Stock Code:8046

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

Address: 3F., No. 201-36, Dunhua N. Rd., Jinzhong Vil., Songshan Dist., Taipei City
Telephone: (02)27122211

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Nan Ya Printed Circuit Board Corporation as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Nan Ya Printed Circuit Board Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Nan Ya Printed Circuit Board Corporation
Chairman: Chia-Chau Wu
Date: Febuary 25, 2022

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of Nan Ya Printed Circuit Board Corporation:

Opinion

We have audited the consolidated financial statements of Nan Ya Printed Circuit Board Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Group's financial statements are stated as follows:

1. Valuation of inventories

   The Group estimates the loss on decline of inventory market price on a monthly basis using the aging analysis of inventories and the lower of cost or net realizable value. Since the net realizable value of inventory relies on the impact of international raw material prices, the valuation of inventories is one of the key audit matters while conducting the audit for the financial statements of the Group. For accounting policies, estimation uncertainty, and related disclosures on the valuation of inventories, please refer to notes 4(h), 5(a), and 6(d), respectively, of the consolidated financial statements.

   The principal audit procedures performed to address the aforementioned key audit matter included understanding the basis adopted by the management in the estimate of net realizable value, and sampling to test the reasonableness of the net realizable value and the aging analysis of inventories.

Other Matter

Nan Ya Printed Circuit Board Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hui-Chih Ko and Tzu-Hui Lee.

KPMG

Taipei, Taiwan (Republic of China)
Febuary 25, 2022

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 13,194,450	23	5,573,154	13
1170	Notes and accounts receivable, net (notes 6(b)(o))	10,981,794	20	9,112,792	20
1180	Accounts receivable due from related parties (notes 6(b)(o) and 7)	79,757	-	46,891	-
1200	Other receivables (note 6(c))	63,500	-	181,429	-
1210	Other receivables due from related parties (notes 6(c) and 7)	7,193	-	3,000,000	7
1310	Current inventories (note 6(d))	5,347,835	10	4,988,765	11
1410	Prepayments	501,116	1	353,436	1
	Total current assets	30,175,645	54	23,256,467	52
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(e))	501,678	1	487,152	1
1600	Property, plant and equipment (note 6(f))	24,471,003	43	19,710,121	44
1755	Right-of-use assets (note 6(g) and 7)	402,488	1	281,544	1
1840	Deferred tax assets(note 6(l))	788,842	1	815,984	2
1900	Other non-current assets	5,519	-	4,969	-
	Total non-current assets	26,169,530	46	21,299,770	48
	Total assets	$ 56,345,175	100	44,556,237	100

		December 31, 2021		December 31, 2020	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Current borrowings (note 6(h))	$ 1,214,969	2	293,630	1
2130	Current contract liabilities(note 6(o))	112,399	-	-	-
2170	Accounts payable	3,385,225	6	3,454,646	8
2180	Accounts payable to related parties(note 7)	272,317	-	266,580	-
2200	Other payables	3,052,073	6	2,067,376	5
2220	Other payables to related parties(note 7)	50,113	-	1,565,960	4
2230	Current tax liabilities	1,590,041	4	-	-
2282	Current lease liabilities, related parties (notes 6(j) and 7)	154,013	-	171,201	-
2322	Long-term borrowings, current portion (note 6(i))	454,395	1	156,436	-
2399	Other current liabilities, others	230,836	-	277,208	-
	Total current liabilities	10,516,381	19	8,253,037	18
	Non-current liabilities:				
2527	Non-current contract liabilities (note 6(o))	711,975	1	-	-
2540	Non-current portion of non-current borrowings (note 6(i))	227,197	-	469,309	1
2570	Deferred tax liabilities(note 6(l))	1,871,276	4	1,313,232	3
2582	Non-current lease liabilities, related parties (notes6(j) and 7)	220,264	-	80,090	-
2640	Net defined benefit liability, non-current(note 6(k))	2,189,580	4	1,970,937	5
2645	Guarantee deposits received	129,528	-	106,943	-
	Total non-current liabilities	5,349,820	9	3,940,511	9
	Total liabilities	15,866,201	28	12,193,548	27
	Equity (note 6(m)):				
3100	Ordinary shares	6,461,655	11	6,461,655	15
3200	Capital surplus	18,125,600	32	18,125,555	41
3310	Legal reserve	4,859,640	9	4,512,049	10
3320	Special reserve	592,160	1	592,160	1
3350	Unappropriated retained earnings	11,301,164	20	3,475,906	8
3400	Other equity interest	(861,245)	(1)	(804,636)	(2)
	Total equity	40,478,974	72	32,362,689	73
	Total liabilities and equity	$ 56,345,175	100	44,556,237	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(o) and 7)**	$ 52,228,457	100	38,512,743	100
5000	**Operating costs (notes 6(d)(f)(g)(j)(k)(p) and 7)**	37,345,601	72	32,760,832	85
	Gross profit from operations	14,882,856	28	5,751,911	15
	Operating expenses (notes 6(f)(g)(j)(k)(p) and 7):				
6100	Selling expenses	568,489	1	457,089	1
6200	Administrative expenses	1,443,719	3	1,187,281	3
6000	**Total operating expenses**	2,012,208	4	1,644,370	4
6900	**Net operating income**	12,870,648	24	4,107,541	11
	Non-operating income and expenses (notes 6(e)(f)(j)(q) and 7):				
7100	Interest income	46,629	-	81,856	-
7010	Other income	436,413	1	256,406	1
7020	Other gains and losses	(272,946)	-	(440,139)	(1)
7050	Finance costs	(32,317)	-	(44,576)	-
7060	Share of profit of associates accounted for using equity method	46,631	-	41,970	-
	Total non-operating income and expenses	224,410	1	(104,483)	-
	Profit before tax	13,095,058	25	4,003,058	11
7950	Less: Tax expense (note 6(l))	2,513,533	5	337,141	1
	Profit	10,581,525	20	3,665,917	10
8300	**Other comprehensive income (notes 6(e)(k)(l)(m)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Losses on remeasurements of defined benefit plans	(264,117)	-	(237,560)	(1)
8320	Share of other comprehensive income of associates accounted for using equity method	(1,592)	-	(1,342)	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(52,823)	-	(47,512)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(212,886)	-	(191,390)	(1)
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation	(69,296)	-	144,713	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	(13,859)	-	28,943	-
	Components of other comprehensive income that will be reclassified to profit or loss	(55,437)	-	115,770	-
8300	**Other comprehensive income, net**	(268,323)	-	(75,620)	(1)
	Total comprehensive income	**$ 10,313,202**	**20**	**3,590,297**	**9**
	Earnings per share(note 6(n))				
9750	**Basic earnings per share**	**$ 16.38**		**5.67**	
9850	**Diluted earnings per share**	**$ 16.37**		**5.67**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

						Other equity interest			
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2020	$ 6,461,655	18,577,844	4,488,449	379,765	235,995	(920,381)	1,354	(919,027)	29,224,681
Profit for the year ended December 31, 2020	-	-	-	-	3,665,917	-	-	-	3,665,917
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(190,011)	115,770	(1,379)	114,391	(75,620)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	3,475,906	115,770	(1,379)	114,391	3,590,297
Appropriation of earnings:									
Legal reserve	-	-	23,600	-	(23,600)	-	-	-	-
Special reserve	-	-	-	212,395	(212,395)	-	-	-	-
Other changes in capital surplus:									
Cash dividends from capital surplus	-	(452,316)	-	-	-	-	-	-	(452,316)
Other changes in capital surplus	-	27	-	-	-	-	-	-	27
Balance at December 31, 2020	6,461,655	18,125,555	4,512,049	592,160	3,475,906	(804,611)	(25)	(804,636)	32,362,689
Profit for the year ended December 31, 2021	-	-	-	-	10,581,525	-	-	-	10,581,525
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(211,714)	(55,437)	(1,172)	(56,609)	(268,323)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	10,369,811	(55,437)	(1,172)	(56,609)	10,313,202
Appropriation and allocation of earnings:									
Legal reserve	-	-	347,591	-	(347,591)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,196,962)	-	-	-	(2,196,962)
Other changes in capital surplus:									
Other changes in capital surplus	-	45	-	-	-	-	-	-	45
Balance at December 31, 2021	**$ 6,461,655**	**18,125,600**	**4,859,640**	**592,160**	**11,301,164**	**(860,048)**	**(1,197)**	**(861,245)**	**40,478,974**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Profit before tax	$ 13,095,058	4,003,058
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	3,633,895	2,933,479
Interest expense	32,317	44,576
Interest income	(46,629)	(81,856)
Share of profit of associates accounted for using equity method	(46,631)	(41,970)
Loss on disposal of property, plant and equipment	60,178	30,453
Impairment loss on non-financial assets	120,046	36,198
Unrealized foreign exchange loss	18,791	85,930
Total adjustments to reconcile profit	3,771,967	3,006,810
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes and accounts receivable (including related parties)	(1,926,400)	(1,786,296)
Decrease(increase) in other receivables	9,551	(23,254)
Increase in inventories	(358,784)	(722,052)
Increase in prepayments	(51,667)	(225,215)
Total changes in operating assets	(2,327,300)	(2,756,817)
Changes in operating liabilities:		
Increase in contract liabilities	824,684	-
(Decrease) increase in accounts payable (including related parties)	(51,658)	1,847,532
Increase in other payables (including related parties)	996,162	464,254
(Decrease) increase in other current liabilities	(46,372)	47,554
Decrease in net defined benefit liabilities	(45,474)	(46,269)
Total changes in operating liabilities	1,677,342	2,313,071
Total changes in operating assets and liabilities	(649,958)	(443,746)
Total adjustments	3,122,009	2,563,064
Cash inflow generated from operations	16,217,067	6,566,122
Interest received	46,361	84,582
Interest paid	(68,126)	(63,926)
Income taxes (paid) refund	(266,250)	91
Net cash flows from operating activities	15,929,052	6,586,869
Cash flows used in investing activities:		
Acquisition of property, plant and equipment	(8,451,429)	(7,356,838)
Proceeds from disposal of property, plant and equipment	30,540	15,817
Decrease in other receivables due from related parties	3,000,000	1,000,000
(Increase) decrease in other non-current assets	(550)	(208)
Dividends received	30,514	29,187
Net cash flows used in investing activities	(5,390,925)	(6,312,042)
Cash flows used in financing activities:		
Increase in short-term loans	1,828,742	506,297
Decrease in short-term loans	(905,805)	(212,667)
Proceeds from long-term debt	305,595	634,346
Repayments of long-term debt	(245,412)	-
Increase (decrease) in guarantee deposits received	22,585	(43,221)
Increase in other payables to related parties	868,472	860,474
Decrease in other payables to related parties	(2,370,930)	(1,007,629)
Payment of lease liabilities	(198,258)	(180,649)
Cash dividends paid	(2,196,962)	(452,316)
Net cash flows used in financing activities	(2,891,973)	104,635
Effect of exchange rate changes on cash and cash equivalents	(24,858)	(156,108)
Net increase in cash and cash equivalents	7,621,296	223,354
Cash and cash equivalents at beginning of period	5,573,154	5,349,800
Cash and cash equivalents at end of period	$ 13,194,450	5,573,154

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Nan Ya Printed Circuit Board Corporation "the Company" was legally established with the approval by the Ministry of Economic Affairs on October 28, 1997, with registered address at 3F, No.201-36, Dunhua N. Rd., Jingzhong Vil., Songshan Dist., Taipei City, Taiwan. The Company and its subsidiaries "the Group" main operating activities are primarily in the manufacturing and selling of printed circuit boards.

(2) Approval date and procedures of the consolidated financial statements

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors on Febuary 25, 2022.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: ● requiring companies to disclose their material accounting policies rather than their significant accounting policies; ● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and ● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”

(4) Summary of significant accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements include:

			Percentage of ownership (%)	
Investor	**Name of subsidiary**	**Business activity**	**December 31, 2021**	**December 31, 2020**
The Company	NPUC	Selling and other services	100 %	100 %
The Company	NPHK	Selling and investing in electronic products	100 %	100 %
NPHK	NPKC	Producing and selling PCB	100 %	100 %

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

(Continued)

Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(Continued)

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability for an item not at fair value through profit or loss (FVTPL) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: Amortized cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

· bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable is always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

The Group assumes a significantly increased credit risk of a financial asset if there are indications of potential breaches of contract over the expected life of the contract period..

(Continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 1 year past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(Continued)

3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities

1) Classification of liabilities

Debt instruments issued by the Group are classified as financial liabilities in accordance with the substance of the contractual arrangements and the definitions of a financial liability.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost.Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations have been met, cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different from the original liability.A new financial liability is then recognized, at fair value, based on the modified terms.

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

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(Continued)

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group' s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit or loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings:	25 to 35 years
2)	Machinery equipment:	3 to 15 years
3)	Vehicles:	5 to 15 years
4)	Miscellaneous equipment:	5 to 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

For operating leases, the Group recognizes lease payments received under the straight-line basis as lease income over the lease term.

(Continued)

(l) Intangible assets and technical cooperation fee

(i) Technical cooperation fee

The technical cooperation fee paid by the Group is measured at cost, less, accumulated amortization and accumulated impairment loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Technical cooperation fee with estimated useful lives, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

1) Technical cooperation fee 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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(n) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group recognizes revenue when control of the products has been transferred, and when the products are delivered to the customer, wherein the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Government grants

The Group recognizes an unconditional government grant related to its equipment investment, employee training and technical improvements which is based on the government policy in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Group reports the basic earnings per share and the diluted earnings per share. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholder of the Company divided by the weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee compensation.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. These assumptions and estimations have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 30	26
Cash in banks	1,735,833	1,071,818
Time deposits	7,090,772	2,681,004
Cash equivalents	4,367,815	1,820,306
	$ **13,194,450**	**5,573,154**

Please refer to note 6(r) for the interest rate risk and sensitivity analysis of the consolidated financial assets and liabilities of the Group.

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(b) Accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable－non-related parties-measured at amortized cost	$ 11,030,225	9,161,226
Accounts receivable－related parties-measured at amortized cost	79,757	46,891
Less: Loss allowance	(48,431)	(48,434)
	$ 11,061,551	9,159,683

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes receivable and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The loss allowance provision of receivables as of December 31, 2021 and 2020 amounted to $48,431 and $48,434, respectively.

The expected loss rate as of December 31, 2021 is 0.005%~0.547% for current, 0.632%~0.835% for past due within 3 months and 23.929% ~25% for 3 to 6 months past due.

The expected loss rate as of December 31, 2020 is 0.494% for current, 1.504% for past due within 3 months, 23.504% for 3 to 6 months past due, 44.614% for 6 to 12 months past due and 100% for past due over 1 year.

The aging analysis of notes and accounts receivable with expected credit losses was determined as follows:

	December 31, 2021	December 31, 2020
Current	$ 11,016,340	9,139,041
Past due within 3 months	93,559	60,793
Past due 3 to 6 months	83	7,748
Past due 6 to 12 months	-	6
Past due over 1 year	-	529
	$ 11,109,982	9,208,117

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The movements in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Balance as of January 1	$ 48,434	48,428
Effect of exchange rate changes	(3)	6
Balance as of December 31	**$ 48,431**	**48,434**

As of December 31, 2021 and 2020, the Group did not provide any notes and accounts receivable as collateral for its loans.

(c) Other receivables

	December 31, 2021	December 31, 2020
Other receivables－loans to parent company	$ -	3,000,000
Other receivables－other related parties	7,193	-
Income tax refund receivable	56,427	165,385
Others	7,073	16,044
	$ 70,693	**3,181,429**

For further credit risk information, please refers to note 6(r).

(d) Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 852,624	984,756
Work in process	2,764,291	2,513,353
Raw materials	1,167,558	1,102,902
Supplies	563,362	387,754
	$ 5,347,835	**4,988,765**

For the years ended December 31, 2021 and 2020, raw materials, supplies, and changes in the finished goods and work in process recognized as cost of goods sold amounted to $37,345,601 and $32,760,832, respectively.

For the year ended December 31 2021, the write-down of inventories amounted to $7,893.

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For the year ended December 31, 2020, net realizable value of inventories has increased due to the increase in market price, the Group recognized gain from recovery in the value of inventories of $21,714, which was credited to cost of goods sold.

As of December 31, 2021 and 2020, the Group did not provide any inventories as collateral for its loan.

(e) Investments accounted for using the equity method

The components of the investments accounted for using the equity method were as follows:

	December 31, 2021	December 31, 2020
Associates	$ **501,678**	**487,152**

The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Attributable to the Group:		
Net income	$ 46,631	41,970
Other comprehensive income	(1,592)	(1,342)
Total comprehensive income	$ **45,039**	**40,628**

(i) Collateral

As of December 31, 2021 and 2020, the Group did not provide any investments accounted for using the equity method as collateral for its loans.

(f) Property, plant and equipment

The cost and accumulated depreciation and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020 were as follows:

	Building	Machinery and equipment	Vehicles	Miscellaneous equipment	Construction in progress	Total
Cost:						
Balance as of January 1, 2021	$ 4,454,879	44,313,627	20,073	4,638,633	3,910,170	57,337,382
Additions	-	319,685	460	54,255	8,097,368	8,471,768
Disposals	(2,519)	(3,546,565)	(1,695)	(48,668)	-	(3,599,447)
Reclassification	30,606	9,537,422	-	310,486	(9,878,514)	-
Effect of exchange rate changes	(13,662)	(106,212)	(35)	(1,469)	(21,055)	(142,433)
Balance as of December 31, 2021	$ **4,469,304**	**50,517,957**	**18,803**	**4,953,237**	**2,107,969**	**62,067,270**

(Continued)

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Notes to Consolidated Financial Statements

	Building	Machinery and equipment	Vehicles	Miscellaneous equipment	Construction in progress	Total
Balance as of January 1, 2020	$ 4,418,492	41,988,382	19,056	4,487,530	615,734	51,529,194
Additions	-	374,463	1,816	55,514	6,938,424	7,370,217
Disposals	-	(1,873,341)	(872)	(16,487)	-	(1,890,700)
Reclassification	8,243	3,588,869	-	108,732	(3,705,844)	-
Effect of exchange rate changes	28,144	235,254	73	3,344	61,856	328,671
Balance as of December 31, 2020	**$ 4,454,879**	**44,313,627**	**20,073**	**4,638,633**	**3,910,170**	**57,337,382**
Accumulated depreciation and impairment:						
Balance as of January 1, 2021	$ 2,535,260	31,212,346	11,561	3,868,094	-	37,627,261
Depreciation for the period	162,639	3,135,700	1,351	134,100	-	3,433,790
Impairment loss	-	(734)	-	120,780	-	120,046
Disposals	(578)	(3,457,425)	(1,271)	(49,455)	-	(3,508,729)
Reclassification	-	7,309	-	(7,309)	-	-
Effect of exchange rate changes	(7,424)	(67,505)	(24)	(1,148)	-	(76,101)
Balance as of December 31, 2021	**$ 2,689,897**	**30,829,691**	**11,617**	**4,065,062**	**-**	**37,596,267**
Balance as of January 1, 2020	$ 2,353,982	30,383,408	11,046	3,761,694	-	36,510,130
Depreciation for the period	165,328	2,463,365	1,336	120,679	-	2,750,708
Impairment loss	-	36,198	-	-	-	36,198
Disposals	-	(1,826,569)	(872)	(16,989)	-	(1,844,430)
Reclassification	-	(206)	-	206	-	-
Effect of exchange rate changes	15,950	156,150	51	2,504	-	174,655
Balance as of December 31, 2020	**$ 2,535,260**	**31,212,346**	**11,561**	**3,868,094**	**-**	**37,627,261**
Carrying amounts：						
Balance as of December 31, 2021	**$ 1,779,407**	**19,688,266**	**7,186**	**888,175**	**2,107,969**	**24,471,003**
Balance as of December 31, 2020	**$ 1,919,619**	**13,101,281**	**8,512**	**770,539**	**3,910,170**	**19,710,121**

The Group recognized an impairment loss amounted to $120,046 and $36,198 for the years ended December 31, 2021 and 2020, were due to the incapability for future manufacturing process of some of the machinery equipment and miscellaneous equipment , the Group expected a decrease in the future cash flow, leading to the value in use smaller than a carrying amount. The impairment losses were recognized as " other gains and losses " in the statement of comprehensive income.

For the years ended December 31, 2021 and 2020, capitalized borrowing costs related to the acquisition of the construction of the new factory amounted to $20,339 and $13,379, with a capitalization rate of 2.25%~2.75% and 2.37%~2.79%, respectively.

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(g) Right-of-use assets

The Group leases assets including land and buildings, as recognized right-of-use assets. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Total
Cost:			
Balance as of January 1, 2021	$ 183,653	384,338	567,991
Additions	247,676	55,790	303,466
Write off	(129,951)	-	(129,951)
Change in an index of lease payment	579	17,199	17,778
Effect of exchange rate changes	(209)	-	(209)
Balance as of December 31, 2021	**$ 301,748**	**457,327**	**759,075**
Balance as of January 1, 2020	$ 182,504	315,296	497,800
Additions	-	69,042	69,042
Change in an index of lease payment	718	-	718
Effect of exchange rate changes	431	-	431
Balance as of December 31, 2020	**$ 183,653**	**384,338**	**567,991**
Accumulated depreciation:			
Balance as of January 1, 2021	$ 105,862	180,585	286,447
Depreciation for the period	55,739	144,366	200,105
Write off	(129,951)	-	(129,951)
Effect of exchange rate changes	(14)	-	(14)
Balance as of December 31, 2021	**$ 31,636**	**324,951**	**356,587**
Balance as of January 1, 2020	$ 51,219	52,422	103,641
Depreciation for the period	54,608	128,163	182,771
Effect of exchange rate changes	35	-	35
Balance as of December 31, 2020	**$ 105,862**	**180,585**	**286,447**
Carrying amount:			
Balance as of December 31, 2021	**$ 270,112**	**132,376**	**402,488**
Balance as of December 31, 2020	**$ 77,791**	**203,753**	**281,544**

(h) Current borrowings

Details of current borrowings of the Group were as follows:

	December 31, 2021	December 31, 2020
Unsecured bank loans	**$ 1,214,969**	**293,630**
Range of interest rates	**0.5379%~0.5900%**	**0.851%~0.860%**

(Continued)

(i) Non-current portion of non-current borrowings

The non-current portion of non-current borrowings consisted of the following:

	December 31, 2021				
	Currency	Interest rate range	Expiration		Amount
Unsecured long-term bank loans	USD	0.9429%-1.1879%	2023	$	681,592
Less: current portion					454,395
Total				$	227,197
Unused quota				$	-

	December 31, 2020				
	Currency	Interest rate range	Expiration		Amount
Unsecured long-term bank loans	USD	1.0005%~1.2455%	2023		625,745
Less: current portion					156,436
Total				$	469,309
Unused quota				$	2,869,516

(j) Lease liabilities

The carrying amount of the lease liabilities was as follows:

		December 31, 2021	December 31, 2020
Current	$	154,013	171,201
Non-current	$	220,264	80,090

For the maturity analysis, please refer to note 6(r).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,		
		2021	2020
Interest on lease liabilities	$	3,580	4,938
Variable lease payment not included in the measurement of lease liabilities; expenses relating to short-term leases; expenses relating to leases of low-value assets	$	58,650	53,659

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the years ended December 31,		
		2021	2020
Total cash outflow for leases	$	260,488	239,246

(i) Real estate leases

The Group leases land and buildings to be used for its office space and plants, which typically runs for a period of 3 to 5 years.

(ii) Other leases

The Group leases equipment with contract periods within a year. These leases are short-term leases or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(k) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 3,053,708	2,780,999
Fair value of the plan assets	(864,128)	(810,062)
Net defined benefit liabilities	**$ 2,189,580**	**1,970,937**

Contributions are made to an independent fund that is deposited with Bank of Taiwan. For employees that are eligible for the Labor Standards Act, the payments of retirement benefits are based on the years of service and the average salary for the last six months before the employee's retirement.

1) Composition of the plan assets

The Labor Pension Fund Supervisory Committee (the "LPFSC") manages the Company's pension fund which is being funded according to the Labor Standards Act. Under the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by the local banks.

As of the report date, the Company's pension fund with Bank of Taiwan amounted to $864,128. Please refer to the related information published on the website of the Labor Pension Fund Supervisory Committee concerning the utilization of the labor pension fund, related yield rate, and its allocation.

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2) Movements in the present value of the defined benefit obligations were as follows:

The movements in the present value of defined benefit obligations of the Company for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31, 2021	2020
Present value of defined benefit obligations as of January 1,	$ 2,780,999	2,526,519
Current service cost and interest	50,630	49,477
Remeasurement of net defined benefit obligations		
-Experience adjustments	270,011	259,389
Benefits paid	(47,932)	(54,386)
Present value of defined benefit obligations as of December 31,	**$ 3,053,708**	**2,780,999**

3) Movements in the fair value of the plan asset were as follows:

The movements in the fair value of the plan assets of the Company for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31, 2021	2020
Fair value of plan assets as of January 1,	$ 810,062	746,873
Interest income	8,303	7,675
Remeasurements of net defined benefit obligations		
-Return on plan assets for the period (excluding interest for the period)	5,894	21,829
Appropriations to the plan	74,360	72,527
Benefits paid by plan assets	(34,491)	(38,842)
Fair value of plan assets as of December 31,	**$ 864,128**	**810,062**

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4) Expense recognized as profit or loss

Expense of the Company recognized as profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Current service cost	$ 22,991	24,357
Net interest of defined benefit obligations	19,336	17,445
	$ 42,327	**41,802**

	For the years ended December 31, 2021	For the years ended December 31, 2020
Operating costs	$ 36,370	36,053
Selling expenses	1,128	1,118
Administrative expenses	4,829	4,631
	$ 42,327	**41,802**

5) Remeasurements of the net defined benefit obligations recognized as other comprehensive income

The Company's cumulated pretax remeasurements of the net defined benefit obligations recognized in other comprehensive income were as follows:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Balance as of January 1,	$ (576,661)	(339,101)
Recognized in the current period	(264,117)	(237,560)
Balance as of December 31,	**$ (840,778)**	**(576,661)**

6) Actuarial assumptions

The principal actuarial assumptions as of December 31, 2021 and 2020, were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.50 %	1.00 %
Future salary increase rate	2.50 %	2.50 %

The Company is expected to make a contribution of $76,375 to the defined benefit plans for the one-year period after the reporting date.

The weighted average duration of the defined benefit plan is 14.6 years.

(Continued)

7) Sensitivity analysis

As of December 31, 2021 and 2020, the effects on the present value of the defined benefit obligation arising from changes in principal actuarial assumptions were as follows:

	Effect on present value of defined benefit obligations	
	Decrease Amount	**Increase Amount**
December 31, 2021		
Discount rate (0.25% variation)	$ 105,243	(100,807)
Future salaries (1% variation)	(374,788)	435,120
December 31, 2020		
Discount rate (0.25% variation)	107,513	(102,619)
Future salaries (1% variation)	(380,509)	448,338

The sensitivity analysis was conducted based on the assumption that only a single variable changed and all other variables remained constant. However, the assumptions may be correlated. The sensitivity analysis adopts the same methods used in determining the defined benefit liability on the balance sheet.

The same methods and assumptions are adopted in the two-year sensitivity analysis.

(ii) Defined contribution plan

The Company contributes an amount equal to 6% of the employees’ monthly wages to the labor pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act, under which, the Company is not required to bear the regulated or putative obligation subsequent to the payment of fixed-rate contribution.

The Company’s pension costs under the contribution pension plan amounted to $224,855 and $201,132 for the years ended December 31, 2021 and 2020, respectively.

All foreign subsidiaries' pension costs under the contribution pension plan amounted to $265,283 and $183,613 for the years ended December 31, 2021 and 2020, respectively, and have been submitted to the authorities.

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(l) Income tax

(i) Income tax expense

The details of income tax expense were as follows:

	For the years ended December 31,	
	2021	**2020**
Current income tax expense	$ 1,861,665	316
Deferred income tax expense	651,868	336,825
Total income tax expense	**$ 2,513,533**	**337,141**

(ii) The details of income tax benefit (expense) under other comprehensive income were as follows:

	For the years ended December 31,	
	2021	**2020**
Components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	**$ 52,823**	**47,512**
Components of other comprehensive income that will be reclassified to profit or loss:		
Exchange differences on translation of foreign financial statements	**$ 13,859**	**(28,943)**

Reconciliation of income tax expense and profit before tax for the years ended December 31, 2021 and 2020 were as follow:

	For the years ended December 31,	
	2021	**2020**
Profit before tax	**$ 13,095,058**	**4,003,058**
Income tax expense using the Company's domestic tax rate	$ 2,619,012	810,405
Effect of tax rates in foreign jurisdiction	728,551	73,459
Reversal of previously unrecognized tax loss	(754,465)	(477,066)
Other adjustments required by the tax law	25,965	(61,263)
Effect of profit of associates accounted for using equity method	(9,326)	(8,394)
Investment tax credits	(97,199)	-
Under provision in prior periods	995	-
Income tax expense	**$ 2,513,533**	**337,141**

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

As of December 31, 2021 and 2020, the Group's unrecognized deferred tax assets amounted to $0 and $754,465, respectively.

2) Recognized deferred tax liabilities and assets

Movements in recognized deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

Deferred tax assets:

	Defined benefit plan	Exchange differences on translation of foreign financial statements	Others	Total
Balance on January 1, 2021	$ 387,555	201,153	227,276	815,984
Recognized in profit or loss	(9,095)	-	(84,729)	(93,824)
Recognized in other comprehensive income	52,823	13,859	-	66,682
Balance on December 31, 2021	**$ 431,283**	**215,012**	**142,547**	**788,842**
Balance on January 1, 2020	$ 349,297	230,096	489,395	1,068,788
Recognized in profit or loss	(9,254)	-	(262,119)	(271,373)
Recognized in other comprehensive income	47,512	(28,943)	-	18,569
Balance on December 31, 2020	**$ 387,555**	**201,153**	**227,276**	**815,984**

Deferred tax liabilities:

	Foreign investment income	Others	Total
Balance on January 1, 2021	$ 885,950	427,282	1,313,232
Recognized in profit or loss	558,044	-	558,044
Balance on December 31, 2021	**$ 1,443,994**	**427,282**	**1,871,276**
Balance on January 1, 2020	$ 820,498	427,282	1,247,780
Recognized in profit or loss	65,452	-	65,452
Balance on December 31, 2020	**$ 885,950**	**427,282**	**1,313,232**

(iv) The Company' s tax returns for the year through 2019 were assessed by the ROC tax authorities.

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(m) Capital and other equity interest

(i) Ordinary share

As of December 31, 2021 and 2020, the Company's total authorized capital both amounted to $7,000,000, of which $84,110 were reserved for stock options. As of December 31, 2021 and 2020, the total authorized common stocks were both 700,000 thousand shares, and the total issued common stocks both amounted to 646,166 thousand shares, with $10 par value per share. All issued shares were paid up upon issuance.

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Paid-in capital in excess of par value	$ 17,874,841	17,874,841
Employee stock options	250,434	250,434
Others	325	280
	$ **18,125,600**	**18,125,555**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received.

According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus should not exceed 10% of the total common stock outstanding.

As approved by the stockholders' meeting on June 17, 2020, the Company resolved to appropriate $452,316 out of its paid-in capital in excess of par value as cash dividends to its shareholders $0.7 (NTD) per stock.

(iii) Retained earnings

According to the rules of the Company's articles, the Company's annual net earnings, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. The remainder plus the undistributed earnings of the previous years are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which are initially proposed by the Board of Directors and adopted by the shareholders in the Annual Stockholders' Meeting.

(Continued)

The Company adopts three kinds of dividend distribution policies, which are cash dividends, capitalization of earnings, and capital surplus. The net earnings after deducting the legal reserve and special reserve may first be distributed by way of cash dividends which shall be equal to at least fifty percent of the Company's total dividend distribution every year. The capitalization of earnings and capital surplus shall not exceed fifty percent of the total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

According to Ruling by FSC, when the Company distributes its earnings, it should set aside from the earnings of the current period and the accumulated unappropriated earnings a special reserve which is equivalent to the amount of the net reductions of other equity interest in the current period. If the distributed earnings were appropriated from the accumulated unappropriated earnings of prior periods, a special reserve which is equivalent to the amount of the distribution should be appropriated. If subsequently there is a reversal of the reductions in other equity interest, earnings can be distributed from the reversal. Except for the above appropriations required by the regulations, the special reserve also includes:

The special reserve includes the following:

a) Special reserve recorded for special purposes.

b) Investment income under the equity method.

c) Net valuation gains from financial instrument transactions. Only when its accumulated amount decreases, the special reserve should be decreased at the same amount and is restricted to the recognized amount in this item.

(iv) Earnings distribution

Earnings distribution for 2020 was approved via the general meeting of shareholders held on August 3, 2021. The relevant dividend distributions to shareholders were as follows:

	2020	
	Dividends per share (NTD)	**Amount**
Dividends distributed to common shareholders:		
Cash	$ 3.40	**2,196,962**

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(v) Other equity interest (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balances as of January 1, 2021	$ (804,611)	(25)	(804,636)
Exchange differences on translation of foreign operations	(55,437)	-	(55,437)
Unrealized gains (losses) from financial assets measured at fair value through associates accounted for using the equity method	-	(1,172)	(1,172)
Balances as of December 31, 2021	**$ (860,048)**	**(1,197)**	**(861,245)**
Balances as of January 1, 2020	$ (920,381)	1,354	(919,027)
Exchange differences on translation of foreign operations	115,770	-	115,770
Unrealized gains (losses) from financial assets measured at fair value through associates accounted for using the equity method	-	(1,379)	(1,379)
Balances as of December 31, 2020	**$ (804,611)**	**(25)**	**(804,636)**

(n) Earnings per share

Calculation of earnings per share for the years ended December 31, 2021 and 2020 was as follows:

(i) Basic earnings per share

1) Net profit attributable to equity shareholders of the Company

	For the years ended December 31, 2021	For the years ended December 31, 2020
Net profit attributable to equity shareholders of the Company	**$ 10,581,525**	**3,665,917**

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2) Weighted average number of ordinary shares outstanding

	For the years ended December 31, 2021	2020
Weighted average number of ordinary shares outstanding (in thousands of shares)	**646,166**	**646,166**

(ii) Diluted earnings per share

1) Net profit attributable to equity shareholders of the Company (diluted)

	For the years ended December 31, 2021	2020
Net profit attributable to equity shareholders of the Company (diluted)	**$ 10,581,525**	**3,665,917**

2) Weighted average number of ordinary shares outstanding (diluted)

	For the years ended December 31, 2021	2020
Weighted average number of ordinary shares outstanding (basic) (in thousands of shares)	646,166	646,166
Effects of dilutive potential ordinary shares		
Effects of employee stock compensation (in thousands of shares)	48	45
Weighted average number of ordinary shares outstanding (diluted) (in thousands of shares)	**646,214**	**646,211**

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31, 2021	2020
Primary geographical markets:		
Taiwan	$ 18,996,309	16,971,411
Mainland China	22,946,814	14,923,684
Korea	2,662,631	2,327,149
Other countries	7,622,703	4,290,499
	$ 52,228,457	**38,512,743**

(Continued)

	For the years ended December 31, 2021	For the years ended December 31, 2020
Major products:		
Printed circuit board	$ 51,265,042	37,798,071
Others	963,415	714,672
	$ **52,228,457**	**38,512,743**

(ii) Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable from operating activities	$ -	-	2,158
Accounts receivable－non-related parties	11,030,225	9,161,226	7,427,105
Accounts receivable－related parties	79,757	46,891	63,295
Less: Loss allowance	(48,431)	(48,434)	(48,428)
	$ **11,061,551**	**9,159,683**	**7,444,130**

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities－unearned sales	$ **824,374**	**-**	**-**
Current	$ 112,399	-	-
Non-current	711,975	-	-
	$ **824,374**	**-**	**-**

For details on notes and accounts receivable and allowance for impairment, please refer to note 6(b).

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue will be recognized when products are delivered to customers.

(p) Employee compensation

According to the Company's Articles of Incorporation, which are subject to the shareholders' approval, the Company's annual net profit should be set aside from the allocation 0.05% to 0.5% as employee compensation based on the Company's net profit before tax offsetting employee compensation. When the Company incurs accumulated deficit, the Company should reserve in advance with covering the accumulated deficit. The remunerations to employees amounted to $24,998 and $7,641 for the years ended December 31, 2021 and 2020, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees for each period, multiplied by the proposed percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for the period. Related information would be available at the Market Observation Post System website.

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The remunerations to employees approved by the Board of Directors were same as the consolidated financial report for the years ended December 31, 2021 and 2020.

(q) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31, 2021	2020
Interest income from bank deposits	$ 23,988	32,059
Other interest income	22,641	49,797
	$ **46,629**	**81,856**

(ii) Other income

The details of other income were as follows:

	2021	2020
Lease revenue	$ 71,195	71,086
Government grants	234,961	77,857
Others	130,257	107,463
	$ **436,413**	**256,406**

(iii) Other gains and losses

The details of other gains and (losses) were as follows:

	2021	2020
Net foreign exchange loss	$ (140,809)	(449,315)
Loss on disposal of property, plant and equipment	(60,178)	(30,453)
Gain on disposal of recycled materials	93,836	94,652
Impairment loss on non-financial asset	(120,046)	(36,198)
Others	(45,749)	(18,825)
	$ **(272,946)**	**(440,139)**

(iv) Finance costs

The details of finance costs were as follows:

		2021	2020
Interest expense	$	(52,656)	(57,955)
Less: Interest capitalized		20,339	13,379
	$	**(32,317)**	**(44,576)**

(r) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets after deducting the warranty amount represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020 , the Group’ s maximum exposure to credit risk were $10,484,303 and $8,163,546, respectively.

2) Concentration of credit risk

Since most of the Group’s clients are renowned international companies with good credit which scatter in different industries and geographic areas, the Group does not make concentrated transactions with any specific client. Therefore, there is no concentration of credit risk for accounts receivable. In order to reduce its credit risk, the Group assesses the financial condition of clients consistently and periodically.

3) Credit risk of receivables

Please refer to note 6(b) for the exposure of credit risk of notes and accounts receivables.

Other financial assets measured at amortized cost includes other receivables and time deposits.

Other receivables and time deposits are considered to have low credit risk as the Company only deals with external parties with good credit ratings and with financial institutions with credit ratings qualified for investing and above.

As of December 31, 2021 and 2020, no allowance for impairment was recognized as there were no indications of impaired credit risk for the 12 month ECL or lifetime ECL for other financial assets measured at amortized cost.

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(ii) Liquidity risk

The following table shows the remaining contractual maturities of financial liabilities, including estimated interest payments :

	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Unsecured short-term bank loans	$ 1,214,969	1,215,646	1,215,646	-	-	-	-
Unsecured long-term bank loans (including current portion)	681,592	687,444	227,914	229,151	230,379	-	-
Accounts payable (including related parties)	3,657,542	3,657,542	3,657,542	-	-	-	-
Other payables (including related parties)	3,102,186	3,102,186	3,102,186	-	-	-	-
Lease liabilities (including current portion)	374,277	382,819	109,925	47,693	69,604	155,597	-
	$ **9,030,566**	**9,045,637**	**8,313,213**	**276,844**	**299,983**	**155,597**	**-**
December 31, 2020							
Non-derivative financial liabilities							
Unsecured short-term bank loans	$ 293,630	294,126	294,126	-	-	-	-
Unsecured long-term bank loans (including current portion)	625,745	636,112	-	157,768	318,056	160,288	-
Accounts payable (including related parties)	3,721,226	3,721,226	3,721,226	-	-	-	-
Other payables (including related parties)	3,633,336	3,663,861	2,768,476	895,385	-	-	-
Lease liabilities (including current portion)	251,291	254,087	92,807	80,776	80,504	-	-
	$ **8,525,228**	**8,569,412**	**6,876,635**	**1,133,929**	**398,560**	**160,288**	**-**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2021		
	Foreign currency	**Exchange rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 403,830	27.6900	11,182,051
EUR	535	31.3613	16,785
JPY	52,853	0.2404	12,706
CNY	518	4.3487	2,253

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	December 31, 2021		
	Foreign currency	**Exchange rate**	**New Taiwan Dollars**
Financial liabilities			
Monetary items			
USD	$ 94,991	27.6900	2,630,294
JPY	1,478,828	0.2404	355,510
EUR	465	31.3613	14,583

	December 31, 2020		
	Foreign currency	**Exchange rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 329,969	28.5080	9,406,750
EUR	1,005	34.5600	34,736
JPY	7,047	0.2724	1,920
CNY	181	4.3691	789
Financial liabilities			
Monetary items			
USD	81,305	28.5080	2,317,853
JPY	844,042	0.2724	229,917

2) Sensitivity analysis

The Group’s exposure to foreign currency risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables which are denominated in foreign currencies. A 1% depreciation or appreciation of the NTD against the USD, EUR, JPY and CNY as of December 31, 2021 and 2020 would have increased or decreased the net income before tax by $82,134 and $68,964 for the years ended December 31, 2021 and 2020, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Due to the variety of functional currencies, the Group disclosed its aggregated foreign exchange gains (losses); the Group’ s foreign exchange losses, including realized and unrealized, for the years ended December 31, 2021 and 2020 were the net exchange loss of $140,809 and $449,315, respectively.

(iv) Interest rate analysis

The Group's exposure to interest rate risk arising from financial assets and liabilities is described in the liquidity risk section of this note.

The following sensitivity analysis is based on the risk exposure to interest rates of the derivative and non-derivative financial instruments on the reporting date. For floating rate instruments, the sensitivity analysis assumes the liabilities bearing variable interest rates are outstanding for the whole year. A 1% increase or decrease in interest rate is assessed by management to be a reasonably possible change in interest rate.

If the interest rates increase or decrease by 1%, (with all the other factors remain constant) for the years ended December 31, 2021 and 2020, the Group's net income before tax would decrease or increase by $ 65 and $414, respectively, which were mainly caused by the floating rate loans.

(v) Fair value of information

1) Fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets measured by amortized cost					
Cash and cash equivalents	$ 13,194,450	-	-	-	-
Accounts receivable, net (including related parties)	11,061,551	-	-	-	-
Other receivables (including related parties)	70,693	-	-	-	-
Total	$ 24,326,694	-	-	-	-
Financial liabilities measured by amortized cost					
Short-term loans	$ 1,214,969	-	-	-	-
Accounts payable (including related parties)	3,657,542	-	-	-	-
Other payables (including related parties)	3,102,186	-	-	-	-
Lease liabilities (including current portion)	374,277	-	-	-	-
Long-term loans (including current portion)	681,592	-	-	-	-
Total	$ 9,030,566	-	-	-	-

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	December 31, 2020				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets measured by amortized cost					
Cash and cash equivalents	$ 5,573,154	-	-	-	-
Accounts receivable, net (including related parties)	9,159,683	-	-	-	-
Other receivables (including related parties)	3,181,429	-	-	-	-
Total	$ 17,914,266	-	-	-	-
Financial liabilities measured by amortized cost					
Short-term loans	$ 293,630	-	-	-	-
Accounts payable (including related parties)	3,721,226	-	-	-	-
Other payables (including related parties)	3,633,336	-	-	-	-
Lease liabilities (including current portion)	251,291	-	-	-	-
Long-term loans (including current portion)	625,745	-	-	-	-
Total	$ 8,525,228	-	-	-	-

(s) Financial risk management

(i) Nature and extent

The Group has exposures to the following risks from holding certain financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note expresses the information of risk exposure, the goals, policies and procedures for the Group to measure and manage risks. Please refer to each note in consolidated financial statements for further quantitative disclosures.

(ii) Framework of risk management

The risk management policies are established according to the regulations of the authorities and the policy of the corporation. The Group understands that risk management is crucial to the business operation when facing the ever-changing market conditions. The Group, through strict internal control and complete risk management system, aims to effectively control the credit, liquidity, and market risk when operating. By doing so, the Group hopes to achieve its goal of sustainable operation.

The internal audit section of the Group reviews the effectiveness and appropriateness of each risk hedge transaction on a nonscheduled basis and reports the results to the Board of Directors.

(iii) Credit risk

Credit risk is the risk that resulted from receivables generated from operating activities and financial investments (including bank deposits, investments with fixed return, and other financial instruments).

1) Accounts receivable

To insure the collection of accounts receivable, the Group established risk management relating to operations, including operation goal management, credit authorization management, and accounts receivable management, constantly paying attention to the operating condition and dynamics of the client in order to take necessary measures and to prevent impairment of accounts receivable.

Most of the counterparties of the Group's accounts receivable are renowned international companies with good reputation, scattering across different industrial and geographic regions.

2) Financial investments

The credit risk of bank deposits, fixed return investments and other financial instruments conforms to the financial framework of the Group. To prevent default from counterparties due to credit abnormities, the Group trades mostly with companies with long-term credit rating, larger scale and higher liquidity. Also, the Group explicitly states different credit levels and ranges for counterparties according to the risk and period of financial instruments.

(iv) Liquidity risk

The goal of liquidity risk management of the Group is to ensure enough cash and cash equivalents, highly liquid securities, and sufficient bank financing credit to ensure sufficient financial flexibility.

(Continued)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exchange rate risk

The Group's exposure to currency risk is on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in NTD, USD, CNY, JPY and EUR.

Deficit of foreign currency funds for daily operations are offset by spot exchange or forward exchange agreements bought in during an advantageous situation. For foreign currency long-term debt, in order to minimize the impact of exchange rate changes on the Group's profit, the Group signs long period forward exchange agreements or cross currency swaps with several renowned international banks at times when exchange rates are favorable.

2) Interest rate risk

All of the Group's long-term loans bear floating interest rates. To hedge the risk of fluctuated interest rate, the financial sector prudently evaluates the trend of the financial market and signs swap contracts with several international renowned banks at times when interest rates are relatively low; all the bearing interest rates are lower than the estimated financing cost.

(t) Capital management

The capital management of the Group focuses on ensuring necessary financial resources and operation plans support the Group's operating funds, capital expenditure, research and development expense, and dividend payments in the following 12 months.

(u) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2021 and 2020 were as follows:

(i) For right-of-use assets, please refer to note 6(g).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Acquisition	December 31, 2021
Short-term loans	$ 293,630	922,937	(1,598)	-	1,214,969
Long-term loans (including current portion)	625,745	60,183	(4,336)	-	681,592
Lease liabilities(including current portion)	251,291	(198,258)	-	321,244	374,277
Other payables to related parties (borrowings from related parties)	1,511,697	(1,502,458)	(9,239)	-	-
Total liabilities from financing activities	**$ 2,682,363**	**(717,596)**	**(15,173)**	**321,244**	**2,270,838**

	January 1, 2020	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Acquisition	December 31, 2020
Short-term loans	$ -	293,630	-	-	293,630
Long-term loans (including current portion)	-	634,346	(8,601)	-	625,745
Lease liabilities (including current portion)	362,180	(180,649)	-	69,760	251,291
Other payables to related parties (borrowings from related parties)	1,639,902	(147,155)	18,950	-	1,511,697
Total liabilities from financing activities	**$ 2,002,082**	**600,172**	**10,349**	**69,760**	**2,682,363**

(7) Related-party transactions

(a) Parent company and ultimate controlling party

Nan Ya Plastics Corporation is both the parent company and the ultimate controlling party of of the Group. It owns 66.97% of all shares outstanding of the Company, and has issued the Consolidated Financial Statements Available for Public Use.

(b) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Nan Ya Plastics Corporation	The parent company
Formosa Advanced Technologies Co., Ltd.	The Group's associates

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Name of related party	Relationship with the Group
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	The Group's parent company is the ultimate controlling parent of the company
Nan Ya Electric (Nantong) Co., Ltd.	The Group's parent company is the ultimate controlling parent of the company
Formosa Plastics Corporation	The Group's parent company is the company's board of director
Formosa Biomedical Technology Corporation	The Group's parent company is a board of director of the company
Wellink Technology Co., Ltd.	The same chairman

(c) Significant related-party transactions

(i) Operating revenues

Significant sales to related parties were as follows:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Associates－FATC	$ 418,582	414,562
Other related parties－others	1,250	2,699
	$ 419,832	**417,261**

Sales price is cost plus profit as quoted price. The normal credit term with the companies above is collection on open account 70 days. There is no collateral received among related parties accounts receivable and there is no need to estimate loss allowance.

(ii) Receivables from related parties

The balances of accounts receivable from related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Accounts receivable due from related parties	Associates	$ 79,663	46,704
Accounts receivable due from related parties	Other related parties	94	187
		$ 79,757	**46,891**

(iii) Purchases from related parties

Significant purchases from related parties were as follows:

	For the years ended December 31,	
	2021	**2020**
The parent company	$ 1,194,075	1,076,607
Other related parties		
NEMK	1,464,130	1,249,818
Others	257,126	248,798
	$ 2,915,331	**2,575,223**

The purchase price from related parties is not significantly different from non-related general parties. The normal credit term with the related parties above is collected on open account 30 days, on open account 60 days, on open account 90 days, on open account 2 months and on the day following the day of approving payment, respectively.

(iv) Payables to related parties

The details of accounts payable to related parties were as follows:

Account	**Relationship**	**December 31, 2021**	**December 31, 2020**
Accounts payable to related parties	The parent company	$ 93,271	86,328
Accounts payable to related parties	Other related parties		
	NEMK	141,870	147,626
Accounts payable to related parties	WTC	23,029	27,519
Accounts payable to related parties	Others	14,147	5,107
		$ 272,317	**266,580**

(v) Property transactions

The Group purchased fixed assets from the parent company with the acquisition price of $1,005 and $11,976, respectively, for the years ended December 31, 2021 and 2020. There was no unpaid balance as of December 31, 2021 and 2020.

The Group purchased fixed assets from Nan Ya Electric (Nantong) Co., Ltd. with the acquisition price of $8,471 and $7,844 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the Group still had an unpaid payable of $0 and $1,098, accounted for as other payables to related parties, respectively.

(Continued)

(vi) Loan to related parties

The loans to related parties were as follows:

	Other receivables due from related parties	
	December 31, 2021	**December 31, 2020**
The parent company	$ -	3,000,000
Range of interest rates	1.23%	1.23%~1.418%

1) The loans to related parties are unsecured. There are no provisions for impairment loss required after management 's assessment.

2) For details on loans to other parties, please refer to note 13(a).

(vii) Borrowings from related parties

The borrowings from related parties (accounted for as other payables to related parties) were as follows:

	Other payables to related parties	
	December 31, 2021	**December 31, 2020**
Other related parties－NEMK	$ -	1,511,697
Range of interest rate	3.08%	3.08%

The borrowings provided from related parties are unsecured.

(viii) Lease of property, plant and equipment

1) The lease revenue of the Group from leasing its property, plant and equipment to its related parties, accounted for as other income, were as follows:

	Lease revenue	
	For the years ended December 31,	
	2021	**2020**
The parent company	$ 31,311	29,712

The rentals charged to related parties are determined based on the local market prices and rents that are collected monthly depending on the contract. As of December 31, 2021 and 2020, the Group had no unreceived balances.

2) The rental expenses of the Group's property, plant and equipment leased from its related parties were as follows:

The Group entered into different lease agreements with its parent company for its Taipei office, as well as its factories and employee dormitories, both located at Luchu Dist., Taoyuan City and Shulin Dist., New Taipei City, with monthly rental fees based on the local market prices within their respective vicinities. For the years ended December 31, 2021 and 2020, the above rentals amounting to $26,160 and $23,020, respectively, were recognized as expenses. For the years ended December 31, 2021 and 2020, the amount of $3,580 and $4,938 was recognized as interest expense. As of December 31, 2021 and 2020, the balance of lease liabilities amounting to $374,277 and $251,291.

For the years ended December 31, 2021 and 2020,, the Group recognized the additional amount of $303,466 and $69,042 of right-of-use assets.

(ix) Others

The Group bought utilities from Nan Ya Electronic Materials (Kunshan) Co., Ltd. amounting to $403,413 and $461,475, for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020 the Group still had unpaid payables accounted for as other payables to related parties amounting to $50,113 and $53,165, respectively.

As of December 31, 2021, the Group provides sewage treatment service to Nan Ya Electronic Materials (Kunshan) Co., Ltd. at the amount of $73,421, with the remaining balance of $7,193, recognized as other receivables to related parties, that has yet to be collected.

(d) Key management personnel compensation

Key management personnel compensation comprised

	For the years ended December 31,	
	2021	**2020**
Short-term employee benefits	$ 29,018	23,019

(8) Pledged assets: None

(9) Commitments and contingencies

(a) The outstanding letters of credit for the importation of raw materials by the Group were as follows:

	December 31, 2021	**December 31, 2020**
Outstanding letters of credit for the importation of raw materials	$ 1,884,489	230,565

(b) The endorsements by the bank were as follows:

	December 31, 2021	December 31, 2020
The guarantee for customs	$ 39,000	35,000

	December 31, 2021	December 31, 2020
The guarantee for letters of credit	$ 42,000	32,000

(c) The Company provided a comfort letter for the loan from Mega International Commercial Bank of the Company's subsidiary, NPKC, and are responsible for monitoring timely repayments.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other

(a) A summary of current-period employee benefits, depreciation, and amortization by function, was as follows:

	For the year ended December 31, 2021			For the year ended December 31, 2020		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefits						
Salaries	8,837,887	864,906	9,702,793	7,257,309	741,043	7,998,352
Labor and health insurance	611,928	63,846	675,774	505,296	49,097	554,393
Pension expenses	479,936	52,529	532,465	389,805	36,742	426,547
Remuneration of directors	-	6,150	6,150	-	6,200	6,200
Other personnel expenses	215,656	27,126	242,782	210,221	18,794	229,015
Depreciation expenses	3,618,106	15,789	3,633,895	2,918,259	15,220	2,933,479

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(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

(in thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss Allowance	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing
0	The Company	NPHK	Other receivables due from related parties	Yes	50,000	50,000	-	-	2	-	Operating capital	-	None	-	10,119,744 (Note 2)	20,239,487 (Note 3)
0	The Company	NYPC	Other receivables due from related parties	Yes	3,000,000	-	-	1.23%	2	-	Operating capital	-	None	-	10,119,744 (Note 2)	20,239,487 (Note 3)

Note 1: 1. With business contact

2. Necessary for short-term financing

Note 2: The amount of financing to related parties or parties with business contact is subjected to a limit, which is 25% of the net value. To other counterparties, the limit is 20% of the net value.

Note 3: The amount of financing to others is subjected to a limit, which is 50% of the net value. To those without business contact but in need of fund, the limit is 40% of the net value.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock:

(in thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details: Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Transactions with terms different from others: Unit price	Payment terms	Notes/Accounts receivable (payable): Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	NYPC	Parent company	Purchase	1,162,046	6.09 %	O/A 30 days	-	-	(91,531)	(3.33)%	-
The Company	NPKC	Subsidiary of the Company	Purchase	9,415,578	49.35 %	O/A 30 days	-	-	(762,197)	(27.74)%	Note
The Company	FATC	Associates	(sale)	(148,433)	(0.35)%	O/A 70 days	-	-	20,419	0.23%	-
NPKC	The Company	Parent company	(sale)	(9,415,578)	(48.21)%	O/A 30 days	-	-	762,197	24.35%	Note
NPKC	FATC	Associates	(sale)	(270,149)	(1.38)%	O/A 70 days	-	-	59,244	1.89%	-
NPKC	NEMK	Same chairman	Purchase	1,464,130	14.68 %	O/A 60 days	-	-	(141,870)	(8.46)%	-
NPKC	WTC	Same chairman	Purchase	120,124	1.20 %	O/A 60 days	-	-	(22,290)	(1.33)%	-

Note: The transactions listed in the left have been written off during the preparation of the consolidated financial statements.

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(viii) Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock:

(in thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss Allowance
					Amount	Action taken		
NPKC	The Company	Parent company	Accounts receivable due from related parties 762,197	11.52	-		762,197	-

Note : The transactions listed in the left have been written off during the preparation of the consolidated financial statements.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(in thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	NPKC	The Company	2	Sales	9,415,578	O/A 30 days	18.03%
1	NPKC	The Company	2	Accounts receivable due from related parties	762,197	O/A 30 days	1.35%

Note 1: Numbers are filled in as follows

1. 0 represents the parent company
2. Subsidiaries are numbered from 1

Note 2: Classifications of relation with counterparty are listed as follows:

1. Parent to subsidiary
2. Subsidiary to parent
3. Between subsidiaries

Note 3: Only data related to sales and accounts receivable of all the intercompany transactions and business contact are disclosed. The related purchase and accounts payable are not stated.

(b) Information on investees

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

(in thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/(losses) of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying amount				
The Company	NPHK	HK	Business of electronic products	6,477,460	6,477,460	1,598,220	100.00 %	14,256,899	100.00 %	2,789,326	2,789,326	Note1
The Company	NPUC	USA	Customer sales promotion	3,479	3,479	1,000	100.00 %	15,048	100.00 %	897	897	Note1
The Company	FATC	TW	Assembling testing and producing modules for IC	472,968	472,968	13,267	3.00 %	501,678	3.00 %	1,557,009	46,631	Note2

Note1: The transactions listed in the left have been written off during the preparation of the consolidated financial statements.

Note2: Investee company accounted for using equity method.

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(c) Information on investment in mainland China

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(in thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Investment income (losses)	Carrying amount	Accumulated remittance of earnings in current period
					Outflow	Inflow							
NPKC	Production and marketing of PCBs	6,474,281	(Note 1)	6,474,281	-	-	6,474,281	2,789,385	100.00%	100.00 %	2,789,385 (Note 2)	14,244,263	-

Note 1: NPKC in Mainland China is invested through a company established in a third region.

Note 2: Investment income or loss is recognized according to the financial statements reviewed by the CPA of the Taiwanese parent company.

Note3: The transaction listed above has been written off during the preparation of the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

(in thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note)
6,474,281	6,474,281	-

Note: The Industrial Development Bureau of the MOEA issued a letter to the Company stating that it qualifies under Section 12 of the Statute for Upgrading Industries.

(iii) Significant transactions:

Please refer to “Information on significant transactions” for direct or indirect significant transactions (written off during the preparation of the consolidated financial statements), between the Company and its investees in Mainland China for the year ended December 31, 2021.

(d) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
Nan Ya Plastics Corporation	432,744,977	66.97 %

(i) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

(ii) If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider’ s equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider’s equity announcement please refer to the TWSE website.

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(14) Segment information:

(a) General information

The Group's main operating activities are manufacturing and selling PCB products. The Group's reportable segments are determined by the information used by the director, and the segments are managed separately following different management frameworks in different regions. The Group has three reportable segments: the domestic segment, the American segment and the Asian segment.

(b) The reconciliation of operating segments of the Group is as follows:

The Group allocates resources and assesses performance based on the net income before tax (excluding extraordinary income/ expenses) from the interior management reports reviewed by the operating decision makers. Since income tax and extraordinary income/ expense are managed at the group level, the Group does not allocate income tax expense (benefits), and extraordinary income/ loss to its reportable segments. Besides, not all reportable segments' income include significant non-cash items apart from depreciation and amortization. The reported amount is the same as the amount of the financial statements used by operating decision makers.

The information and reconciliation of operating segments of the Group are as follows:

	For the year ended December 31, 2021				
	Domestic	**American**	**Asian**	**Adjustments and elimination**	**Total**
Revenue:					
From external clients	$ 42,115,694	-	10,112,763	-	52,228,457
Intersegments	72,129	23,472	9,415,578	(9,511,179)	-
Total revenue	**$ 42,187,823**	**23,472**	**19,528,341**	**(9,511,179)**	**52,228,457**
Interest expense	**$ 3,843**	**-**	**28,474**	**-**	**32,317**
Depreciation and amortization	**$ 2,005,809**	**26**	**1,639,929**	**(11,869)**	**3,633,895**
Income/Loss of reportable segments	**$ 12,474,111**	**1,892**	**3,409,278**	**(2,790,223)**	**13,095,058**
Reportable segments assets	**$ 52,392,739**	**15,053**	**19,052,290**	**(15,114,907)**	**56,345,175**
Reportable segments liabilities	**$ 11,913,765**	**5**	**4,731,501**	**(779,070)**	**15,866,201**

(Continued)

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	For the year ended December 31, 2020				
	Domestic	**American**	**Asian**	**Adjustments and elimination**	**Total**
Revenue:					
From external clients	$ 33,334,980	-	5,177,763	-	38,512,743
Intersegments	32,242	23,004	8,605,502	(8,660,748)	-
Total revenue	**$ 33,367,222**	**23,004**	**13,783,265**	**(8,660,748)**	**38,512,743**
Interest expense	**$ 6,473**	**-**	**38,103**	**-**	**44,576**
Depreciation and amortization	**$ 1,555,481**	**16**	**1,389,355**	**(11,373)**	**2,933,479**
Income/Loss of reportable segments	**$ 4,002,742**	**1,945**	**325,627**	**(327,256)**	**4,003,058**
Reportable segments assets	**$ 40,757,734**	**14,580**	**16,285,696**	**(12,501,773)**	**44,556,237**
Reportable segments liabilities	**$ 8,395,045**	**-**	**4,685,366**	**(886,863)**	**12,193,548**

(c) Types of products and service:

Information on revenue from external clients was as follows:

	For the years ended December 31,	
Products and service	**2021**	**2020**
Printed circuit board	$ 51,265,042	37,798,071
Others	963,415	714,672
	$ 52,228,457	**38,512,743**

(d) Regional information

Regional information of the Group is as follows. Revenue was based on the place where the clients are located; non-current assets are based on the place where the assets are located.

	For the years ended December 31,	
District	**2021**	**2020**
Revenue from external clients:		
Taiwan	$ 18,996,309	16,971,411
Mainland China	22,946,814	14,923,684
Korea	2,662,631	2,327,149
Other countries	7,622,703	4,290,499
	$ 52,228,457	**38,512,743**

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	December 31, 2021	December 31, 2020
Non-current assets:		
Taiwan	$ 13,110,011	8,813,013
USA	172	138
Mainland China	11,768,827	11,183,483
	$ 24,879,010	**19,996,634**

Non-current assets did not include non-current deferred tax assets and investments accounted for using the equity method.

(e) Major clients

Sales exceeding 10% of the Group's sales revenue were as follows:

	For the years ended December 31,	
	2021	**2020**
Client A	$ 7,239,217	6,485,785
Client B	6,991,263	7,127,813
Client C	5,791,539	2,157,589
	$ 20,022,019	**15,771,187**