control system and evaluation of its effectiveness are responsibilities of the Company's management, and this CPA is responsible in accordance with the results of the audit to express an opinion of the effectiveness of the Company's internal control system and the aforementioned Attestation regarding the Company's internal control system.

The CPA has conducted the audit review in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and the audit standards generally accepted in the Republic of China to ensure that the Company maintains a reasonable assurance on all material aspects of the internal control system. The audit review work includes understanding the Company's internal control system, evaluation of management levels' processes of evaluation of the effectiveness of the overall internal control system, and testing and evaluation of the effectiveness of the design and implementation of the internal control system, as well as any other audit review procedures that the CPAs deem necessary. The CPAs believe that this audit review work provides a reasonable grounds for our opinion.

Any internal control system has its inherent limitations, therefore, the above internal control systems of Ventec International Group Co., Ltd., may not be able to prevent or detect errors or fraud that have taken place. Furthermore, future environmental changes may result in reduced efficacy of the internal control system. Hence, while the internal control system is deemed effective for this period, this does not mean that it will be effective in the future.

In accordance with the opinion of the CPAs, and in light of the provisions of the Regulations Governing Establishment of Internal Control Systems by Public Companies as to the items reviewed for internal control efficacy determinations, San Neng Group Holdings Co., Ltd. and its design and implementation of internal control systems governing external financial reports and assuring protection of assets are deemed to continue to be effective in all material respects as of December 31, 2021, also as of March 4, 2022, the Attestation of Ventec International Group Co., Ltd. regarding effective design and implementation of internal control systems for external financial reports and assuring protection of assets is found reasonable in all material respects.

Deloitte & Touche

Liu, Yi-Ching

Chen, Chun-Hung

April 15, 2022



- 4.10 For the most recent fiscal year up to the publication of this Annual Report, explain any circumstances in which the Company or its personnel have been punished by law, any penalties applied to the Company or internal personnel for violations of internal control system regulations, and any material deficiencies and ameliorative action: None.
- 4.11 Key resolutions adopted by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of this Annual Report.

(1) Key resolutions adopted by the Shareholders' Meeting

| Date      | Major resolutions of the shareholders' meetings   | Status of the execution   |
|-----------|---|---|
| 2021/7/30 | 1. Approval of 2020 Business Report and Financial Statements  | Approved by resolution  |
|           | 2. Approval of 2020 Earnings Distribution Proposal  | cash dividends of NT\$ 3.20 per share                           |
|           | 3. Amendments to the Rules of Procedure for Shareholders' Meetings  | Approval by resolution and completion of document filing        |
|           | 4. Amendments to the Rules for Election of Directors  | Approval by resolution and implementation of amended procedures |
|           | 5. Election of all of the Company's directors.  | Approved by resolution  |
|           | 6. To release the directors and representatives of corporate Directors from the competition restrictions. | Approved by resolution  |

(2) Key resolutions adopted by the Board of Directors

| Date      | Important resolutions adopted in board of directors meetings  |
|-----------|---|
| 2021/3/12 | 1. 2020 Employee and Director compensation amounts and distribution methods<br>2. 2020 Business Report and Financial Statement<br>3. 2020 Internal Control Statement<br>4. The company's Director ' 2020 annual salary review plan.<br>5. Election of all of the Company's directors.<br>6. To release the directors and representatives of corporate directors from the competition restrictions.<br>7. Amendments to the Rules of Procedure for Shareholders' Meetings、Rules for Election of Directors. the Regulations Procedure for Board of Directors Meeting and the Guidelines for the Adoption of Codes of Ethical Conduct<br>8. Amendments of the company's independent directors' scope of responsibility rules, audit committee organizational procedures, remuneration committee organizational procedures, related financial operations between related companies, and some texts of the board of directors' performance evaluation methods. |

| Date      | Important resolutions adopted in board of directors meetings   |
|-----------|--|
|           | <p>9. Approval of British Cayman Islands "Economic Substance Declaration Declaration" and "Annual Declaration".</p> <p>10. Matters pertaining to the time, venue, and agenda of the 2021 General Shareholders' Meeting and proposals by shareholders with holdings of 1% or More.</p> <p>11. Accept shareholder's right of proposal and operation process.</p> <p>12. To accept matters related to the nomination rights of directors (including independent directors) and work procedures.</p>   |
| 2021/5/7  | <p>1. Approval of 2020 Q1 Consolidated Financial Statement</p> <p>2. 2020 Earnings Distribution Proposal</p> <p>3. The board of directors nominates and reviews directors (including independent directors) candidates.</p> <p>4. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at CitiBank.</p> <p>5. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CitiBank Taipei.</p> <p>6. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd..</p> <p>7. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Co., Ltd. at CTBC Bank.</p> <p>8. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CTBC Bank.</p> <p>9. Credit line renewal for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at Industrial and Commercial Bank of China.</p> <p>10. Credit line renewal for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at China Construction Bank</p> |
| 2021/7/13 | The proposal for the postponement of the 2021 General Meeting of Shareholders was set.   |
| 2021/7/30 | Election of the chairman of the company.   |
| 2021/8/16 | <p>1. Appointment of members of the company's third remuneration committee.</p> <p>2. Approved the company's consolidated financial report for the second quarter Of 2021.</p> <p>3. Earnings Distribution Proposal for the first half of 2021</p> <p>4. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CitiBank Taipei.</p>   |
| 2021/11/5 | <p>1. Approved the company's consolidated financial report for the third quarter of 2021.</p> <p>2. Applied for provision of an endorsement/guarantee by the Company for the subsidiary Ventec International Group Limited(HK)for the subsidiary Ventec Europe Ltd.</p> <p>3. Approval of provision of an endorsement/guarantee by the Company for the</p>   |

| Date       | Important resolutions adopted in board of directors meetings   |
|------------|--|
|            | subsidiary Ventec Electronics (HK) Co., Ltd.and Ventec Electronics Corporation at Taishin Bank Taipei.   |
| 2021/12/17 | <ol style="list-style-type: none"> <li>1. Approval of the company's 2022 budget.</li> <li>2. Approval of the company's audit plan for 2022.</li> <li>3. Manager of subsidiaries Ventec Europe Ltd. and Ventec Central Europe GmbH 2022 annual salary plan.</li> <li>4.The company's certified accountant appointment independence evaluation.</li> <li>5. Conclude the Risk Management Measures plan of the company.</li> <li>6. Amendments to the Rules of the Company's "Board performance Evaluation Method".</li> </ol>  |
| 2022/3/4   | <ol style="list-style-type: none"> <li>1. The company changes its certified accountant</li> <li>2. 2021Business Report and Financial Statement.</li> <li>3. 2021Earnings Distribution Proposal °</li> <li>4. 2021 Internal Control Statement.</li> <li>5. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Corporation at Yuanta Bank Taipei.</li> <li>6. Amendments of Internal control system and management methods of group subsidiaries</li> <li>7. 2021Employee and Director compensation amounts and distribution methods</li> <li>8. The company's 2021 annual director's remuneration, manager's remuneration, employee remuneration evaluation proposal.</li> <li>9. Amendments to the Code of Practice on Corporate Governance</li> <li>10. Amendments to the Practice Principles for Corporate Social Responsibility</li> <li>11. Approval of British Cayman Islands "Economic Substance Declaration Declaration" and "Annual Declaration".</li> <li>12. Matters pertaining to the time, venue, and agenda of the 2022 General Shareholders' Meeting</li> <li>13. Accept shareholder's right of proposal and operation process.</li> </ol> |
| 2022/4/27  | <ol style="list-style-type: none"> <li>1. Approval of 2022 Q1 Consolidated Financial Statement</li> <li>2. Amendments to the Articles of Association(Special Resolution passed)</li> <li>3. Amendments to the Rules of Procedure for Shareholders' Meetings</li> <li>4. Application for cancellation and extension of Ventec Electronics (HK) Co., Ltd. to Ventec International Group Limited (SAMOA) and Ventec Logistics Limited Lending Funds</li> <li>5. Amendments to the Regulations Governing the Acquisition and Disposal of Assets</li> <li>6. Amendments to the Regulations Governing the Acquisition and Disposal of Assets of the subsidiary.</li> <li>7. Matters pertaining to the time, venue, and agenda of the 2022 General Shareholders Meeting (New Discussions)</li> </ol>  |

4.12 Major content of any dissenting opinion by a Director or Supervisor memorialized in a record or statement thereof, on the Board's approval of important resolutions in the most recent year up to the publication date of this annual report: None.

4.13 Resignation and dismissal of the Company's Chairman, President, accounting manager, financial manager, internal audit manager and R&D manager in the past fiscal year and as of the date of publication of the Annual Report: None

## 5、 Audit Fees

### 5.1 CPA fees information

| Name of accounting firm | Name of CPA    | Audit period         | Audit Fee | Non-Audit Fee | Total | Remar  |
|-------------------------|----------------|----------------------|-----------|---------------|-------|--|
| Deloitte & Touche       | Chen,Chun-Hun  | 2021/1/1-2021/9/30   | 6,700     | 2,194         | 8,894 | 1. Internal organization adjustment and work distribution of the firm<br>2. Non-audit public expenses are mainly transfer pricing and project review |
|                         | Chien,Ming-Yen |                      |           |               |       |  |
|                         | Liu,Yi-Ching   | 2021/10/1-2021/12/31 |           |               |       |  |
|                         | Chen,Chun-Hung |                      |           |               |       |  |

5.2 If the non-audit fees paid to CPAs, accounting firms and affiliated companies of the CPA are more than one-fourth of the audit fees paid to the CPA, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed: None.

5.3 Where the CPA firm was replaced, and the audit fees in the fiscal year, when the replacement was made, were less than that in the previous fiscal year before replacement, the amount of audit fees paid before/after replacement and reasons thereof shall be disclosed: None.

5.4 Where accounting fees paid for the year were 15% (or higher %) less than that of the previous year, the sum, proportion, and reasons thereof shall be disclosed: None.

## 6、 Information for change of CPA: Not Applicable

### 6.1 Information of previous CPA:

|   |  |
|---|--|
| Date of change  | 2022.3.4   |
| Reason of change and explanation  | The Company appointed Deloitte Taiwan to conduct independent audit. However, due to the internal arrangement of the firm, the CPA was changed. |
| Explain the change due to that the appointer or the CPA has terminated or refused to accept the appointment | Not applicable   |
| Comments and reasons for issuing audit reports other than unqualified opinions within the last two years    | Not applicable   |
| Disagreement with the issuer  | Not applicable   |
| Other disclosures   | Not applicable   |

## 6.2 Information of current CPA:

|  |   |
|--|---|
| Name of CPA firm   | Deloitte Taiwan                                     |
| Name of CPA  | Liu, Yi-Ching、Chen, Chun-Hung                       |
| Date of appointment  | Approved by the Board of Directors on March 4, 2022 |
| Prior to appointment, accounting handling methods or principles for specific transactions and opinions, consultation as well as results that may be issued on financial statements | Not applicable                                      |
| Written opinions of the current CPA on matters with which the previous CPA disagreed   | Not applicable                                      |

6.3 Reply letter from the previous CPA to the 3 items in Item 1 and Item 2, Subparagraph 5, Article 10 of the Guidelines for the Preparation of Annual Reports: None.

- 7、The Company's Chairman, President, Managers Responsible for Finance and Accounting who have held a position in the CPA Office or its affiliates within the latest year: None
- 8、Shareholding Transferred or Pledged by Directors, Management, and Major Shareholders Who Hold 10% or More of the Company Shares:

### 8.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

| Title                              | Name                         | 2021                         |                                      | As of the current year through to April 19, 2022 |                                      |
|------------------------------------|------------------------------|------------------------------|--------------------------------------|--|--------------------------------------|
|                                    |                              | Shares Increased (Decreased) | Pledged Shares Increased (Decreased) | Shares Increased (Decreased)                     | Pledged Shares Increased (Decreased) |
| Chairman                           | Top Master Limited           | -                            | -                                    | -  | 400,000                              |
|                                    | Representative: Lao, Kai- Lu |                              |                                      |  |                                      |
| Director                           | Alpha Victor Limited         | -                            | -                                    | -  | -                                    |
|                                    | Representative: Wang, Yu-Tzu |                              |                                      |  |                                      |
| Director and CEO & General Manager | Chung, Chien- Jen            | -                            | -                                    | (96,000)   | -                                    |
| Chief Financial Officer            | Tu, Jennifer                 | -                            | -                                    | -  | -                                    |
| Independent Director               | Sheu, Yuan- Kuo              | -                            | -                                    | -  | -                                    |
| Independent Director               | Chen, Tsung-Hsi              | -                            | -                                    | -  | -                                    |
| Independent Director               | Hou, Yu-Tau                  | -                            | -                                    | -  | -                                    |

8.2 Shareholding transferred: Not applicable.

8.3 Shareholding pledged: Not applicable.

9. Information of Relationship among the Top 10 Shareholders Who Are Related, Spouses or Relatives within the Second Degree of Kinship

April 19, 2022; Unit: Thousand shares; %

| Name  | Current shareholding |      | SPOUSE & MINOR CHILDREN'S SHAREHOLDING |      | SHAREHOLDING IN NAME OF OTHERS |   | Name, relationship of top ten shareholders are spouses of within 2 degrees of consanguinity to each other |              |
|---|----------------------|------|--|------|--------------------------------|---|---|--------------|
|   | Shares               | %    | Shares                                 | %    | Shares                         | % | Name  | Relationship |
| Top Master Limited<br>Representative:<br>Lao, Kai- Lu   | 4,713,307            | 6.60 | —                                      | —    | —                              | — | —   | —            |
| Alpha Victor Limited<br>Representative: Wang,<br>Yu-Tzu   | 4,090,908            | 5.73 | —                                      | —    | —                              | — | —   | —            |
| Prime Mission Limited<br>Representative:<br>Wang Jian- Guo  | 1,849,809            | 2.59 | —                                      | —    | —                              | — | —   | —            |
| Yang, Han-Chi   | 1,754,936            | 2.46 | —                                      | —    | —                              | — | —   | —            |
| Win Master Limited<br>Representative:<br>Liu, Ta-Wei  | 1,713,000            | 2.40 | —                                      | —    | —                              | — | —   | —            |
| Chung, Chien-Jen  | 1,263,623            | 1.77 | 69,848                                 | 0.10 | —                              | — | —   | —            |
| CTBC BANK CO., LTD IN CUSTODY FOR VENTEC INTERNATIONAL GROUP CO., LTD MAINLAND CHINA EMPLOYEES COLLECTIVE   | 1,153,200            | 1.61 | —                                      | —    | —                              | — | —   | —            |
| CTBC BANK CO., LTD IN CUSTODY FOR VENTEC INTERNATIONAL GROUP CO., LTD OVERSEAS FOREIGN EMPLOYEES COLLECTIVE | 999,701              | 1.40 | —                                      | —    | —                              | — | —   | —            |
| Lao, Da- Rong   | 790,000              | 1.11 | —                                      | —    | —                              | — | —   | —            |
| Song, Wei- Ting   | 775,000              | 1.08 | —                                      | —    | —                              | — | —   | —            |

10、Shareholding Proportion of Ventec to Investees.

Dec 31, 2021; Unit: Thousand shares

| Investees by equity method | The Company's Holdings |      | Direct and Indirect Holding of Directors and Managers |   | Total Holdings |      |
|----------------------------|------------------------|------|---|---|----------------|------|
|                            | Shares                 | %    | Shares  | % | Shares         | %    |
| VIG Samoa                  | 46,600                 | 100% | -   | - | 46,600         | 100% |
| VIG HK                     | 31,110                 | 100% | -   | - | 31,110         | 100% |
| VLL BVI                    | 8,010                  | 100% | -   | - | 8,010          | 100% |
| VT HK                      | 10                     | 100% | -   | - | 10             | 100% |
| VT TW                      | 10,000                 | 100% | -   | - | 10,000         | 100% |
| VT UK                      | 807                    | 100% | -   | - | 807            | 100% |
| VT DE                      | 400                    | 100% | -   | - | 400            | 100% |
| VT US                      | ( Note)                | 100% | -   | - | ( Note)        | 100% |
| VT SZ                      | ( Note)                | 100% | -   | - | ( Note)        | 100% |
| VT JY                      | ( Note)                | 100% | -   | - | ( Note)        | 100% |
| VT SZWT                    | ( Note)                | 100% | -   | - | ( Note)        | 100% |

Note: This is a limited company and has no shares.

#### IV. CAPITAL OVERVIEW

##### 1、Capital and Shares

##### 1.1 Issued shares

##### (1)Source of capital stock

April 19, 2022; Unit: Thousand shares;

| Type of Stock            | Authorized Share Capital  |                 |            | Remarks |
|--------------------------|---------------------------|-----------------|------------|---------|
|                          | Issued outstanding shares | Unissued shares | Total      |         |
| Registered common shares | 71,454,345                | 18,545,655      | 90,000,000 | -       |

##### (2)Source of capital stock

Unit: Thousand shares/ NT\$ Thousands

| Month /Year | Par Value  | Authorized Capital |         | Paid-in Capital |         | Remarks                                    |   |       |
|-------------|------------|--------------------|---------|-----------------|---------|--|---|-------|
|             |            | Shares             | Amount  | Shares          | Amount  | Sources of Capital                         | Capital Increased by Assets other than Cash | Other |
| 2012/10     | NT\$10     | 90,000             | 900,000 | 45,000          | 450,000 | Capitalstockat establishment               | —   | —     |
| 2016/2      | USD 0.6667 | 90,000             | 900,000 | 48,430          | 484,306 | Capitalization By cash                     | —   | —     |
| 2016/12     | USD 0.35   | 90,000             | 900,000 | 51,419          | 514,191 | Employee Stock Options                     | —   | —     |
| 2017/3      | USD 0.45   | 90,000             | 900,000 | 54,413          | 544,126 | Capitalization By cash                     | —   | —     |
| 2017/5      | USD 0.6667 | 90,000             | 900,000 | 56,114          | 561,143 | Capitalization By cash                     | —   | —     |
| 2017/10     | NT\$22     | 90,000             | 900,000 | 58,614          | 586,143 | Employee Stock Options                     | —   | —     |
| 2018/10     | NT\$65     | 90,000             | 900,000 | 64,614          | 646,143 | Capitalization by cash                     | —   | —     |
| 2019/4      | NT\$60     | 90,000             | 900,000 | 70,654          | 706,543 | Capitalization by cash                     | —   | —     |
| 2020/9      | NT\$10     | 90,000             | 900,000 | 71,454          | 714,543 | Issuance of New Employee Restricted Shares | —   | —     |



## 1.2 Composition of shareholders

April 19, 2022; Unit: shares; %

| Types<br>Amounts          | Government<br>Agencies | Financial<br>Institutions | Other<br>Juridical<br>Persons | Domestic<br>Citizens | Foreign<br>Institutions<br>& Foreign<br>Persons | Total      |
|---------------------------|------------------------|---------------------------|-------------------------------|----------------------|---|------------|
| Number                    | —                      | —                         | 36                            | 13,107               | 63  | 13,206     |
| Number of<br>shares owned | —                      | —                         | 1,842,021                     | 53,250,686           | 16,361,638                                      | 71,454,345 |
| holding%                  | —                      | —                         | 2.58                          | 74.53                | 22.89   | 100.00     |

Note: The shareholding percentage of Mainland Chinese is 1.61%.

## 1.3 Distribution profile of share ownership

April 19, 2022

| Shareholder Ownership | Number of<br>Shareholders | Number of shares<br>owned | Percentage<br>ownership(%) |
|-----------------------|---------------------------|---------------------------|----------------------------|
| 1-999                 | 1,948                     | 214,815                   | 0.30                       |
| 1,000-5,000           | 9,611                     | 17,871,057                | 25.01                      |
| 5,001 -10,000         | 888                       | 7,015,871                 | 9.82                       |
| 10,001-15,000         | 270                       | 3,459,849                 | 4.84                       |
| 15,001-20,000         | 161                       | 2,988,232                 | 4.18                       |
| 20,001-30,000         | 120                       | 3,123,600                 | 4.37                       |
| 30,001-40,000         | 59                        | 2,127,797                 | 2.98                       |
| 40,001-50,000         | 35                        | 1,633,100                 | 2.29                       |
| 50,001-100,000        | 57                        | 4,104,005                 | 5.74                       |
| 100,001-200,000       | 30                        | 4,388,398                 | 6.14                       |
| 200,001-400,000       | 14                        | 4,030,617                 | 5.64                       |
| 400,001-600,000       | 3                         | 1,393,520                 | 1.95                       |
| 600,001-800,000       | 2                         | 1,565,000                 | 2.19                       |
| 800,001-1,000,000     | 1                         | 999,701                   | 1.40                       |
| 1,000,001 and over    | 7                         | 16,538,783                | 23.15                      |
| Total                 | 13,206                    | 71,454,345                | 100.00                     |

1.4 Main shareholders list: list the names of shareholders holding more than 5% of shares or those with the top ten shareholdings, the amount of their shareholdings and its percentile

April 19, 2022; Unit: shares

| Shareholders   | shares | Total shares owned | Ownership (%) |
|--|--------|--------------------|---------------|
| Top Master Limited   |        | 4,713,307          | 6.60          |
| Alpha Victor Limited)  |        | 4,090,908          | 5.73          |
| Prime Mission Limited  |        | 1,849,809          | 2.59          |
| Yang, Han-Chi  |        | 1,754,936          | 2.46          |
| Win Master Limited   |        | 1,713,000          | 2.40          |
| Chung, Chien- Jen  |        | 1,263,623          | 1.77          |
| CTBC BANK CO., LTD IN CUSTODY FOR<br>VENTEC INTERNATIONAL GROUP CO., LTD<br>MAINLAND CHINA EMPLOYEES COLLECTIVE      |        | 1,153,200          | 1.61          |
| CTBC BANK CO., LTD IN CUSTODY FOR<br>VENTEC INTERNATIONAL GROUP CO., LTD<br>OVERSEAS FOREIGN EMPLOYEES<br>COLLECTIVE |        | 999,701            | 1.40          |
| Lao, Da- Rong  |        | 790,000            | 1.11          |
| Song, Wei- Ting  |        | 775,000            | 1.08          |

1.5 Net worth, earnings, dividends, and market price per common share

| Items                     |  | Year                   | 2020         | 2021         | Jan,1–Mar31<br>2022 |
|---------------------------|--|------------------------|--------------|--------------|---------------------|
| Market price<br>per share | Highest                                      |                        | 97.50        | 194.00       | 138.00              |
|                           | Lowest                                       |                        | 65.30        | 62.50        | 106.00              |
|                           | Average                                      |                        | 80.71        | 121.25       | 118.97              |
| Net Worth<br>Per Share    | Before Distribution                          |                        | 34.34        | 42.69        | -                   |
|                           | After Distribution                           |                        | 31.14        | 36.09        | -                   |
| Earnings per<br>Share     | Weighted Average Shares<br>(Thousand shares) |                        | 70,654       | 70,654       | 70,654              |
|                           | Basic Earnings per Share                     |                        | 5.28         | 11.72        | 1.70                |
| Dividends<br>per Share    | Cash Dividend                                |                        | 3.20(Note 1) | 6.60(Note 2) | -                   |
|                           | Stock<br>Dividend                            | From Retained Earnings | -            | -            | -                   |
|                           |  | From Capital Surplus   | -            | -            | -                   |
|                           | Accumulated Undistributed<br>Dividend        |                        | -            | -            | -                   |
| Return on<br>Investment   | Price/Earnings Ratio                         |                        | 15.29        | 10.35        | -                   |
|                           | Price/Dividend Ratio                         |                        | 25.22        | 18.37        | -                   |
|                           | Cash Dividend Yield                          |                        | 3.96         | 5.44         | -                   |

Note 1: On June 18, 2021, the Company distributed a cash dividend of NT\$3.20 per share as resolved by the shareholders' meeting.

Note 2: The earnings distribution for the first half of 2021 was not distributed by the resolution of the Board of Directors on August 16, 2021; the earnings distribution for the second half of 2021 was resolved by the Board of Directors on March 4, 2022 as a cash dividend of NT\$6.60 per share, and the rest of 2021 The distribution project is yet to be finalized after the resolution of the shareholders' meeting.

## 1.6 Company's dividend policy and implementation status

### (1) Dividend Policy:

The shareholders' meeting on June 11, 2020 passed a resolution to amend the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of each half fiscal year, the board may, by a resolution passed by a majority of the directors present at a meeting of the board attended by two-thirds or more of the total number of directors, distribute dividends to the shareholders and in addition, thereto a report of such distribution shall be submitted to the general meeting.

Under the dividends policy as set forth in the amended Articles, as the Company is in the growing stage, the dividend of the Company may be distributed in the form of cash dividends and/or share dividends. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirements and other plans for sustainable development needs in assessing the amount of dividends distributed by the Company.

Subject to the laws, the applicable listing rules and the Articles and except as otherwise provided by the rights attaching to any shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the statutory reserve of the remaining profits in accordance with the applicable listing rules (provided that the setting aside of the statutory reserve does not apply if the aggregate amount of the statutory reserve amounts to the Company's total paid-in capital), and setting aside the special reserve (if any), the board may, by a resolution passed by a majority of the directors present at a meeting of the board attended by two-thirds or more of the total number of directors, distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the special reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole to the members as dividends/bonuses in proportion to the number of shares held by them respectively pursuant to the Articles; and in addition thereto a report of such distribution shall be submitted to the general meeting, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to members.

The Company may resolve to distribute net profit or offset losses at the end of each half fiscal year. Whenever the Company still has net profit at the end of the first half fiscal year, the Company shall first estimate and reserve the amount of compensation of employees, remuneration of directors and then payment of tax from the said profits; and after offsetting losses (including losses as at the beginning of the first half fiscal year and adjusted undistributed profits, if any), setting aside the statutory reserve of the

remaining profits in accordance with the applicable listing rules (provided that the setting aside of the statutory reserve does not apply if the aggregate amount of the statutory reserve equals the Company's total paid-in capital), and setting aside the special reserve (if any), the board may, subject to the compliance with the percentage of distribution as set forth, resolve to distribute the remaining balance (including the amounts reversed from the special reserve), plus accumulated undistributed profits as at the beginning of the first half fiscal year (including adjusted undistributed profits) in whole or in part as dividends/bonuses in proportion to the number of shares held by them respectively pursuant to the Articles; and in addition, thereto a report of such distribution shall be submitted to the general meeting.

Under the dividends policy as set forth in the Articles before the amendments, as the Company is in the growing stage, the dividend of the Company may be distributed in the form of cash dividends and/or share dividends. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirements and other plans for sustainable development needs in assessing the amount of dividends distributed by the Company.

Subject to the laws, the applicable listing rules and the Articles and except as otherwise provided by the rights attaching to any shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the statutory reserve of the remaining profits in accordance with the applicable listing rules (provided that the setting aside of the statutory reserve does not apply if the aggregate amount of the statutory reserve equals the Company's total issued capital), and setting aside the special reserve (if any), the Company may distribute not less than 10% of the remaining balance (including the amounts reversed from the special reserve), plus undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an ordinary resolution passed at an annual general meeting of the Company duly convened and held in accordance with the Articles to the members as dividends/bonuses in proportion to the number of shares held by them pursuant to the Articles, provided that, cash dividends shall not be less than 10% of the total amount of dividends distributed to members. plus accumulated undistributed profits as at the beginning of the first half fiscal year (including adjusted undistributed profits) in whole or in part as dividends/bonuses in proportion to the number of shares held by them respectively pursuant to the Articles; and in addition, thereto a report of such distribution shall be submitted to the general meeting.

(2) Proposed dividend to be resolved in the upcoming General Shareholders’

Meeting:

The company's surplus allocation proposal for the first half year of 2021 was not allocated after the board of directors passed a resolution on August 16, 2021; The Earnings Distribution Proposal for the Second Half Year of 2021 has been approved by the Board of Directors on March 04, 2022, with a cash dividend of NT\$ 6.20 per share.

(3) If the Dividend Policy Is Expected to Change Substantially: None

1.7 Effects on business performance and EPS resulted from stock distribution proposed by 2021 Annual General Shareholders’ Meeting: Not applicable.

1.8 Remunerations for employees, directors and supervisors:

(1) Quantity or scope of compensation for employees, directors, and supervisors as prescribed under the Articles of Incorporation :

During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, the Company may distribute not less than five percent (5%) and not more than ten percent (10%) of the profits for such year to the Employees as the Employees’ compensation in the form of shares and/or in cash and may distribute not more than two percent (2%) hereof to the Directors as the Directors’ compensations, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and Directors in the proportion set out above. A report of such distribution of Employees’ and Directors’ compensations shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors’ compensations shall not be paid in the form of shares. The term "annual profits" as used herein shall mean the annual profits for such year before tax without deducting the amount of compensation distributed to the Employees and Directors as prescribed in this Paragraph of this Article.

(2) Accounting treatment for the basis of estimating the amount of the employees’ compensation and director’s and supervisors’ remuneration for this fiscal period, the basis of calculating the number of shares to be distributed as employees’ compensation, and accounting handling for any discrepancy between the actual amount distributed and the estimated figures:

The Company shall calculate the remuneration of employees and directors in proportion to the net profit before tax for the current year before deducting employee and Director remuneration. If there is a change in the amounts after the annual financial statements are authorized for issue, the differences should

be recorded as a change in the accounting estimate in the following year.

(3) Information on allocation of compensation approved by the Board of Directors:

(a) The amount of employee compensation and directors' and supervisors'

remuneration distributed in cash or shares: The Company's Board of Directors resolved on March 4, 2022 to propose a distribution of NT\$18,701 thousands (USD668 thousands) for Director remuneration and NT\$94,005 thousands (USD3,355 thousands) for employee remuneration. There is no difference between the estimated amount of compensation and that recognized for the current year.

(b) The amount of employee compensation distributed in stock and the ratio thereof to total net income after tax and total employee benefits in the current period: The Company did not propose to distribute employee stock remuneration.

(4) Actual distribution of employees, directors and supervisors' compensation in the previous year :

The earnings of 2020 was approved by the shareholders' meeting held in 2021 and the sum was the same as was recognized by the board of directors' meeting.

1.9 Buyback of the Company stock: None.

2、Corporate Bonds: None.

3、Preferred Stock issued: None.

4、Issuance of Overseas Depository Receipts: None.

5、Employee Stock Options : None.

6、Employee Restricted Stock Option:

6.1 Any new shares with limited employee rights which have not fully met the vested conditions shall disclose the status of the transaction as of the publication date of the annual report and its impact on shareholders' equity

April 19, 2022; Unit: shares

|   |   |
|---|---|
| The types of employee restricted stock  | For the first time in 2020<br>employee restricted stock   |
| Effective date of declaration   | 2020/7/24   |
| Issue date  | 2020/9/23   |
| Number of new shares issued<br>employee restricted stock                                | 800,000   |
| Ratio of issued new shares with<br>restricted employee rights to total<br>issued shares | 1.12%   |
| Vesting conditions  | <p>Employees who are granted with the restricted employees shares should remain employed by the company with 1 year or more from the time of the award of the new restricted employee shares and have achieved the required individual performance rating. The proportions of shares are granted to employees according to the respective vesting conditions reached as follows:</p> <p>Remain employed after 2 year from the time of the award: 30% of the distribution.</p> <p>Remain employed after 3 year from the time of the award: 30% of the distribution.</p> <p>Remain employed after 4 year from the time of the award: 40% of the distribution.</p> <p>The operating target referred to in these Measures refers to the fact that the company's gross profit rate in the previous year is not lower than the average level of its peer companies Elite Material Co., Ltd., Taiwan Union Technology Corporation and ITEQ Corporation in the same year, and the operating profit rate is not lower than the average level of the same year. Lower than the previous year's level of established Japanese companies.</p> |
| Restrictions on share rights prior to meeting of vesting conditions                     | (1) The employees shall not sell, pledge, transfer, give to others as a present, create encumbrance on or dispose in other way the unvested Restricted Shares until such  |

|  |   |
|--|---|
|  | <p>Restricted Shares are vested.</p> <p>(2) The employees holding vested Restricted Shares are entitled to the rights to participate in shares dividends distribution and are entitled to the rights to participate in cash dividends distribution, the preemptive rights to subscribe for the new shares issued for cash capital increase and the rights to vote.</p> <p>(3) After the Grant Date, the employees shall put all the Restricted Shares granted to them into a trust or an escrow immediately, and shall not ask the trustee or escrow bank to return the trusted or escrowed restricted Shares before such Restricted Shares are vested.</p> <p>(4) Where the company carries out non-statutory capital reductions including cash capital reductions during the vesting period, restricted stock awards shall be canceled in proportion to said capital reduction. Capital returned in the context of cash capital reductions shall be held in trust and may only be handed over to employees when vesting conditions are met. The Company may seize such cash if vesting conditions are not met.</p> <p>5. The company gratuitous allotment stop the transfer date, the cash dividend to stop the transfer date, the cash capital increase subscription to stop the transfer date, the shareholders will be stopped during the transfer, or the occurrence of other facts in accordance with the statutory right to stop the transfer period to dispatch the reference date, the conditions for this period reached a vested For employees of, the time limit and procedures for the removal of their acquired shares shall be implemented in accordance with the trust custody contract or relevant regulations.</p> |
| Custody  | <p>During the delivery of the Restricted Stock Awards to the Trust, the company shall be the sole agent of the employees and stock trusts, and shall conduct, sign, revise, extend, dismiss, terminate, and deliver the Trust Property, application and disciplinary instructions (including but not limited to).</p>   |
| Methods to Handle the Unvested Restricted Shares in theFollowing | <p>(1)resignation: (Voluntary / Retirement / Severance / dismissal) :</p> <p>In the case of employees who resign, the part of the</p>   |



|            |  |
|------------|--|
| Conditions | <p>Restricted Stock Awards that has not reached the vested period is deemed to have failed to reach the condition of the vesting on the effective date of the resignation. Our company will withdraw issued shares without compensation and cancel all shares granted.</p> <p>(2)Leave of absence:</p> <p>In the case of employees who are specially approved for a leave of absence, about the part of the Restricted Stock Awards that has not reached the vested period, the calculation will be suspended from the effective date of the leave of absence, and will be calculated continuously from the date of reinstatement. The timetable of paragraph 5.3 of this Article will be deferred. If there is no reinstatement before the expiration of a leave of absence, it will be treated as voluntary resignation accordingly.</p> <p>(3)General death:</p> <p>In the case of employees who die due to non-occupational disasters reason, the part of the Restricted Stock Awards that has not reached the vested period is deemed to have failed to have the qualification of the vesting condition on the death date. Our company will withdraw issued shares without compensation and cancel all shares granted.</p> <p>(4)occupational disasters: :</p> <p>i. In the case of employees who are unable to continue to serve due to a physical disability due to occupational disasters, the part of the Restricted Stock Awards that has not reached the vested period is still process in accordance with the provisions of paragraph 5.3 of this Article.</p> <p>ii. In the case of employees who are died due to occupational disasters, the part of the Restricted Stock Awards that has not reached the vested period is deemed to have failed to have the qualification of the vesting condition in accordance with the provisions of paragraph 5.3 of this Article. Our company will withdraw issued shares without compensation and cancel all shares granted. the legal heirs of the employee can complete the vesting shares if they have completed the necessary procedures and provided relevant supporting documents according to the actual situation.</p> <p>(5)A transfer to relationship enterprise:</p> <p>i. In the case of employees who transfer to a relationship enterprise, for the part of the Restricted Stock Awards</p> |
|------------|--|

|   |  |
|---|--|
|   | <p>that has not reached the vested period, it shall be treated as voluntary resignation accordingly.</p> <p>ii. For the purpose of the company's operations, when it is appointed or transferred to the company's affiliate company or other company, for the part of the Restricted Stock Awards that has not reached the vested period, after the employee is appointed or transferred to the company's relationship company or other company, and under the condition that the employee remain in-service, it is still process in accordance with the provisions of paragraph 5.3 of this Article, but whether the individual performance assessment have reached the vested conditions will be determined by the CEO of the company with reference to the performance of the company's requirements and the performance evaluation provided by the company which the employ transfer to.</p> <p>(6) Where employees voluntarily relinquish their right to restricted stock awards by written declaration, the Company shall seize and cancel such shares without compensation pursuant to relevant laws.</p> <p>Where employees are penalized with a major demerit or above for violations of provisions set forth in the work rules or employee manual, the Company shall seize and cancel such shares without compensation pursuant to relevant laws.</p> <p>(7)Where the delegated authorization ofthe Companyis terminated or rescinded by employees, unvested restricted stock awards shall be seized and canceled by the Company without compensation pursuant to relevant laws.</p> |
| Reposessed or repurchased   | -  |
| Lifted restrictions   | -  |
| Number of new shares that have not lifted the restricted rights   | 800,000Shares  |
| The ratio of the number of new shares with unrestricted rights to the total number of shares issued (%) | 1.12%  |
| Impact on shareholders' equity  | Based on the number of the company's outstanding shares at the time of issuance, the dilution to the company's future annual earnings per share is still limited, and there is no significant impact on shareholders' equity.  |

6.2 Names, acquisition and subscription of shares for manager(s) acquiring employee restricted stock and top ten employees with the number of shares acquired as of the date for the publication of annual report:

April 19, 2021

|          | Job Title                                    | Name             | Quantities of Restricted Stock Awards Obtained | Percentage for Quantities of Restricted Stock Awards Obtained over Total Outstanding Shares | Rights Restriction Already Lifted       |                                    |                 |  | Rights Restriction Not Lifted                |                                    |                 |   |
|----------|--|------------------|--|---|---|------------------------------------|-----------------|--|--|------------------------------------|-----------------|---|
|          |  |                  |  |   | Number of Shares for Restriction Lifted | Offering Price                     | Offering Amount | Percentage for Restriction Lifted Quantity over Total Outstanding Shares | Number of Shares with Restriction not Lifted | Offering Price                     | Offering Amount | Percentage for Number of Shares with Restriction not Lifted over Total Outstanding Shares |
| Employee | Director, CEO and G.M.                       | Chung, Chien-Jen | 260,000  | 0.36%   | -                                       | Distribution of stocks or dividend | -               | -  | 260,000                                      | Distribution of stocks or dividend | -               | 0.36%   |
|          | Chief Financial Officer & Head of Accounting | Tu, Jennifer     |  |   |   |                                    |                 |  |  |                                    |                 |   |
|          | Offshore Company Chief Operating Officer     | Mark Ian Goodwin |  |   |   |                                    |                 |  |  |                                    |                 |   |
|          | Director                                     | Wang Zhuo        | 201,000  | 0.28%   | -                                       | Distribution of stocks or dividend | -               | -  | 201,000-                                     | Distribution of stocks or dividend | -               | 0.28%-  |
|          | Director                                     | Li Yu Min        |  |   |   |                                    |                 |  |  |                                    |                 |   |
|          | Director                                     | Zhao Xiao Bin    |  |   |   |                                    |                 |  |  |                                    |                 |   |
|          | Senior Manager                               | Qiu Qiao Wei     |  |   |   |                                    |                 |  |  |                                    |                 |   |
|          | Director                                     | Song Han Lin     |  |   |   |                                    |                 |  |  |                                    |                 |   |
|          | Senior Manager                               | Zeng You Ling    |  |   |   |                                    |                 |  |  |                                    |                 |   |
|          | Director                                     | Fang Zhong       |  |   |   |                                    |                 |  |  |                                    |                 |   |
|          | Vice Director                                | Cai Hui An       |  |   |   |                                    |                 |  |  |                                    |                 |   |
|          | Vice Director                                | Xu Huan Bao      |  |   |   |                                    |                 |  |  |                                    |                 |   |
|          | Vice Director                                | Ni Wei Bin       |  |   |   |                                    |                 |  |  |                                    |                 |   |

7、Issuance of New Shares in Connection with the Merger or Acquisition: None.

8、Financing Plans and Implementation: None.

## V、Operational Highlights

### 1、Business Activities

#### 1.1. Business scope

##### (1) Core business activities

The Company and its subsidiaries, collectively referred to as the “Group”, mainly engages in the research and development, production and sale of copper clad laminate (CCL), aluminium-backed laminate (IMS) and prepreg

##### (2) Revenue by products in 2020and 2021

| Category                  | 2020      |                       | 2021      |                       |
|---------------------------|-----------|-----------------------|-----------|-----------------------|
|                           | Revenue   | Percentage of revenue | Revenue   | Percentage of revenue |
| Copper Clad Laminates     | 2,569,052 | 55.05                 | 4,250,582 | 55.43                 |
| Insulated Metal Substrate | 978,758   | 20.26                 | 1,514,777 | 19.76                 |
| Prepregs                  | 983,577   | 20.36                 | 1,382,510 | 18.03                 |
| Others                    | 208,858   | 4.33                  | 519,350   | 6.78                  |
| Total                     | 4,830,183 | 100.00                | 7,667,219 | 100.00                |

Unit:NT\$ thousands; %

##### (3) The company's current commodity project

- A. Copper clad laminate for double sided PCB
- B. Copper clad laminate and prepreg for Multi-layer PCB.
- C. Insulated Metal Substrate.

##### (4) New products planned to be developed

The Company constantly develops low-loss materials in anticipation of the big data and smart city era. The Company is also firmly committed to the development of eco-friendly materials with excellent thermal dissipation characteristics to meet the rising power demands of energy-saving lighting. New materials are developed to meet the functional requirements of IC packaging which is characterized by high density and integration. The Company also develops Copper Clad Laminates (coated aluminum sheet) as a substitute for traditional circuits to meet the market demand for low-cost substrate.

- A. Low loss and high reliability PCB material for Server and Tele-communication application.
- B. Hydrocarbon and ceramic filled material for Radio Frequency application.
- C.PTFE material for Radio Frequency application.
- D.Very Low CTE material for IC packaging application.
- E. Halogen free and very high thermal conductivity (10.0W/mK) IMS for ultra-light LED
- F.Aluminum clad laminate (to replace heavy copper clad laminate)
- G.Ultra-low Dk material (Dk 2.8)

## 1.2. Industry Overview

### (1) Current Status And Development of the Industry

#### A. Global Economic Development

According to the Global Economic Growth Rate forecast released by the International Monetary Fund (hereinafter referred to as IMF) in October 2021, the global economy continues to recover. However, due to the resurgence of the new crown epidemic, the rapid spread and new variants of the virus may continue to drag down the recovery momentum, bringing many uncertainties to the gradual recovery of economic growth.

Announced in April 2022, global economic growth is expected to slow from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. Mainly affected by the war in Russia and Ukraine, the global economic growth has slowed down and pushed up inflation, fuel and food prices have risen rapidly, and the recovery of growth forecast in the United States and mainland China has weakened. The United States mainly comes from the Federal Reserve (Fed) tightening monetary policy in advance, and supply chain bottlenecks are tangled; due to the rising epidemic situation in mainland China, epidemic prevention and control measures have been adopted, which has affected and challenged production activities.

#### B. End-use Electronic Products

##### (A) Global Consumer Electronics Industry

According to the TPCA research of the Taiwan Circuit Board Association, the output value of the global circuit board industry in 2021 will reach 85.4 billion US dollars, setting a high growth rate of 22.6%. In addition to the growth of output value mainly driven by substrate, other products including multi-layer boards, flexible boards, etc. have also achieved good results driven by end-use applications. Smartphones, the largest application market for circuit boards in 2021, shipped more than 1.4 billion units, not only getting rid of the recession in the past two years, but also driven by 5G mobile phones, the overall growth reached 7.4%; Affected by the epidemic, notebook computers grew by 13.1%; Servers still maintained a stable growth rate of 4%, while game consoles and automobiles experienced growth rates of 16.6% and 11.0%, respectively, despite the shortage of components.

On the whole, the penetration rate of 5G mobile phones will continue to increase significantly in 2022, and the growth rate of smartphones is expected to exceed that in 2021. The server is still able to maintain the growth trend under the promotion of the new platform architecture. Although the shipment growth rate of each product is not all higher than that in 2021, they all maintain excellent growth strength, and the growth of the overall circuit board output value in 2022 is still positive.

#### (B) Global Automobile Electronics Industry

In the global electric vehicle market, under the international environmental protection wave of carbon neutrality, global warming, carbon emission targets, and favorable policies are the three major driving forces, and the shipment of electric vehicles will continue to increase. The proportion of automotive electronics in the production cost of each vehicle has grown from 18% in 2000 to 40% in 2020, and is expected to grow to 45% in 2030. Even in the automotive application market, the global automotive market continues to decline due to the shortage of automotive chips. However, due to the trend of automotive electronics, the increase in automotive electronic products and the increase in the number of automotive boards are still major favorable factors for the future output value of global circuit boards.

#### (C) LED Related Industries

According to the latest analysis by TrendForce, the global lighting market demand will gradually recover in 2021. With the rising prices of lighting products, lighting products are increasingly becoming integrated lamps and intelligent systematization. From the perspective of the application market of LED lighting products, lighting products are equipped with various sensors and communication modules, and the penetration rate of smart lighting (connected lighting) has increased. In order to achieve the goal of "carbon neutrality" in the world, the demand for LED energy-saving renovation projects has increased, and the future commercial, home, outdoor and industrial lighting application markets will usher in new growth opportunities. It is estimated that the global LED lighting market will reach US\$72.1 billion in 2022, and will grow steadily to US\$93.47 billion in 2026. According to TrendForce research, the global penetration rate of LED headlights will exceed 60% in

2021, and the penetration rate of new energy vehicles will be as high as more than 90%. With the dual growth momentum of the increase in car market shipments and the increase in the penetration rate of LED lighting, it is estimated that the output value of the global automotive LED market will continue to grow in 2022. It shows that LED headlights and automotive display LED products are still the main driving force for the growth of the automotive LED market.

## (2) Connections among the industry upstream, midstream and downstream

| Upstream                                 | Midstream   | Downstream                  |
|--|---|-----------------------------|
| Glass Fabric                             | Copper clad laminate                              | Type of Electronic Products |
| Epoxy resin                              |   | Mobile phone                |
| PN resin                                 | Rigid PCB, flex PCB, IC substrate PCB             | Computer                    |
| copper foil                              |   | Home                        |
| PI resin                                 | PCB assembly processing and related manufacturing | Car                         |
| Production process and testing equipment |   | Communication               |
|  |   | Aerospace                   |
|  |   | Medical treatment           |
|  |   | Entertainment               |
|  |   | Traffic                     |
|  |   | Food                        |

### A. Upstream

Upstream products can be divided into the following categories:

Reinforcing materials including insulating paper, glass fiber mat, glass fiber yarn, and glass fabric supplied by Nanya and Taiwan Glass, the two largest glass fabric manufacturers in the world. Conductive materials including oxygen-free copper balls, electrodeposited copper foil, and rolled copper foil mainly supplied by Japanese and US manufacturers due to the location of copper deposits and technological requirements in the fields of electrodeposition, rolling, and surface treatment. Taiwanese suppliers include Nanya and Chang Chun, which are ranked among the five largest copper foil manufacturers worldwide. Binding materials including phenolic resin, epoxy resin, and polytetrafluoroethylene resin are mainly imported. Due to high requirements in the field of heat resistance, wear resistance, and insulation, US, Japanese, and Korean chemical manufacturers have a combined market share of 90%.

## B. Midstream

Midstream products such as Copper Clad Laminate are key base materials for the manufacture of printed circuit boards. The manufacturing process is composed of adhesive mixing and compounding by utilizing solvents, curing agents, accelerating agents, and resin followed by the creation of film through maceration of reinforcing materials such as glass fabric. After inspection procedures, the film is cut and overlaid before copper foil is added. Finally, CCL is created through heat pressing, trimming, testing, and cutting. Based on base material properties, CCL can be divided into the following four categories: paper-based substrate, composite substrate glass/epoxy substrate, and flexible substrate.

PCB can be divided into the following three categories: Rigid PCB, Flexible PCB, and IC Substrate. Rigid PCBs are used for TVs, digital video recorders, telephones, fax machines, computers, and notebook computers. Flexible PCB application include smartphones, digital cameras, notebook computers, LCD panels, and touch panels. IC substrate is utilized for logic chips, chipsets, graphics chips, DRAM and flash memory.

## C. Downstream

Various electronics products including IT, communication, and consumer products such as TVs, digital video recorders, computer peripherals, fax machines, notebook computers, tablet computers, smart handheld devices, communication and network equipment, and smart wearable devices which are currently the hottest products on the market represent the main downstream applications of PCB.

The importance of flexible substrate is constantly increasing because it is more and more frequently adopted for hi-tech products. Due to rising environmental awareness, relevant laws and regulations and restrictions on hazardous substances in electronics products have been formulated. In recent years, manufacturers in different countries have therefore been firmly committed to the development of halogen-free and lead-free eco-friendly substrates. In line with the pursuit of lightness and thinness in the field of electronics products, the demand for High Density Interconnect (HDI) is rapidly increasing. HDI is currently mainly utilized for smart handheld devices including smartphones and tablets. Other applications include high layer count and COB substrates for notebook computers, high-end computers, network communications, and peripherals.

### (3) Various product development trends

CCL is a base material for PCBs. Its price is closely related to upstream materials such as electrodeposited copper foil, glass fabric, and epoxy resin. Despite a stable recovery of copper prices in recent years, the CCL market is gradually moving back from a buyer's



market to a seller's market, which forces CCL manufacturers to raise their prices to reflect rising costs. In line with current trends such as shrinking size, rising power requirements, multifunctionality, and eco-friendliness in the electronics product industry, R&D efforts focus on high-density, multi-layered, rigid-flex, and eco-friendly substrates to generate growth momentum.

#### A. High-frequency substrates

High frequency is defined as frequencies of 1GHz or above. Products below 10GHz still employ glass fiber reinforced epoxy laminate FR-4 substrates due to cost considerations. However, products that exceed 10GHz, have higher requirements in the field of low-k. Due to its superior electric, hydro, and frequency properties, PTFE is the ideal material for substrates. It is utilized to develop high-frequency, highly reliable, and low-consumption PTFE substrates.

#### B. Heat resistance and conductivity

Due to the latest trends such as gradual miniaturization and gradually rising performance in the electronics product market, adequate heat dissipation functions are required to handle the thermal energy generated during high-performance operations. Silicon interposers can provide superior CTE (coefficient of thermal expansion) values, offering outstanding heat resistance and insulation properties. Glass-based substrates represent another enhancement option in line with cost considerations. In addition, ceramic substrates are also applied in heat generating products such as LED. They are characterized by superior CTE values and heat resistance capabilities compared to aluminum substrate.

#### C. Eco-friendly materials

Glass fiber reinforced epoxy laminate FR-4 substrates which were widely used in the past are characterized by low prices and processing convenience. However, their base materials and chemical agents contain lead and halogen. Lead is added to increase heat resistance in original processes. Lead-free welding materials which are capable of withstanding high-heat environments during assembly represent a significant improvement. Halogen provides flame resistance properties. Halogen-free materials are adopted as a substitute for the original flame resisting agents. In addition, phosphorous epoxy resin is used as a replacement for bromide epoxy resin.

### (4) Competitive status

According to the TPCA research of the Taiwan Printed Circuit Board Association, the long-term observation of the PCB manufacturing revenue performance of Taiwanese businessmen on both sides of the Taiwan Strait shows that in recent years, the quarterly production and sales data have continuously broken the records of the same period in the

past. In 2021, the output value will reach TWD 817.4 billion, with a growth rate of 17.4%. Judging from the performance of various PCB products of Taiwanese manufacturers in 2021, except for the soft-rigid combination board with a lower proportion, which is still suppressed by product application, other PCB products benefit from the increase in end-user demand and the active purchase of goods by customers, showing a prosperous growth in an all-round way. In particular, IC substrates drive the demand for advanced processes in high-end computing chips and high-speed memory, and the growth rate is the highest among all products. Looking forward to the output value of the PCB manufacturing industry in 2022, it is expected to continue to grow steadily under the policy trend of the coexistence of the global epidemic and the strong demand of most end-uses.

As an industrial upstream material supplier, the company actively develops the Asian market. Focusing on the application of consumer or automobile products, a small amount of diversified products with special technology and quality requirements as the main sales axis, and overseas layout, set up sales bases and service centers in Europe and the United States. Establish a sales and end-use certification team (OEM team), and obtain long-term reliability certification of high-end technical level terminal products in various places. With the advantages of flexible production and delivery of products, and relatively high product reliability in the industry, we have established good business relationships with customers.

### 1.3. Technology and R&D Overview

#### (1) Technological arrangement in business operations and R&D

Since its inception, the Company's R&D efforts have always focused on the pursuit of high quality, high reliability, high frequency, and eco-friendliness. In the following years, the company developed lead-free and halogen-free eco-friendly metal substrates characterized by high thermal conductivity (7.0W/mK) for high-power LED applications and ultra-low Dk (Dk 3.0) halogen-free materials for next-generation smartphones. The goal is to develop higher quality products that meet the demands of downstream PCB manufacturers.

#### (2) Technology and R&D employee Information in the Recent Four Years and as of the Date of the Publication of the Annual Report

Unit: persons

| Education background | 2019 | 2020 | 2021 | 2022/3/31 |
|----------------------|------|------|------|-----------|
| Ph.D.                | 0    | 0    | 0    | 0         |
| Master               | 0    | 0    | 1    | 1         |
| Bachelor             | 42   | 44   | 47   | 46        |
| Below high school    | 32   | 42   | 48   | 48        |
| Total                | 74   | 86   | 96   | 95        |

(3) Research and development in the Recent Five Years

Unit:NT\$ thousands

| Item   | 2017      | 2018      | 2019      | 2020      | 2021      |
|--|-----------|-----------|-----------|-----------|-----------|
| Research and development expenses                          | 112,965   | 146,544   | 162,361   | 182,904   | 237,653   |
| Net Revenue  | 4,962,230 | 5,413,656 | 5,453,285 | 4,830,183 | 7,667,219 |
| Research and development expenses/<br>Net Revenue Ratio(%) | 2.28%     | 2.71%     | 2.98%     | 3.79%     | 3.10%     |

(4) Successfully developed technologies or products in the Recent Five Years:

| Year | Major research and development results   |
|------|--|
| 2016 | <ol style="list-style-type: none"> <li>1. Ultra Low loss material for server and Tele-communication application.</li> <li>2. Halogen Free, very low Dk material for advanced smart phone</li> <li>3. Developing Aluminum clad laminate to replace heavy copper clad laminate.</li> <li>4. Developing Halogen free, Black laminate</li> <li>5. Obtained 7 Chinese patents</li> </ol>  |
| 2017 | <ol style="list-style-type: none"> <li>1. Developing RF material.</li> <li>2. IMS Material for green energy application.</li> <li>3. Ultra-thin dielectric IMS with very low thermal resistance for Beam Matrix head light.</li> <li>4. Obtained 4 Chinese patents</li> </ol>  |
| 2018 | <ol style="list-style-type: none"> <li>1. Low CTE and halogen-free materials with high tensile strength</li> <li>2. Highly reliable and ultra-low loss materials for server and telecommunication applications</li> <li>3. Highly reliable and even lower loss materials for server and telecommunication applications</li> <li>4. High thermal conductivity CCI and high-flow prepreg for multilayered printed boards with high thermal dissipation properties</li> </ol>   |
| 2019 | <ol style="list-style-type: none"> <li>1. Developed ceramic filled PTFE composites with Dk3.0 for radar application.</li> <li>2. Developed halogen-free laminate and prepreg with very low loss for high reliability multilayer PCB application.</li> <li>3. Developed no flow Prepreg with low loss signal integrity.</li> <li>4. Developed IMS with low modulus, high reliability and high thermal conductivity</li> </ol>   |
| 2020 | <ol style="list-style-type: none"> <li>1. Developed substrate.</li> <li>2. Developed high thermal conductive metal base laminate.</li> <li>3. Developed high thermal conductive metal base laminate with ultra-thin and ultra-low thermal resistance.</li> <li>4. Developed ceramic filled PTFE composites with DK6.15 &amp; 10.2.</li> <li>5. Developed hydrocarbon composites with Dk 10.2 .</li> <li>6. Developed halogen-free material with ultra low loss and high reliability for server and communication application.</li> </ol> |

| Year | Major research and development results   |
|------|--|
| 2021 | 1. Expand the high-speed product series, such as high-speed products for antenna, server and package test application.<br>2. Expand the PTFE product series, developed PTFE composites with DK2.94.<br>3. Developed super white material with resistance to high heat and yellow degeneration for LED package application. |

#### 1.4. Long and short term operational development plans

##### (1) short term operational development plan

###### A. Design, research and development

(A) Improvement of product and customer structure to enhance profitability and reduce competitive pressures

(B) Active development of new markets and customers to spread risks

(C) Establishment of long-term partnerships with customers and suppliers

###### B. Manufacturing and production

(A) Implementation of quality policies characterized by constant improvements

(B) Continued enhancement of the efficiency and productivity of employee teamwork

###### C. Finances

Capital needs are met through capital increase or bank loans in line with business expansion requirements under the condition that profitability remains unaffected.

##### (2) Long-term operational development plan

###### A. Marketing operations

(A) Forming of strategic alliances with key clients to stabilize revenue sources and increase competitiveness

(B) Establishment of diversified marketing channels for new products to spread risks and increase profits

###### B. Manufacturing and production

Cooperation with international manufacturers to improve technology standards

###### C. Finances

(A) Optimal utilization of financing tools available on capital markets for the acquisition of cheaper funding and financial resources for business operations

(B) Utilization of financial management tools in pursuit of capital utilization efficiency and added value while upholding the principle of sound financial policies

## 2、 Overview of the Market, Production and Sales Analysis

### 2.1. Market Analysis

#### (1) Main products (services) marketing (provision) areas

Within the most recent two years, the Company's main marketing areas were China, America, and Europe. The sales ratios for these regions in 2020 and 2021 are shown in the table below:

Unit: NT\$ thousands; %

| Year<br>Area | 2020      |                | 2021      |                |
|--------------|-----------|----------------|-----------|----------------|
|              | Amount    | Percentage (%) | Amount    | Percentage (%) |
| Asia         | 3,890,729 | 80.55          | 6,259,361 | 81.63          |
| Europe       | 590,069   | 12.22          | 988,836   | 12.90          |
| America      | 349,385   | 7.23           | 419,022   | 5.47           |
| Total        | 4,830,183 | 100.00         | 7,667,219 | 100.00         |

## (2) Market Share

According to the current statistical data, the market share of the global copper foil substrate ranks , Major manufacturers include Kingboard Chemical (14%), Sansei Technology (12%), Nanya Plastics (12%), Panasonic(8%), Elite Material Co., Ltd. (6%), ITEQ CORPORATION(6%), Isola (3%), Doosan(4%), and Taiwan Union Technology Corporation (4%). The company's market share is about 2%.Taiwan, South Korea, China and other manufacturers of main products in the copper foil substrate low-end market, low-cost market are the main sources of growth in mainland China manufacturers, and high-end market is still dominated by Europe, America, Japan and other enterprises, such as advanced automotive electronics with CCL, communications in the field of high speed, IC encapsulation with CCL, high-order FPC with the FCCL etc.

## (3) Future market demand and supply status and growth characteristics

According to statistics from Taiwan Printed Circuit Association (TPCA), global circuit board industry is mainly controlled by Taiwan, Chinese, Japanese, Korean and a few US and European manufacturers. Output value for Taiwan circuit board in 2021 is about USD840 billion dollars. This is a dramatic growth of about 26% compared with the one for 2020. The main reason is that the electronics industry will continue to benefit from the vigorous development of terminal applications such as 5G, AIoT and HPC. In addition, the rise in raw materials will push up corporate revenue, and the expansion of investment in board factories will drive equipment business opportunities. It is estimated that the growth rate of Taiwan's PCB industry chain is expected in 2022. Continue to reach new highs. On the whole, the penetration rate of 5G mobile phones will continue to increase significantly in 2022, and the growth rate of smartphones is expected to exceed that in 2021. The server will still maintain its growth trend driven by the new platform architecture. The growth rate of shipments is not all higher than that in 2021, but they all maintain excellent growth strength. The growth of the overall circuit board output value in 2022 is still positive.

According to the latest report of the International Energy Agency (IEA), the global electric vehicle data in 2020 will grow from 10 million at the end of 2020 to 145 million

in 2030, and other research institutions also estimate that by 2025, the global electric vehicle will grow to 145 million. The vehicle CAGR is 82%, and the penetration rate of electric vehicles will reach 20% by then, and it is more likely to reach 30% in 2030. The rapid development of the electric vehicle market will usher in rapid growth for the application of heat-dissipating aluminum substrates in electric vehicle-related control systems and on-board battery chargers.

#### (4) Competitive niche

##### A. Outstanding technological innovation capabilities

Since its inception in 2000, the Company has positioned itself as a professional manufacturer of FR-4 grade CCL with high unit prices and high complexity. It places ultimate emphasis on autonomous R&D technologies and has established a R&D Department as a dedicated unit in charge of process technology improvements and development of innovative new products. The Company has successfully applied for 18 Chinese patents and 2 US patents. Products that conform to market trends and satisfy customer needs are launched by relying on technology enhancements, a firm grasp of market demand, and diverse product mixes. The goal is to create added value and widen the gap with competitors.

##### B. Stable quality and conformity to international standards

In addition to a firm commitment to the development of new products, the Company also insists on top quality. The QA Department, which is directly subordinate to the GM, is responsible for product quality inspections, testing, control, and assurance. Effective quality control helps decrease attrition rates and enhance competitiveness. The specifications of CCL produced by the Company conform to numerous international norms and standards. The Company also continues its efforts in the acquisition of mid-tier certifications. With a view to long-term development, the Company is also actively searching for opportunities to develop diversified products in cooperation with other companies and aims to venture into the manufacture of other electronic materials.

##### C. Complete sales channels and considerate customer services

In view of the fact that downstream PCB manufacturers successively set up plants in China, expansion into overseas markets is imperative. As a result of deployment over many years, the Company has complete sales platforms in place in America, the UK, and Germany and has thereby gained the ability to meet the delivery time requirements of its customers, save shipping costs, and provide considerate customer services and localized supply networks. In addition to a real-time grasp of market information as a reference for procurement and manufacturing decisions, the

Company gets an opportunity to build close partnerships with its clients and thereby increase its market share and create a rising sales volume.

#### D. Professional management team

The Company was founded over a decade ago and its management team has accumulated extensive experience in this industry and possesses wide expertise and rich practical experience in different professional fields. By relying on a clear organizational structure and sharp observation of market trends, the management level effectively integrates resources of all departments and ensures step-by-step execution of R&D, manufacturing, and sales operations according to plan. Due to a tacit understanding and shared business philosophy, the management team represents the core corporate values of the Company. Its accumulated professional service and technological capabilities have turned the Company into an indispensable partner of up- and downstream businesses and created a competitive niche that makes the Company stand out from its competitors.

### (5) Advantageous and disadvantageous factors and responsive measures for our development prospects

#### A. Advantageous factors

##### (A) Stable growth of downstream market demand

Taiwanese PCB manufacturers are deeply committed to the supply chains of major system providers. CCL and PCB manufacturers have a symbiotic relationship with links to up- and downstream industries and significant growth and development potential.

##### (B) Opportunities in emerging markets for eco-friendly base materials

In line with the rising global environmental awareness, eco-requirements have turned into a global trend and basic standard. Due to the added impact of RoHS environmental directives of the EU, manufacturers of consumer electronics gradually adopted halogen-free materials, which in turn has led to the replacement of traditional FR-4 substrates with lead- and halogen-free, eco-friendly CCL and substrates. The Company has been fully committed to the production of CCL over many years. It possesses mature technologies and outstanding R&D capabilities and has already developed and initiated mass production of high-end products such as halogen-free, eco-friendly substrates. Against the backdrop of global efforts in the field of environmental protection and energy conservation, lead-free processes and halogen-free, eco-friendly CCL and aluminum substrates represent a new trend with significant growth potential. The Company fully expects to benefit from this trend.

(C) Advantages of international division of labor and localized supply networks

The Company is expected to gain a significant competitive edge in the field of CCL business expansion by taking advantage of low labor and land costs in China and through the establishment of localized supply networks, effective control of delivery times, and real-time provision of after-sale services and technical support.

(D) mass production and supply capabilities

As a result of the rising number of PCB applications and the gradually expanding scale of mass production carried out by Taiwanese PCB manufacturers, the mass production and supply capabilities of upstream suppliers of key PCB components will turn into key criteria for their selection as cooperation partners by PCB manufacturers. The specifications and quality of the products manufactured by the Company conform to numerous international norms and standards. Attributes such as dimensional stability, thickness tolerance, peel strength, heat resistance, and permittivity exceed the required standards. Products have been successively certified and adopted by large international manufacturers. This clearly indicates that the Company possesses stable production technologies and mass production capabilities, which is conducive to the forming or maintenance of partnerships with downstream manufacturers.

B. Disadvantageous factors

(A) Material price fluctuations affect profitability

Raw materials account for 70% of CCL manufacturing costs. Prices of copper foil and glass fabric which represent the main raw materials sometimes fluctuate due to changes in supply, which in turn affects procurement costs. Since it is difficult for PCB manufacturers to pass on costs to downstream clients, price increases by CCL manufacturers to reflect rising material costs are bound to meet resistance by PCB manufacturers in the short run, especially if demand for end products and applications falls short of expectations. Rising material costs therefore squeeze the profits of the Company.

Countermeasures:

The Company closely monitors raw material market conditions, maintains close partnerships with upstream manufacturers, and procure materials from different sources to avoid reliance on a single supplier and thereby spread risks. On the other hand, the Company is also firmly committed to communication and coordination with each supplier and organizes supplier coordination meetings if deemed necessary. The central procurement system which is based on long-term cooperation is determined in accordance with the total demand of both groups. In addition, product prices are raised and raw material costs are passed on to



downstream clients at opportune times in line with market conditions to maintain a certain level of profitability.

(B) Rising competitive pressure

CCL businesses are optimistic about the demand generated by rapid growth in the PCB sector and therefore successively expand their plants and production capacities. Domestic production capacities for substrates are rapidly increasing and competitive pressure is rising. The rise of emerging economies on the international stage, setting up of plants by global PCB manufacturers in China, and creation of production capacities by Taiwanese competitors in Eastern China coupled with low-price competition strategies have further contributed to a trend of shrinking profits, which causes bottlenecks for the CCL industry.

Countermeasures:

In addition to the continued development of high-end (e.g., High Tg, Low DK, Halogen-Free) substrates and other niche products with customized specifications and rapid entry into high-end markets by relying on actual mass production experiences, the Company also aims to increase performance and reduce costs through substrate process and production capacity adjustments. On the other hand, marketing networks are set up and new customers are developed to increase profits and turn the Company into a leading manufacturer.

At the same time, MLB production lines have been added to provide customers with more comprehensive services.

(C) Strict environmental standards

In the wake of the rising environmental awareness, the Chinese government and international organizations have gradually raised relevant thresholds in line with newly enacted environmental laws. The CCL production process requires the addition of various chemical agents and special materials. It therefore generates various categories of waste gas, waste liquid, and solid waste which contain different types of organic pollutants and large amounts of heavy metal pollution. Constant investment of large amounts of capital, expansion of pollution control facilities, and personnel training are required to stay in sync with the latest trends and comply with relevant laws and regulations. Strategies for effective improvement of environments must be adopted to ensure a safe and worry-free working environment for employees and create pollution-free surroundings.

Countermeasures:

Pollution control facilities are purchased and updated, waste reduction plans are implemented, and new processes are developed to ensure conformity to environmental regulations and requirements. Purchased pollution control facilities are inspected by dedicated personnel on a daily basis and relevant units are responsible for their operation and maintenance. Commissioned waste removal and treatment businesses recognized by EPA dispose of general and hazardous industrial waste. Equal emphasis is placed on the pursuit of competitiveness and minimization of negative impacts of raw materials and products on the environment. The goal is to achieve comprehensive competitiveness and sustainability.

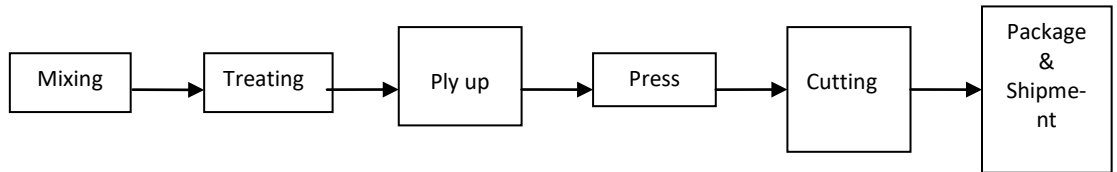
## 2.2. Major applications and production process for primary products

### (1) Key applications of the primary products

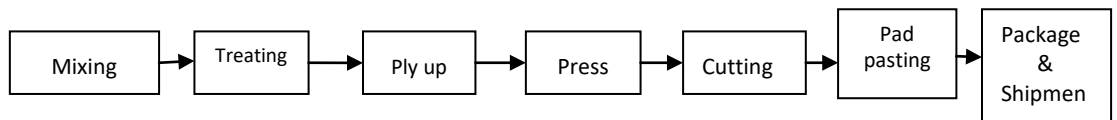
| Main Products             | Products (services) applications   |
|---------------------------|--|
| Copper Clad Laminates     | Utilized for Multi-Layer PCB in smartphones, communication devices, and computers; lead-free, highly heat resistant, halogen-free, eco-friendly materials for high-frequency communication; polyimide boards and materials with ultra-high heat resistance/low CTE properties for the military and aerospace industry; automotive electronics and lighting |
| Insulated Metal Substrate | LED street lamps, automotive lighting, high-thermal conductivity actuators for high-power LEDs   |
| Prepregs                  | Utilized for Multi-Layer PCB in smartphones, communication devices, and computers; rigid-flex PCB for the military and aerospace industry  |

### (2) Applications and production process of major products

#### A. Copper clad laminates



#### B. Aluminum substrate



## 2.3. Sources of major raw materials

Major raw materials of the Company include, but not limited to, copper foils, glass fiber fabrics, and epoxy resins.

| Raw materials       | Suppliers   | Supply situation    |
|---------------------|---|---------------------|
| Glass fiber fabrics | TAI CHIA GALSS FIBER CO.,LTD.、 CHONGQING TENWAYS MATERIAL CORP.   | Excellent condition |
| Copper foil         | HEFEI TONGGUAN GUOXUAN COPPER PRODUCTS CO.,LTD、 CHINA HANWAY CO.,LTD、 CHANG CHUN CHEMICAL (JIANGSU) CO., LTD. | Excellent condition |
| Epoxy resins        | CHANG CHUN CHEMICAL (JIANGSU) CO., LTD.、 ZHUHAI EPOXY BASE ELECTRONIC MATERIAL CO., LTD.                      | Excellent condition |

## 2.4. Most recent two years' major products and gross profit information

### (1) Recent two years gross profit:

Unit: NT\$ thousands;%

| Year                 | 2020      | 2021      |
|----------------------|-----------|-----------|
| Net revenue          | 4,830,183 | 7,667,219 |
| Gross profit         | 1,423,323 | 2,324,341 |
| Gross profit rate    | 29.47%    | 30.32%    |
| Gross rate of change | 4.76%     | 2.88%     |

### (2) Explanation of gross profit rate changes in excess of 20%:None

## 2.5 Major supplies and sales customer information

### (1) Customers who account for 10% (inclusive) or above of purchase in recent two years:

Unit: NT\$ thousands

| 2020 |   |           |                   |                          | 2021                                    |           |                   |                          |
|------|---|-----------|-------------------|--------------------------|---|-----------|-------------------|--------------------------|
| Rank | Name                                    | Amount    | of net purchase % | Relationship with Ventec | Name                                    | Amount    | of net purchase % | Relationship with Ventec |
| 1    | CHANG CHUN CHEMICAL (JIANGSU) CO., LTD. | 409,163   | 14.81             | None                     | CHANG CHUN CHEMICAL (JIANGSU) CO., LTD. | 784,988   | 15.35             | None                     |
| 2    | TAI CHIA GALSS FIBER CO.,LTD.           | 188,368   | 6.82              | None                     | TAI CHIA GALSS FIBER CO.,LTD.           | 270,081   | 5.28              | None                     |
| 3    | Other                                   | 2,233,404 | 78.37             | None                     | Other                                   | 4,058,736 | 79.37             | None                     |
|      | Total                                   | 2,830,935 | 100.00            |                          | Total                                   | 5,113,805 | 100.00            |                          |

### Explanation of changes:

The Company maintains long-term partnerships with at least two suppliers for main raw materials utilized for products that generate stable revenues from key clients.: No significant changes of major suppliers therefore occurred within the most recent two years and the application year.

(2) Customers who account for 10% (inclusive) or above of revenues in recent two years

Unit: NT\$ thousands

| Rank | 2020      |               |                                 |   | 2021      |               |                                 |   |
|------|-----------|---------------|---------------------------------|---|-----------|---------------|---------------------------------|---|
|      | Name      | Sales revenue | Percentage of total revenue (%) | Subsidiary or affiliates of the Company | Name      | Sales revenue | Percentage of total revenue (%) | Subsidiary or affiliates of the Company |
| 1    | A Group   | 1,225,684     | 25.38                           | None                                    | A Group   | 1,074,732     | 14.02                           | None                                    |
| 2    | Others    | 3,604,499     | 74.62                           | None                                    | Others    | 6,592,487     | 85.98                           | None                                    |
|      | Net sales | 4,830,183     | 100.00                          |   | Net sales | 7,667,219     | 100.00                          |   |

Company did not have customers who accounted for more than 10% of the sales in the last two years.

2.6. Volume and value of production in recent two years:

Unit: NT\$ thousands

| Year<br>Production<br>Products | 2020          |                 |              | 2021          |                 |              |
|--------------------------------|---------------|-----------------|--------------|---------------|-----------------|--------------|
|                                | Capacity      | Output quantity | Output value | Capacity      | Output quantity | Output value |
| Copper Clad Laminates          | 9,420 sheets  | 5,996 sheets    | 2,739,690    | 9,420 sheets  | 6,437 sheets    | 4,216,750    |
| Insulated Metal Substrate      | 785 sheets    | 394 sheets      | 1,049,446    | 785 sheets    | 580 sheets      | 1,635,136    |
| Prepregs                       | 15,500 meters | 14,018 meters   | 1,045,745    | 15,500 meters | 12,572 meters   | 1,459,085    |
| Others                         | —             | —               | 99,500       | —             | —               | 525,000      |
| Total                          | —             | —               | 4,934,381    | —             | —               | 7,835,970    |

## 2.7. Sales volume and revenue in recent two years:

Unit: NT\$ thousands

| Year Sales<br>Volume<br>and Value<br>Product type | 2020           |           |              |           | 2021           |           |              |           |
|---|----------------|-----------|--------------|-----------|----------------|-----------|--------------|-----------|
|   | Domestic sales |           | Export sales |           | Domestic sales |           | Export sales |           |
|   | Volume         | Value     | Volume       | Value     | Volume         | Value     | Volume       | Value     |
| Copper Clad Laminates                             | 5,078 sheets   | 2,066,437 | 741 sheets   | 592,615   | 5,568 sheets   | 3,326,793 | 921 sheets   | 923,789   |
| Insulated Metal Substrate                         | 214 sheets     | 654,456   | 153 sheets   | 324,302   | 337 sheets     | 964,426   | 200 sheets   | 550,351   |
| Prepregs  | 8,954 meters   | 738,453   | 1,427 meters | 245,121   | 10,034 meters  | 1,034,225 | 1,883 sheets | 348,285   |
| Others  |                | 107,420   |              | 101,379   |                | 338,504   |              | 180,846   |
| Total   |                | 3,566,766 |              | 1,263,417 |                | 5,663,948 |              | 2,003,271 |

## 3. The most recent two years number of employees

Unit: Persons

| Year                               |                   | 2020   | 2021   | March, 31, 2022 |
|------------------------------------|-------------------|--------|--------|-----------------|
| Number of employees                | Manager           | 41     | 59     | 57              |
|                                    | Employees         | 716    | 809    | 820             |
|                                    | Total             | 757    | 868    | 877             |
| Average age                        |                   | 38.76  | 38.95  | 39.24           |
| Average years of service           |                   | 5.11   | 5.13   | 5.19            |
| Breakdown of educational level (%) | Ph.D.             | -      | -      | -               |
|                                    | Master            | 1.55%  | 1.61%  | 1.59%           |
|                                    | Bachelor          | 35.74% | 35.09% | 34.73%          |
|                                    | High school       | 41.81% | 37.39% | 35.41%          |
|                                    | Below high school | 20.90% | 25.92% | 28.26%          |

#### 4.Environmental Protection Measures and Expenses

4.1. In accordance with legal regulations, applications for permits for the installation if pollution control facilities or pollutant discharge permits shall be submitted, pollution control fees shall be paid, and dedicated environmental protection units with relevant personnel shall be established. Relevant details are as follows:

The Chinese subsidiaries of this Company (VT SZ, VT JY, and VT SZWT have acquired wastewater discharge permits and water pollutant discharge permits. The Taiwanese subsidiary (VT TW) has obtained toxic chemical registry and stationary source operation and setup permits and has established dedicated environmental protection units with relevant personnel. Soil and groundwater pollution remediation fees, stationary source fees, and air pollution control fees are paid in a timely manner.

4.2. Investments in pollution control facilities and their purposes and potential benefits

Dec 31,2021; Unit: NT\$ thousands

| Equipment  | Number | Acquisition date | Cost   | Book Value | Purpose  |
|--|--------|------------------|--------|------------|--|
| Vacuum thermocompressor (incl. organic heat carrier furnace)           | 1      | 1998.06.01       | 20,035 | -          | Treatment of process wastegas to ensure that emissions meet relevant standards   |
| 30-feet vertical dipping machine (incl. Regenerative Thermal Oxidizer) | 1      | 2002.02.01       | 81,597 | -          | Treatment of process wastegas to ensure that emissions meet relevant standards   |
| Regenerative ceramic furnace   | 1      | 2002.09.01       | 4,627  | 29         | Wastegas generated in mixing and gluing areas is collected in a centralized manner and discharged upon treatment of VOCs through RTO (regenerative thermal oxidation) in conformity to relevant laws and regulations. Benefits: Extension of maintenance cycles, reduction of maintenance times, and enhanced energy conservation effects of RTO furnace |
| Burner   | 2      | 2008.01.01       | 13,508 | 1,356      | Stable source of heated water with constant temperatures and heat insulation   |

| Equipment   | Number | Acquisition date | Cost   | Book Value | Purpose  |
|---|--------|------------------|--------|------------|--|
| Hot water boiler<br>( Hot water circulation system )                              | 1      | 2008.01.01       | 6,200  | 698        | Heated kerosene provides a stable source of heat energy for on-site lamination   |
| Burner  | 1      | 2009.01.01       | 5,468  | 219        | Treatment of process wastegas to ensure that emissions meet relevant standards   |
| Burner  | 1      | 2009.09.14       | 76     | -          | Wastegas generated in mixing and gluing areas is collected in a centralized manner and discharged upon treatment of VOCs through RTO (regenerative thermal oxidation) in conformity to relevant laws and regulations. Benefits: Extension of maintenance cycles, reduction of maintenance times, and enhanced energy conservation effects of RTO furnace |
| RTO Environmental Processor<br>( Burner )   | 1      | 2016.02.01       | 10,008 | 6,456      | Heated kerosene provides a stable source of heat energy for on-site lamination   |
| Boiler  | 1      | 2017.04.01       | 1,546  | 885        | Treatment of process wastegas to ensure that emissions meet relevant standards   |
| Heat transfer system – heated kerosene ( boiler )                                 | 1      | 2018.01.25       | 23,096 | 16,348     | Treatment of process wastegas to ensure that emissions meet relevant standards   |
| Direct-fired TO furnace   | 1      | 2020.07.21       | 10,879 | 9,655      | Treatment process exhaust gas emission standards, reduce VOC emission concentration  |
| Continuous monitoring system for volatile organic compounds in concentrated smoke | 1      | 2021.12.31       | 642    | 642        | Monitor the real-time standard of glue discharge   |

4.3.Process the Company takes to reduce pollution, and to deal with the pollution related dispute in latest two years till the publishing of the annual report: None

4.4. Loss or penalty due to pollution in latest two years till the publishing of the annual report: None

4.5. Effects on the profit, competitiveness, and capital expenditure plan of the Company from the current environment pollution and expected substantial capital expenditure for environmental protection over next two years: None

## 5.Employee welfare

5.1The Company's employee welfare measures, continuing education, training, retirement system and implementation thereof, along with agreements between employees and the employer, and the status of various employees' rights and interests

### (1) Employee welfare procedures

Employee welfare measures adopted by this Company and its subsidiaries include wedding and funeral allowances, staff trips, bonuses, stock options, labor and health insurance, group insurance, and annual health checks as well as diverse opportunities for advanced training and workshops to broaden their horizons and increase their work efficiency.

In addition to providing competitive salary, the company will pay performance bonus, year-end bonus and employee sharing system according to personal performance, and establish a system for employees to participate in the company's operation if the company achieves the business target set by the company.

### (2) Employee training programs

The Company and its subsidiaries place high emphasis on talent cultivation and view talent as a key asset. The goal of the Company's training programs is to give employees a full understanding of their duties and required professional expertise and enable them to constantly absorb new knowledge, improve their skills, enhance their work performance and quality, and thereby increase production capacities. These programs also aim to strengthen the ability to prevent occupational accidents and constantly enhance corporate competitiveness.

### (3) Pension and retirement plan

The Company's subsidiary VT TW, which is located in Taiwan (R.O.C.), has adopted a clearly defined contribution system in accordance with the new pension system as set forth in the Labor Pension Act. 6% of the monthly salary are appropriated for the



labor pension reserve fund and deposited in an individual labor pension account. Employees may claim pension payments after they meet retirement criteria in accordance with relevant laws.

The subsidiaries VT SZ, VT JY, and VT SZWT, which are located in China, pay social insurance premiums (encompassing healthcare, childbirth, pensions, work injuries, and unemployment) and pension fund contributions pursuant to the regulations set forth in the Social Insurance Law of the People's Republic of China.

Subsidiaries outside the territory of the R.O.C. And Mainland China handle relevant matters in compliance with local labor laws.

(4) The agreement between labor and management

The labor-management policies of the Company and its subsidiaries aim to uphold the principle of honest communication and create win-win outcomes for the Company and its employees through the following actions:

- A. Compliance with the Labor Standards Act and other relevant laws to offer maximum protection for employees
- B. A large variety of open communication channels to allow full expression of opinions and provision of feedback
- C. In case of major conditions and key measures the Company and its subsidiaries fully educate and notify their employees in advance to give them a clear understanding and obtain their full support and cooperation.

5.2 List the losses suffered by labor disputes in the most recent year and up to the date of publication of the annual report, and disclose the current and future estimated amount and corresponding measures. If it cannot be reasonably estimated, the facts that cannot be reasonably estimated should be stated: None

6. Information Security Management

6.1 State the information security risk management structure, the information security policy, the specific management plan, and the resources invested in the information security management, etc.

(1) Information and communication safety and insurance management rack

The Company formulated proper and appropriate information security documentation and control measures to cover related management links. The Information Department is responsible for information security and risk management. It designs an information management system and provides instant decision support system and management information in accordance with the company's business policy and mode

of operation. It covers policy, organization, personnel, network security, operation management, access control, information system development and maintenance, information security incident, etc.

## (2) Information Security Policy

The company's information security risk management framework are three levels of personnel, internal and external.

- Personnel : Information security policy, training, licensing control.
- Internal : Network control, antivirus, data protection.
- external : Firewall 、 Intrusion Prevention System.

The company is responsible for the prevention, deal with and post-review of information security incidents.

- Prevention: Enhance awareness and prevention of information security incidents, build a more secure network environment and strengthen data access security and integrity.
- Deal With: Real-time processing, control and blocking, data preservation, backup and Recovery.
- Review : Evidence preservation, investigation, review and improvement

## (3) Countermeasures

- The Information Department conducts annual internal audit to verify the effectiveness of the system, and the audit unit regularly reports the results to the board of Directors.
- Information security promotion to enhance the concept of protection periodically.
- The account, password and authority held by the employee should be kept, used and replaced regularly.
- The network establishes multi-level defense such as firewalls, anti-virus software and other control mechanisms.
- Important services and data are all backed up and backed up off-site to ensure uninterrupted services and no loss of data.
- Design appropriate information security response and notification procedures.

## 7.Important contracts and agreements

| Natureof the Agreement        | Parties   | Date of onsetofthe Contract | Maincontents  | Terms And Conditions Restrictions |
|-------------------------------|---|-----------------------------|---|-----------------------------------|
| Loan Approval Notice          | China Trust Commercial Bank                           | 2021.06.30-2022.06.30       | Short-Term USD5,000,000   | -                                 |
| Loan Approval Notice          | China Trust Commercial Bank                           | 2021.06.30-2022.06.30       | Short-Term NTD 80,000,000   | -                                 |
| Loan Approval Notice          | Citibank Bank Taiwan                                  | 2021.06.10-2022.05.15       | Short-term USD3,500,000   | -                                 |
| working capital loan contract | Suzhou New District Branch of China Construction Bank | 2021.10.20-2022.1.19        | Current Loan RMB 250,000,000  | -                                 |
| Loan Approval Notice          | TaiwanCooperative Bank Suzhou Branch                  | 2021.08.16-2022.08.05       | Medium And Long-Term Borrowin NTD 180 million<br>Short-Term USD15 million | -                                 |
| Credit Line Agreement         | Taishin International Bank                            | 2021.11.30-2022.11.30       | Credit Line NTD 60,000,000<br>Short-Term NTD 100,000,000                  | -                                 |
| Credit Line Agreement         | Taishin International Bank                            | 2021.11.30-2022.11.30       | Short-Term (OA/LC) USD4,000,000   | -                                 |
| Credit Line Notice            | YUANTA COMMERCIAL BANK CO., LTD.                      | 2021.03.20-2022.03.19       | Short-Term NTD 60,000,000   | -                                 |

## VI. FINANCIAL INFORMATION

### 1. Condensed financial information for the most recent 5 years

#### Condensed balance sheet and statements of comprehensive income – IFRS

##### 1.1 Condensed consolidated balance sheet

Unit: NT\$ thousands

| Year   |                     | Financial Summary for The Last Five Years |           |           |           |           |             |
|--|---------------------|---|-----------|-----------|-----------|-----------|-------------|
| Item   |                     | 2017                                      | 2018      | 2019      | 2020      | 2021      | 31 Mar 2022 |
| Current assets                               |                     | 2,871,867                                 | 2,959,513 | 2,963,159 | 2,945,442 | 4,726,134 | 4,645,998   |
| Property, plant and equipment                |                     | 1,156,935                                 | 1,040,106 | 955,535   | 1,024,757 | 1,058,150 | 1,094,375   |
| Right-of-use assets                          |                     | -   | -         | 148,829   | 207,407   | 212,186   | 213,957     |
| Intangible assets                            |                     | 72,094                                    | 72,410    | 68,754    | 64,761    | 75,131    | 76,816      |
| Other assets                                 |                     | 209,757                                   | 188,713   | 81,949    | 217,885   | 121,049   | 112,557     |
| Total assets                                 |                     | 4,310,653                                 | 4,260,742 | 4,218,226 | 4,460,252 | 6,192,650 | 6,143,703   |
| Current liabilities                          | Before distribution | 2,821,830                                 | 2,218,501 | 1,495,079 | 1,616,963 | 2,696,953 | 2,885,818   |
|  | After distribution  | 2,880,444                                 | 1,982,012 | 1,141,807 | 1,388,309 | Note      | -           |
| Non-current liabilities                      |                     | 342,352                                   | 283,633   | 365,788   | 389,704   | 445,122   | 451,229     |
| Total liabilities                            | Before distribution | 3,164,182                                 | 2,502,134 | 1,860,867 | 2,006,667 | 3,337,047 | 3,337,047   |
|  | After distribution  | 3,222,796                                 | 2,265,645 | 1,507,595 | 1,778,013 | -         | -           |
| Equity attributable to owners of the Company |                     | 1,146,471                                 | 1,758,608 | 2,357,359 | 2,453,585 | 3,050,575 | 2,806,656   |

| Year                      |                     | Financial Summary for The Last Five Years |           |           |           |           |             |
|---------------------------|---------------------|---|-----------|-----------|-----------|-----------|-------------|
| Item                      |                     | 2017                                      | 2018      | 2019      | 2020      | 2021      | 31 Mar 2022 |
| Common stock              |                     | 586,143                                   | 646,143   | 706,543   | 714,543   | 714,543   | 714,543     |
| Capital surplus           |                     | 128,875                                   | 450,263   | 835,071   | 886,111   | 886,111   | 886,111     |
| Retained earnings         | Before distribution | 420,714                                   | 772,149   | 1,011,451 | 1,030,057 | 1,626,549 | 1,274,788   |
|                           | After distribution  | 362,100                                   | 535,660   | 658,179   | 801,403   | Note      | –           |
| Other equity              |                     | 10,739                                    | (109,947) | (195,706) | (177,126) | (176,628) | (68,786)    |
| Treasury stocks           |                     | –   | –         | –         | –         | –         | –           |
| Non-controlling interests |                     | 620                                       | –         | –         | –         | –         | –           |
| Total equity              | Before distribution | 1,146,471                                 | 1,758,608 | 2,357,359 | 2,453,585 | 3,050,575 | 2,806,656   |
|                           | After distribution  | 1,087,857                                 | 1,522,119 | 2,004,087 | 2,224,931 | Note      | –           |

Note: The earnings distribution in the first half of 2021 was not distributed after the resolution of the board of directors. The earnings distribution in the second half of 2021 was resolved by the annual board of directors as a cash dividend of NT\$6.60 per share. The remaining earnings distribution items in 2021 have yet to be finalized after the resolution of the shareholders' meeting.

## 1.2. Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

| Item  | Financial Summary for The Last Five Years (Note1) |           |           |           |           |  |
|---|---|-----------|-----------|-----------|-----------|--|
|   | 2017  | 2018      | 2019      | 2020      | 2021      | For the current year as through to 31 Mar 2022 |
| Operating revenues  | 4,962,230   | 5,413,656 | 5,453,285 | 4,830,183 | 7,667,219 | 1,719,693                                      |
| Gross profit  | 1,250,627   | 1,345,951 | 1,534,204 | 1,423,323 | 2,324,341 | 446,062  |
| Net other income (expenses)   | 360,417   | –         | –         | –         | –         | –  |
| Operating income (losses)   | 513,730   | 487,440   | 621,839   | 532,006   | 1,076,466 | 161,376  |
| Non-operating income (expenses)   | (166,465)   | 12,689    | (18,616)  | (61,066)  | (28,164)  | 1,833  |
| Income before tax   | 347,265   | 500,129   | 603,223   | 470,940   | 1,048,302 | 163,209  |
| Income from continuing operations   | 298,320   | 405,264   | 471,742   | 373,253   | 827,812   | 119,838  |
| Loss from discontinued operations   | –   | –         | –         | –         | –         | –  |
| Net income  | 298,320   | 405,264   | 471,742   | 373,253   | 827,812   | 119,838  |
| Other comprehensive income, net   | 118,233   | (115,901) | (81,710)  | 70,641    | (22,828)  | 102,748  |
| Total comprehensive income  | 416,553   | 289,363   | 390,032   | 443,894   | 804,984   | 222,586  |
| Net profit (loss) attributable to owners of the Company                     | 298,489   | 405,264   | 471,742   | 373,253   | 827,812   | 119,838  |
| Net profit (loss) attributable to on-controlling interests                  | (169)   | –         | –         | –         | –         | –  |
| Total comprehensive income (loss) attributable to owners of the Company     | 416,871   | 289,363   | 390,032   | 443,894   | 804,984   | 222,586  |
| Total comprehensive income (loss) attributable to Non-controlling interests | (318)   | –         | –         | –         | –         | –  |
| Earnings per share (NT\$/share)   | 5.40  | 6.75      | 6.85      | 5.28      | 11.72     | 1.70   |

### 1.3. Names and opinions of independent auditors in recent five years

| Year | CPA               | Name of CPA                        | Auditing opinion    |
|------|-------------------|------------------------------------|---------------------|
| 2017 | Deloitte & Touche | Chiu,Cheng-Chun、<br>Chien,Ming-Yen | Unqualified opinion |
| 2018 | Deloitte & Touche | Chen,Chun-Hung、<br>Chien,Ming-Yen  | Unqualified opinion |
| 2019 | Deloitte & Touche | Chen,Chun-Hung、<br>Chien,Ming-Yen  | Unqualified opinion |
| 2020 | Deloitte & Touche | Chen,Chun-Hung、<br>Chien,Ming-Yen  | Unqualified opinion |
| 2021 | Deloitte & Touche | Liu,Yi-Ching、<br>Chen,Chun-Hung    | Unqualified opinion |

## 2、Financial Analysis of the Past Five Years

### 2.1. Financial Analysis of the Past Five Years (consolidated)

| Year                          |  | Financial Analysis for the Past Five Years |        |        |        |        |  |
|-------------------------------|--|--|--------|--------|--------|--------|--|
| Item                          |  | 2017                                       | 2018   | 2019   | 2020   | 2021   | thecurrent<br>year as<br>through<br>to 31<br>Mar2022 |
| Financial<br>Structure<br>(%) | Ratio of liabilities<br>to assets (%)                                  | 73.40                                      | 58.73  | 44.11  | 44.99  | 50.74  | 54.32  |
|                               | Ratio of long-term<br>capital to property,<br>plantand<br>equipment(%) | 128.69                                     | 196.35 | 284.99 | 277.46 | 330.36 | 297.69   |
| Liquidity<br>analysis<br>(%)  | Current ratio (%)  | 101.77                                     | 133.40 | 198.19 | 182.16 | 175.24 | 160.99   |
|                               | Quick ratio (%)  | 74.85                                      | 97.78  | 146.74 | 127.59 | 119.44 | 110.63   |
|                               | Interest coverage<br>ratio (times)                                     | 4.79                                       | 6.62   | 28.03  | 51.77  | 85.73  | 50.76  |
| Operating<br>ability          | Receivables<br>turnover (times)  | 3.17                                       | 3.37   | 3.22   | 3.04   | 3.87   | 2.88   |

| Item   | Year   | Financial Analysis for the Past Five Years |        |       |        |        |  |
|--|--|--|--------|-------|--------|--------|--|
|  |  | 2017                                       | 2018   | 2019  | 2020   | 2021   | thecurrent<br>year as<br>through<br>to 31<br>Mar2022 |
|  | Average collection period (days)               | 116  | 109    | 113   | 120    | 94     | 127  |
|  | Inventory turnover (times)                     | 4.79                                       | 5.21   | 5.04  | 4.15   | 4.55   | 3.50   |
|  | Payables turnover (times)                      | 4.45                                       | 5.08   | 4.30  | 3.83   | 4.89   | 4.36   |
|  | Averages sales days (days)                     | 76   | 70     | 72    | 88     | 80     | 104  |
|  | Property, plant and equipment turnover (times) | 4.06                                       | 4.93   | 5.47  | 4.88   | 7.36   | 6.39   |
|  | Total assets turnover (times)                  | 1.13                                       | 1.26   | 1.29  | 1.11   | 1.44   | 1.12   |
| Profitability analysis   | Return on total assets (%)                     | 8.55                                       | 11.22  | 11.54 | 8.77   | 15.73  | 7.98   |
|  | Return on shareholders' equity (%)             | 34.03                                      | 27.90  | 22.92 | 15.52  | 30.08  | 16.37  |
|  | Ratio of pre-tax income to paid-in capital (%) | 59.25                                      | 77.40  | 85.38 | 65.91  | 146.71 | 91.36  |
|  | Ratio of net income to sales (%)               | 6.01                                       | 7.49   | 8.65  | 7.73   | 10.80  | 6.97   |
|  | Earnings per share (NT\$/share) (Note3)        | 5.40                                       | 6.75   | 6.85  | 5.28   | 11.72  | 1.70   |
| Cash flow  | Cash flow ratio (%)                            | 11.35                                      | 27.95  | 44.84 | 53.87  | 4.49   | 6.88   |
|  | Cash flow adequacy ratio (%)                   | 82.03                                      | 139.89 | 95.77 | 114.85 | 69.34  | 113.49   |
|  | Cash reinvestment ratio (%)                    | 10.34                                      | 15.70  | 10.11 | 12.71  | (2.25) | 3.95   |
| Leverage   | Operating leverage                             | 1.34                                       | 1.29   | 1.08  | 1.32   | 1.18   | 1.34   |
|  | Financial leverage                             | 1.22                                       | 1.22   | 1.04  | 1.02   | 1.01   | 1.02   |
| Explanation of changing financial ratios within the previous two years (I<br>fincrease/decrease/change amounts to 20%) : |  |  |        |       |        |        |  |



| Item   | Financial Analysis for the Past Five Years |      |      |      |      |  |
|--|--|------|------|------|------|--|
|  | 2017                                       | 2018 | 2019 | 2020 | 2021 | the current year as through to 31 Mar 2022 |
| <p>1. The increase of Interest coverage ratio、Return on total assets、Return on shareholders' equity 、Ratio of pre-tax income to paid-in capital、 Ratio of net income to sales and Earnings per share compared to the previous year was mainly caused by increase in Profit and loss before tax and after tax.</p> <p>2. The decrease of receivables turnover and total assets turnover compared to the previous year was mainly caused by the increase in sales</p> <p>3. The increase of payables turnover compared to the previous year was mainly caused by the increase in sales and cost of goods sold.</p> <p>4. The decrease of cash Flow Ratio 、cash flow adequacy ratio and cash reinvestment ratio decreased mainly increased inventory and increased acquisition of real estate, plant and equipment.</p> |  |      |      |      |      |  |

Description of formulas used in financial analysis:

#### A. Financial structure

(1) Liabilities to assets ratio = Total liabilities / Total assets

(2) Long-term capital to property, plant and equipment ratio = (Total shareholders' equity + Long-term liabilities) / Net value of property, plant and equipment

#### B. Liquidity analysis

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities

(3) Interest coverage ratio = Net income before income tax and interest expenses / Interest expenses

#### C. Operating ability

(1) Receivables turnover (including accounts and notes receivable)

= Net sales / Average receivables (including accounts and notes receivable)

(2) Average collection days = 365 / Receivables turnover

(3) Inventory turnover = Costs of goods sold / Average inventory

(4) Average sales days = 365 / Inventory turnover

(5) Payables turnover (including accounts and notes payable)

= Costs of goods sold / Average payables (including accounts and notes payable)

(6) Property, plant and equipment turnover ratio

= Net sales / Net value of property, plant and equipment

(7) Total assets turnover ratio = Net sales / Total assets

#### D. Profitability analysis

(1) Return on assets = [Net income + Interest expenses × (1-Tax rate)] / Average total assets

(2) Return on shareholders' equity = Net income / Average shareholders' equity

(3) Net income to sales ratio = Net income / Net sales

(4) Earnings per share = (Net income attributable to owner of the Company - Preferred stock dividend) / Weighted average number of outstanding shares

#### E. Cash flow

(1) Cash flow ratio = Cash flows from operating activities / Current liabilities

(2) Cash flow adequacy ratio = Net cash flow from operating activities for the past 5 years /  
(Capital expenditures + Increase in inventory + Cash dividends) for the past 5 years

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) /  
(Gross value of property, plant and equipment + Long-term Investment + Other  
noncurrent assets + Working capital)

#### F. Leverage

(1) Operating leverage =

(Net sales - Variable operating costs and expenses) / Operating income

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

3、Audit Committee's Report for the Most Recent Year: See Appendix 1.

4、Consolidated Financial Report for the most recent year as audited by the CPAs See Appendix 2.

5、Entity Financial Statement of the Latest Year Inspected and Authenticated by CPAs : None.

6、Impact of the Latest Financial Difficulties Encountered by the Company and its Associated Enterprises on the Company's Financial Standing as of the Date of Printing of the Annual Report : None.

VII. REVIEW AND ANALYSIS OF THE FINANCIAL CONDITION, PERFORMANCE AND RISK MANAGEMENT

1. Financial Standing

Unit: NT\$ thousands

| Item                          | Year | 2020      | 2021      | Difference |         |
|-------------------------------|------|-----------|-----------|------------|---------|
|                               |      |           |           | amount     | %       |
| Current asset                 |      | 2,945,442 | 4,726,134 | 1,780,692  | 60.46   |
| Property, plant and equipment |      | 1,024,757 | 1,058,150 | 33,393     | 3.26    |
| Right-of-use assets           |      | 207,407   | 212,186   | 4,779      | 2.30    |
| Intangible assets             |      | 64,761    | 75,131    | 10,370     | 16.01   |
| Other assets                  |      | 217,885   | 121,049   | (96,836)   | (44.44) |
| Total assets                  |      | 4,460,252 | 6,192,650 | 1,732,398  | 38.84   |
| Current liabilities           |      | 1,616,963 | 2,696,953 | 1,079,990  | 66.79   |
| Non-current liabilities       |      | 389,704   | 445,122   | 55,418     | 14.22   |
| Total liabilities             |      | 2,006,667 | 3,142,075 | 1,135,408  | 56.58   |
| Common stock                  |      | 714,543   | 714,543   | –          | –       |
| Capital surplus               |      | 886,111   | 886,111   | –          | –       |
| Retained earnings             |      | 1,030,057 | 1,626,549 | 596,492    | 57.91   |
| Other equities                |      | (177,126) | (176,628) | 498        | (0.28)  |
| Total equities                |      | 2,453,585 | 3,050,575 | 596,990    | 24.33   |

Explanations for changes in the most recent two years in assets, liabilities, and equity affecting 20% thereof or more, or greater than NT\$10,000 thousand dollars:

1. The increase in current assets and total assets was mainly due to the transfer of financial assets measured at amortized cost due within one year, and the increase in accounts receivable and inventories
2. The decrease in other assets was mainly due to the transfer of financial assets measured at amortized cost to current assets due within one year
3. The increase in current liabilities and total liabilities was mainly due to the increase in short-term borrowings.
4. The increase in retained earnings and shareholders' equity was mainly due to the substantial increase in annual operating income, which resulted in an increase in net profit over the same period last year.

## 2. Financial performance

### 2.1 Financial performance analytical comparison

Unit: NT\$ thousands

| Item \ Year  | 2020      | 2021      | Amount    | (%)     |
|--|-----------|-----------|-----------|---------|
| Operating revenues   | 4,830,183 | 7,667,219 | 2,837,036 | 58.74   |
| Cost of goods sold   | 3,406,860 | 5,342,878 | 1,936,018 | 56.83   |
| Gross profit   | 1,423,323 | 2,324,341 | 901,018   | 63.30   |
| Operating expenses   | 891,317   | 1,247,875 | 356,558   | 40.00   |
| Operating profit (losses)  | 532,006   | 1,076,466 | 544,460   | 102.34  |
| Non-operating gain (expenses)  | (61,066)  | (28,164)  | 32,902    | (53.88) |
| Profit(loss) before Tax  | 470,940   | 1,048,302 | 577,362   | 122.60  |
| Income tax expense   | 97,687    | 220,490   | 122,803   | 125.71  |
| Net income (losses)  | 373,253   | 827,812   | 454,559   | 121.78  |
| Other comprehensive income – net                                     | 70,641    | 22,828    | (47,813)  | (67.68) |
| Total comprehensive income   | 443,894   | 804,984   | 361,090   | 81.35   |
| Net income attributable to the owner of the Company                  | 373,253   | 827,812   | 454,559   | 121.78  |
| Net income attributable to non-controlling interests                 | –         | –         | –         | –       |
| Total comprehensive income attributable to the owner of the company  | 443,894   | 804,984   | 361,090   | 81.35   |
| Total comprehensive income attributable to non-controlling interests | -         | –         | –         | –       |

For increased or decrease d rate changes affecting 20% there fo r more, o r greater than NT\$10,000 thousand dollars analys is there of is provided as follows:

1. The increase in operating income, operating gross profit, operating net profit and net profit before tax was mainly due to the optimization of product mix and efficiency Increase, push up revenue and gross profit margin are both due to growth.
2. The increase in operating costs and operating expenses is mainly due to the increase in the price of raw materials caused by the imbalance between supply and demand and the increase in freight costs due to the epidemic caused by
3. The decrease in non-operating expenses was mainly due to the influence of exchange rate, and the exchange loss in the current period decreased compared with the same period of last year.

| Item  | Year | 2020 | 2021 | Amount | (%) |
|---|------|------|------|--------|-----|
|   |      |      |      |        |     |
| 4. The total comprehensive profit and loss and comprehensive profit and loss attributable to the owners of the parent company increased mainly due to changes in exchange rates resulting in the subsidiary's financial It is due to the exchange difference on the translation of thstatement. |      |      |      |        |     |

## 2.2 Potential impacts of projected sales volume and foundation on future financial operations of the Company and relevant responsive plans:

Based on the overall economic outlook, it is expected that the CCL market will still exhibit moderate growth. Application of aluminum substrate in the automotive and lighting markets will continue to expand. The Company and its subsidiaries therefore expect steady growth of its sales volume in the future, which in turn will boost their consolidated revenue. In addition, the Company will continue its efforts in the field of existing products and product quality enhancement to intensify cooperation with customers and strengthen the competitive edge in the field of procurement. The goal lies in the manufacture of pioneering products with cost advantages, which is conducive to increased revenues and profits in the future. Adequate financial planning will be adopted to enable the Company to meet the needs of future business growth on the foundation of a sound financial structure.

## 3、Cash Flow

### 3.1 Liquidity analysis in recent two years

|   |      |           |           | Unit: NT\$ thousands           |
|---|------|-----------|-----------|--------------------------------|
| Item  | Year | 2020      | 2021      | Increased (Decrease) Ratio (%) |
|   |      |           |           |                                |
| Cash flows from operating activities  |      | 765,191   | 121,081   | (84.18)                        |
| Cash flows from investing activities  |      | (303,578) | (335,367) | 10.47                          |
| Cash flows from financing activities  |      | (285,180) | 103,703   | 136.36                         |
| Analysis of changes:  |      |           |           |                                |
| 1.Net cash inflow from operating activities was mainly due to the increase in accounts receivable and inventories over the previous period due to strong demand for orders. |      |           |           |                                |
| 2.Net cash outflow from investing activities, mainly due to the acquisition of Holders Technology Plc.  |      |           |           |                                |
| 3.The net cash inflow from financing activities was mainly due to the increase in short-term borrowings during the year.  |      |           |           |                                |

### 3.2 Remedy for Cash Deficit and Liquidity Analysis: None

### 3.3 Cash Flow Analysis for the Coming Year

| Cash and cash equivalents beginning balance   | Estimated Net Cash Flow from Operating Activities | Estimated Net Cash Flow from Investing Activities | Estimated Net Cash Flow from Financing Activities | Estimated Cash and cash equivalents – ending balance | Estimated Remedy plans for negative balance of cash and cash equivalents |                |
|---|---|---|---|--|--|----------------|
|   |   |   |   |  | Investment plan  | Financing plan |
| 491,638   | 700,000   | 20,000  | (500,000)   | 711,638  | –  | –              |
| <p>Analysis of changes in estimated cash flows</p> <p>1. Operating activities: mainly cash inflows due to operating profits, and net changes in receivables, inventories and accounts payable.</p> <p>2. Investment and financing activities: mainly used to purchase equipment, repay loans and pay dividends.</p> |   |   |   |  |  |                |

#### 4、Major capital expenditures in recent years and impacts on financial and operational

situations: Gross profit of Insulated Metal Substrate is the focus of growth and maintains general materials. Under the operating strategy of keeping profits Raise the target

#### 5. Main Reasons for Profits or Losses of the Latest Re-investment Policy, Improvement Plan and Investment Plan for the Coming Year

##### 5.1. Investment policies

“Procedures in Controlling Investment Cycle of the Internal Control System”,

“Procedures for Handling Related Party Transaction”, “Procedures for Monitoring

the Operation of Subsidiaries”, and “Procedures for Acquisition and Disposition of

Assets” are major standards for the Company to manage and monitor the performance of subsidiaries.

## 5.2. Reasons for profit/loss in recent years and plans for improvement

Unit: NT\$ thousands

| Investee  | Shareholding Percentage (%) | Investment Gains and losses recognized for the most recent year | Reasons for profit/loss  | Improvement plans |
|-----------|-----------------------------|---|--|-------------------|
| VIG Samoa | 100%                        | 986,688   | The Company shall recognize investment gains and losses.             | Not applicable    |
| VIG HK    | 100%                        | 638,399   | The Company shall recognize investment gains and losses.             | Not applicable    |
| VLL BVI   | 100%                        | (385 )  | The Company shall recognize investment gains and losses.             | Not applicable    |
| VT HK     | 100%                        | 179,703   | Operations are in good condition                                     | Not applicable    |
| VT TW     | 100%                        | 147,854   | Operations are in good condition                                     | Not applicable    |
| VT US     | 100%                        | (385 )  | Affected by the epidemic, sales decreased                            | Not applicable    |
| VT UK     | 100%                        | 21,982  | Operations are in good condition                                     | Not applicable    |
| VT DE     | 100%                        | 9,316   | Operations are in good condition                                     | Not applicable    |
| VT SZ     | 100%                        | 705,918   | Operations are in good condition                                     | Not applicable    |
| VT JY     | 100%                        | 6,604   | Operations are in good condition                                     | Not applicable    |
| VT SZWT   | 100%                        | (5,957)   | Reduced orders and production, transferred to Suzhou Shenzhen branch | Not applicable    |

5.3. Investment Plan over the coming one year:None.

## 6. Analysis and Assessment of Risks

### 6.1 Impact of interest rates and exchange rate fluctuations, as well as inflation on the Company's profit and loss, as well as future responsive measures:

#### (1) Interest rate movements and Impact on the Company's profit and loss

The interest revenue of the Company and its subsidiaries is mainly generated by interest on current bank deposits. Interest expenses are generated by financial institution loans taken out by the Company and its subsidiaries to meet their working capital needs. Interest revenue and expenses are shown in the table below:

Unit: NT\$ thousands

| Item             | 2020   |                             | 2021   |                             |
|------------------|--------|-----------------------------|--------|-----------------------------|
|                  | Amount | Of net sales Percentage (%) | Amount | Of net sales Percentage (%) |
| interest revenue | 1,528  | 0.03                        | 1,967  | 0.03                        |
| interest expense | 9,275  | 0.19                        | 12,373 | 0.16                        |

In addition to the operating profits of the company and its subsidiaries to meet the working capital needs, bank financing is also the main source of funds, accounting for 0.19% and 0.16% of the operating revenue in each period, which is still low and has no significant impact on the company's finance.

Responsive measures:

In case of significant interest fluctuations and a continued demand for bank loans in the future, the Company will adopt other financing tools available on capital markets to meet its capital needs or select fixed interest or floating interest loans in line with observed interest rate developments to hedge interest rate risks. The Company also maintains close contact with banks to ensure acquisition of the most preferential loan rates. The Company and its subsidiaries also tightly control their foreign exchange transactions in line with foreign exchange fluctuations.

#### (2) Impact of exchange rate fluctuations on the Company's profits and losses and future responsive measures

Currency types of payments received by the Company include Renminbi, US Dollar, New Taiwan Dollar, British Pound, and Euro with the US Dollar as the main currency. The Company and its subsidiaries therefore utilize the US Dollar and the Renminbi as the functional currencies for their daily operations. In addition to adoption of natural write-off as a foreign exchange hedging principle with the goal of decreasing the demand for exchange, the Company also conducts forward exchange transactions in a timely manner to minimize the impact of exchange rate fluctuations. Foreign exchange gains/losses of the Company and its subsidiaries for 2020 and 2021 are shown in the



table below:

Unit: NT\$ thousands

|  | 2020   | 2021   |
|--|--------|--------|
| Net foreign exchange loss                    | 85,711 | 23,270 |
| Foreign exchange gains/losses To net revenue | 1.77   | 0.30   |

Foreign exchange losses of the Company and its subsidiaries in 2020 and 2021 amounted to 1.77% and 0.3% of their net revenue, respectively. Fluctuations of exchange gains/losses and relevant ratios were mainly due to the high proportion of received payments in US Dollars and procurements in Renminbi.

Responsive measures:

In order to minimize the potential impact of exchange rate risks and fluctuations on gains and losses, trend analysis and risk assessment is carried out through collection of market information. The Company is also in close contact with banks to maintain a firm grasp of exchange rate developments. Timely adjustments are made in accordance with actual conditions. The following measures are adopted to minimize the impact of exchange rate fluctuations on the Company's revenues and profits:

- A. When customers remit their payments to the Company's bank account(s), the Company adjusts its foreign exchange positions in an adequate manner in accordance with capital needs, and exchange rate developments.
- B. Utilization of real-time Forex information provided by banks the Company has business dealings with as a key reference for quotations and raw material procurement by sales and procurement personnel.
- C. Forward exchange transactions are conducted as deemed necessary based on foreign exchange positions and exchange rate fluctuations pursuant to the Procedures Governing Acquisition or Disposal of Assets to implement hedging for foreign exchange net positions upon natural hedging with the ultimate goal of minimizing exchange rate risks generated by the Company's business operations.

### (3) Impact of inflation on the Company's profits or losses and future responsive measures

Against the backdrop of a rapidly changing global economic environment, inflation pressures or tightening have not had any major impacts on gains/losses of the Company as of the publication date of this report.

Responsive measures:

In the future, the Company will maintain close interactions and excellent relationships with its suppliers, while closely monitoring market price fluctuations. Procurement strategies and costs structures are adjusted in a timely manner to minimize the impact of inflation on the Company's gains/losses.

### 6.2 Policies on high risk, highly leveraged investments, loans to others, endorsements, guarantees, and derivatives trading, the main reasons for profits or losses generated thereby, and future responsive measures to be undertaken.:

- (1) Policies on high risk, highly leveraged investments: in principle, the Company's operations have been stable and conservative, and in the past year, to the date of publication of this annual report, the Company and its subsidiaries did not engage in any high-risk and highly leveraged investment transactions.
- (2) For the purpose of lending funds to others: The Company has established the "Guidelines for Lending of Funds to Other Parties" and follow it.
- (3) Endorsement/Guarantees: The Company has established the "Endorsement and Guarantee Management Procedures" and follow it.
- (4) Derivative transaction policies, main reasons of profits or losses, and future responsive measures

The Company's derivative transactions represent forward market hedging for currency exchanges (USD to RMB). The Company aims to avoid risks associated with foreign exchange assets and liabilities caused by exchange rate fluctuations pursuant to the Procedures Governing Acquisition and Disposal of Assets and relevant regulations set forth in Investment Cycles – Derivative Control Operations based on the fact that the US Dollar and Renminbi are its main functional currencies.

### 6.3 Future R&D projects and anticipated R&D expenditures to be invested

Our company adheres to the concept of greening and environmental protection. The future research and development plan will continue to focus on the concept of environmental protection and energy conservation. The future R&D plan and estimated R&D expenses are as follows:

| Future R&D plans  | Projected R&D expenses |
|---|------------------------|
| Research and development of bond film for high frequency mm-wave and multi-layer PCB application        | RMB5,400 thousands     |
| Research and development of ultra low loss material for high reliable multi-layer application           | RMB14,000 thousands    |
| Research and development of black halogen-free substrate with low CTE                                   | RMB6,500 thousands     |
| Research and development of ultra low loss substrate for SiP package application                        | RMB15,000 thousands    |
| Research and development of hydrocarbon laminate with low cost for high frequency car radar application | RMB9,500 thousands     |

6.4 Changes to local and overseas policies and laws that impact the Company's financial operations and responsive measures

The Company has its domicile on the Cayman Islands (no actual business activities). Its main operating areas include China, Taiwan, Europe, and America. All its services and operations abide by laws, regulations, and relevant policies in effect at its domicile and main operating areas. The Company also closely monitors relevant legal changes and developments and adopts adequate measures in response to changes of the market environment in a prompt manner. As of the publication date of this report, its financial operations have not been significantly affected by major local/overseas policy or legal changes.

6.5 Impact of Changes in Technology and Industry on Corporate Finance and Business, and Responsive Measures

In the most recent year and as of the date of this annual report, there have been no changes in technology or the industry affecting the company's financial or business operations that have a significant impact thereon.

6.6 Changes to corporate image that impact the company's risk management and Responsive Measures.:

As of the date of this annual report, there has been no change to the Company's corporate image that has resulted in any corporate image crisis, and therefore this provision does not apply.

6.7 The expected benefits and possible risks to engaging in mergers and acquisitions (M&A) and responsive measures:

The Company does not have any plan to engage in mergers and acquisitions as of the printing date of this annual report. Therefore, this provision is not applicable.

6.8 The Expected Benefits and Possible Risks to Expand Facilities and responsive Measures:

The Company does not have any plan to expand Facilities as of the printing date of this annual report. Therefore, this provision is not applicable.

6.9 Risks resulting from consolidation of purchasing or sales operations and responsive Measures:

(A)Purchase:

At present, the main sources of raw materials are supplied by multiple suppliers, and we continue to develop different suppliers to spread the risks, so there is no risk of centralized purchase.

(B)Sales

The sales target is mainly domestic and foreign well-known big factories and their continuous competitiveness is strong. At present, there is no situation and risk of concentrated sales progress. In addition, according to the application requirements of electric vehicle cooling, UHF automatic driving radar, global positioning star, 5G high frequency antenna and high speed and low loss, semiconductor carrier and aging test

board, Mini LED and other application requirements, actively expand the market scale and develop new customers, to minimize the possible risk.

- 6.10 Impact and risks resulting from major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than 10 percent of the Company's shares, and related responsive measures:

The Directors and major shareholders holding more than 10% of the shares of the Company have had no significant equity transfer or replacement affecting Company operations in the most recent year up to the publication date of this annual report.

- 6.11 Impact, risk, and response measures related to any change in governance rights in the Company:

The Company has not experienced any changes in operating rights affecting Company operations in the most recent year and as of the printing date of this annual report.

- 6.12 Litigation and non-litigation events: If the Company or Directors, Supervisors, President, Actual Person in Charge, and major shareholders with shareholding Percentage exceeding ten percent (10%) and affiliated companies who have any already decided or currently underway lawsuit, non-litigious or administrative lawsuit dispute, where the result may impact shareholder rights or materially affect the value of securities, then here shall be disclosure of the dispute, the amount thereof, the date of any lawsuit filing, the main parties thereto, and status thereof, as of the date of the publication of the Annual Report: None.

- 6.13 Other material risks and responsive measures:

The Company has its domicile on the Cayman Islands (no actual business activities). Its main operating areas are the UK, China, and Taiwan. Changes in the economic outlook and political environment of the country of domicile and the operating areas as well as foreign exchange fluctuations have a significant impact on the Company's operating conditions. In addition, there are many differences between the laws of the Cayman Islands, where the Company has its domicile, and the laws in Taiwan (e.g., the Company Act...). The Company has amended its Articles of Incorporation pursuant to the Checklist for the Protection of Shareholder Rights Where Shares are Issued by Foreign Issuers prescribed by TWSE. However, there are significant differences in regulations governing operations in Taiwan and the country of domicile. Investors must have a clear understanding of relevant regulations and inquire about investment risks with experts.

7. Other important items: None.

## VIII. Special Notes

### 1、Affiliated Companies:

#### 1.1 Consolidated Business Report of Affiliated Companies

##### (1) Organizational chart for affiliated companies:

See II. COMPANYPROFILE(Structure of the company)

##### (2) Relationship between the Company and its affiliated companies, their shareholding ratio, shares and actual investment amounts:

Dec 31, 2021; Unit: thousands

| Name of affiliated company | Date of establishment | Address   | Paid-in capital          | Major businesses or products                 |
|----------------------------|-----------------------|---|--------------------------|--|
| VIG SAMOA                  | 2006/2/24             | Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa                          | 1,289,894<br>(USD46,600) | General investment                           |
| VIG HK                     | 2008/12/12            | Unit B 22/F., Chung Pont Commerical Building, 300 Hennseey Road, Wanchai, Hong Kong                           | 860,888<br>(USD31,101)   | General investment                           |
| VLL                        | 2006/11/6             | OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands                                       | 221,739<br>(USD8,011)    | General investment                           |
| VT HK                      | 2006/1/10             | Unit B 22/F., Chung Pont Commerical Building, 300 Hennseey Road, Wanchai, Hong Kong                           | 66,468<br>(USD2,401)     | General investment                           |
| VT TW                      | 2011/2/21             | 10F., Gongye 5th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)                                       | 315,795<br>(USD11,409)   | Manufacture and sell of CCL, IMS and prepreg |
| VT UK                      | 2006/11/24            | Unit 1, Trojan Business Centre, Tachbrook Park Estate, Leamington Spa, Warwickshire, CV34 6RH, United Kingdom | 36,673<br>(USD1,325)     | Sell of CCL, IMS and prepreg                 |

| Name of affiliated company | Date of establishment | Address  | Paid-in capital          | Major businesses or products  |
|----------------------------|-----------------------|--|--------------------------|---|
| VT DE                      | 2010/11/6             | Morschheimerstr,<br>15 D-67292<br>Kirchheimbolanden,<br>Germany  | 191,086<br>(USD6,903)    | Sell of CCL,<br>IMS and<br>prepreg  |
| VT USA                     | 2007/6/1              | 311 South Highland<br>Ave. Unit B,<br>Fullerton, CA 92832,<br>USA  | 205,519<br>(USD7,425)    | Sell of CCL,<br>IMS and<br>prepreg  |
| VT SZ                      | 2000/2/23             | No. 308, Taishan<br>Road, New District,<br>Suzhou City, Jiangsu<br>Province, China<br>215129   | 1,237,086<br>(USD35,100) | Research<br>and<br>development<br>manufacture<br>and sell of<br>CCL, IMS and<br>prepreg |
| VT JY                      | 2005/5/18             | 73-1 Qingtong Road,<br>Qingyang Town,<br>Jiangyin, Jiangsu,<br>P.R.C. 214403   | 123,969<br>(USD3,000)    | Manufacture<br>and sell of<br>CCL, IMS and<br>prepreg                                   |
| VT SZWT                    | 2009/8/11             | Chengguan INC.,<br>Qisan Rd, Shenzhen<br>Export Processing<br>Zone, Pingshan New<br>District, Shenzhen,<br>Guangdong, P.R.C.<br>518118 | 86,830<br>(RMB20,000)    | Manufacture<br>and sell of<br>CCL, IMS and<br>prepreg                                   |

(3) Information on same shareholders of the Company and an affiliate in which the Company has controlling or subordinate relationship with: None.

(4) Industries covered by the business operated by the affiliates: The affiliates mainly engages in the production and sale of copper clad laminate (CCL), aluminium-backed laminate (IMS) and prepreg.

## (5) Information on directors, supervisors, and presidents of affiliates:

Dec 31, 2021; Unit: NTthousands

| Name of affiliate | Title   | Name or representative  | Shares held                         |               |
|-------------------|---|---|-------------------------------------|---------------|
|                   |   |   | Original Investment Amount / Shares | Share holding |
| VIG SAMOA         | Director  | Ventec International Group CO.,Ltd.-<br>Representative: Lao, Kai- Lu  | \$1,289,894/46,600,000              | 100%          |
| VIG HK            | Director<br>Director                            | Wang, Yu-Tzu<br>Lao, Kai- Lu  | \$860,888 /31,110,000               | 100%          |
| VLL               | Director<br>Director                            | VIG SAMOA-Representative:<br>Lao, Kai- Lu<br>VIG SAMOA- Representative:<br>Chung, Chien- Jen  | \$221,739/8,010,000                 | 100%          |
| VT HK             | Director<br>Director                            | Lao, Kai- Lu<br>Chung, Chien- Jen   | \$66,468/10,000                     | 100%          |
| VT TW             | Director<br>Director<br>Director<br>supervisors | VIG SAMOA - Representative:<br>Lao, Kai- Lu<br>VIG SAMOA - Representative:<br>Chung, Chien- Jen<br>VIG SAMOA –Representative:<br>Chiu, Chiao Wei<br>VIG SAMOA – Representative:<br>Sun, Cheng Der | \$315,795/17,500,000                | 100%          |
| VT UK             | Director<br>Director<br>Director                | Lao, Kai- Lu<br>Chung, Chien- Jen<br>Mark Goodwin   | \$36,673/807,334                    | 100%          |
| VT DE             | Director  | Mark Goodwin  | \$191,086 /400,000                  | 100%          |
| VT USA            | Director  | Lao, Kai- Lu  | \$205,519 (Note)                    | 100%          |
| VT SZ             | Director<br>supervisors                         | VIG HK- Representative:<br>Lao, Kai- Lu<br>Wang,Zhuo  | \$1,237,086 (Note)                  | 100%          |
| VT JY             | Director<br>supervisors                         | VIG HK-Representative:<br>Lao, Kai- Lu<br>Li,Dan  | \$123,969 (Note)                    | 100%          |
| VT SZWT           | Director<br>supervisors                         | VIG HK-Representative:<br>Lao, Kai- Lu<br>Li,Dan  | \$86,830 (Note)                     | 100%          |

Note: No shares are provided for it is a limited company and only capital contribution and proportion of contribution are shown.

(6) Operational highlights of affiliates

Dec,31,2021Unit: NT\$ thousands

| Name of Affiliate | Paid-in Capital | Total Assets | Total Liabilities | Net Worth | Operating Income | Operating Profit (Loss) | Profit (Loss) for the period | EPS (\$) |
|-------------------|-----------------|--------------|-------------------|-----------|------------------|-------------------------|------------------------------|----------|
| VIG SAMOA         | 1,289,894       | 3,591,203    | 384,790           | 3,206,413 | -                | -                       | 986,688                      | (Note)   |
| VIG HK            | 860,888         | 2,797,020    | 150,535           | 2,646,485 | 6,435,581        | 821,098                 | 638,399                      | (Note)   |
| VLL               | 221,739         | 83,749       | 50,951            | 32,798    | 415,595          | 27,460                  | (385)                        | (Note)   |
| VT HK             | 66,468          | 1,650,988    | 1,285,476         | 365,512   | 2,673,481        | 186,053                 | 179,703                      | (Note)   |
| VT TW             | 315,795         | 710,013      | 324,258           | 385,755   | 756,319          | 161,268                 | 147,854                      | (Note)   |
| VT UK             | 36,673          | 260,487      | 182,578           | 77,909    | 366,996          | 30,420                  | 21,982                       | (Note)   |
| VT DE             | 191,086         | 370,396      | 284,585           | 85,811    | 597,196          | 21,819                  | 9,316                        | (Note)   |
| VT USA            | 205,519         | 329,077      | 245,328           | 83,749    | 415,595          | 27,460                  | (385)                        | (Note)   |
| VT SZ             | 1,237,086       | 4,674,018    | 1,995,241         | 2,678,777 | 7,077,289        | 818,973                 | 705,918                      | (Note)   |
| VT JY             | 123,969         | 207,613      | 95,737            | 111,876   | 584,751          | 7,673                   | 6,604                        | (Note)   |
| VT SZWT           | 86,830          | 11,650       | 15,263            | (3,613)   | 111,729          | (5,548)                 | (5,957)                      | (Note)   |

Note : Earnings per share could not be calculated for it is not a company limited by shares.

1.2 Consolidated financial statements of affiliates: See Appendix 2.

1.3 Affiliation report: None.

2. Organization of the Latest Private Placement Securities as of the Date of Printing of the Annual Report : None.

3. Holding or disposal of the Company's shares by its subsidiaries of the latest year and up to the date of printing of the Annual Report : None.

4. Other matters requiring supplementary information: None.

5. Any Event Which Has a Material Impact on Shareholders' Equity or Securities Prices Was Stipulated in Subparagraph 2, Paragraph 2, Article 36 of Securities Exchange Act in the Most Recent Fiscal Year and up to the Date of the Publication of the Annual Report: None.



6. Explanation of the major differences between the Articles of Incorporation of the company and the provisions on the protection of shareholders' rights and interests in this country:

| Items that are Different  | The Companies Law of The Cayman Islands Description   | Articles of Incorporation Provisions and Description  |
|---|---|---|
| <p>“Special Resolution”: a resolution adopted, at a shareholders' meeting, by a majority of the shareholders present who represent two-thirds or more of its outstanding shares. In the event the total number of shares represented by the shareholders present at a shareholders' meeting of a company whose shares have been issued in public is less than the percentage of the total shareholdings required in the preceding Paragraph, the resolution may be adopted by two-thirds of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the company.</p> | <p>It is defined in the Companies Law of the Cayman Islands, the Special Resolution shall be adopted by “two-third of the voting rights” exercised by the shareholders present at the shareholders' meeting who represent a majority (more than half) of the outstanding shares of the company.</p> | <p>Articles 39 and 2(1) of the Articles of Incorporation of the Company stipulate that a Special Resolution adopted by two-thirds of the voting rights exercised by the shareholders’ meeting attended by shareholders representing more than half of the total number of issued voting shares of the company shall be attended by shareholders in person; if it is an institutional shareholder, its legally authorized representative shall attend; or shareholders present by proxy in order to meet both the requirements of the Cayman Islands Act and the Taiwan Company Law on the attendance and voting rights of public companies.</p> |
| <p>1. A company shall not cancel its shares, unless a resolution</p>  | <p>Articles 14 to 18 of the Cayman Islands Companies Law have strict procedures and substantive norms for</p>   | <p>Articles 14 to 18 of the Cayman Islands Companies Law have strict procedures and substantive norms</p>   |

| Items that are Different   | The Companies Law of The Cayman Islands Description  | Articles of Incorporation Provisions and Description   |
|--|--|--|
| <p>on capital reduction has been adopted by its shareholders' meeting; and capital reduction shall be effected based on the percentage of shareholding of the shareholders pro rata.</p> <p>2. When the company reduces its capital, it can return the share capital with property other than cash; the property to be returned and the amount to be offset shall be subject to a resolution of the shareholders' meeting and the consent of the shareholder who received the property.</p> <p>3. The value of the property referred to in the preceding paragraph and the amount to be offset shall be submitted by the board of directors to the accountant of the Republic of China for</p> | <p>companies to reduce capital, and the relevant norms are mandatory and cannot be changed by the Articles of Incorporation.</p> | <p>for companies to reduce capital, and the relevant norms are mandatory and cannot be changed by the Articles of Incorporation.</p> <p>There are considerable differences from the checklist for the protection of shareholders' rights and interests regarding the normative requirements for the company's capital reduction. For the avoidance of doubt, with advice from a Cayman Islands lawyer, the provisions of Article 14 of the Articles of Incorporation of the Company are amended so that the Capital Reduction of the company shall be handled in accordance with the procedures and conditions stipulated by the laws of the Cayman Islands and the listing (or OTC) regulations. As for the normative requirements for the company's Capital Reduction in the Checklist for the Protection of Shareholders' Rights and Interests, it is stipulated in Article 24(1) of the Articles of Incorporation of the company, which is replaced by the way of repurchasing shares in proportion to the shareholders' shareholding.</p> |

| Items that are Different  | The Companies Law of The Cayman Islands Description    | Articles of Incorporation Provisions and Description   |
|---|--|--|
| verification before the shareholders' meeting.  |  |  |
| <p>1. The company's physical shareholders' meeting shall be held within the territory of the Republic of China. If a physical shareholders' meeting is held outside the Republic of China, it shall be reported to the stock exchange for approval within two days after the resolution of the board of directors or the shareholders' approval of the convening from the competent authority.</p> <p>2. When the company holds a shareholders' meeting outside the Republic of China, it shall appoint a professional stock agency within the territory of the Republic of China to handle shareholder voting matters.</p> | There is no relevant regulation in Cayman Islands law. | <p>The Company intends to amend Article 31 of the Articles of Association at the annual general meeting of shareholders to incorporate the normative requirements in the far left column. According to the first paragraph of Article 31 of the revised draft articles of association: "During the listing period, the company's physical shareholders' meeting shall be held within the territory of the Republic of China. "There are no exceptions, so there is no need to separately regulate the licensing or reporting procedures for holding a general meeting of shareholders outside the Republic of China.</p> <p>In addition, the company's entity shareholders' meeting during the listing period will be held in the Republic of China, but the company will still entrust a professional stock agency in the Republic of China to handle shareholder voting and other related matters.</p> |

| Items that are Different   | The Companies Law of The Cayman Islands Description   | Articles of Incorporation Provisions and Description  |
|--|---|---|
| <p>Any or a plural number of shareholder(s) of a company who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. If the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request, the proposing shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own.</p> | <p>There is no relevant regulation in Cayman Islands law.</p>   | <p>The company is a company established in accordance with the Companies Law of the Cayman Islands, and there is no local competent authority in the Cayman Islands responsible for examining whether shareholders can convene a shareholders' meeting on their own. Therefore, it is stipulated in Article 32 of the Articles of Incorporation of the Company, any or a plural number of shareholder(s) of a company who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. If the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request, the proposing shareholder(s) may convene a special meeting of shareholders on his/their own - no need to obtain an approval from the competent authority.</p> |
| <p>A shareholder who exercises his/her/its voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have</p>  | <p>According to the opinion of the lawyers of the Cayman Islands, shareholders who exercise their voting rights in writing or electronically shall not be deemed to be present in person, but shall</p> | <p>The last paragraph of Article 57 of the Articles of Incorporation of the Company states: "Shareholders who exercise their voting rights in writing or electronically shall be construed as appointing the chairman of the shareholders'</p>  |

| Items that are Different  | The Companies Law of The Cayman Islands Description  | Articles of Incorporation Provisions and Description   |
|---|--|--|
| attended the meeting in person.   | be construed as appointing the chairman of the shareholders' meeting as a proxy.   | meeting as a proxy to exercise voting rights based on the content of their voting in writing or electronically. But the chairman of the shareholders' meeting has no voting rights for the matters not mentioned or indicated in the content, provisional motions or amendments to original motions. For the avoidance of doubt, a shareholder who exercises his/her/its voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have waived his/her/its voting power in respect of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting. "Therefore, the actual operation of this article is not materially different from the provisions of the laws of the Republic of China. However, the chairman of the shareholders' meeting is used as the proxy of the shareholders who vote in writing or electronically, so as to comply with the laws of the Cayman Islands - a shareholder's request to exercise the voting rights in person or by proxy on the spot at the same time. |
| If the company adopts shares without par value, it shall not be converted into shares of par value. | Section 8(1) of the Cayman Islands Companies Law provides that an exempted company shall not divide its capital into both par and no-par shares. | Article 8 of the memorandum of organization of the company stipulates: "The total capital of the company is NT\$900,000,000, divided into 90,000,000 ordinary shares with a par value of NT\$10 each", and the par value shares have been clearly adopted. In addition, after obtaining the opinions of the lawyers of the Cayman Islands, according to the  |

| Items that are Different  | The Companies Law of The Cayman Islands Description    | Articles of Incorporation Provisions and Description  |
|---|--|---|
|   |  | provisions of Article 8(1) of the Cayman Islands Companies Law, if a Cayman Islands exempted company adopts shares of no par value, it cannot be converted into shares of par value in practice and vice versa. As an exempted company, the company has already issued par value shares, so there is no application of the specifications in the leftmost column; however, for the avoidance of doubt, the company has also stipulated clearly in Article 7(5) of the Articles of Incorporation, and the company shall not issue or convert to non-issued shares. |
| <ol style="list-style-type: none"> <li>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.</li> <li>2. The term of office of a supervisor shall not exceed three years. But is eligible for re-election.</li> <li>3. In case all supervisors of a company are discharged, the board of directors shall, within 60 days, convene a special</li> </ol> | There is no relevant regulation in Cayman Islands law. | The company adopts the audit committee system and has not set up supervisors, so the standard requirements in the far left column do not apply to the company.  |

| Items that are Different  | The Companies Law of The Cayman Islands Description | Articles of Incorporation Provisions and Description |
|---|---|--|
| <p>meeting of shareholders to elect new supervisors.</p> <p>4. Supervisors shall supervise the execution of business operations of the company, and may at any time or from time to time investigate the business and financial conditions of the company, examine, transcribe, or copy the accounting books and documents, and request the board of directors or managerial personnel 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 a report of their findings and opinions at the meeting of</p> |   |  |

| Items that are Different   | The Companies Law of The Cayman Islands Description | Articles of Incorporation Provisions and Description |
|--|---|--|
| <p>shareholders.</p> <p>6. In performing the audit duties, the supervisors may appoint, on behalf of the company, a practicing lawyer and a certified public accountant to conduct the examination.</p> <p>7. Supervisors of a company may attend the meeting of the board of directors to give their opinions. In case the board of directors or any director commits any act, in carrying out the business operations of the company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, to the board of directors or the director, as the</p> |   |  |



| Items that are Different   | The Companies Law of The Cayman Islands Description           | Articles of Incorporation Provisions and Description  |
|--|---|---|
| <p>case may be, 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 managerial officer or other staff/employee of the company.</p>  |   |   |
| <p>1. Shareholder(s) who has/have been continuously holding 1% or more of the total number of the outstanding shares of the company over six months may request in writing the supervisors of the company to institute, for the company, an action against a director of the company, and the Taipei District Court of Taiwan shall be the court of first instance jurisdiction.</p> <p>2. In case the supervisors fails to institute an action within 30 days after</p> | <p>There is no relevant regulation in Cayman Islands law.</p> | <p>The company adopts the audit committee system and has no supervisors. Therefore, referring to the provisions of Article 14-4, Item 3 of the Taiwan Securities and Exchange Act, independent directors are used to replace the part about supervisors in the far left column. According to Article 86 of the company's articles of association, minority shareholders request in writing that any independent director of the audit committee be the company's competent court (including the Taipei District Court in Taiwan) for performing duties that damage the company or violate the laws of the Cayman Islands, listing (or OTC) regulations or the company's Articles of Incorporation, if the independent director does not file a lawsuit within 30 days from the date of receiving the aforementioned request, he may file a lawsuit for the company. In addition, in order to comply with the provisions in the leftmost column, the company has removed</p> |

| Items that are Different   | The Companies Law of The Cayman Islands Description           | Articles of Incorporation Provisions and Description   |
|--|---|--|
| <p>having received the request, then the shareholders filing such request may institute the action for the company, and the Taipei District Court of Taiwan shall be the court of first instance jurisdiction.</p> <p>3. Subject to the condition that the board of directors does not or is unable to convene a meeting of shareholders, the supervisors may, for the benefit of the company, call a meeting of shareholders when it is deemed necessary.</p> |   | <p>the requirement that independent directors of the audit committee may convene a shareholders' meeting when necessary for the benefit of the company in this revised draft of the company's Articles of Incorporation, and will submit the resolution of this year's ordinary shareholders' meeting.</p> |
| <p>1. The Articles of Incorporation of the company may stipulate that the shareholders' meeting shall be held by video conference or other methods announced by the competent authority of the</p>   | <p>There is no relevant regulation in Cayman Islands law.</p> | <p>The company will revise the Articles of Incorporation at the annual general meeting of shareholders this year, and incorporate the requirements for convening shareholders' meetings by video with reference to the requirements in the far left column.</p>  |

| Items that are Different  | The Companies Law of The Cayman Islands Description | Articles of Incorporation Provisions and Description |
|---|---|--|
| <p>Company Law of the Republic of China. However, due to natural disasters, incidents or other force majeure events, the competent authority of the company law of the Republic of China may announce that within a certain period of time, the company may hold a meeting by video conference or by way of public announcement without being stipulated in the Articles of Incorporation.</p> <p>2. If the shareholders meeting is held by video conference, its shareholders who participate in the meeting by video conference shall be deemed to have attended the meeting in person.</p> <p>3. The company shall comply with the conditions, operating</p> |   |  |

| Items that are Different  | The Companies Law of The Cayman Islands Description           | Articles of Incorporation Provisions and Description   |
|---|---|--|
| <p>procedures and other matters to be observed in relation to the meeting of shareholders by video conferencing, and shall comply with the securities laws and regulations of the Republic of China.</p>  |   |  |
| <p>If the company's paid-in capital at the end of the most recent fiscal year is NT\$10 billion or more, or the total shareholding ratio of foreign and mainland capital recorded in the shareholder register when the company's general meeting of shareholders is held in the most recent fiscal year is more than 30%, it shall Complete the transmission of the shareholders' meeting procedure manual and other electronic files of meeting-related materials 30 days before the ordinary shareholders' meeting.</p> | <p>There is no relevant regulation in Cayman Islands law.</p> | <p>The company will revise the Articles of Incorporation at the annual general meeting of shareholders to include the requirements in the far left column.</p> |

## 【 Appendix 1】

Ventec International Group Co., Ltd.

Audit Committee Review Report

The Board of Directors herewith submits the 2021 Business Report, Consolidated Financial Statements, and Profit Distribution Proposal, including the consolidated financial statements that have been audited by the Deloitte & Touche accounting firm, who have issued an audit report. The aforementioned business report, consolidated financial statement, and profit distribution proposal have been audited by this Audit Committee, and the Committee does not find any discrepancies. Thus, this report is made in conformity with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act; kindly review accordingly.

Sincerely,

Ventec International Group Co., Ltd.

2022 Shareholders' Meeting

Ventec International Group Co., Ltd.

Conver of the Audit Committee: Chen, Tsung-Hsi

10th March 2022

**Ventec International Group Co., Ltd. and Subsidiaries**

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

*Notice to Readers*

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders

Ventec International Group Co., Ltd.

### **Opinion**

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

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

### **Basis for Opinion**

We conducted our audit of the financial statements 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 Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountants 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 identified in the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

#### Existence of Specific Revenue

The Group recorded significant growth in the amount of revenue derived from specific customers for the year ended December 31, 2021 compared to the previous year. Therefore, the existence of the revenue derived from specific customers was identified as a key audit manner.

Refer to Note 4 to the Group's consolidated financial statements for the accounting policy of revenue recognition.

The main audit procedures performed for existence of specific revenue were as follows:

1. We understood the design and implementation of internal controls and tested the operating effectiveness of revenue derived from specific customers.
2. We sample tested the transaction documents related to revenue derived from specific customers, including sales orders, shipping invoices and documents.
3. We sample tested the payee, payment terms and the timing of payment receipt related to revenue derived from specific customers to verify the existence of revenue.

### **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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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



report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yi-Ching Liu and Chun-Hung Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 10, 2022

# **VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES**

## **CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2021 AND 2020**

**(In Thousands of New Taiwan Dollars)**

| ASSETS   | 2021                |             | 2020                |             |
|--|---------------------|-------------|---------------------|-------------|
|  | Amount              | %           | Amount              | %           |
| <b>CURRENT ASSETS</b>  |                     |             |                     |             |
| Cash and cash equivalents (Notes 4 and 6)  | \$ 491,638          | 8           | \$ 553,225          | 12          |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7)      | 65,123              | 1           | 20,923              | 1           |
| Financial assets at amortized cost - current (Notes 4, 8, 15 and 28)                 | 180,644             | 3           | 40,517              | 1           |
| Notes receivable (Notes 4, 9, 15, 19 and 28)   | 84,351              | 1           | 37,262              | 1           |
| Trade receivables (Notes 4, 9, 19 and 26)  | 2,382,890           | 39          | 1,403,746           | 32          |
| Other receivables (Notes 4 and 9)  | 12,995              | -           | 7,413               | -           |
| Current tax assets (Notes 4 and 21)  | 3,648               | -           | -                   | -           |
| Inventories (Notes 4, 10 and 24)   | 1,420,866           | 23          | 822,660             | 18          |
| Prepayments  | 83,979              | 1           | 59,696              | 1           |
| Total current assets   | <u>4,726,134</u>    | <u>76</u>   | <u>2,945,442</u>    | <u>66</u>   |
| <b>NON-CURRENT ASSETS</b>  |                     |             |                     |             |
| Financial assets at amortized cost - non-current (Notes 4 and 8)                     | 65,123              | 1           | 152,770             | 3           |
| Property, plant and equipment (Notes 4, 12, 15, 24, and 28)                          | 1,058,150           | 17          | 1,024,757           | 23          |
| Right-of-use assets (Notes 4 and 13)   | 212,186             | 4           | 207,407             | 5           |
| Goodwill (Notes 4 and 14)  | 62,812              | 1           | 64,627              | 2           |
| Intangible assets (Note 4 and 24)  | 12,319              | -           | 134                 | -           |
| Deferred tax assets (Notes 4 and 21)   | 30,630              | 1           | 50,559              | 1           |
| Refundable deposits  | 9,033               | -           | 9,971               | -           |
| Other non-current assets   | 16,263              | -           | 4,585               | -           |
| Total non-current assets   | <u>1,466,516</u>    | <u>24</u>   | <u>1,514,810</u>    | <u>34</u>   |
| <b>TOTAL</b>   | <u>\$ 6,192,650</u> | <u>100</u>  | <u>\$ 4,460,252</u> | <u>100</u>  |
| <b>LIABILITIES AND EQUITY</b>  |                     |             |                     |             |
| <b>CURRENT LIABILITIES</b>   |                     |             |                     |             |
| Short-term borrowings (Notes 8, 9, 15 and 28)  | \$ 629,274          | 10          | \$ 248,044          | 6           |
| Financial liabilities at fair value through profit or loss - current (Notes 4 and 7) | -                   | -           | 173                 | -           |
| Trade payables   | 1,317,430           | 21          | 868,800             | 19          |
| Other payables (Note 16)   | 646,178             | 11          | 424,054             | 10          |
| Lease liabilities - current (Notes 4 and 13)   | 42,520              | 1           | 38,366              | 1           |
| Current tax liabilities (Notes 4 and 21)   | 39,396              | 1           | 16,917              | -           |
| Current portion of long-term borrowings (Notes 12, 15 and 28)                        | 18,254              | -           | 17,358              | -           |
| Other current liabilities (Notes 4 and 19)   | 3,901               | -           | 3,251               | -           |
| Total current liabilities  | <u>2,696,953</u>    | <u>44</u>   | <u>1,616,963</u>    | <u>36</u>   |
| <b>NON-CURRENT LIABILITIES</b>   |                     |             |                     |             |
| Long-term borrowings (Notes 12, 15 and 28)   | 120,137             | 2           | 137,057             | 3           |
| Deferred tax liabilities (Notes 4 and 21)  | 152,422             | 2           | 111,761             | 3           |
| Lease liabilities - non-current (Notes 4 and 13)                                     | 99,376              | 2           | 96,332              | 2           |
| Net defined benefit liabilities - non-current (Notes 4 and 17)                       | 47,757              | 1           | 40,418              | 1           |
| Other non-current liabilities  | 25,430              | -           | 4,136               | -           |
| Total non-current liabilities  | <u>445,122</u>      | <u>7</u>    | <u>389,704</u>      | <u>9</u>    |
| Total liabilities  | <u>3,142,075</u>    | <u>51</u>   | <u>2,006,667</u>    | <u>45</u>   |
| <b>EQUITY (Notes 4, 11, 18 and 23)</b>   |                     |             |                     |             |
| Ordinary shares  | 714,543             | 12          | 714,543             | 16          |
| Capital surplus  | 886,111             | 14          | 886,111             | 20          |
| Retained earnings  |                     |             |                     |             |
| Legal reserve  | 154,737             | 2           | 117,549             | 3           |
| Special reserve  | 323,690             | 5           | 395,706             | 9           |
| Unappropriated earnings  | 1,148,122           | 19          | 516,802             | 11          |
| Total retained earnings  | <u>1,626,549</u>    | <u>26</u>   | <u>1,030,057</u>    | <u>23</u>   |
| <b>OTHER EQUITY</b>  |                     |             |                     |             |
| Exchange differences in translating the financial statements of foreign operations   | ( 143,852)          | ( 2)        | ( 123,690)          | ( 3)        |
| Unearned employee benefits   | ( 32,776)           | ( 1)        | ( 53,436)           | ( 1)        |
| Total other equity   | <u>( 176,628)</u>   | <u>( 3)</u> | <u>( 177,126)</u>   | <u>( 4)</u> |
| Total equity   | <u>3,050,575</u>    | <u>49</u>   | <u>2,453,585</u>    | <u>55</u>   |
| <b>TOTAL</b>   | <u>\$ 6,192,650</u> | <u>100</u>  | <u>\$ 4,460,252</u> | <u>100</u>  |

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

# VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

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

|  | 2021              |              | 2020               |              |
|--|-------------------|--------------|--------------------|--------------|
|  | Amount            | %            | Amount             | %            |
| NET REVENUE (Notes 4, 19 and 32)   | \$ 7,667,219      | 100          | \$ 4,830,183       | 100          |
| COST OF REVENUE (Notes 4, 10 and 20)                                     | <u>5,342,878</u>  | <u>70</u>    | <u>3,406,860</u>   | <u>71</u>    |
| GROSS PROFIT   | <u>2,324,341</u>  | <u>30</u>    | <u>1,423,323</u>   | <u>29</u>    |
| OPERATING EXPENSES (Note 20)   |                   |              |                    |              |
| Selling and marketing expenses   | 708,499           | 9            | 489,672            | 10           |
| General and administrative expenses                                      | 298,498           | 4            | 210,384            | 4            |
| Research and development expenses  | 237,653           | 3            | 182,904            | 4            |
| Expected credit impairment losses  | <u>3,225</u>      | <u>-</u>     | <u>8,357</u>       | <u>-</u>     |
| Total operating expenses   | <u>1,247,875</u>  | <u>16</u>    | <u>891,317</u>     | <u>18</u>    |
| PROFIT FROM OPERATIONS   | <u>1,076,466</u>  | <u>14</u>    | <u>532,006</u>     | <u>11</u>    |
| NON-OPERATING INCOME AND EXPENSES<br>(Notes 4, 7 and 20)                 |                   |              |                    |              |
| Interest income  | 1,967             | -            | 1,528              | -            |
| Other income   | 16,702            | -            | 8,578              | -            |
| Other gains and losses   | ( 34,460 )        | -            | ( 61,897 )         | ( 1 )        |
| Interests expense  | ( <u>12,373</u> ) | <u>-</u>     | ( <u>9,275</u> )   | <u>-</u>     |
| Total non-operating income and expenses                                  | ( <u>28,164</u> ) | <u>-</u>     | ( <u>61,066</u> )  | ( <u>1</u> ) |
| PROFIT BEFORE INCOME TAX   | 1,048,302         | 14           | 470,940            | 10           |
| INCOME TAX EXPENSE (Notes 4 and 21)                                      | <u>220,490</u>    | <u>3</u>     | <u>97,687</u>      | <u>2</u>     |
| NET PROFIT FOR THE YEAR  | <u>827,812</u>    | <u>11</u>    | <u>373,253</u>     | <u>8</u>     |
| OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 17)                       |                   |              |                    |              |
| Items that will not be reclassified subsequently to profit or loss:      |                   |              |                    |              |
| Remeasurement of defined benefit plans                                   | ( \$ 2,666 )      | -            | ( \$ 1,375 )       | -            |
| Exchange differences arising in translation to the presentation currency | ( <u>78,239</u> ) | ( <u>1</u> ) | ( <u>120,910</u> ) | ( <u>3</u> ) |
|  | ( <u>80,905</u> ) | ( <u>1</u> ) | ( <u>122,285</u> ) | ( <u>3</u> ) |

# VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

|  | 2021       |       | 2020       |   |
|--|------------|-------|------------|---|
|  | Amount     | %     | Amount     | % |
| Items that may be reclassified subsequently to profit or loss: | 58,077     | -     | 192,926    | 4 |
| Exchange differences on translating foreign operations         | ( 22,828 ) | ( 1 ) | 70,641     | 1 |
| Other comprehensive income (loss) for the year                 | \$ 804,984 | 10    | \$ 443,894 | 9 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR                        |            |       |            |   |
| EARNINGS PER SHARE (Note 22)                                   |            |       |            |   |
| Basic  | \$ 11.72   |       | \$ 5.28    |   |
| Diluted  | \$ 11.51   |       | \$ 5.25    |   |

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

(Concluded)

# VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

|   | Ordinary Shares<br>(Notes 4 and 18) |               | Capital surplus<br>(Notes 4, 18 and 23) | Retained Earnings (Note 18) |                 |                         | Other Equity (Notes 4, 11, 18 and 23)  |                            | Total Equity |
|---|-------------------------------------|---------------|---|-----------------------------|-----------------|-------------------------|--|----------------------------|--------------|
|   | Share<br>(In Thousands)             | Share Capital |   | Legal reserve               | Special reserve | Unappropriated earnings | Exchange differences in translating the financial statements of foreign operations | Unearned employee benefits |              |
| BALANCE AT JANUARY 1, 2020  | 70,654                              | \$ 706,543    | \$ 835,071                              | \$ 70,375                   | \$ 309,947      | \$ 631,129              | ( \$ 195,706 )   | \$ -                       | \$ 2,357,359 |
| Appropriation of 2019 earnings  |                                     |               |   |                             |                 |                         |  |                            |              |
| Legal reserve   | -                                   | -             | -                                       | 47,174                      | -               | ( 47,174 )              | -  | -                          | -            |
| Special reserve   | -                                   | -             | -                                       | -                           | 85,759          | ( 85,759 )              | -  | -                          | -            |
| Cash dividends distributed by the Company   | -                                   | -             | -                                       | -                           | -               | ( 353,272 )             | -  | -                          | ( 353,272 )  |
| Net profit for the year ended December 31, 2020   | -                                   | -             | -                                       | -                           | -               | 373,253                 | -  | -                          | 373,253      |
| Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax | -                                   | -             | -                                       | -                           | -               | ( 1,375 )               | 72,016   | -                          | 70,641       |
| Total comprehensive income (loss) for the year ended December 31, 2020                    | -                                   | -             | -                                       | -                           | -               | 371,878                 | 72,016   | -                          | 443,894      |
| Issuance of ordinary shares under employee restricted shares                              | 800                                 | 8,000         | 51,040                                  | -                           | -               | -                       | -  | ( 53,436 )                 | 5,604        |
| BALANCE AT DECEMBER 31, 2020  | 71,454                              | 714,543       | 886,111                                 | 117,549                     | 395,706         | 516,802                 | ( 123,690 )  | ( 53,436 )                 | 2,453,585    |
| Appropriation of 2020 earnings  |                                     |               |   |                             |                 |                         |  |                            |              |
| Legal reserve   | -                                   | -             | -                                       | 37,188                      | -               | ( 37,188 )              | -  | -                          | -            |
| Special reserve   | -                                   | -             | -                                       | -                           | ( 72,016 )      | 72,016                  | -  | -                          | -            |
| Cash dividends distributed by the Company   | -                                   | -             | -                                       | -                           | -               | ( 228,654 )             | -  | -                          | ( 228,654 )  |
| Net profit for the year ended December 31, 2021   | -                                   | -             | -                                       | -                           | -               | 827,812                 | -  | -                          | 827,812      |
| Other comprehensive income for the year ended December 31, 2021, net of income tax        | -                                   | -             | -                                       | -                           | -               | ( 2,666 )               | ( 20,162 )   | -                          | ( 22,828 )   |
| Total comprehensive income (loss) for the year ended December 31, 2021                    | -                                   | -             | -                                       | -                           | -               | 825,146                 | ( 20,162 )   | -                          | 804,984      |
| Issuance of ordinary shares under employee restricted shares                              | -                                   | -             | -                                       | -                           | -               | -                       | -  | 20,660                     | 20,660       |
| BALANCE AT DECEMBER 31, 2021  | 71,454                              | \$ 714,543    | \$ 886,111                              | \$ 154,737                  | \$ 323,690      | \$ 1,148,122            | ( \$ 143,852 )   | ( \$ 32,776 )              | \$ 3,050,575 |

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

# VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

|   | 2021               | 2020               |
|---|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |                    |                    |
| Income before income tax  | \$ 1,048,302       | \$ 470,940         |
| Adjustments for   |                    |                    |
| Depreciation expenses   | 176,629            | 162,830            |
| Amortization expenses   | 747                | 668                |
| Expected credit impairment losses   | 3,225              | 8,357              |
| Interests expense   | 12,373             | 9,275              |
| Interest income   | ( 1,967 )          | ( 1,528 )          |
| Compensation cost of employee restricted shares                                 | 20,660             | 5,604              |
| Loss (gain) on disposal of property, plant and equipment, net                   | 2,282              | ( 370 )            |
| Gain on disposal of right-of-use assets   | ( 19 )             | -                  |
| Write-downs of (reversal of) inventories  | 4,609              | ( 815 )            |
| Loss (gain) on foreign currency exchange, net                                   | ( 36,275 )         | 51,085             |
| Changes in operating assets and liabilities                                     |                    |                    |
| Financial assets mandatorily classified as at fair value through profit or loss | 20,878             | ( 20,558 )         |
| Notes receivable  | ( 47,146 )         | 7,399              |
| Trade receivables   | ( 1,014,638 )      | 285,152            |
| Other receivables   | ( 6,612 )          | 1,484              |
| Inventories   | ( 586,471 )        | ( 97,856 )         |
| Prepayments   | ( 25,033 )         | ( 6,428 )          |
| Other current assets  | -                  | 72                 |
| Financial liabilities classified at fair value through profit or loss           | ( 173 )            | -                  |
| Trade payables  | 457,215            | ( 43,994 )         |
| Other payables  | 233,803            | 50,112             |
| Other current liabilities   | 795                | ( 3,291 )          |
| Net defined benefit liabilities   | 4,673              | 4,306              |
| Cash generated from operations  | 267,857            | 882,444            |
| Interest received   | 1,967              | 1,528              |
| Interest paid   | ( \$ 12,094 )      | ( \$ 10,752 )      |
| Income tax paid   | ( 136,649 )        | ( 108,029 )        |
| Net cash generated from operating activities                                    | <u>121,081</u>     | <u>765,191</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                     |                    |                    |
| Purchase of financial assets at fair value through profit or loss               | ( 65,360 )         | -                  |
| Purchase of financial assets at amortized cost                                  | ( 64,361 )         | ( 152,550 )        |
| Net cash used in business development (Note 24)                                 | ( 61,454 )         | -                  |
| Payments for property, plant and equipment                                      | ( 158,051 )        | ( 166,028 )        |
| Proceeds from disposal of property, plant and equipment                         | 1,557              | 1,237              |
| Decrease (increase) in refundable deposits                                      | 806                | ( 3,933 )          |
| Payments for intangible assets  | -                  | ( 75 )             |
| Decrease in restricted bank deposits  | 10,782             | 16,672             |
| Decrease in other non-current assets  | 714                | 1,099              |
| Net cash used in investing activities   | <u>( 335,367 )</u> | <u>( 303,578 )</u> |

(Continued)

# VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

|  | 2021              | 2020               |
|--|-------------------|--------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES   |                   |                    |
| Increase in short-term borrowings  | 391,563           | 120,281            |
| Proceeds from long-term borrowings   | 924               | 975                |
| Repayments of long-term borrowings   | ( 16,906 )        | ( 17,133 )         |
| Increase in guarantee deposits received  | 195               | 685                |
| Repayments of the principal portion of lease liabilities                           | ( 43,268 )        | ( 36,557 )         |
| Decrease in other non-current liabilities  | ( 151 )           | ( 159 )            |
| Dividends paid to owners of the Company  | ( 228,654 )       | ( 353,272 )        |
| Net cash generated from (used in) financing activities                             | <u>103,703</u>    | <u>( 285,180 )</u> |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | <u>48,996</u>     | <u>( 61,752 )</u>  |
| Net (decrease) increase in cash and cash equivalents                               | ( 61,587 )        | 114,681            |
| Cash and cash equivalents at the beginning of the year                             | <u>553,225</u>    | <u>438,544</u>     |
| Cash and cash equivalents at the end of the year                                   | <u>\$ 491,638</u> | <u>\$ 553,225</u>  |

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

(Concluded)

# VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

---

### 1. GENERAL INFORMATION

Ventec International Group Co., Ltd. (the “Company”), a holding company of all the merged entities, was incorporated in the Cayman Islands in October 2012. The Company’s ordinary shares have been listed on Taiwan Stock Exchange since April 2019.

The Company and its subsidiaries, collectively referred to as the “Group”, mainly engaged in the research and development, production and sale of copper clad laminate (CCL), aluminum-backed laminate (IMS) and prepreg.

The functional currency of the Company is U.S. dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in the New Taiwan dollar.

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 4, 2022.

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

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022

| New IFRSs   | Effective Date<br>Announced by IASB |
|---|-------------------------------------|
| Annual Improvements to IFRS Standards 2018 - 2020 Cycle                             | 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 has assessed the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and concluded that the adoption of the amendments would have no material impact on the Group.

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

| <b>New IFRSs</b>   | <b>Effective Date Announced by IASB (Note 1)</b> |
|--|--|
| 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: The amendments apply to transactions that occur on or after January 1, 2022, except for the deferred tax recognized on temporary differences associated with lease liabilities and decommissioning obligations as of 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 other 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 that 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 based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless 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; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the 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.

See Note 11 and Tables 5 and 6 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

All business combinations shall be accounted for by applying the acquisition method. All acquisition-related costs are to be recognized as expenses of the period in which the costs are incurred and the services are rendered.

Goodwill is determined as the excess of the fair value of the consideration transferred over the acquisition-date fair value of the acquiree's identifiable net assets.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (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.

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

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

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

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

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

g. Inventories

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

h. Property, plant and equipment

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

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods

are reviewed at the end of each reporting period , with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. 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 are 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.

j. Intangible assets

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 year, with the effects of any changes in the estimates accounted for on a prospective basis.

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

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.

k. 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 smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

## 1. Financial instruments

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

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

### 1) Financial assets

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

#### a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

##### i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

##### ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalent, notes receivable, trade receivables, other receivables, restricted bank deposit and refundable deposits, 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.

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

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

the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

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

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

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

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

For internal credit risk management purposes, the Group determines that internal or external information showing that the debtor is unlikely to pay its creditors serves as an indication that a financial asset is in default (without taking into account any collateral held by the Group).

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

c) Derecognition of financial assets

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

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

## 2) Equity instruments

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

## 3) Financial liabilities

### a) Subsequent measurement

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

### b) Derecognition of financial liabilities

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

## 4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

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

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

## m. Revenue recognition

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

### • Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of CCL, IMS and prepreg. The sale of goods above is recognized as revenue when the goods are delivered to a customer because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

## n. Leasing (the Group as lessee)

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

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 for 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 a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, 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 as profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

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

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

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

p. Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

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 expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost



(including current service cost as well as past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

q. Share-based payment arrangements

Restricted shares for employees granted to employees and others providing similar services.

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefits. The expense is recognized in full at the grant date if the grants are vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits are recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings and capital surplus - restricted shares for employees.

At the end of each reporting period, the Group revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

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.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profit 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 profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (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 taxes for the year

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about 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 estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Group assumes there is no critical accounting judgment and estimation uncertainty involved.

## 6. CASH AND CASH EQUIVALENTS

|                                       | <b>December 31</b> | <b>December 31</b> |
|---------------------------------------|--------------------|--------------------|
|                                       | <b>2021</b>        | <b>2020</b>        |
|                                       | \$ 158             | \$ 289             |
| Cash on hand and petty cash           | 479,324            | 535,913            |
| Checking accounts and demand deposits |                    |                    |
| Cash equivalents                      | 12,156             | 17,023             |
| Time deposits                         | <u>\$ 491,638</u>  | <u>\$ 553,225</u>  |

The interest rate of time deposits was 1.76% per annum as of December 31, 2021 and 2020.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT

|  | <u>December 31</u><br><u>2021</u> | <u>December 31</u><br><u>2020</u> |
|--|-----------------------------------|-----------------------------------|
| Financial assets mandatorily classified as at FVTPL      |                                   |                                   |
| Derivative financial assets (not under hedge accounting) |                                   |                                   |
| Foreign exchange forward contracts                       | \$ -                              | \$ 20,923                         |
| Hybrid financial assets                                  |                                   |                                   |
| Structured deposits                                      | <u>65,123</u>                     | <u>-</u>                          |
|  | <u>\$ 65,123</u>                  | <u>\$ 20,923</u>                  |
| Financial liabilities held for trading                   |                                   |                                   |
| Derivative financial assets (not under hedge accounting) |                                   |                                   |
| Foreign exchange forward contracts                       | <u>\$ -</u>                       | <u>\$ 173</u>                     |

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows (December 31, 2021: none):

|                          | Currency | Maturity Date         | Notional Amount<br>(In Thousands) |
|--------------------------|----------|-----------------------|-----------------------------------|
| <u>December 31, 2020</u> |          |                       |                                   |
| Sell                     | USD/RMB  | 2021.03.30-2021.03.31 | USD 13,000/RMB 89,617             |
| Sell                     | USD/GBP  | 2021.01.25-2021.04.26 | USD 540/GBP 400                   |

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply a hedge accounting treatment for these contracts.

The group entered into a 3-month structured time deposit contract with a bank. The structured time deposit contract includes an embedded derivative instrument that is not closely related to the host contract. The entire contract is assessed and classified mandatorily at FVTPL since it contains a host that is an asset within the scope of IFRS 9. The revenue range as of December 31, 2021 was 1.30% to 3.65%.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

|                          | <u>December 31</u><br><u>2021</u> | <u>2020</u>       |
|--------------------------|-----------------------------------|-------------------|
| Current                  |                                   |                   |
| Restricted bank deposits |                                   |                   |
| (Note 28)                | \$ 28,691                         | \$ 40,517         |
| Time deposits            | <u>151,953</u>                    | <u>-</u>          |
|                          | <u>\$ 180,644</u>                 | <u>\$ 40,517</u>  |
| Non-current              |                                   |                   |
| Time deposits            | <u>\$ 65,123</u>                  | <u>\$ 152,770</u> |

As of December 31, 2021 and 2020, the maturity periods of time deposits are from October 29, 2022 to March 11, 2024 and October 29, 2022, respectively, with interest rates ranging from 3.15% to 3.99% and 3.15% per annum, respectively.

## 9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

|                                     | <b>December 31</b>  |                     |
|-------------------------------------|---------------------|---------------------|
|                                     | <b>2021</b>         | <b>2020</b>         |
| <u>Notes receivable</u>             |                     |                     |
| Notes receivable - operating        | \$ <u>84,351</u>    | \$ <u>37,262</u>    |
| <u>Trade receivables</u>            |                     |                     |
| At amortized cost                   |                     |                     |
| Gross carrying amount               | \$ 2,411,693        | \$ 1,430,288        |
| Less: Allowance for impairment loss | ( <u>28,803</u> )   | ( <u>26,542</u> )   |
|                                     | \$ <u>2,382,890</u> | \$ <u>1,403,746</u> |
| <u>Other receivables</u>            |                     |                     |
| Tax refund receivable               | \$ 1,538            | \$ 1,040            |
| Others                              | <u>11,457</u>       | <u>6,373</u>        |
|                                     | \$ <u>12,995</u>    | \$ <u>7,413</u>     |

### a. Trade receivables

The Group's credit period for sales of goods ranges from 120 days to 150 days. No interest was charged on trade receivables due to the short period of credit grant. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to 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 information 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

|                                | <b>Not Past Due</b> | <b>Less than 90 Days</b> | <b>91 to 180 Days</b> | <b>Over 181 Days</b> | <b>Total</b>        |
|--------------------------------|---------------------|--------------------------|-----------------------|----------------------|---------------------|
| Gross carrying amount          | \$ 2,373,441        | \$ 15,924                | \$ 2,779              | \$ 19,549            | \$ 2,411,693        |
| Loss allowance (Lifetime ECLs) | ( <u>7,660</u> )    | ( <u>1,148</u> )         | ( <u>834</u> )        | ( <u>19,161</u> )    | ( <u>28,803</u> )   |
| Amortized cost                 | \$ <u>2,365,781</u> | \$ <u>14,776</u>         | \$ <u>1,945</u>       | \$ <u>388</u>        | \$ <u>2,382,890</u> |

December 31, 2020

|                                | <u>Not Past Due</u> | <u>Less than 90 Days</u> | <u>91 to 180 Days</u> | <u>Over 181 Days</u> | <u>Total</u>        |
|--------------------------------|---------------------|--------------------------|-----------------------|----------------------|---------------------|
| Gross carrying amount          | \$ 1,380,284        | \$ 30,780                | \$ 276                | \$ 18,948            | \$ 1,430,288        |
| Loss allowance (Lifetime ECLs) | ( 7,090)            | ( 773)                   | ( 83)                 | ( 18,596)            | ( 26,542)           |
| Amortized cost                 | <u>\$ 1,373,194</u> | <u>\$ 30,007</u>         | <u>\$ 193</u>         | <u>\$ 352</u>        | <u>\$ 1,403,746</u> |

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

|  | <u>For the Year Ended December 31</u> |                  |
|--|---------------------------------------|------------------|
|  | <u>2021</u>                           | <u>2020</u>      |
| Balance at January 1                     | \$ 26,542                             | \$ 20,399        |
| Add: Net remeasurement of loss allowance | 3,225                                 | 8,357            |
| Less: Amounts written off                | -                                     | ( 2,170)         |
| Foreign exchange gains and losses        | ( 964)                                | ( 44)            |
| Balance at December 31                   | <u>\$ 28,803</u>                      | <u>\$ 26,542</u> |

Refer to Note 26 for details of the factoring agreements for trade receivables.

Refer to Note 28 for the amount of notes receivable pledged as collateral for loans.

b. Other receivables

Upon assessment, the Group's other receivables as of December 31, 2021 and 2020 do not require allowance for expected credit losses.

## 10. INVENTORIES

|                  | <u>December 31</u>  |                   |
|------------------|---------------------|-------------------|
|                  | <u>2021</u>         | <u>2020</u>       |
| Finished goods   | \$ 633,327          | \$ 364,941        |
| Work in progress | 145,346             | 69,698            |
| Raw materials    | <u>642,193</u>      | <u>388,021</u>    |
|                  | <u>\$ 1,420,866</u> | <u>\$ 822,660</u> |

The cost of inventories recognized as the cost of goods sold for the years ended December 31, 2021 and 2020 was \$5,342,878 thousand and \$3,406,860 thousand, respectively.

The cost of goods sold for the years ended December 31, 2021 and 2020 included inventory write-downs of \$4,609 thousand and reversals of inventory write-downs of \$815 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

## 11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

| Investor  | Subsidiary   | Nature of Activities   | Proportion of Ownership (%) |         |
|---|--|--|-----------------------------|---------|
|   |  |  | December 31                 |         |
|   |  |  | 2021                        | 2020    |
| Ventec International Group Co., Ltd. (“VIG CAYMAN”) | Ventec International Group Company Limited (SAMOA) (“VIG SAMOA”) | General investment   | 100.00%                     | 100.00% |
| VIG SAMOA   | Ventec International Group Limited (HK) (“VIG HK”) (Note 2)      | General investment   | 100.00%                     | 100.00% |
| “   | Ventec Logistics Limited (“VLL”)                                 | General investment   | 100.00%                     | 100.00% |
| “   | Ventec Electronics (HK) Co., Ltd. (“VT HK”)                      | International trade  | 100.00%                     | 100.00% |
| “   | Ventec Electronics Corporation (“VT TW”) (Note 1)                | Manufacture and sell of CCL, IMS and prepreg                           | 100.00%                     | 100.00% |
| “   | Ventec Europe Ltd. (“VT UK”)                                     | Sell of CCL, IMS and prepreg   | 100.00%                     | 100.00% |
| “   | Ventec Central Europe GmbH. (“VT DE”)                            | Sell of CCL, IMS and prepreg   | 100.00%                     | 100.00% |
| VIG HK  | Ventec Electronics (Suzhou) Co., Ltd. (“VT SZ”)                  | Research and development, manufacture and sell of CCL, IMS and prepreg | 100.00%                     | 100.00% |
| “   | Ventec Electronics (Jiangyin) Co., Ltd. (“VT JY”)                | Manufacture and sell of CCL, IMS and prepreg                           | 100.00%                     | 100.00% |
| VT SZ   | Ventec Electronics (Shenzhen) Co., Ltd. (“VT SZWT”)              | Manufacture and sell of CCL, and sell of IMS and prepreg               | 100.00%                     | 100.00% |
| VLL   | Ventec USA LLC (“VT USA”)  | Sell of CCL, IMS and prepreg   | 100.00%                     | 100.00% |

- On March 13, 2020, the board of directors of VT TW (which represents shareholders and supervises the Company) passed a resolution for capital reduction by cash of \$50,000 thousand, and the capital reduction base date was on May 20, 2020. Moreover, on March 12, 2021, the board of directors of VT TW passed a resolution to reduce capital by cash of \$75,000 thousand, and the capital reduction base date was on April 28, 2021.
- In order to improve the capital structure of subsidiaries, the board of directors of VIG HK determined to reduce their cash capital by US\$7,900 thousand on March 26, 2020.

## 12. PROPERTY, PLANT AND EQUIPMENT

|   | Land              | Buildings         | Machinery and Equipment | Office Equipment | Leasehold Improvements | Other Equipment  | Construction in Progress and Machinery in Transit | Total               |
|---|-------------------|-------------------|-------------------------|------------------|------------------------|------------------|---|---------------------|
| <b>Cost</b>                                     |                   |                   |                         |                  |                        |                  |   |                     |
| Balance at January 1, 2021                      | \$ 118,840        | \$ 512,255        | \$ 1,866,728            | \$ 34,952        | \$ 24,403              | \$ 118,688       | \$ 55,260   | \$ 2,731,126        |
| Additions                                       | -                 | -                 | 19,014                  | 5,959            | 11,242                 | 12,344           | 115,542   | 164,101             |
| Reclassification                                | -                 | -                 | 118,752                 | 1,802            | 18,690                 | 16,747           | ( 155,217)  | 774                 |
| Disposals                                       | -                 | ( 6,632)          | ( 95,022)               | ( 1,643)         | ( 153)                 | ( 6,986)         | -   | ( 110,436)          |
| Acquired from business combination (Note 24)    | -                 | -                 | 10,505                  | -                | 404                    | 49               | -   | 10,958              |
| Effect of foreign currency exchange differences | -                 | ( 1,969)          | ( 52,930)               | ( 1,150)         | ( 1,268)               | ( 2,185)         | ( 568)  | ( 60,070)           |
| <b>BALANCE AT DECEMBER 31, 2021</b>             | <b>118,840</b>    | <b>503,654</b>    | <b>1,867,047</b>        | <b>39,920</b>    | <b>53,318</b>          | <b>138,657</b>   | <b>15,017</b>                                     | <b>2,736,453</b>    |
| <b>Accumulated depreciation</b>                 |                   |                   |                         |                  |                        |                  |   |                     |
| Balance at January 1, 2021                      | -                 | 184,849           | 1,401,885               | 21,814           | 12,312                 | 85,509           | -   | 1,706,369           |
| Depreciation expenses                           | -                 | 22,221            | 85,215                  | 4,548            | 8,305                  | 11,241           | -   | 131,530             |
| Disposals                                       | -                 | ( 6,535)          | ( 91,971)               | ( 1,523)         | ( 118)                 | ( 6,450)         | -   | ( 106,597)          |
| Effect of foreign currency exchange differences | -                 | ( 790)            | ( 48,469)               | ( 944)           | ( 502)                 | ( 2,294)         | -   | ( 52,999)           |
| <b>BALANCE AT DECEMBER 31, 2021</b>             | <b>-</b>          | <b>199,745</b>    | <b>1,346,660</b>        | <b>23,895</b>    | <b>19,997</b>          | <b>88,006</b>    | <b>-</b>  | <b>1,678,303</b>    |
| <b>Carrying amounts at December 31, 2021</b>    | <b>\$ 118,840</b> | <b>\$ 303,909</b> | <b>\$ 520,387</b>       | <b>\$ 16,025</b> | <b>\$ 33,321</b>       | <b>\$ 50,651</b> | <b>\$ 15,017</b>                                  | <b>\$ 1,058,150</b> |
| <b>Cost</b>                                     |                   |                   |                         |                  |                        |                  |   |                     |
| BALANCE AT JANUARY 1, 2020                      | \$ 118,840        | \$ 506,282        | \$ 1,726,368            | \$ 29,540        | \$ 24,218              | \$ 107,038       | \$ 12,171   | \$ 2,524,457        |
| Additions                                       | -                 | 350               | 29,060                  | 3,233            | 708                    | 13,189           | 131,339   | 177,879             |
| Reclassification                                | -                 | -                 | 91,830                  | 3,398            | -                      | 1,078            | ( 90,213)   | 6,093               |
| Disposals                                       | -                 | ( 119)            | ( 3,898)                | ( 991)           | -                      | ( 4,201)         | -   | ( 9,209)            |
| Effect of foreign currency exchange differences | -                 | 5,742             | 23,368                  | ( 228)           | ( 523)                 | 1,584            | 1,963   | 31,906              |
| <b>BALANCE AT DECEMBER 31, 2020</b>             | <b>118,840</b>    | <b>512,255</b>    | <b>1,866,728</b>        | <b>34,952</b>    | <b>24,403</b>          | <b>118,688</b>   | <b>55,260</b>                                     | <b>2,731,126</b>    |
| <b>Accumulated depreciation</b>                 |                   |                   |                         |                  |                        |                  |   |                     |
| BALANCE AT JANUARY 1, 2020                      | -                 | 159,220           | 1,300,236               | 19,063           | 10,948                 | 79,455           | -   | 1,568,922           |
| Depreciation expenses                           | -                 | 23,352            | 86,265                  | 3,838            | 1,671                  | 8,830            | -   | 123,956             |
| Disposals                                       | -                 | ( 119)            | ( 3,320)                | ( 911)           | -                      | ( 3,991)         | -   | ( 8,341)            |
| Effect of foreign currency exchange differences | -                 | 2,396             | 18,704                  | ( 176)           | ( 307)                 | 1,215            | -   | 21,832              |
| <b>BALANCE AT DECEMBER 31, 2020</b>             | <b>-</b>          | <b>184,849</b>    | <b>1,401,885</b>        | <b>21,814</b>    | <b>12,312</b>          | <b>85,509</b>    | <b>-</b>  | <b>1,706,369</b>    |
| <b>Carrying amounts at December 31, 2020</b>    | <b>\$ 118,840</b> | <b>\$ 327,406</b> | <b>\$ 464,843</b>       | <b>\$ 13,138</b> | <b>\$ 12,091</b>       | <b>\$ 33,179</b> | <b>\$ 55,260</b>                                  | <b>\$ 1,024,757</b> |

The Group assessed that there was no indication of impairment of property, plant and equipment as of December 31, 2021 and 2020.

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

|                                   |                |
|-----------------------------------|----------------|
| <b>Buildings</b>                  |                |
| Main buildings                    | 10 to 35 years |
| Engineering system                | 2 to 8 years   |
| <b>Machinery and Equipment</b>    |                |
| Electromechanical power equipment | 4 to 15 years  |
| Repair project                    | 2 to 5 years   |
| <b>Office Equipment</b>           |                |
| Computer equipment                | 3 to 10 years  |
| Office furniture                  | 3 to 5 years   |
| <b>Leasehold Improvements</b>     | 3 to 9 years   |
| <b>Other Equipment</b>            |                |
| R&D equipment                     | 3 to 12 years  |
| Transportation equipment          | 5 to 8 years   |
| Miscellaneous equipment           | 3 to 12 years  |

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 28.

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

|   | <b>December 31</b>                    |                   |
|---|---------------------------------------|-------------------|
|   | <b>2021</b>                           | <b>2020</b>       |
| <u>Carrying amounts</u>                     |                                       |                   |
| Land  | \$ 71,085                             | \$ 74,046         |
| Buildings                                   | 128,507                               | 120,137           |
| Office equipment                            | 128                                   | 262               |
| Transportation equipment                    | <u>12,466</u>                         | <u>12,962</u>     |
|   | <u>\$ 212,186</u>                     | <u>\$ 207,407</u> |
|   | <b>For the Year Ended December 31</b> |                   |
|   | <b>2021</b>                           | <b>2020</b>       |
| Addition to right-of-use assets             | <u>\$ 60,976</u>                      | <u>\$ 94,028</u>  |
| Depreciation charge for right-of-use assets |                                       |                   |
| Land  | \$ 2,568                              | \$ 2,541          |
| Buildings                                   | 34,983                                | 29,163            |
| Office equipment                            | 131                                   | 137               |
| Transportation equipment                    | <u>7,417</u>                          | <u>7,033</u>      |
|   | <u>\$ 45,099</u>                      | <u>\$ 38,874</u>  |

Except for the addition and depreciation expense, right-of-use assets of the Group were not significantly subleased or impaired during 2021 and 2020.

#### b. Lease liabilities

|                  | <b>December 31</b> |                  |
|------------------|--------------------|------------------|
|                  | <b>2021</b>        | <b>2020</b>      |
| Carrying amounts |                    |                  |
| Current          | <u>\$ 42,520</u>   | <u>\$ 38,366</u> |
| Non-current      | <u>\$ 99,376</u>   | <u>\$ 96,332</u> |

Range of discount rate for lease liabilities was as follows:

|                          | <b>December 31</b> |               |
|--------------------------|--------------------|---------------|
|                          | <b>2021</b>        | <b>2021</b>   |
| Land                     | 1.60%              | 1.60%         |
| Buildings                | 1.60%              | 1.60%         |
| Office equipment         | 1.60%              | 1.60%         |
| Transportation equipment | 0.43% ~ 1.60%      | 0.21% ~ 1.60% |

#### c. Material lease-in activities and terms

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



d. Other lease information

|   | <b>For the Year Ended December 31</b> |             |
|---|---------------------------------------|-------------|
|   | <b>2021</b>                           | <b>2020</b> |
| Expenses relating to low-value asset leases | \$ 59                                 | \$ 58       |
| Total cash outflow for leases               | \$ 44,174                             | \$ 37,685   |

The Group leases certain buildings, machinery, and transportation equipment which qualify as short-term leases and other equipment, which qualify as low-value asset leases. The Group has elected to apply for the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

#### 14. GOODWILL

|                          | <b>For the Year Ended December 31</b> |             |
|--------------------------|---------------------------------------|-------------|
|                          | <b>2021</b>                           | <b>2020</b> |
| <u>Cost</u>              |                                       |             |
| Balance at January 1     | \$ 64,627                             | \$ 68,030   |
| Net exchange differences | ( 1,815 )                             | ( 3,403 )   |
| Balance at December 31   | \$ 62,812                             | \$ 64,627   |

The Consolidated Company acquired the assets and operations of the printed circuit board business unit of Holders Technology Plc. in September 2021 and continued to operate the business. The Group assessed that the acquired business and the amortized goodwill in the accounts belong to the same cash-generating unit. Therefore, from the acquisition date, the assets acquired were incorporated into the cash-generating unit of the amortized goodwill.

The Group assesses the recoverable amount of goodwill at the end of the annual reporting period based on the value in use approach. The calculation of value in use on December 31, 2021 and 2020 included cash flow projections in the financial budgets covering a 5-year period and the discount rates were 14.90% and 13.60%, respectively, which reflected the specific risk of the relevant cash-generating unit. Based on the assessment on December 31, 2021 and 2020, the recoverable amounts of goodwill amounted to \$258,861 thousand and \$105,937 thousand, respectively, which were still higher than the related carrying amounts, so no impairment loss was recognized.

#### 15. BORROWINGS

a. Short-term borrowings

|                             | <b>December 31</b> |             |
|-----------------------------|--------------------|-------------|
|                             | <b>2021</b>        | <b>2020</b> |
| <u>Secured borrowings</u>   |                    |             |
| Bank loans                  | \$ 319,265         | \$ 138,922  |
| Notes receivable financing  | 15,390             | -           |
| <u>Unsecured borrowings</u> |                    |             |
| Bank loans                  | 294,619            | 109,122     |
|                             | \$ 629,274         | \$ 248,044  |

The range of interest rate on short-term borrowings was 0.64%-4.80% and 0.75%-4.80% per annum as of December 31, 2021 and 2020, respectively.

b. Long-term borrowings

|  | <b>December 31</b> |                   |
|--|--------------------|-------------------|
|  | <b>2021</b>        | <b>2020</b>       |
| <u>Taiwan Cooperative Bank</u>   |                    |                   |
| Secured borrowings: From 2019/07/31 to 2034/07/31 and will be repaid in 180 periods. | \$ 112,751         | \$ 120,170        |
| Secured borrowings: From 2019/08/12 to 2024/08/12 and will be repaid in 60 periods.  | 24,398             | 33,318            |
|  |                    |                   |
|  | <b>December 31</b> |                   |
|  | <b>2021</b>        | <b>2020</b>       |
| <u>Nissan Motor Acceptance Corporatic</u>  |                    |                   |
| Secured borrowings: From 2017/06/01 to 2021/05/01 and will be repaid in 47 periods.  | \$ -               | \$ 163            |
| Secured borrowings: From 2020/02/12 to 2025/01/12 and will be repaid in 59 periods.  | 498                | 764               |
| <u>Toyota Forklift</u>   |                    |                   |
| Secured borrowings: From 2021/02/05 to 2026/02/05 and will be repaid in 60 periods.  | 744                | -                 |
|  | 138,391            | 154,415           |
| Less: Current portions   | ( 18,254)          | ( 17,358)         |
|  | <u>\$ 120,137</u>  | <u>\$ 137,057</u> |

The range of interest rate on long-term borrowings was 1.35%-4.21% and 1.40%-4.21% per annum as of December 31, 2021 and 2020, respectively.

Refer to Note 28 for details of borrowings secured by guarantee.

## 16. OTHER PAYABLES

|  | <b>December 31</b> |                   |
|--|--------------------|-------------------|
|  | <b>2021</b>        | <b>2020</b>       |
| Payables for salaries or bonuses               | \$ 356,910         | \$ 168,835        |
| Payables for taxes                             | 40,529             | 71,596            |
| Payables for social security or provident fund | 28,091             | 26,911            |
| Payables for construction and equipment        | 31,436             | 13,005            |
| Others   | 189,212            | 143,707           |
|  | <u>\$ 646,178</u>  | <u>\$ 424,054</u> |

## 17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiary in mainland China, the United Kingdom, the United States and Germany are members of a state-managed retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The pension plan “Salary and Welfare Measures for Employees in Taiwan and Hong Kong” set by the Company of the Group is a defined benefit plan. Pension benefits are calculated on the basis of the terms set out in the regulation and average monthly salaries for the 6 months before retirement.

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

|                                 | <b>December 31</b> |                  |
|---------------------------------|--------------------|------------------|
|                                 | <b>2021</b>        | <b>2020</b>      |
| Net defined benefit liabilities | \$ <u>47,757</u>   | \$ <u>40,418</u> |

Movements in net defined benefit liabilities were as follows:

|   | <b>December 31</b> |                  |
|---|--------------------|------------------|
|   | <b>2021</b>        | <b>2020</b>      |
| Balance at January 1                              | \$ <u>40,418</u>   | \$ <u>34,737</u> |
| Service cost                                      |                    |                  |
| Current service cost                              | 4,471              | 4,045            |
| Interests expense                                 | <u>202</u>         | <u>261</u>       |
| Recognized in profit or loss                      | <u>4,673</u>       | <u>4,306</u>     |
| Remeasurement                                     |                    |                  |
| Actuarial loss - changes in financial assumptions | 670                | 663              |
| Actuarial gain - experience adjustments           | <u>1,996</u>       | <u>712</u>       |
| Recognized in other comprehensive income          | <u>2,666</u>       | <u>1,375</u>     |
| Balance at December 31                            | \$ <u>47,757</u>   | \$ <u>40,418</u> |

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

|                                     | <b>For the Year Ended December 31</b> |                 |
|-------------------------------------|---------------------------------------|-----------------|
|                                     | <b>2021</b>                           | <b>2020</b>     |
| General and administrative expenses | \$ <u>4,673</u>                       | \$ <u>4,306</u> |

Through the defined benefit plans under “Salary and Welfare Measures for Employees in Taiwan and Hong Kong”, the Group is exposed to the following risks:

- 1) Interest risk: A decrease in the interest rate of government bonds will increase the present value of the defined benefit obligation
- 2) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

|                                   | <b>December 31</b> |             |
|-----------------------------------|--------------------|-------------|
|                                   | <b>2021</b>        | <b>2020</b> |
| Discount rates                    | 0.500%             | 0.500%      |
| Expected rates of salary increase | 2.000%             | 2.000%      |

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

|                                   | <b>December 31</b> |             |
|-----------------------------------|--------------------|-------------|
|                                   | <b>2021</b>        | <b>2020</b> |
| Discount rates                    |                    |             |
| 0.25% increase                    | \$ (751)           | \$ (664)    |
| 0.25% decrease                    | \$ 772             | \$ 682      |
| Expected rates of salary increase |                    |             |
| 0.25% increase                    | \$ 749             | \$ 663      |
| 0.25% decrease                    | \$ (733)           | \$ (648)    |

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 changes in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

|  | <b>December 31</b> |             |
|--|--------------------|-------------|
|  | <b>2021</b>        | <b>2020</b> |
| Average duration of the defined benefit obligation | 9.1 years          | 10.0 years  |

## 18. EQUITY

### a. Ordinary shares

|   | <b>December 31</b> |             |
|---|--------------------|-------------|
|   | <b>2021</b>        | <b>2020</b> |
| Number of shares authorized (in thousands)            | 90,000             | 90,000      |
| Shares authorized                                     | \$ 900,000         | \$ 900,000  |
| Number of shares issued and fully paid (in thousands) | 71,454             | 71,454      |
| Shares issued   | \$ 714,543         | \$ 714,543  |

The holders of issued ordinary shares with a par value of \$10 are entitled to the right to vote and to receive dividends.

In order to increase staff motivation and encourage collaboration, achieve the goals of attracting and maintaining a team of motivated employees and to create a win-win situation between the Company and its shareholders, the board of directors of the Company passed a resolution to issue restricted share awards up to a maximum of 800 thousand shares on March 13, 2020, which were approved by the FSC on July 24, 2020.

The board of directors of the Company passed a resolution to issue 800 thousand restricted shares on August 6, 2020 and the base date of capital increase was September 23, 2020.

b. Capital surplus

|  | December 31       |                   |
|--|-------------------|-------------------|
|  | 2021              | 2020              |
| <u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u> |                   |                   |
| Issuance of ordinary shares  | \$ 835,071        | \$ 835,071        |
| <u>May not be used for any purpose</u>   |                   |                   |
| Employee restricted shares   | <u>51,040</u>     | <u>51,040</u>     |
|  | <u>\$ 886,111</u> | <u>\$ 886,111</u> |

1) Unless otherwise provided under the laws and the applicable listing rules, neither the statutory reserve nor the capital reserve shall be used except for offsetting the losses of the Company. The Company shall not use the capital reserve to offset its capital losses unless the statutory reserve and special reserve set aside for purposes of loss offset are insufficient to offset such losses.

2) Subject to the laws, where the Company incurs no loss, it may, by a special resolution, distribute its Statutory reserve, the share premium account and/or the income from endowments received by the Company, which are in the capital reserve which are available for distribution, in whole or in part, by issuing new, fully paid shares and/or by cash to its members.

c. Retained earnings and dividends policy

The shareholders' meeting on June 11, 2020 passed a resolution to amend the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of each half fiscal year, the board may, by a resolution passed by a majority of the directors present at a meeting of the board attended by two-thirds or more of the total number of directors, distribute dividends to the shareholders and in addition, thereto a report of such distribution shall be submitted to the general meeting.

Under the dividends policy as set forth in the amended Articles, as the Company is in the growing stage, the dividend of the Company may be distributed in the form of cash dividends and/or share dividends. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirements and other plans for sustainable development needs in assessing the amount of dividends distributed by the Company.

Subject to the laws, the applicable listing rules and the Articles and except as otherwise provided by the rights attaching to any shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the statutory reserve of the remaining profits in accordance with the applicable listing rules (provided that the setting aside of the statutory reserve does not apply if the aggregate amount of the statutory reserve amounts to the Company's total paid-in capital), and setting aside the special reserve (if any), the board may, by a resolution passed by a majority of the directors present at a meeting of the board attended by two-thirds or more of the total number of directors, distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the special reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole to the members as dividends/bonuses in proportion to the number of shares held by them respectively pursuant to the Articles; and in addition thereto a report of such distribution shall be submitted to the general meeting, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to members.

The Company may resolve to distribute net profit or offset losses at the end of each half fiscal year. Whenever the Company still has net profit at the end of the first half fiscal year, the Company shall first

estimate and reserve the amount of compensation of employees, remuneration of directors and then payment of tax from the said profits; and after offsetting losses (including losses as at the beginning of the first half fiscal year and adjusted undistributed profits, if any), setting aside the statutory reserve of the remaining profits in accordance with the applicable listing rules (provided that the setting aside of the statutory reserve does not apply if the aggregate amount of the statutory reserve equals the Company's total paid-in capital), and setting aside the special reserve (if any), the board may, subject to the compliance with the percentage of distribution as set forth, resolve to distribute the remaining balance (including the amounts reversed from the special reserve), plus accumulated undistributed profits as at the beginning of the first half fiscal year (including adjusted undistributed profits) in whole or in part as dividends/bonuses in proportion to the number of shares held by them respectively pursuant to the Articles; and in addition, thereto a report of such distribution shall be submitted to the general meeting.

Under the dividends policy as set forth in the Articles before the amendments, as the Company is in the growing stage, the dividend of the Company may be distributed in the form of cash dividends and/or share dividends. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirements and other plans for sustainable development needs in assessing the amount of dividends distributed by the Company.

Subject to the laws, the applicable listing rules and the Articles and except as otherwise provided by the rights attaching to any shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the statutory reserve of the remaining profits in accordance with the applicable listing rules (provided that the setting aside of the statutory reserve does not apply if the aggregate amount of the statutory reserve equals the Company's total issued capital), and setting aside the special reserve (if any), the Company may distribute not less than 10% of the remaining balance (including the amounts reversed from the special reserve), plus undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an ordinary resolution passed at an annual general meeting of the Company duly convened and held in accordance with the Articles to the members as dividends/bonuses in proportion to the number of shares held by them pursuant to the Articles, provided that, cash dividends shall not be less than 10% of the total amount of dividends distributed to members. plus accumulated undistributed profits as at the beginning of the first half fiscal year (including adjusted undistributed profits) in whole or in part as dividends/bonuses in proportion to the number of shares held by them respectively pursuant to the Articles; and in addition, thereto a report of such distribution shall be submitted to the general meeting.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 20-e.

Unless resolved by the general meeting of the Company, the dividends, bonuses or other forms of distributions payable to the members shall be calculated in NTD.

The appropriations of earnings for 2020 and 2019 were as follows:

|                 | <b>Appropriation of Earnings</b> |             | <b>Dividends Per Share</b> |                    |
|-----------------|----------------------------------|-------------|----------------------------|--------------------|
|                 | <b>For the Year Ended</b>        |             | <b>For the Year Ended</b>  |                    |
|                 | <b>December 31</b>               |             | <b>December 31</b>         |                    |
|                 | <b>2020</b>                      | <b>2019</b> | <b>2020 (NT\$)</b>         | <b>2019 (NT\$)</b> |
| Legal reserve   | \$ 37,188                        | \$ 47,174   |                            |                    |
| Special reserve | ( \$ 72,016 )                    | \$ 85,759   |                            |                    |
| Cash dividends  | \$ 228,654                       | \$ 353,272  | \$ 3.20                    | \$ 5.00            |

The above appropriation of earnings for 2019 was approved in the shareholders' meetings on June 11, 2020. The appropriation of earnings for 2020 has been approved by the Company's board of directors on May 7, 2021 and is subject to the resolution of the shareholders in their meeting to be held on July 30, 2021.

The appropriation of earnings for 2021 approved in the board meeting on March 4, 2022 was as follows:

|                 | <b>Appropriation of Earnings</b> | <b>Dividends Per Share</b> |
|-----------------|----------------------------------|----------------------------|
|                 | <b>For the Year Ended</b>        | <b>For the Year Ended</b>  |
|                 | <b>December 31</b>               | <b>December 31</b>         |
|                 | <b>2021</b>                      | <b>2020(NT\$)</b>          |
| Legal reserve   | \$ 82,515                        |                            |
| Special reserve | \$ 20,162                        |                            |
| Cash dividends  | \$ 471,599                       | \$ 6.60                    |

The above cash dividends have been approved by the board of directors and are subject to the resolution of the shareholders in their meeting to be held on June 17, 2022.

d. Other equity

Unearned employee benefits

In the meeting, the shareholders approved a restricted share plan for employees (see Note 23).

|   | <b>For the Year Ended December 31</b> |              |
|---|---------------------------------------|--------------|
|   | <b>2021</b>                           | <b>2020</b>  |
| Balance at January 1                    | (\$ 53,436)                           | \$ -         |
| Issuance of shares                      | -                                     | ( 59,040)    |
| Share-based payment expenses recognized | 20,660                                | 5,604        |
| Balance at December 31                  | ( \$ 32,776)                          | ( \$ 53,436) |

## 19. REVENUE

- a. Revenue from contracts with customers  
For contract information, refer to Notes 4 and 32.
- b. Contract balances  
For notes receivable and trade receivables, refer to Note 9.

|  | <b>December 31,</b> | <b>December 31,</b> | <b>January 1,</b> |
|--|---------------------|---------------------|-------------------|
|  | <b>2021</b>         | <b>2020</b>         | <b>2020</b>       |
| Contract liabilities (included in other current liabilities) | \$ 3,227            | \$ 2,205            | \$ 5,771          |

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

## 20. NET PROFIT FROM CONTINUING OPERATIONS

### a. Other gains and losses

|   | <b>For the Year Ended December 31</b> |                      |
|---|---------------------------------------|----------------------|
|   | <b>2021</b>                           | <b>2020</b>          |
| Loss on foreign currency exchange, net                        | ( \$ 23,270 )                         | ( \$ 85,711 )        |
| Financial assets mandatorily classified as at FVTPL (Note 7)  | ( 3,388 )                             | 25,043               |
| (Loss) gain on disposal of property, plant and equipment, net | ( 2,282 )                             | 370                  |
| Others  | ( <u>5,520</u> )                      | ( <u>1,599</u> )     |
|   | ( <u>\$ 34,460</u> )                  | ( <u>\$ 61,897</u> ) |

### b. Interests expense

|                               | <b>For the Year Ended December 31</b> |                 |
|-------------------------------|---------------------------------------|-----------------|
|                               | <b>2021</b>                           | <b>2020</b>     |
| Interest on bank loans        | \$ 11,526                             | \$ 8,205        |
| Interest on lease liabilities | <u>847</u>                            | <u>1,070</u>    |
|                               | <u>\$ 12,373</u>                      | <u>\$ 9,275</u> |

### c. Depreciation and amortization

|   | <b>For the Year Ended December 31</b> |                   |
|---|---------------------------------------|-------------------|
|   | <b>2021</b>                           | <b>2020</b>       |
| Property, plant and equipment           | \$ 131,530                            | \$ 123,956        |
| Right-of-use assets                     | 45,099                                | 38,874            |
| Intangible assets                       | <u>747</u>                            | <u>668</u>        |
|   | <u>\$ 177,376</u>                     | <u>\$ 163,498</u> |
| An analysis of depreciation by function |                                       |                   |
| Operating costs                         | \$ 109,897                            | \$ 101,242        |
| Operating expenses                      | <u>66,732</u>                         | <u>61,588</u>     |
|   | <u>\$ 176,629</u>                     | <u>\$ 162,830</u> |
| An analysis of amortization by function |                                       |                   |
| Operating costs                         | \$ -                                  | \$ 354            |
| Selling and marketing expenses          | 688                                   | 91                |
| General and administrative expenses     | <u>59</u>                             | <u>223</u>        |
|   | <u>\$ 747</u>                         | <u>\$ 668</u>     |



d. Employee benefits expense

|  | <b>For the Year Ended December 31</b> |                   |
|--|---------------------------------------|-------------------|
|  | <b>2021</b>                           | <b>2020</b>       |
| Retirement benefits                                  |                                       |                   |
| Defined contribution plans                           | \$ 3,915                              | \$ 4,712          |
| Defined benefit plans                                | 4,673                                 | 4,306             |
|  | <u>8,588</u>                          | <u>9,018</u>      |
| Share-based payments                                 |                                       |                   |
| Equity-settled                                       | 20,660                                | 5,604             |
| Other employee benefits                              | 974,938                               | 670,259           |
| Total employee benefits expense                      | <u>\$ 1,004,186</u>                   | <u>\$ 684,881</u> |
| An analysis of employee benefits expense by function |                                       |                   |
| Operating costs                                      | \$ 468,212                            | \$ 340,544        |
| Operating expenses                                   | 535,974                               | 344,337           |
|  | <u>\$ 1,004,186</u>                   | <u>\$ 684,881</u> |

e. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 5-10% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 4, 2022 and March 12, 2021, respectively, are as follows:

Accrual rate

|                           | <b>For the Year Ended December 31</b> |             |
|---------------------------|---------------------------------------|-------------|
|                           | <b>2021</b>                           | <b>2020</b> |
| Compensation of employees | 10.0%                                 | 5.6%        |
| Remuneration of directors | 2.0%                                  | 2.0%        |

Amount

|                           | <b>For the Year Ended December 31</b>      |  |  |  |
|---------------------------|--|--|--|--|
|                           | <b>2021</b>                                |  | <b>2020</b>                                |  |
|                           | <b>Cash<br/>(In Thousands<br/>of NT\$)</b> | <b>Cash<br/>(In Thousands<br/>of US\$)</b> | <b>Cash<br/>(In Thousands of<br/>NT\$)</b> | <b>Cash<br/>(In Thousands of<br/>US\$)</b> |
| Compensation of employees | \$ 94,005                                  | \$ 3,355                                   | \$ 22,812                                  | \$ 762                                     |
| Remuneration of directors | 18,701                                     | 668  | 8,006                                      | 270  |

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 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 21. INCOME TAX

a. Major components of income tax expense are as follows:

|   | <b>For the Year Ended December 31</b> |                  |
|---|---------------------------------------|------------------|
|   | <b>2021</b>                           | <b>2020</b>      |
| Current tax                                     |                                       |                  |
| In respect of the current year                  | \$ 143,381                            | \$ 60,022        |
| Income tax on unappropriated earnings           | 2,866                                 | 2,046            |
| Adjustments for prior years                     | ( 18,822 )                            | ( 16,057 )       |
|   | <u>127,425</u>                        | <u>46,011</u>    |
| Deferred tax                                    |                                       |                  |
| In respect of the current year                  | 70,963                                | 42,716           |
| Adjustments for prior years                     | 22,102                                | 8,960            |
|   | <u>93,065</u>                         | <u>51,676</u>    |
| Income tax expense recognized in profit or loss | <u>\$ 220,490</u>                     | <u>\$ 97,687</u> |

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

|  | <b>For the Year Ended December 31</b> |                   |
|--|---------------------------------------|-------------------|
|  | <b>2021</b>                           | <b>2020</b>       |
| PROFIT BEFORE INCOME TAX   | <u>\$ 1,048,302</u>                   | <u>\$ 470,940</u> |
| Income tax expense calculated at the statutory rate                  | \$ 166,959                            | \$ 75,538         |
| Deferred tax effect of earnings of subsidiaries                      | 73,543                                | 40,364            |
| Income tax on unappropriated earnings                                | 2,866                                 | 2,046             |
| Unrecognized loss carryforwards and deductible temporary differences | ( 28,196 )                            | ( 18,832 )        |
| Adjustments for prior years' tax                                     | 3,280                                 | ( 7,097 )         |
| Others   | <u>2,038</u>                          | <u>5,668</u>      |
| Income tax expense recognized in profit or loss                      | <u>\$ 220,490</u>                     | <u>\$ 97,687</u>  |

The applicable tax rate used by the entity which applied corporate income tax in the Republic of China is 20%. The applicable tax rate used by subsidiaries in China is 25%; however, VT SZ has applied to the local tax bureau for the preferential income tax for "high-tech enterprises", with the applicable tax rate decreasing to 15%. Tax rates used by entities in the Group that operate in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

|                         | <b>December 31</b> |                  |
|-------------------------|--------------------|------------------|
|                         | <b>2021</b>        | <b>2020</b>      |
| Current tax assets      |                    |                  |
| Tax refund receivable   | <u>\$ 3,648</u>    | <u>\$ -</u>      |
| Current tax liabilities |                    |                  |
| Income tax payable      | <u>\$ 39,396</u>   | <u>\$ 16,917</u> |

c. Deferred tax assets and liabilities

For the year ended December 31, 2021

|                              | <b>Balance at<br/>January 1</b> | <b>Recognized<br/>in Profit or<br/>Loss</b> | <b>Exchange<br/>Differences</b> | <b>Others</b>      | <b>Closing<br/>Balance</b> |
|------------------------------|---------------------------------|---|---------------------------------|--------------------|----------------------------|
| <u>Deferred tax assets</u>   |                                 |   |                                 |                    |                            |
| Temporary differences        |                                 |   |                                 |                    |                            |
| Allowance for                |                                 |   |                                 |                    |                            |
| inventory valuation          | \$ 4,418                        | \$ 300                                      | (\$ 58)                         | \$ -               | \$ 4,660                   |
| Others                       | <u>8,963</u>                    | <u>3,781</u>                                | <u>( 243)</u>                   | <u>-</u>           | <u>12,501</u>              |
|                              | 13,381                          | 4,081                                       | ( 301)                          | -                  | 17,161                     |
| Loss carryforwards           | <u>37,178</u>                   | <u>( 22,952)</u>                            | <u>( 757)</u>                   | <u>-</u>           | <u>13,469</u>              |
|                              | <u>\$ 50,559</u>                | <u>(\$ 18,871)</u>                          | <u>(\$ 1,058)</u>               | <u>\$ -</u>        | <u>\$ 30,630</u>           |
| <br>Deferred tax liabilities |                                 |   |                                 |                    |                            |
| Temporary differences        |                                 |   |                                 |                    |                            |
| Unappropriated               |                                 |   |                                 |                    |                            |
| earnings of                  |                                 |   |                                 |                    |                            |
| subsidiaries                 | \$ 103,888                      | \$ 73,543                                   | (\$ 3,469)                      | (\$ 29,794)        | \$ 144,168                 |
| Others                       | <u>7,873</u>                    | <u>651</u>                                  | <u>( 270)</u>                   | <u>-</u>           | <u>8,254</u>               |
|                              | <u>\$ 111,761</u>               | <u>\$ 74,194</u>                            | <u>(\$ 3,739)</u>               | <u>(\$ 29,794)</u> | <u>\$ 152,422</u>          |

For the year ended December 31, 2020

|                              | <b>Balance at<br/>January 1</b> | <b>Recognized<br/>in Profit or<br/>Loss</b> | <b>Exchange<br/>Differences</b> | <b>Others</b>      | <b>Closing<br/>Balance</b> |
|------------------------------|---------------------------------|---|---------------------------------|--------------------|----------------------------|
| <u>Deferred tax assets</u>   |                                 |   |                                 |                    |                            |
| Temporary differences        |                                 |   |                                 |                    |                            |
| Allowance for                |                                 |   |                                 |                    |                            |
| inventory valuation          | \$ 4,805                        | (\$ 435)                                    | \$ 48                           | \$ -               | \$ 4,418                   |
| Others                       | <u>10,323</u>                   | <u>( 1,530)</u>                             | <u>170</u>                      | <u>-</u>           | <u>8,963</u>               |
|                              | 15,128                          | ( 1,965)                                    | 218                             | -                  | 13,381                     |
| Loss carryforwards           | <u>48,129</u>                   | <u>( 8,915)</u>                             | <u>( 2,036)</u>                 | <u>-</u>           | <u>37,178</u>              |
|                              | <u>\$ 63,257</u>                | <u>(\$ 10,880)</u>                          | <u>(\$ 1,818)</u>               | <u>\$ -</u>        | <u>\$ 50,559</u>           |
| <br>Deferred tax liabilities |                                 |   |                                 |                    |                            |
| Temporary differences        |                                 |   |                                 |                    |                            |
| Unappropriated               |                                 |   |                                 |                    |                            |
| earnings of                  |                                 |   |                                 |                    |                            |
| subsidiaries                 | \$ 117,444                      | \$ 40,364                                   | (\$ 5,540)                      | (\$ 48,380)        | \$ 103,888                 |
| Others                       | <u>7,667</u>                    | <u>432</u>                                  | <u>( 226)</u>                   | <u>-</u>           | <u>7,873</u>               |
|                              | <u>\$ 125,111</u>               | <u>\$ 40,796</u>                            | <u>(\$ 5,766)</u>               | <u>(\$ 48,380)</u> | <u>\$ 111,761</u>          |

- d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets were \$50,949 thousand and \$140,746 thousand as of December 31, 2021 and 2020, respectively.

e. Income tax assessments

The income tax returns of VT TW through 2019 have been assessed by the tax authorities.

## 22. EARNINGS PER SHARE

Unit: NT\$ Per Share

|                            | For the Year Ended December 31 |         |
|----------------------------|--------------------------------|---------|
|                            | 2021                           | 2020    |
| Basic earnings per share   | \$ 11.72                       | \$ 5.28 |
| Diluted earnings per share | \$ 11.51                       | \$ 5.25 |

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

### Net Profit For The Year

|                         | For the Year Ended December 31 |            |
|-------------------------|--------------------------------|------------|
|                         | 2021                           | 2020       |
| Net Profit For The Year | \$ 827,812                     | \$ 373,253 |

The 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   | 70,654                         | 70,654 |
| Effect of potentially dilutive ordinary shares:  |                                |        |
| Employee restricted shares   | 530                            | 38     |
| Compensation of employees  | 753                            | 433    |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 71,937                         | 71,125 |

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares, and the resulting potential shares were 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.

## 23. SHARE-BASED PAYMENT ARRANGEMENTS

### a. Employee restricted shares

In the shareholders' meeting on June 11, 2020, the shareholders approved a restricted share plan for employees with a total amount of 800 thousand, and issued all of these shares on September 23, 2020.

The restrictions on the rights of the employees who acquire the restricted shares issued by the Company in September 2020 but have not met the vesting conditions included that the employees cannot sell, pledge, transfer, donate or, in any other way, dispose of these shares. However, the shares entitled to allotment, dividends and share options of increased the share capital.

If an employee fails to meet the vesting conditions, the Company will recall and cancel the employee's restricted shares.

The information about employee restricted shares are as follows:

|                                   | <b>For the Year Ended December 31</b> |                             |
|-----------------------------------|---------------------------------------|-----------------------------|
|                                   | <b>2021</b>                           | <b>2020</b>                 |
| <u>Employee restricted shares</u> | <u>Share (In Thousands)</u>           | <u>Share (In Thousands)</u> |
| Beginning at January 1            | 800                                   | -                           |
| Issuance of shares                | -                                     | 800                         |
| Balance at December 31            | <u>800</u>                            | <u>800</u>                  |

The information about employee restricted shares of the Company for the year ended December 31, 2020 is as follows:

| <b>Vest Date</b>   | <b>Fair Value Per Share at Vesting Date (In Dollars)</b> | <b>Number of Payments (In Thousands)</b> | <b>Vesting Period</b> |
|--------------------|--|--|-----------------------|
| September 23, 2020 | 73.8   | 800                                      | 2 to 4 years          |

Compensation costs recognized for the years ended December 31, 2021 and 2020 was \$20,660 thousand and \$5,604 thousand, respectively.

## 24. BUSINESS COMBINATION

The Group entered into a purchase agreement with Holders Technology Plc. to acquire the assets and operations of its printed circuit board business unit and continue to operate the business, with September 30, 2021 as the acquisition date.

### (1) Consideration transfer

|      |                           |
|------|---------------------------|
|      | <u>September 30, 2021</u> |
| Cash | <u>\$ 61,454</u>          |

### (2) Assets acquired at the date of acquisition

|                               |                           |
|-------------------------------|---------------------------|
|                               | <u>September 30, 2021</u> |
| Current assets                |                           |
| Inventories                   | \$ 37,214                 |
| NON-CURRENT ASSETS            |                           |
| Property, plant and equipment | 10,958                    |
| Intangible assets             | <u>13,282</u>             |
|                               | <u>\$ 61,454</u>          |

### (3) Effect of business combination on operating results

The operating results of the acquired PCB business unit from the beginning of the fiscal year in which the acquisition occurred to the acquisition date are not available. Therefore, the pro forma information for the Year 2021 is not disclosed.

## 25. 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 shareholders through the optimization of the debt and equity balance.

## 26. FINANCIAL INSTRUMENTS

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

The management of the Group believes that the book value of financial assets and liabilities, which are not measured by fair value approaches its fair value cannot be reliably measured.

### b. Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

December 31, 2021

|                           | <u>Level 1</u>       | <u>Level 2</u>   | <u>Level 3</u>       | <u>Total</u>     |
|---------------------------|----------------------|------------------|----------------------|------------------|
| Financial assets at FVTPL |                      |                  |                      |                  |
| Structured deposits       | \$ <u>          </u> | \$ <u>65,123</u> | \$ <u>          </u> | \$ <u>65,123</u> |

December 31, 2020

|   | <u>Level 1</u>       | <u>Level 2</u>   | <u>Level 3</u>       | <u>Total</u>     |
|---|----------------------|------------------|----------------------|------------------|
| Financial assets at FVTPL   |                      |                  |                      |                  |
| Derivative financial instruments                                      | \$ <u>          </u> | \$ <u>20,923</u> | \$ <u>          </u> | \$ <u>20,923</u> |
| Financial liabilities classified at fair value through profit or loss |                      |                  |                      |                  |
| Derivative financial instruments                                      | \$ <u>          </u> | \$ <u>173</u>    | \$ <u>          </u> | \$ <u>173</u>    |

There were no transfers between Level 1 and 2 for the years ended December 31, 2021 and 2020.

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

| <u>Financial Instrument</u>                      | <u>Valuation Technique and Inputs</u>   |
|--|---|
| Derivatives - foreign exchange forward contracts | Discounted cash flow<br><br>Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |
| Structured deposits                              | Discounted cash flow: Future cash flows are estimated based on observable interest rates at the end of the period and are discounted at market interest rates.  |

c. Categories of financial instruments

|   | <b>December 31</b> |             |
|---|--------------------|-------------|
|   | <b>2021</b>        | <b>2020</b> |
| <u>Financial assets</u>                     |                    |             |
| FVTPL                                       |                    |             |
| Mandatorily classified as at FVTPL          | \$ 65,123          | \$ 20,923   |
| Financial assets at amortized cost (1)      | 3,225,136          | 2,203,864   |
| <u>Financial liabilities</u>                |                    |             |
| FVTPL                                       |                    |             |
| Mandatorily classified as at FVTPL          | -                  | 173         |
| Financial liabilities at amortized cost (2) | 2,341,543          | 1,458,820   |

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, and financial assets carried at amortized and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, other payables, long-term borrowings (including the current portion) and guarantee deposits.

d. Financial risk management objectives and policies

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.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the board of directors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's operating activities exposed itself primarily to the market risks of changes in foreign currency exchange rates and interest rates.

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

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which exposes the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange derivatives.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 30.

### Sensitivity analysis

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 1% strengthening/weakening of the functional currency against U.S. dollars, the Group's net income before tax for the years ended December 31, 2021 and 2020 would have decreased/increased by \$7,245 thousand and \$10,765 thousand, respectively.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

#### b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

|                               | <b>December 31</b> |             |
|-------------------------------|--------------------|-------------|
|                               | <b>2021</b>        | <b>2020</b> |
| Fair value interest rate risk |                    |             |
| — Financial assets            | \$ 217,076         | \$ 152,770  |
| — Financial liabilities       | 737,022            | 358,667     |
| Cash flow interest rate risk  |                    |             |
| — Financial assets            | 520,171            | 593,453     |
| — Financial liabilities       | 172,539            | 178,490     |

### Sensitivity analysis

The sensitivity analysis 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 financial assets and liabilities, the analysis was prepared to assume the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 25 points higher and all other variables were held constant, the Group's net income before tax for the years ended December 31, 2021 and 2020 would have increased/decreased by \$869 thousand and \$1,037 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

#### 2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. As 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 the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- The amount of contingent liabilities in relation to financial guarantees issued by the Group.



The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. The Group also checks between transaction amount and credit limit periodically and adjusts the limit in time to control credit risk.

The counterparties of the Group's trade receivables included numerous clients distributed over a variety of areas, and were not centered on a single client or location. Furthermore, the Group continuously assesses the financial condition of its clients, and the Group's credit risk is limited. At the end of the reporting period, the Group's largest exposure to credit risk approximates the carrying amounts of its financial assets.

### 3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and financing facilities deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

##### December 31, 2021

|   | <b>On Demand or<br/>Less than 1<br/>Year</b> | <b>1-5 Years</b>  | <b>5+ Years</b>  |
|---|--|-------------------|------------------|
| <u>Non-derivative financial liabilities</u> |  |                   |                  |
| Non-interest bearing                        | \$ 1,577,328                                 | \$ 5,192          | \$ 3,901         |
| Lease liabilities                           | 40,757                                       | 101,017           | -                |
| Variable interest rate assets               | 53,325                                       | 49,294            | 69,920           |
| Fixed interest rate assets                  | 594,203                                      | 923               | -                |
|   | <u>\$ 2,265,613</u>                          | <u>\$ 156,426</u> | <u>\$ 73,821</u> |

##### December 31, 2020

|   | <b>On Demand or<br/>Less than 1<br/>Year</b> | <b>1-5 Years</b>  | <b>5+ Years</b>  |
|---|--|-------------------|------------------|
| <u>Non-derivative financial liabilities</u> |  |                   |                  |
| Non-interest bearing                        | \$ 1,058,973                                 | \$ 7,034          | \$ 3,903         |
| Lease liabilities                           | 39,137                                       | 97,597            | -                |
| Variable interest rate assets               | 42,000                                       | 66,543            | 69,947           |
| Fixed interest rate assets                  | 223,402                                      | 567               | -                |
|   | <u>\$ 1,363,512</u>                          | <u>\$ 171,741</u> | <u>\$ 73,850</u> |

#### b) Financing facilities

|                      | <b>December 31</b> |                     |
|----------------------|--------------------|---------------------|
|                      | <b>2021</b>        | <b>2020</b>         |
| Bank loan facilities |                    |                     |
| Amount unused        | <u>\$ 764,402</u>  | <u>\$ 1,142,635</u> |

e. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2021 and 2020 were as follows:

2021

| Subsidiaries | Counterparties      | Receivables Sold | Amounts Collected | Effect of foreign currency exchange differences | Advances Received at Year-End | Interest Rates on Advances Received (%) | Credit Line |
|--------------|---------------------|------------------|-------------------|---|-------------------------------|---|-------------|
| VT DE        | Targo Factoring USD | \$ 7,619         | \$ 13,475         | (\$ 183 )                                       | \$ -                          | -                                       | \$ -        |
| VT DE        | Targo Factoring EUR | 61,710           | 65,377            | 114   | -                             | -                                       | -           |
|              |                     | <u>\$ 69,329</u> | <u>\$ 78,852</u>  | <u>(\$ 69 )</u>                                 | <u>\$ -</u>                   |   |             |

2020

| Subsidiaries | Counterparties      | Receivables Sold  | Amounts Collected | Effect of foreign currency exchange differences | Advances Received at Year-End | Interest Rates on Advances Received (%) | Credit Line |
|--------------|---------------------|-------------------|-------------------|---|-------------------------------|---|-------------|
| VT DE        | Targo Factoring USD | \$ 40,319         | \$ 35,295         | \$ 341  | \$ 6,039                      | 3.70%                                   | \$ 87,551   |
| VT DE        | Targo Factoring EUR | 181,717           | 181,480           | 154   | 3,781                         | 1.95%                                   | 87,551      |
| VT UK        | HSBC Bank plc       | -                 | 12,818            | ( 481 )   | -                             | -                                       | -           |
|              |                     | <u>\$ 222,036</u> | <u>\$ 229,593</u> | <u>\$ 14</u>                                    | <u>\$ 9,820</u>               |   |             |

The above credit lines may be used on a revolving basis.

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

The financial assets that have been sold but not yet used by the subsidiaries VT DE and VT UK have been reclassified from accounts receivable to other receivables.

## 27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below.

Remuneration of key management personnel

|                              | <u>For the Year Ended December 31</u> |                  |
|------------------------------|---------------------------------------|------------------|
|                              | <u>2021</u>                           | <u>2020</u>      |
| Short-term employee benefits | \$ 80,580                             | \$ 41,270        |
| Retirement benefits          | 1,568                                 | 1,564            |
| Share-based payments         | 3,125                                 | 870              |
|                              | <u>\$ 85,273</u>                      | <u>\$ 43,704</u> |

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

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group are provided as collateral for bank borrowings:

|                                    | <b>December 31</b> |                   |
|------------------------------------|--------------------|-------------------|
|                                    | <b>2021</b>        | <b>2020</b>       |
| Notes receivable                   | \$ 15,390          | \$ -              |
| Restricted bank deposits           | 28,691             | 40,517            |
| Property, plant and equipment, net | 220,809            | 224,621           |
|                                    | <u>\$ 264,890</u>  | <u>\$ 265,138</u> |

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2021 and 2020, the Group's unused letters of credit amounted to \$96,652 thousand and \$26,864 thousand, respectively.

## 30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of the entities in the Group are denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

### December 31, 2021

|                              | <b>Foreign<br/>Currencies<br/>(In Thousands)</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|------------------------------|--|----------------------|----------------------------|
| <u>Financial assets</u>      |  |                      |                            |
| <u>Monetary items</u>        |  |                      |                            |
| USD                          | \$ 6,390   | 6.376 (USD:RMB)      | \$ 176,888                 |
| USD                          | 57,235   | 7.799 (USD:HKD)      | 1,584,269                  |
| USD                          | 3,715  | 27.680 (USD:NTD)     | 102,820                    |
|                              |  |                      | <u>\$ 1,863,977</u>        |
| <u>Financial liabilities</u> |  |                      |                            |
| <u>Monetary items</u>        |  |                      |                            |
| USD                          | 7,607  | 6.376 (USD:RMB)      | \$ 210,549                 |
| USD                          | 31,507   | 7.799 (USD:HKD)      | 872,114                    |
| USD                          | 2,052  | 27.680 (USD:NTD)     | 56,804                     |
|                              |  |                      | <u>\$ 1,139,467</u>        |

### December 31, 2020

|                              | <b>Foreign<br/>Currencies (In<br/>Thousands)</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|------------------------------|--|----------------------|----------------------------|
| <u>Financial assets</u>      |  |                      |                            |
| <u>Monetary items</u>        |  |                      |                            |
| USD                          | \$ 31,791  | 6.525 (USD:RMB)      | \$ 905,426                 |
| USD                          | 37,043   | 7.754 (USD:HKD)      | 1,055,004                  |
| USD                          | 4,703  | 28.480 (USD:NTD)     | 133,956                    |
|                              |  |                      | <u>\$ 2,094,386</u>        |
| <u>Financial liabilities</u> |  |                      |                            |
| <u>Monetary items</u>        |  |                      |                            |
| USD                          | 4,649  | 6.525 (USD:RMB)      | \$ 132,411                 |
| USD                          | 29,140   | 7.754 (USD:HKD)      | 829,908                    |
| USD                          | 1,950  | 28.480 (USD:NTD)     | 55,540                     |
|                              |  |                      | <u>\$ 1,017,859</u>        |

For the years ended December 31, 2021 and 2020, net losses on foreign exchange were \$23,270 thousand and \$85,711 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### 31. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and (2) information about investees
  - 1) Financing provided to others. (Table 1)
  - 2) Endorsements/guarantees provided. (Table 2)
  - 3) Marketable securities held. (None)
  - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
  - 5) Acquisitions 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. (Table 3)
  - 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. (Note 7)
  - 10) Intercompany relationships and significant intercompany transactions. (Table 7)
  - 11) Information on investees. (Table 5)
- b. Information on investments in mainland China:
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 2, 3, 4 and 7):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- 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 the percentage of ownership of each shareholder. (Table 8)

## 32. SEGMENT INFORMATION

The Group mainly engages in the production and sale of CCL, IMS and prepreg. The chief operating decision maker uses company-wide financial information to allocate resources and measure performance. In accordance with the requirements of IFRS 8 “Operating Segments”, the Group provides information to the chief operating decision-maker to allocate resources and assess the performance of the segments by focusing on the location of operations. The reportable segments should include “Asia” and “Europe and America”.

### a. Segment revenue and results

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

For the year ended December 31, 2021

|                                 | <b>Asia</b>         | <b>Europe and America</b> | <b>Elimination of inter-segment revenue</b> | <b>Total</b>        |
|---------------------------------|---------------------|---------------------------|---|---------------------|
| Revenue from external customers | \$ 6,316,675        | \$ 1,350,544              | \$ -  | \$ 7,667,219        |
| Inter-segment revenue           | <u>4,886,893</u>    | <u>29,244</u>             | ( <u>4,916,137</u> )                        | -                   |
| Consolidated revenue            | <u>\$11,203,568</u> | <u>\$ 1,379,788</u>       | ( <u>\$4,916,137</u> )                      | <u>\$ 7,667,219</u> |
| Segment income                  | <u>\$ 996,767</u>   | <u>\$ 79,699</u>          | <u>\$ -</u>                                 | \$ 1,076,466        |
| Interest income                 |                     |                           |   | 1,967               |
| Other income                    |                     |                           |   | 16,702              |
| Other gains and losses          |                     |                           |   | ( 34,460 )          |
| Interests expense               |                     |                           |   | ( <u>12,373</u> )   |
| PROFIT BEFORE INCOME TAX        |                     |                           |   | <u>\$ 1,048,302</u> |

For the year ended December 31, 2020

|                                 | <b>Asia</b>         | <b>Europe and America</b> | <b>Elimination of inter-segment revenue</b> | <b>Total</b>        |
|---------------------------------|---------------------|---------------------------|---|---------------------|
| Revenue from external customers | \$ 3,879,496        | \$ 950,687                | \$ -  | \$ 4,830,183        |
| Inter-segment revenue           | <u>2,838,493</u>    | <u>27,349</u>             | ( <u>2,865,842</u> )                        | -                   |
| Consolidated revenue            | <u>\$ 6,717,989</u> | <u>\$ 978,036</u>         | ( <u>\$ 2,865,842</u> )                     | <u>\$ 4,830,183</u> |
| Segment income                  | <u>\$ 475,026</u>   | <u>\$ 56,980</u>          | <u>\$ -</u>                                 | \$ 532,006          |
| Interest income                 |                     |                           |   | 1,528               |
| Other income                    |                     |                           |   | 8,578               |
| Other gains and losses          |                     |                           |   | ( 61,897 )          |
| Interests expense               |                     |                           |   | ( <u>9,275</u> )    |
| PROFIT BEFORE INCOME TAX        |                     |                           |   | <u>\$ 470,940</u>   |

Segment income represented the profit before tax earned by each segment without interest income, other income, other gains and losses and interest expense. This was the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

However, the measure of segment assets and liabilities was not provided to the chief operating decision-maker.

b. Product information

The Group mainly engages in the production and sale of CCL, IMS and prepreg, which all belong to one single product category. As a result, there is no need to disclose product information.

c. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

|                | Revenue from External Customers |                     | NON-CURRENT ASSETS  |                     |
|----------------|---------------------------------|---------------------|---------------------|---------------------|
|                | For the Year Ended December 31  |                     | December 31         |                     |
|                | 2021                            | 2020                | 2021                | 2020                |
| China          | \$ 5,779,010                    | \$ 3,556,060        | \$ 883,105          | \$ 851,334          |
| United Kingdom | 362,406                         | 291,353             | 37,741              | 26,295              |
| United States  | 405,133                         | 355,813             | 36,543              | 38,800              |
| Germany        | 583,304                         | 303,521             | 74,776              | 41,374              |
| Taiwan         | 537,366                         | 323,436             | 266,753             | 279,080             |
|                | <u>\$ 7,667,219</u>             | <u>\$ 4,830,183</u> | <u>\$ 1,298,918</u> | <u>\$ 1,236,883</u> |

Non-current assets exclude financial instruments and deferred tax assets.

d. Information about major customers

Single customer contributing 10% or more to the Group's revenue of 2021 and 2020 was as follows:

|            | For the Year Ended December 31 |                   |
|------------|--------------------------------|-------------------|
|            | 2021                           | 2020              |
| Customer A | <u>\$ 553,589</u>              | <u>\$ 821,321</u> |

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

| No.<br>(Note 1) | Lender | Borrower     | Financial<br>Statement<br>Account | Related<br>Parties | Highest Balance<br>for the Period<br>(Note 4) | Ending Balance<br>(Note 4)     | Actual Borrowing<br>Amount<br>(Note 4) | Interest<br>Rate | Nature of<br>Financing<br>(Note 2) | Business<br>Transaction<br>Amounts | Reasons for<br>Short-term<br>Financing | Allowance for<br>uncollectible<br>accounts | Collateral |       | Financing Limit<br>for Each<br>Borrower (Notes<br>3 and 4) | Aggregate<br>Financing Limits<br>(Notes 3 and 4) | Note |
|-----------------|--------|--------------|-----------------------------------|--------------------|---|--------------------------------|--|------------------|------------------------------------|------------------------------------|--|--|------------|-------|--|--|------|
|                 |        |              |                                   |                    |   |                                |  |                  |                                    |                                    |  |  | Item       | Value |  |  |      |
| 2               | VT HK  | VIG<br>SAMOA | Other<br>receivables              | Yes                | \$ 1,384,000<br>( USD 50,000 )                | \$ 1,384,000<br>( USD 50,000 ) | \$ 384,780<br>( USD 13,901 )           | -                | 2                                  | \$                                 | Operating<br>capital needed            | \$   | -          | \$ -  | \$ 3,655,120<br>( USD 132,050 )                            | \$ 7,310,240<br>( USD 264,100 )                  |      |
| 2               | VT HK  | VLL          | Other<br>receivables              | Yes                | 276,800<br>( USD 10,000 )                     | 276,800<br>( USD 10,000 )      | 50,959<br>( USD 1,841 )                | -                | 2                                  |                                    | Operating<br>capital needed            |  | -          | -     | 3,655,120<br>( USD 132,050 )                               | 7,310,240<br>( USD 264,100 )                     |      |
| 2               | VT HK  | VT UK        | Other<br>receivables              | Yes                | 96,880<br>( USD 3,500 )                       | 96,880<br>( USD 3,500 )        | 42,904<br>( USD 1,550 )                | 1.67%            | 2                                  |                                    | Operating<br>capital needed            |  | -          | -     | 3,655,120<br>( USD 132,050 )                               | 7,310,240<br>( USD 264,100 )                     |      |
| 2               | VT HK  | VT USA       | Other<br>receivables              | Yes                | 110,720<br>( USD 4,000 )                      | 110,720<br>( USD 4,000 )       | 96,880<br>( USD 3,500 )                | 1.67%            | 2                                  |                                    | Operating<br>capital needed            |  | -          | -     | 3,655,120<br>( USD 132,050 )                               | 7,310,240<br>( USD 264,100 )                     |      |
| 2               | VT HK  | VT DE        | Other<br>receivables              | Yes                | 55,360<br>( USD 2,000 )                       | 55,360<br>( USD 2,000 )        | 55,360<br>( USD 2,000 )                | 1.67%            | 2                                  |                                    | Operating<br>capital needed            |  | -          | -     | 3,655,120<br>( USD 132,050 )                               | 7,310,240<br>( USD 264,100 )                     |      |

Note 1: The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2: Types of financing were as follows:

- a. Business and trade.
- b. Short-term financing.

Note 3: The limits of financing amounts were as follows:

- a. Financing received from the Company cannot exceed 50% of the Company’s net asset value.
- b. The financing limits where the Company directly and indirectly holds voting right shares of subsidiaries at 100% are as follows: The total and individual financing amount cannot exceed 20 times and 10 times of the Company’s net asset value, respectively. The calculation of net asset value was based on the lender’s net asset value as of December 31, 2021.

Note 4: The calculation was based on the spot exchange rate as of December 31, 2021.

Note 5: All intercompany transactions have been eliminated on consolidation.

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No.<br>(Note 1) | Endorser/<br>Guarantor | Endorsee/Guarantee |                   | Limits on<br>Endorsement/Guarantee<br>Given on Behalf of Each<br>Party<br>(Notes 2 and 3) | Maximum Amount<br>Endorsed/Guaranteed<br>During the Period<br>(Note 3) | Outstanding<br>Endorsement/Guarantee<br>at the End of the Period<br>(Note 3) | Actual Borrowing<br>Amount<br>(Note 3) | Amount<br>Endorsed/<br>Guaranteed<br>by<br>Collateral | Ratio of<br>Accumulated<br>Endorsement/Gu<br>arantee to Net<br>Equity in Latest<br>Financial<br>Statements | Aggregate<br>Endorsement/Guarantee<br>Limit<br>(Notes 2 and 3) | Endorsement/<br>Guarantee<br>Given by<br>Parent on<br>Behalf of<br>Subsidiaries<br>(Note 4) | Endorsement/<br>Guarantee<br>Given by<br>Subsidiaries on<br>Behalf of<br>Parent<br>(Note 4) | Endorsement/<br>Guarantee<br>Given on<br>Behalf of<br>Companies in<br>Mainland<br>China<br>(Note 4) | Note |
|-----------------|------------------------|--------------------|-------------------|---|--|--|--|---|--|--|---|---|---|------|
|                 |                        | Name               | Relationship      |   |  |  |  |   |  |  |   |   |   |      |
| 0               | VIG CAYMAN             | VT HK              | SUBSIDIARIES      | \$ 6,101,150<br>( USD 220,416 )   | \$ 429,040<br>( USD 15,500 )   | \$ 429,040<br>( USD 15,500 )   | \$ 275,748<br>( USD 9,962 )            | \$  | 14.06%   | \$ 12,202,300<br>( USD 440,832 )                               | Y   | N   | N   |      |
| 0               | VIG CAYMAN             | VT TW              | SUBSIDIARIES      | 6,101,150<br>( USD 220,416 )  | 1,017,794<br>( USD 36,770 )  | 895,199<br>( USD 32,341 )  | 210,506<br>( USD 7,605 )               |   | 29.35%   | 12,202,300<br>( USD 440,832 )                                  | Y   | N   | N   |      |
| 0               | VIG CAYMAN             | VT SZ              | SUBSIDIARIES      | 6,101,150<br>( USD 220,416 )  | 138,400<br>( USD 5,000 )   | 138,400<br>( USD 5,000 )   | -                                      |   | 4.54%  | 12,202,300<br>( USD 440,832 )                                  | Y   | N   | Y   |      |
| 1               | VIG HK                 | VT UK              | Fellow subsidiary | 264,649<br>( USD 9,561 )  | 8,138<br>( USD 294 )   | 8,138<br>( USD 294 )   | -                                      |   | 0.31%  | 529,297<br>( USD 19,122 )                                      | N   | N   | N   |      |
| 2               | VT TW                  | VT HK              | Fellow subsidiary | 1,928,775<br>( USD 69,680 )   | 415,200<br>( USD 15,000 )  | 415,200<br>( USD 15,000 )  | 273,312<br>( USD 9,874 )               |   | 107.63%  | 2,314,530<br>( USD 83,616 )                                    | N   | N   | N   |      |

Note 1: The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2: The limits of endorsements/guarantees amounts were as follows (the calculation of net asset value was based on the endorser’s or guarantor’s net asset value as of December 31, 2021):

- a. For VIG CAYMAN, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 400% and 200% of the Company’s net asset value, respectively.
- b. For VIG HK, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 20% and 10% of the Company’s net asset value, respectively.
- c. For VT TW, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 600% and 500% of the Company’s net asset value, respectively.

Note 3: The calculation was based on the spot exchange rate as of December 31, 2021.

Note 4: Endorsement/guarantee given by parent which is listed company on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of parent which is listed company and endorsement/guarantee given on behalf of companies in mainland China: Must fill in Y.



**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Buyer/Seller | Related Party | Relationship             | Transaction Details |                                 |            |                  | Abnormal Transaction   |                        | Notes/Trade Receivables (Payables) |            | Note |
|--------------|---------------|--------------------------|---------------------|---------------------------------|------------|------------------|------------------------|------------------------|------------------------------------|------------|------|
|              |               |                          | Purchase/<br>Sale   | Amount (Note 1)                 | % of Total | Payment<br>Terms | Unit Price             | Payment Terms          | Balance (Note 2)                   | % of Total |      |
| VT HK        | VT SZ         | The same ultimate parent | Purchase            | \$ 1,725,466<br>( USD 61,677 )  | 71.87%     | 150 days         | No major<br>difference | No major<br>difference | ( \$ 540,552 )<br>( USD 19,529 )   | 77.88%     |      |
| VT HK        | VT SZ         | The same ultimate parent | Sale                | ( 590,511 )<br>( USD 21,112 )   | 22.11%     | 150 days         | No major<br>difference | No major<br>difference | 182,716<br>( USD 6,601 )           | 21.47%     |      |
| VT HK        | VT TW         | The same ultimate parent | Sale                | ( 221,279 )<br>( USD 7,896 )    | 8.26%      | 150 days         | No major<br>difference | No major<br>difference | 45,671<br>( USD 1,650 )            | 5.37%      |      |
| VT HK        | VT DE         | The same ultimate parent | Sale                | ( 338,091 )<br>( USD 12,077 )   | 12.69%     | 150 days         | No major<br>difference | No major<br>difference | 107,503<br>( USD 3,884 )           | 12.63%     |      |
| VT HK        | VT UK         | The same ultimate parent | Sale                | ( 244,367 )<br>( USD 8,734 )    | 9.42%      | 150 days         | No major<br>difference | No major<br>difference | 90,382<br>( USD 3,265 )            | 10.62%     |      |
| VT HK        | VT USA        | The same ultimate parent | Sale                | ( 101,307 )<br>( USD 3,619 )    | 4.59%      | 150 days         | No major<br>difference | No major<br>difference | 40,098<br>( USD 1,449 )            | 4.71%      |      |
| VT TW        | VT HK         | The same ultimate parent | Purchase            | 221,279<br>( USD 7,896 )        | 44.37%     | 150 days         | No major<br>difference | No major<br>difference | ( 45,671 )<br>( USD 1,650 )        | 43.72%     |      |
| VT TW        | VT USA        | The same ultimate parent | Sale                | ( 174,027 )<br>( USD 6,229 )    | 23.01%     | 150 days         | No major<br>difference | No major<br>difference | 66,621<br>( USD 2,407 )            | 27.67%     |      |
| VT JY        | VT SZ         | The same ultimate parent | Sale                | ( 502,722 )<br>( USD 17,888 )   | 85.98%     | 150 days         | No major<br>difference | No major<br>difference | 39,831<br>( USD 1,439 )            | 100.00%    |      |
| VT SZ        | VT JY         | The same ultimate parent | Purchase            | 502,722<br>( USD 17,888 )       | 10.28%     | 150 days         | No major<br>difference | No major<br>difference | ( 39,831 )<br>( USD 1,439 )        | 3.19%      |      |
| VT SZ        | VT HK         | The same ultimate parent | Sale                | ( 1,725,466 )<br>( USD 61,677 ) | 26.91%     | 150 days         | No major<br>difference | No major<br>difference | 540,552<br>( USD 19,529 )          | 24.94%     |      |
| VT SZ        | VT HK         | The same ultimate parent | Purchase            | 590,511<br>( USD 21,112 )       | 12.09%     | 150 days         | No major<br>difference | No major<br>difference | ( 182,716 )<br>( USD 6,601 )       | 14.63%     |      |
| VT DE        | VT HK         | The same ultimate parent | Purchase            | 338,091<br>( USD 12,077 )       | 88.07%     | 150 days         | No major<br>difference | No major<br>difference | ( 107,503 )<br>( USD 3,884 )       | 75.00%     |      |
| VT UK        | VT HK         | The same ultimate parent | Purchase            | 244,367<br>( USD 8,734 )        | 93.07%     | 150 days         | No major<br>difference | No major<br>difference | ( 90,382 )<br>( USD 3,265 )        | 87.61%     |      |
| VT USA       | VT TW         | The same ultimate parent | Purchase            | 174,027<br>( USD 6,229 )        | 56.81%     | 150 days         | No major<br>difference | No major<br>difference | ( 66,621 )<br>( USD 2,407 )        | 58.32%     |      |
| VT USA       | VT HK         | The same ultimate parent | Purchase            | 101,307<br>( USD 3,619 )        | 39.96%     | 150 days         | No major<br>difference | No major<br>difference | ( 40,098 )<br>( USD 1,449 )        | 35.10%     |      |

Note 1: The calculation was based on the average exchange rate from January 1, 2021 to December 31, 2021.

Note 2: The calculation was based on the spot exchange rate as of December 31, 2021.

Note 3: All intercompany transactions have been eliminated on consolidation.

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

TABLE 4

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 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             | Financial Statement Account<br>and Ending Balance (Note 2) | Turnover<br>Rate | Overdue                    |                                  | Amounts Received in<br>Subsequent Period<br>(Notes 1 and 2) | Allowance for<br>uncollectible accounts |
|--------------|---------------|--------------------------|--|------------------|----------------------------|----------------------------------|---|---|
|              |               |                          |  |                  | Amount (Note 2)            | Actions Taken                    |   |   |
| VT SZ        | VT HK         | The same ultimate parent | \$ 540,552<br>( USD 19,529 )                               | 2.89             | \$ 94,666<br>( USD 3,420 ) | Improve<br>collection<br>efforts | \$ 173,388<br>( USD 6,264 )                                 | \$ -                                    |
| VT HK        | VT SZ         | The same ultimate parent | 182,716<br>( USD 6,601 )                                   | 6.46             | -                          | Improve<br>collection<br>efforts | -   | -                                       |
| VT HK        | VT DE         | The same ultimate parent | 107,503<br>( USD 3,884 )                                   | 4.64             | -                          | Improve<br>collection<br>efforts | 57,298<br>( USD 2,070 )                                     | -                                       |

Note 1: Subsequent period as of February 28, 2022.  
Note 2: The calculation was based on the spot exchange rate as of December 31, 2021.  
Note 3: All intercompany transactions have been eliminated on consolidation.

**TABLE 5****VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES****INFORMATION ON INVESTEEES****FOR THE YEAR ENDED DECEMBER 31, 2021**

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

| Investor   | Investee Company | Location               | Business Content                             | Original Investment Amount |                            | As of December 31, 2021 |      |                                 | Net Income (Loss) of Investee (Note 2) | Share of Profit (Loss) (Notes 2 and 3) | Note         |
|------------|------------------|------------------------|--|----------------------------|----------------------------|-------------------------|------|---------------------------------|--|--|--------------|
|            |                  |                        |  | December 31, 2021 (Note 1) | December 31, 2020 (Note 1) | Number of Shares        | %    | Carrying Amount (Notes 1 and 3) |  |  |              |
| VIG CAYMAN | VIG SAMOA        | SAMOA                  | General investment                           | \$ 1,289,894               | \$ 1,289,894               | 46,600,000              | 100% | \$ 3,206,413                    | \$ 986,688                             | \$ 986,688                             | SUBSIDIARIES |
| VIG SAMOA  | VIG HK           | HK                     | General investment                           | ( USD 46,600 )             | ( USD 46,600 )             | 31,110,000              | 100% | ( USD 115,838 )                 | ( USD 35,222 )                         | ( USD 35,222 )                         | SUBSIDIARIES |
|            |                  |                        |  | 860,888                    | 860,888                    |                         |      | 2,646,485                       | 638,399                                | 638,399                                |              |
|            | VLL              | British Virgin Islands | General investment                           | ( USD 31,101 )             | ( USD 31,101 )             | 8,010,000               | 100% | ( USD 95,610 )                  | ( USD 22,791 )                         | ( USD 22,791 )                         | SUBSIDIARIES |
|            |                  |                        |  | 221,739                    | 221,739                    |                         |      | 32,798                          | ( 385 )                                | ( 385 )                                |              |
|            | VT HK            | HK                     | International trade                          | ( USD 8,011 )              | ( USD 8,011 )              | 10,000                  | 100% | ( USD 1,184 )                   | ( USD -15 )                            | ( USD -15 )                            | SUBSIDIARIES |
|            |                  |                        |  | 66,468                     | 66,468                     |                         |      | 365,512                         | 179,703                                | 179,703                                |              |
|            | VT TW            | Taiwan                 | Manufacture and sell of CCL, IMS and prepreg | ( USD 2,401 )              | ( USD 2,401 )              | 10,000,000              | 100% | ( HKD 102,990 )                 | ( HKD 49,922 )                         | ( HKD 49,922 )                         | SUBSIDIARIES |
|            |                  |                        |  | 315,795                    | 390,116                    |                         |      | 385,755                         | 147,854                                | 147,854                                |              |
| VLL        | VT USA           | United States          | Sell of CCL, IMS and prepreg                 | ( USD 11,409 )             | ( USD 14,094 )             | -                       | 100% | ( USD 3,026 )                   | ( USD -15 )                            | ( USD -15 )                            | SUBSIDIARIES |
|            |                  |                        |  | 36,673                     | 36,673                     |                         |      | 77,909                          | 21,982                                 | 21,982                                 |              |
|            |                  |                        |  | ( USD 1,325 )              | ( USD 1,325 )              |                         |      | ( GBP 2,089 )                   | ( GBP 568 )                            | ( GBP 568 )                            |              |
|            |                  |                        |  | 191,086                    | 191,086                    |                         |      | 85,811                          | 9,316                                  | 9,316                                  |              |
| VLL        | VT DE            | Germany                | Sell of CCL, IMS and prepreg                 | ( USD 6,903 )              | ( USD 6,903 )              | 400,000                 | 100% | ( EUR 2,740 )                   | ( EUR 220 )                            | ( EUR 220 )                            | SUBSIDIARIES |
|            |                  |                        |  | 205,519                    | 205,519                    |                         |      | 83,749                          | ( 385 )                                | ( 385 )                                |              |
| VLL        | VT USA           | United States          | Sell of CCL, IMS and prepreg                 | ( USD 7,425 )              | ( USD 7,425 )              | -                       | 100% | ( USD 3,026 )                   | ( USD -15 )                            | ( USD -15 )                            | SUBSIDIARIES |

Note 1: The calculation was based on the spot exchange rate of each foreign currency on December 31, 2021.

Note 2: The calculation was based on the average exchange rate of each foreign currency from January 1, 2021 to December 31, 2021.

Note 3: All intercompany transactions have been eliminated on consolidation.

Note 4: For information on the invested company in mainland China, refer to Table 6.

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

**TABLE 6**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

| Investee Company in mainland China | Business Content   | Paid-in Capital (Notes 1 and 3)               | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 | Investment Flows |        | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 | Net Income (Loss) of Investee (Note 2) | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Notes 2 and 4) | Carrying Amount as of December 31, 2021 (Notes 3 and 4) | Accumulated Repatriation of Investment Income as of December 31, 2021 |
|------------------------------------|--|---|----------------------|---|------------------|--------|---|--|--|--|---|---|
|                                    |  |   |                      |   | Outflow          | Inflow |   |  |  |  |   |   |
| VT SZ                              | Research and development, manufacture and sell of CCL, IMS and prepreg | \$ 1,237,086<br>(USD 35,100)<br>(RMB 284,943) | Indirect investment  | \$ -  | \$               | \$     | \$ -  | \$ 705,918<br>(RMB 162,800)            | 100%   | \$ 705,918<br>(RMB 162,800)            | \$ 2,678,777<br>(RMB 617,014)                           | \$ -  |
| VT JY                              | Manufacture and sell of CCL, IMS and prepreg                           | 123,969<br>(USD 3,000)<br>(RMB 28,554)        | Indirect investment  | -   |                  |        | -   | 6,604<br>(RMB 1,492)                   | 100%   | 6,604<br>(RMB 1,492)                   | 111,876<br>(RMB 25,769)                                 | -   |
| VT SZWT                            | Manufacture and sell of CCL, and sell of IMS and prepreg               | 86,830<br>(RMB 20,000)                        | Indirect investment  | -   |                  |        | -   | ( 5,957)<br>(RMB -1,378)               | 100%   | ( 5,957)<br>(RMB -1,378)               | ( 3,613)<br>(RMB -832)                                  | -   |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|---|--|---|
| \$ -  | \$ -   | \$ -  |

Note 1: It is calculated based on historical cost.

Note 2: The calculation was based on the average exchange rate of each foreign currency from January 1, 2021 to December 31, 2021.

Note 3: The calculation was based on the spot exchange rate of each foreign currency on December 31, 2021.

Note 4: All intercompany transactions have been eliminated on consolidation.

**VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES**
**TABLE 7**
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

| No.<br>(Note 1) | Company Name | Counterparty | Relationship<br>(Note 2) | Transactions Details            |            |                   |                     |                               |
|-----------------|--------------|--------------|--------------------------|---------------------------------|------------|-------------------|---------------------|-------------------------------|
|                 |              |              |                          | Financial Statement<br>Accounts | Amount     | Amount<br>( USD ) | Transaction Terms   | % of Total Sales or<br>Assets |
| 3               | VT HK        | VT DE        | 3                        | Trade receivables               | \$ 107,503 | \$ 3,884          | No major difference | 1.74%                         |
| 3               | VT HK        | VT TW        | 3                        | Trade receivables               | 45,671     | 1,650             | No major difference | 0.74%                         |
| 3               | VT HK        | VT SZ        | 3                        | Trade payables                  | 540,552    | 19,529            | No major difference | 8.74%                         |
| 3               | VT HK        | VT SZ        | 3                        | Trade receivables               | 182,716    | 6,601             | No major difference | 2.96%                         |
| 3               | VT HK        | VT US        | 3                        | Trade receivables               | 40,098     | 1,449             | No major difference | 0.65%                         |
| 3               | VT HK        | VT UK        | 3                        | Trade receivables               | 90,382     | 3,265             | No major difference | 1.46%                         |
| 3               | VT HK        | VT US        | 3                        | Other receivables               | 99,664     | 3,601             | No major difference | 1.61%                         |
| 3               | VT HK        | VT UK        | 3                        | Other receivables               | 44,611     | 1,612             | No major difference | 0.72%                         |
| 3               | VT HK        | VLL          | 2                        | Other receivables               | 50,951     | 1,841             | No major difference | 0.82%                         |
| 3               | VT HK        | VIG SAMOA    | 3                        | Other receivables               | 384,791    | 13,901            | No major difference | 6.22%                         |
| 3               | VT HK        | VT DE        | 3                        | Other receivables               | 55,599     | 2,009             | No major difference | 0.90%                         |
| 3               | VT HK        | VT US        | 3                        | Other payables                  | 45,953     | 1,660             | No major difference | 0.74%                         |
| 3               | VT HK        | VT DE        | 3                        | Sale                            | 338,091    | 12,077            | No major difference | 4.41%                         |
| 3               | VT HK        | VT UK        | 3                        | Sale                            | 244,367    | 8,734             | No major difference | 3.19%                         |
| 3               | VT HK        | VT TW        | 3                        | Sale                            | 221,279    | 7,896             | No major difference | 2.89%                         |
| 3               | VT HK        | VT SZ        | 3                        | Sale                            | 590,512    | 21,112            | No major difference | 7.70%                         |
| 3               | VT HK        | VT SZ        | 3                        | Purchase                        | 1,725,467  | 61,677            | No major difference | 22.50%                        |
| 3               | VT HK        | VT SZWT      | 3                        | Purchase                        | 43,641     | 1,539             | No major difference | 0.57%                         |
| 3               | VT HK        | VT JY        | 3                        | Purchase                        | 65,092     | 2,309             | No major difference | 0.85%                         |
| 3               | VT HK        | VT US        | 3                        | Sale                            | 101,307    | 3,619             | No major difference | 1.32%                         |
| 4               | VT SZ        | VT JY        | 3                        | Trade payables                  | 39,831     | 1,439             | No major difference | 0.64%                         |
| 4               | VT SZ        | VT SZWT      | 3                        | Sale                            | 55,259     | 1,948             | No major difference | 0.72%                         |
| 4               | VT SZ        | VT SZWT      | 3                        | Purchase                        | 65,745     | 2,320             | No major difference | 0.86%                         |
| 4               | VT SZ        | VT JY        | 3                        | Sale                            | 61,828     | 2,189             | No major difference | 0.81%                         |
| 4               | VT SZ        | VT JY        | 3                        | Purchase                        | 502,722    | 17,888            | No major difference | 6.56%                         |
| 6               | VT TW        | VT US        | 3                        | Trade receivables               | 66,621     | 2,407             | No major difference | 1.08%                         |
| 6               | VT TW        | VT US        | 3                        | Sale                            | 174,027    | 6,229             | No major difference | 2.27%                         |
| 6               | VT SZ        | VT TW        | 3                        | Purchase                        | 28,835     | 1,024             | No major difference | 0.38%                         |

Note 1: The parent company is indicated by “1”, while all other numbers indicate subsidiaries.

Note 2: No. 1 represents the transactions from a parent company to subsidiary.

No. 2 represents the transactions from subsidiary to parent company.

No. 3 represents the transactions between subsidiaries.

Note 3: All intercompany transactions have been eliminated on consolidation.

**TABLE 8****VENTEC INTERNATIONAL GROUP CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2021**

| Name of Major Shareholder | Shares           |                             |
|---------------------------|------------------|-----------------------------|
|                           | Number of Shares | Percentage of Ownership (%) |
| Top Master Limited        | 4,713,307        | 6.59%                       |
| Alpha Victor Limited      | 4,090,908        | 5.72%                       |

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and 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.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.

Ventec International Group Co., Ltd.

Chairman :Top Master Limited

Representative: Lao, Kai- Lu

## **CORPORATE HEADQUARTERS / 集團總部**

Ventec Electronics Co. Ltd.  
308 TaiShan Rd,  
New District Suzhou,  
Jiangsu, P.R. China 215129  
**T: +86 512-68091810**  
**Email:** [sales@ventec.com.cn](mailto:sales@ventec.com.cn)

## **EMEA REGIONAL HEADQUARTERS / 中東、歐洲及非洲區域總部**

Ventec Europe  
Unit 1 Trojan Business Centre,  
Tachbrook Park Estate,  
Leamington-Spa, CV34 6RH, UK  
**T: +44 1926-889822**  
**Email:** [sales@ventec-europe.com](mailto:sales@ventec-europe.com)

## **AMERICAS REGIONAL HEADQUARTERS / 美洲區域總部**

Ventec USA  
720 Lee Street  
Elk Grove Village  
Illinois IL 60007  
United States of America  
**T: +1 630-422 1627**  
**Email:** [saleseast@ventec-usa.com](mailto:saleseast@ventec-usa.com)



**ventec**  
INTERNATIONAL GROUP  
騰輝電子

**ventec**[laminates.com](http://ventec laminates.com)