

Chia Chang Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Chia Chang Co., Ltd.

Introduction

We have reviewed the accompanying consolidated financial statements of Chia Chang Co., Ltd. (the "Corporation") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, and the consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, changes in equity and cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we could become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2022 and 2021, combined total assets of these non-significant subsidiaries were NT\$1,835,157 thousand and NT\$1,909,486 thousand, respectively, representing 16% and 18%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$204,226 thousand and NT\$240,698 thousand, respectively, representing 6% and 8%, of the consolidated total liabilities; for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, the amounts of combined comprehensive income of these subsidiaries were NT\$12,152 thousand, NT\$2,924 thousand, NT\$86,749 thousand and NT\$23,031 thousand, respectively, representing 9%, 1%, 15% and 5%, respectively, of the consolidated total comprehensive income. As disclosed in Note 12 to the consolidated financial statements, the carrying values of the investments accounted for using the equity method were NT\$134,979 thousand and NT\$196,646 thousand as of June 30, 2022 and 2021, respectively. The share of profit (loss) of associates accounted for using the equity

method was NT\$(32,453) thousand, NT\$38,230 thousand, NT\$(71,389) thousand and NT\$53,828 thousand for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, respectively. The financial statements of the associates included in the consolidated financial statements referred to in the first paragraph were not reviewed. Information on some non-significant subsidiaries and the investments accounted for using the equity method as disclosed in Note 31 to the consolidated financial statements were based on the unreviewed financial statements for the same reporting periods as those of the Corporation.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of some non-significant subsidiaries and the investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yao-Lin Huang and Suei-Chin Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 10, 2022

Notice to Readers

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

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

CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,248,708	20	\$ 2,079,687	18	\$ 1,809,009	17
Financial assets at fair value through profit or loss - current (Note 7)	46	-	45	-	44	-
Notes and accounts receivable, net (Notes 8 and 20)	3,484,841	30	3,500,115	31	3,311,141	31
Current tax assets (Note 4)	148,038	1	146,115	1	171,732	2
Inventories, net (Note 9)	535,232	5	524,001	5	481,975	4
Prepayments	147,175	1	181,587	2	61,939	-
Other financial assets - current (Note 6)	1,993,587	17	2,051,481	18	2,611,880	24
Other current assets	<u>174,597</u>	<u>2</u>	<u>179,188</u>	<u>2</u>	<u>123,962</u>	<u>1</u>
Total current assets	<u>8,732,224</u>	<u>76</u>	<u>8,662,219</u>	<u>77</u>	<u>8,571,682</u>	<u>79</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 10)	211,534	2	164,082	1	166,573	2
Investments accounted for using the equity method (Note 12)	134,979	1	302,808	3	196,646	2
Property, plant and equipment (Notes 13 and 27)	1,500,088	13	1,535,788	14	1,536,823	14
Right-of-use assets (Note 14)	165,862	1	155,318	1	164,457	2
Investment properties (Notes 15 and 27)	54,379	1	54,768	-	55,156	-
Deferred tax assets (Note 4)	25,512	-	23,898	-	21,717	-
Other non-current assets	<u>682,304</u>	<u>6</u>	<u>412,269</u>	<u>4</u>	<u>116,551</u>	<u>1</u>
Total non-current assets	<u>2,774,658</u>	<u>24</u>	<u>2,648,931</u>	<u>23</u>	<u>2,257,923</u>	<u>21</u>
TOTAL	<u>\$ 11,506,882</u>	<u>100</u>	<u>\$ 11,311,150</u>	<u>100</u>	<u>\$ 10,829,605</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 16 and 27)	\$ 405,000	4	\$ 470,000	4	\$ 551,000	5
Notes payable (Note 17)	173,218	1	190,503	2	140,164	1
Accounts payable (Note 17)	1,407,081	12	1,564,413	14	1,324,939	12
Other payables (Note 18)	897,060	8	648,661	6	454,656	4
Current tax liabilities (Note 4)	149,632	1	116,788	1	76,489	1
Lease liabilities - current (Note 14)	18,235	-	18,463	-	24,171	-
Other current liabilities	<u>116,418</u>	<u>1</u>	<u>121,370</u>	<u>1</u>	<u>156,242</u>	<u>2</u>
Total current liabilities	<u>3,166,644</u>	<u>27</u>	<u>3,130,198</u>	<u>28</u>	<u>2,727,661</u>	<u>25</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Note 4)	203,972	2	201,147	2	201,073	2
Lease liabilities - non-current (Note 14)	15,875	-	5,940	-	6,097	-
Guarantee deposits	<u>830</u>	<u>-</u>	<u>830</u>	<u>-</u>	<u>600</u>	<u>-</u>
Total non-current liabilities	<u>220,677</u>	<u>2</u>	<u>207,917</u>	<u>2</u>	<u>207,770</u>	<u>2</u>
Total liabilities	<u>3,387,321</u>	<u>29</u>	<u>3,338,115</u>	<u>30</u>	<u>2,935,431</u>	<u>27</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 19)						
Ordinary shares	<u>1,423,676</u>	<u>12</u>	<u>1,423,676</u>	<u>12</u>	<u>1,423,676</u>	<u>13</u>
Capital surplus	<u>2,820,797</u>	<u>25</u>	<u>2,820,768</u>	<u>25</u>	<u>2,820,599</u>	<u>26</u>
Retained earnings						
Legal reserve	890,220	8	799,339	7	731,633	7
Special reserve	597,812	5	524,565	5	588,402	6
Unappropriated earnings	<u>2,795,225</u>	<u>24</u>	<u>2,996,941</u>	<u>26</u>	<u>2,954,587</u>	<u>27</u>
Total retained earnings	<u>4,283,257</u>	<u>37</u>	<u>4,320,845</u>	<u>38</u>	<u>4,274,622</u>	<u>40</u>
Other equity	<u>(413,331)</u>	<u>(3)</u>	<u>(597,812)</u>	<u>(5)</u>	<u>(630,626)</u>	<u>(6)</u>
Total equity attributable to owners of the Corporation	8,114,399	71	7,967,477	70	7,888,271	73
NON-CONTROLLING INTERESTS	<u>5,162</u>	<u>-</u>	<u>5,558</u>	<u>-</u>	<u>5,903</u>	<u>-</u>
Total equity	<u>8,119,561</u>	<u>71</u>	<u>7,973,035</u>	<u>70</u>	<u>7,894,174</u>	<u>73</u>
TOTAL	<u>\$ 11,506,882</u>	<u>100</u>	<u>\$ 11,311,150</u>	<u>100</u>	<u>\$ 10,829,605</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated August 10, 2022)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES REVENUE (Note 20)	\$ 2,146,955	100	\$ 2,198,308	100	\$ 4,370,520	100	\$ 4,204,159	100
COST OF GOODS SOLD (Notes 9 and 21)	<u>1,691,357</u>	<u>79</u>	<u>1,640,272</u>	<u>75</u>	<u>3,482,183</u>	<u>80</u>	<u>3,210,563</u>	<u>76</u>
GROSS PROFIT	<u>455,598</u>	<u>21</u>	<u>558,036</u>	<u>25</u>	<u>888,337</u>	<u>20</u>	<u>993,596</u>	<u>24</u>
OPERATING EXPENSES (Notes 21 and 26)								
Selling and marketing expenses	76,162	4	69,010	3	147,955	3	140,579	3
General and administrative expenses	116,236	5	130,937	6	231,667	5	239,924	6
Research and development expenses	<u>17,179</u>	<u>1</u>	<u>17,188</u>	<u>1</u>	<u>34,698</u>	<u>1</u>	<u>35,124</u>	<u>1</u>
Total operating expenses	<u>209,577</u>	<u>10</u>	<u>217,135</u>	<u>10</u>	<u>414,320</u>	<u>9</u>	<u>415,627</u>	<u>10</u>
INCOME FROM OPERATIONS	<u>246,021</u>	<u>11</u>	<u>340,901</u>	<u>15</u>	<u>474,017</u>	<u>11</u>	<u>577,969</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES								
Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 12)	(32,453)	(2)	38,230	2	(71,389)	(2)	53,828	1
Interest income	15,409	1	15,265	1	27,253	1	30,471	1
Other income (Note 21)	22,648	1	18,219	1	43,806	1	21,751	1
Interest expense	(1,091)	-	(1,176)	-	(2,128)	-	(2,337)	-
Exchange gains (loss) (Note 30)	<u>119,538</u>	<u>6</u>	<u>(37,177)</u>	<u>(2)</u>	<u>133,069</u>	<u>3</u>	<u>(27,776)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>124,051</u>	<u>6</u>	<u>33,361</u>	<u>2</u>	<u>130,611</u>	<u>3</u>	<u>75,937</u>	<u>2</u>
INCOME BEFORE INCOME TAX	370,072	17	374,262	17	604,628	14	653,906	16
INCOME TAX EXPENSE (Notes 4 and 22)	<u>131,812</u>	<u>6</u>	<u>82,562</u>	<u>4</u>	<u>215,509</u>	<u>5</u>	<u>147,610</u>	<u>4</u>
NET INCOME	<u>238,260</u>	<u>11</u>	<u>291,700</u>	<u>13</u>	<u>389,119</u>	<u>9</u>	<u>506,296</u>	<u>12</u>

(Continued)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ (10,836)	(1)	\$ (713)	-	\$ 2,700	-	\$ (11,206)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of foreign operations	(93,001)	(4)	(63,441)	(3)	181,781	4	(94,855)	(2)
Other comprehensive income (loss)	(103,837)	(5)	(64,154)	(3)	184,481	4	(106,061)	(2)
TOTAL COMPREHENSIVE INCOME	<u>\$ 134,423</u>	<u>6</u>	<u>\$ 227,546</u>	<u>10</u>	<u>\$ 573,600</u>	<u>13</u>	<u>\$ 400,235</u>	<u>10</u>
NET INCOME (LOSS)								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 238,439	11	\$ 291,864	13	\$ 389,515	9	\$ 506,659	12
Non-controlling interests	(179)	-	(164)	-	(396)	-	(363)	-
	<u>\$ 238,260</u>	<u>11</u>	<u>\$ 291,700</u>	<u>13</u>	<u>\$ 389,119</u>	<u>9</u>	<u>\$ 506,296</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 134,602	6	\$ 227,710	10	\$ 573,996	13	\$ 400,598	10
Non-controlling interests	(179)	-	(164)	-	(396)	-	(363)	-
	<u>\$ 134,423</u>	<u>6</u>	<u>\$ 227,546</u>	<u>10</u>	<u>\$ 573,600</u>	<u>13</u>	<u>\$ 400,235</u>	<u>10</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 23)								
Basic	<u>\$ 1.67</u>		<u>\$ 2.05</u>		<u>\$ 2.74</u>		<u>\$ 3.56</u>	
Diluted	<u>\$ 1.67</u>		<u>\$ 2.04</u>		<u>\$ 2.72</u>		<u>\$ 3.53</u>	

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

(With Deloitte & Touche auditors' review report dated August 10, 2022)

(Concluded)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation						Other Equity		Total	Non-controlling Interests	Total Equity	
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total				
			Legal Reserve	Special Reserve	Unappropriated Earnings							Total
BALANCE AT JANUARY 1, 2021	\$ 1,423,676	\$ 2,820,599	\$ 731,633	\$ 588,402	\$ 2,447,928	\$ 3,767,963	\$ (597,795)	\$ 73,230	\$ (524,565)	\$ 7,487,673	\$ 6,266	\$ 7,493,939
Net income (loss) for the six months ended June 30, 2021	-	-	-	-	506,659	506,659	-	-	-	506,659	(363)	506,296
Other comprehensive loss for the six months ended June 30, 2021	-	-	-	-	-	-	(94,855)	(11,206)	(106,061)	(106,061)	-	(106,061)
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	506,659	506,659	(94,855)	(11,206)	(106,061)	400,598	(363)	400,235
BALANCE AT JUNE 30, 2021	\$ 1,423,676	\$ 2,820,599	\$ 731,633	\$ 588,402	\$ 2,954,587	\$ 4,274,622	\$ (692,650)	\$ 62,024	\$ (630,626)	\$ 7,888,271	\$ 5,903	\$ 7,894,174
BALANCE AT JANUARY 1, 2022	\$ 1,423,676	\$ 2,820,768	\$ 799,339	\$ 524,565	\$ 2,996,941	\$ 4,320,845	\$ (657,345)	\$ 59,533	\$ (597,812)	\$ 7,967,477	\$ 5,558	\$ 7,973,035
Appropriation of 2021 earnings												
Legal reserve	-	-	90,881	-	(90,881)	-	-	-	-	-	-	-
Special reserve	-	-	-	73,247	(73,247)	-	-	-	-	-	-	-
Cash dividends distributed	-	-	-	-	(427,103)	(427,103)	-	-	-	(427,103)	-	(427,103)
Total appropriation of 2021 earnings	-	-	90,881	73,247	(591,231)	(427,103)	-	-	-	(427,103)	-	(427,103)
Net income (loss) for the six months ended June 30, 2022	-	-	-	-	389,515	389,515	-	-	-	389,515	(396)	389,119
Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	181,781	2,700	184,481	184,481	-	184,481
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	389,515	389,515	181,781	2,700	184,481	573,996	(396)	573,600
Changes in percentage of ownership interests in subsidiaries	-	29	-	-	-	-	-	-	-	29	-	29
BALANCE AT JUNE 30, 2022	\$ 1,423,676	\$ 2,820,797	\$ 890,220	\$ 597,812	\$ 2,795,225	\$ 4,283,257	\$ (475,564)	\$ 62,233	\$ (413,331)	\$ 8,114,399	\$ 5,162	\$ 8,119,561

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

(With Deloitte & Touche auditors' review report dated August 10, 2022)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 604,628	\$ 653,906
Adjustments for:		
Depreciation	121,890	118,390
Amortization	84,151	78,445
Share of profit or loss of associates and joint ventures	71,389	(53,828)
Interest income	(27,253)	(30,471)
Dividend income	(15,995)	(13,073)
Unrealized gain on foreign exchange	(14,593)	(2,208)
Impairment loss recognized on non-financial assets	4,787	746
Net loss on disposal of investments	3,917	-
Interest expense	2,128	2,337
Gain on disposal and retirement of property, plant and equipment	(420)	(2,191)
Expected credit loss recognized (reversed)	(352)	676
Net gain on fair value changes of financial assets at fair value through profit or loss	(1)	-
Changes in operating assets and liabilities		
Notes receivable	33,152	(5,377)
Accounts receivable	956	(226,214)
Inventories	(8,743)	(89,919)
Prepayments	34,412	(1,073)
Other current assets	(75,216)	(49,142)
Notes payable	(17,285)	39,886
Accounts payable	(162,012)	8,115
Other payables	(179,107)	(117,658)
Other current liabilities	(4,952)	128,210
Cash generated from operations	455,481	439,557
Income tax paid	(183,465)	(114,857)
Interest received	27,734	39,387
Net cash generated by operating activities	<u>299,750</u>	<u>364,087</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in prepayments for equipment	(288,836)	(27,569)
Decrease (increase) in other financial assets	57,894	(301,589)
Dividends received	33,795	15,913
Proceeds from capital reduction of investments accounts for using the equity method	30,000	-
Acquisition of property, plant and equipment	(15,570)	(74,307)
Increase in other non-current assets	(4,271)	(23,721)

(Continued)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2022	2021
Proceeds from disposal of property, plant and equipment	\$ 1,415	\$ 4,931
Acquisition of right-of-use assets	<u>-</u>	<u>(68,652)</u>
Net cash used in investing activities	<u>(185,573)</u>	<u>(474,994)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(65,000)	93,000
Repayment of the principal portion of lease liabilities	(14,339)	(16,327)
Interest paid	<u>(1,725)</u>	<u>(2,423)</u>
Net cash generated by (used in) financing activities	<u>(81,064)</u>	<u>74,250</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>135,908</u>	<u>(76,051)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	169,021	(112,708)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>2,079,687</u>	<u>1,921,717</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 2,248,708</u>	<u>\$ 1,809,009</u>

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

(With Deloitte & Touche auditors' review report dated August 10, 2022)

(Concluded)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Chia Chang Co., Ltd. (the “Corporation”) was incorporated in September 1985, and engages mainly in manufacturing, processing and trading of various precision machinery, related mechanical mold components, mechanical steel mold accessories and computer peripheral equipment.

The Corporation’s shares have been listed on the Taiwan Stock Exchange (“TWSE”) since June 2011.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on August 10, 2022.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the accounting policies of the Corporation and its subsidiaries (hereinafter collectively referred to as the “Group”).

- b. The IFRSs endorsed by the FSC for application starting from 2023

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
 - 3) Level 3 inputs are unobservable inputs for the asset or liability.
- c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

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

- d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earning.

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

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

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

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Checking accounts and demand deposits	\$ 1,429,691	\$ 1,490,722	\$ 839,065
Cash equivalents (time deposits with original maturities of 3 months or less)	818,164	588,211	968,691
Cash on hand	<u>853</u>	<u>754</u>	<u>1,253</u>
	<u>\$ 2,248,708</u>	<u>\$ 2,079,687</u>	<u>\$ 1,809,009</u>

As of June 30, 2022, December 31, 2021 and June 30, 2021, time deposits with original maturities of more than 3 months were \$1,993,587 thousand, \$2,051,481 thousand and \$2,611,880 thousand, respectively, which were classified as other financial assets - current. As of June 30, 2022, December 31, 2021 and June 30, 2021, the interest rates of the time deposits with original maturities more than 3 months were 0.24%-3.00%, 0.22%-2.85% and 0.25%-2.65%, respectively.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	<u>\$ 46</u>	<u>\$ 45</u>	<u>\$ 44</u>

8. NOTES AND ACCOUNTS RECEIVABLE

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Notes receivable - operating</u>	<u>\$ 84,558</u>	<u>\$ 117,710</u>	<u>\$ 103,730</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	3,402,553	3,384,975	3,208,383
Less: Allowance for impairment loss	<u>(2,270)</u>	<u>(2,570)</u>	<u>(972)</u>
	<u>3,400,283</u>	<u>3,382,405</u>	<u>3,207,411</u>
Total accounts receivable at amortized cost	<u>\$ 3,484,841</u>	<u>\$ 3,500,115</u>	<u>\$ 3,311,141</u>

The average credit period of sales of goods was 60-180 days. No interest is charged on unpaid accounts receivable.

In order to mitigate credit risk, the management of the Group has delegated qualified personnel in accordance with the segregation of duties principle to be responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of notes and accounts receivable based on the Group's provision matrix.

June 30, 2022

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	-	0%-5%	20%	50%	100%	
Gross carrying amount	\$ 3,480,500	\$ 3,825	\$ -	\$ 1,342	\$ 1,444	\$ 3,487,111
Allowance for impairment loss (Lifetime ECL)	-	(155)	-	(671)	(1,444)	(2,270)
Amortized cost	<u>\$ 3,480,500</u>	<u>\$ 3,670</u>	<u>\$ -</u>	<u>\$ 671</u>	<u>\$ -</u>	<u>\$ 3,484,841</u>

December 31, 2021

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	-	5%	20%	50%	100%	
Gross carrying amount	\$ 3,490,887	\$ 4,597	\$ 4,331	\$ 2,744	\$ 126	\$ 3,502,685
Allowance for impairment loss (Lifetime ECL)	-	(228)	(866)	(1,350)	(126)	(2,570)
Amortized cost	<u>\$ 3,490,887</u>	<u>\$ 4,369</u>	<u>\$ 3,465</u>	<u>\$ 1,394</u>	<u>\$ -</u>	<u>\$ 3,500,115</u>

June 30, 2021

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	-	5%	0%-20%	0%-50%	100%	
Gross carrying amount	\$ 3,295,680	\$ 4,731	\$ 3,530	\$ 7,856	\$ 316	\$ 3,312,113
Allowance for impairment loss (Lifetime ECL)	-	(237)	(252)	(167)	(316)	(972)
Amortized cost	<u>\$ 3,295,680</u>	<u>\$ 4,494</u>	<u>\$ 3,278</u>	<u>\$ 7,689</u>	<u>\$ -</u>	<u>\$ 3,311,141</u>

The movements of the allowance for impairment loss of notes and accounts receivable were as follows:

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 2,570	\$ 2,704
Add: Impairment loss recognized (reversed)	(352)	676
Less: Amounts written off	-	(2,396)
Effect of exchange rate differences	<u>52</u>	<u>(12)</u>
Balance at June 30	<u>\$ 2,270</u>	<u>\$ 972</u>

9. INVENTORIES

	June 30, 2022	December 31, 2021	June 30, 2021
Finished goods	\$ 211,489	\$ 215,123	\$ 188,699
Work in progress	108,435	106,625	100,265
Raw materials	<u>215,308</u>	<u>202,253</u>	<u>193,011</u>
	<u>\$ 535,232</u>	<u>\$ 524,001</u>	<u>\$ 481,975</u>

The cost of goods sold included the following:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Cost of inventories sold	\$ 1,690,928	\$ 1,645,742	\$ 3,477,396	\$ 3,209,817
Inventory write-downs (reversed)	<u>429</u>	<u>(5,470)</u>	<u>4,787</u>	<u>746</u>
	<u>\$ 1,691,357</u>	<u>\$ 1,640,272</u>	<u>\$ 3,482,183</u>	<u>\$ 3,210,563</u>

Inventory write-downs were reversed for the three months ended June 30, 2021 as a result of sold inventory.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2022	December 31, 2021	June 30, 2021
	<u>Non-current</u>		
Domestic investments			
Unlisted ordinary shares			
Chimei Motor Electronics Co., Ltd.	\$ 19,025	\$ 8,696	\$ 6,775
Top Taiwan XIII Venture Capital Co., Ltd.	44,362	-	-
WK Technology Fund IX Ltd.	<u>148,147</u>	<u>155,386</u>	<u>159,798</u>
	<u>\$ 211,534</u>	<u>\$ 164,082</u>	<u>\$ 166,573</u>

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

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2022	December 31, 2021	June 30, 2021	
The Corporation	CHIA CORPORATION	Investment activities	100.00	100.00	100.00	-
	GOLDSKY ENTERPRISES LIMITED	International trade	100.00	100.00	100.00	1)
	Chia Development Co., Ltd.	New business development and investment	100.00	100.00	100.00	-
CHIA CORPORATION	TARCOOLA TRADING LIMITED	Investment activities	100.00	100.00	100.00	-
	HUGE LINE INTERNATIONAL LIMITED	Investment activities	100.00	100.00	100.00	-
	CHIAPEX HOLDING LIMITED	Investment activities	100.00	100.00	100.00	1)
	CHIA-RUI HOLDING LIMITED	Investment activities	-	100.00	100.00	3)
TARCOOLA TRADING LIMITED	Chia Chang Technology (Suzhou) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	100.00	-
HUGE LINE INTERNATIONAL LIMITED	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	100.00	-
	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	100.00	1)
CHIA-RUI HOLDING LIMITED	Quan Rui (Dong Guan) Industrial Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	-	100.00	100.00	2)
Chia Development Co., Ltd.	Energy Magic Co., Ltd.	Manufacturing of electronic components	50.00	50.00	50.00	1)
Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	100.00	1)

- 1) The subsidiaries are not significant subsidiaries, so their financial statements for the six months ended June 30, 2022 and 2021 have not been reviewed.
- 2) In order to integrate the production plants in China for improving production efficiency and saving both fixed expenses and management costs, on June 3, 2020, the Corporation's board of directors approved the disposal of the equipment and the termination of the operation of Quan Rui (Dong Guan) Industrial Co., Ltd., a subsidiary in China. The tax clearance certificate was obtained on February 18, 2022, and the remaining share capital had been refunded to CHIA-RUI HOLDING LIMITED on April 14, 2022.
- 3) It was deregistered and divested in April 2022.

b. Subsidiaries excluded from the consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests: None.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Investment in associates</u>			
Associate that is not individually material	<u>\$ 134,979</u>	<u>\$ 302,808</u>	<u>\$ 196,646</u>

The Group held an interest in Top Taiwan XIII Venture Capital Co., Ltd. and accounted for the investment as an associate. On May 17, 2022, three additional directors were elected by the Corporation through the resolution of the shareholders' meeting and the Group ceased to have significant influence over Top Taiwan VIII Venture Capital Co., Ltd. The Group accounted for the remaining interest as financial assets at FVTOCI rather than using the equity method. This transaction resulted in the recognition of a loss on disposal, which was calculated as follows:

Proceeds from disposal	\$ -
Plus: Fair value of retained investment	44,752
Less: Carrying amount of investment on the date of loss of significant influence	<u>(48,669)</u>
Loss recognized	<u>\$ (3,917)</u>

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments were based on the associates' financial statements that have not been reviewed for the same period. The Group considered that there would be no significant adjustments even if such financial statements were reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 326,047	\$ 824,859	\$ 1,908,841	\$ 298,817	\$ 3,358,564
Additions	-	178	49,728	24,401	74,307
Disposals	-	-	(27,734)	(5,911)	(33,645)
Effect of exchange rate differences	-	(8,003)	(19,662)	(3,433)	(31,098)
Reclassification	-	-	44,363	14,714	59,077
Balance at June 30, 2021	<u>\$ 326,047</u>	<u>\$ 817,034</u>	<u>\$ 1,955,536</u>	<u>\$ 328,588</u>	<u>\$ 3,427,205</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	\$ -	\$ 417,897	\$ 1,212,796	\$ 204,739	\$ 1,835,432
Disposals	-	-	(25,287)	(5,618)	(30,905)
Depreciation expense	-	16,747	67,710	19,952	104,409
Effect of exchange rate differences	-	(4,419)	(11,951)	(2,184)	(18,554)
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ 430,225</u>	<u>\$ 1,243,268</u>	<u>\$ 216,889</u>	<u>\$ 1,890,382</u>
Carrying amount at June 30, 2021	<u>\$ 326,047</u>	<u>\$ 386,809</u>	<u>\$ 712,268</u>	<u>\$ 111,699</u>	<u>\$ 1,536,823</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 326,047	\$ 821,631	\$ 2,031,506	\$ 345,913	\$ 3,525,097
Additions	-	6,885	4,681	4,004	15,570
Disposals	-	(874)	(9,288)	(1,241)	(11,403)
Effect of exchange rate differences	-	13,308	34,327	6,157	53,792
Reclassification	-	-	25,303	8,880	34,183
Balance at June 30, 2022	<u>\$ 326,047</u>	<u>\$ 840,950</u>	<u>\$ 2,086,529</u>	<u>\$ 363,713</u>	<u>\$ 3,617,239</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2022	\$ -	\$ 448,167	\$ 1,307,060	\$ 234,082	\$ 1,989,309
Disposals	-	(502)	(8,874)	(1,032)	(10,408)
Depreciation expense	-	16,238	66,805	22,337	105,380
Effect of exchange rate differences	-	7,682	21,171	4,017	32,870
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 471,585</u>	<u>\$ 1,386,162</u>	<u>\$ 259,404</u>	<u>\$ 2,117,151</u>
Carrying amount at June 30, 2022	<u>\$ 326,047</u>	<u>\$ 369,365</u>	<u>\$ 700,367</u>	<u>\$ 104,309</u>	<u>\$ 1,500,088</u>

(Concluded)

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

Buildings	
Main buildings	20-45 years
Elevators	15-20 years
Engineering system	10-20 years
Others	5-8 years
Machinery and equipment	2-10 years
Miscellaneous equipment	2-10 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 27.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Carrying amount</u>			
Land	\$ 122,229	\$ 121,877	\$ 123,286
Buildings	<u>43,633</u>	<u>33,441</u>	<u>41,171</u>
	<u>\$ 165,862</u>	<u>\$ 155,318</u>	<u>\$ 164,457</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Additions to right-of-use assets			<u>\$ 23,564</u>	<u>\$ 85,565</u>
Depreciation charge for right-of-use assets				
Land	\$ 1,049	\$ 450	\$ 2,086	\$ 905
Buildings	<u>7,424</u>	<u>6,628</u>	<u>14,035</u>	<u>12,687</u>
	<u>\$ 8,473</u>	<u>\$ 7,078</u>	<u>\$ 16,121</u>	<u>\$ 13,592</u>

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Carrying amount</u>			
Current	<u>\$ 18,235</u>	<u>\$ 18,463</u>	<u>\$ 24,171</u>
Non-current	<u>\$ 15,875</u>	<u>\$ 5,940</u>	<u>\$ 6,097</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Buildings	0.9%	0.9%	0.9%

c. Material leasing activities and terms

The Group leases certain land, plant and office with lease terms from 2019 to 2025. These arrangements do not contain renewal or purchase options.

The Group also leases land for producing products in China with lease terms of 44 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land at the end of lease terms.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	<u>\$ 1,613</u>	<u>\$ 2,647</u>	<u>\$ 6,177</u>	<u>\$ 5,663</u>
Total cash outflow for leases			<u>\$ 20,585</u>	<u>\$ 90,725</u>

15. INVESTMENT PROPERTIES

Except for depreciation recognized during the year, the Group did not have significant addition, disposal, or impairment of investment properties for the six months ended June 30, 2022 and 2021. Investment properties are depreciated on a straight-line basis over the estimated useful life of 45 years.

Management was unable to reliably measure the fair value of investment properties located at Dafeng St., Luzhu District, Taoyuan City 338028, Taiwan (ROC) because of the remote location. The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Corporation determined that the fair value of the investment properties is not reliably measurable.

The investment properties of the Group were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 27.

16. SHORT-TERM BORROWINGS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Secured borrowings</u>			
Bank loans	\$ 190,000	\$ 190,000	\$ 190,000
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>215,000</u>	<u>280,000</u>	<u>361,000</u>
	<u>\$ 405,000</u>	<u>\$ 470,000</u>	<u>\$ 551,000</u>
Interest rates	0.99%-1.14%	0.86%	0.86%

The secured borrowings were secured by the Group's land, buildings and the investment properties. Refer to Note 27 for details.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

Accounts payable are not bearing interest. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Payables for dividends	\$ 427,103	\$ -	\$ -
Payable for salaries and bonuses	178,951	315,717	173,503
Payable for transportation	72,811	75,565	69,041
Compensation payable to directors and employees	36,000	49,694	55,500
Payable for purchase of equipment	23,965	32,814	17,735
Others	<u>158,230</u>	<u>174,871</u>	<u>138,877</u>
	<u>\$ 897,060</u>	<u>\$ 648,661</u>	<u>\$ 454,656</u>

19. EQUITY

a. Share capital

	June 30, 2022	December 31, 2021	June 30, 2021
Authorized shares (in thousands)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Authorized capital	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Issued and paid shares (in thousands)	<u>142,368</u>	<u>142,368</u>	<u>142,368</u>
Issued capital	<u>\$ 1,423,676</u>	<u>\$ 1,423,676</u>	<u>\$ 1,423,676</u>

The issued ordinary shares, with a par value of NT\$10, carry one voting right per share and carry a right to dividends.

The authorized shares include 600 thousand shares reserved for the exercise of employee stock options.

b. Capital surplus

	June 30, 2022	December 31, 2021	June 30, 2021
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>			
Additional paid-in capital	\$ 2,784,898	\$ 2,784,898	\$ 2,784,898
Expired employee share options	14,311	14,311	14,311
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	<u>21,588</u>	<u>21,559</u>	<u>21,390</u>
	<u>\$ 2,820,797</u>	<u>\$ 2,820,768</u>	<u>\$ 2,820,599</u>

1) Such capital surplus may be used to offset a deficit; when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 21-(d).

The Corporation distributes dividends after taking into consideration its future capital needs and long-term financial plans. Where the Corporation made a profit in a fiscal year, the Corporation could propose cash dividends between 10% and 100% of distributable earnings. The shareholders may adjust the ratio of dividends to reflect the profit and the adequacy of capital.

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

The appropriations of earnings for 2021 and 2020 that had been resolved by the shareholders in their meeting on June 22, 2022 and July 30, 2021, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	<u>\$ 90,881</u>	<u>\$ 67,706</u>
Special reserve (reversal)	<u>\$ 73,247</u>	<u>\$ (63,837)</u>
Cash dividends	<u>\$ 427,103</u>	<u>\$ 355,919</u>
Cash dividends per share (NT\$)	<u>\$ 3.0</u>	<u>\$ 2.5</u>

d. Special reserve

	For the Six Months Ended	
	June 30	
	2022	2021
Balance at January 1	\$ 524,565	\$ 588,402
Appropriations in respect of Debits to other equity items	<u>73,247</u>	<u>-</u>
Balance at June 30	<u>\$ 597,812</u>	<u>\$ 588,402</u>

On the initial application of IFRSs, the Corporation appropriated to special reserve the amount of \$343,684 thousand which was the same amount as the cumulative translation adjustment, and transferred it to retained earnings. In subsequent years, the additional special reserve will be appropriated and reversed under rule No. 1090150022 issued by the FSC.

20. REVENUE

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Revenue from the sale of goods	<u>\$ 2,146,955</u>	<u>\$ 2,198,308</u>	<u>\$ 4,370,520</u>	<u>\$ 4,204,159</u>

a. Contract information

The goods are sold at the fair value of the consideration received or receivable. The Group eliminates the estimated customer returns, discounts and other similar discounts from the amount of goods sold to determine the revenue from sale of goods.

b. Contract balances

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Notes and accounts receivable (Note 8)	<u>\$ 3,487,111</u>	<u>\$ 3,502,685</u>	<u>\$ 3,312,113</u>	<u>\$ 3,079,126</u>

c. Disaggregation of revenue

Refer to Note 32 for information on disaggregation of revenue.

21. INCOME BEFORE INCOME TAX

a. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Dividend income	\$ 15,995	\$ 13,073	\$ 15,995	\$ 13,073
Government subsidy income	9,044	3,032	27,990	4,914
Loss on disposal of investment	(3,917)	-	(3,917)	-
Gain (loss) on disposal and retirement of property, plant and equipment	(141)	(76)	420	2,191
Others	<u>1,667</u>	<u>2,190</u>	<u>3,318</u>	<u>1,573</u>
	<u>\$ 22,648</u>	<u>\$ 18,219</u>	<u>\$ 43,806</u>	<u>\$ 21,751</u>

b. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 53,278	\$ 53,061	\$ 105,380	\$ 104,409
Intangible assets and others	39,629	35,944	84,151	78,445
Right-of-use assets	8,473	7,078	16,121	13,592
Investment properties	<u>195</u>	<u>195</u>	<u>389</u>	<u>389</u>
	<u>\$ 101,575</u>	<u>\$ 96,278</u>	<u>\$ 206,041</u>	<u>\$ 196,835</u>
An analysis of depreciation by function				
Operating costs	\$ 51,961	\$ 48,592	\$ 102,098	\$ 96,321
Operating expenses	9,790	11,547	19,403	21,680
Non-operating expenses	<u>195</u>	<u>195</u>	<u>389</u>	<u>389</u>
	<u>\$ 61,946</u>	<u>\$ 60,334</u>	<u>\$ 121,890</u>	<u>\$ 118,390</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
An analysis of amortization by function				
Operating costs	\$ 38,934	\$ 35,479	\$ 82,766	\$ 76,773
Operating expenses	<u>695</u>	<u>465</u>	<u>1,385</u>	<u>1,672</u>
	<u>\$ 39,629</u>	<u>\$ 35,944</u>	<u>\$ 84,151</u>	<u>\$ 78,445</u>

(Concluded)

c. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Payroll expense	\$ 302,626	\$ 332,011	\$ 644,783	\$ 666,168
Post-employment benefits				
Defined contribution plans	13,152	5,394	25,813	18,897
Other employee benefits	<u>28,735</u>	<u>24,818</u>	<u>57,195</u>	<u>54,609</u>
Total employee benefits expense	<u>\$ 344,513</u>	<u>\$ 362,223</u>	<u>\$ 727,791</u>	<u>\$ 739,674</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 238,203	\$ 253,888	\$ 515,784	\$ 521,206
Operating expenses	<u>106,310</u>	<u>108,335</u>	<u>212,007</u>	<u>218,468</u>
	<u>\$ 344,513</u>	<u>\$ 362,223</u>	<u>\$ 727,791</u>	<u>\$ 739,674</u>

d. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees at rates of no less than 1% and no higher than 15%, and remuneration of directors at rates of no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2022	2021
Compensation of employees	5.52%	8.48%
Remuneration of directors	1.45%	1.32%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Compensation of employees	<u>\$ 16,500</u>	<u>\$ 31,500</u>	<u>\$ 28,500</u>	<u>\$ 48,000</u>
Remuneration of directors	<u>\$ 3,750</u>	<u>\$ 3,750</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of employees and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which were approved by the Corporation's board of directors on March 22, 2022 and March 23, 2021, respectively, are as follows:

Amount

	For the Year Ended December 31	
	2021	2020
Compensation of employees	<u>\$ 34,694</u>	<u>\$ 26,251</u>
Remuneration of directors and supervisors	<u>\$ 15,000</u>	<u>\$ 15,000</u>

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES

- a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current year	\$ 113,665	\$ 81,939	\$ 195,744	\$ 145,926
Income tax on unappropriated earnings	19,364	-	19,364	-
Adjustments for prior year	<u>(1,224)</u>	<u>258</u>	<u>(1,224)</u>	<u>258</u>
	<u>131,805</u>	<u>82,197</u>	<u>213,884</u>	<u>146,184</u>
Deferred tax				
In respect of the current year	<u>7</u>	<u>365</u>	<u>1,625</u>	<u>1,426</u>
Income tax expense recognized in profit or loss	<u>\$ 131,812</u>	<u>\$ 82,562</u>	<u>\$ 215,509</u>	<u>\$ 147,610</u>

b. Income tax examination

Income tax returns of the following companies have been examined by the tax authorities:

- 1) Chia Chang Co., Ltd. - through 2019
- 2) Energy Magic Co, Ltd. - through 2020
- 3) Chia Development Co., Ltd. - through 2020

23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Basic earnings per share	<u>\$ 1.67</u>	<u>\$ 2.05</u>	<u>\$ 2.74</u>	<u>\$ 3.56</u>
Diluted earnings per share	<u>\$ 1.67</u>	<u>\$ 2.04</u>	<u>\$ 2.72</u>	<u>\$ 3.53</u>

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

Net Income for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Earnings used in the computation of basic earnings per share	\$ 238,439	\$ 291,864	\$ 389,515	\$ 506,659
Effect of potentially dilutive ordinary shares:				
Compensation of employees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 238,439</u>	<u>\$ 291,864</u>	<u>\$ 389,515</u>	<u>\$ 506,659</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	142,368	142,368	142,368	142,368
Effect of potentially dilutive ordinary shares:				
Employee share options	<u>706</u>	<u>1,021</u>	<u>1,099</u>	<u>1,311</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>143,074</u>	<u>143,389</u>	<u>143,467</u>	<u>143,679</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowing offset by cash and cash equivalents) and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group review the capital structure on an annual basis. In order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, or the number of new shares issued or repurchased.

25. FINANCIAL INSTRUMENTS

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

The disclosures of fair value are not required for financial instruments that are not measured at fair value but with carrying value approximating fair value such as cash and cash equivalents, notes and accounts receivable, other financial asset - current, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables and guarantee deposits.

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

1) Fair value hierarchy

June 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,534</u>	<u>\$ 211,534</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,082</u>	<u>\$ 164,082</u>

June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,573</u>	<u>\$ 166,573</u>

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2022

	Financial Assets at Fair Value Through Other Comprehensive Income
Balance at January 1, 2022	\$ 164,082
Reclassification from investments accounted for using the equity method	44,752
Recognized in other comprehensive income	<u>2,700</u>
Balance at June 30, 2022	<u>\$ 211,534</u>

For the six months ended June 30, 2021

	Financial Assets at Fair Value Through Other Comprehensive Income
Balance at January 1, 2021	\$ 177,779
Recognized in other comprehensive income	<u>(11,206)</u>
Balance at June 30, 2021	<u>\$ 166,573</u>

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

For the domestic non-listed stocks held by the Group and measured at fair value, such fair value is determined by market approach and asset-based approach. The market approach is referring to the observable market price or to the comparable company. The asset-based approach is evaluating the total value of the individual assets and individual liabilities covered by evaluation target to measure its fair value.

c. Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 46	\$ 45	\$ 44
Financial assets at amortized cost (1)	7,780,447	7,684,871	7,792,246
Financial assets at FVTOCI	211,534	164,082	166,573
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	2,883,189	2,874,407	2,600,737

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other financial assets - current, other receivables, and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Corporation's treasury function reports quarterly to the Corporation's board of directors.

1) Market risk

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

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

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Parts of the Group's sales are denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst parts of costs are denominated in currencies other than the functional currency of the entity in the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (excluding those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 30.

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the U.S. dollar. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the U.S. dollar. For a 1% weakening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	U.S. Dollar Impact	
	For the Six Months Ended	
	June 30	
	2022	2021
Profit or loss*	\$ 26,193	\$ 24,339

* The result was mainly attributable to the exposure on outstanding receivables and payables in U.S. dollar which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at fixed interest rates.

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

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
Financial assets	\$ 2,275,927	\$ 2,322,308	\$ 2,985,425
Financial liabilities	439,110	494,403	581,268
Cash flow interest rate risk			
Financial assets	1,965,515	1,808,106	1,434,211

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of the asset outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2022 and 2021 would have increased/decreased by \$2,359 thousand and \$1,805 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the six months ended June 30, 2022 and 2021 would have increased/decreased by \$2,115 thousand and \$1,666 thousand, respectively, as a result of the changes in financial assets at fair value through other comprehensive income.

2) Credit risk

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

In order to mitigate credit risk, the management of the Group has delegated qualified personnel in accordance with the segregation of duties principle to be responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

Since the counterparty of current funds and derivative financial instruments is a financial institution with a good credit rating, the Group does not expect any material credit risk.

The Group's concentration of credit risk of 53%, 53% and 43% of total accounts receivable as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively, was attributable to the Group's three largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured bank loan facilities*			
Amount used	\$ 215,000	\$ 280,000	\$ 361,000
Amount unused	<u>735,000</u>	<u>670,000</u>	<u>589,000</u>
	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 950,000</u>
Secured bank loan facilities*			
Amount used	\$ 190,000	\$ 190,000	\$ 190,000
Amount unused	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 340,000</u>

* Including the amount signed by the Group and the bank.

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

June 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months-1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 897,060	\$ 1,580,299	\$ -	\$ 830
Lease liabilities	10,371	-	7,949	16,068
Fixed interest rate borrowings	<u>405,347</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,312,778</u>	<u>\$ 1,580,299</u>	<u>\$ 7,949</u>	<u>\$ 16,898</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months-1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 648,661	\$ 1,754,916	\$ -	\$ 830
Lease liabilities	-	1,150	17,500	5,967
Fixed interest rate borrowings	<u>470,243</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,118,904</u>	<u>\$ 1,756,066</u>	<u>\$ 17,500</u>	<u>\$ 6,797</u>

June 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months-1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 584,034	\$ 1,465,103	\$ -	\$ 600
Lease liabilities	5,004	2,771	16,565	6,122
Fixed interest rate borrowings	<u>551,358</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,140,396</u>	<u>\$ 1,467,874</u>	<u>\$ 16,565</u>	<u>\$ 6,722</u>

26. RELATED PARTY TRANSACTIONS

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note.

Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 8,693	\$ 9,122	\$ 17,674	\$ 18,226
Post-employment benefits	<u>214</u>	<u>237</u>	<u>427</u>	<u>474</u>
	<u>\$ 8,907</u>	<u>\$ 9,359</u>	<u>\$ 18,101</u>	<u>\$ 18,700</u>

27. PLEDGED ASSETS

The following assets were provided as collateral or guarantee for bank financing, amount of endorsement and guarantee, and for issuing commercial paper.

	June 30, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment			
Land	\$ 185,000	\$ 185,000	\$ 185,000
Buildings	97,326	92,548	93,788
Investment properties	<u>54,379</u>	<u>54,768</u>	<u>55,156</u>
	<u>\$ 336,705</u>	<u>\$ 332,316</u>	<u>\$ 333,944</u>

28. CASH FLOW INFORMATION

Non-cash Transactions

The cash dividends approved in the shareholders' meetings were not yet distributed as of June 30, 2022 (refer to Notes 18 and 19, respectively).

29. OTHER ITEMS

The Group has evaluated the effect of the COVID-19 pandemic which has evolved globally and currently in Taiwan. Because of the industrial characteristics and strategies formulated, the Group has assessed that there were no significant impacts on the Group.

30. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and respective functional currencies were as follows:

June 30, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	US\$ 31,348	29.720 (USD:NTD)	\$ 931,652
USD	US\$ 78,713	6.7114 (USD:RMB)	2,339,090
RMB	RMB 32,651	0.1490 (RMB:USD)	144,587
RMB	RMB 1	4.4283 (RMB:NTD)	4
<u>Financial liabilities</u>			
Monetary items			
USD	US\$ 7,192	29.720 (USD:NTD)	213,747
USD	US\$ 19,593	6.7114 (USD:RMB)	582,311

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	US\$ 27,410	27.680 (USD:NTD)	\$ 758,701
USD	US\$ 98,155	6.3757 (USD:RMB)	2,716,972
RMB	RMB 1	4.3415 (RMB:NTD)	4
RMB	RMB 32,517	0.1568 (RMB:USD)	141,173
<u>Financial liabilities</u>			
Monetary items			
USD	US\$ 7,037	27.680 (USD:NTD)	194,771
USD	US\$ 23,160	6.3757 (USD:RMB)	641,075

June 30, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	US\$ 18,987	27.860 (USD:NTD)	\$ 528,964
USD	US\$ 91,793	6.4601 (USD:RMB)	2,557,323
RMB	RMB 32,097	0.1548 (RMB:USD)	138,421
RMB	RMB 18,324	4.3126 (RMB:NTD)	79,025
<u>Financial liabilities</u>			
Monetary items			
USD	US\$ 5,242	27.860 (USD:NTD)	146,040
USD	US\$ 23,142	6.4601 (USD:RMB)	644,724

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended June 30				
2022			2021	
Functional Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	6.4817 (USD:RMB)	\$ 98,586	6.4702 (USD:RMB)	\$ (32,793)
USD	28.721 (USD:NTD)	29,033	28.171 (USD:NTD)	(7,309)
RMB	0.1543 (RMB:USD)	(8,081)	0.1546 (RMB:USD)	2,379
RMB	4.4311 (RMB:NTD)	-	4.3540 (RMB:NTD)	546
		<u>\$ 119,538</u>		<u>\$ (37,177)</u>

For the Six Months Ended June 30				
Functional Currency	2022		2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	6.4817 (USD:RMB)	\$ 90,828	6.4702 (USD:RMB)	\$ (20,771)
USD	28.721 (USD:NTD)	49,699	28.171 (USD:NTD)	(9,253)
RMB	0.1543 (RMB:USD)	(7,458)	0.1546 (RMB:USD)	1,387
RMB	4.4311 (RMB:NTD)	<u>-</u>	4.3540 (RMB:NTD)	<u>861</u>
		<u>\$ 133,069</u>		<u>\$ (27,776)</u>

31. ADDITIONAL DISCLOSURES

a. Information on significant transactions:

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

b. Information on investees. (Table 5)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (Table 4)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (Table 4)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 2)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services. (None)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 7)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments are stamping department and others.

a. Segment revenue and results

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

	For the Six Months Ended June 30, 2022		
	Stamping Business	Others	Total
Revenue from external customers	<u>\$ 4,370,520</u>	<u>\$ -</u>	<u>\$ 4,370,520</u>
Segment income	\$ 474,931	\$ (914)	\$ 474,017
Share of profit or loss of associate and joint venture for using the equity method	(969)	(70,420)	(71,389)
Interest income	27,200	53	27,253
Other gains and losses	27,811	15,995	43,806
Interest expense	(2,128)	-	(2,128)
Exchange gains and losses	<u>133,069</u>	<u>-</u>	<u>133,069</u>
Income (loss) before income tax	<u>\$ 659,914</u>	<u>\$ (55,286)</u>	<u>\$ 604,628</u>

For the Six Months Ended June 30, 2021

	Stamping Business	Others	Total
Revenue from external customers	\$ 4,204,159	\$ _____ -	\$ 4,204,159
Segment income	\$ 578,814	\$ (845)	\$ 577,969
Share of profit or loss of associate and joint venture for using the equity method	-	53,828	53,828
Interest income	30,414	57	30,471
Other gains and losses	8,678	13,073	21,751
Interest expense	(2,337)	-	(2,337)
Exchange gains and losses	(27,776)	_____ -	(27,776)
Income before income tax	\$ 587,793	\$ 66,113	\$ 653,906

Segment profit represented the profit before income tax earned by each segment without the allocation of central administration costs and directors' salaries, share of profit of associates, gains on disposal of interests in associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Segment assets</u>			
Stamping business segment	\$ 11,186,498	\$ 10,887,824	\$ 10,457,681
Others	320,384	423,326	371,924
Consolidated total assets	\$ 11,506,882	\$ 11,311,150	\$ 10,829,605
<u>Segment liabilities</u>			
Stamping business segment	\$ 3,383,392	\$ 3,337,302	\$ 2,935,187
Others	3,929	813	244
Consolidated total liabilities	\$ 3,387,321	\$ 3,338,115	\$ 2,935,431

CHIA CHANG CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (Foreign Currencies in Thousands) (Note 3)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Foreign Currencies in Thousands) (Note 1)	Financing Company's Total Financing Amount Limits (Foreign Currencies in Thousands) (Note 2)
													Item	Value		
1	GOLDSKY ENTERPRISES LIMITED	Chia Chang Co., Ltd.	Other receivables	Yes	\$ 59,440 (US\$ 2,000)	\$ 59,440 (US\$ 2,000)	\$ -	-	Short-term financing	Not applicable	Operating capital	\$ -	-	-	\$ 153,682 (US\$ 5,171)	\$ 307,394 (US\$ 10,343)
2	CHIA CORPORATION	Chia Chang Co., Ltd.	Other receivables	Yes	594,400 (US\$ 20,000)	594,400 (US\$ 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,342,514 (RMB 303,167)	2,685,029 (RMB 606,334)
		Nanjing Chia-Chan Precious Electronics Co., Ltd.	Other receivables	Yes	59,440 (US\$ 2,000)	59,440 (US\$ 2,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,342,514 (RMB 303,167)	2,685,029 (RMB 606,334)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	594,400 (US\$ 20,000)	594,400 (US\$ 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,342,514 (RMB 303,167)	2,685,029 (RMB 606,334)
		Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	208,040 (US\$ 7,000)	208,040 (US\$ 7,000)	88,566 (RMB 20,000)	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	1,342,514 (RMB 303,167)	2,685,029 (RMB 606,334)
3	Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	88,566 (RMB 20,000)	88,566 (RMB 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	683,783 (RMB 154,412)	1,367,570 (RMB 308,825)
4	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	88,566 (RMB 20,000)	88,566 (RMB 20,000)	66,425 (RMB 15,000)	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	147,883 (RMB 33,395)	591,537 (RMB 133,581)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	88,566 (RMB 20,000)	88,566 (RMB 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	147,883 (RMB 33,395)	591,537 (RMB 133,581)
5	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	44,283 (RMB 10,000)	44,283 (RMB 10,000)	22,142 (RMB 5,000)	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	63,909 (RMB 14,432)	255,641 (RMB 57,729)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	44,283 (RMB 10,000)	44,283 (RMB 10,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	63,909 (RMB 14,432)	255,641 (RMB 57,729)

Note 1: The limit for lending to each borrower is as follows:

- For companies with transactions and short-term funding needs, the amount for lending to a company shall not exceed 2% of the net equity of the Corporation based on its latest financial statements. The total amount for lending shall not exceed 5% of the net equity of the Corporation based on its latest financial statements.
- For associates with short-term funding needs, in which the Corporation holds less than 100% of the voting shares of each associate, the amount for lending shall not exceed 10% of the net equity of the associate. For associates with short-term funding needs, in which the Corporation holds 100% of the voting shares of each associate, the amount for lending shall not exceed 20% of the net equity of the associate.

Note 2: The total amount for lending shall not exceed 40% of the net equity of the Corporation based on its latest financial statements.

Note 3: All intercompany transactions have been eliminated upon consolidation.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Foreign Currencies in Thousands)	Outstanding Endorsement/ Guarantee at the End of the Period (Foreign Currencies in Thousands)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals (Foreign Currencies in Thousands)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	Chia Chang Co., Ltd.	GOLDSKY ENTERPRISES LIMITED	Note 1	\$ 4,057,199	\$ 534,960 (US\$ 18,000)	\$ 534,960 (US\$ 18,000)	\$ -	\$ -	6.59%	\$ 4,057,199	Yes	No	No
		CHIA CORPORATION	Note 1		1,486,000 (US\$ 50,000)	1,486,000 (US\$ 50,000)	-	743,000 (US\$ 25,000)	18.31%		Yes	No	No
1	Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Note 1	4,057,199	88,566 (RMB 20,000)	88,566 (RMB 20,000)	-	-	1.09%	4,057,199	No	No	Yes
2	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Note 1	4,057,199	88,566 (RMB 20,000)	88,566 (RMB 20,000)	-	-	1.09%	4,057,199	No	No	Yes

Note 1: Subsidiary in which the Corporation directly or indirectly owns more than 50% of its voting shares.

Note 2: According to the Corporation's endorsement/guarantee operating procedures, the total amount of guarantee provided by the Corporation to any individual entity shall not exceed 2% of the Corporation's net equity based on its latest financial statements, except for the guarantee provided to any entity whose voting shares are 50% owned. The total balance of guarantee shall not exceed 50% of the Corporation's net equity based on its latest financial statements.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
 JUNE 30, 2022
 (In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Number of Shares (Units in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chia Chang Co., Ltd.	<u>Ordinary share(s)</u> Chimei Motor Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,372	\$ 19,025	4.65	\$ 19,025	Notes 1 and 2
	Top Taiwan XIII Venture Capital Co., Ltd.	The Corporation is its corporate directors	Financial assets at fair value through other comprehensive income - non-current	5,000	44,362	5.81	44,362	Notes 1 and 2
TARCOOLA TRADING LIMITED	<u>Mutual fund(s)</u> FSITC RMB Money Market Fund-RMB	None	Financial assets at fair value through profit or loss - current	1	46	-	46	Notes 1 and 2
Chia Development Co., Ltd.	<u>Ordinary share(s)</u> WK Technology Fund IX Ltd.	One of the Corporation's key management personnel is one of its supervisors	Financial assets at fair value through other comprehensive income - non-current	7,690	148,147	7.69	148,147	Notes 1 and 2

Note 1: The unlisted stocks mentioned above are calculated using a valuation method at fair value, and the mutual fund is calculated at net value on June 30, 2022.

Note 2: The securities held at end of period have not been provided as collateral or pledged for loans.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

No.	Transaction Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	The Corporation	GOLDSKY ENTERPRISES LIMITED	1	Other current liabilities	\$ 42,970	Note 6	-
1	CHIA CORPORATION	Chia Chang Technology (Chong Qing) Co., Ltd.	3	Other receivables	90,252	Note 3, interest rate 4.35%	1
2	GOLDSKY ENTERPRISES LIMITED	Chia Chang Co., Ltd.	2	Accounts receivable	42,970	Note 6	-
3	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd. Nanjing Chia-Chan Precious Electronics Co., Ltd. Chia Chang Technology (Chong Qing) Co., Ltd.	3 3 3	Accounts payable Purchase Other receivables	16,553 29,620 68,022	Note 2 Note 2 Note 4, interest rate 4.35%	- 1 1
4	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Ningbo Chia Chang Electronics Hardware Co., Ltd. Ningbo Chia Chang Electronics Hardware Co., Ltd. Chia Chang Technology (Chong Qing) Co., Ltd.	3 3 3	Accounts receivable Sales revenue Other receivables	16,553 29,620 22,618	Note 2 Note 2 Note 5, interest rate 4.35%	- 1 -
5	Chia Chang Technology (Chong Qing) Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd. Ningbo Chia Chang Electronics Hardware Co., Ltd. CHIA CORPORATION	3 3 3	Other payables Other payables Other payables	22,618 68,022 90,252	Note 5, interest rate 4.35% Note 4, interest rate 4.35% Note 3, interest rate 4.35%	- 1 1

Note 1: The flow of transactions are identified by the following numbers in the "Relationship" column:

- a. 1 - from parent company to subsidiary;
- b. 2 - from subsidiary to parent company;
- c. 3 - between subsidiaries.

Note 2: For the purchase and sales transactions between the Group and its related parties, the collection period is 60-180 days.

Note 3: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by CHIA CORPORATION included loan of \$88,566 thousand and interest receivable of \$1,686 thousand.

Note 4: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by Ningbo Chia Chang Electronics Hardware Co., Ltd. included loan of \$66,425 thousand and interest receivable of \$1,597 thousand.

Note 5: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by Nanjing Chia-Chan Precious Electronics Co., Ltd. included loan of \$22,142 thousand and interest receivable of \$476 thousand.

Note 6: Accounts receivable and accounts payable that resulted from the mold payments on behalf and mold receipts under custody between the Group and the related parties.

Note 7: A transaction is disclosed if it amounts to more than \$10,000 thousand.

Note 8: All intercompany transactions have been eliminated upon consolidation.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS AND RELATED INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee (Foreign Currencies in Thousands)	Share of Profit (Loss) (Note 1)	Note
				June 30, 2022 (Foreign Currencies in Thousands)	December, 31, 2021 (Foreign Currencies in Thousands)	Number of Shares (Units in Thousands)	Percentage of Ownership	Carrying Amount (Foreign Currencies in Thousands)			
Chia Chang Co., Ltd.	CHIA CORPORATION	Samoa	Investment holdings	\$ 1,513,766	\$ 1,513,766	46,740	100.00	\$ 6,712,576 (Note 3)	RMB 84,858	\$ 376,012 (Note 3)	Subsidiary
	GOLDSKY ENTERPRISES LIMITED	Samoa	International trade	33,892	33,892	15	100.00	768,492 (Note 3)	US\$ (30)	(847) (Note 3)	Subsidiary
	Chia Development Co., Ltd.	Taoyuan, Taiwan	New business development and investment	263,564	263,564	19,784	100.00	311,943 (Note 3)	(58,423)	(58,423) (Note 3)	Subsidiary
	Zen Material Technology Inc.	Kaohsiung, Taiwan	Electronic components production	92,950	92,950	1,334	46.01	-	(356)	-	Associate
CHIA CORPORATION	TARCOOLA TRADING LIMITED	British Virgin Islands	Investment holdings	US\$ 30,589	US\$ 30,589	37,100	100.00	RMB 772,523 (Note 3)	RMB 42,248	Not applicable	Subsidiary
	HUGE LINE INTERNATIONAL LIMITED	Samoa	Investment holdings	US\$ 11,400	US\$ 11,400	11,601	100.00	RMB 478,442 (Note 3)	RMB 38,904	Not applicable	Subsidiary
	CHIAPEX HOLDING LIMITED	Samoa	Investment holdings	US\$ 4,911	US\$ 4,911	4,851	100.00	RMB 9,856 (Note 3)	RMB 267	Not applicable	Subsidiary
	CHIA-RUI HOLDING LIMITED	Samoa	Investment holdings	-	US\$ 23,807	-	-	- (Note 4)	RMB (126)	Not applicable	Subsidiary
Chia Development Co., Ltd.	Energy Magic Co., Ltd.	Taoyuan, Taiwan	Electronic components production	15,496	15,496	1,500	50.00	5,668 (Note 3)	(793)	Not applicable	Subsidiary
	Top Taiwan IX Venture Capital Co., Ltd.	Taipei, Taiwan	Investment business	70,000	100,000	7,000	12.50	134,979	(563,360)	Not applicable	Associate

Note 1: Profit or loss on investment was accounted by the reviewed financial statements, except for the financial statements of GOLDSKY ENTERPRISES LIMITED, Zen Material Technology Inc., CHIAPEX HOLDING LIMITED, Energy Magic Co., Ltd., and Top Taiwan IX Venture Capital Co., Ltd.

Note 2: Information on investments in mainland China is referred to Table 6.

Note 3: All intercompany transactions have been eliminated upon consolidation.

Note 4: CHIA-RUI HOLDING LIMITED had liquidated and the remaining share capital had been refunded to CHIA CORPORATION in April 2022.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (RMB in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (US\$ in Thousands)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of June 30, 2022 (US\$ in Thousands)	Net Income (Loss) of the Investee (RMB in Thousands)	Ownership of Direct or Indirect Investment	Share of Profits (Losses) (RMB in Thousands) (Note 1)	Carrying Amount as of June 30, 2022 (RMB in Thousands)	Accumulated Inward Remittance of Earnings as of June 30, 2022 (RMB in Thousands)
					Outward	Inward						
Chia Chang Technology (Suzhou) Co., Ltd.	Production and sale of IT and optronics metal stamped components	\$ 1,272,423 (RMB 287,339)	Indirect investment in TARCOOLA TRADING LIMITED through CHIA CORPORATION, with the former investing operating funds	\$ 895,731 (US\$ 30,139)	\$ -	\$ -	\$ 895,731 (US\$ 30,139)	\$ 187,210 (RMB 42,249)	100.00%	\$ 187,210 (RMB 42,249) (Note 3)	\$ 3,418,927 (RMB 772,063) (Note 3)	\$ 748,746 (RMB 169,082)
Ningbo Chia Chang Electronics Hardware Co., Ltd.	Production and sale of IT and optronics metal stamped components	304,605 (RMB 68,786)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	190,208 (US\$ 6,400)	-	-	190,208 (US\$ 6,400)	164,695 (RMB 37,168)	100.00%	164,695 (RMB 37,168) (Note 3)	1,478,848 (RMB 333,954) (Note 3)	1,111,242 (RMB 250,941)
Quan Rui (Dong Guan) Industrial Co., Ltd.	Production and sale of IT and optronics metal stamped components	-	Indirect investment in CHIA-RUI HOLDING LIMITED through CHIA CORPORATION, with the former investing operating funds	156,030 (US\$ 5,250)	-	-	156,030 (US\$ 5,250)	239 (RMB 54)	-	239 (RMB 54) (Note 3)	-	57,081 (RMB 12,890)
Nanjing Chia-Chan Precious Electronics Co., Ltd.	Production and sale of IT and optronics metal stamped components	314,299 (RMB 70,975)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	-	-	-	-	7,657 (RMB 1,728)	100.00%	7,657 (RMB 1,728) (Note 3)	639,110 (RMB 144,324) (Note 3)	84,891 (RMB 19,170)
Chia Chang Technology (Chong Qing) Co., Ltd.	Production and sale of IT and optronics metal stamped components	132,849 (RMB 30,000)	Through Chia Chang Technology (Suzhou) Co., Ltd. invest operating funds	-	-	-	-	8,237 (RMB 1,859)	100.00%	8,237 (RMB 1,859) (Note 3)	74,254 (RMB 16,768) (Note 3)	-
Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.	Production and sale of IT and optronics metal stamped components	155,858 (RMB 35,196)	Indirect investment in CHIAPEX HOLDING LIMITED through CHIA CORPORATION, with the former investing operating funds	145,955 (US\$ 4,911)	-	-	145,955 (US\$ 4,911)	(3,554) (RMB -802)	49.00%	-	-	316,774 (RMB 71,534)

Accumulated Investment in Mainland China as of June 30, 2022 (US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA
\$ 1,387,924 (US\$ 46,700)	\$ 3,928,538 (US\$ 132,185)	\$ 4,868,639 (Note 2)

Note 1: Except Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd., the share of profit or loss and other comprehensive income of the investments were based on the associates' financial statements that have been reviewed for the same period.

Note 2: The investment limit is 60% of the Corporation's net equity.

Note 3: All intercompany transactions have been eliminated upon consolidation.

TABLE 7**CHIA CHANG CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****JUNE 30, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yung Hsiang Investment Co., Ltd.	13,438,441	9.43
Hsin Ho Investment Co., Ltd.	11,785,492	8.27

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.