

IKKA HOLDINGS (CAYMAN) LIMITED

2021 ANNUAL REPORT

IKKA Holdings (Cayman) Limited

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I. Letter to Shareholders

2021 was a challenging year as the disruptions brought about by Covid-19 pandemic persisted. Cities and countries were locked down; international travel was restricted as nations imposed stringent border control. Business suffered from disruptions in production, logistic, inventory management and a decrease in consumer expenditure. Both regional economy and industries related to people's livelihoods have been severely impacted, and the global economy has also been severely and negatively affected. Against the backdrop of these challenges, IKKA Group reacted swiftly to respond to the impact of overall market changes, and kept strengthening its industrial development plans in the automobile industry. In 2021, the consolidated revenue still towered over NTD 3.664 billion and the EPS was NTD 6.06, an increase of 16% compared with the EPS in 2020.

IKKA Holdings (Cayman) Limited (“IKKA-KY” or the “Company”) is a major provider of electronic parking brake (“EPB”) for Toyota. As the market of electric vehicle (“EV”) grows, the world has witnessed a rapid technological change in self-driving car. As a result, EPB is not only used in high-end EV models but also in mid-level/low-level EV models and all other EV models. With its established technologies, reputation and experience in the industry, IKKA-KY will not only remain a key provider to Toyota’s next generation EPB, which will be used to relevant EV models in this year, but also explore new opportunities with other Japanese automakers so as to increase its market shares.

Looking ahead, as Toyota made its headway into EV market in 2021 and successfully launched its first EV this year, Honda has started its strategic partnership with GM and announced its plan to produce 2 million EVs in 2030., and Nissan, the automaker that produces Leaf, the first commercial EV from a Japanese automaker, also announced its investment plan in the field, all signs are showing that leading Japanese automakers are more actively investing in the EV market. The rise in EV market will inevitably raise the automobile parts and other related components. Combined with the resources provided by Abico Group, parent company group of IKKA-KY, IKKA-KY is in a good position to make a headway into the EV and self-driving car market. As a

result, we are optimistic about the prospect of the coming 3-5 years and hope all the shareholders can keep supporting us.

(1). Operational Results for Y2021

(a) Business plan implementation results:

(In Thousands of New Taiwan Dollars)

Item	Y2021	Y2020	Amount Change	Percentage Change (%)
Revenue	3,664,277	3,623,549	40,728	1.12
Gross Profit	659,512	634,179	25,333	3.99
Net Profit (After tax)	150,969	107,544	43,425	40.38

(b) Budget implementation: As, in accordance with the “Regulations Governing the Publication of Financial Forecasts of Public Companies”, the Company is not required to disclose financial information for Y2021, it is therefore not applicable.

(c) Analysis of Financial Results and Profitability:

Item		Y2021	Y2020
Financial Structure (%)	Debt to Assets Ratio (%)	53.98	67.41
	Long-term Capital to Fixed Assets Ratio (%)	265.11	157.81
Solvency (%)	Current Ratio (%)	187.59	116.61
	Quick Ratio (%)	141.61	90.40
Profitability (%)	Return on Assets (%)	5.26	4.25
	Return on Stockholders' Equity (%)	12.26	12.12
	Net Profit Ratio (%)	4.12	2.97
	Basic Earnings per Share	6.06	5.20

(d) Research and development status

Our Japanese factory was established in 1963 and has worked in the field of precision plastic injection molding for nearly 60 years. Over the years, we have continued developing and refining our technologies in plastic injection molding, gear module assembly, product measurement and evaluation, and process improvement. Under the trend of the decreasing cost of parts in recent years, the market demand for compound molding is growing rapidly. To meet this demand, the need for production equipment to switch from horizontal to vertical molding machines is also increasing. The Company has gradually introduced vertical molding machine to build a production system to fulfill market demand. To continue to produce injection molding products with higher precision and a larger variety, the Company continues to conduct research and development in the automobile and housing industries, combining this with the Company Group's technological skills to meet customer demands.

Research and Development Expenses for the Last Two Years

(In Thousands of New Taiwan Dollars)

Item \ Year	2021	2020
R&D Expenses (A)	45,783	45,089
Revenue (B)	3,664,277	3,623,549
(A)/(B)	1.25%	1.24%

(2). Outline of Y2022 Business Plan

(a) Operation Plan:

- (1) The Company maintains close partnerships with first-tier suppliers and continues to collaborate with them in the development and design of various products in response to the future trend of electrification, electronics, automation and light weighting in the automotive industry.
- (2) Continue to deepen and develop product cooperation projects and actively compete for orders.
- (3) Strengthen the management efficiency of the factory, optimize the production

process and production technology to reduce costs and improve production yields.

- (4) Continue to introduce operational automation to reduce labor requirements.
- (5) The Company will continue to develop towards continuous integration in line with the electric car development trend. In the future, the Company will utilize its industrial relationship to bring Taiwan's outstanding resources in optics and electronic modules (e.g., optical modules for Driver Monitoring System (DMS)) to the Company's existing Japanese customers, allowing the Company to create new added value for customers and expand new business opportunities in automotive electronics as electric vehicle development progresses.

(b) Expected Sales Volume and its Basis:

The Company will maintain good relationships with customers for joint development and continue to create a profit-sharing sales model in the automotive parts and components business and the home appliance parts business while cultivating the Japanese customer market and expanding the development of new energy vehicles and smart home appliances. The Company will also strengthen the production process to enhance the competitive advantage in the market. The Company expects stable growth in sales, annual revenue and profitability for 2022. In the financial aspect, the Company will continue to undertake sustain financial planning to adapt to future business growth with a sound financial structure.

- (3). The impact of the external competitive environment, the regulatory environment, and the overall business environment on the Company's future development strategy.

- (a) Future Development: The Company is actively developing parts and modules for the automotive industry. As the global awareness of environmental protection is on the rise, lightweight and low fuel consumption are the future trends of the automotive industry. In the future, automotive parts and components will develop in light weight, automation, and electronics, and it is expected that the application of plastic materials in automotive parts and components will become more extensive. With its "Precision Plastic Injection

Molding Technology" and "Plastic Gear Module Technology", the Company will be able to replace some metal parts of automobiles. By actively laying out the automobile industry market in line with the future market application trend will contribute to the future operation and expansion of the Company.

- (b) Impact of Regulatory Environment: The Company follows national policies and laws and regulations and has a firm grasp of important policies or legal changes in the financial, audit and legal affairs related units to comply with regulations and ensure smooth operations of the Company.
- (c) Impact of the General Business Environment: Due to the increasing complexity of the general business environment, the Company will evaluate the resource investments and business strategies regarding the industry overview, general economic development observation, and integrate internal technology and development resources to seek the best business opportunities.

ChairmanHu, Shiang-Chi

General ManagerObara Masami

CFO Chiang, Shuo-Yen

II. Company Profile

1. Date of Incorporation and Group Introduction

IKKA Holdings (Cayman) Limited (the “Company” or “IKKA”) was established on March 31, 2016 at Cayman Island. In January, 2020, the Company acquire 100% ownership of Daiichi Kasei Holdings Co. through share swap and apply for IPO in Taiwan as the holding company. With decades of experience in plastic automobile parts and module production and development, today the Company is operating in multiple countries ranging from Japan, China, Vietnam to Malaysia etc. as of the date of this annual report.

The subsidiaries of the Company include Daiichi Kasei Co., Ltd. (“IKKA Japan”), IKKA Technology Dongguan Co., Ltd. (“IKKA Dongguan”), IKKA Technology (Vietnam) Co., Ltd. (“IKKA Vietnam”), MAC Technology (Malaysia) San. Bhd. (“IKKA Malaysia”) and IKKA (Hong Kong) Co., Ltd. (“IKKA Hong Kong”), collectively referred to as the “Group”. Our Group's main products can be classified into precision plastic injection molded parts for automobiles and electric vehicles, mold production, business machine parts, residential related equipment parts and others. Our Group has been providing customers with satisfactory services from design, development to mass production based on our proficient manufacturing experience and excellent product development capability.

2. Brief History of the Company and the Group

- (1). Merger and acquisition: None.
- (2). Investments in affiliated enterprises: None.
- (3). Corporate reorganization: None.
- (4). Instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than 10 percent interest in the Company is transferred or otherwise changes hands:

In 2020, in order to comply with the regulations regarding IPO, ABICO AVY CO., LTD (previously, AVY PRECISION TECHNOLOGY INC., “Avy”) (hereinafter, “Abico”) had to decrease its shareholding in the Company through selling the shares of the Company held by Abico and waiving Abico’s rights of first refusal for subscription of new shares of the Company (“ROFR”). Resolutions of Abico’s audit committee and board of directors were adopted on April

29, 2020 for such measures, and such measures was adopted in the shareholders meeting on June 12, 2020. Abico and its subsidiaries therefore sold 2,800,000 shares of the Company (the “Sale of Shares”). Moreover, Abico waived its ROFR in the issuance of new shares, in which 300,000 new shares were reserved for subscription by employees of the Company, 1,530,000 new shares were waived to be subscribed by existing shareholders and the remaining new shares were able to be subscribed, resulting in waiving its right to subscribe 2,000,000 new shares of the Company.

After considering factors such as business operation, net income, and the capital market, Excellent Water Appraisal Intelligence & Co., the independent consulting firm hired by the Company, valued the share the Company at NTD56.92 to NTD59.09, and an independent opinion for the Sale of Shares was given by TH CPA. It should be fair to set the consideration for the Sale of Shares at NTD 58 per share. The shares were offered to all shareholders of Abico, who were the shareholders registered in the shareholder list on the date for the last time of suspension of share transfer, and the shareholders can subscribe/purchase the shares pro rata with the shares they owned in Abico at the time of subscribe/purchase. For the shares left unsubscribed/unpurchased, the chairman of the Company, with the authorization from the Company’s board, have contacted specific persons to subscribe/purchase at the price of issuance. Regarding the operation of the Company and the talent acquisition and retainment, the list of specific persons is comprised of (from the highest priority to the lowest) the employee of the Company and its domestic or foreign controlling companies or subsidiaries, the employee of affiliated companies of the Company, and strategic investors or financial investors that is conducive to the operation of the Company. This arrangement is in no way harmful to the rights of Abico’s shareholder.

- (5). Change in managerial control: None
- (6). Material change in operating methods or type of business: None
- (7). Matters of material significance that could affect shareholders' equity
- (8). Others: None
- (9). Important Events:

Year	Milestones
1963	● IKKA Japan was founded
1989	● IKKA Holdings Japan was founded

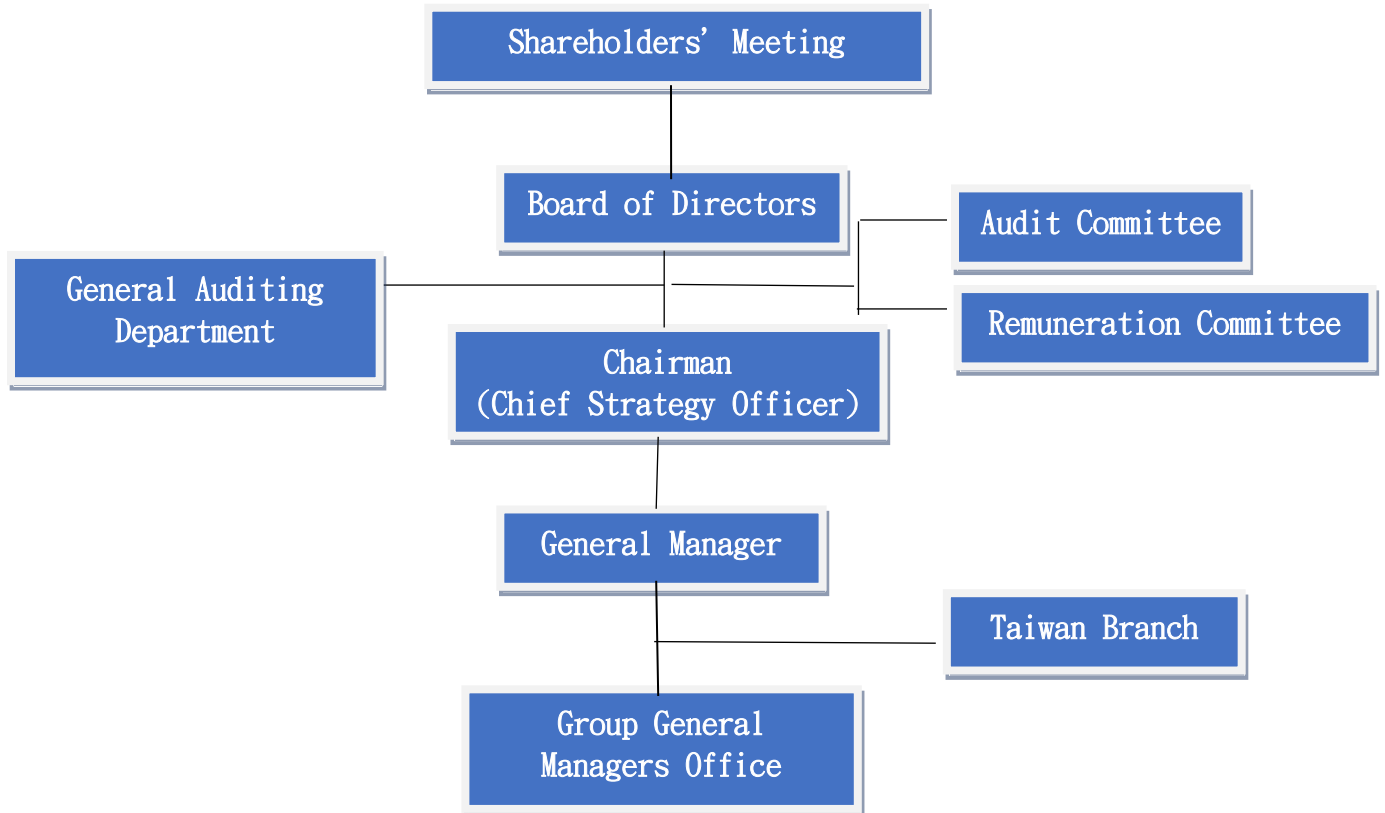
Year	Milestones
	<ul style="list-style-type: none"> ● IKKA Japan became fully owned by IKKA Holdings Japan
1992	<ul style="list-style-type: none"> ● IKKA Malaysia was founded in 1992, originally as VALERO SDN BHD and was acquired by IKKA Japan in 1993.
1995	<ul style="list-style-type: none"> ● IKKA Hong Kong was founded in 1995, originally as LATIMER INVESTMENTS LIMITED, and was acquired by IKKA Japan in 1996.
2008	<ul style="list-style-type: none"> ● IKKA Vietnam was founded by IKKA Japan
2009	<ul style="list-style-type: none"> ● IKKA Dongguang was founded and indirectly owned by IKKA Japan via IKKA Hong Kong.
2014	<ul style="list-style-type: none"> ● Avy, Jabon International Co. Ltd., and the other subsidiaries of Abico jointly acquired IKKA Holdings Japan from ADVANEX, INC and accumulated 100% shareholding of IKKA Holdings Japan in 2015.
2015	<ul style="list-style-type: none"> ● IKKA Vietnam expanded its production lines. ● IKKA Japan was awarded gold medal of Panasonic ECO.VC
2016	<ul style="list-style-type: none"> ● The Company was founded in Cayman Islands.
2017	<ul style="list-style-type: none"> ● IKKA Malaysia joined the supply chain of Bosch. ● IKKA Dongguan was awarded the annual best supplier of Sumitomo Wiring Systems Ltd.
2018	<ul style="list-style-type: none"> ● IKKA Vietnam was awarded annual top tier supplier of Sumitomo Wiring Systems Ltd.
2020	<ul style="list-style-type: none"> ● The Company acquired 100 % shareholding of IKKA Holding Japan from the original shareholders of IKKA Holdings Japan via share swap. ● IKKA Holdings Japan IKKA Japan were merged, and IKKA Holdings Japan was the dissolved company. ● The Company amended the article of association to increase the authorized capital to NTD 400 million with par value NTD 10 . The paid-in capital was NTD 200 million. ● IKKA Taiwan branch was incorporated to push for the application of IPO of the Group ● In August, the Company increase the capital by issuance of shares of the Company first time this year. The paid-in capital was increased to NTD 220 million.
2021	<ul style="list-style-type: none"> ● The Company applied for IPO in Taiwan. On February 23, the application of IPO was approved by the board of directors of the Taiwan Stock Exchange (TWSE) and was approved to be listed on February 26. ● On April 26, the Company was approved to be a public company by TWSE and on May 31, the Company was officially listed on TWSE, with the stock code 2250 and symbol IKKA-KY. ● On April 26, the Company was approved to issue 5,000,000

Year	Milestones
	<p data-bbox="532 233 1252 302">new shares for IPO with par value NTD 10 ; the paid-in capital was increased to NTD 270 million.</p> <ul data-bbox="500 302 1305 417" style="list-style-type: none"> <li data-bbox="500 302 1305 417">● IKKA Vietnam was awarded a certificate of appreciation by Sumitomo Wiring Systems Ltd.for its cooperation during Covid-19 pandemic.

III. Corporate Governance

1. Organizational System

(1). Organizational Structure



(2). Key Operation of Departments

Department	Main Operation(s)
Board of Directors	Execute the resolutions of the Shareholders' Meeting and decide the operational plan and investment plan of the Company within the authorization of the Shareholders' Meeting.
Remuneration Committee	<ul style="list-style-type: none"> ● Establish and regularly review the policies, systems, standards and structures for performance evaluation and salaries of directors and managers. ● Regularly evaluate and set the salaries of directors and managers.
Audit Committee	Supervise the Group's business and financial status, the fair presentation of financial statements, and the effective implementation of internal control.
General Auditing Department	Responsible for checking and evaluating the soundness of the internal control system, internal audit system and internal control self-assessment procedures; performing audits and tracking improvements for each department, and proposing analysis and evaluations.
Chairman / Chief Strategy Officer	<ul style="list-style-type: none"> ● Execute the resolutions of the Board of Directors ● Build strategic operation plan for the Company
General Manager	<ul style="list-style-type: none"> ● In charge of assisting in mid- and long-term strategy planning, execution of projects. ● In charge of assisting in investment evaluation, and inter-departmental procedures and coordination. ● To carry out all the company's business as ordered by the Chairman of the Board.
Taiwan Branch	Responsible for establishing the framework for information security risk management, formulating information security policy, and information security supervision and management
General Management Office	<p>Execution of Project:</p> <ul style="list-style-type: none"> ● In charge of assisting General Manager and Chairman with management, communication, and execution of each subsidiary's operation. <p>Administration:</p> <ul style="list-style-type: none"> ● Human Resources: Responsible for personnel administration,

Department	Main Operation(s)
	<p>including human resources, education and training, and other related matters.</p> <ul style="list-style-type: none"> ● Stock Affairs: Planning and assisting in the execution of the Board of Directors, Audit Committee, Remuneration Committee, Shareholders' Meeting and stock affairs related matters. ● Procurement: Responsible for the procurement related operations ● Public Relations <p>Finance:</p> <ul style="list-style-type: none"> ● Responsible for cashier, capital planning, accounts receivable management and other related operations. ● Responsible for the planning and management of accounts, taxation, financial statements, and budget audits. ● Operational data collection, analysis, performance evaluation and tracking improvement. ● Establish the accounting system. ● Supervise financial and various affairs of the subsidiaries.

2. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assisting Managers, Department Supervisors:

(1). Directors and Supervisors' information

A. Director's Information

Title	Name	Gender	Place of Incorporation/ Nationality	First Date Elected	Date Elected	Tenure	Shareholding when elected		Present Shareholding		Spouse and Minor Shareholding		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Related Parties as Directors, Supervisors or Managers			Note
							Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
	ABICO AVY CO., LTD. (Original: Avy Precision Co)	-	R.O.C	2020.06.29 (Note 3)	2020.06.29	3	-	-	4,000	14.81	-	-	-	-	-	-	-	-	-	
Chairman	Representative: HU Shiang-Chi	M	R.O.C	2020.06.29 (Note 3)	2020.06.29	3	-	-	96	0.36	-	-	-	-	Yageo Corporation Global General Manager National Taiwan University International Business Academy	ABICO NETCOM CO., LTD., Chairman ABICO ONE VENTURE CAPITAL CO., LTD. (unofficial translation of 能率壹創業投資股份有限公司), Chairman ABICO ASIA CAPITAL CO., LTD., General Manager TRANSYSTEM INC., Chairman ABICO AVY CO., LTD., Chairman and General Manager ALLIS ELECTRIC CO., LTD., Independent Director BEIJING ENTERPRISES MEDICAL & HEALTH INDUSTRY GROUP LTD., Managing Director ABILITY ENTERPRISE CO., LTD., Director DR. CHIP BIOTECH, INC., Director ISANLIN CONSTRUCTION & DEVELOPMENT CO., LTD.,	-	-	-	Foot note 1

Title	Name	Gender	Place of Incorporation/ Nationality	First Date Elected	Date Elected	Tenure	Shareholding when elected		Present Shareholding		Spouse and Minor Shareholding		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Related Parties as Directors, Supervisors or Managers			Note
							Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
																Independent Director				
Director	ABICO AVY CO., LTD. (Original: Avy Precision Co)	-	R.O.C	2020.06.29 (Note 3)	2020.06.29	3	-	-	4,000	14.81	-	-	-	-	-	-	-	-	-	-
	Representative: Tong Chun-Jen	M	R.O.C	2020.06.29 (Note 3)	2020.06.29	3	-	-	-	-	15	0.06	-	-	New Jersey Institute of Technology MA Computer Science Ability Enterprise, Director	ABICO AVY CO., LTD., Chairman AVY Co., Chairman ABICO PLUS ENTERTAINMENT LTD., Chairman 1 PRODUCTION FILM CO., Chairman ARES OFFICE CO., LTD., Chairman ABICO NETCOM CO., LTD., Vice Chairman ABILITY INT'L TENANCY CO., LTD., Director TAISHIBA INTERNATIONAL CO., LTD., Director TAIWAN SANYO ELECTRIC CO., LTD., Director JABON INTERNATIONAL CO., LTD., Director SEINOH OPTICAL CO., LTD., Director HONLYNN CO., LTD., Director	Director	Tong Chun-Yi	Brother	
	Representative: Tong Chun-Yi	M	R.O.C	2020.06.29 (Note 3)	2020.06.29	3	-	-	-	-	-	-	-	-	University of Southern California, BA Economics Waseda University, Master in LSI Avy Precision Co, Vice	ABICO INTERNATIONAL CO., LTD., Chairman ABICO CAPITAL CO., LTD., (unofficial translation of 能率資本股份有限公司), Chairman DONGGUAN CHENGGUANG METAL PRODUCTS CO., LTD., Chairman ABICO AVY CO., LTD., Vice Chairman JABON INTERNATIONAL CO.,	Director	Tong Chun-Jen	Brother	

Title	Name	Gender	Place of Incorporation/ Nationality	First Date Elected	Date Elected	Tenure	Shareholding when elected		Present Shareholding		Spouse and Minor Shareholding		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Related Parties as Directors, Supervisors or Managers			Note
							Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
														Chairman	LTD., Director ABILITY ENTERPRISE CO., LTD., Director ABICO PLUS ENTERTAINMENT CO., LTD., Director SEINOH OPTICAL CO., LTD., Director ABICO ONE VENTURE CAPITAL CO., LTD. (unofficial translation of 能率壹創業投資股份有限公司), Director DAIICHIKASEI HOLDINGS CO., LTD., Director SOL-PLUS CO., LTD., Director SIRTEC INTERNATIONAL CO., LTD., Director TAIWAN SECOM CO., LTD., Independent Director					
	Representative: Obara Masami	M	Japan	2020.06.29 (Note 3)	2020.06.29	3	-	-	45	0.17	-	-	-	-	Saitama Omiya Technical High School	DAIICHIKASEI CO., LTD. (i.e., IKKA Japan), Chairman		-	-	Note 2
Director	Yuya Takahashi	M	Japan	2020.03.20	2020.03.20	3	-	-	-	-	-	-	-	Takarazuka University Kansai Gaidai University	SHIPEEE TAIWAN INC., General Manager		-	-	-	
Director	Sugiyama Shimpei	M	Japan	2020.03.20	2020.03.20	3	-	-	-	-	-	-	-	Meiji University School of Law	FM PORT CO., LTD., Chairman SOUTHBOUND INC., Chairman		-	-	-	

Title	Name	Gender	Place of Incorporation/ Nationality	First Date Elected	Date Elected	Tenure	Shareholding when elected		Present Shareholding		Spouse and Minor Shareholding		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Related Parties as Directors, Supervisors or Managers			Note
							Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Independent Director	Chen, Wei-Yu	M	R.O.C	2020.03.20	2020.03.20	3	-	-	-	-	-	-	-	-	University of California, MBA National Chengchi University, BA International Business Deloitte & Touche, Partner	JYH HER CPAs, Partner GRANDTECH C.G. SYSTEMS INC., Independent Director CHEER TIME ENTERPRISE CO., LTD., Independent Director	-	-	-	
Independent Director	Lin, Tien-Sung	M	R.O.C.	2020.03.20	2020.03.20	3	-	-	-	-	-	-	-	-	Soochow University, BA Business Management Taiwan High Speed Rail, Senior Vice-President EVA Air, Deputy General Manager Evergreen Marine Corporation, Assistant Manager	-	-	-		
Independent Director	Chen, Che-Sheng	M	R.O.C.	2020.03.20	2020.03.20	3	-	-	-	-	-	-	-	-	University of Tokyo, MS/PhD Materials Science Stanford University, BS Industrial Management	CHINA STEEL CO., LTD., Director BERLIN CO., LTD., General Manager	-	-	-	

Note 1: Mr. Hu Shiang-Chi currently holds the following positions in the subsidiaries of the Company: the director of DaiichiKasei Co., Ltd., the chairman of M.A.C Technology (Malaysia) Sdn. Bhd. and the director of IKKA Technology Dongguan Co., Ltd.

Note 2:Mr. Obara Masami is the director of the Company and currently holds the following positions in the subsidiaries of the Company: the director of M.A.C Technology (Malaysia) Sdn. Bhd., the director of IKKA Technology (Vietnam) Co., Ltd., the director of IKKA (Hong Kong) Co., Limited and the director of IKKA Technology Dongguan Co., Ltd.

Note 3:Originally elected at the shareholders' meeting held on March 20, 2020, but in order to comply with the laws and regulations and to meet the needs of the Company's application for IPO, the director resigned and re-elected no June 29, 2020, and took office immediately after the election.

B. Supervisor Information: The Company has set up an audit committee, so it is not applicable.

C. Major Shareholders of Corporate Shareholders

2022/4/26

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
JABON INTERNATIONAL CO., LTD.	ABICO AVY CO., LTD. (100%)
ABICO AVY CO., LTD.	ABILITY INVESTMENT CO., LTD. (11.75%)
	ABILITY ENTERPRISE CO., LTD. (10.16%)
	ABICO INTERNATIONAL CO., LTD. (7.06%)
	TASHIBA INTERNATIONAL CO., LTD. (0.99%)
	SCUDERIA INTEGRATED MARKETING CO., LTD. (0.98%)
	HE FENG LIAN HE CO., LTD. (unofficial translation of 禾豐聯合股份有限公司) (0.88%)
	Lin, Lai-Cheng (0.79%)
	Kao, His-Chuan (0.74%)
	Lin, Hsiu-Yun (0.71%)
	Yeh, Yung-Hsiung (0.63%)

D. Major Shareholders who are Juristic Person Shareholders

2022/4/26

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
ABILITY INVESTMENT CO., LTD.	HENG NENG INVESTMENT CO., LTD. (unofficial translation of 恒能投資股份有限公司) (19.92%)
	CHIA NINE INVESTMENT CO., LTD. (19.60%)
	YA CHENG INTERNATIONAL INVESTMENT CO., LTD. (unofficial translation of 亞成國際投資股份有限公司) (12.62%)
	JIE SHIH EN INVESTMENT CO., LTD. (unofficial translation of 捷士恩投資股份有限公司) (8.67%)
	KAI JUAN INVESTMENT CO., LTD. (unofficial translation of 凱雋投資股份有限公司) (8.65%)
	CHIA MEI INVESTMENT CO., LTD. (unofficial translation of 佳美投資(股)公司) (7.18%)
	SKY CENTURY CORP. (6.67%)
	Tong, Yi-Nai (4.83%)
	Tong, Yi-Chia (3.00%)
	Tong, Chun-Xin (2.58%)
	ABILITY ENTERPRISE CO., LTD.
CHIA NINE INVESTMENT CO., LTD. (3.04%)	
CHIA MEI INVESTMENT CO., LTD. (unofficial translation of 佳美投資(股)公司) (0.78%)	
JU QUAN INVESTMENT CO., LTD. (unofficial translation of	

	巨全投資(股)公司) (0.57%)
ABICO INTERNATIONAL CO., LTD.	CHIA MEI INVESTMENT CO., LTD. (unofficial translation of 佳美投資股份有限公司) (100%)
SCUDRIA INTEGRATED MARKETING CO., LTD.	Chen, Ching-I (70.00%)
Taishiba International CO., LTD.	Ability Investment CO., LTD. (24.88%)
	Toshiba Corporation (12.64%)
	CHIA MEI INVESTMENT CO., LTD. (unofficial translation of 佳美投資(股)公司) (10.55%)
	Chang, Yu-Chia (2.04%)
HE FENG LIAN HE CO., LTD. (unofficial translation of 禾豐聯合股份有限公司)	Su, Hui-Chen (83.33%)
	Lin, En-Chih (16.67%)

E. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

Name (Note 2)	Professional Qualifications and Experience				Independence(Note 1)												Number of independent directors of other public companies
	Lecturer or above from a public private college or university in business, law, finance, accounting or related disciplines required for corporate business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examinations required for the company's business	Business, legal, financial, accounting or corporate experience	Does not possess any of the circumstances listed under Article 30-1 of the Company Act	1	2	3	4	5	6	7	8	9	10	11	12	
Abico Avy Co., LTD. Representative Director Hu, Hsiang-Chi			✓	✓	-	-	✓	✓	-	-	-	-	-	✓	-	-	1
Abico Avy Co., LTD. Representative Director Tong, Chun-Jen			✓	✓	-	-	✓	✓	-	-	-	-	-	-	-	-	-
Abico Avy Co., LTD. Representative Director Tong, Chun-Yi			✓	✓	-	-	✓	✓	-	-	-	-	-	-	-	-	2
Abico Avy Co., LTD. Representative Director Obara Masami			✓	✓	-	-	✓	✓	-	-	-	-	-	✓	-	-	-
Director Yuya Takahashi			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-
Director Sugiyama Shimpei			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-
Independent Director Chen, Wei-Yu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	2
Independent Director Lin, Tien-Sung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-
Independent Director Chen, Che-Sheng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-

Footnote 1:For directors and supervisors who meet the following criteria in the two years before their election and during their tenure, please tick "✓" in the space below each criteria code.

- (1) Non-employees of the company or its affiliates
- (2) Non-directors and supervisors of the company or its affiliated enterprises (except in the case where the company and its parent company, subsidiaries or subsidiaries of the same parent company are appointed as independent directors in accordance with this Act or local laws and regulations.)
- (3) Individuals other than themselves and their spouses, minor children or natural person shareholders who hold more than 1% of the company's total issued shares or hold the top ten shares in the name of others.
- (4) Spouses, relatives within the second degree of kinship, or lineal blood relatives within the third degree of kinship, who are not the managers listed in (1) or the persons listed in (2) and (3).
- (5) Directors, supervisors or corporate shareholders who do not directly hold 5% or more of the total issued shares of the company, who hold the top five shares, or who designate a representative to serve as a director or supervisor of the company in accordance with Paragraph 1 or 2 of Article 27 of the Company Act. Employed persons (except in the case where the independent directors of the Company and its parent company, subsidiary or subsidiary of the same parent company established in accordance with this Act or the laws of the local country are concurrently appointed).
- (6) A director, supervisor or employee of another company who is not controlled by the same person as the company's directorship or more than half of the voting shares (except in the case of independent directors of the company or its parent company, subsidiaries or subsidiaries of the same parent company established under this Act or the laws of the local country who serve concurrently with each other).
- (7) A director, supervisor, or employee of another company or organization who is not the same person or spouse of the chairman, president, or equivalent of the company (except in the case where the company and its parent company, subsidiary, or subsidiary of the same parent company serve concurrently as independent directors in accordance with this Act or the laws of the local country).
- (8) Directors, supervisors, managers or shareholders holding more than 5% of the shares of a specific company or organization that does not have financial or business dealings with the Company (except for a specific company or organization that holds more than 20% but not more than 50% of the total issued shares of the Company and is an independent director of the Company and its parent company, subsidiary or subsidiary of the same parent company established in accordance with this Act or the laws of the local country, who are concurrently appointed by each other).
- (9) Professionals, sole proprietors, partners, directors, supervisors, managers and their spouses who do not provide auditing services for the company or its affiliates, or who have received remuneration of less than NTD 500,000 in the last two years, including business, legal, financial, accounting and other related services. However, members of the Salary and Compensation Committee, the Public Takeover Review Committee, or the Special Committee on Mergers and Acquisitions who perform their duties and responsibilities in accordance with the Securities and Exchange Act or the relevant laws and regulations of the Business Mergers and Acquisitions Act are excluded.
- (10) Does not have a spousal or familial relationship within the second degree of kinship with other directors
- (11) Does not provide for the election of the government, legal entities, or their representatives, as stipulated in Article 27 of the Company Act.
- (12) The amount of remuneration received for business, legal, financial and accounting services provided by the Company or its affiliates in the last two years.

Note 2:Representative of ABICO AVY CO., LTD (originally Yamazaki Co., LTD.)

F. Board Diversity and Independence

(a). Board Diversity

The Company's Code of Conduct stipulates that the composition of the Board of Directors should be diversified and that the Company's directors are all managers with many years of experience in business practices.

The directors of the Company are managers with many years of experience in business practices and possess the necessary knowledge, skills and qualities to perform their duties.

The diversity of the current members of the Board of Directors is as follows:

Diversity	Basic Composition				Industry Experience											Professional Competence		
	Nationality	Gender	Employment	Age	Length of service as independent director	Gold Metal and Machin	Information and Techn	Investment Busin ess	Consum erism and Food &	Sports and Leis	Optical Manufac turing	Archite cture and Constr	Transpo rtation	Finan cial Securi ties	Tra de	Risk Manag ement	Accoun ting	La w

Name of Director			Age	40-50	51-60	61-70	Less than 3 years	3-9 years	10-20 years	21-30 years	31-40 years	41-50 years	51-60 years	61-70 years	Over 70 years	Other	Other	Other	Other	Other	Other	Other
Hu, Shiang-Chi	ROC	M	✓	-	-	✓	-	-	✓	✓	✓	✓	✓	✓	-	-	○	✓	✓	○	○	
Tong, Chun-Jen	ROC	M	-	-	✓	-	-	-	✓	✓	✓	✓	✓	-	-	○	✓	✓	○	○		
Tong, Chun-Yi	ROC	M	-	✓	-	-	-	-	✓	✓	✓	✓	✓	-	-	○	✓	✓	○	○		
Obara Masami	Japan	M	✓	-	-	✓	-	-	✓	✓	✓	✓	✓	-	-	-	○	✓	○	○		
Yuya Takahashi	Japan	M	-	✓	-	-	-	-	-	-	-	-	-	○	-	-	✓	✓	-	-		
Sugiyama Shimpei	Japan	M	-	✓	-	-	-	-	-	-	-	-	-	-	-	✓	✓	✓	-	-		
Chen, Wei-Yu	ROC	M	-	-	✓	-	✓	-	-	-	-	-	-	-	-	○	-	✓	✓	○		
Lin, Tien-Sung	ROC	M	-	-	-	✓	✓	-	-	-	-	-	-	-	✓	-	✓	✓	○	○		
Chen, Che-Sheng	ROC	M	-	-	✓	-	✓	-	✓	✓	✓	✓	✓	-	-	-	○	✓	○	○		

Note: The term “ability” or “capability” refers to partial ability.

(b). Independence of the Board of Directors

The Company's second board of directors consists of nine directors (including three independent directors), all of whom possess business judgment, leadership and decision-making, management, international market perspective, crisis management and other abilities, as well as industry experience and professional capabilities. Among them, Mr. Chen, Wei-Yu holds an accounting license and has practical practice and management experience; Mr. Lin, Tien-Sung, an independent director, was formerly the CEO of Sino-Filipino Bank and has multinational management experience and international transportation expertise; Mr. Chen, Che-Sheng, an independent director, holds an M.S. and PhD from the University of Tokyo and an M.S. in Industrial Management from Stanford University, U.S.A. He has professional experience in industrial management and is currently serving his first term as an independent director. All three independent directors are currently serving their first term of office and all are nationals of their home countries; none of the directors are subject to the provisions of Items 3 and 4 of Article 26-3 of the Securities and Exchange Act (please refer to the table of directors' information on page 9).

(c). Director’s Further Training

Title	Name	Date	Organizer	Course Title	Hours
Director	Hu, Shiang-Chi	2021.01.15	Taiwan Listed Cabinet Companies Association	Economic Outlook and Future Prospects of Taiwan in the Post-epidemic Era	2
		2021.03.15	Taiwan Listed Cabinet Companies	Looking ahead and looking back 50 years in Taiwan:	2

Title	Name	Date	Organizer	Course Title	Hours
			Association	talent cultivation and disaster prevention	
		2021.04.16	Taiwan Listed Cabinet Companies Association	The advantages and opportunities of Taiwan's economic development	2
		2021.10.27	Securities & Futures Institute	110 Annual Insider Equity Transaction Legal Compliance Publicity and Briefing Session	3
Director	Tong, Chun-Jen	2021.01.15	Taiwan Listed Cabinet Companies Association	Economic Outlook and Future Prospects of Taiwan in the Post-epidemic Era	2
		2021.03.15	Taiwan Listed Cabinet Companies Association	Looking ahead and looking back 50 years in Taiwan: talent cultivation and disaster prevention	2
		2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
		2021.09.15	Taiwan Listed Cabinet Companies Association	Industrial M&A and Transformation Innovation in Taiwan	2
		2021.10.14	Taiwan Listed Cabinet Companies Association	Cross-Strait Economic and Trade Outlook under the New Situation	2
Director	Tong, Chun-Yi	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
Director	Obara Masami	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
		2021.10.27	Securities & Futures Institute	110 Annual Insider Equity Transaction Legal Compliance Publicity and Briefing Session	3
Director	Sugiyama Shimpei	2021.08.20	Taiwan Corporate Governance Association	A Course Directors and Supervisors Should Know: Global Risk Cognition	3
		2021.08.24	Taiwan	Aspects of Directors	3

Title	Name	Date	Organizer	Course Title	Hours
			Corporate Governance Association	and Supervisors' Responsibilities: Discussing Corporate Governance from KY Cases	
Director	Yuya Takahashi	2021.10.22	VIMC	The trend of economic development after the pneumonia (COVID-19) epidemic and the opportunities and business crises for the industry	3
		2021.11.12	VIMC	Reading the Code of Financial Statements - A Story for Directors, Supervisors and Governance Executives with a Non-Financial Background	3
Independent Director	Chen, Wei-Yu	2021.03.15	Taiwan Listed Cabinet Companies Association	Looking ahead and looking back 50 years in Taiwan: talent cultivation and disaster prevention	2
		2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
		2021.09.15	Taiwan Listed Cabinet Companies Association	Industrial M&A and Transformation Innovation in Taiwan	2
		2021.10.14		Cross-Strait Economic and Trade Outlook under the New Situation	2
Independent Director	Lin, Tien-Sung	2021.03.15	Taiwan Listed Cabinet Companies Association	Looking ahead and looking back 50 years in Taiwan: talent cultivation and disaster prevention	2
		2021.08.24	Taiwan Corporate Governance Association	Aspects of Directors and Supervisors' Responsibilities: Talking about	3

Title	Name	Date	Organizer	Course Title	Hours
				Corporate Governance from KY Cases	
		2021.09.15	Taiwan Listed Cabinet Companies Association	Industrial M&A and Transformation Innovation in Taiwan	2
Independent Director	Chen, Che-Sheng	2021.05.07	Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk: From Corporate Governance to ESG	3
		2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3

(2). General Manager, Deputy General Manager, Assistant Manager, Managerial Data in Departments & Affiliated Branches

2022.5.31 Unit: Thousand Shares

Job Title	Full Name	Gender	Nationality	Inauguration date	Shares Held		Shares held by Spouse, Minor Children		Shares Held by a Proxy Individual		Primary Career/Academic Experience	Positions Concurrently Held in Other Companies	Spouse/Second Degree Relatives Acting as Managers			Stock Option Purchase Situation at the Managerial Level	Remarks
					Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held			Job Title	Full Name	Relationship		
Group Chairman, Chief Strategy Officer	Hu, Hsiang-Chi	Male	Republic of China (ROC)	2020.03.25	96	0.35	-	-	-	-	Yageo Corporation Global General Manager National Taiwan University International Business Academy	ABICO NETCOM CO., LTD., Chairman ABICO ONE VENTURE CAPITAL CO., LTD. (unofficial translation of 能率壹創業投資股份有限公司), Chairman ABICO ASIA CAPITAL CO., LTD., General Manager TRANSYSTEM INC., Chairman ABICO AVY CO., LTD., Chairman and General Manager ALLIS ELECTRIC CO., LTD., Independent Director BEIJING ENTERPRISES MEDICAL & HEALTH INDUSTRY GROUP LTD., Managing Director ABILITY ENTERPRISE CO., LTD., Director DR. CHIP BIOTECH, INC., Director ISANLIN CONSTRUCTION & DEVELOPMENT CO., LTD., Independent Director	-	-	-	60	
Group General Manager, IKKA Japan Chairman	Obara Masami	Male	Japan	2008.06.23	45	0.17	-	-	-	-	Saitama Omiya Technical High School	DAIICHIKASEI CO., LTD. (i.e., IKKA Japan), Chairman	-	-	-	45	
Taiwan Branch General Manager	Yang, Chao-Yu	Male	Republic of China (ROC)	2020.03.25	5	0.02	-	-	-	-	SuperAlloy Industrial CO. LTD. General Manger National Defense University Executive Managerial Studies	ABICO AVY CO., LTD., Director DONGGUAN QUNSHENG DUST METALLURGY CO., LTD., Chairman BEST ACHIEVE INDUSTRIAL LIMITED, Chairman QUNSHENG TECH (SUZHOU) CO., LTD., Chairman JABON INTERNATIONAL CO., LTD., Director JABON PRECISION CO., LTD., Director EKEEN PRECISION CO., LTD., Director COMAX SEMICONDUCTOR INC., Director	-	-	-	38	
IKKA Hong	Katsumi	Male	Japan	2019.10.	8	0.03	-	-	-	-	Business English Conversation, Tokyo	DAIICHI KASEI CO., LTD., Business Department	-	-	-	26	

Job Title	Full Name	Gender	Nationality	Inauguration date	Shares Held		Shares held by Spouse, Minor Children		Shares Held by a Proxy Individual		Primary Career/Academic Experience	Positions Concurrently Held in Other Companies	Spouse/Second Degree Relatives Acting as Managers			Stock Option Purchase Situation at the Managerial Level	Remarks
					Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held			Job Title	Full Name	Relationship		
Kong, IKKA Dongguan President/General Manager	Nakagawa			01							SCHOOL College	Manager DAIICHI KASEI CO., LTD., Executive Officer AVY PRECISION METAL COMPONENTS (SUZHOU) CO., LTD., General Manager IKKA (Hong Kong) CO., LTD. & IKKA TECHNOLOGY DONGGUAN CO., LTD., General Manager					
IKKA Vietnam President/General Manager	Hiroshi Aoki	Male	Japan	2018.04.26	28	0.10	-	-	-	-	Chiba Institute of Tech Industrial Studies Department Industrial Operations Discipline	Daiichi Kasei CO., LTD. Production Management Supervisor IKKA Technology (Vietnam) CO., LTD. General Manager	-	-	-	26	
Group Chief Financial Officer	Chiang, Shuo-Yen	Male	Republic of China (ROC)	2020.03.25	3	0.01	-	-	-	-	Jabon International CO., LTD. Chief Financial Officer MS in Applied Math from Roosevelt University (Chicago, IL)	Dongguan Qunsheng Dust Metallurgy CO., LTD. Director BEST ACHIEVE INDUSTRIAL LIMITED, Director QUNSHENG TECH (SUZHOU) CO., LTD., Director JABON PRECISION CO., LTD., Supervisor EKEEN PRECISION CO., LTD., Supervisor COMAX SEMICONDUCTOR Inc., Supervisor	-	-	-	24	
Group Chief Auditor	Peng, Lien-Chu	Female	Republic of China (ROC)	2020.03.25	-	-	-	-	-	-	Jabon International CO., LTD. Audit Manager National Taichung University of Science and Technology	-	-	-	20		

3. Remuneration paid to directors, supervisors, general managers, and deputy general managers

(1). Remuneration paid to regular directors, independent directors

Unit: New Taiwan Dollar (NTD), Thousand

Job Title	Full Name	Directors Remuneration								Percentage of After Tax Net Profit that Sum of A, B, C, D Account for		Concurrent Status as Employee, Receiving of Relevant Remunerations						Percentage of After Tax Net Profit that Sum of A, B, C, D, E, F, G Account for		Remunerations Collected from an Invested Business and not a Subsidiary or Parent Company				
		Compensation (A)		Retirement Pension (B)		Director's Remuneration (C)		Functional Expense (D)				Salaries, Bonuses, Special Expenditures (E)		Retirement Pension (F)		Employee Compensation (G)								
		This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report					
President	ABICO AVY CO., LTD.	Hu, Hsiang-Chi	-	5,293	-	-	-	1,196	-	121	-	4,3783	-	484	-	-	-	-	5,935	-	-	8,6301	9,575	
Director		Tong, Chun-Jen	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director		Tong, Chun-Yi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director		Obara Masami	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director		Yuya Takahashi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director		Sugiyama Shimpei	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Chen, Wei-Yu	-	1,560	-	-	-	-	-	-	30	-	1,0533	-	-	-	-	-	-	-	-	-	1,0533	-	
Independent Director	Lin, Tien-Sung	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Independent Director	Chen, Che-Sheng	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

1. Please describe in detail the governing policies, systems, standards, and structure of an independent director's remuneration, and establish how duties, risk, time expended, and other factors are all related to the remuneration amount and the determination thereof: As per the director's meeting on 2020.12.17, this company's independent directors do not partake in the determination of director remuneration nor its apportioning, and their own yearly pay is determined by this company's remunerations committee, who send their opinions and recommendations to the board of directors for approval and a final verdict.
2. Apart from what is revealed in the above spreadsheet, remunerations collected by this company's directors for their services (such as non-employee consultation work) at subsidiary companies listed in the financial report this year: none

Remuneration Interval Sheet

Remuneration Interval Sheet

Interval of Remunerations Paid to Various Directors of this Company	Name of Directors			
	Sum of First 4 Remuneration Amounts (A+B+C+D)		Sum of First 7 Remuneration Amounts (A+B+C+D+E+F+G)	
	This Company	All Companies in the Financial Report	This Company	Parent Company and All Invested Firms in the Financial Report
Lower than 1,000,000		Hu Hsiang-Chi, Tong Chun-Jen, Tong Chun-Yi, Yuya Takahashi, Sugiyama Shimpei, Chen Wei-Yu, Lin Tien-Sung and Chen Che-Sheng	-	Tong Chun-Jen, Tong Chun-Yi, Yuya Takahashi, Sugiyama Shimpei, Chen Wei-Yu, Lin Tien- Sung, Chen Che-Sheng
1,000,000 (including) -2,000,000(Not including)	-	-	-	-
2,000,000 (including) -3,500,000 (Not including)	-	-	-	-
3,500,000 (including) -5,000,000 (Not including)	-	Obara Masami	-	Hu Hsiang-Chi
5,000,000 (including) -10,000,000 (Not including)	-	-	-	Obara Masami
10,000,000 (including) -15,000,000 (Not including)	-	-	-	-
15,000,000 (including) -30,000,000 (Not including)	-	-	-	-
30,000,000 (including) -50,000,000 (Not including)	-	-	-	-
50,000,000 (including) -100,000,000 (Not including)	-	-	-	-
100,000,000 (and above)	-	-	-	-
Total	-	9	-	9

(2). Supervisor Remuneration: Not applicable, this company has an audit committee installed.

(3). Remuneration for General Manager and Vice General Manager

Unit:New Taiwan Dollar (NTD), Thousand

Job Title	Full Name		Salaries (A)		Retirement Pensions (B)		Bonuses, Special Expenditures, etc (C)		Employee Compensation Amount (D)				Percentage of After Tax Net Profit that the 4 Items of A, B, C, and D Account For (%)		Parent Company and All Invested Businesses
			This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company		All Companies in the Financial Report		This Company	All Companies in the Financial Report	
									Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman & Chief Strategy Officer	Hu, Hsiang-Chi		-	11,145	-	-	-	967	-	-	8,168	-	-	13.43	15,625
	Group General Manager, IKKA Japan Chairman	Obara Masami													
	Taiwan Branch General Manager	YANG, CHAO-YU													
	IKKA Hong Kong, IKKA Dongguan President/General Manager	Katsumi Nakagawa													
	IKKA Vietnam President/General Manager	Hiroshi Aoki													

* Regardless of job title, anyone with a position equivalent to general manager/vice general manager (example: Chairman, CEO, Director, etc) should be subject to disclosure.

Remuneration Interval Sheet

Interval of Remunerations Paid to Various General, Deputy General Managers of this Company	Names of General, Deputy General Managers	
	This Company	All Companies in the Financial Report
Lower than 1,000,000		-
1,000,000 (including)-2,000,000 (not including)	-	-
2,000,000 (including)-3,500,000 (not including)	-	Hiroshi Aoki
3,500,000 (including)-5,000,000 (not including)	-	Katsumi Nakagawa
5,000,000 (including)-10,000,000 (not including)	-	Obara Masami, Yang Chao-Yu
10,000,000 (including)-15,000,000 (not including)	-	Hu, Hsiang-Chi
15,000,000 (including)-30,000,000 (not including)	-	-
30,000,000 (including)-50,000,000 (not including)	-	-
50,000,000 (including)-100,000,000 (not including)	-	-
100,000,000 and above	-	-
Total	-	5

(4). A separate comparison of the percentage of post-tax net profit that the remunerations paid to directors, supervisors, general managers, and vice general managers account for, for this company and subsidiary companies listed in the combined report alike, will reveal everything remuneration related, including policies, standards, combinations, amount determination process, as well as KPI and relation to future risks.

A. Analysis of percentages of the most recent 2 years

Unit: Percentage (%)

Job Title	Percentage of this Company's Post-Tax Net Profit that Sum of Remunerations Account for			
	Year 2020		Year 2021	
	Amount	%	Amount	%
Director, General Manager and Vice General Manager	11,630	10.81	23,187	15.36

B. Remuneration policy, standard, combination, amount determination process, as well as KPI and relation to future risks:

This company has installed a remunerations committee, with independent directors serving as committee members. The remunerations of directors and professional managers is determined by the compensation and remunerations committee after taking into account multiple factors, including position held, extensiveness of

participation in core operations, value contributed, as well as industry standards. The committee is also to periodically evaluate the KPIs of directors and professional managers, in addition to the compensation standards themselves and an everchanging realistic need from the managers to determine remunerations.

4. Implementation of Corporate Governance

(1). Operation of Board of Directors

The Company's second board of directors includes 9 seats, of which 3 seats are allocated for independent directors.

To the date of this Annual Report, a total of 13 the meetings of the Company's board of directors were held (A), and the status of directors' attendance is recorded below:

Job Title	Full Name	Number of Actual Attendance (B)	Number of Authorized Attendance	Actual Attendance Rate (%) (B/A)	Remarks
Chairman	Abico Avy Co., Ltd. Representative: Hu, Hsiang-Chi	13	0	100	
Director	Abico Avy Co., Ltd. Representative: Tong, Chun-Jen	13	0	100	
Director	Abico Avy Co., Ltd. Representative: Tong, Chun-Yi	13	0	100	
Director	Abico Avy Co., Ltd. Representative: Obara Masami	13	0	100	
Director	Yuya Takahashi	13	0	100	
Director	Sugiyama Shimpei	13	0	100	
Independent Director	Chen, Wei-Yu	13	0	100	
Independent Director	Lin, Tien-Sung	13	0	100	
Independent Director	Chen, Che-Sheng	13	0	100	

Other required disclosure matters:

1. If any of the following circumstances occur at the meeting of the board of directors, the dates of meetings, sessions, contents of motions, all independent directors' opinion and the Company's response to independent directors' opinion should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act:

The independent directors were elected according to the shareholders' written resolutions on March 20, 2020, and at the same time, an audit committee was established. Therefore, the Article 14-3 of the Securities and Exchange Act are not applicable. For a description of the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the Operation of the Audit Committee.

(2) Other matters involving objections or expressed by independent directors that were recorded in writing that require a resolution by the board of directors: 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:

Board Meeting Date/Session	Director's Name	Motion Content	Reason for Recusal	Voting Participation
2021.02.04 Second Session, Thirteenth Time	Hu, Hsiang-Chi Obara Masami	Discussion on the appointment and contracts of professional managers	Personal interests – concurrently president and professional manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Chen Wei-Yu
2021.02.04 Second Session, Fourteenth Time	Hu, Hsiang-Chi Obara Masami	Recommendation on the payment of year end bonuses to professional managers	Personal interests – concurrently president and professional manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Lin

				Tien-Sung
2021.02.04 Second Session, Fourteenth Time	Hu, Hsiang-Chi Obara Masami	Proposal on the salaries of professional managers	Personal interests – concurrently president and professional manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Lin Tien-Sung
2021.03.19 Second Session, Fifteenth Time	Hu, Hsiang-Chi Obara Masami	employee compensation and director compensation allocation proposal 2020	Personal interests – concurrently president and professional manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Chen Wei-Yu
2021.04.26 Second Session, Sixteenth Time	Hu, Hsiang-Chi, Tong, Chun-Jen, Tong, Chun-Yi, And Obara Masami	Set the 2020 cash capital increase and manager options.	Personal interests – concurrently president and professional manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Lin Tien-Sung
2021.11.12 Second Session, Twenty-first Time	Hu, Hsiang-Chi Obara Masami	Recommendation on the salaries of managerial employees in the year 109	Personal interests – concurrently president and professional manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Lin Tien-Sung
2022.01.20 Second Session Twenty-third Time	Hu, Hsiang-Chi	Recommendation on the payment of year end bonuses to professional managers	Personal interests – concurrently president and professional manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Lin Tien-Sung

3. Listed companies are obliged to disclose the board of director's self (or peer) evaluations, including its duration, parameter, methodology, content, etc. The attached form (2) board of directors' self evaluation is to be filled out to reveal the implementation of said evaluations: not applicable.

4. Evaluation on the implementation situation of board competency strengthening measures (such as through the establishment of an audit committee and increasing informational transparency) in current and recent years:

(1). The operations of this Company's board of directors is based on the Board of Directors Procedural Rules and other relevant laws and regulations.

(2). This Company has established an audit committee and enacted an Audit Committee Organizational Procedure to strengthen corporate governance and board competency.

(3). This Company has established a remunerations committee and enacted a Remunerations Committee Organizational Procedure to strengthen corporate governance and board competency.

(4). When public offering commences in the future, this Company will disclose relevant information on our website and public information outlets to increase informational transparency, as per legal requirements.

(2). Operation of the Audit Committee / Supervisor Participation in the Operations of the Board of Directors

Since March 20, 2019 the board of directors has established an audit committee in accordance with the law, consisting of three independent directors serve as members of the Audit Committee. A total of 9 meetings of the Audit Committee were held times in 2021 and up to the date of this Annual Report (A).

A. Attendance situation is as follows:

Job Title	Name	Actual Attendance (B)	Authorized Attendance	Actual Attendance Rate (%) (B/A) (note)	Remarks
Independent Director	Chen, Wei-Yu	9	0	100	
Independent Director	Lin, Tien-Sung	9	0	100	
Independent Director	Chen, Che-Sheng	9	0	100	
Other noteworthy matters:					
1. If any of the following circumstances occur at the meeting of the Audit Committee, the dates of meetings, sessions, contents of motions, all independent directors' opinion and the Company's response to independent directors' opinion should be specified.					
(1) Items listed in the Securities and Exchange Act Section 14 Part 5:					
Date of Meeting / Session	Motion Content		Audit Committee Decision and Corporate Follow Through on Independent Director's Opinions		
2021.02.04 First Session, Ninth Time	1. Contractual appointment of professional managers		Following consultation between the chairperson and all present committee members, Ms. Peng Lien-Chu's title was corrected to "Chief Audit Executive" and passed.		
2021.03.19 First Session, Tenth Time	1. 2020 annual consolidated financial statements 2. Review the disclaimer on internal control. 3. Cash Capital Increase before IPO 4. Amendment to the internal control. 5. Amendment to the Internal Audit Rules		Passed unanimously by all independent directors.		
2021.04.26 First Session, Eleventh Time	1. Distribution of 2020 dividend		Passed unanimously by all independent directors.		
2021.05.03 First Session, Twelfth Time	1. 2021 Q1 consolidated financial statements 2. Review account receivable and account payable between related companies		Passed unanimously by all independent directors.		
2021.08.10 First Session, Thirteenth Time	1. 2021 Q2 consolidated financial statements		Passed unanimously by all independent directors.		
2021.11.12 First Session, Fourteenth Time	1. 2021 Q3 consolidated financial statements 2. CPA fees		Passed unanimously by all independent directors.		
2021.12.28 First Session, Fifteenth Time	1. 2022 Audit Project 2. 2022 Financial Forecast		Passed unanimously by all independent directors.		
2022.03.22 First Session, Sixteenth Time	1. 2021 annual consolidated financial statement and 2021 operational report 2. 2021 internal control report 3. amend internal control 4. amend rules on internal audit		Passed unanimously by all independent directors.		
2022.05.11 First Session, Seventeenth Time	1. 2022 Q1 consolidated financial report 2. 2021 dividend distribution 3. amend rules on property acquisition and disposition		Passed unanimously by all independent directors.		
(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: not applicable.					
1. Communications between independent directors, the Company's chief internal auditor and CPAs (should include major developments, methods, and results reached in communications regarding corporate finance or business):					
(1) Communications Between Independent Directors and Accountant:					
Communications Date	Key Points Conveyed		Corporate Follow Up / Follow Through		
2021.03.19	Communication with Audit Committee regarding audited items in 2020		No objections from independent directors, sent to board of directors for decision		
2021.03.19	2020 annual consolidated financial statement		No objections from independent directors, sent to board of directors for decision		
2021.08.10	Communication with Audit Committee regarding audited items in 2021 Q2		No objections from independent directors, sent to board of directors for decision		
2021.08.10	2021 Q2 consolidated financial statement		No objections from independent directors, sent to board of directors for a decision		
2021.12.24	2020 annual consolidated financial report adopted		No objections from independent directors, sent to board of directors for decision		
2022.03.22	Communication with Audit Committee regarding audited items in 2021		No objections from independent directors, sent to board of directors for decision		

	2022.03.22	2021 annual consolidated financial statement	No objections from independent directors, sent to board of directors for decision
(2) Communications Between Independent Directors and Internal Audit Managers:			
	Communications Date	Key Points Conveyed	Corporate Follow Up / Follow Through
	2021.03.19	2020 Q4 audit report provided to independent directors; 2020 internal control statement	No objections from independent directors
	2021.05.03	2021 Q1 audit report provided to independent directors	No objections from independent directors
	2021.08.10	2021 Q2 audit report provided to independent directors	No objections from independent directors
	2021.11.12	2021 Q3 audit report provided to independent directors	No objections from independent directors
	2022.03.22	2021 Q4 audit report provided to independent directors; 2021 internal control statement	No objections from independent directors

Remark 1: Directors and supervisors also serving as this company's juridical persons should reveal the names of their shareholders and representatives.

Remark 2:

(1) If a director or supervisor resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance (presentation) rate shall be calculated based on the number of board meetings and the number of actual attendance (presentation) during the term of office.

(2) Before the end of the year, if there is a re-election of the director and supervisor, the former and current directors and supervisors shall be filled in. The remarks column should indicate that the director or supervisor is the former director or supervisor, the current director or supervisor or the director or supervisor continues in office, and the date of re-election should be indicated. The actual attendance rate (%) is calculated based on the number of board meetings and the number of actual attendance (percentage) during the term of office of such director or supervisor.

(3). Corporate Governance and Operational Situation,

Item Evaluated	Operational Situation (Note)			Deviations from "The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Description	
1. Has the company established and does it disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Practice Principles for TWSE/TPEx Listed Companies?"	v		The Company has formulated the Code of Practice for Corporate Governance in accordance with the "Code of Practice for Corporate Governance of Listed Companies", which was implemented after being approved by the Board of Directors on September 29, 2021. It is mainly used to establish an effective corporate governance structure of the Company and protect the rights and interests of shareholders, strengthen the functions of the board of directors, give full play to the functions of the audit committee, respect the rights and interests of stakeholders, and improve the transparency of information, and are currently implemented in a gradual manner.	No major differences
2. Shareholding Structure & Shareholders' Rights				
(1) Has the company established an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement it based on the procedure?	v		1. The company has appointed a stock agency in Taiwan to handle stock matters and set up a dedicated stock unit. 2. The company has spokespersons and acting spokespersons, all of whom deal with shareholders' suggestions, doubts, disputes and lawsuits in accordance with the operating procedures. Website http://www.ikka.com.tw →Investors→Shareholder	No major differences
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	v		The Company possesses the list of its major shareholders as well as the ultimate owners of those shares.	No major differences
(3) Has the company established and does it execute the risk management and firewall system within its conglomerate structure?	v		The Company has established relevant control mechanisms within its internal regulations and internal control systems in accordance with laws and regulations (including "Rules for Regulating Related Party Transactions").	No major differences

Item Evaluated	Operational Situation (Note)			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Description	
(4) Has the company established internal rules against insiders trading with undisclosed information?	v		On March 25, 2019, the company passed the resolution of the board of directors and formulated the "Internal Significant Information Processing and Prevention of Insider Trading Operation Procedures", which clearly stipulated that the company's personnel should abide by the provisions of the Securities and Exchange Act, and should not use the unpublished information that they know. Engage in insider trading, and shall not disclose it to others to prevent others from using the undisclosed information to engage in insider trading, and increase the reporting mechanism to achieve its effect.	No major differences
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	v		1. The composition of the board of directors of the company is based on the consideration of its own operation, operation type and business development needs. It is composed of people with industrial background, business management expertise, and financial accounting expertise. 2. Please refer to page 14 of this manual for the description of the diversity and independence of the Board of Directors of the Company.	No major differences
(2) Has the company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?		v	At present, the company has not set up any other functional committees except the remuneration committee and audit committee according to the law, but in the future, it will cooperate with the actual operation situation and laws and regulations.	No major differences
(3) Has the company established a standard to measure the performance of the Board, and has it been implemented annually? Are the implemented results reported to the Board, and used as a reference for individual directors' compensation and nomination renewal?	v		On September 29, 2020, the board of directors of the company adopted and formulated the performance evaluation method of the board of directors. It is planned that the administrative department will distribute and fill in the evaluation and scoring questionnaire at the end of each year.	No major differences
(4) Does the company regularly evaluate the independence of CPAs?	v		The company's certified accountants have an internal rotation system that conforms to the principle of independence, and they are appointed by the resolution of the board of directors; however, the company has not regularly self-assessed the independence of the certified accountants. The shareholders of the company do not pay salaries in the company, they are not interested parties, and they are independent.	No major differences
4. Does the company have an adequate number of corporate governance personnel with appropriate qualifications, and has a Chief Corporate Governance Officer been appointed to be in charge of corporate governance affairs (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, producing minutes of board meetings, and shareholders meetings)?		v	1. The company has not yet established a corporate governance supervisor. The administrative department is the unit for corporate governance-related matters, responsible for providing directors with the information required for business execution, handling matters related to meetings of the board of directors and shareholders' meetings in accordance with the law, and handling company registration and changes. Registration, production of minutes of the board of directors and shareholders' meetings, etc. 2. The company was established in the Cayman Islands, and the relevant company change registration is currently appointed by LCS & Partners in accordance with the relevant local regulations in Cayman.	No major differences
5. Has the company established a communication channel and built a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), responded appropriately to stakeholders on corporate social responsibility issues?	v		The company's website has a special page for stakeholders in the investor area, and has a dedicated E-mail reply function, and the company also has a spokesperson and proxy spokesperson system. Establish communication channels with the spokesperson by telephone and fax, and keep abreast of information to safeguard the legitimate rights and interests of both parties.	No major differences
6. Has the company appointed a professional shareholder service agency to deal with shareholder affairs?	v		The company entrusts a professional organization - the agency department of China Trust Commercial Bank to handle the affairs of the shareholders' meeting and various stock affairs matters.	No major differences
7. Information Disclosure				

Item Evaluated	Operational Situation (Note)			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Description	
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	v		The Company has a website at: www.ikka.com.tw Disclosures related to the Company's financial, business and corporate governance information Items are disclosed in the public information observatory and the company in accordance with the regulations website.	No major differences
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	v		The company's website has set up Chinese, English and Japanese websites (www.ikka.com.tw),and build the company's financial, business-related information, corporate governance information, designated person to be responsible for the collection of company information and disclosed, and the company has established a system of spokesperson and proxy spokesperson, and place the information of the corporate briefing session on the company website.	No major differences
(3) Does the company announce the annual financial report within 2 months after the end of the fiscal year, and announce the Q1, Q2, Q3 financial reports and monthly operation status before the deadlines?		v	The company currently does not announce the financial report in advance. In the future, it will be evaluated according to actual needs or legal regulations.	The company's financial reports are all announced within the specified time limit. Whether to announce and report in advance will be evaluated separately.
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	v		Described as follows	No major differences

(1) In the spirit of abiding by laws and regulations and attaching importance to corporate governance, the company will continue to operate in a sustainable and practical manner. At present, other governance situations of the company are as follows:

A. Operational performance:

In order to implement corporate governance, in addition to establishing an effective internal control system and implementing self-inspection operations, the company has elected independent directors at the general meeting of shareholders on March 20, 2020, introduced an independent director system, and relied on the professional experience of independent directors. , to increase the practical experience of the management team, and to formulate "rules of procedure for the board of directors" to strengthen the functions of the board of directors, and in order to protect the rights and interests of shareholders and improve information transparency, the company has set up a spokesperson and proxy spokesperson system to disclose all major company information in a timely manner. A special person is responsible for handling the communication with shareholders. On the other hand, the company has established a public information reporting operation in accordance with relevant regulations, so that shareholders and stakeholders can fully understand the company's financial business status and the implementation of corporate governance.

The company is engaged in the development of auto parts manufacturing as its main operation, and expands marketing channels through reinvestment business. Through the introduction of ISO14001 and IATF16949 quality management systems in each subsidiary, the company continues to strengthen product quality, thereby achieving stable growth in revenue and profitability. and strive to create value for shareholders.

B. Environmental protection:

In the heart of caring for the earth, fulfilling the social responsibility of environmental protection and energy saving, and adhering to the concept of actively reducing environmental pollution, to ensure that environmental performance can comply with environmental protection laws and regulations and commitment to continuous improvement and pollution prevention. At the same time, the company also implements resource recycling and classification, and does its best to maintain the earth's environment, so as to achieve the sustainable operation of the enterprise, the earth will continue to thrive, and create a win-win situation for economic development and environmental protection.

C. Employee rights and employee care:

When hiring employees, the company does not discriminate against gender or race. It adopts appropriate methods to consider whether individuals have professional knowledge, skills, etc., so as to provide candidates with fair employment opportunities, and attaches great importance to pre-employment training for employees. Including workplace safety courses, in order to provide employees with a comfortable and safe working environment. In addition, the company arranges all employees to conduct health checks every year to fully understand the health status of employees, so as to reduce occupational injuries that may occur during work.

The company's employee welfare measures, in addition to being handled in accordance with the Labor Standards Act and decrees, have also formulated management measures for weddings and funerals. In addition to providing various subsidies for employees' marriages, funerals, illnesses and childbirth, they also regularly handle various tourism activities and associations. Activities to adjust the mind and body of employees and strengthen the friendship of employees. It also implements the sharing of annual surplus dividends for employees and the distribution of annual bonuses, which fully reflects the business philosophy of "seeking happiness".

In accordance with the provisions of the Labor Pensions Regulations, the employees who are subject to the Regulations shall allocate a monthly retirement reserve of 6% of their wages and deposit them into the individual retirement pension accounts of employees, so as to provide employees with the greatest retirement life protection.

Item Evaluated	Operational Situation (Note)			Deviations from "The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons																																													
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			The company is an industry applicable to the labor standard law, and all operations are based on the labor standard law. In order to promote labor-management cooperation and improve work efficiency, the company regularly holds labor-management meetings in accordance with the implementation measures of labor-management conferences, so as to communicate opinions between labor and management and cooperate with each other ; In addition, the company pays attention to employee future planning and is committed to talent cultivation, and actively encourages employees to participate in various training courses, including internal and external training courses. The internal training courses are aimed at the exchange of professional skills within the company and improve the productivity of employees. The external training courses are based on the needs of the company, and employees may be dispatched to participate in external seminars to provide good and specialized training opportunities for the company's employees.																																														
D. Investor Relations:			In order to ensure that shareholders have the right to fully know, participate in and make decisions on major issues of the company, in addition to sending a notice of meeting to shareholders before the shareholders' meeting, the company also has the positions of spokesperson and acting spokesperson to serve as the company and shareholders, investment Channels for communication between people and stakeholders. The company has also set up a company website to introduce the company's products and business content for the public to understand the company's status.																																														
E. Supplier relationship:			The company has maintained a long-term good cooperative relationship with its suppliers.																																														
F. Rights of interested parties:			The company and its stakeholders and banks, etc., perform their rights and obligations in accordance with the contract and related operational provisions to safeguard the legitimate rights and interests of both parties. The Company also provides sufficient information to correspondent banks so that they can understand the Company's operations and financial status.																																														
G. The training of directors:			The directors of the company are all in accordance with the "Key Points and Regulations for the Training of Listed and OTC Directors and Supervisors", and take courses such as securities laws and regulations and corporate governance.																																														
H. Implementation of risk management policies and risk measurement standards:			The company's risk management policies and measurement standards are implemented through the following risk management organization tables to achieve their effectiveness.																																														
			<table border="1"> <thead> <tr> <th rowspan="2">Important risk items</th> <th>Direct response to risk</th> <th>Risk Assessment and Control</th> <th>Board and Audit Department</th> </tr> <tr> <th>First Mechanism</th> <th>Second Mechanism</th> <th>Third Mechanism</th> </tr> </thead> <tbody> <tr> <td>1. Interest Rate and financial risk</td> <td rowspan="3">Finance Department</td> <td>Finance Department</td> <td rowspan="10">Audit Department: risk assessment, control, and follow up Board: final decisions on risk assessment and control.</td> </tr> <tr> <td>2. High-risk and high-leverage investment, capital loan to others, derivative commodity trading, financial wealth management investment</td> <td>General Manager</td> </tr> <tr> <td>3. Investment, reinvestment and acquisition</td> <td>Chief of Strategy</td> </tr> <tr> <td>4. Policy and legal change</td> <td rowspan="3">Administrative Department</td> <td rowspan="3">Administrative Department</td> </tr> <tr> <td>5. Litigation and legal</td> <td>General Manager</td> </tr> <tr> <td>6. Corporate reputation</td> <td>Chief of Strategy</td> </tr> <tr> <td>7. Share transfer of directors and major shareholder</td> <td>Administrative Department and Share Registrar</td> <td></td> </tr> <tr> <td>8. Change of ownership</td> <td>Administrative Department</td> <td></td> </tr> <tr> <td>9. Environmental health and safety</td> <td></td> <td></td> </tr> <tr> <td>10. Industrial change</td> <td>Business Department</td> <td>Business Department General Manager Chief Strategy Officer</td> <td></td> </tr> </tbody> </table>	Important risk items	Direct response to risk	Risk Assessment and Control	Board and Audit Department	First Mechanism	Second Mechanism	Third Mechanism	1. Interest Rate and financial risk	Finance Department	Finance Department	Audit Department: risk assessment, control, and follow up Board: final decisions on risk assessment and control.	2. High-risk and high-leverage investment, capital loan to others, derivative commodity trading, financial wealth management investment	General Manager	3. Investment, reinvestment and acquisition	Chief of Strategy	4. Policy and legal change	Administrative Department	Administrative Department	5. Litigation and legal	General Manager	6. Corporate reputation	Chief of Strategy	7. Share transfer of directors and major shareholder	Administrative Department and Share Registrar		8. Change of ownership	Administrative Department		9. Environmental health and safety			10. Industrial change	Business Department	Business Department General Manager Chief Strategy Officer												
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I. Implementation of customer policy:			The company maintains a stable and good relationship with customers, adheres to the quality policy of "improving operation, continuous improvement, and customer satisfaction", and has become an industry giant that combines product yield, continuous improvement, and accuracy and precision, providing value-for-money products that meet customer needs. High-quality products to create company profits.																																														
J. The company purchases liability insurance for directors:			The company has adopted the resolution of the board of directors on August 10, 2010 to renew the director's liability insurance, and completed the underwriting operation. The insurance period is from September 1, 2021 to September 1, 2022, in order to reduce and disperse directors due to mistakes or mistakes. Risk of significant damage to shareholders due to negligent conduct.																																														
K. Personnel related to transparency of financial information have obtained relevant certificates:			1 person with the certificate of qualified stock personnel of the Securities Foundation.																																														
L. Managers participate in corporate governance related training and training:																																																	
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4	External Training	Corporate Governance	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	2021.09.01	3	Obara Masami	General Manager																																									

Item Evaluated			Operational Situation (Note)				Deviations from "The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons		
			Yes	No	Abstract Description				
5	External Training	Corporate Governance	Accountant Research and Development Foundation	Corporate Governance 3.0	2021.04.27	3	Peng, Lien-Chu	Chief Auditor	
6	External Training	Corporate Governance	Taiwan Investor Relations Institute	Introduction to new corporate governance guideline	2021.07.29	3	Chuang, Ya-Hui	Administrative Department Manager	

(4). If the Company has a remuneration committee in place, the composition, duties, and operation of the remuneration committee:

1. Information on the Members of the Remuneration Committee

On March 20, 2020, the company set up a remuneration committee through the resolution of the board of directors and formulated the "Organization Regulations of the Remuneration Committee", and the members of the first remuneration committee were independent director Lin Tien-Sung, independent director Chen Che-Sheng and independent director Chen Wei-Yu; the responsibility of the remuneration committee is to improve the salary and remuneration system of the company's directors and managers; the information and operation of the committee members are as follows:

Members of Remuneration Committee

Title	Criteria	Five Years of Working Experience and Professional Qualification			Independence Criteria (Note)										Number of other public companies in which the individual is concurrently serving as a remuneration committee	Remarks	
		Lecturer on business, finance, audit or economy	Judge, Prosecutor, Lawyer	Professional experience in law, business or finance	1	2	3	4	5	6	7	8	9	10			
Convener	Lin, Tien-Sung	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent Director	Chen, Wei-Yu	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Chen, Che-Sheng	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	

Note: If each member meets the following conditions during two years prior to being elected or during the term of office, please tick "✓" in the space below each criteria code.

If the member is:

(1) not an employee of the Company or its affiliates.

(2) not a director and supervisor of the Company or its affiliates. However, this does not apply if the member is an independent director of the Company, its parent company, or a subsidiary company in which the Company directly or indirectly holds more than 50% of the total number of the outstanding shares.

(3) not natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of outstanding shares of the Company or ranking in the top 10 in shareholding of the Company.

(4) not a spouse, relative within the second degree of kinship, or lineal relatives within the third degree of kinship of persons not listed in the preceding three paragraphs.

(5) not a director, supervisor or employee of a corporate shareholder who directly hold more than 5% of the total outstanding shares of the Company, or a director, supervisor or employee of the corporate shareholder ranking in the top 5 in shareholding of the Company.

(6) not a director, supervisor or employee of a company, of which more than half of the directors' seats or outstanding shares are controlled by the person who controls more than half of the directors' seats or outstanding shares of the Company as well.

(7) not a director (governor), supervisor or employee of a company or institution, of which the chairman, general manager or equivalent position of such company or institution is the same person or his/her spouse as the chairman, general manager or equivalent position of the Company.

(8) not a director (governor), supervisor, officer or shareholder holding more than 5% of the shares of a specific company or institution that have financial or business relationship with the Company.

(9) not a professional individual who, or an owner, partner, director (governor), supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NTD 500,000, or a spouse thereof.

(10) not constituting any of the circumstances of Article 30 of the Company Act.

2. Operation of the Remuneration Committee

(1). The Remuneration Committee of the Company consists of 3 members.

(2). The term of office of the current members is from March 20, 2010 to March 19, 2023. A total of 7 meetings in the most recent year to the date of this Annual Report (A) were held. The criteria and attendance of the members are as follows:

Job Title	Name	Actual Attendance (B)	Authorized Attendance	Actual Attendance Rate (%) (B/A)	Remarks
Convener	Lin, Tien-Sung	7	-	100%	-
Committee Member	Chen, Wei-Yu	7	-	100%	-
Committee Member	Chen, Che-Sheng	7	-	100%	-

Other noteworthy matters:

1. If the board of directors declines to adopt or amends a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the Remuneration Committee's opinion (e.g., the remuneration adopted by the board of directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): not applicable.
2. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: not applicable.

Note: (1) If a member resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance (presentation) rate shall be calculated based on

the number of meetings of the Remuneration Committee and the number of actual attendance (presentation) during the term of office.

(2) Before the end of the year, if there is a re-election of the member, the former and current members shall be filled in. The remarks column should indicate that the member is the former member, the current member or the member continues in office, and the date of re-election should be indicated. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and the number of actual attendance (percentage) during the term of office of such director or supervisor.

(5). Promotion of Sustainable Development: in addition to focusing on the business development of its own business, the Company has long-term efforts for the Company's social responsibilities such as consumer rights and social welfare, and timely contributes to the public.

Promoted Item	Implementation Status (Note 1)			Differences from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description (Note 2)	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?		√	The company has not yet set up relevant units to promote corporate social responsibility, but the management and various departments will pay attention to the maintenance of social responsibility.	Depends on future needs to set up
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	√		The company has established a risk management policy, which, according to importance, deals with financial risks, high-risk and high-leverage investments, reinvestment and M&A benefits, policy and legal changes, litigation and non-litigation matters, corporate image, directors and major shareholders’ equity movements, Risk assessment for matters such as changes in management rights, environmental safety and health, and industrial changes, please refer to page 26 of this manual	No major differences
3. Environmental Issues				
(1). Does the company establish proper environmental management systems based on the characteristics of their industries?	√		1. The company takes auto parts and components as the main revenue project, according to operation needs to establish a complete environmental and automotive quality certification, and has passed ISO14001 and IATF16949 certification. 2. To fulfill the corporate responsibility of environmental protection and to take care of the safety and health of colleagues, and based on the awareness of environmental protection and management needs such as pollution prevention, and environmental social responsibility.	No major differences
(2). Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	√		The company is committed to the implementation of office waste reduction, resource classification and recycling and other activities, and entrusts qualified manufacturers to carry out recycling operations to maintain the earth's resources and protect environmental hygiene.	No major differences
(3). Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?		√	The company has not yet assessed the current and future potential risks and opportunities of the company in response to climate change, and has taken measures to respond to climate-related issues. However, the management and various departments will pay attention to the needs of stakeholders and communicate effectively with stakeholders on the impact of climate change on the company's substantial financial and business operations	Depends on future needs and risk polices to evaluate
(4). Does the company take inventory of its greenhouse gas emissions, water consumption, and total		√	At present, the company has not formulated energy saving and carbon reduction, greenhouse gas reduction, water reduction or other waste management policies, but it still	Depends on future needs and risk polices to evaluate

Promoted Item	Implementation Status (Note 1)		Summary Description (Note 2)	Differences from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?			pays attention to energy saving and carbon reduction in order to save electricity and water consumption in the office. In the future, it will formulate relevant management according to actual needs or regulations policy.	
4. Social Issues				
(1). Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	√		The company attaches great importance to people-oriented, and the rights and interests of employees are handled in accordance with relevant laws and regulations, and labor laws and regulations are complied with to protect and safeguard the legitimate rights and interests of employees.	No major differences
(2). Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	√		The company has an employee handbook and salary management measures, and the relevant regulations on vacation and attendance are implemented in accordance with relevant laws and regulations; the company's remuneration policy is based on personal ability, contribution to the company, performance and business performance.	No major differences
(3). Whether the Company has provided safe and healthy work environments for its employees, and organizes training on safety and health for its employees on a regular basis?	√		The company has occupational safety and health personnel and first aid personnel to promote the safety and health of the working environment, and regularly organizes employee health checks every year to assist employees in personal health management.	No major differences
(4). Whether the Company has established an effective capacity development of career training program for employees?	√		The company has established a comprehensive education and training system, and encourages colleagues to actively participate in on-the-job training, so as to improve the career development of colleagues in the company.	No major differences
(5). Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	√		The company continues to participate in and pass the IATF16949 verification every year, in order to meet the international safety standards for auto parts and other related parts, and follow and improve in accordance with IATF's relevant specifications for handling customer complaints to improve customer satisfaction.	No major differences
(6). Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	√		The company actively promotes comprehensive control of the use of hazardous substances, ensures that the raw materials provided by suppliers can meet relevant regulations, and strives to implement green product design in cost control, providing consumers with safe products and avoiding damage to the global environment. .	No major differences
5. 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 from a third party verification unit?		√	The company has not yet prepared a sustainable development report, which will be planned in the future based on actual needs and legal regulations. However, the company's website has a dedicated area for corporate social responsibility to respond to the expectations of stakeholders, social responsibility, and achieve the goal of sustainable operation.	Depends on future needs and applicable regulations to evaluate.

Promoted Item	Implementation Status (Note 1)			Differences from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description (Note 2)	
6.			If the Company has established its corporate social responsibility guidelines in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, describe the operational status and differences with the CSR Best Practice Principles: The company has formulated a principle of practice for sustainable development, and the company complies with laws and regulations, and takes into account the development trend of domestic corporate social responsibility, the company itself and the overall business activities of the company, to promotes various corporate social activities. There is no difference from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".	
7.			Other important information to facilitate better understanding of the Company’s promoted sustainable development implementation: The company will do a good job in environmental protection and pollution prevention while taking into account environmental protection and economic needs, and will assume the responsibility of the enterprise for environmental protection. Our approach: (1) Promote the use of electronic documents to replace paper, and make good use of the blank surface of waste documents for recycling and reuse. (2) Set up resource recycling buckets for resource classification and implement resource recycling. (3) In summer, temperature control will be carried out, and energy will be used effectively to achieve the goal of energy saving and carbon reduction. (4) The company will provide environmentally friendly tableware for employees to use. When employees eat in the employee cafeteria at noon, the use of disposable tableware will be reduced and the generation of garbage will be reduced. (5) Provide employment opportunities for local personnel, and give priority to personnel from adjacent areas. (6) Assist the community development association in the activities of caring the elderly and implement the policy of dignifying relatives and neighbors.	

Note 1: No matter whether you tick “Yes” or “No”, the implementation status should be stated in the summary description column.

Note 2: If the Company has prepared a corporate social responsibility report, the summary description can be replaced by indicating the method of viewing the corporate social responsibility report and the index page.

(6). Ethical Corporate Management and Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluated criteria	Implementation Status			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs				
(1). Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		1. The Company has formulated the "Integrity Management Code" and "Integrity Management Operating Procedures and Behavior Guidelines", which have been approved by the board of directors and implemented in internal management and external business activities. 2. The Company's website discloses the implementation of integrity management. For details, please refer to the "Social Responsibility" section of the Company's website.	No major difference
(2). Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?		✓	1. At present, the has not established a relevant mechanism for the assessment of the risk of dishonest behavior, and has formulated a code of prevention for dishonest behavior for business activities with a higher risk of dishonest behavior within the business scope, but it is expressly prohibited from dishonest behavior. in the Code of Integrity. 2. The Company adheres to the principle of good faith, operates in a prudent and upright manner, does not engage in business activities with high risk of dishonest behavior within the business scope, and strengthens relevant preventive measures, and the Company adheres to the	

Evaluated criteria	Implementation Status			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Summary Description	
			position of political neutrality and does not engage in political donations. 3. The Company strictly prohibits managers and all employees from engaging in any bribery and illegal acts. If they engage in violations, they will be punished or transferred to judicial organs according to the actual situation. And require all new employees to sign a "Confidentiality Commitment" and give an employee handbook, clearly conveying the rights and obligations of employees.	
(3). Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	√		The Company has stated in the "Operating Procedures and Behavior Guidelines for Integrity Management" the handling procedures, rewards and punishments, complaints and record punishments for violations of integrity management. Punishments or rewards can be reported immediately, and relevant systems are actually implemented.	
2. Implementation of ethical corporate management				
(1). Whether the Company has assessed the integrity of the record of counterparties, and entered into contracts with counterparties with the terms of integrity act provisions.	√		In the Code of Integrity Management, it is clearly stipulated to avoid transactions with dishonest operators, and the Company also clearly stipulates the terms of integrity behavior in the business contract.	No major difference
(2). Does the company have a unit responsible for ethical corporate management on a fulltime basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?		√	At present, the Company has not set up a dedicated unit. The administrative unit serves as a part-time unit for corporate integrity management and is responsible for related affairs; the audit unit formulates its integrity management policies and behaviors in accordance with the audit plan and implements audit procedures, and regularly reports to the board of directors on the implementation situation and tracking Improve the situation.	At present, there is no need to set up a dedicated unit for The Company, and it will be evaluated in the future according to the applicable regulations.
(3). Whether the Company has set up and implement policies to prevent conflict of interests and providing channels to report such conflict.	√		The policy of avoiding conflicts of interest is specified in the integrity management code, and a smooth communication management and complaint system is provided. Employees can respond to various management levels and human resources units through multiple channels.	No Major difference
(4). Whether the Company has built an effective accounting system and internal control system to carry out ethical corporate management, with internal auditors auditing the process or to engage a certified public accountant to carry out the audit.		√	The internal audit of the Company is carried out every year in accordance with the "Public Issuing Companies Establishing Internal Control System Handling Standards", "Integrity Management Code", in accordance with the Company's accounting system, internal control system and the implementation of the operation of integrity management, to formulate relevant audit plans to check accordingly. And regularly report the implementation to the board of directors.	Depends on future needs and applicable regulations to evaluate.
(5). Whether the Company has periodically organized internal and external training for integrity management.	√		The Company arranges courses related to corporate governance and integrity management in the 6 hours of regular study for directors every year, and will gradually extend it to corporate executives and other personnel.	No Major Difference
3. Operating situation of whistle-blowing system				
(1). Whether the Company has adopted a concrete whistle-blowing system, established a convenient whistle-blowing channel and dedicated appropriated personnel appointed to handle the objects.	√		1. If the Company colleagues find that the Company's directors, managers, employees or persons with substantial control ability have violated integrity, illegality or breach of fiduciary obligations and other dishonest behaviors in the process of engaging in business activities, they should specifically propose the relevant personnel, materials and other materials, report to the administrative unit, if accepted and effective, will be rewarded. 2. In the integrity management of the corporate social responsibility section of the Company's website, there	No Major Difference

Evaluated criteria	Implementation Status			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Summary Description	
			is a dedicated e-mail box for independent directors, and stakeholders can also report through this channel.	
(2). Does the company have in place standard operating procedures for investigating accusation cases, as well as followup actions and relevant post-investigation confidentiality measures?	✓		1. The Company's "Integrity Management Code" states the reporting system. If the Company's personnel violate the integrity of the situation, they should be dismissed or dismissed in accordance with the relevant laws and regulations or the Company's human resources regulations. 2. The Company has not received any report in the most recent year up to the date of the annual report.	
(3). Does the company provide proper whistleblower protection?	✓		The Company provides a smooth communication channel and a complaint system, and the identity and content should be kept confidential. Employees can respond to various management levels and human resources units through multiple channels.	
4. Strengthening information disclosure Whether the Company has disclosed related information on ethical corporate management on the Company's website and Market Observation Post System.	✓		The Company discloses the relevant information of the Company's performance of integrity management through channels such as the Company's website, and sets up the mailbox for independent directors in the corporate social responsibility section of the website, hoping to implement the responsibility of integrity management through various channels.	No Major Difference
5. The Company has established its ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies; please describe any discrepancy between the policies and their implementation: N/A				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amend its policies).				
(1). The Company regularly arranges directors to participate in corporate governance courses, and promotes the integrity management policy through internal meetings from time to time.				
(2). The Company strictly abides by the Company law, the securities exchange law, the regulations related to listing and listing on the OTC, and other relevant business conduct laws and regulations, as the basis for the implementation of honest management.				
(3). Please refer to the CSR section of the website http://www.ikka.com.tw				

(7). If the Company has formulated a corporate governance code and related regulations, it should disclose its inquiry method:

In order to improve the spirit of corporate governance, the Company has enacted the "Corporate Governance Best Practice Principles", "Integrity Management Code", "Rules Governing the Scope of Powers of Independent Directors" to follow. Investors can check on the Market Observation Post System (website: <https://mops.twse.com.tw/mops/web/index>), or can check on investor area on the Company's website (website: <http://ikka.com.tw>).

(8). Other important information that can enhance the understanding of the operation of corporate governance may be disclosed together:

You can go to the investor area of the Company's website and click on the corporate governance option (website: <http://ikka.com.tw>).

In addition, the Company has also enacted the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and "Employee Handbook" as the guidelines for the behavior of directors, managers and employees of the company:

A. Employee code of conduct, its content and spirit are:

- (a). All behaviors shall abide by the company's rules and regulations and various regulations related to their duties.
- (b). Remember the company's business philosophy of sharing weal and woe, and never do any words or deeds that damage the company's honor.
- (c). Any plans, materials, and information that know or hold the company shall be kept strictly confidential, and shall not be leaked or made known to third parties in any way, and shall not be published to the public, nor shall it be for oneself or a third party. people use.

- (d). Do not accept improper property, and do not ask for or accept hospitality.
- (e). Do not install or use unauthorized software or hardware without authorization. Do not use information equipment for non-working activities use off.
- (f). If there is a danger of violating the employee handbook or embezzling, accumulating property or other illegal acts, you shall be responsible for full liability for compensation.

B. Employee handbook, which contains:

- (a). Employment
- (b). Salary and benefits
- (c). Training and development
- (d). Welfare measures
- (e). Communication channels
- (f). Severance and resignation
- (g). Working hours, rest, vacation
- (h). Assessment, reward and punishment

- (9). The implementation status of the internal control system shall disclose the following matters:
A. Statement of internal control

Statement of Internal Control

*It indicates that the design and implementation of the company's internal control system are effective
(This statement shall be adopted when the Company states that all the applicable regulations are complied
with in relation to the legal compliance matters)*

<p>IKKA Holdings (Cayman) Limited Statement of Internal Control</p>	<p>Date: 2022.3.22</p>
<p>Based on the results of self-assessment, the company's internal control system in 2022 is hereby declared as follows:</p>	
<p>1. The Company is fully aware that the establishment, implementation, and maintenance of the internal control systems are the responsibility of the board of directors and management. The purpose is to make sure the target achieved and reasonable assurance on business operation effects/efficiency (profits, performance and asset security), reliable, timely, transparent reports in accordance with the related statements & laws.</p>	
<p>2. An internal control system has its inherent limitations. No matter how perfect is its design, an effective internal control system can only provide reasonable assurance for the attainment of the three goals described above. Moreover, the effectiveness of internal control systems could change along with the changes in environment and circumstances. However, the Company's internal control system is equipped with the function of self-monitoring, that the Company will take immediate action once a deficiency is identified.</p>	
<p>3. The Company determines whether the design and implementation of its internal control systems are effective based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (referred to as the "Governing Regulations" hereunder). Said criteria divide internal control into five elements based on the process of management control: 1. Control Environment, 2. Risk Assessment and Response, 3. Control Operation, 4. Information and Communication, and 5. Supervision. Each element contains several items. Please refer to the Governing Regulations.</p>	
<p>4. The Company has evaluated the validity of the design and implementation of its internal control systems based on the aforesaid criteria.</p>	
<p>5. Based on the results of aforementioned evaluation, it is found that the internal control systems of the Company for the year ended December 31, 2021 (including the supervision and management of subsidiaries) was effective in design and implementation, that it reasonably assures the accomplishment of aforesaid goals. The understanding of the achieved results of the internal control system design and execution works that business operation effects/efficiency, reliable, timely, transparent reports in accordance with the related statements & laws and reasonably ensure the above targets to meet.</p>	
<p>6. For the needs of the public offering of stocks, in accordance with the Articles 28 and 37 of the Governing Regulations, an accountant is appointed by the Company to review the internal control with respect to the reliability of external financial reporting and asset protection (to prevent the acquisition, use or disposal of assets without proper authorization.) during the abovementioned period. As stated in the preceding paragraph, the design and implementation of the internal control are effective. There are no material deficiencies that affect the reliability of the recording, processing, aggregation and reporting of financial information, and no material defect that affects the asset protection resulting in the acquisition, use or disposal of assets without proper authorization.</p>	
<p>7. This Statement shall become a major part of the Company's annual report and the prospectus, and be made public. Any false representation or concealment in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171 and 174 of the Securities and Exchange Act.</p>	
<p>8. This Statement has been adopted by the Company's board of directors in a meeting held on March 22, 2022, where all of the nine attending directors have agreed to the contents of this statement.</p>	
<p>IKKA Holdings (Cayman) Limited Chairman: Hu, Hsiang-Chi General Manager: Obara Masami</p>	

Note 1: In the design and implementation of the internal control system of a public offering company, if there are major deficiencies in the year, an explanatory paragraph shall be added after item 4 of the internal control statement to list and explain the major deficiencies found in the self-inspection and the Company's improvement actions taken and status of improvements before the balance sheet date.

Note 2: The date of this Statement is the date of the end of the financial year.

B. If a CPA was engaged to examine the internal control systems, disclose the CPA examination report:



第一化成控股(開曼)股份有限公司
內部控制制度審查報告

資會綜字第 21019634 號

後附第一化成控股(開曼)股份有限公司及其子公司民國 111 年 3 月 22 日經評估認為其與外部財務報導及保障資產安全有關之內部控制制度，自民國 110 年 1 月 1 日至 110 年 12 月 31 日係有效設計及執行之聲明書，業經本會計師審查竣事。維持有效之內部控制制度及評估其有效性係公司管理階層之責任，本會計師之責任則為根據審查結果對公司內部控制制度之有效性及上開公司之內部控制制度聲明書表示意見。

本會計師係依照「公開發行公司建立內部控制制度處理準則」及一般公認審計準則規劃並執行審查工作，以合理確信公司上述內部控制制度是否在所有重大方面維持有效性。此項審查工作包括瞭解公司內部控制制度、評估管理階層評估整體內部控制制度有效性之過程、測試及評估內部控制制度設計及執行之有效性，以及本會計師認為必要之其他審查程序。本會計師相信此項審查工作可對所表示之意見提供合理之依據。

任何內部控制制度均有其先天上之限制，故第一化成控股(開曼)股份有限公司及其子公司上述內部控制制度仍可能未能預防或偵測出業已發生之錯誤或舞弊。此外，未來之環境可能變遷，遵循內部控制制度之程度亦可能降低，故在本期有效之內部控制制度，並不表示在未來亦必有效。

依本會計師意見，依照「公開發行公司建立內部控制制度處理準則」之內部控制有效性判斷項目判斷，第一化成控股(開曼)股份有限公司及其子公司與外部財務報導及保障資產安全有關之內部控制制度，民國 110 年 1 月 1 日至 110 年 12 月 31 日之設計及執行，在所有重大方面可維持有效性；第一化成控股(開曼)股份有限公司及其子公司民國 111 年 3 月 22 日所出具經評估認為其上述與外部財務報導及保障資產安全有關之內部控制制度係有效設計及執行之聲明書，在所有重大方面則屬允當。

資誠聯合會計師事務所

阮呂曼玉 阮呂曼玉

會計師

蔡亦奎 蔡亦奎

前行政院金融監督管理委員會
核准簽證文號：金管證審字第 0990058257 號
金融監督管理委員會
核准簽證文號：金管證審字第 1080323093 號
中華民國 111 年 3 月 22 日

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(10). Any legal sanctions against the Company or its internal personnel, or any disciplinary action taken by the Company against its own personnel for violation of internal controls, during the most recent fiscal year and up to the date of annual report, major deficiencies associated with the sanction and status of improvement actions taken: There was no such incident this year and up to the date of this Annual Report.

(11). Major resolutions and execution of the shareholders' meetings in the most recent year and as the date of the publication of the annual report:

A. The major resolutions of shareholders' meeting held on August 23, 2021 and implementation status.

Recognition Item No.1: Proposed to recognize the business report and consolidated financial statements for 2020

The voting result is indicated as follow:

Vote	Proportion of shares held by the shareholders present %
Approval votes: 18,571,867 (including electronic votes: 16,445,473)	100%
Disapproval votes: 0 (including electronic votes: 0)	0%
Waived votes: 0 (including electronic votes: 0)	0%
Invalid votes: 0	0%

Implementation status: the proposal has been submitted to the meeting of shareholders for recognition and, after the voting, has been approved as proposed.

Recognition Item No.2: Proposed to recognize the Company's earnings distribution

The voting result is indicated as follow:

Vote	Proportion of shares held by the shareholders present %
Approval votes: 18,571,867 (including electronic votes: 16,445,473)	100%
Disapproval votes: 0 (including electronic votes: 0)	0%
Waived votes: 0 (including electronic votes: 0)	0%
Invalid votes: 0	0%

Implementation status: the proposal has been submitted to the meeting of shareholders for recognition and, after the voting, has been approved as proposed. The cash dividend NTD81,000,000 has been distributed on September 6, 2021.

B. Major resolutions of board meeting

Date/Meeting	Board of Directors Important Resolutions
Second Session Thirteenth Time 2021.02.04	First case: appointment of officers Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.

	<p>Second case: officer appointment contracts Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Third case: lifting of the non-competition clause for officers Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Fourth case: the list of officers which will be submitted to the remuneration committee for officers' remuneration pre-review Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
<p>Second Session Fourteenth Time 2021.02.04</p>	<p>First case: proposal for payment of year-end bonus to officers in 2021 Resolution situation: there were nine directors in attendance. chairman Mr. Hu Hsiang-Chi and the director Mr. Ohara Masami were both employees of the Company and they were not joined the discussion and the vote because of their interest conflicts. The chairman Mr. Hu Hsiang-Chi, the representative of Avy, appointed independent director Mr. Lin Tian-Song to act as the chairman. After Mr. Lin Tian-Song asking the remaining directors' opinions, the proposal was approved as proposed.</p> <p>Second case: remuneration of officers Resolution situation: there were nine directors in attendance. chairman Mr. Hu Hsiang-Chi and the director Mr. Ohara Masami were both employees of the Company and they were not joined the discussion and the vote because of their interest conflicts. The chairman Mr. Hu Hsiang-Chi, the representative of Avy, appointed independent director Mr. Lin Tian-Song to act as the chairman. After Mr. Lin Tian-Song asking the remaining directors' opinions, the proposal was approved as proposed.</p>
<p>Second Session Fifteenth Time 2021.03.19</p>	<p>First case: distribution of the remuneration of the employees and directors in 2021 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Second case: consolidated financial statements for 2020 and 2019 and business report for 2020 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Third case: Statement of Internal Control for 2021 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Fourth case: amendment of operational specifications for the finance and operation between the affiliates Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

	<p>Fifth case: amendment to the Article of Association of the Company Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Sixth case: amendment to the internal control Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Seventh case: amendment to the internal audit implementation rules Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Eighth case: appointing a special agency to conduct tax payment and information disclosure Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Ninth case: proposed to adopt the referral agreement between the Company and Concord Securities Co., Ltd Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Tenth case: the amount of capital increase and the tentative price of new shares for capital increase before the initial public offering Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
<p>Second Session Sixteenth Time 2021.04.26</p>	<p>First case: dividend distribution proposal for 2020 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Second case: adoption of the date, the place and the agenda of the shareholders' meeting in 2021 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Third case: capital increase of the subsidiary Daiichi Kasei Co., Ltd. ("IKKA Japan") Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Fourth case: capital increase of the subsidiary IKKA Technology Dongguan Co., Ltd. ("IKKA Dongguan") Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

	<p>Fifth case: allocation of stock subscription amount for officers and employees for capital increase before the Company's initial public offering, and Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
Second Session Seventeenth Time 2021.05.03	<p>First case: proposal for amendment to the referral agreement between the Company and Concord Securities Co., Ltd Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
Second Session Eighteenth Time 2021.05.17	<p>First case: open of an integrated custody account for foreign employees for the IPO Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
Second Session Nineteenth Time 2021.07.20	<p>First case: change the date and the place of the shareholders' meeting of the Company in 2021 for the Covid-19 pandemic Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
	<p>Second case: amendment to the amount of the dividend distribution for 2020 and adoption of the date of distribution and the relevant matters Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
	<p>Third case: increase of Taiwan Branch's funds used for operation in the Republic of China Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
Second Session Twentieth Time 2021.08.10	<p>First case: consolidated financial statements for second quarter in 2021 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
	<p>Second case: proposal for payment of summer bonus to officers in 2021 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
Second Session Twenty- first Time 2021.11.12	<p>First case: proposal for change the stock agency from January 15, 2022 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
	<p>Second case: payment to CPA Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

	<p>Third case: remuneration payment rules for directors and functional committees Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Fourth case: rule of payment of the remuneration to employees Resolution situation: there were nine directors in attendance. chairman Mr. Hu Hsiang-Chi and the director Mr. Ohara Masami were both employees of the Company and they were not joined the discussion and the vote because of their interest conflicts. The chairman Mr. Hu Hsiang-Chi, the representative of Avy, appointed independent director Mr. Lin Tian-Song to act as the chairman. After Mr. Lin Tian-Song asking the remaining directors' opinions, the proposal was approved as proposed.</p> <p>Fifth case: proposal for payment of remuneration to officers and employees in 2020 Resolution situation: there were nine directors in attendance. chairman Mr. Hu Hsiang-Chi and the director Mr. Ohara Masami were both employees of the Company and they were not joined the discussion and the vote because of their interest conflicts. The chairman Mr. Hu Hsiang-Chi, the representative of Avy, appointed independent director Mr. Lin Tian-Song to act as the chairman. After Mr. Lin Tian-Song asking the remaining directors' opinions, the proposal was approved as proposed.</p>
<p>Second Session Twenty-second Time 2021.12.28</p>	<p>First case: audit plan for 2022 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Second case: financial forecasting of 2022 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
<p>Second Session Twenty-third Time 2022.01.20</p>	<p>First case: proposal for payment of year-end bonus to officers in 2021 Resolution situation: there were nine directors in attendance. chairman Mr. Hu Hsiang-Chi were both employees of the Company and they were not joined the discussion and the vote because of their interest conflicts. The chairman Mr. Hu Hsiang-Chi, the representative of Avy, appointed independent director Mr. Lin Tian-Song to act as the chairman. After Mr. Lin Tian-Song asking the remaining directors' opinions, the proposal was approved as proposed.</p>
<p>Second Session Twenty-fourth Time 2022.03.22</p>	<p>First case: amendment to the Remunerations Committee Organizational Procedure Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Second case: allocation of the remuneration to employees and directors in 2021 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

	<p>Third case: consolidated financial statements and business report for 2021 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Fourth case: statement of internal control for 2021 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Fifth case: amendment to internal control Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Sixth case: amendment to internal audit procedures Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Seventh case: adoption of the date, time, place and manners of the shareholders' meeting in 2022 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Eighth case: open of an integrated custody account for Chinese employees for the IPO Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
<p>Second Session Twenty-fifth Time 2022.05.11</p>	<p>First case: Loaning from a financial institution Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Second case: dividend distribution for 2021 Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Third case: amendment to Procedures for Acquisition or Disposal of Assets Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Fourth case: amendment to Article of Association of the Company Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p>Fifth case: amendment to Procedures of Shareholders' Meetings Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

	<p>Sixth case: amendment to Corporate Social Responsibility Code Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
	<p>Seventh case: amendment to Corporate Governance and Code of Practice Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

(12). Different opinions of directors or supervisors on record or in written statement on major resolutions approved by the board of directors in the recent year and as of the date of this Annual Report:

Board resolutions were passed unanimously by all present directors, there were no contrary opinions.

(13). Resignations of any person related to the financial report (including the chairman, general manager, accountancy manager, and chief audit officer):

No such matters.

5. Information on CPA Fees

Unit: Thousand NTD

Name of Accounting Firm	Name of Accountant	Duration of Accountant Audit	Audit Costs	Non-Audit Costs	Total	Notes
PricewaterhouseCoopers (PWC) Taiwan	Juan Lu, Man-Yu	2021.01.01 ~2021.12.31	5,000	2,300	7,300	It is the fee for review the internal control for annual review and public offering, but not an audit fee.
	Tsai, Yi-Tai					

6. Information on replacement of CPA: if the Company has replaced its CPA in the most recent two years or has plans to do so in the future, such information should be revealed below:

No such matters.

7. Chairman, Presidents, and Financial or Accountant Managers Who Served at the Accounting Firm of the CPAs or Its Affiliates in the Most Recent Year:

None.

8. Changes in shareholding transfer or shareholding pledge by Directors, Supervisors, or Officers, and major shareholders in the most recent year and as of the date of this Annual Report:

(1). Changes in shareholding transfer by directors, supervisors, or officers, and major

shareholders

Unit: share

Job Title	Name	2020		2021		As of May 31 this Year	
		Increase/Decrease in Shares Held	Increase/Decrease in Pledged Shares	Increase/Decrease in Shares Held	Increase/Decrease in Pledged Shares	Increase/Decrease in Shares Held	Increase/Decrease in Pledged Shares
Director and major shareholder	Avy Precision Technology Inc.	4,000,000	-		-	-	-
Major shareholder	Avy High Tech Limited	(4,800,000)	-	-	-	-	-
Major shareholder	Jabon International Co., Ltd.	(2,000,000)	-	(300,000)	-	-	-

(2). Information on equity transfers: None.

(3). Information on pledge equity: None.

9. Related Party Relationship among the top 10 Shareholders holding the most shares

2022.4.26; Unit: Thousand Shares; %

Name	Shares held by him/her/its own		Shares held by spouse, minor children		Shares held through a third person/party		The title or name and relationship of top ten shareholders if they are a related party or the spouse or a relative within the second degree of kinship to another		Remarks
	Amount of Shares	Percentage of Shares Held	Amount of Shares	Percentage of Shares Held	Amount of Shares	Percentage of Shares Held	Name	Relationship	
Jabon International Co., Ltd. Representative: Hu, Hsiang-Chi	10,900	40.37	-	-	-	-	-	-	
ABICO AVY Co., Ltd. Representative: Tong, Chun-Jen	4,000	14.81	-	-	-	-	Jia-Mei Investment Co., Ltd.	The chairman of ABICO AVY Co., Ltd. and the chairman of Jia-Mei Investment Co., Ltd. are blood relatives within the second degree of kinship.	
CTBC Bank Co., Ltd. in custody for Li-Ji Investment Co., Ltd. (unofficial translation of 立基投資(股)公司)	1,310	4.85	-	-	-	-	-	-	
Mega International Commercial Bank Co., Ltd. Representative: Chang, Chao-Shun	550	2.04							
Jia-Mei Investment Co., Ltd. Representative: Tong, Yi-Chun	449	1.66	-	-	-	-	ABICO AVY Co., Ltd.	The chairman of ABICO AVY Co., Ltd. and the chairman of Jia-Mei Investment Co., Ltd. are blood relatives within the second degree of kinship.	

Tokio Marine Nawa Insurance Co., Ltd. Representative: Chen, Chung-Keng	399	1.48	-	-	-	-	-	-	-
HoTong Venture Capital Co., Ltd. Representative: Huang, Tsui-Hui	375	1.39	-	-	-	-	-	-	-
Guang Yuan Investment Co., Ltd. Representative: Lin, Hsin-Yi	280	1.04	-	-	-	-	-	-	-
CTBC Bank Co., Ltd. in custody for the Company's foreign employees	167	0.62		-	-	-	-	-	-
Lu, Chiang-Chuan	158	0.59							

10. The amount of shares and total share of stake in the same invested company owned by the Company, directors, supervisors, officers of the Company, and the enterprises directly or indirectly controlled by the Company.

Investment Ownership

2022.3.31; Unit: Shares; %

Investment (Note 1)	Investment by the Company		Investment by directors, officers and directly/indirectly owned subsidiaries			Total investment	
	Shares	Proportion	Shares	Proportion	Shares	Proportion	
Daiichi Kasei Co., Ltd.	64,081	100%	-	-	-	100%	
IKKA Technology (Vietnam) Co., Ltd.	2,500,000	100%	-	-	-	100%	
M.A.C Technology (Malaysia) Sdn. Bhd.	41,665,000	100%	-	-	-	100%	
IKKA (Hong Kong) Co., Limited	80,067,000	100%	-	-	-	100%	
IKKA Technology Dongguan Co., Ltd.	Note 2	100%	-	-	-	100%	

Note 1: Long-term Investment of the Company. Note 2: it is a limited company without issuing shares.

IV. Capital Raising

1. Capital and Share

(1) Source of Share Capital

May 31, 2022; Unit: Thousand Shares/Thousand Dollars

Year/Month	Offering Price	Authorized Share Capital		Paid-in Capital		Note		
		Unit Issued	Amount	Unit Issued	Amount	Source of Share Capital	The use of property other than cash to offset the payment of shares	Others
2016.03	USD 0.01	5,000	50	1 share	USD 0.01	Establishment of share capital		
2019.03	USD 0.01	5,000	50	10,702.6 shares	USD 107.026		Organizational restructuring issuance of 10,701.6 shares	Note1
2019.03	USD 0.01	5,000	50	10,701.6 shares	USD 107.016			Note2
2020.01	USD 0.01	5,000	50	44,590 shares	USD 445.90		Organizational restructuring issuance of 33,888.4 shares	Note3
2020.03	NTD 10	40,000	400,000	20,000	200,000	Par Value conversion 20,000 thousand shares		Note4
2020.11	NTD 10	40,000	400,000	22,000	220,000	Issue of new shares. Issuance price of NTD 58 per share		
2021.05	NTD 10	40,000	400,000	27,000	270,000	Initial public offering of new shares Issuance price of NTD 58 per share		

Note 1: The Company issued new shares in exchange for shares with AVY HIGH TECH LIMITED.

Note 2: The Company's shareholder, JABON INTERNATIONAL CO., LTD. returned one share without compensation.

Note 3: The Company issued new shares in exchange for shares with the shareholders of Daiichi Kasei Holdings Co.

Note 4: The Company change the par value of its share capital from USD 0.01 per share to NTD 10 per share.

Share Type	Authorized Share Capital			Note
	Outstanding shares (Note)	Unissued shares	Total	
Registered Ordinary Shares	27,000,000	13,000,000	40,000,000	As of: 2022/05/31

Note: The Company was listed on TWSE on May 31, 2021.

(2) Shareholders' Structure

April 26, 2022

Shareholders' Structure Number	Government Organization	Financial Institution	Other Legal Person	Individual	Foreign institutions and individuals	Total
Number	-	2	21	3,737	17	3,777
Shareholding	-	949,000	16,103,500	8,336,506	1,610,994	27,000,000
Shareholding Percentage	-	3.51%	59.64%	30.88%	5.97%	100%

(3) Distribution of Share

April 26, 2022

Shareholding Range	Number of Shareholders	Shareholding	Shareholding Percentage (%)
1 - 999	1,349	82,927	0.31
1,000 - 5,000	2,131	3,932,943	14.57
5,001 - 10,000	163	1,245,111	4.61
10,001 - 15,000	40	512,969	1.90
15,001 - 20,000	39	710,500	2.63
20,001 - 30,000	22	557,520	2.06
30,001 - 50,000	14	578,673	2.14
50,001 - 100,000	7	507,541	1.88
100,001 - 200,000	4	608,816	2.25
200,001 - 400,000	3	1,054,000	3.90
400,001 - 600,000	2	999,000	3.70
600,001 - 800,000	0	0	0.00
800,001 - 1,000,000	0	0	0.00
Over 1,000,001 are graded according to the actual situation	3	16,210,000	60.05
Total	3,777	27,000,000	100.00

Preferred Share

April 26, 2022

Class	Amount of Shareholder	Amount of Share	Shareholding Percentage (%)
The Company had not issued preferred shares as of April 26, 2022.			

(4) Major Shareholders

April 26, 2022; Unit: share

Name of Major Shareholder (Nationality or Place of Incorporation)	Share Amount of Share	Shareholding Percentage
JABON INTERNATIONAL CO., LTD. (incorporated in Taiwan)	10,900,000	40.37%
ABICO AVY CO., LTD (incorporated in Taiwan)	4,000,000	14.81%
CTBC Bank Co., Ltd. in custody for Li-Ji Investment Co., Ltd. (unofficial translation of 立基投資(股)公司)	1,310,000	4.85%
Mega International Commercial Bank Co., Ltd.	550,000	2.04%

(incorporated in Taiwan)		
Jia-Mai Investment Co. Ltd. (incorporated in Taiwan)	449,000	1.66%
Tokio Marine Nawa Insurance Co., Ltd. (incorporated in Taiwan)	399,000	1.48%
Hotung Venture Capital Corporation (incorporated in Taiwan)	375,000	1.39%
Guang-Yuan Investment Co., Ltd. ((unofficial translation of 廣源投資(股)公司) (incorporated in Taiwan)	280,000	1.04%
CTBC Bank Co., Ltd. in custody for the Company's foreign employees	167,000	0.62%
Lui, Jiang-Quan	158,000	0.59%

(5) Market price, net value, earnings, dividends and related matters in the most recent fiscal two years

Unit: NTD

Item		Year		
		2020	2021	
Market Price Per Share	Highest	Unlisted	220	
	Lowest	Unlisted	96.60	
	Average	Unlisted	139.76	
Net Value Per Share	Before Distribution	47.82	54.62	
	After Distribution	43.91	51.40	
Earnings Per Share	Weighted Average Shares (thousand shares)	20,667	27,000	
	Diluted Earnings Per Share (Note 1)	5.20	6.06	
Dividends Per Share	Cash Dividends (Note 2)		3.68181818	3.22222222
	Stock Dividend	Earnings Dividend	-	-
		Capital Surplus Dividend	-	-
	Accumulated Undistributed Dividend		445,335,000	439,225,000
Return on Investment	Price/Earnings Ratio		Unlisted	23.06
	Price/Dividend Ratio		Unlisted	43.37
	Cash Dividend Yield		Unlisted	2.31%

Source: Audited financial statements for each year

Note 1: Earnings per share after tax.

Note 2: The Company's 2021 earnings were resolved by the Board of Directors on May 11, 2022 and presented to the shareholders' meeting this year. The Board of Directors resolved on April 26, 2021, to distribute cash dividends of NTD 81,000,000 to shareholders, with the original distribution amount of NTD 3.68181818 per share. As a result, the number of outstanding common shares increased from 22,000,000 to 27,000,000 shares, and therefore the distribution amount per share was adjusted to NTD 3.68181818. The distribution amount is adjusted to NTD 3 per share, which will be paid until the end of the year (not counting the amount below yuan).

(6) Dividend Policy and Implementation Status

A. Dividend Policy as stipulated in the Company's Articles of Incorporation

- (a). The Company is in the growth stage. Based on the needs for capital expenditure, business expansion, and sound financial planning for sustainable development, the dividend policy of the Company will be distributed to the shareholders of the Company in the form of cash dividends and/or stock dividends according to the Company's future capital expenditure budget and capital demand, and in response to the changes in the economy and industry.

- (b). If the Board of Directors resolves to distribute profits, it shall prepare a plan for such distribution by an ordinary resolution of the shareholders. The Board of Directors shall prepare such a profit distribution plan in the following manner: (a) The Company shall appropriate the tax payable in accordance with the law. (b) Make up the losses (if any) in previous years regarding the annual net profit. (c) A special reserve shall be appropriated or reversed in accordance with the Public Company Act or as required by the competent authorities.

Unless otherwise stipulated by laws and regulations and the Public Company Act, earnings for the year, after deducting the amounts in (a) to (c) above and adding the accumulated undistributed earnings from prior years, are the distributable earnings. The board of directors shall submit the proposed distributable surplus profit distribution plan to the shareholders' meeting for resolution. The distribution of earnings may be made in cash dividends or stock dividends (transferring earnings to capital and distributing shares to shareholders in proportion). If the board of directors resolves to distribute profits, the total amount of dividends to shareholders shall be at least 40% of the current year's earnings after deducting items (a) to (c) above, and the total amount of cash dividends shall not be less than 10% of the total amount of dividends to shareholders.

- B. The situation of dividend distribution proposed by the board of directors.

For the Company's 110th annual earnings distribution, the Board of Directors resolved on May 11, 2022, that, in accordance with the Company Law and the Company's Articles of Incorporation, after adding NTD 445,335,491 of the prior year's undistributed earnings, the current period's distributable earnings will be NTD 526,225,243, and the proposed cash dividends to shareholders will be NTD 3.22222222 per share. The proposed distribution of earnings will be reported to the shareholders at this year's annual general meeting.

- (7) Effect of the proposed free stock distribution on the Company's operating results and earnings per share:

The Company did not distribute stock dividends, so there was no effect.

- (8) Remuneration for employees, directors and supervisors

- A. Percentage or range of remuneration of employees, directors and supervisors as stated in the Articles of Association:

The Company shall distribute employees' remuneration at a rate of not less than 8% and not more than 15% of the Company's net profit for the year before deduction of employees' remuneration and directors' remuneration and shall distribute directors' remuneration at a rate of not more than 5% of the Company's net profit for the year before deduction of employees' remuneration and directors' remuneration if any. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance. Employee remuneration may be in the form of stock or cash and may be allotted in accordance with the employee incentive plan agreed to in Article 11.1. Employee remuneration may

be paid to employees of domestic and foreign-controlled or subordinate companies who meet specific criteria. The board shall make the distribution of employees' remuneration of directors with the attendance of more than two-thirds of the directors and the resolution agreed by more than half of the directors present and reported to the shareholders' meeting. A director who currently serves as the executive director of the Company and/or its domestic and foreign-controlled or affiliated companies may receive his remuneration both as a director and as an employee.

Compensation to employees, directors, and supervisors is estimated on the basis of the amount that may be distributed in accordance with the Company's Articles of Incorporation. If the estimated amount differs from the resolution of the shareholders' meeting, the difference will be regarded as changes in the accounting estimate and recorded as an adjustment in the year of the shareholders' meeting.

- B. The distribution of remuneration approved by the Board of Directors
- (a). The amount of remuneration to employees, directors and supervisors in cash or stock. If there is any difference between the estimated amount and the amount, reasons, and treatment of the difference should be disclosed:

The estimated amount of employees' remuneration in 2021 is NTD 13,882,000 and directors' remuneration is NTD 8,676,000. On March 22, 2021, the Board of Directors resolved to distribute employee compensation of NTD 17,353,000 and director compensation of NTD 4,338,000, of which employee compensation will be paid in cash. The difference is due to the adjustment of the distribution rate. In addition, the amount of employee and director's remuneration approved by the board of directors in 2021 and the amount of employee and director's remuneration recognized in the financial statements in 2021 have been adjusted to the profit or loss in 2022.

- (b). The proportion of the amount of employee compensation distributed in stock to the total tax net income and total employee compensation for the period: None.
- C. The actual distribution of the remuneration of employees and directors in the previous year (including the number of shares distributed, the amount, and the share price), if there are any differences between them and the recognized remuneration of employees, directors, and supervisors, and the differences, reasons, and treatment shall be stated:
- (a). Actual distribution

Unit: Thousand NT Dollars

Actual distribution in the previous year (109): Distribution items	Proposed distribution from the original board of directors	Actual number of distributions reported to shareholders	Variance
Employee Stock Bonus	-	-	-
Employee Cash Bonuses	15,026	15,026	-
Remuneration for Directors and Supervisors	3,756	3,756	-

(b). Variances from the recognized employee dividends and directors' remuneration:

None.

(9) The Company's repurchase of shares of the Company:

There is no such thing in the latest year of the Company and as of the date of the annual report.

2. Issuance of Corporate Bonds:

None.

3. Issuance of Preferred Shares:

None.

4. Issuance of American Depositary Shares:

None

5. Issuance of Employee Stock Options:

(1) The effective date, issue date, number of units issued, the ratio of the number of shares issued to the total number of shares issued, the duration of the stock options, the method of performance, the period and ratio of restricted stock options, the number of executed shares, the amount of executed stock options, the number of outstanding stock options, the subscription price per share for outstanding stock options, the ratio of the number of outstanding stock options to the total number of shares issued, and the effect on shareholders' equity as of the printing date of the annual report.

March 31, 2022

Type of employee stock option certificate	1st (session) employee stock option
Filing Effective Date	Not applicable (Note 1)
Issue Date	July 17, 2020
Duration	The duration of the stock options is five years from the date the stock options are granted to employees.
Number of units issued	1,075,000 Unit
Number of shares issued as a percentage of the total number of shares in issue	3.98%
Subscription period	After two years from the date of granting employee stock options, the stock option rights can be exercised in accordance with the applicable rule.
Performance Method	Delivery by way of issuance of new shares by the Company
Restricted period and rate (%)	50% exercisable after 2 years from the date of granting

	75% exercisable after 3 years from the date of granting 100% exercisable after 4 years from the date of granting
Number of executed shares	-
Amount of executed stock options	-
Number of unexecuted shares	1,075,000 shares
Subscription price per share for unexecuted stock options	NTD 40
Number of unexecuted warrants to Ratio of outstanding warrants to total number of issued shares (%)	3.98%
Effect on shareholders' equity	The total number of unexercised employee stock options is 1,075,000 shares, which represents only 3.98% of the paid-in capital of 27,000,000 shares, and the dilution effect is limited. In addition, considering the various incentives for employees and the increase in employee loyalty to the Company, the plan to issue employee stock options as an incentive for employees has no significant impact on shareholders' equity.

Note 1: The Company was a non-public offering company at the time of issuing the employee stock options, and the issue was approved by the board of directors.

(2) The names of managers and the top ten employees who acquired stock options as of the publication date of the annual report, and the acquisition and subscription status of the stock options.

	Position	Name	Number of share options acquired	Number of share options acquired to the total number of issued shares	Executed				Unexecuted			
					Number of Subscriptions	Subscription Price	Amount of subscription	Ratio of number of subscriptions to total number of shares issued	Number of Subscriptions	Subscription Price	Amount of subscription	Ratio of number of subscriptions to total number of shares issued
Manager	Group Chairman, Chief Strategy Officer	Hu, Hsiang-Chi	239,000 shares	22.23%	—	—	—	—	239,000 shares	40 dollars	9,560,000	0.89%
	Group General Manager, IKKA Japan Chairman	Obara Masami										
	Taiwan Branch General Manager	Yang, Chao-Yu										
	IKKA Hong Kong, IKKA Dongguan President/General Manager	Katsumi Nakagawa										
	IKKA Vietnam President/General Manager	Hiroshi Aoki										
	Group Chief Financial Officer	Chiang, Shuo-Yen										
	Group Chief Auditor	Peng, Lien-Chu										
Employee	Chief Operating Officer of ABICO AVY CO., LTD.	Tong, Chun-Jen	320,000 shares	29.77%	—	—	—	—	320,000 shares	40 dollars	12,800,000	1.19%
	Chief Investment Officer of ABICO AVY CO., LTD.	Tong, Chun-Yi										
	Chief Financial Officer of ABICO AVY CO., LTD.	Chou, Che-Yi										
	Group Accounting Manager	Liu, Hsiu-Chin										

Position	Name	Number of share options acquired	Number of share options acquired to the total number of issued shares	Executed				Unexecuted				
				Number of Subscriptions	Subscription Price	Amount of subscription	Ratio of number of subscriptions to total number of shares issued	Number of Subscriptions	Subscription Price	Amount of subscription	Ratio of number of subscriptions to total number of shares issued	
Vice President of IKKA Japan	Kobayashi Ryō Hisa											
Director of IKKA Japan	Katō hisao											

Position	Name	Number of share options acquired	Number of share options acquired to the total number of issued shares	Executed				Unexecuted				
				Number of Subscriptions	Subscription Price	Amount of subscription	Ratio of number of subscriptions to total number of shares issued	Number of Subscriptions	Subscription Price	Amount of subscription	Ratio of number of subscriptions to total number of shares issued	
Vice President IKKA Japan	Nishio Shingo											
Deputy Plant Manager IKKA Japan	Nomura Kazuhiko											
Manager IKKA Japan	Inomata Noriyuki											
Manager IKKA Japan r	Shanglin Lin											
Section Chief IKKA Japan	Matsubara yū											
Special Assistant IKKA Malaysia	Chen, Ping-Yang											

6. Status of Employee Restricted Stock:

None.

7. Status of New Share Issuance in Connection with Mergers and Acquisitions:

None.

8. Funding Plans and Implementation

- (1). The analysis of the matters that should be recorded in the previous plan for the issuance of new shares or corporate bonds from previous cash capital increase, merger or acquisition, or transfer of shares of another company.

A. Plan Contents

- (a). Approval date and document number of the cash capital increase in cash and the document number: The Company applied for the capital increase plan before the public offering.
- (b). Total amount of capital required for the project: NTD 116,000,000.
- (c). Source of funds: 2,000,000 ordinary shares will be issued by cash capital increase, with a par value of NTD 10 per share and an issue price of NTD 58 per share. The total amount of funds raised is NTD 116,000,000.
- (d). Capital utilization plan and estimated progress of capital utilization.

Unit: Thousand NT dollars

Plan	Estimated Completion Date	Total Funds Required	Progress of the scheduled use of funds
			2020 Q3
Transfer of investment to IKKA Dongguan	2020 Q3	105,000	105,000
IKKA Group operating capital	2020 Q3	11,000	11,000
Total		116,000	116,000

The funds raised will be used to repay the debts of IKKA Japan and IKKA Hong Kong to IKKA Dongguan and to replenish the operating capital of IKKA Group for NTD 105,000,000 (USD 3,500,000) and NTD 11,000,000, respectively, of which all the funds raised from the capital increase of IKKA Dongguan will be used to repay the debts of IKKA Japan, and all the funds received by IKKA Japan from IKKA Dongguan will be used to repay the bank loans.

- (e). Expected Benefit.
- Reduce the debt ratio of IKKA Group strengthen the financial capital structure, increase the stability of long-term capital sources, and strengthen the financial autonomy of each subsidiary.
 - Reduce the debt ratio of IKKA Dongguan, strengthen the capital structure, and increase the stability of long-term capital sources.
 - Reduce IKKA Japan's debt ratio, improve debt paying ability, and reduce the interest burden caused by borrowing from financing institutions.

B. Execution status: The funds raised from the cash capital increase were executed in the third quarter of 2020.

(a). Implementation: The funds raised by this cash capital increase have been implemented in the third quarter of 2020.

(i) Actual implementation

Unit: Thousand NT dollars

Plan	Execution Status		2020 Q3	Progress ahead of or behind schedule, reasons and improvement plans
Transfer of investment to IKKA Dongguan	Amount spent	Expected	105,000	The plan was completed as scheduled
		Actual	105,000	
	Progress of implementation	Expected	100%	
		Actual	100%	

Unit: Thousand NT dollars

Plan	Execution Status		2020 Q3	Progress ahead of or behind schedule, reasons and improvement plans
IKKA Group operating capital	Amount spent	Expected	11,000	The plan was completed as scheduled
		Actual	11,000	
	Progress of implementation	Expected	100%	
		Actual	100%	

In the case of the company's cash capital increase to issue common stocks, the fundraising was completed in the third quarter of 2020, and the cash capital increase amounted to NTD 116,000, which was used to reinvest in IKKA Dongguan and enrich the working capital of IKKA Group, respectively. The cash capital increase plan was completed in the third quarter of 2020 according to the original plan.

(ii) Executive Benefit Evaluation

a) Investment in IKKA Dongguan

Unit: Thousand NT dollars

Item	Year	Before capital increase	After capital increase
		2019	2020 Q1-3
Basic Financial Information	Current Assets	485,329	561,116
	Current liabilities	667,543	584,277
	Total Liabilities	734,845	659,169
	Interest expense	4,452	2,778
Financial Structure	Debt to Assets Ratio	93.49	77.95
	Long-term capital to property, plant and equipment	50.91	116.02
Debt Service Capacity	Current Ratio%	72.70	96.04
	Quick Ratio%	57.05	73.32

Source: The Company's audited/reviewed consolidated financial information for each period

The cash capital increase was transferred to IKKA Dongguan. The basic financial information, financial structure, and solvency of IKKA Dongguan before and after the completion of the implementation of the plan (the first three quarters of 2020 compared to the end of 2019) showed that the debt ratio decreased from 93.49% to 77.95% after the capital increase, the long-term capital to property, plant and equipment ratio increased from 50.91% before the capital increase to 116.02%, the current ratio increased from 72.7% before the capital increase to 96.04%, the quick ratio increased from 57.05% before the capital increase to 73.32%. The current ratio increased from 72.7% before the capital increase to 96.04%, and the quick ratio increased from 57.05% before the capital increase to 73.32%, so the benefit of the capital increase from the investment in IKKA Dongguan should have been obvious.

b) IKKA Group operating capital

Unit: Thousand NT dollars

Item	Year	Before capital increase	After capital increase
		2019	2020 Q1-3
Basic Financial Information	Current Assets	1,791,830	1,766,863
	Current liabilities	1,514,560	1,523,420
	Total Liabilities	2,050,694	1,852,760
	Interest expense	21,731	17,712
Financial Structure	Debt to Assets Ratio	72.29	66.06
	Long-term capital to property, plant and equipment	151.89	153.98
Debt Service Capacity	Current Ratio%	118.31	115.98
	Quick Ratio%	85.20	82.84

The capital raised from the cash injection in 2020 was used to invest in IKKA Dongguan through IKKA Hong Kong and to increase the operating capital of IKKA. From the basic financial information, financial structure, and solvency before and after the completion of the plan (compared to the first three-quarters of 2020 and the end of 2019), the financial structure, IKKA Japan's gearing ratio decreased from 72.29% to 66.06% due to the repayment of bank loans, which is a significant benefit. Still, the current ratio decreased from 118.31% to 115.98%, and the quick ratio increased from 85.2% to 82.84%, which was not as expected. In the first quarter of 2020, IKKA Japan renegotiated with the Ashikaga Bank for a total loan amount of JPY 1.73 billion for a term of 10 years. The loan agreement provides IKKA Japan with a flexible agreement on using funds. Before the loan period of one year expires from March 109 to March 110, IKKA Japan may determine the total amount of the remaining nine years of long-term loans within the amount mentioned above. Therefore, until IKKA Japan decides, the borrowings are placed under short-term borrowings, increasing short-term borrowings from the end of 2019. The improvement in debt ratio due to the capital raising plan indicates that the benefits of the Company's capital increase should have been realized.

(2). Matters to be recorded in this cash capital increase plan, issuance of corporate bonds or issuance of employee stock options or restricted employee rights new shares.

A. Source of funds

(a). Amount of capital required for the plan: NTD380,000,000.

(b). Source of funds: 5,000,000 shares of common stock with a par value of NTD10 per share will be issued as a cash capital increase, and the minimum underwriting price will be NTD66.09 per share in a competitive auction, the bid will be awarded to the highest bidder, and each bidder shall subscribe according to its bid price. The public offering underwriting price is NTD 105.08, which is the weighted average of the price and quantity of each bid, and the maximum is 1.15 times of the lowest underwriting price. Therefore, the underwriting price per share is issued at a premium of NTD 380,000,000 in total.

(i) Capital Utilization Plan Projects and Scheduled Progress

Unit: Thousand NT dollars.

Plan	Estimated Completion Date	Total Capitals Required	Progress of capital utilization
			2021 Q2
Potential benefits expected	2021 Q2	380,000	380,000

(ii) Expected Benefit

The Company expects to raise NTD 380,000,000 for the fundraising plan, which will be used to strengthen the financial structure and enhance the solvency, increase the flexibility of capital deployment, and reduce the debt ratio and operational risks.

(iii) If there is a shortfall in the capital raised, the method and source of financing: The cash capital increase is conducted in accordance with laws and regulations, and the cash capital increase is underwritten by an underwriter or subscribed by a specific person, which should be sufficient to ensure that the number of shares issued by the capital increase will be sold in full; however, if there is a shortfall in the capital raised due to changes in the stock price in the future, the Company will use its own funds to cover the shortfall.

B. Explanation of the feasibility, necessity, the rationality of expected benefits and the dilution effect of earnings per share in the current and future years

of this plan.

(a). The feasibility of the plan.

(i) The feasibility of this capital raising in terms of legal procedures

The Company's board of directors resolved on March 19, 2021, to adopt the cash capital increase stock issuance plan, using the cash capital increase to issue new shares as the source of shares offered for public sale before the initial public offering and in accordance with the resolutions of the Company's board of directors' meeting on June 22, 2020, and the shareholders' meeting on June 29, 2020, to approve the waiver of pre-emptive rights by all shareholders, so the cash capital increase plan should be feasible.

(ii) Feasibility of the completion of the fund raising plan

The Company will raise capital by a cash capital increase. 5,000,000 common stocks with a par value of NTD10 per share will be issued at a premium of NTD76 per share, and the total amount to be raised is expected to be NTD380,000,000. The board has approved the cash capital increase plan of directors on March 19, 2021, and all shares, except for 15% reserved for subscription by employees of the Company and its subsidiaries, are all commissioned by the securities underwriters for the public underwriting. If the employees of the Company and its subsidiaries have not subscribed or have renounced their subscriptions, the Chairman is authorized to negotiate with specific persons to subscribe. Any under-subscription of new shares will be handled in accordance with the regulations of the Securities Dealers Association of the Republic of China for underwriting or re-selling securities. The actual issue price per share, the terms and conditions of the issue, the plan for the use of funds, and other related matters will be adjusted by the Chairman of the board of directors of the Company, taking into account the prevailing market conditions, and will be jointly agreed with the host underwriter. The cash raised should be sufficient to ensure the completion of the fundraising; therefore, the cash raise should be feasible.

(iii) The feasibility of the capital utilization plan

The total amount to be raised from the cash capital increase is estimated to be NTD380,000,000, intended to be used to replenish the working capital to meet future changes in economic conditions and operating plans. The cash mentioned above capital increase is

expected to be completed by the second quarter of 2021, considering the examination time by the competent authorities, and the plan is reasonable and feasible. In summary, the Company's cash capital increase plan is feasible regarding legal procedures, capital acquisition, and capital utilization plans. Therefore, the plan is feasible.

(iv) The Description of the necessity of this plan.

The funds raised from issuing new shares will increase working capital, support business development, enhance market competitiveness, and improve the company's financial structure. In accordance with the "Important Notes for Underwriters' Evaluation Report of Foreign Issuers of the Securities Dealers Association of the Republic of China," the issuance of new shares through cash capital increase for public offering before the initial public offering may not be subject to the requirement of the necessity of the capital raising plan. This cash capital increase and issuance of new shares is a case of cash capital increase and issuance of new shares for the first listed company to conduct public sales before the initial listing. It is legally exempted from the necessity of evaluating the relevant plans.

(b). The rationality of the plan.

(i) The rationality of the progress of capital utilization

The Company's cash capital increase is for public underwriting before the initial public offering and is expected to raise a total of NTD 380,000,000 to increase operating capital for the Company's operational needs and to strengthen its overall competitiveness. The capital utilization plan should be reasonable.

(ii) The rationality of estimated benefit.

The Company will use all of the proceeds from the issuance of new shares in the second quarter of 2011 to strengthen the financial structure and enhance the flexibility of capital deployment. The expected benefits should be reasonable.

(iii) The effect of various sources of capital deployment on the Company's earnings per share in the reporting year and the year to come

As an unlisted company, the Company's main financing instruments are cash capital increase and bank loans. Financing by bank loans will not only increase the debt ratio but also increase the interest expense, which will further erode the Company's profitability.

The Company issued 5,000 new shares for cash capital increase for public sale before the first public offering. If all the new shares issued for cash capital increase are sold, the capital stock will increase from 22,000 thousand shares to 27,000 thousand shares due to the underwriting of the new shares, representing an increase of 22.73% and a diluted earnings per share ratio of 18.52%.

(iv) If the issue price is lower than the par value, the Company should explain the necessity and reasonableness of issuing new shares at a discount, the reasons for not using other financing methods, the reasonableness of such reasons, and the amount of capital surplus or retained earnings to be offset.

(c). Description of how the issue price, conversion price, exchange price or stock option price was determined

The issuance price of the cash capital increase was determined by referencing the cost-to-benefit ratio of peer companies to derive a reasonable offering price, and considering the company's industry, operating performance, issuance market environment, and market conditions of the peer group, etc. The underwriting price is NTD76.

(d). Estimated Use of Capitals and Potential Benefits

Unit: Thousand NT dollars

Plan	Estimated Completion Date	Total Capitals Required	Progress of capital utilization
			2021 Q2
Enriching operating capital	2021 Q2	380,000	380,000
Potential benefits expected	The Company's cash capital increase is intended to be used to increase its operating capital, which is expected to enhance the Company's financial structure and reduce the use of bank loans to finance operating expenses, which may erode the Company's profitability. Overall, the cash capital increase will positively affect the Company's future operations.		

V. Operational Highlights

1. Business Operation

(1) Business Activities

1. Business Scope

(A) The main contents of the business of the Company and its subsidiaries

The Group's main production items are automotive parts, bathroom appliances, office equipment, and other components. The final products include EPB electronic hand (parking) brake system, electrical system, steering system, vehicle body parts, toilet seat cover mechanical switch module parts and modules, and various industrial machinery parts and components processing products. Many of the automotive parts have been extended to new energy vehicles.

(B) Proportion of Business

Unit: Thousand NT dollars: %

Year	2020		2021		2022 Q1	
	Sales	Business Proportion	Sales	Business Proportion	Sales	Business Proportion
Automotive	2,207,602	60.92	2,172,224	59.28	496,427	61.49
Bathroom and home appliances	700,354	19.33	719,862	19.65	149,475	18.51
Office Equipment	203,706	5.62	183,211	5.00	32,330	4.00
Other	511,887	14.13	588,980	16.07	129,234	16.00
Total	3,623,549	100.00	3,664,277	100.00	807,466	100.00

(C) The company's current goods (services) items

Product Type	Explanation	Apply Field
Automotive	EPB electronic hand (parking) brake system, relay box, EPS electric power steering assist	Vehicle control system (stability control system), Steering wheel, bus assembly,

	system, gear for steering wheel angle sensor (SAS), gear for electric sliding door (PSD)	electric sliding door, electric rear view mirror, etc.
Bathroom and home appliances	Flushing nozzle module, toilet seat cover automatic opening/closing module, cleaning brush drive module, bathroom dryer flap module, air conditioner fan blade drive module, hand dryer blower head drive module	Washlet, bathroom dryer, air conditioner and hand dryer, etc.
Office Equipment	Drum drive module, drum bearing auxiliary module, bearing assembly gear, high-precision gear, toner mixing gear module, paper feed cartridge rising gear module, page drive gear module and lens change drive module	Laser printers, multifunctional machines, projectors

(D) Planned development of new products (services).

In line with the trend of automobile electronics and lightweight, the Group continues to refine its plastic injection molding technology, mold design and production capabilities, gear module design and assembly capabilities, and product measurement and evaluation capabilities to provide more diversified and higher value-added products and services. In addition, the company continue to develop the design and manufacturing capabilities of process automation equipment to enhance the competitiveness of our production lines.

2. Industry Overview

(A) Current Industry Status and Development

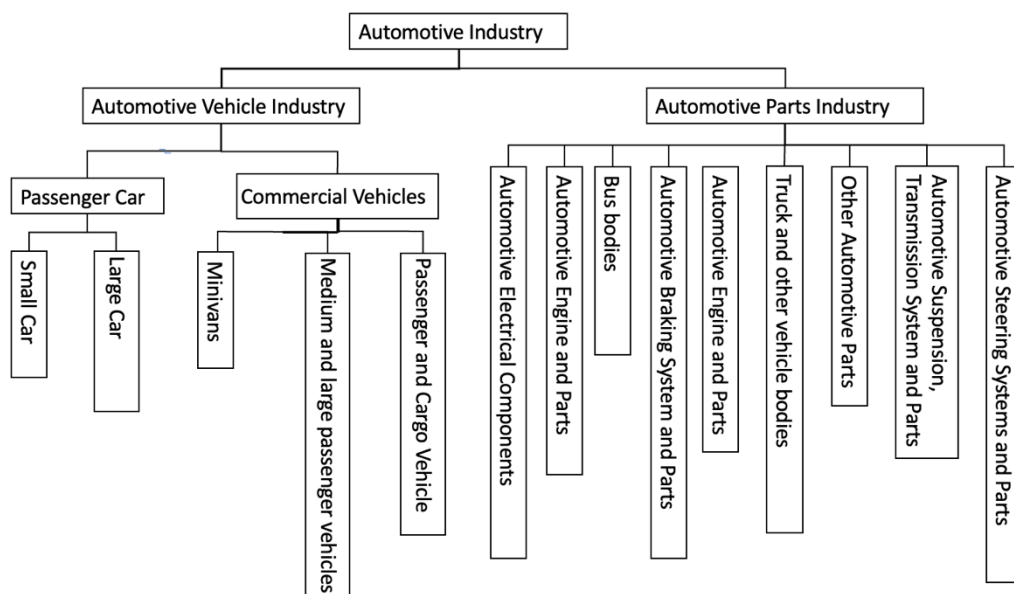
1. Automotive Industry

The automotive industry is a high-tech and capital-intensive industry with a substantial related industrial chain and a wide range of industries involved. A car consists of about 30,000 parts, including steel, plastic, rubber, glass, machinery, motor and electronics, and other industries, and relevant professionals include R&D, manufacturing, purchasing, marketing, management, warranty, and other skills. They are integrated into the entire automobile industry, driving the development of the employed population. Thus the automotive industry is known as the "locomotive industry."

Because of this, the boom and bust of the automobile industry can easily affect the development of various industries. All advanced countries worldwide regard the automobile industry as an essential industry for national economic growth and spare no effort to support the automobile industry.

According to the classification of industrial production statistics, the automotive industry can be divided into the automotive vehicle industry and the automotive parts industry, of which the automotive parts industry can be further divided into nine categories, with the Company's products mainly belonging to automotive engines and components, automotive steering systems, brake systems and parts, and other automotive parts.

Classification of industrial production statistics for the automotive industry



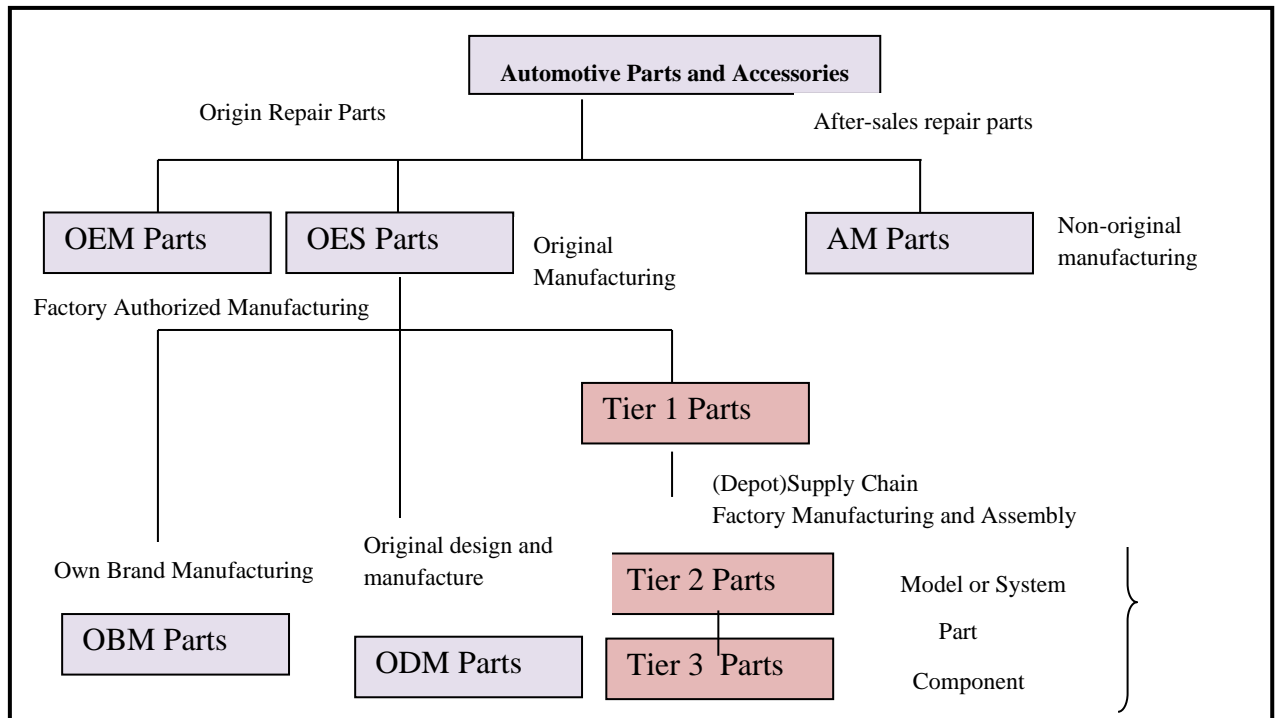
Note: Other auto parts include car frame beams, car body stamping parts, car bumpers, car exhaust pipes, car casting parts, car seat belts, and other unlisted auto parts.

Source:(Industrial Economics & Knowledge Center · IEK)

According to the IEK's data, automotive parts and components can be divided into "original manufacturing" and "non-original manufacturing" according to the international division of labor, among which original manufacturing can be further divided into "OEM parts and components," "OES parts and components," "ODM parts and components," and "OBM

parts and components." The non-original made parts are classified as "AM parts."

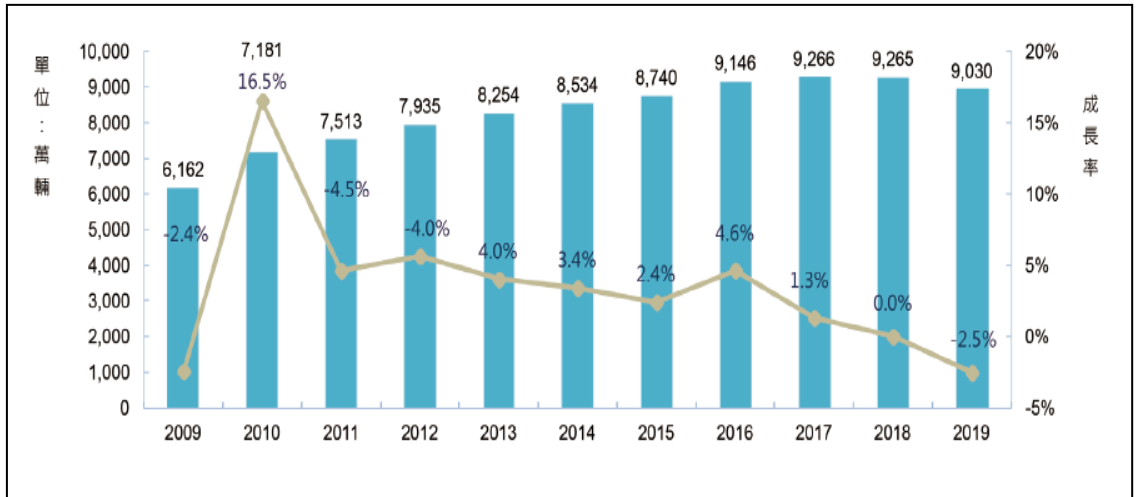
International division of automotive parts and components



Source: ITRI Industrial Economics and Knowledge Center (2020)

The Group's business type is mainly OEM manufacturing and processing, and its customers are mainly Tier 1 automotive parts suppliers in Japan, providing various plastic molded parts and modules required by them, which are part of the supply chain of original equipment manufacturing.

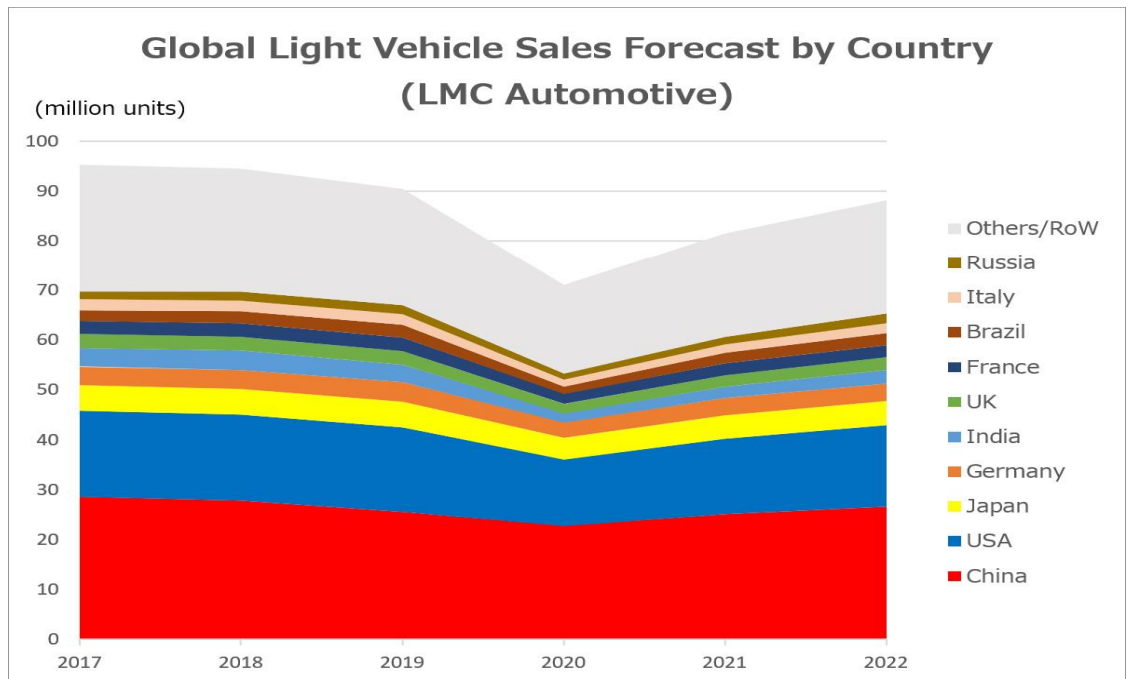
Cars have become an indispensable product in human life and work. In recent years, due to the rapid economic growth in emerging countries such as China, India and Brazil, global vehicle sales have been on a continuous growth trend, and according to an industry research report by the Automotive Research Center (ARTC), global vehicle sales will be above 90 million units from 2016 to 2019. However, due to the impact of the U.S.-China trade war, the U.K.'s exit from the European Union, and the painful period of industrial transformation and upgrade in China, the global auto industry will experience a decline in 2019 for the first time since 2009, when global auto sales volume was 90.3 million units. Global vehicle sales in 2019 will be 90.3 million units, down 2.35 million units or 2.54% from 92.65 million units in 2018.



Source: Marklines; ARTC Vehicle Center

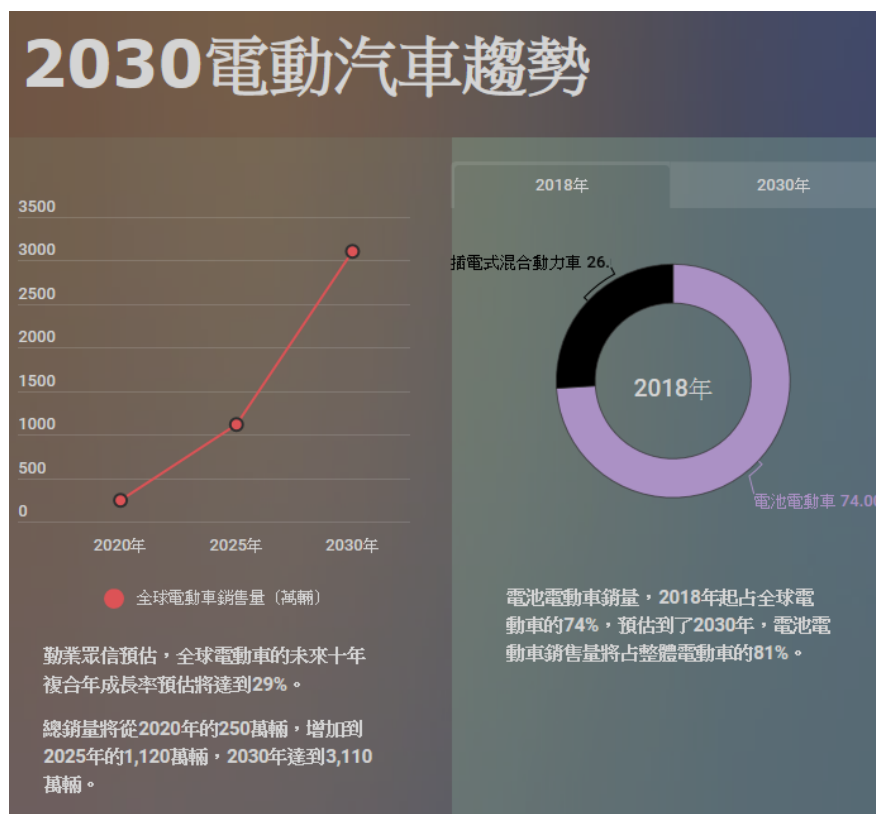
With the spread of the coronavirus (COVID-19) worldwide from 2020, production of global automotive supply chain factories has been halted due to the lockdown and isolation policies adopted in various regions, resulting in supply chain breakdowns, causing the global automotive industry to suspend production. According to a research report by LMC Automotive, the global auto market in the top 10 countries is expected to bottom out at 71.07 million units in 2020. Still, it is expected to rebound and grow as market demand rises, and it is estimated that global auto sales will rebound to more than 80 million units in 2022.

Global top 10 countries Vehicle Sales Forecast



Source: LMC Automotive(June 2020)

In addition, in terms of the development of new energy vehicles, according to a report by Deloitte, the compound annual growth rate of global electric vehicles will reach 29% in the next 10 years, and the total sales volume of electric vehicles will increase from 2.5 million in 2020 to 11.2 million in 2025 and 31.1 million in 2030. BEV sales will reach 25.3 million units by 2030, accounting for 81% of all EVs, while plug-in hybrid electric vehicles (PHEVs) will reach 5.8 million units. After the epidemic, the growth of traditional vehicles (internal combustion engine, ICE) will continue until 2025, reaching



81.7 million units, and may not return to pre-epidemic levels until 2024. Still, the penetration rate is also expected to begin to decline.

Source: Digital Age

2. Residential Home Appliance Industry

Residential home appliances are household appliances driven by electric energy or mechanized action, which can help people perform household affairs. Home appliances can reduce human family life labor work, improve the living environment, enhance the quality of human home life, and is the fundamental symbol of modernization of life. With the development of society and economic progress and the improvement of human living standards, the demand and dependence on home appliances are gradually rising. In addition to the basic needs, consumers will pay more attention to

environmental protection, energy-saving, wisdom, and multi-functional elements.

Household appliances can be divided into large home appliances and small home appliances. The large home appliances can be divided into "white home appliances" and "black home appliances." The "White home appliances" refers to the large home appliances used to meet and enhance the essential functions of daily life, such as air conditioners, refrigerators, washing machines, electric stoves, microwave ovens, water heaters, electric water heaters, etc. The "black home appliances" provide audio-visual entertainment such as TV sets, video players, VCD, DVD players, home gaming machines, home audio and home phones, treadmills, etc. Small appliances are those that are small in size and portable or used on desktops and other platforms, such as electric razors, vacuum cleaners, electric cookers, blenders, dehumidifiers, sewing machines, electric fans, and table lamps. The company's main end-use products are washlet and air conditioners, part of the white goods category of large home appliances.

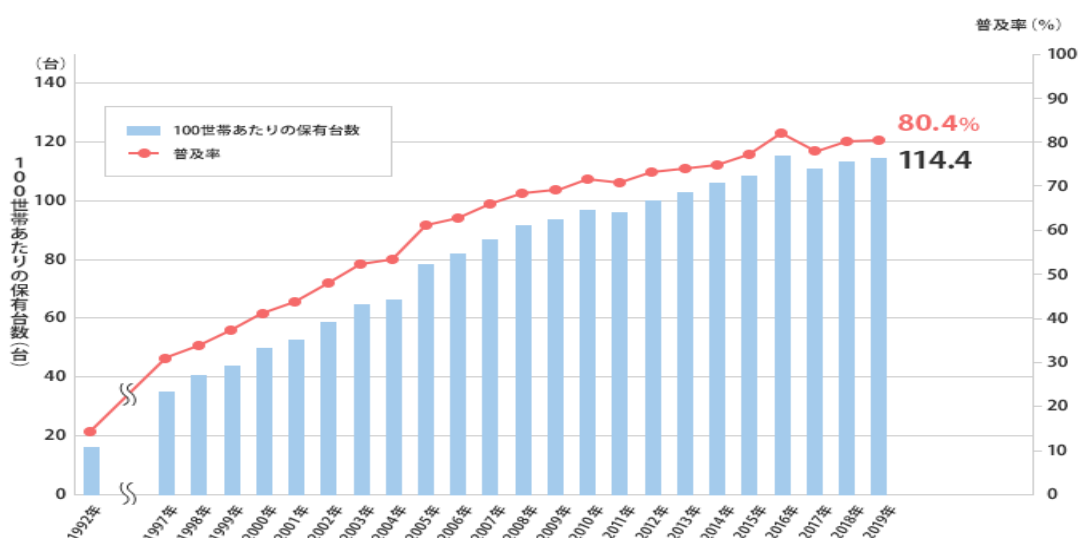
Washlet is originated in the United States, initially used as medical equipment, and then developed rapidly in Japan and Korea until today. Washlet has gradually become popular in Japan, Korea, and other countries and has become one of the indispensable bathroom appliances in daily life. It is a complete set of toilet lids and seats with a warm water cleaning system. It has various functions on the side operation panel, which has environmental and medical attributes and plays a more critical role in home life. In addition, the health monitoring technology applied in the smart toilet, including body massage, temperature and weight monitoring, and urine analysis, can enable users to understand their health conditions and prevent diseases early easily.

With the improvement of human quality of life and the growth of consumer capacity, coupled with the continuous upgrade of the Washlet, Washlet is becoming more and more acceptable to consumers. According to a report published by Hengzhou Bozhi Research Center, the global smart toilet market size will be USD 3.174 billion in 2019. It will reach USD 4.582 billion by 2025, with a compound annual growth rate of The compound annual growth rate from 2019 to 2025 is 6.3 percent.

Due to the importance of environmental cleanliness in Japan, the Washlet has been a great success in the Japanese market and has created a unique Japanese toilet culture. Since 1967, Inez Pottery (now LIXIL Group Corporation) has produced Japan's first lukewarm water toilet seat. Since

then, the manufacturers have been improving their products from the user's point of view, and with the improvement of functionality and comfort, the no-clean toilet has been widely recognized by consumers. It has not only been adopted in general households but also been used in general households, office buildings, commercial facilities, hotels, railroads, station buildings, airplanes, and other public uses in the 2010s. According to the Japanese Cabinet Office's Consumer Motivation Survey, the popularity rate of Washlet in Japan exceeded 80% for the first time in 2016. It will remain at 80.4% until 2019, with each family owning more than one Washlet on average.

2019 Japan's washlet penetration rate and retention



Source: Japan Cabinet Office, Consumer Motivation Survey Data

On the other hand, in the Mainland China market, because the Washlet has a variety of functions such as hip cleaning, seat warming, warm air drying, automatic deodorization, etc., As the the national standard has improved in Mainland China, environmental hygiene awareness has increased, hygiene cleaning products began to be valued, Washlet is gradually popular among Chinese. According to the data from China Household Electric Appliances Association, the overall penetration rate of Washlet in mainland China in 2019 is still very low, only 1.80%, compared with 80% in Japan and 55% in Korea, there is still a lot of market space in the future, but with the strong support of the government in mainland China and the continuous progress of people's living standards, the market scale of Washlet in mainland China will continue to expand. It is estimated that with a total population of more than 1.4 billion people in Mainland China, the market will continue to grow with the

continuous growth of the toilet penetration rate in Mainland China, which will bring considerable business opportunities.

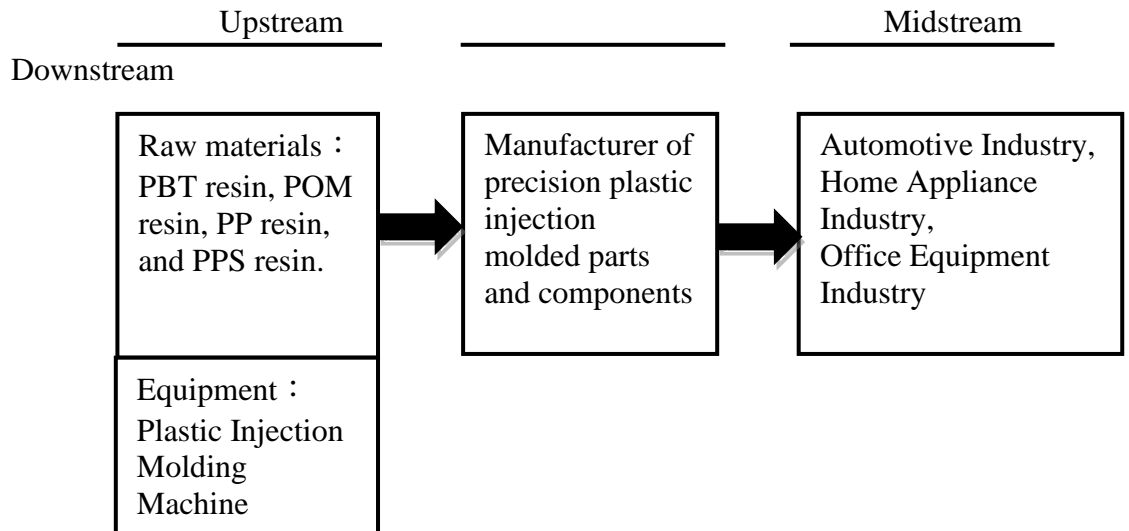
Y2012~2020 China's Washlet penetration rate analysis and prediction



Source: China Household Electric Appliances Association

(B) Upstream, Midstream and Downstream Industry Linkages.

The raw materials and related production equipment purchased by the Group to produce the relevant products belong to the upstream of the industry's supply chain, mainly by purchasing various plastic raw materials, including PBT resin, POM resin, PP resin, and PPS resin, etc. The products produced by the Group include automotive parts and components, home appliance parts, and components for office equipment, which belong to the midstream of the supply chain of the industry; and the parts and components produced by the Group are critical parts and components necessary for the downstream use of the products. The Group's components are essential components for downstream products and have a wide range of applications in the automotive, home appliance, and office equipment industries. The supply chain's upstream, midstream, and downstream linkages are as follows.



(C) Various trends of product development

A. Automotive Industry

With the development of intelligent technology, advances in network technology, and the advent of the 5G era, consumers' reliance on technology in their lives has continued to rise. The automotive industry is developing in the direction of intelligent networking and automatic driving with the continuous advancement of related technology. The C.A.S.E program, first proposed by Daimler in 2016, is oriented toward Connected, Autonomous, Shared & Service, and Electrification, and Volkswagen (Germany) and Toyota (Japan) also put forward the related concept. The C.A.S.E has become the four cores of the future development of car manufacturers worldwide, and Japan extended the idea of MaaS (Mobility as a Service) by C.A.S.E in 2019 in response to the rapid growth development of 5G to further accelerate the development of driverless cars. For automotive component suppliers, the development of new energy vehicles such as electric vehicles will be driven by the CASE+MaaS framework towards modularization, electrification, automation, electrification, and lightweight automotive components.

According to the Deloitte 2020 Automotive Industry Trends Study, the number of small passenger vehicles with electrified power systems is expected to reach 25-30 million by 2025, and the number of vehicles with all kinds of new power systems, such as pure electric and plug-in hybrid, will grow by 34% on average in 2025. The growth and expansion of vehicle electrification will affect the development of the automotive supply chain, causing significant changes to automotive component suppliers and

accelerating the transformation of the component industry. The demand for electrification, electronics, and automation of automotive components will increase. The market for components such as electric transmission systems, batteries, advanced driver assistance systems, and electronic devices is expected to grow significantly.

Market size of vehicle chassis electrification in Mainland China



Source: <https://news.sina.com.tw/article/20200406/34766992.html>

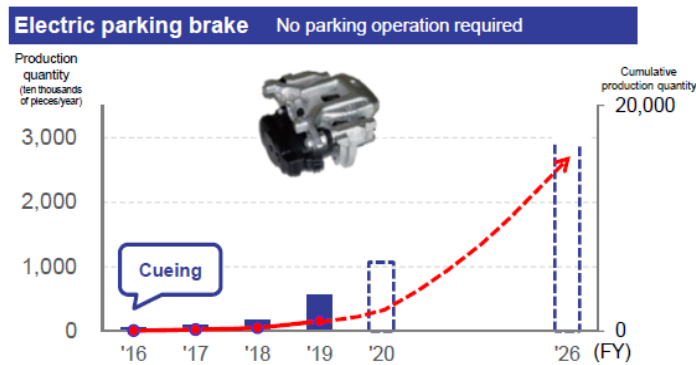
However, due to the development of vehicle electrification, all existing products will be gradually integrated through computerization. In the medium and long-term business development goals published by AISIN GROUP at the end of 2019, the electronic hand (parking) brake system (EPB) is listed as one of the four critical components in low-speed automatic driving.

AISIN's key components for the low-speed autonomous driving field



Source: AISIN GROUP 2019/10/31 Interim Development Goals Report

AISIN GROUP Electronic Braking System Future Growth Trend



Source: AISIN GROUP 2019/10/31 Interim Development Goals Report

B. Residential Appliance Industry

① Smart home as a development trend

With the advancement of technology, AI, the Internet of Things (IoT), and 5G network development, through the introduction of artificial intelligence and IoT technology, home appliances can be further interconnected to make the human living environment more intelligent, comfortable, convenient and safe. The 5G network technology is an essential driver for the rapid development of the smart home. The low latency, broad connectivity, and high reliability of the 5G network can make data transmission and storage faster and more efficient, which is a significant aid for the integration of smart homes and other intelligent technologies. By linking terminal devices, networking, and cloud-based service architecture, context-aware service scenarios are gradually formed. After various devices (such as cell phones, smart speakers, home appliances, etc.) are connected to the cloud, more user behavior data can be obtained and analyzed, enabling smart home appliances to operate directly and actively to meet user needs, making consumers' home life more comfortable, more intelligent, more convenient, and safer. According to Statista data, the global smart home appliance market size is about USD 16.97 billion and estimated that the global smart home appliance market size would reach USD 21.52 billion in 2020, with a growth rate of 26.8%. The global smart home appliance market is expected to grow at a compound annual rate of 16.5% in the next five years to reach USD 39.63 billion in 2024.

② Energy saving and environmental friendly home appliance will become mainstream

As the world's population increases, environmental pollution and damage are becoming more and more serious, and global warming is gradually becoming a concern, so energy saving and carbon reduction have become a common goals to be achieved worldwide. Energy-saving and environmental protection have become an important direction and issue in the design of home appliances. In addition to relying on manufacturers to continuously upgrade energy-efficient appliances through energy-saving design, with the rapid development of smart home appliance technology, smart home appliances can automatically adjust the working time status according to the surrounding environment to achieve the effect of energy-saving and complex energy-efficiency management can be made more intelligent to achieve the result of energy-saving through intelligent energy-saving management. Therefore, the development of energy-saving and environment-friendly home appliances and smart home appliances can be said to be complementary.

③ Product’s convenience and comfort, energy saving and environmental protection, health and intellectual as the main development trend

With the rapid development of technology, people's spiritual and physical needs have been improved, and a safe, comfortable, convenient and healthy living environment has become the residential home environment that people pursue.

(4) Product Competition

A. Automoblie Industry

2017-2022 Global New Energy Market Size



Source: Topology Research Institute, Nov.2020

According to DIGITIMES Research analyst Fen-Huai Lin, EV sales will grow significantly in 2021 compared to overall vehicle sales, with China and Europe both outperforming global EV market penetration by more than 15%. Fen-Huai Lin states that, as the ban on the sale of gasoline vehicles approaches, automakers are increasing their investment in electric vehicle business units and are considering electric vehicles to be their core business.

According to data from the national automobile associations, global vehicle sales only reached 71 million units in 2021, a 3.8% increase from the low point in 2020, due to a severe shortage of chips; in contrast, where global electric vehicle sales grow at an annual rate for more than 100%, the top three markets are China, Europe, and the United States, which together account for more than 90% of global EV sales.

China's electric vehicle market will return to 52% of the global market in 2021, returning to the largest market, mainly due to China's regulations requiring a certain proportion of vehicle production to be new energy vehicles and the introduction of low-cost small cars, which is popular with the consumers, resulting in an annual growth rate of 168% in China's sales volume. Europe, the second-largest market, continues its 2020 stick and turnip policy, resulting in an annual sales growth rate of approximately 60%.

In the medium to the long-term development of the global electric vehicle market, DIGITIMES Research estimates that sales will reach 28.5 million units by 2025, with a penetration rate of over 30% in the overall automotive market. As the ban on the production and sale of gasoline vehicles approaches and carbon emission standards become more stringent, automakers continue to invest in electric vehicles to avoid paying carbon taxes and heavy fines, including expanding their electric vehicle product lines. In addition to the new car makers, traditional car makers are also accelerating their "oil-to-electric" transformation, showing that they have made electric vehicles their core business.

B. Home Appliance Industry

In addition to the continuous development of Washlet, automatic flushing, heating, warm water cleaning, warm air drying and other functions, the health monitoring technology applied through the smart toilet, including human massage, temperature and weight monitoring and urine analysis, can

enable users to understand their health conditions easily, prevent diseases early and achieve health management. The coronavirus (COVID-19) broke out at the end of 2019 and is rapidly spreading worldwide; air conditioners responsible for indoor air management are the first to be affected. Users' awareness of air conditioner germ elimination has increased dramatically, so the market demand for air conditioner products that combine air cleaning and germ elimination functions has surged, affecting the future development trend of air conditioner technology.

3. Technology and R&D Overview

(A) Technology level, research and development of the business

The Group's Japanese plant was established in 1963 and had been working in the field of precision plastic injection molding for nearly 60 years. Over the years, we have continued developing and refining our technologies in plastic injection molding, gear module assembly, product measurement and evaluation, and process improvement. In recent years, with the cost of parts reduced, the market demand for composite molding is accelerating, and to meet the market's demand, the need for production equipment from horizontal molding machines to vertical molding machines is also increasing. In order to build a production system that can respond to market demand, the Group is also gradually introducing upright molding machines. To continue to supply higher precision and a more comprehensive range of injection molded products, the Group is continuing to conduct research and development to meet customer requirements in the automotive-related and housing-related businesses by combining the Group's acquired technological capabilities.

(B) Future Research Plans and Estimated Costs

In order to enhance the competitiveness of EPB business, the Company expects to research and develop the second generation of EPB molds from May 2022 to September 2023, with an estimated investment of NTD10 million.

(C) Research and development expenses for the past five years

Unit: thousand NT dollars

Year \ Item	2017	2018	2019	2020	2021
Research expense (A)	61,722	50,796	47,370	45,089	45,783
Operating revenue(B)	3,341,313	3,483,220	3,813,406	3,623,549	3,664,277
(A)/(B)	1.85%	1.46%	1.24%	1.24%	1.24%

(D) Successful technology or product development in the past five years.

Year	Major Research and Development Results
2017	Completed the development and production of a model of automatic lid lifting module for Washlet and set up a semi-automatic assembly line for production
	Completed the development of key components for three models of automotive electrical systems and the design of assembly equipment production lines.
2018	Completed the development and production of a model of automatic lid lifting module for Washlet
	Completed the design and development of an automatic lid lift assist module for Washlet.
	Design and development of automatic dishwasher on/off module.
	Completed the development of key components for three vehicle models and the assembly equipment production line design.
	Completed the development of power control system components for electric vehicles.
2019	Completed the development of key components of an electronic brake system for one vehicle manufacturer and the establishment of automatic production equipment.
	Design and development of airflow control module
	Completed the development of key components and assembly equipment design for the electrical systems of two vehicle models.
	Completed the development of key components for the vehicle fuel system.
	Completed the development of key components of the automotive power steering system and the development of automatic assembly equipment.

Year	Major Research and Development Results
	Completed the development of key components and automatic production equipment for an automotive electronic brake system for a vehicle manufacturer.
	Completed the development of key components for the residential fuel cell system.
2020	Completed the development of key components for one vehicle manufacturer's electronic brake system.
	Completed the development of key components for the electronic gear shifting system for two vehicle models.
	Completed development of key components for an automotive electrical system for one vehicle model
2021	Completed the development of key components for one vehicle manufacturer's electronic brake system.
	Completed development of key components for an automotive electrical system for one vehicle model
	Completed development of key components for an automotive electrical system for one vehicle model
	Completed the development of key components of the automotive mechanism of one vehicle model.
	Completed the design and development of the lid lift-off modules for two Washlet models.
	Completed the evaluation and design development of a nozzle module for a Washlet model.

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

Item	Short-Term Plan	Long-Term Plan
1. Marketing Strategy.	<p>(1) To grow the plastic injection molding business, the Group is making proposals for advanced injection molding of plasticized metal parts.</p> <p>(2) To expand the household bathroom business by growing the Chinese market.</p> <p>(3) Entering into the introduction of electric</p>	<p>(1) Aim to provide higher value-added products by utilizing the Group's resources.</p> <p>(2) Aim for a one-stop supply. With Japan as the R&D center, we will improve customer satisfaction and continue to enhance product quality.</p> <p>(3) The quality of equipment for home use in the Chinese market is gradually improving due to the impact of the new coronavirus (COVID-19).</p>

	vehicle-related parts.	
2. Production Strategy	(1) Invest in new production equipment. (2) Use the FA (Factory Automation) in our own factories to promote production automation.	(1) Establish the production system in the market concentrated areas nearby for various industries. (2) Ensure the Group offers consistent quality in all of its locations around the world.
3. Product development direction	Strengthen the development system to meet the market demand and provide the products that meet the market demand.	(1) Provide products that meet the market demand. (2) Develop standard products
4. Operating Scope	Take Japanese factory as the core factory, develop products in Japan and produce them overseas.	(1) Unify global production methods for business operations. (2) Obtain local commodity orders and expand production bases. (3) Switch to a market-inducing production system.
5. Financial Support	In line with the growth of the company's operation scope, strengthen the financial and the company's structure through various fundraising channels in the capital market to stabilize the company's development.	Strengthen the financial structure to enhance the corporate value.

2. Market and Production Overview

1. Market Analysis

(1) Sales (provision) of major goods (services)

Unit: Thousand NT dollars; %

Year Region	2020		2021		2022 Q1	
	Sales	Ratio	Sales	Ratio	Sales	Ratio

Asia	3,606,869	99.67	3,631,673	99.11	801,426	99.25
America	10,754	0.30	9,500	0.26	1,754	0.22
Other	5,926	0.03	23,104	0.63	4,286	0.53
Total	3,623,549	100.00	3,664,277	100.00	807,466	100.00

(2)Market Share

The Group is mainly engaged in the automotive parts industry and is an OEM automotive parts manufacturer that produces precision plastic injection molded parts and modules, which also produces and sells automotive parts, including electronic hand brake systems, electrical systems, and electric power steering assist systems. The electronic hand brake system accounts for the largest share of automotive parts and components sales.

According to the electronic hand brake system research report published by Reportlinker.com, the global electronic hand brake system market is USD 7,521.69 million in 2019 (approximately NTD232,533,799 thousand based on the exchange rate of 30.9151 at the end of the year of our audited report for 2019). The estimated market share is 0.16%.

(3)Future market supply and demand and its growth

A. Market Supply and Demand

Products	Demand	Supply
Automotive	For the automotive industry with higher requirements for light weight, the demand for high-hardness plastic molding parts is expanding.	As customers of major Japanese manufacturers demand high-quality products with high precision and quality requirements, the Group has a certain degree of advantage in possessing high-end plastic molding and tooling technologies and providing vertically integrated services.
Home Appliance	With the improvement of people's living standards and the coronavirus (Covid-19) epidemic at the end of 2019, people's awareness of hygiene is gradually increasing, coupled with China's national policy to focus on the development of the Washlet (smart toilet seat) market, which is expected to contribute to stable growth by increasing the penetration rate.	The Group's automatic lid-opening and closing toilet seat function module eliminates the need to bend over to open and close the lid and slightly reduces the burden on the waist, reduces forgetting to close the lid through the automatic opening and closing function, and improves the heat retention of the heated toilet seat in winter, thereby achieving energy savings.
Office Appliance	For OA office equipment-related products, we provide various modular products such as gear motor modules	The Group is able to cooperate with customers' product development schedule, review together from the development and design stage, and provide proposals that meet customers' needs, as well as collaborate with

Products	Demand	Supply
	and mechanism parts.	sample production and inspection and testing. In addition, the Group is able to respond to the demand for automated equipment and inspection devices based on the premise of mass production, early setup, and stable quality control for global operations.

B.Future Market Growth

The Group is mainly engaged in manufacturing, processing, and trading high-end precision plastic injection molded products, and the end-use applications account for the automotive, bathroom, home appliance, and office equipment markets. According to the Cairn Energy Research Advisors Report, as countries around the world introduce new programs to encourage consumers to purchase purely electric vehicles, sales of electric vehicles will be boosted in the future, with global sales of electric vehicles surpassing the 6.7 million mark in 2021. This represents an annual increase of 109% or 9% of all passenger car sales. However, the global automotive market will only grow by 4% in 2021 due to the ongoing epidemic and a shortage of automotive chips.

According to Researchers and Research, the global electric vehicle market will sell more than 2 million units in Q1 2022, an annual growth rate of 70.7%. According to Sanford C. Bernstein, China has become the world's largest electric vehicle market, with 1 million battery-powered vehicles manufactured in 2019. Meanwhile, Cairn Energy Research predicts that the biggest driver of EV sales will come from Europe, mainly due to the EU government's commitment to reducing CO2 emissions. Many countries are expected to follow France's lead in introducing new incentives to make Europe EVs the largest consumer and even the largest producer. According to Cairn Energy Research, there is a definite chance that the market will see a wave of EV production in Europe in the future, stimulating unprecedented sales through lower prices.

With TOYOTA announcing its entry into the electric vehicle market in 2021 and successfully launching its first electric vehicle in 2022, and HONDA announced this year that it expects to produce 2 million electric vehicles per year by 2030 and to start a partnership with GM to accelerate the development of electric vehicles, not to mention Nissan, the first Japanese manufacturer to launch an electric vehicle, continues to announce plans to expand its investment in EVs. This shows that the attitude of Japan's three

major automakers toward EVs has shifted from conservative to aggressive while also meeting consumer demand for EVs.

Our company is the main supplier of electronic brake modules (EPB) for TOYOTA, Japan. With the rise of the electric vehicle market and the continuous evolution of autonomous driving functions, EPB modules have been extended from high-end to mid-range and low-end vehicles, as well as various models of electric vehicles. Based on our mature technology and experience, we will continue to develop EPB-related products to meet the needs of other Japanese automakers, in addition to the next-generation EPBs that TOYOTA will continue to cooperate with this year to expand our market share.



(4)Competitive Niche

A.Construct a vertically integrated production process.

For plastic manufacturers, molds are an essential factor in determining product quality. The Group has extensive experience in mold design, production, and maintenance and is able to consistently produce products of the highest level, which will strengthen and expand the Group's supply field in the automotive market. Through the vertical integration system of the Group's investment business, the Group provides customized metal and plastic parts combined with core modules (F/B) with complete specifications to meet and satisfy the needs and development of customers.

B.Automated Production Equipment

The Group has comprehensive automated production line technology and equipment to enhance the implementation of product line automation, reduce staff employment, reduce labor costs, and improve process management to improve production yields.

C.Professional technology and stable quality

IKKA Japan, a subsidiary of the Group, has been successful since 1963.

Apart from accumulating decades of experience, it has continuously contributed to the advancement of production technology and the reform of the production process. Each subsidiary has passed ISO9001, ISO14001, and ISO/TS16949 quality certification systems according to the division of labor of the Group and has achieved many specialties, which can not only enhance the company's product image but also help to gain customers' recognition of product quality. Through long-term cooperation with international manufacturers, the company will continue strengthening its OEM quality and then strive for orders from other global manufacturers to increase market share.

(5)Development prospect of favorable and unfavorable factors and countermeasures

A.Favorable factors

① Wide range of technology applications and low impact of industry-specific economic cycles

The Group is mainly engaged in manufacturing precision plastic injection molding parts and modules. It mainly produces related products made of plastic materials. Because plastic materials have the advantages of light-weighting, durability, difficulty in conducting electricity, high quality, and low price, the use of plastic products has become a part of human life, and the application of plastic materials in various industries has become more and more extensive. The Group's main customers are scattered in the automobile, residential household appliances, office equipment, etc. The Group has the ability to produce the key components and modules required by its various industries. Because of the scattered industrial applications, it has an excellent ability to respond to the ups and downs of specific industries. It is less susceptible to the economic cycle of a single industry, which is conducive to the stable development of the Group.

② High-level technology and stable quality products

The Group has been working on plastic Molding related technology for nearly 60 years. Through the plastic molding, mold design, and gear module technology accumulated over the years, the Group can design and manufacture products to meet customers' needs, including precision plastic injection parts and metal-plastic injection parts (Insert Molding), and plastic gear modules. With the increasing complexity of products, it is necessary to rely on producing fine molds for the more complex plastic molded parts. With its accumulated experience in molding technology, the Group can provide customers with high-precision, high-strength, and stable quality plastic molding and injection products and then offer products with high added value, which customers deeply trust.

③ Maintain good relationship with customers and achieve mutual assistance

mode

In addition to the design of related components and mechanism modules based on the product requirements provided by customers, the Group is also able to advise on market trends and product development to expand the market, thus maintaining a good partnership with customers and reaching a cooperation model over time. Through years of efforts, the Group has become an essential supplier in the supply chain of automobile manufacturers. Due to the complexity of the procurement and certification system, the long preparation time, high quality, stable supply, R&D efficiency, etc., which are the important factors, car manufacturers are less likely to change suppliers.

④ Main product layout to meet future development trends

The Group is actively developing parts and modules for the automotive industry. As the global awareness of environmental protection is on the rise, lightweight and low fuel consumption are the future trends of the automotive industry. The Group's precision plastic injection molding technology and plastic gear module technology will be able to replace some of the metal parts of automobiles, thus actively laying out the automotive industry market, which is in line with the future market application trend and will be helpful to the Group's future operation expansion.

Former Japanese Prime Minister Suga Yoshihide declared that Japan would achieve zero net emissions of greenhouse gases by 2050. In line with this policy goal, the Ministry of Economy, Trade and Industry is planning to ban the sale of fuel-powered vehicles and only sell hybrid and electric vehicles in the mid-1930s.

The Japanese Broadcasting Association (NHK) reports that the Ministry of Economy, Trade and Industry (METI) is aiming to ban all new car sales of fuel-powered vehicles, with the goal of "100% electric" vehicles by the mid-2030s, about 15 years from now.

By "electric vehicles," the Japanese government means hybrid vehicles, plug-in hybrid electric vehicles (PHEVs), pure electric vehicles, and fuel cell vehicles that use hydrogen to generate electricity.

The Japanese government hopes to set a clear target to lead the world to replace the trend of fuel vehicles; the Ministry of Economy, Trade and Industry will convene a meeting of experts in the future to draw up a formal target. The report points out that many countries have set targets for the electrification of cars, such as the United Kingdom will ban the sale of cars and diesel vehicles in 2030 and hybrids in 2035; California and France have set targets to ban the sale of fuel cars in 2035 and 2040 respectively.

B. Unfavorable factors and response measures

① The risk of generational change in the automotive industry

Since the signing of the Paris Agreement in 2015, various countries

have been formulating mechanisms for the retirement of fuel vehicles to reduce carbon emissions. Norway and the Netherlands will completely "ban the sale of fuel vehicles" by 2025 at the earliest. With the "fuel car deadline" approaching, major car manufacturers are tensing and speeding up their transformation. According to estimates by Maketline and IEK, global fuel car sales will peak this year and decline in 2021. UBS estimates that by 2025, the global market share of electric vehicles will reach 17%, and by 2030, electric vehicles will account for 40% of global sales. The generational revolution in the automotive industry will lead to changes in the overall automotive components industry.

Response measures:

The Group's main products are plastic components such as relays with electronic wiring harnesses, electronic brake systems, and steering systems, which are not affected by the generational change between fuel vehicles and new energy vehicles. Therefore, the Group's automotive products will not be affected by the shift in industry generations.

② The automotive supply chain is prone to significant customer compensation losses due to abnormal quality.

The special gears and actuator modules produced by the Group are mainly used in the mechanical structure parts of automobiles. Since the service life of automobiles is longer, and the quality of mechanical structure parts is vital to personal safety, the quality and reliability of the products are more stringent than those of general products, and the products must be tested and verified by customers for a long time before mass production.

Response measures:

The Group conducts quality failure risk analysis at the product development stage and considers this factor in product design to reduce the failure risk while continuing to maintain close cooperative relationships with customers and continues to refine the quality control mechanism required by Japanese automobiles (the Group has not experienced any major customer claims in the past 30 years); In addition, the Group continues to strengthen the introduction of automation in production lines to reduce the quality risks arising from human errors of operators.

③ Strict and long product quality verification

The precision plastic injection molding parts and gear modules produced by the Group are mainly used in the mechanical structure parts of

automobiles, which have a long service life, and the quality of the mechanical structure parts is a matter of personal safety. Therefore, the products must be tested and verified by customers for a long time before mass production.

Response measures:

The Group has long-established close cooperation with its customers and has formed an important supply system. The quality of the Group's products is well recognized by customers and has a good reputation in the industry. The company also continues to strengthen its R&D and market development capabilities and can provide customers with advanced opinions on market trends and product development, as well as product design, and shorten the time required for product certification by working with customers to reduce the impact of individual product certifications on the company's results.

④ Product price reduction in line with vehicle manufacturers' policies

Due to the increasingly fierce competition in the global automobile sales market, to meet the consumers' expectations for new models that are more advanced than the previous generation, vehicle manufacturers have to consider lowering R&D costs. Hence, the cost control is more rigorous. In addition, to maintain the market share, the car manufacturers will adjust the car price year by year after the mass production of new models is put on the market. At this time, the car manufacturers will ask the upstream suppliers to adjust the spare parts price to transfer the cost threat caused by the price. Thus the gross profit of the upstream spare parts suppliers will be squeezed.

Response measure:

The Group strives to improve production efficiency by improving production processes, enhancing process yields, and rationalizing production cost control, and at the same time, increasing the ratio of automated production to reduce production costs to strengthen cost competitiveness. On the other hand, the company continues developing and designing high value-added products with its customers to establish a competitive threshold for its products to maintain its overall gross margin.

⑤ Sales are concentrated in Japanese first-tier suppliers

The development of the Japanese automobile industry has a history of more than 100 years, and the automobile industry accounts for a significant proportion and is the backbone of the Japanese industry. The development of the Japanese automobile industry is due to the coordinated development of various industries related to the automobile industry, including steel, chemical, and electronic industries, etc. Therefore, the company has developed a supply chain system for Japanese automakers. As a member of the parts and components supply chain for Japanese automakers, the company's sales are concentrated in Japanese first-tier suppliers, and its end sales applications are concentrated in Japanese branded OEMs.

Response measure:

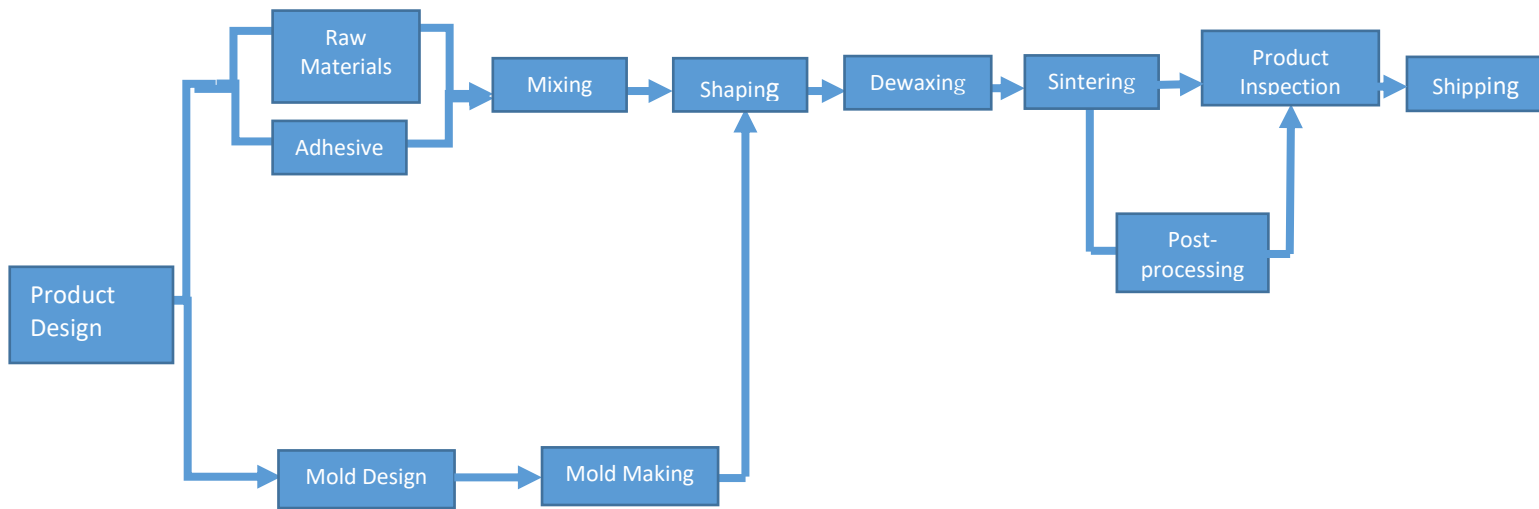
After years of continuous cultivation of Japanese customers and gaining the trust of Japanese first-class suppliers, the Group maintained an excellent partnership with Japanese customers, reached a cooperation model, enhanced the degree of dependence, and stabilized the Group's operation and growth. In addition, we also actively seek cooperation with non-Japanese customers, through the experience of collaboration with existing customers, and continue to invest in the research of production process improvement technology to break into the non-Japanese brand automobile supply chain system, enhance the overall market share, and disperse the risks of the brand sales market.

2.Important applications and production process of major products

(1) Main applications of major products

Major Products	Main applications
Automobile	The electric power steering wheel with insert type gears, electrical equipment related relay box, connector, protector, engine related variable valve timing oil seal parts, brake related electric parking brake with insert type parts, side sliding door related door locking and opening actuator and other automotive parts.
Home Appliance	Washlet, bathroom dryer, air conditioner and hand dryer, etc.
Office Appliance	Laser printers, multifunctional machines, projectors

(2) Production Process



3. Supply status of major raw materials

The Group has established long-term cooperative relationships with its major suppliers, and the delivery status of the relevant suppliers for the last three years remains good, with no shortage, interruption, or delay in supply affecting production operations.

Major Raw Materials	Major Supplier	Supply Status
Gum granules (synthetic resin)	NAGASE & CO., LTD. Sojitz Sumitomo Corporation	Excellent

4. List of major import and export customers

(1) The names of the customers who have accounted for more than 10% of the total purchases in any of the past two years, the amount and proportion of the purchases, and the reasons for the increase or decrease:

Unit: Thousand NT dollars; %

Item	2020				2021				2022 Q1			
	Name	Amount	Percentage of net purchase for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase for the year (%)	Relationship with the issuer
1	Nagase	250,364	13.34	none	Nagase	253,436	12.34	none	Nagase	52,672	12.19	none
2	Abico Group	190,844	10.17	Affiliate	Abico Group	238,565	11.62	Affiliate	Abico Group	51,002	11.81	Affiliate
3	Sojitz	190,809	10.17	none	Sojitz	222,107	10.81	none	Sojitz	48,723	11.28	none
4	Sumitomo Corporation	189,856	10.12	none				none				none
	Other	1,054,369	56.20		Other	1,339,812	65.23		Other	279,524	64.72	
	Net imports	1,876,242	100.00		Net imports	2,053,920	100.00		Net imports	431,921	100.00	

Reasons for the increase or decrease:

The Group is mainly engaged in the manufacturing, processing, and trading of high-end precision plastic injection molding products. Its terminal applications are automobiles, home appliances, and office equipment, among which the automobile market accounts for the highest proportion. To manufacture high-end precision plastic injection molding products, the Group mainly purchases raw materials, including rubber, metal parts, assembly parts and molded parts, etc. The Group has established good cooperative relations with suppliers, and the raw materials supply is abundant and stable.

(2)The names of customers who have accounted for more than 10% of the total sales in any of the last two years, the amount and percentage of sales, and the reasons for the increase or decrease:

Unit: Thousand NT dollars;%

Item	2020				2021				2022 Q1			
	Name	Amount	Percentage of net sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales (%)	Relationship with the issuer
1	Sumitomo Wiring Systems, Ltd.	1,067,942	29.47	None	Sumitomo Wiring Systems, Ltd.	943,673	25.75	None	AISIN	199,009	24.65	None
2	AISIN	638,848	17.63	None	AISIN	797,865	21.77	None	Sumitomo Wiring Systems, Ltd.	188,655	23.36	None
	YOKO	472,579	13.04	None	YOKO	550,717	15.03	None	YOKO	119,294	14.77	None
	Other	1,444,180	39.86		Other	1,372,022	37.45		Other	300,508	37.22	
	Net sales	3,623,549	100.00		Net sales	3,664,277	100.00		Net sales	807,466	100.00	

Reasons for the increase or decrease:

The Group is mainly engaged in the manufacturing, processing, and trading of high-end precision plastic injection molding products. Its terminal applications are automobiles, home appliances, and office equipment, among which the automobile market accounts for the highest proportion. The Group has five subsidiaries with operating bases in Japan, Hong Kong, Dongguan, Vietnam, and Malaysia. Following the customer's delivery policy at the place of production, the subsidiaries with operating bases are sold to the local companies of the Group's customers.

The Group's sales to Sumitomo for the last two years were \$1,067,942 thousand and \$943,673 thousand, accounting for 29.47% and 25.75% of the net sales for each year, respectively.

5. Production volume for the last two years

Unit: Thousand PVS/ Thousand NT dollars

Production volume Products	2020		2021			
	Productivity	Capacity	Value	Productivity	Capacity	Value
Automobile	245,810	194,074	1,983,789	280,099	217,512	2,270,616
Home Appliance	20,654	15,652	662,355	39,761	28,801	811,638
Office Appliance	44,360	37,970	161,430	15,499	12,739	129,662
Other	104,823	97,158	693,552	3,717	4,064	447,382
Total	415,648	344,855	3,501,126	339,076	263,116	3,659,298

Reasons for the change: As the company shifted its focus to automotive products, EPB electronic hand (resident) brake system products have increased in shipment, and production lines have expanded, so the output value of the automotive category has continued to rise in the past two years. Moreover, due to the impact of the new pneumonia epidemic in 109, the emphasis on personal hygiene has led to an increase in the output value of the automatic bathroom appliance category.

Note 1: Production capacity refers to the amount the company can produce under regular operation using existing production equipment after considering necessary shutdowns, holidays, and other factors.

6. Sales volume for the last two years

Unit: Thousnad PVS/ Thousand NT dollars

Sales Volume Products	2020		2021					
	Internal Sales		External Sales		Internal Sales		External Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Automobile	91,660	841,150	108,769	1,366,452	99,961	1,086,202	103,218	1,086,022
Home Appliance	6,937	534,464	8,885	165,890	3,904	626,083	14,273	93,779
Office Appliance	14,680	44,681	32,994	159,025	14,865	52,521	11,914	130,691
Other	8,645	169,420	8,273	342,467	11,339	234,238	7,869	354,741
Total	121,922	1,589,715	158,921	2,033,834	130,069	1,999,044	137,274	1,665,233

Reason for change: The change in automotive and home appliance are due to the impact of the new pneumonia epidemic, resulting in a slight decline in the overall sales market. The office appliances are due to a mature market with lower gross margins, so the Company changed its product mix and gradually reduced orders.

3. Number of workers for the last two years and to the date of publication of the annual report

Information on workers in the last two years
March 31, 2022

Year		2020	2021	March 31, 2022
Number	Operators	783	715	699
	Technicians	677	593	578
	Manager	119	115	116
	Total	1,579	1,423	1,393
Average Age		35.96	36.76	37.31
Average Length of Service		7.89	6.52	8.26
Education Distribution Ratio	Doctor	-	-	-
	Master	0.25%	0.28%	0.29%
	Collage	18.05%	18.13%	18.52%
	Below high school	81.70%	81.59%	81.19%

4. Environmental protection expenditure information

1. In accordance with the provisions of the law, those who should apply for a pollution facility installation permit or pollution discharge permit, or those who should pay pollution prevention fees, or those who should establish a special unit for environmental protection, the application, payment, or establishment of the situation is explained.

Dongguan Yihua Precision Zhusu Mould Limited Company, an operating subsidiary of the Group located in Mainland China, has obtained a pollution discharge permit according to local laws and regulations (the permit is valid until April 14, 2025).

2. The Company's investments in major equipment for the prevention and control of environmental pollution and their uses and potential benefits are shown:

April 30, 2022

Equipment Name	Quantity	Acquisition Date	Investment Cost	Undiscounted balance	Use and expected benefit
Biofilters	3	2018.08.21	RMB1,238,000	RMB846000	Reduce the pollution of the atmosphere by productive volatile organic compounds
Sporadic waste water collection system	2	2021.08.01	RMB48860	-	In accordance with existing laws and regulations
Exhaust duct renovation project	3	2021.08.01	RMB49900	-	Comply with the existing regulations to amend the standards
Workshop waste gas collection system and bio-tower waste gas treatment system	1	2021.08.01	RMB96030	RMB85390	In accordance with existing laws and regulations

3. For the last two years and up to the printing date of the annual report, the Group has improved the environmental pollution; if there is a pollution dispute, the Group should explain the handling process: The company has had no environmental pollution dispute in the last two years.

4. The Company shall state the losses suffered by the Group due to environmental pollution in the last two years and up to the date of printing of the annual report (including compensation and environmental protection audit results for violations of environmental protection laws and regulations, and shall state the date of the penalty, the penalty number, the provisions of the laws and regulations violated, the contents of the laws and regulations violated, and the contents of the penalty). It shall disclose the estimated amount and measures to be taken at present and in the future. If it cannot be reasonably estimated, it shall state that it cannot be reasonably estimated: For the last two years and as of the date of the annual report, the Group has not incurred any losses or penalties due to environmental pollution.

5. Describe the current pollution situation and the impact of its improvement on the Group's earnings, competitive position, and capital expenditures, as well as its anticipated significant environmental capital expenditures in the next two years: The Company has no significant environmental pollution in the last two years and as of the date of printing of the annual report.

5. Labor Relationship.

1. To present the status of the Group's various employee welfare measures, training, training, and retirement systems and their implementation, as well as the agreements between employers and employees and measures to protect the rights and interests of employees

(1) Employee Welfare Measures and Implementation

The Group's employee welfare measures, including social (employee/health) insurance and health checkups, are implemented in accordance with relevant laws and regulations of each company's location. Each subsidiary of the Group also plans and implements employee benefits, including birthday gifts, annual festival gift certificates, wedding and funeral subsidies, recreational activities, and other activities.

(2) Employee Training and Retraing.

To enable our employees to understand the functions of each department, operational objectives, and related administrative procedures, and to be familiar with the working environment and related rules and regulations, our company requires pre-employment training for all new employees in accordance with the regulations. Moreover, to continuously improve our employees' performance and

professional ability, we will review our employees' performance and professional ability and cultivate the technical and managerial reserve cadres at all levels of the company.

(3) Retirement policy and implementation

In accordance with the Labor Pension Act, the Company's subsidiary in Taiwan makes monthly contributions of 6% to a personal pension account to protect the rights and interests of employees. Employees may also choose to contribute 0 to 6% of their monthly salary to their individual pension accounts. Upon reaching the legal retirement age stipulated by the government, employees may apply to the Bureau of Labor Insurance of the Ministry of Labor for a monthly pension or a lump-sum pension. In addition, the rest of the Company of the Group follows the relevant local laws and regulations.

(4) Labor-management agreements and measures to protect employees' rights and interests

Our company belongs to the industry where the Labor Standards Act is applicable, and all operations are based on the Labor Standards Act. To promote labor-management cooperation and improve work efficiency, our company holds weekly supervisors' meetings so that employers and employees can communicate and cooperate. In addition, the company emphasizes employee career planning and talent cultivation and actively encourages employees to participate in various training programs, including internal and external training programs. Internal training courses are designed to exchange professional skills within the company to enhance employee productivity. In contrast, external training courses can be sent to external seminars depending on the company's needs, providing good specialized training opportunities for the company's employees.

2. The Company shall state the losses suffered in the last two years and up to the printing date of the annual report that is suffered as a result of labor disputes (including violations of the Labor Standards Law as a result of labor inspections, the date of sanction, the number of sanctions, the content of the breach, and the content of the sanction), and the estimated amount of current and potential future losses and the measures to be taken, should be disclosed. If a reasonable estimate cannot be made, the facts that cannot be reasonably estimated should be stated: For the last two years and as of the printing date of the annual report, the Company has suffered losses due to labor disputes as follows:

Company	Description	Improvement or progress
Japan IKKA	A former employee, Mr. Furukuchi (hereinafter referred to as Mr. Furukuchi), forged transaction documents for outsourced services from April 2013 to September 2018, causing the Company to believe that he was outsourcing design services to a Japanese company, but in fact Mr. Furukuchi misappropriated the Company's cash, which affected the Company's financial and business status. The case is being heard in the Utsunomiya District Court, and Mr. Furukuchi is not arguing for the termination of the labor contract.	The current progress is that a lawsuit has been filed against Mr. Furukuch for JPY 27,000,000, and the settlement case is still pending in court. The Company has revised its internal controls to avoid the recurrence of the same situation.
Dongguan IKKA	Liao Xueqiong, a former employee of the PRC subsidiary, filed a lawsuit against the Chinasubsidiary with the First People's Court of Dongguan City, Guangdong Province, claiming that the Chian subsidiary had unlawfully failed to pay reasonable overtime compensation of RMB44,828 and economic compensation of RMB58,350 according to the labor contract	The Chinese subsidiary believes that Liao Xueqiong has already retired. The relevant provisions of the Labor Contract Law regarding overtime and economic compensation are not applicable, and intends to submit the following defense: Since March 11, 2021, Liao Xueqiong has initiated the termination of the labor contract between the two parties, and the Chinese subsidiary is not required to pay overtime and economic compensation to Liao Xueqiong. On July 9, 2021, the First People's Court of Dongguan issued a judgment not to support the plaintiff's claims.

(2) Information Security Management

1. Describe the information security risk management framework, information security policies, specific management plans and resources devoted to information security management:

(1) Information security risk management framework;

The Administration Department is responsible for establishing the company's information security policy, planning information security measures, and implementing related information security operations.

The Company's inspecting unit is the audit unit of information security monitoring. If the inspection reveals deficiencies, the inspected unit is immediately requested to propose relevant improvement plans and submit them to the board of directors. The effectiveness of the improvements is regularly tracked to reduce internal information security risks. If deficiencies are found during the annual inspection of information operations, the accountants will request improvement measures and track the results.

(2) Information security policies:

A. Computer equipment security management

- a. Our computer, application servers, and other equipment are installed in a dedicated server room and use an induction swipe card to enter and exit and keep the entry and exit records for inspection.
- b. The computer room is equipped with independent air conditioning to maintain the computer equipment in a proper temperature environment; and pharmacological fire extinguishers are placed, which can be used for general or electrical fires.

B. Network Security Management

- a. The entrance to the external network is equipped with an enterprise-level firewall to block illegal hackers to strengthen network control.
- b. For remote access to the company's intranet, employees must apply for a VPN account for the database and log in through the VPN security method, and use records are kept for inspection.

C. Virus Protection and Management

- a. Endpoint protection software is installed in our colleagues' server and terminal computer equipment. Virus codes are automatically updated to ensure that the latest viruses are blocked and potentially threatening system executable files are detected and prevented from being installed.
- b. The email server is equipped with an email anti-virus and spam filtering mechanism to prevent viruses or spam from entering the user's PC.
- c. The anti-virus system will quarantine or delete viruses detected or intercepted immediately and proactively issue risk reports on infected and at-risk computers so that administrators can respond.

D. System access control.

- a. The system administrator authorizes employees' use of each application system in accordance with the requested functional authority through the internal system authority application procedure. System accounts are created by the information room after each system administrator authorizes access according to the requested function authority.
- b. The account's password is set up with appropriate strength and number of characters and must be mixed with text numbers and special symbols to pass.
- c. When the employee applies for the separation (leave) procedure, he/she must contact the administration department to delete the accounts of each system.

E. Ensure the sustainable operation of the system.

- a. System backup: A cloud backup system is built, and a daily backup mechanism is adopted. In addition to uploading one copy of the system

and database to the international cloud, one copy is stored in each computer room to ensure absolute security.

b. Disaster Recovery Exercise: Each system is rehearsed once a year, and the backup media is stored back in the system host after the restoration date is selected as the reference point, and then the user confirms the correctness of the restored data in writing to ensure the correctness and validity of the backup media.

F. Information security promotion and education training

a. Periodic information dissemination. Ask colleagues to change system passwords regularly to maintain account security.

b. Seminars. From time to time each year, the company conduct information security-related education and training courses for our internal colleagues.

(3) Resource invest in information security management.

In order to implement the information security policy, the following resources are invested.

A. Network hardware equipment such as firewall, mail anti-virus, spam filtering, Internet behavior analysis, etc.

B. Software systems include endpoint protection, backup management, VPN authentication, encryption software, etc.

C. Telecommunication services such as multi-lane, cloud backup service, intrusion protection service, etc.

D. Investment in human resources such as daily status check of each system, regular weekly backup and off-site storage of backup media, annual information security promotion, annual disaster recovery implementation exercise, annual internal investigation of the information cycle, accounting audit, etc.

E. Information Security human resources: Responsible for information security structure design, information security maintenance and monitoring, information security incident response and investigation, and information security policy review and revision.

2. The Company shall state the losses, possible impacts, and responses to major information security incidents in the most recent year and up to the printing date of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None

6. Major Contracts

December 31, 2021

Nature of the contract	Parties	Date of commencement and expiration of the contract	Main Content	Restrictions
Customer Contract	Yoko Sangyo Co., Ltd.	2016/2/2-Now	Customer contract with Yoko Sangyo Co., Ltd.	N/A
Customer Contract	AISIN GROUP	2013/4/22-Now	Customer contract with AISIN GROUP	N/A
Loan	The Ashikaga Bank,	2022/4/1~2023/3/31	One joint loan contract (Host bank:	Note1

Contract	Ltd.		Ashikaga Bank, Ltd.; Joint loan amount: JPY 950,700,000)	
Loan Contract	The Ashikaga Bank, Ltd.	2020/3/25~2030/3/29	One joint loan contract (Host bank: Ashikaga Bank, Ltd.; Joint loan amount: JPY 1,366,700,000)	Note2
Mortgage Agreement	The Ashikaga Bank, Ltd.	2015/11/2-Now	Ashikaga Bank JPY100,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Ashikaga Bank, Ltd.	2009/3/24-Now	Ashikaga Bank JPY2500,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Ashikaga Bank, Ltd.	2008/3/28-Now	Ashikaga Bank JPY35,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Shoko Chukin Bank, Ltd	2009/3/24-Now	Shoko Chukin Bank JPY150,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Shoko Chukin Bank, Ltd	2008/3/28-Now	Shoko Chukin Bank JPY35,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Shoko Chukin Bank, Ltd	2012/4/27-Now	Shoko Chukin Bank JPY60,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Gunma Bank, Ltd.	2012/7/13-Now	Gunma Bank JPY200,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Gunma Bank, Ltd.	2013/4/24-Now	Gunma Bank JPY300,000,000 Guarantee Change Contract (Increase of JPY100,000,000)	N/A
Insurance Contracts	Chubb Insurance	2021/7/1~2022/7/1	Business Disaster Insurance	N/A
Insurance Contracts	Sompo Japan Insurance	2021/7/1~2022/7/1	Product Liability Insurance	N/A
Lease Agreement	Dongguan Shi Long Paper Products Co.	2017/1/1~2024/12/31	Lease Agreement for Plant No. 8	N/A
Lease Agreement	Dongguan Shilong Town Industrial Corporation	2021/1/1~2022/12/31	Lease Agreement for Plant No. 15	N/A
Lease Agreement	Dongguan Lifeng Industrial Co.	2020/10/1~2025/9/30	7 Lease Agreement for Plant No. 73	N/A
Loan Contract	Shoko Chukin Bank	2019/4/1~2022/3/31	Loan contract (creditor: Shoko Chukin Bank; guarantor: Japanese subsidiary; amount JPY140,000,000)	N/A
Lease Agreement	Nam Quang	2008/7/23~2055/6/2	Land sublease agreement with Nam Quang	N/A

Note 1: According to the loan contract, the following conditions shall be maintained in the annual consolidated statements of DaiichiKasei Co.

A. No operating loss for two consecutive years.

B. The net assets of the consolidated financial statements for each year shall be at least 75% of the net assets of the consolidated financial statements as of the end of 2016 or the preceding year, whichever is higher.

Note 2: According to the loan agreement, the following conditions shall be maintained in the individual annual statements of DaiichiKasei Co.

A. No operating loss for two consecutive years.

B. The net assets of the individual financial statements for each year shall be at least 75% of the net assets in the individual financial statements as of the end of 2018 or the previous year, whichever is higher.

VI. Financial Highlights

1. Condensed Balance Sheet, Condensed Statement of Comprehensive Income, Name of CPA and the Auditors' Opinions for the latest five years

(1) Condensed Balance Sheet

Unit: NT\$ thousands

Item	Year	Financial information for the last three years (Note 1)			To March 31, 2022
		2019	2020	2021	
Current Assets		1,791,830	1,985,690	2,235,337	2,134,613
Property, Plant and Equipment		870,424	842,891	759,424	788,972
Intangible Assets		2,901	2,003	996	798
Other Assets		171,519	202,486	209,173	185,250
Total Assets		2,836,674	3,033,070	3,204,930	3,109,633
Current Liabilities	Before Distribution	1,514,560	1,702,904	1,191,599	1,059,230
	After Distribution	1,514,560	1,702,904	1,191,599	1,059,230
Noncurrent Liabilities		536,134	341,779	538,467	511,763
Total Liability	Before Distribution	2,050,694	2,044,683	1,730,066	1,570,993
	After Distribution	2,050,694	2,044,683	1,730,066	1,570,993
Equity Attributable to Shareholders of the Parent		785,980	988,387	1,474,864	1,538,640
Capital Stock		200,000	220,000	270,000	270,000
Capital Surplus		142,786	242,052	678,638	680,361
Retained Earnings	Before Distribution	434,465	545,708	587,816	626,031
	After Distribution	434,465	545,708	587,816	626,031
Others		8,729	(19,373)	(80,963)	(57,125)
Treasury stock		-	-	-	-
Non-controlling interests		-	-	-	-
Total Equity	Before Distribution	785,980	988,387	1,474,864	1,538,640
	After Distribution	785,980	988,387	1,474,864	1,538,640

Source: Consolidated financial statements that have been audited and certified by a certified public accountant are prepared in accordance with International Financial Reporting Standards.

Note 1: The Company is a foreign issuer, therefore, only the financial information of the most recent three years is presented.

Note 2: On May 11, 2022, the board of directors resolved to distribute a cash dividend of NT\$3.22222222 per share

(the relevant surplus distribution is subject to the resolution of the shareholders meeting to be held on June 24, 2022).

(2) Condensed Consolidated Statements of Comprehensive Income- IFRSs

Unit: Except for the Earnings per share, which is NT\$, the rest is NT\$ thousands

Year Item	Financial Information for the Last Three Years (Note 1)			To March 31, 2022
	2019	2020	2021	
Net Revenue	3,813,406	3,623,549	3,664,277	807,466
Gross Profit	626,882	634,179	659,512	148,460
Operation profit (loss)	164,003	159,758	195,448	33,915
Non-operating Income and Expenses	(8,930)	9,208	24,544	19,527
Profit before Tax	155,073	168,966	219,992	53,442
Full-year net income for continuing operations	118,624	107,544	150,969	38,471
Loss for a discontinuing operation)	-	-	-	-
Net income (loss)	118,624	107,544	150,969	38,471
Other comprehensive income (loss) net of tax)	(26,280)	(23,927)	(69,040)	23,838
Total Comprehensive Income for the Year	92,344	83,617	81,929	62,309
Net income attributable to Shareholders of the Parent	118,624	107,544	150,969	38,471
Net income attributable to non-controlling Interests	-	-	-	-
Total Comprehensive Income Attributable to Shareholders of the Parent	92,344	83,617	81,929	62,309
Comprehensive income attributable to noncontrolling interests	-	-	-	-
Earnings per share	5.93	5.20	6.06	1.42

Source: The consolidated financial statements, audited and certified by a certified public accountant.

Note 1: The Company is foreign issuer, therefore, only the financial information of the most recent three years is presented.

(3) The name list of the certified public accountants and the Auditors' Opinions for the latest five years

Year	CPA firm	CPA	Auditors' Opinions
2017	PWC	JUAN LU,MAN-YU , TSAI,I-TAI	Unqualified Opinion
2018	PWC	JUAN LU,MAN-YU ,	Unqualified Opinion

		TSAI,I-TAI	
2019	PWC	JUAN LU,MAN-YU , TSAI,I-TAI	Unqualified Opinion
2020	PWC	JUAN LU,MAN-YU , TSAI,I-TAI	Unqualified Opinion
2021	PWC	JUAN LU,MAN-YU , TSAI,I-TAI	Unqualified Opinion

2. Financial Analysis for latest five years

Unit: NT\$ thousands

Year		Financial Analysis for latest five years (Note 1)						
		2017	2018	2019	2020	2021	March 31, 2022	
Capital Structure (%)	Debts Ratio	74.95	72.90	72.29	67.41	53.98	50.52	
	Long-term Fund to fixed assets	124.38	131.65	151.89	157.81	265.11	259.88	
Liquidity %	Current Ratio	110.82	115.24	118.31	116.61	187.59	201.52	
	Quick Ratio	75.55	73.78	85.20	90.40	141.61	146.83	
	Times Interest Earned	9.56	10.18	9.14	9.81	15.51	30.53	
Operating Performance	Average Collection Turnover (Times)	4.56	4.65	5.06	4.58	4.56	4.07	
	Days Sales Outstanding	80	79	72	80	80	90	
	Average Inventory Turnover (Times)	6.60	5.85	6.32	6.91	6.63	5.01	
	Average Payment Turnover (Times)	4.82	5.19	5.40	5.03	4.94	4.9	
	Average Inventory Turnover Days	55	62	58	53	55	73	
	Property, Plant and Equipment Turnover (Times)	3.81	4.09	4.37	4.33	4.57	4.17	
	Total Assets Turnover (Times)	0.34	0.35	1.41	1.23	1.17	1.02	
Profitability	Return on Total Assets (%)	5.62	3.98	5.04	4.25	5.26	5.06	
	Return on Equity attributable to Shareholders (%)	21.56	12.87	16.03	12.12	12.26	10.21	
	Paid-in Capital Ratio (%)	Operating Income	68.67	89.12	82.00	72.62	72.39	50.24
		Pre-tax Income	75.72	79.03	77.54	76.80	81.48	79.17
	Net Margin (%)	3.64	2.40	3.11	2.97	4.12	4.76	
	Earnings per share (NT\$) (Note 2)	6.08	4.19	5.93	5.20	6.06	1.42	
Cash Flow	Cash Flow Ratio (%)	15.72	12.90	23.14	23.89	5.99	(2.28)	
	Cash Flow Adequacy Ratio (%)	註 3	註 3	註 3	註 3	註 3	註 3	

	Cash Flow Reinvestment Ratio (%)	7.73	6.26	11.36	12.98	(0.26)	(0.63)
Leverage	Operating Leverage	1.81	1.66	1.93	1.00	1.92	2.3
	Financial Leverage	1.17	1.12	1.15	1.16	1.09	1.06
<p>Please explain the reasons for the changes in financial ratios in the last two years. (If the change is less than 20%, the analysis can be exempted).</p> <p>Capital structure: Due to repayment of long-term loans in 2021.</p> <p>Liquidity: Due to capital increase by cash, and repayment of long-term loans and short-term loans in 2021.</p> <p>Profitability: Due to the increase of Net Income 2021.</p> <p>Cash flow ratio: Due to the decrease of the cash flow of operations in 2021.</p>							

Source: The consolidated financial statements which have been audited and certified by a certified public accountant.

Note 1: The Financial Analysis Information for 2017 to 2021 is performed on the consolidated financial statements which have been audited or reviewed by a certified public accountant.

Note 2 : It means basic Earnings Per Share.

Note 3: The Company is a foreign issuer, according to the relevant regulations, only the consolidated financial statements of the most recent three years, which have audited and certified by a certified public accountant, may be presented. Therefore, as there is no Net Cash Flows from operating activities and Capital Expenditures for the most recent five years, such are not being calculated.

Note 4: The calculation formulas of this form are listed as follows:

i. Capital Structure Analysis

A. Debt Ratio = Total Liabilities / Total Assets

B. Long-term Fund to Property, Plant and Equipment Ratio = (Total Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

ii. Liquidity Analysis

A. Current Ratio = Current Assets / Current Liabilities

B. Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

C. Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

iii. Operating Performance Analysis

A. Average Collections (including Accounts Receivable and Notes Receivable originated from operation) Turnover = Net Sales / Average Trade Receivables (including Accounts Receivable and Notes Receivable originated from operation)

B. Days Sales Outstanding = 365 / Average Collection Turnover

C. Average Inventory Turnover = Cost of Sales / Average Inventory

D. Average Payment (including Accounts Payable and Notes Payable originated from operation) Turnover = Cost of Sales / Average Trade Payables (including Accounts Payable and Notes Payable originated from operation)

E. Average Inventory Turnover Days = 365 / Average Inventory Turnover

F. Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and

Equipment

$$G. \text{ Total Assets Turnover} = \text{Net Sales} / \text{Average Total Assets}$$

iv. Profitability Analysis

$$A. \text{ Return on Total Assets} = (\text{Net Income} + \text{Interest Expenses} (1 - \text{Effective Tax Rate})) / \text{Average Total Assets}$$

$$B. \text{ Return on Equity} = \text{Net Income} / \text{Average Total Equity}$$

$$C. \text{ Net Margin} = \text{Net Income} / \text{Net Sales}$$

$$D. \text{ Earnings Per Share} = (\text{Net Income Attributable to Shareholders of the Parent} - \text{Preferred Stock Dividend}) / \text{Weighted Average Number of Shares Outstanding}$$

v. Cash Flow

$$A. \text{ Cash Flow Ratio} = \text{Net Cash Provided by Operating Activities} / \text{Current Liabilities}$$

$$B. \text{ Cash Flow Adequacy Ratio} = \text{Five-year Sum of Cash from Operations} / \text{Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend}$$

$$C. \text{ Cash Flow Reinvestment Ratio} = (\text{Cash Provided by Operating Activities} - \text{Cash Dividends}) / (\text{Gross Property, Plant and Equipment} + \text{Long-term Investments} + \text{Other Noncurrent Assets} + \text{Working Capital})$$

vi. Leverage

$$A. \text{ Operating Leverage} = (\text{Net Sales} - \text{Variable Cost}) / \text{Operating Income}$$

$$B. \text{ Financial Leverage} = \text{Operating Income} / (\text{Operating Income} - \text{Interest Expenses})$$

3. Audit Committee Review Report of the Most Recent Annual Financial Statements

IKKA Holdings (Cayman) Limited

Audit Committee's Review Report

The Board of Directors has submitted the Company's 2021 Business Report, Consolidated Financial Statements, and Earnings Distribution Table. Financial Statements were audited by PWC CPAs, JUAN LU, MAN-YU and TSAI, I-TAI, and they issued an audited report accordingly.

We, as the Audit Committee of the Company, have reviewed the Business Report, Financial Statements, and Earnings Distribution Table, and do not find any discrepancies. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To IKKA Holdings (Cayman) Limited 2022 Annual General Shareholders' Meeting

IKKA Holdings (Cayman) Limited

Chairman of the Audit Committee: Wei-Yu Chen

Date: March 22, 2022

- 4. The most recent Annual Financial Statements, including auditors' opinion, a two-year balance sheet, a statements of comprehensive income, a statement of changes in equity, a statement of cash flows, and notes or schedules:**

Please see p.103-168.

- 5. The individual financial report audited and certified by a certified public accountant in the most recent year (excluding statements of major accounting items):**

None.

- 6. If there is a financial difficulty during the most recent year up to the annual report printing date, the influence on the company's financial conditions shall be stated:**

None.

VII. Review and Analysis of the Financial Conditions and Performance and Assessment of Risk Matters

1. Financial conditions

(1) The main reasons for the significant changes in assets, liabilities and equity in the last two years and their effects

Unit: NT\$ thousands

Item \ Year	2020	2021	Differences	
			Amount	%
Current Assets	1,985,690	2,235,337	249,647	12.57
Noncurrent Assets	1,047,380	969,593	(77,787)	(7.43)
Total Assets	3,033,070	3,204,930	171,860	5.67
Current liability	1,702,904	1,191,599	(511,305)	(30.03)
Non-current liability	341,779	538,467	196,688	(57.55)
Total liability	2,044,683	1,730,066	(314,617)	(15.39)
Capital	220,000	270,000	50,000	22.73
Capital Surplus	242,052	678,638	436,586	180.37
Retained earnings	545,708	607,189	61,481	11.27
Other equity	(19,373)	(80,963)	(61,590)	317.92
Interest of Shareholders of the Parent in total	988,387	1,474,864	486,477	49.22
Non-controlling interests	-	-	-	-
Total Equity	988,387	1,474,864	486,477	49.22

If the change between the previous and later period exceeds 20% and the amount of change is more than 10 million, the main reasons for the change are as follows:

- 1.Current liability and non-current liability: due to the capital increase by cash in 2021 to repay the loan.
- 2.Capital : In 2021, 5,000 thousand shares were issued due to capital increase by cash in initial public offering.
- 3.Capital surplus : due to the premium for capital increase by cash
- 4.Others: due to differences in translation of financial statements of foreign operating agencies
- 5.Total Equity: Mainly due to the capital increase by cash and the transfer of net profit in the current period to retained earnings.

Those with significant influence should explain future contingency plans: No significant influence on the company's finances and business.

2. Financial Performance

i. Financial Performance Condition

Item	2020	2021	Amount of Difference	Rate of Change (%)
Net Revenue	3,623,549	3,664,277	40,728	1.12
Cost of Sales	2,989,370	3,004,765	15,395	0.51
Gross Profit	634,179	659,512	25,333	3.99
Operating Expenses	474,421	464,064	(10,357)	(2.18)
Income from Operations	159,758	195,448	35,690	22.34
Non-operating Income and Expenses	9,208	24,544	15,336	166.55
Profit before tax	168,966	219,992	51,026	30.20
Income tax expense	61,422	69,023	7,601	12.38
Income (loss) from continuing operations	107,544	150,969	43,425	40.38
Net Income	107,544	150,969	43,425	40.38
Other Comprehensive Income for the Year (Net of Income Tax)	(23,927)	(69,040)	(45,113)	188.54
Total Comprehensive Income for the Year	83,617	81,929	(1,688)	(2.02)

If the change between the previous and later period exceeds 20% and the amount of change is more than 10 million, the main reasons for the change are as follows:

1. Income from Operations: due to the listing expenses were estimated in 2020, compared with the expenses in 2021, in which the operating expenses decreased, thus the net profit increased
2. Non-operating Income and Expenses: due to the difference between the actual amount of foreign exchange receipts and payments, and actually remitted in and out of the account, and the amount in the account, and the exchange profit and loss of the balance of foreign currency assets and liabilities in the account book according to the exchange rate at the end of the year.
3. Profit before Tax : due to the increase of Income from Operations
4. Net Income : due to the increase of Income from Operations and Profit before Tax

i. Expected sales volume and its basis

In the auto parts business and residential home appliance parts business, the Group continues to maintain a good relationship with customers for joint development, and keep creating a profit-sharing sales model, and at the same time, continues to exploit the Japanese customer market, expanding the development of the new power vehicles and smart appliances and strengthen the improvement of the production process to enhance the competitiveness in the market. It is expected that sales, annual revenue and profit will grow steadily in 2022. On the financial side, it will continue to make steady plans so that the company can cope with future business growth with a sound financial structure.

- ii. Possible influence on the company's future financial business and the response plans:

The Group's financial structure is stable, and through regular business meetings, it continues to strengthen the company's operational management and manage costs and expenses reasonably, which is sufficient to meet the needs of future business growth.

- iii. No significant influence on the company's financial business: As mentioned above, there is no significant influence on the Group's financial business.

3. Cash Flow

- i. Analysis and explanation of cash flow changes in the most recent year

Item \ Year	2020	2021	Difference	
			Amount	%
Net cash provided by (used in) operating activities	409,657	71,351	(338,306)	(82.58)
Net cash provided by (used in) investing activities	(71,153)	(152,310)	(81,157)	114.06
Net cash provided by (used in) financing activities	(43,121)	240,791	283,912	(658.41)
Analysis and explanation of changes :				
1.Net cash provided by (used in) operating activities : In 2021, due to the influence of the Covid-19 epidemic, customers were short of materials and the delivery schedule was delayed, resulting in an increase in inventory.				
2.Net cash provided by (used in) investing activities : the increase of the capital expenditure				
3.Net cash provided by (used in) financing activities: Mainly due to the increase in active cash, which is from the capital increase by cash for the initial public offering in 2021				

- i. Improvement plan for insufficient liquidity: Not applicable
- ii. Analysis of cash liquidity in the coming year:

The Group expects that the revenue and profit will continue to grow steadily in 2022. The operating activities will continue to generate net cash inflows, and it is expected that it will still be sufficient to cover the cash outflows generated by investment and financing activities. Therefore, the Group will have no risk of insufficient cash in the coming year. However, if the cash liquidity is insufficient, to respond, the Group will issue new shares to

increase capital in cash or borrow from banks. The Group has close contacts with banks and has established good financing credit conditions, so there is no risk of insufficient financial liquidity or shortage of funds.

4. The influence of major capital expenditures on financial business in the most recent year:

None.

5. Reinvestment policy in the most recent year, the main reasons for its profit or loss, improvement plans and investment plans for the next year:

(1) Reinvestment policy in the most recent year:

The company's re-investment policy is to enhance its own competitiveness for products and market, and to evaluate and analyze the upstream and downstream related businesses of the business it operates to enhance its operational growth and overall profitability. In addition, to strengthening the original competitiveness, in respect to adjustments based on operating policies and company structure, the development trend of electric vehicles can create a field of auto parts and components industry with better gross profit, and keep creating the greatest interests of shareholders.

(2) The main reasons for profit or loss from reinvestment and future investment plans

December 31, 2021 Unit: NT\$ thousands

Items	Explanation	Investment amount at the end of the year	Income (Loss) in 2021	Policy	Main reason for profit or loss	Improving plan
DaiichiKasei Co., Ltd.		627,091	213,931	Responsible for ordering and manufacturing of plastic products, and re-investment in the holding companies of Vietnam, Hong Kong and MAC	Profits increased due to the shipment of new automotive products and the increase in the proportion of automated production of bathroom appliances.	Not applicable
M.A.C Technology (Malaysia) Sdn. Bhd.		380,603	23,208	Responsible for the manufacture and sales of plastic injection components such as home appliances and power tool gearbox parts	Due to the destocking of sales customers, the rate of call for products increased, so it made a profit.	Not applicable

Explanation Items	Investment amount at the end of the year	Income (Loss) in 2021	Policy	Main reason for profit or loss	Improving plan
IKKA Technology (Vietnam) Co., Ltd.	58,346	34,948	Responsible for the manufacture and sales of auto parts	Due to the influence of the Covid-19 epidemic, customers lacked materials and delayed shipments and the profit decreased compared with that in 2020.	Not applicable
IKKA (Hong Kong) Co., Limited	292,545	3,537	Reinvestment in the holding company of IKKA Technology Dongguan Co., Ltd.	Turned to the development of automotive parts, and no longer produced OA office equipment components with poor gross profit, so it made a profit.	Not applicable
IKKA Technology Dongguan Co., Ltd.	232,837	20,101	Responsible for manufacturing and sales of automobiles and home appliances	In 2021, due to the influence of the Covid-19 epidemic, customers lacked materials and delayed shipments and the profit decreased compared with that in 2020.	Not applicable

(3) Investment plan for the coming year

The operating conditions of all subsidiaries are in good condition this year, and the overall profit will grow steadily. In the future, the Company will formulate new investment plans at an appropriate time in light of market trends, the Group's business strategy and financial capital status.

6. Risk events shall be analyzed and evaluated during the most recent year up to the annual report printing date

(1) The influence of interest rate, changes in exchange rate and inflation on the company's profit and loss and future countermeasures.

- i. The influence of interest rates, changes in exchange rate and inflation on the company's profit and loss and future countermeasures

A. The influence of changes in interest rates e on the company's profit and loss and future countermeasures

The interest income of the Group is mainly generated from the yield of bank deposits; interest expense is mainly the interest expense of borrowings from financial institutions and the interest expense of lease liabilities recognized under the effective interest method. The interest income of the Group in 2020 and 2021 is NT\$4,596,000 and NT\$2,703,000 respectively, accounting for the proportion of the consolidated net operating income for the current period is 0.13% and 0.07% respectively; the interest expense in 2020 and 2021 is NT\$ 15,468,000 and NT\$ 12,506 respectively, accounting for 0.41% and 0.34% of the consolidated net operating income of the current period, respectively. It shows that changes in interest rate have no significant influence on the Group's operations.

Countermeasures:

If there is a relatively large fluctuation in the interest rate in the future, the Group will make appropriate capital utilization plans according to the changes in interest rates of financial market, evaluate bank loan interest rates from time to time, and seek more favorable interest rates to maximize cost effectiveness of capital.

B. The influence of changes in exchange rate on the company's profit and loss and future countermeasures

The Group's purchases and sales are mainly based on operating bases. The exchange gains in 2020 and 2021 are NT\$ 14,373,000 and NT\$ 22,276,000 respectively, which accounted for a very low proportion of the current consolidated net revenue. It shows that there was no significant influence on operations from the changes in exchange rate. However, it has a certain proportion of the influence on the Company's business interests. Therefore, the Company has taken the following relevant hedging management measures in response.

Countermeasures:

In order to avoid excessive exchange rate risk arising from foreign exchange rate changes in external sales and purchases, the Group adopts the following measures to response the influence of exchange rate changes on its profit and loss:

- a. The Group's financial units maintain close and good relationships with financial institutions, understand financial institutions' views on exchange rate trends, continue to pay attention to the international foreign exchange market and financial

situation, adjust and manage foreign exchange part in a timely manner, and reduce the negative influence of exchange rate changes on the company's profits and losses.

b. Based on the principle of natural hedging to reduce the net exchange rate risk of the Group, which means that the purchase and sale of goods should be traded in the same currency as much as possible, so that the exchange risks generated by the receivable and payable positions can be offset with each other to achieve natural hedging effect.

c. When making quotations to customers, business units should consider the factors that may be caused by exchange rate changes to avoid the risk of exchange rate changes.

d. To create a foreign currency account, depending on the company's foreign currency assets and liabilities, if the demand for foreign currency increases in the future, it will maintain a certain amount of foreign currency funds to reduce the influence of exchange rate changes on profits.

C. Influence of inflation on the company's profit and loss and future countermeasures

The Group has not been significantly affected by inflation before, and the quotations of the Group to customers and suppliers are mostly adjusted by the market, and there is no increase in purchasing costs due to inflation.

Countermeasures:

The Group will also keep abreast of the price changes of upstream commodities and reflect them in costs and quotations in a timely manner to reduce the influence on the company's profit and loss due to cost changes.

(2) Policies for engaging in high-risk, high-leverage investments, loaning, endorsement, guarantees and derivatives trading, the main reasons for profit or loss and future countermeasures:

i. The Company focuses on its own business, based on a stable operating philosophy, as of the publication date of the prospectus, it has not engaged in high-risk and high-leverage investments. Based on the consideration of operational risks, if the Company intends to engage in various investment and derivative commodity transactions in the future, it will conduct in accordance with the relevant operating rules formulated by the company.

ii. The Company has established relevant rules such as "Operation procedures for loaning", "Operation procedures for endorsement and guarantees" and "Procedures for acquiring or disposing of assets". The Company will conduct in accordance with the above-mentioned rules, so the relevant risks should be limited

iii. The Company focuses on its own business, based on a stable operating philosophy, as of the printing date of the prospectus, it has not engaged in high-risk and high-leverage investments. Based on the consideration of operational risks, the Company has passed a resolution of the board of directors not to formulate the procedures for derivative commodity transactions. If the Company intends to engage in various investment and derivative commodity transactions in the future, it will conduct after formulating relevant rules.

(3) R&D plans in the future and estimated R&D expenses

i. R&D plans in the future

The Company develops electric vehicle components products, and gradually increase the revenue proportion of electric vehicle components products, provide a variety of products and services. In order to respond to the trend of automatic driving of automobiles, and look forward to the electronic control related to automotive parts, the Company develops high value-added parts as well.

ii. Estimated R&D expenses

In the future, the Group will more actively develop new products, new technologies and the innovation and improvement progress of manufacturing processes. In 2020 and 2021, R&D expenses have been invested about NT\$ 45,089,000 and NT\$ 45,783,000. In the first half of 2022, it plans to invest in the second generation EPB module, and the rest will maintain a certain level of growth depending on the future operating conditions, so as to maintain the Group's operating strategy and maintain a competitive advantage.

(4) The influences of important domestic and foreign policies and legal changes on the Company's financial business and the countermeasures:

The execution of each business of the Group is conducted in accordance with important domestic and foreign policies and laws and regulations. The Group always pays attention to the development trend of important domestic and foreign policies and legal changes at any time. Plan relevant countermeasures to promptly respond to changes in the market environment and take appropriate countermeasures. If there is any change, the Group will consult relevant units

such as lawyers and accountants, or commission an assessment, and plan relevant countermeasures, so as to promptly respond to changes in the market and take appropriate countermeasures.

(5)The influences of changes in technology and industries on the Company's financial business and the countermeasures:

Due to the recent development of global technology and the emphasis on environmental protection and energy conservation, the automobile industry has moved towards intellectualization and energy conservation, and has developed full electric drive, automatic driving, electronic detection (such as tire pressure detector), and more energy-saving developments (such as improved fuel efficiency, lighter vehicles) , etc. The Group must refine its processes and invest in new equipment to meet the requirements of first-tier suppliers.

In addition to keeping abreast of the industrial market and technological trends, the Group also conducts research and planning on the properties, strength and reliability of various products, and conducts innovative research and development for advanced manufacture processes, materials and structures. The Group develops the most competitive products and services by virtue of its self-made mold design capabilities, thereby expanding its market share. In response to the dynamic environment of industries, it can apply new technologies into its products at any time.

(6)The influences of corporate image change on corporate crisis management and the countermeasures:

The corporate image is the intangible asset of a company. Since its establishment, the Group has keep the concept of management in good faith, actively strengthened the internal management of the company and improved its quality assurance capabilities. With the efforts of corporate leaders and management teams for many years, a good corporate image of the Group has been established. Therefore, in the most recent year and up to the date of publication of the prospectus, there has been no material change resulting in corporate crisis management.

(7) Expected benefits, possible risks and countermeasures of M&A:

The Group has no plan to acquire other companies. If there is a future acquisition plan, it will carefully evaluate and consider the synergies of the merger to ensure the interests of shareholders.

(8) Expected benefits, possible risks and the countermeasures of plant expansion: During recent years up to the annual report printing date, the Company has not expanded any plant.

(9) Risks for purchase or sales concentration and the countermeasures:

i. Purchase concentration risk and the countermeasures

In order to spread risks, the Group purchases raw materials from each operation location. There has been no major change in the top suppliers in the last two years, but the ratio of each purchase amount is less than 15%, so there is no problem of purchase concentration.

ii. Sale concentration risk and the countermeasures

For the most recent two years and the first quarter of 2022, the largest customer of the Group is Sumitomo Wiring Systems, Ltd., which accounted for 29.47%, 25.75% and 23.36% of the revenue, respectively; the second largest customer is AISIN, which accounted for 17.63%, 21.77% and 24.65% of the revenue respectively. Thus, there is no sales concentration. In addition, the supply chain in the automobile industry is stable, and Japanese automobile manufacturer have strict requirements on the quality of automobile parts. To ensure consistent quality and specifications of parts, Japanese automobile manufacturer do not change suppliers frequently, and automobile manufacturer have the dominant power in procurement and sales. Therefore, the sales targets of the Group's products are usually Tier 1 component suppliers who have a one-to-one partnership with the automobile manufacturer or designated by the automobile manufacturer. Based on pre-quality control considerations, some automobile manufacturer also require that their sales must be sold through their re-investment company. This makes the sales target of the Group more concentrated, but is the industrial characteristic of the automobile industry. After the listing in the future, there will be more abundant capital. In addition to continuing to increase the operating scale, to the current existing customer, Tier 1, the Group will develop a closer relationship with its R&D and business units, to cooperate in the development of higher-tech products, or to cooperate with different system objects of the customer group. In the field of bathroom appliances, the current supply is high-end products with higher specifications and is still stable. On this basis, the chances of cooperation with other major manufacturers has increased, which can reduce the risk of concentrating on the top ten customers.

(10) Directors, supervisors or shareholders holding more than 10% of the shares. The influences, risks and countermeasures of the large-scale transfer or replacement of shares of the Company :

In order to comply with the listing requirements, ABICO AVY Co., LTD. (“ABICO”) transferred its shares in 2019 to reduce the its shareholding ratio to the Company, which including releasing shares and waiving their subscription right to the cash capital increase, etc., was approved by the board of directors and audit committee of ABICO on April 29, 2019. Approved by the general meeting of shareholders on June 12, 2019, ABICO and its subsidiaries sold 2,800,000 shares of the Company. The number of shares reserved for employees to subscribe by 15% due to the company's cash capital increase is 300,000 shares, plus the number of 1,530,000 shares that the original shareholders could subscribe but waived, and the number of shares that other shareholders can subscribe for, the total number of shares waived for cash capital increase 2,000,000 shares for ABICO and its subsidiaries. The release price is determined by taking into account the Company's current operation, profitability and capital market conditions at that time, and an independent expert, Excellent Water Appraisal Intelligence & Co., has been commissioned to issue an evaluation report on the fair market value of shares, in which the value of each share is NT\$ 56.92 to NT\$59.09. The Tehsing CPA firm also issued a letter of opinion on the rationality of share, in which the release price was set at NT\$58 per share. Such price should be reasonable. The target of the release is all shareholders of ABICO. The shareholders, who are recorded in the shareholders' register as of the latest book closure date at the time of subscription, will be given priority to subscribe according to the shareholding ratio at the time of subscription. For the shares that ABICO's shareholders waived or under-subscribed, the board of directors of the Company has authorized the chairman to contact with specific people to subscribe at the issue price. Taking into account the company's operation development, attracting and retaining professionals to achieve business performance, for such purposes, the order of such people shall be: employees of the Company and the domestic and foreign controlled or affiliated companies, employees of the Company and its affiliates, strategic investors or financial investors who are helpful to the Company's operation and development. There is no prejudice to the interests of the shareholders of ABICO.

(11) Influence, risks and countermeasures of the changes of management rights on the company:

There was no change in the management rights of the Company in the most recent year and up to the date of printing of the annual report

(12) Litigation and non-litigation events:

i. In the last two years and as of the printing date of the annual report, the major lawsuit, non-litigation or administrative dispute has been determined or is currently pending, the result of which may have a significant influence on shareholders' rights and or securities prices. In such cases, the parties involved and the current situation shall be disclosed:

Plant	Explanation	Situation or progress of improvement
Japan IKKA	From April 2013 to September 2018, former employee Gukou ○○ (hereinafter referred to as GE) forged transaction documents for outsourcing services, which made the company think that it outsources design services to Japanese manufacturers, but in fact GE embezzled the company's cash. Such matter affecting the company's financial and business conditions is currently under the jurisdiction of the Utsunomiya District Court, Japan, and GE has not disputed the termination of the labor contract.	The current progress is that a legal lawsuit has been filed against GE for compensation of 27,000,000 yen. The settlement case is still under trial in the court. The missing part of internal control has been revised to prevent the same thing from happening again.
Dongguan IKKA	Liao Xueqiong, a former employee of the Chinese subsidiary, filed a lawsuit against the Chinese subsidiary with the First People's Court of Dongguan City, Guangdong Province, claiming that the Chinese subsidiary violated the law and failed to pay reasonable overtime pay of CNY 44,828 and economic compensation of CNY 58,350 in accordance with the labor contract.	The Chinese subsidiary believes that Liao Xueqiong has retired, and the relevant provisions of the Labor Contract Law on overtime pay and economic compensation are not applicable. The Chinese subsidiary intends to make the following defense: Starting from March 11, 2021, Liao Xueqiong voluntarily proposes to terminate the labor contract, thus, the Chinese subsidiary does not need to pay Liao Xueqiong overtime pay and economic compensation. In this case, on July 9, 2021, the Dongguan First People's Court

		has issued a judgment that does not support all the plaintiff's claims.
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Based on the above assessment, the results of the above-mentioned lawsuits have no significant influence on shareholders' rights or securities prices.

ii. There are litigations, non-litigation or administrative disputes, in which the directors, supervisors, president, substantial persons in charge, shareholders holding more than 10% of the shares, and the affiliates of the Company involved, that have been decided or are currently pending in the last two years and as of the date of publication of the annual report. If the results of such disputes may have a significant influence on shareholders' rights or securities prices, the facts at issue, the amount of the subject matter, the date of commencement of the litigation, the main parties involved, and the handling as of the date of publication of the annual report shall be disclosed: None.

(13) Other important risks and the countermeasures:

i. The environmental protection is increasingly severe

The environmental protection is increasingly severe. As the great economic development at the expense of the environment, the governments of China and Vietnam have gradually paid more attention to the environmental requirements.

ii. Risk of costs of rising wage in various regions

With the development of the Asian economy, its labor costs are also rising year by year. Many companies are facing the decrease of profits. The Company's operations in China, Vietnam and Malaysia are also facing rising labor costs.

iii. Risks of the general economy, political and economic environment, foreign exchange and laws

The company is registered in the British Cayman Islands, and the main operations are located in Japan, Vietnam, China and Malaysia. Therefore, changes in the general economic, political and economic environment, foreign exchange and laws and regulations of the place of registration and each operating place will affect the operation situation of the Company.

iv. The management of the Company will face the significant challenge of becoming a listed company for the first time

The Company has a professional management team with rich experience in the securities market of the Republic of China. The management team collects market information and analyzes market trends at any time, and strengthens various internal management for risk control, so that the Company's operations can have immediate response measures when the economic situation changes. In addition, the parent company of the company is a TPEX listed company in Taiwan, and it also continuously provides consulting on the practice and laws of TPEX listed companies. More than half of the board members are also familiar with Taiwan's securities laws and regulations. Such Challenge should have no significant influence on the Company.

v. Risks of protection of shareholders' rights

There are many different regulations in the company law of the Cayman Islands and the company law of the Republic of China, and there are many differences between the regulations of Cayman Islands and Republic of China about the operation of companies. Investors cannot compare and apply the legal rights protection of investing in a company in the Republic of China to Cayman companies which where they invest in. Investors shall clearly understand and consult with experts to confirm whether there is any risk of not being able to protect the rights and interests of shareholders, as investing in Cayman companies.

vi. The Company is a holding company, which depends on the performance of its subsidiaries and such subsidiaries' ability to distribute dividends, and is subject to the restrictions on its distribution of dividends and transfer of capital. Since the Company is a holding company, its ability to pay dividends depends on the surplus and distribution of its reinvestment companies, and the distribution method and amount approved by the board of directors, so the future dividend distribution will be based on the holding company's overall operating performance, financial situation, cash requirements, and applicable laws and regulations. For example, according to Chinese law, a Chinese subsidiary can only distribute and pay dividends from its net profit, and the amount of net income is determined on the basis of retained earnings calculated in accordance with Chinese generally accepted accounting principles and relevant financial regulations in China, which are different

from the IFRSs. In addition, according to relevant laws and regulations, when distributing profits, subsidiaries in China must first set aside at least 10% of the annual after-tax net profit as statutory surplus (a statutory reserve that cannot be distributed as dividends, but when the cumulative amount of the reservation reaches 50% of the company's registered capital, it may no longer be reserved), and if a subsidiary in China distributes dividends, the company needs to withhold 10% of the income tax when the money are remitted, which may reduce the company's ability of dividend distribution to shareholders.

7. Other:

None.

1. During recent years up to the annual report printing date, the subsidiary holds or disposes of the company's stock:

None.

2. Other Necessary Supplements:

None.

3. Explanation of the differences between the Company's Articles of Incorporation and the provisions on the protection of shareholders' rights of the Republic of China

Number	Significant Matters of Protection of Shareholders' Rights	Company Act, Securities and Exchange Act or Relevant Regulations	Regulations of the Articles of Incorporation and the Reasons of the Difference
1.	<ol style="list-style-type: none">1. The company shall not cancel its shares, unless a resolution on capital reduction has been adopted by its shareholders' meeting; and capital reduction shall be effected in proportion to the percentage of shares held by the shareholders.2. The company reducing its capital may return share capital to shareholders by distributing	Company Act Article 168	<p>There are differences between Article 10.7 and Article 14.1 of the Articles of Incorporation, and the Significant Matters of Protection of Shareholders' Rights on the left, because a reduction of issued share capital, which requires that such reduction be authorized by the shareholders by way of special resolution and which is further subject to confirmation by the Cayman court.</p> <p>Besides the procedure mentioned above, the issued share capital of a company may only be cancelled if such shares are repurchased, surrendered or redeemed by the company under Cayman Company Act and relevant regulations. In view of this, Article 10.7 of the Articles of Incorporation stipulates that the procedure for reducing the company's capital is through share repurchase, and Article 14.1 of the</p>

Number	Significant Matters of Protection of Shareholders' Rights	Company Act, Securities and Exchange Act or Relevant Regulations	Regulations of the Articles of Incorporation and the Reasons of the Difference
	<p>property other than cash; the returned property and the amount of such substitutive capital reduction shall be approved by a prior resolution at the shareholders' meeting and be agreed by the shareholders who are going to receive such property.</p> <p>3. Before the shareholders' meeting, the board of directors shall first have the value of such property and the amount of such substitutive capital reduction set forth in the preceding paragraph audited and certified by a Taiwan certified public accountant.</p>		<p>Articles of Incorporation stipulates that the company's capital must be reduced by a special resolution of the shareholders' meeting, but there is no provision under Cayman Company Act requiring that: (1) shall be repurchased in proportion to the shareholders' shareholding; (2) approval shall be required for the return of shares in property other than cash, or (3) the value of the returned property shall be evaluated. Such differences are from the provisions of the Cayman Company Act.</p>
2.	1. Procedures for the company to enter	Company Act Article	It is noted that although Articles 11.1 to 11.4 of the Company's Articles of Incorporation have been amended in

Number	Significant Matters of Protection of Shareholders' Rights	Company Act, Securities and Exchange Act or Relevant Regulations	Regulations of the Articles of Incorporation and the Reasons of the Difference
	<p>into stock option agreements with its employees or grant employee stock option certificates.</p> <p>2. Employee stock option certificates are not assignable, except to the heirs of the recipients.</p>	167-2	<p>accordance the Significant Matters of Protection of Shareholders' Rights on the left, under the Cayman law, however, to restrict the transfer of any Stock Option warrant of an employee, such restriction shall be provided in the employee Stock Option agreements / warrant.</p>
3.	<p>1. The annual meeting shall be convened at least once every year within six months of the end of the fiscal year. The shareholders' meetings shall be convened by the board of directors.</p> <p>2. The articles of association may specify that shareholders' meetings may be held by video conference or other means announced by the competent authorities of the Company Act. However, due to natural disasters, events, or other force majeure, the competent authority of the Company Act may announce that a shareholders' meeting may be held by video conference or by its</p>	<p>1. Company Act Article 170</p> <p>2. Company Act Article 172-2</p> <p>3. Company Act Article 172-1</p> <p>4. Company Act Article 173 (1) (2), Article 173-1</p> <p>5. Company Act Article 172, Security and</p>	<p>A foreign issuer is an exempted company under Cayman Laws. According to Cayman Company Act, though it is not necessary to hold a shareholders' meeting annually, Article 16.2 of the company's articles of incorporation provides that "After becoming a public company, the company shall convene a shareholders' meeting within six months after the end of each fiscal year as an annual general meeting of shareholders, and It should be explained in detail in the notice of convening the shareholders meeting. At the shareholders' meeting, the board of directors should make relevant reports (if any)."</p> <p>Other matters are provided in Articles 16.2, 16.3, 16.4, 18.9, 16.5 to 16.9, 17.5, and 35 of the Articles of Incorporation</p>

Number	Significant Matters of Protection of Shareholders' Rights	Company Act, Securities and Exchange Act or Relevant Regulations	Regulations of the Articles of Incorporation and the Reasons of the Difference
	<p>announcement within a period without adding the provisions in the articles of association.</p> <p>3. If a shareholders' meeting is held by video conference, the shareholders who participate in a video conference are deemed to be present in person.</p> <p>4. The conditions, procedures, and other matters to be followed by the Company in connection with the shareholders' meeting by video conference shall be in accordance with the regulations of R.O.C. related to securities.</p> <p>5. The shareholders' meeting that is held in person shall be held in territory of the Republic of China. If a shareholders' meeting in person is held outside territory of the Republic of China, it shall be reported to the TSE for approval within two days after the resolution of the board of directors or the approval of convening from the</p>	<p>Exchange Act Article 26-1. Article 43-6</p>	<p>respectively.</p> <p>However, Article 16.8 of the Company's Articles of Association differs slightly from the Significant Matters of Protection of Shareholders' Rights on the left and is explained as follows.</p> <p>According to the Taiwan Stock Exchange's letter No. 0991701319 dated April 13, 1999: "Note: 2. (3) A foreign issuer shall provide in its articles of incorporation the right of minority shareholders to request the convening of a special shareholders' meeting, provided that it does not violate the laws of where the foreign issuer registered. The part of the competent authority permitting the convening may be deleted."</p> <p>Therefore, Article 16.8 of the Company's Articles of Incorporation stipulates that " If the board of directors do not, within fifteen days from the delivery of the request from the shareholders, issue the notice of convening a special shareholder's meeting, such shareholders may themselves convene a special shareholders' meeting under</p>

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	<p>competent authority acquired by the shareholders.</p> <p>6. Shareholders holding 1% or more of the total issued shares may present to the company a proposal at a shareholders' meeting in written or digital notice. Other than the following situation, proposals proposed by shareholder(s) shall be included in the agenda by the board of directors : (i) the proposal involves matters which cannot be resolved at a shareholders' meeting; (ii) the number of shares held by the shareholder is less than 1% of the total issued shares, (iii) the proposal is raised outside the deadline fixed for accepting proposal; (iv) the proposal exceeds 300 words or includes more than one proposal. If</p>		<p>the regulations related to public company."</p>

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	<p>the proposal is to urge the company to promote public interest or to fulfil its social responsibilities, the board of directors may include the proposal.</p> <p>7. Shareholder(s) continuously holding 3% or more of the total issued shares for at least one year may submit a proposal in written to the board of directors, setting forth the subjects for discussion and reasons, to request convention of a special shareholders' meeting. If the board of directors fails to give a notice for convening a special shareholders' meeting within 15 days of the submission, such shareholder(s) may convene a special meeting after obtaining approval from the competent authorities.</p> <p>8. The shareholder(s) continuously</p>		

Number	Significant Matters of Protection of Shareholders' Rights	Company Act, Securities and Exchange Act or Relevant Regulations	Regulations of the Articles of Incorporation and the Reasons of the Difference
	<p>holding 50% or more of the total issued shares for three months or more may convene a special shareholders' meeting themselves/herself/himslef. The calculation of the holding period and number of shares shall be determined based on the shareholding on the book closing date.</p> <p>The following matters shall be specified with explanation in the notice for convening a shareholders' meeting and may not be proposed by ad hoc motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the notice:</p> <p>(1)Election or discharge of directors and supervisors;</p>		

Number	Significant Matters of Protection of Shareholders' Rights	Company Act, Securities and Exchange Act or Relevant Regulations	Regulations of the Articles of Incorporation and the Reasons of the Difference
	<p>(2)Amendment to the articles of association;</p> <p>(3)reduction of capital</p> <p>(4)application for the approval of ceasing its status as a public company</p> <p>(5)Winding-up, merger, share swap or spin-off;</p> <p>(6)Entering into, amending or terminating an agreement for leasing its entire business, entrusting its business operation or conduct regularly joint operation with others;</p> <p>(7)Transfer of its business or property in whole or in part;</p> <p>(8)Acceptance of all the business or property from others which will have a significant influence on the company's operations;</p> <p>(9)Private placement of equity-based</p>		

Number	Significant Matters of Protection of Shareholders' Rights	Company Act, Securities and Exchange Act or Relevant Regulations	Regulations of the Articles of Incorporation and the Reasons of the Difference
	securities; (10)Waiver of non-competition prohibitions on directors; (11)Distribution of dividends and bonuses in whole or in part by issuing shares; (12)Distribution of legal reserve fund from profit and capital reserve from share premium or gift, by means of issuing new shares or by cash to existing shareholders.		
4.	1. The company shall include electronic means as one way to exercise voting rights when holding shareholders' meetings. 2. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights	1. Company Act Article 177-1 2. Company Act Article 177-2	It should be noted that Article 19.6 of the Articles of Incorporation provides that “A shareholder exercising voting power by one of the means mentioned above shall be deemed to have appointed the chairman of the general meeting as his proxy to exercise his or her voting right at such general meeting in accordance with the instructions stipulated in the written or electronic document.” Although Cayman law does not consider a shareholder who exercises their voting rights in this manner to be recognized as present at a shareholders' meeting in

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	<p>by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting</p> <p>3. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</p> <p>4. After a shareholder has exercised voting rights by correspondence or</p>		<p>person, such shareholder shall be entitled to substantially all the rights of a shareholder who exercises their voting rights by correspondence or electronic means in accordance with the laws of the Republic of China.</p>

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	<p>electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.</p> <p>5. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders</p>		

Number	Significant Matters of Protection of Shareholders' Rights	Company Act, Securities and Exchange Act or Relevant Regulations	Regulations of the Articles of Incorporation and the Reasons of the Difference
	meeting, the voting rights exercised by the proxy in the meeting shall prevail.		
5.	<p>The following proposals involving shareholders' significant rights and interests shall be adopted by a majority vote of more than half of the shareholders representing two-thirds or more of the total issued shares at a shareholder's meeting. If the total number of shares represented by the shareholders present at the shareholders' meeting is less than two-thirds of the total issued shares, a resolution may be adopted by a majority vote of two-thirds or more of the attending shareholders who represent more than half of the total issued shares:</p> <p>1. That (i) an agreement for leasing the entire business, entrusting the business or</p>	<ol style="list-style-type: none"> 1. Company Act Article 185 2. Company Act Article 277 3. Company Act Article 159 4. Company Act Article 240 5. Company Act Article 316 6. Business Mergers And Acquisitions Act Article 29 	<p>Some of the provisions of the Articles of Association differ slightly from the important matters for the protection of shareholders' rights listed on the left, as follows.</p> <p>(1).Articles of Association Article 1.1 (a) Articles of Association provision Article 1.1 of the Articles of Incorporation provides that special resolution means “resolution passed by a majority vote of two-thirds or more of the shareholders who are entitled to vote in the shareholders’ meeting. Each of such shareholders may vote in person or appointing a fully authorized proxy to vote for him/her (if a proxy is allowed, the notice of convening a shareholders’ meeting shall it is a special resolution.) Matters subject to Special Resolution shall, in accordance with the Cayman Company Act, include, but not be limited to: (i) change of the name of the company; (ii) amendments or additions to the Articles of Incorporation; (iii) amendments or additions to the</p>

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	<p>conducting regularly joint operation with others be signed, amended or terminated;</p> <p>(ii) the business or property be transferred in whole or in part; or (iii) all the business or property be acquired from others, which will have a significant influence on the company's operations;</p> <p>2. That the articles of association be amended;</p> <p>3. If the amendment of the articles of association may prejudice the rights of preferred shareholders, a resolution adopted by a preferred shareholders' meeting will be required;</p> <p>4. That dividends and bonuses be distributed by issuing new shares in whole or in part;</p> <p>5. That the company be wound up, merged or spun off; and</p>		<p>memorandum of Articles of Incorporation relating to the purpose, powers or other matters expressly stated; (iv) reduction of issued share capital and capital redemption reserve fund; (v) voluntary dissolution for reasons other than the inability to pay its debts as they become due; (vi) merger or consolidation with another company. Moreover, Article 18.1 of the Articles of Incorporation provides that “No resolution shall be passed unless the shares represented by the attending shareholders meet the minimum quorum of shares represented at a shareholder meeting. Unless otherwise provided in the Statute, the Articles and the Public Company Rules, the attendance of shareholders representing more than half of the total number of issued shares in person or by proxy shall constitute the quorum for attendance at the shareholders' meeting.” In other words, for a special resolution to be made, it shall be passed by at least two-thirds of the votes cast by the shareholders present, in person or by proxy, representing at least one-half of the total number of issued shares of the company.</p>

Number	Significant Matters of Protection of Shareholders' Rights	Company Act, Securities and Exchange Act or Relevant Regulations	Regulations of the Articles of Incorporation and the Reasons of the Difference
	6.Share Swap		<p>(b) Reasons for Differences</p> <p>Special resolutions are required by the Cayman Company Act, and under the Cayman Company Act, matters that shall be resolved by a special resolution shall not be passed by majority, which is a lower standard. Meanwhile, "Supermajority Resolution" is defined in Article 1.1 of the Articles of Incorporation, which means "(i) resolution passed by a majority vote of more than half of the shareholders representing two-thirds or more of the total issued shares at a shareholder's meeting, or (ii) if the total number of shares represented by shareholders attending the shareholders meeting does not reach two-thirds of the total number of issued shares of the company, but exceeds half of the total number of issued shares of the company, a resolution passed by two-thirds or more of the voting rights of the shareholders present." For Significant Matters of Protection of Shareholders' Rights, if they shall be passed by special resolution under Cayman Company Act, they will still be listed as matters for "special resolutions" in the Articles of Incorporation; otherwise, they will be listed as "</p>

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			<p>Supermajority Resolution ".</p> <p>(2).Articles of Association Article 14.3. (a) Articles of Association Article 14.3 of the Articles of Incorporation provides that "Subject to the provisions of the Statute, the Articles, and the Public Company Rules, with regard to the dissolution procedures of the company: (a) if voluntary dissolution for reasons other than the inability to pay its debts as they become due, it shall be passed by a Supermajority Resolution; or (b) if voluntary dissolution for reasons other than Article 14.3 (a) mentioned above, it shall be passed by a special shareholders' meeting." What differs slightly from the Significant Matters of Protection of Shareholders' Rights on the left is that : Resolutions on dissolution in the company's articles of incorporation are classified as " Supermajority Resolution" and "special resolutions" according to the reasons for the dissolution of the company's articles of association. In contrast, all Significant Matters of Protection of Shareholders' Rights on the left are required to</p>

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			<p>be passed by Supermajority Resolution.</p> <p>(b) Reasons for Difference. Under the Cayman Companies Act, if a company resolves to voluntarily dissolve for reasons other than its inability to pay its debts as they fall due, a special resolution is required. It is clear from the above that the difference is due to Cayman Laws.</p> <p>Such difference has been provided in Article 14.3 (a) that “if a company resolves to voluntarily dissolve for its inability to pay its debts as they fall due, a Supermajority Resolution is required”; and the matters other than those set forth in Article 14.3(a) shall be passed by special resolutions ” under the Cayman Company Act.</p>
6.	Compensation payable to directors, if not prescribed in the articles of association, shall be determined at a shareholders' meeting and may not be recognized retroactively.	Company Act Article 196 (1)	<p>Provide in Article 30.1, 30.2, 32.8 and 32.9 of Articles of Incorporation respectively.</p> <p>Although the Articles of Incorporation do not provide the compensation of directors or stipulate that the shareholders' meeting should agree upon the compensation, the board of directors has established a compensation committee in</p>

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			accordance with the Ministry of Economic Affairs' Interpretation No. 09302030870 dated March 8, 2004, and the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”.
7.	If a director, in the course of performing his duties, has committed any act resulting in material damages to the company or in serious violation of applicable laws and regulations, but not discharged by a resolution of the shareholders' meeting, the shareholder(s) holding 3% or more of the total number of outstanding shares of the company may, within 30 days after that shareholders' meeting, file a petition with the Taipei District Court for discharging of such director.	Company Act Article 200	Article 28.2(m) of Articles of Association differs slightly from the important matters for the protection of shareholders' rights listed on the left, explained as follows: 1. Articles of Association Article 28.2(m) of the Articles of Association provides that : “ "Except as otherwise provided by statute, articles of association or public offering companies statute otherwise, in the event that a director has, in the course of performing his/her/its duties, committed any act resulting in material damage to the Company or in violation of applicable laws and/or regulations or the Memorandum and the Articles, but has not been removed by the Company pursuant to a Supermajority Resolution vote, then any shareholder(s)

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			<p>holding 3% or more of the total number of issued , outstanding Shares shall have the right, within thirty days after that general meeting, to petition any competent court (including Taipei district court) for the removal of such Director, at the Company's expense and such Director shall be removed upon the final judgement by such court. For clarification, if a relevant court has competent jurisdiction to adjudicate all of the foregoing matters in a single or a series of proceedings, then, for the purpose of this paragraph, final judgement shall be given by such competent court.”</p> <p>The context of such Article is slightly different from the important matters for shareholders' rights protection listed on the left.”</p> <p>2. Reasons for difference</p> <p>Since there is no specific statutory provision under the Cayman Company Act which allows minority shareholders to apply to the courts in the Cayman Islands to remove a director, Articles of Association provides that shareholders shall initiate the action in a court of competent jurisdiction,</p>

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			and the shareholders may still dismiss the directors in accordance with the Articles of Association.
8.	<ol style="list-style-type: none"> 1. The supervisors shall be elected by the shareholders' meeting, and at least one supervisor shall have a domicile within the territory of the Republic of China. 2. The term of office of a supervisor shall not exceed three years; but he/she may be eligible for re-election. 3. If all supervisors have been discharged, the board of directors must convene a special shareholders' meeting to elect new supervisors within 60 days. 4. The supervisors shall supervise the business operations of the company and may at any time investigate the business and financial conditions of the company, examine, transcribe and copy the accounting books and documents, and request the board of directors or officers to make reports. 5. The supervisors shall audit the 	Company Act Article 216 to Company Act Article 222	Article 32.6 of the Articles of Incorporation, in accordance with Article 28-4(2) of Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, "A foreign issuer shall establish an audit committee. The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be committee convenor". The Company has already established an audit committee consisting of all independent directors (Article 32.6 of the Articles of Association).

Number	Significant Matters of Protection of Shareholders' Rights	Company Act, Securities and Exchange Act or Relevant Regulations	Regulations of the Articles of Incorporation and the Reasons of the Difference
	<p>statements and records prepared by the board of directors for submission to the shareholders' meeting and shall report their findings and opinions at the shareholders' meeting.</p> <p>6. The supervisor(s) may appoint, on behalf of the company, certified public accountants and legal counsels to assist on the performance of duties.</p> <p>7. The supervisors may attend the board meetings and express his/her/their opinions. If the board of directors or any director, in the course of performing his/her/its duties, commits any act in violation of applicable laws, regulations, the articles of association or resolutions of the shareholders' meeting, the supervisors shall notify the board of directors or a director to cease such act.</p> <p>8. Each of the supervisors may independently and individually exercise their supervision power.</p>		

Number	Significant Matters of Protection of Shareholders' Rights	Company Act, Securities and Exchange Act or Relevant Regulations	Regulations of the Articles of Incorporation and the Reasons of the Difference
	9. Supervisors shall not be concurrently a director, a officer or employee of the company.		
	If a director or a supervisor (if applicable) of the company pledges more than 50% of the shares being held by him/her/it at the time when he/she/it was elected ("Original Shares"), the voting rights associated with the pledged shares that are in excess of 50% of the Original Shares will be prohibited from being exercised; and such pledged shares for which voting right cannot be exercised as described above shall not be counted towards the number of votes of shareholders present at a shareholders' meeting.	Company Act Article 197-1, Article 277	Article 24.3 of the Articles of Incorporation, in accordance with Article 28-4 (2) of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, "A foreign issuer shall establish an audit committee. The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be committee convenor, and at least one of whom shall have accounting or financial expertise." The company has already established an audit committee consisting of all independent directors.
10.	Where a juristic person acts as a shareholder of a company, its authorized representative may be elected as a director or supervisor of the company. If there are	Company Act Article 27 (2)	Article 27.4 of the Articles of Incorporation, in accordance with Article 28-4 (2) of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, "A foreign issuer shall establish an audit committee, in

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	authorized representatives, each of them may be so elected, but such authorized representatives may not concurrently be selected or serve as the director or supervisor of the company.		which the members shall not be fewer than three persons, one of whom shall be committee convenor." The Company has already established an audit committee consisting of all independent directors.

VIII. In the most recent year and as of the date of publication of the annual report, if there is an event that has a significant influence on shareholders' rights and interests or the price of securities as specified in Subparagraph 2, Paragraph 2, Article 36 of this Act, it shall also be closed by item: None.