Stock Code: 6613

NOVA TECHNOLOGY CORP.

2021 Annual Report

<u>Notice to readers</u>

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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Headquarters, Branches and Plant

Headquarters

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Overseas Securities Exchange: None**.**

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I. Letter to Shareholders

Dear Shareholders,

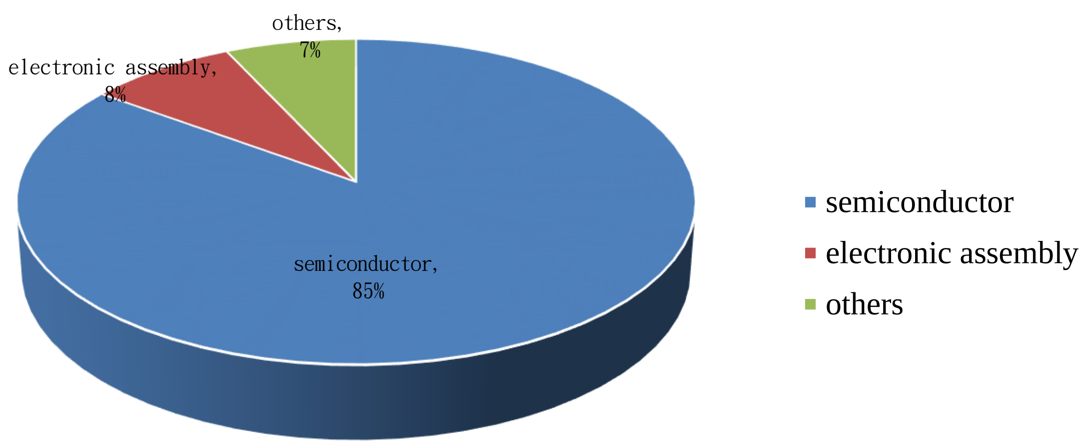
We would like to express our thanks to all shareholders for the support and encouragement Nova Tech upholds to excellent quality and customer satisfaction as the foundation to corporate sustainable management. In the future, Nova Tech will continue upholding to this concept and face the future growth and challenges with optimism as the return to the support of all shareholders. The company hereby describes the business performance of last year and this year's operational outlook in the followings:

2021 Business Review

A. Implementation results of business plan

In 2021, the trade war between China and the United States and convid-19 pandemic led to a decrease in overall revenue. The consolidated operating revenue in 2021 reached NTD 6,260 million, which Increase 61% compared to last year. In terms of profit, the consolidated net profit after tax of 2021 was NTD 568 million, Increase 40% compared to last year.

Operating Revenue Type Ratio



Unit: NTD thousands, %

Item	2021	2020	Diff.
Operating revenue	6,259,858	3,877,444	61.4
Operating Cost	4,870,838	2,921,911	66.7
Gross profit	1,389,020	955,533	45.4
Operating expenses	544,291	361,037	50.8
Operating income	844,729	594,496	42.1
Non-Operating income and expenses	2,364	(21,924)	110.8
Income before income taxes	847,093	572,572	47.9

(1) State of 2021 budget implementation:

This item is not applicable since Nova Tech has not disclosed any financial forecasts.

(2) Financial structure and profitability

Item			2021	2020
Financial Structure	Debt to asset ratio (%)		54.74	52.03
	Long-term capital to property, plant and equipment (%)		1,314.87	1,957.56
Solvency	Current ratio (%)		187.68	203.00
	Quick ratio (%)		122.71	159.84
Profitability	Return on assets (%)		9.97	8.91
	Return on stockholders' equity (%)		21.32	17.81
	Ratio to issued capital (%)	Operating income	248.98	175.22
		Pre-tax income	249.67	168.76
	Profit ratio (%)		9.08	10.51
	Basic after-tax EPS (NTD)		16.75	12.01

B. Technology and R&D Overview:

Although facing the overall economic slump, Nova Tech actively invests in R&D aspect. The R&D department continuously develops various innovative engineering methods and equipment improvements for different industries and projects in order to meet customers' needs and enhance our advantages. Described as below:

(1) Process waste solvent and waste TMAH recycling and reuse:

cooperate with foreign companies and domestic institutes to develop high-purification and reuse of chemicals with rectification technology as the core technology.

The amount of process TMAH is increasing day by day. Our company cooperate with top domestic institutes to focus on the high-concentration waste TMAH solution recovery system that can be handled by the customers in their plants. Followings are the advantages:

(a) Reduce the cost of removing sludge and waste liquid for electro-optical customers.

(b) Reduce the operation cost of wastewater treatment plant for electro-optical customers.

(c) In purpose of reaching circular economy, recycling valuable chemicals in waste liquids, such as H3PO4, aluminum, etc.

(d) Produce other chemicals with high economic value, such as Iron(II) phosphate, Tricalcium phosphate, etc.

Applied in the current electro-optical customers' plants to help they reduce production costs and improve process recovery rate to achieve the circular economy. Using fractional distillation to separate residual liquid and distillate, then generate ferric phosphate via low temperature crystallization technique. This technology has preliminary results in TMAH recycling and the related patent is under application. The patent of this technology has been approved by the Republic of China patent examination on 2021/7/20 (patent no. I741547). It is expected that with the approval of the patent, it will bring substantial benefits to the customers in the photoelectric industry.

(2) HPC High pressure single wafer cleaner

Purpose: Clean structural wafer surface with high cleanliness and cleanliness.

Function: By automatic transferring, perform high pressure/ dual media/ dry type cleaning to single wafer in particular chamber to achieve requirement of high level cleanliness.

(3) Research and development of compliant Wafer Transfer Robot with fixed angle selection.

Purpose: Master the core technology of single wafer conveying manipulator, improve conveying accuracy and stability, obtain certain customization ability, and meet the customization requirements of different processes.

Function: Using electric drive, combined with high-precision transmission mechanism, realizes high-precision and high-stability transmission of a single wafer in three directions:

horizontal axis, angular B axis and vertical Z axis.

(4) Titrator assembly application

Purpose: Cooperate with SDS system to reduce purchase cost.

Function: The automatic titrator is designed with the manual test instrument in the market, control valve and software self-assembly.

(5) Auto mixer development：

Purpose: Due to the chemical characteristics of the SDS system, it is necessary to fully mix the liquid before used to achieve the use efficiency.

Function: Use the geared motor, rack mechanism, fixture, control and other components to make the chemical liquid tank rotate 360 degrees in a safe and stable manner.

Business Plan for 2022

A. Business objectives

(1) Implement corporate governance and deepen corporate culture.
(2) Sustaining the relationship with existing customers in Taiwan, mainland China and Southeast Asia, developing new customers to improve operational efficiency.
(3) Strengthen cooperation with international partners and deepen the professional and technical capabilities of green energy, water resources engineering as well as high-tech manufacture equipment.
(4) Recruiting multiple talents and actively training management teams.

B. Sales forecast and sales policy

The fab equipment spending increase in 2022 would follow a 39% jump in 2021 and 17% in 2020. This will also be a rare three-year growth in the semiconductor industry.

“The semiconductor equipment industry has enjoyed a period of unprecedented growth with increased spending in six of the past seven years, as chipmakers expand capacity to meet secular demand for a wide range of emerging technologies including artificial intelligence, autonomous machines and quantum computing,” said Ajit Manocha, president and CEO of SEMI. “The capacity buildout extends beyond the robust demand during the pandemic for electronics vital for remote work and learning, telehealth and other applications.”

Korea is expected to rank at the top of equipment spending, followed by Taiwan and China, combining to account for 73% of all fab equipment spending in 2022.

The SEMI World Fab Forecast report lists 27 fabs and lines that began equipping in 2021, most of them in China and Japan. Twenty-five fabs and lines are expected to begin equipping in 2022, with Taiwan, Korea and China accounting for most of the equipping starts.

Future development strategy

High-tech process supply systems are mainly used in semiconductor, optoelectronics, and other high-investment industries, where safety and quality requirements are competitive. The technology and demand of high-tech industries are changing with each passing day, which can adapt to the changes in the market and raise the development of the business, so that they can survive and grow rapidly under the elimination mechanism of market. In the situation where the competition between domestic and foreign peers has become more intense, technological capabilities, scale economies, efficiency enhancement, and integration services are the winning factors. In view of this, the company continued to carry out research and development of related products, seeking cooperation between domestic and foreign advanced products and manufacturers, and constantly self-improvement, in response to market demand and future development. The Company will seek for the opportunities in integration of industrial up-stream and down-stream to increase the overall synergy.

Due to climate and environmental changes, water shortages are spreading throughout the world. The World Meteorological Organization predicts that one billion people will face drinking water crisis in the global coastal areas in 2050. Our company has cooperated with international water resources professional companies to develop water resources related system equipment and engineering to provide customers with the best solutions and services, and to take the responsibilities of global citizens.

The impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

A. External competitive environment

The COVID-19 (Coronavirus 2019) epidemic has impacted the world, coupled with the impact of the US-China trade war and the wave of digital transformation, the global semiconductor industry supply chain has been restructured; in addition, the cost of raw materials has risen sharply, and the supply of chips has been severely in short supply. Taiwan's semiconductor production capacity has become a strategist A battleground. However, Taiwan's semiconductor industry not only encountered a shortage of long and short materials, but also faced the urgent need of a serious shortage of talents. In current industrial competition pattern, we can quickly grasp the source of raw materials and provide customers with faster and more advanced products and services, which are the important factors related to being the leader in the industry. In addition, the awareness and cultivation of ESG (environment, social responsibility and corporate governance) should also be paid attention to in the cultivation of professional and leadership talents in the future, so as to keep up with the international trend of sustainable development. In view of this, our company continued to carry out research and development of related products, seeking cooperation and products through domestic and foreign, and constantly self-improvement, in response to market demand and future development.

B. Regulatory environment

Our company regularly reviews changes in laws and regulations and complies with the requirements of the competent authorities and upholds the concept of upright management. As a whole, changes in the regulatory environment will have no great impact on our company.

C. Macroeconomic conditions

As we move into 2022, we expect the world to remain uncertain. If inflation remains high, central banks may tighten monetary policy earlier, which could undermine economic growth. The rapid spread of the Omicron variant could also slow consumption, business spending and even economic growth. Geopolitical risks such as Tensions between Russia and Ukraine, the ongoing dispute over Iran's nuclear programme and the political situation in China could undermine the investment mood. However, in order to meet the long-term demand of a wide range of emerging technologies such as artificial intelligence, intelligent machines and quantum computing, chip manufacturers are expanding their capacity. The SEMI pointed out that in 2021, global semiconductor manufacturing equipment sales increased by 44.7% year-on-year, hitting a record high. It could climb to a new high of US $114 billion in 2022. Meanwhile, Bloomberg said semiconductor revenue could top US $500 billion in 2022 for the first time in history, which would mark the first three-year growth streak in a decade.

Important production and sales policies

In recent years, our company has continuously researched and developed high-tech industrial process equipment and the surrounding pipeline engineering design and overall system to provide customers with competitive customized equipment and services. In addition to working in Mainland China for many years, we also follow government's promotion of South moving policy and the trend of the rise in Southeast Asian region, company has set up a subsidiary in Singapore to help expand overseas markets.

Production and sales policies will keep bringing out advantages and grasp current opportunities, we will continue to meet customers' needs to consolidate existing customers and develop new customers in order to maintain steady growth in company business and profitability. As a production, we continue to strengthen our design capabilities, and on the premise of ensuring the production of high-quality equipment, we have expanded equipment manufacturing capacity in mainland China and steadily move forward.

Corporate Social Responsibility

"Happy employees, satisfied customers, and sustainable environment" is the goal and responsibility of Nova Technology. Adhering to the goal is to start from the surrounding stakeholders, create team benefits, and create a sustainable Nova Technology. The customer's attempt is our mission, to reach goal is the spirit of Nova Technology, satisfying customers and applying core skills as well as adding the environmental protection elements to customer needs, reducing the environmental impact of the production process, and pursuing win-win symbiosis.

In addition, "Sincerity, Trustworthy, Simple, Steady" has always been the consistent corporate culture of Nova Technology to pursuit of sustainable management. We know that the sustainable development of the company is maintained by good communication and interaction with all stakeholders. We also hope to gradually integrate corporate social responsibility into daily operations and corporate behavior, so that every member of our company will feedback to society and be friendly to the environment. In terms of talent cultivation, we cooperate with institutes to provide students with opportunities to enter the industry. At the same time, we will promote the mentoring system, new employee orientation, promote the elite school, and create a growth stage.

Nova Technology implements the government's promotion of work safety and health management, requesting each project to be based on standard operating mode, ensuring the safety management of the site's work, and promoting notices. We strictly request the safety equipment and protection to be checked from time to time during the construction process to ensure that all executives successfully complete the project and return home safely.

All the personnel of Nova Technology uphold the company's "Tomorrow to be Better" concept and continue to overcome difficulties. We hope to provide customers with satisfactory services and the greatest benefit for shareholders with excellent products, better solutions and quality.

Sincerely,

Chairman: Chin-Li Liang

President: Wei Ma

Financial and Accounting Manager: Chun-Yen Ou

II. Company Profile

1. Date of Incorporation: June 13, 1997

2. Company History

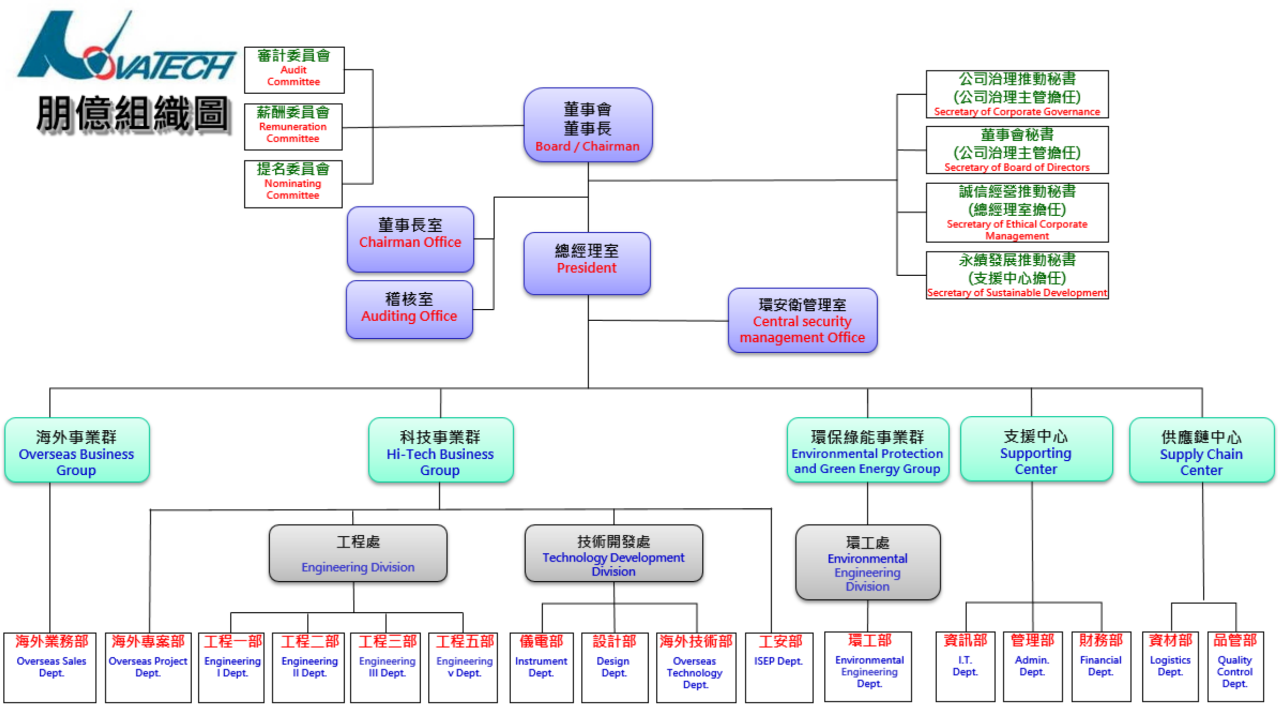
Year	Milestones
1997.06	The official establishment of NOVA TECHNOLOGY CORP., initially operating a chemical dispense system and CMP slurry dispense system at the time of foundation. Paid-in capital was NTD 5,000,000.
2001.02	Capital increased by cash NTD 3,510,000 and capital increased by earning NTD 7,490,000, with paid-in capital increased to NTD 16,000,000.
2002.12	Capital increased by earning NTD 24,000,000 with paid-in capital increased to NTD 40,000,000.
2004.08	Capital increased by earning NTD 35,020,000 with paid-in capital increased to NTD 75,020,000.
2004.11	Set up a wholly-owned subsidiary in Shanghai, Winmax Technology Corporation, and established a production processing based including clean rooms in Shanghai Waigaoqiao Free Trade Zone, which is a professional company of design, manufacturing, sales, and service in one.
2005.12	Capital increased by earning NTD 28,180,000 with paid-in capital increased to NTD 103,200,000.
2006.12	Capital increased by earning NTD 7,410,000 with paid-in capital increased to NTD 110,610,000.
2007.07	Capital increased by earning NTD 21,380,000 with paid-in capital increased to NTD 131,990,000.
2008.08	Capital increased by earning NTD 21,000,000 with paid-in capital increased to NTD 152,990,000.
2008.02	Cooperated with Nippon Refine Co., Ltd. to develop solvent recycling and renewal system.
2009.03	Nova Tech jointed strategic alliance with Acter Co., Ltd. (Code : 5536) and became the 100% invested subsidiary of Acter Co., Ltd.
2014.08	In response to the future corporate development, Nova Tech separated Nova Tech agency and sales department into a new wholly-owned company established as Winmega Technology Corp. Winmega Technology Corp. became the subsidiary with 100% investment under Nova Tech and specializes in electronic equipment, equipment agency and wholesale as major business items. The paid-in capital is NTD 15,000,000.
2014.08	Capital increased by cash NTD 19,010,000 with paid-in capital increased to NTD 172,000,000.
2015.10	Capital increased by earning NTD 51,600,000 with paid-in capital increased to NTD 223,600,000.
2015.12	Capital increased by cash NTD 30,000,000 with paid-in capital increased to NTD 253,600,000.
2016.02	Set up a wholly owned subsidiary in Suzhou, Suzhou Winmax Technology Corporation which main business line includes the design, manufacturing, sales, and services of gas cabinet and equipment. Paid-in capital is USD 1,000,000.
2016.07	Set up a wholly owned subsidiary in Singapore - Novatech Engineering & Construction Pte Ltd. The main business of the company undertakes the semiconductor industry automation supply system business with a paid-in capital of SGD 1,000,000.
2016.08	Capital increased by earning NTD 12,680,000 with paid-in capital increased to NTD 266,280,000.

Year	Milestones
2016.10	The application for initial public offering (IPO) was approved by GTSM. (Code: 6613).
2016.11	Capital increased by cash NTD 30,000,000 with paid-in capital increased to NTD 296,280,000.
2016.12	The application for the GTSM registration and trading was approved by Gre Tai Securities Market.
2017.12	Capital increased by cash NTD 43,000,000 with paid-in capital increased to NTD 339,280,000. The application for the GTSM registration and trading was approved by Gre Tai Securities Market. Listed on Gre Tai Securities Market.
2020.12	Carry out strategic cooperation, resource integration, transfer investment Rayzher Industrial Co., Ltd. 25% equity, mainly gas equipment and engineering services as the main business projects.
2021.03	Acquired a total of 51.31% equity of Rayzher Industrial Co., Ltd.

III. Corporate Governance Report

1. Organization

A. Organization Chart



B. Major Corporate Functions

Department	Functions
Board/ Chairman/ Chairman office	1. Call up shareholders' meeting and board of directors meeting. 2. Drafting intermediate and long-term development strategies of the company to assure the sustainable management of the company. 3. Responsible for the development and introduction of new business and new products, strategic alliance and investment evaluation.
Auditing Office	Evaluate the completeness of the internal control system and various standards, inspect whether internal control is continuously effective operating, measure department execution outcome, and properly provide improvement suggestions to advocate the effectiveness.
President Office	1. Implement board resolutions. 2. Drafting corporate overall strategy, sorting comprehensive business, supervising business divisions with the achievement of annual operation objectives; leading the company to optimize human resources through the financial orientation of profit center system. 3. Responsible for the business promotion of project pilot-stage.
Central security management Office	1. Establish a safe working environment in accordance with international and domestic laws and regulations, and regularly convene "Occupational Safety and Health Committee" to review the operation and propose improvement direction. 2. Responsible for the planning, supervision and management of environmental safety and health management risk assessment, elimination of potential risks, maintenance of site intrinsic safety and environmental safety and health management objectives of the company. 3. Ensure that major suppliers comply with government laws and regulations on environmental safety and health management and meet the company's requirements on environmental protection, work safety and hygiene, and conduct environmental safety and health management audits on major suppliers every year. 4. Committed to environmental protection, reduce the burden on the environment, determine the effectiveness of energy resources, waste management and reduction implementation programs. 5. Maintain employee safety, customer products and company assets, formulate various emergency responses and drills, ensure workplace safety and health management, and build a safe and healthy friendly workplace as the mission.
Overseas Business Group	Responsible for overseas sales supervision and coordination, and promotion and introduction of new technology and equipment.
Overseas Sales Dept.	Responsible for promoting overseas business and engineering plans of project and supervision of the execution.
Hi-Tech Business Group	Design, construction, installation, maintenance, processing improvement, and system transport of the automatic supply system for chemical, gas, and slurry of semiconductor and photoelectric industries, new customer and new market establishment, and sales promotion outsourcing, customer quotation negotiation, and tender bids.
Technology Development Division	Providing the instrument of the chemical automatic supply system and software/hardware design plan for machinery equipment, machinery/control panel manufacturing, pilot operation, manufacturing operation, processing improvement, new equipment and technology development for semiconductor, photoelectric, and display industries.
Instrument Dept./ Overseas Technology Dept.	1. Instrument and electric equipment system/engineering design and changing management. 2. Supervising hardware and software design of electric system of equipment. 3. Initial planning and design for tender projects. 4. Pre-tender and execution budgeting, project cost and budget management, project

Department	Functions
	schedule progress management. 5. Project equipment materials purchase requisition and outsourcing. 6. Self made control panel testing, shipment and quality control. 7. Drawing management. 8. Pilot operation.
Design Dept.	1. Equipment system engineering design and change management. 2. Pre-tender and execution budgeting, project cost and budget management, project schedule progress management. 3. Initial planning and design for tender projects. 4. Self-made machinery shipment management and testing, quality management. 5. Drawing management.
Overseas Project Dept.	1. Overseas engineering project execution and assistance (major area in China and Southeast Asia). 2. Project schedule control and quality control. 3. Sales information and customer services and promotion. 4. On-site initial planning and design of tender project preparation. 5. Pre-tender and execution budgeting integration, project execution, project cost and budget management, project schedule and payment requisition acceptance schedule management. 6. Project construction, installation, supervision, and maintenance. 7. Project site purchase requisition and outsourcing, project monitoring, equipment installation, pilot operation, and after service. 8. Construction site safety plan, management, and confirm that various operations correspond to standards. 9. Contractor safety inspection and assessment.
Engineering Division	Providing the instrument of the chemical automatic supply system and software/hardware design plan for machinery equipment, customer service and promotion for semiconductor, photoelectric, and display industries.
Engineering I, II, III ,V Dept.	1. District Project execution and assistance. 2. Project schedule control and quality control. 3. Sales information and customer services and promotion. 4. On-site initial planning and design of tender project preparation. 5. Pre-tender and execution budgeting integration, project execution, project cost and budget management, project schedule and payment requisition acceptance schedule management and quality management. 6. Project construction, installation, supervision, and maintenance. 7. Project site purchase requisition and outsourcing, project monitoring, equipment installation, pilot operation, and after service. 8. Construction site safety plan, management, and confirm that various operations correspond to standards. 9. Contractor safety inspection and assessment.
Central security management Office	Organizing labor safety and health training and plan for the company and associate suppliers; counseling the prevention of occupational accidents, conducting factory stationed labor safety management, labor health management, promoting labor safety-related laws and regulations and the establishment, promotion and auditing environmental safety and health management system. Irregular inspection, work safety defect statistics and tracking improvement.
Environmental Protection and Green Energy Group	1. Promotion and introduction of equipment, method, and chemical engineering technology. 2. Environmental protection/chemical engineering project operations and supervision. 3. New technology, new equipment search, and development

Department	Functions
Environmental Engineering Division	1. Promotion and execution of seawater desalination operation. 2. Promotion and execution of reclaimed water operation. 3. Energy saving project sales promotion and execution. 4. The monitoring and supervision and independent technician training of the abovementioned project outsourcing. 5. Environmental protection, green energy-related project tender preparation, bidding, and execution integration. 6. Other environmental protection, green energy, and water reduction related matters.
Environmental Engineering Dept.	1. Execution and assistance in green energy engineering projects. 2. Project schedule control and quality control. 3. Sales information and customer service and promotion. 4. On-site initial planning and design for tender project preparation. 5. Pre-tender and execution budgeting integration, project execution, project cost and budget management, project schedule and payment requisition acceptance schedule management. 6. Project construction, installation, supervision, and maintenance. 7. Project site purchase requisition and outsourcing, project monitoring, equipment installation, pilot operation, and after service. 8. Construction site safety plan, management, and confirm that various operations correspond to standards. 9. Contractor safety inspection and assessment.
Supporting Center	1. Integrating, supervising and coordinating relevant supporting department units with the execution of relevant affairs. 2. Promoting corporate management and Sustainable Development related matters. 3. Planning and promoting short-term projects.
Financial Dept.	Fund management transfer and financing plan, shares affairs treatment, long and short-term investment operation management, cost analysis report preparation, tax affairs plan and report, financial statement preparation and analysis, budgting, Board of Directors and shareholders' meeting convening matters, the announcement of tax filing.
Admin. Dept.	1. Human resource, administrative general affairs, and postal affairs. Promote the establishment of management and system for company personnel, salary, appointment, training, and property in addition to execute relevant operations according to company policy, providing various administrative and general affairs support. 2. Management system documentation control ISO system, internal quality objective control, procedures/management guidelines document, intellectual property document and legal letters, providing the revision and maintenance of various management system documents. 3. Project information document management Sales quotation control table, project cost control table, project revenue and expenditure statement, and information report and archival management.
IT Dept.	Computer network system establishment and management, various information system maintenance, database and information security maintenance and management, software usage control maintenance.
Supply Chain Center	1. Plan, control and implement product and service processes to provide products and services to customer satisfaction. 2. Pay attention to changes in the internal and external environment of the company as well as the industrial supply chain and the global trend and business environment, formulate commodity purchase plans and sales strategies according to the business objectives to ensure stable commodity quality and delivery date. 3. Establish a series of methods to monitor the supply chain so that it can deliver

Department	Functions
	high quality and high value products or services to customers effectively and at low cost.
Logistics Dept.	Company material and equipment purchase, project outsourcing, warehousing and transport management, establishing good supplier control, project outsourcing form and procurement sheet management, and executing import/export business.
Quality control Dept.	1. Supervises the quality control and audit of engineering department. 2. Supervise the quality inspection of construction projects and carry out regular quality inspection and key inspection. 3. Quality check and construction quality assessment of materials or equipment provided by supplier. 4. Prevent and deal with the quality management problems of customer feedback. 5. Implement quality control education and training. 6. Other related to project quality management.

2. Directors and Management Team

A. Directors and Independent Directors

March 26, 2022; Unit: Shares, %

Title	Name	Nationality/ Country of Origin	Gender、Age	Date First Elected	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Primary Experience (Education)	Positions concurrently held at Nova Technology and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	ACTER GROUP CORPORATION LIMITED	Taiwan	-	2009.03.02	2019.05.24	3	21,098,179	62.19	21,598,179	63.66	0	0	0	0	None	None	None	None	None
	Representative Chin-Li Liang	Taiwan	Male. 51~60 years old.	2009.03.02	2019.05.24	3	287,977	0.85	287,977	0.85	2,472	0.01	0	0	• Department of Electrical Engineering – Refrigerating and Air-conditioning, Taipei Tech • EMBA, National Chiao Tung University • Manager, Engineering Department, Gongshan Air-conditioning and Refrigerating Co., Ltd.	• Chairman/ President, Acter Co., Ltd. • Chairman, Her Suo Engineering Co., Ltd. • Chairman, Nova Technology Corp. • Chairman, Acter Technology Integration Group Co., Ltd • Director, Sheng Huei (Shenzhen) Engineering Co., Ltd. • Director, Shenzhen Dingmao Trade Co., Ltd. • Director, Sheng Huei International Co., Ltd. • Director, Acter International Limited • Director, New Point Group Limited • Director, Acter Technology Singapore Pte. Ltd. • Director, Acter Technology Malaysia Sdn. Bhd. • Supervisor, Winmax Technology Corporation • Director/ President, Fengze Engineering Co., Ltd. • Chairman, Winmega Technology Corp. • Supervisor, Suzhou Winmax Technology Corporation • Director, Novatech	None	None	None

March 26, 2022; Unit: Shares, %

Title	Name	Nationality/ Country of Origin	Gender、Age	Date First Elected	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Primary Experience (Education)	Positions concurrently held at Nova Technology and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
																Engineering & Construction Pte Ltd. • Director, Sheng Huei (Vietnam) Engineering Co., Ltd. • Chairman, Acter Technology Co., Ltd. • Director, Waste Recovery Technology Inc. • Chairman, Rayzher Industrial Co., Ltd.			
Director	Acter Group Corporation Limited	Taiwan	-	2009.03.02	2019.05.24	3	21,098,179	62.19	21,598,179	63.66	0	0	0	0	None	None	None	None	None
	Representative Chung-Cheng Hsu	Taiwan	Male. 61~70 years old.	2005.12.01	2019.05.24	3	252,158	0.74	224,158	0.66	0	0	0	0	• National Taiwan University EMBA-International Business Master • National Taiwan University Department of Chemical Engineering • President, Acter Group Corporation Limited • Supervisor, Sheng Huei Engineering (Suzhou) Co., Ltd. • Director, Sheng Huei Engineering (Shenzhen) Co., Ltd. • Supervisor, Shenzhen Shiding Trading Co., Ltd. • Director, Pt. ACTER Technology Indonesia • Director, Acter Egineering Co., Ltd. • Director, Acter Technology Singapore Pte. Ltd.	• Director, Nova Technology Corp. • Chairman, Winmax Technology Corp. • Chairman, Suzhou Winmax Technology Corp. • Director, Winmega Technology Corp. • Director/ President, Novatech Engineering & Construction Pte Ltd.	None	None	None

March 26, 2022; Unit: Shares, %

Title	Name	Nationality/ Country of Origin	Gender、Age	Date First Elected	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Primary Experience (Education)	Positions concurrently held at Nova Technology and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
															• Director, Acter Technology Malaysia Sdn. Bhd. • Vice president, Osense Technology Corp. • President, Nova Technology Corp. • Director, Fengze Engineering Co., Ltd				
Director	Acter Group Corporation Limited	Taiwan	-	2009.03.02	2019.05.24	3	21,098,179	62.19	21,598,179	63.66	0	0	0	0	None	None	None	None	None
	Representative Bi-Hui Wu	Taiwan	Female. 61~70 years old.	2016.05.30	2019.05.24	3	45,537	0.13	45,537	0.13	0	0	0	0	• National Chung Hsing University College of Management Master Program • Feng Chia University Department of International Business • President, Long King Leather Products Co., Ltd. • President, Linglu Composite Building Material (shanghai) Co., Ltd.	None	None	None	None
Independent Director	Chih-Yi Chi	Taiwan	Male. 51~60 years old.	2016.12.05	2019.05.24	3	0	0	0	0	0	0	0	0	• Ph.D., Harvard University Economics Department • National Taiwan University Master in Economics • Associate Professor, National Chung Hsing University College of Finance and Taxation • Director, National Chung Hsing University Accounting Department • Associate Professor, National Chung Cheng University Department of Economics • Supervisor, Siward Crystal Technology	• Professor, National Chung Hsing University College of Department of Finance and Taxation • Independent Director/ Audit Committee Member/ Remuneration Committee Member, Gourmet Master Co., Ltd. • Independent Director/ Audit Committee Member/ Remuneration Committee Member, DataVan International Corp.	None	None	None

March 26, 2022; Unit: Shares, %

Title	Name	Nationality/ Country of Origin	Gender 、Age	Date First Elected	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Primary Experience (Education)	Positions concurrently held at Nova Technology and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
															• Independent Director, Sinon Co., Ltd.				
Independent Director	Sheng-Yung Yang	Taiwan	Male. 51~60 years old.	2016.12.05	2019.05.24	3	0	0	0	0	0	0	0	0	• Ph.D., Drexel University Finance Department • Dean and distinguished professor, College of Management, Asia University • Head, National Chung Hsing University of Department of Finance and Taxation Department of Finance • CEO, National Chung Hsing University EMBA • Dean and vice president of international affairs, International College, Providence University • Remuneration Committee Member, Sinon Co., Ltd. • Independen Director, Grand Bills Finance Corp	• Distinguished Professor, National Chung Hsing University Department of Finance and Taxation • Independent Director/ Audit Committee Member/ Remuneration Committee Member, JMicron Technology Corp. • Independent Director/ Audit Committee Member/ Remuneration Committee Member/ Risk Management Committee Member /Sustainability Committee Member, CTBC Financial Holding Co., LTD. • Independent Director/ Audit Committee Member/ Remuneration Committee Member/ Risk Management Committee Member, CTBC Bank Co., Ltd. • Supervisor, Financial Engineering Association if Taiwan • New Generation College, National Association of Small & Medium Enterprises • Managing Supervisor of Taiwan Association of Board Governance	None	None	None
Independent Director	Cheng Li	Taiwan	Male. 51~60 years old.	2017.07.14	2019.05.24	3	0	0	0	0	0	0	0	0	• Ph.D., Tulane University • Attorney, U.S. Federal and New York State • Attorney, Lee & Tsai.	• Associaite Professor, Tunghai University EMBA • Associate Professor,	None	None	None

March 26, 2022; Unit: Shares, %

Title	Name	Nationality/ Country of Origin	Gender、Age	Date First Elected	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Primary Experience (Education)	Positions concurrently held at Nova Technology and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
															Attorney at Law • Chair of Tunghai University Department of Law and Director of Graduate Institute of Law • Associate Professor, Tunghai University Department of Law • Advisor, Trade Investigation Commission of the Ministry of Economic Affairs • Consultant, International Patent Trademark & Law Office	Feng Chia University EMBA • Corporate director , Ginko International Co., Ltd. • Independent Director/ Audit Committee Member / Remuneration Committee member, Rexon Industrial Corporation, Ltd.			
Independent Director	Hui Yin Chiu	Taiwan	Female. 51~60 years old.	2019.05.24	2019.05.24	3	0	0	0	0	0	0	0	0	• National Taiwan University Master in Accounting. • National Chengchi University Bachelor of Accounting. • Partner CPA, Deloitte & Touche. • Assurance department manager, Deloitte & Touche. • Partner CPA, Everwell & Co., CPAs.	• Partner CPA, F. K. Lin Co., CPAs. • Representative, Li Jung Investment Co., Ltd • Independent Director/ Audit Committee Member/ Remuneration Committee member, CastleNet Technology Inc. • Member representative The Kaohsiung Third Credit Co-Operative	None	None	None

Note: Chairman and President of the Company are not the same person, spouses or relatives within the first degree of kinship.

B. Major Shareholders of the institutional shareholders:

March 28, 2022

Name of Institutional Shareholders	Major Shareholders
Acter Co., (Note)	Xiang-Hui Development Co., Ltd.(4.71%),Chiu-Chang Investment Co., Ltd.(4.25%),Chin-Li Liang(4.02%),Sumitomo Chemical Engineering Co., Ltd.(2.41%),Tai-Tsen Hu(2.28%),Jung-Tang Yang(1.83%),Standard Chartered in custody for Fidelity Funds(1.36%), HSBC in custody for Morgan Stanley & Co. International Plc (1.35%),Chih-Cheng Tsai(1.34%), J.P. Morgan in custody for Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds (1.20%)

(Note) Source: Acter Group Corporation Limited 2021 Annual Report

Major Shareholders of the Company’s major institutional shareholders:

Name of Institutional Shareholders	Major Shareholders
Xiang-Hui Development Co., Ltd. (Note 1)	Jung-Tang Yang (28.54%), Wei-Han-Jhih Yang (28.54%), Sin-Hao Yang (26.84%)
Chiu-Chang Investment Co., Ltd (Note 1)	Yi-Hua Wang (5%), Chiao-Yin Liang (30%), Min-Jie Liang (30%)
Sumitomo Chemical Engineering Co., Ltd. (Note 2)	Sumitomo Chemical Co., Ltd. (100%)

(Note 1) Source: Get Information about Companies of Businesses in Taiwan, Ministry of Economic Affairs

(Note 2) Source: Sumitomo Chemical Engineering Co., Ltd.

C. Professional qualifications and independence analysis of directors:

<table>
<tr><th rowspan="3">Criteria / Name</th><th rowspan="3">Professional qualifications and experience</th><th colspan="5">Independence Attribute (Notes 1)</th><th rowspan="3">Concurrent independent director position in other publicly traded companies.</th></tr>
<tr><th rowspan="2">Whether I, my spouse or my second relative are directors, supervisors or employees of the company or it's related enterprises</th><th colspan="2">The number and proportion of shares held by oneself, spouse or second relative (or held by the person under others' names)</th><th rowspan="2">Whether to serve as a director, supervisor or employee of a company that has a specific relationship with the company (refer to the establishment of independent directors of public companies, which should follow the provisions of Article 3, Paragraph 1, Subparagraph 5 to 8 of this Regulation)</th><th rowspan="2">That provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received</th></tr>
<tr><th>Number of shares held in the company</th><th>%</th></tr>
<tr><td>Acter Group Corporation Limited Representative: Chin-Li Liang</td><td>● With many years of experience as a senior executive at our company.
● Not been a person of any conditions defined in Article 30 of the Company Law.</td><td colspan="5" rowspan="3">Not applicable</td><td>-</td></tr>
<tr><td>Acter Group Corporation Limited Representative: Chung-Cheng Hsu</td><td>● With many years of experience as a senior executive at our company.
● Not been a person of any conditions defined in Article 30 of the Company Law.</td><td>-</td></tr>
<tr><td>Acter Group Corporation Limited Representative: Bi-Hui Wu</td><td>● Experience in business management.
● Not been a person of any conditions defined in Article 30 of the Company Law.</td><td>-</td></tr>
<tr><td>Chih-Yi Chi</td><td>● Ph.D. in Economics from Harvard University.
● Professor at the Department of Finance and Taxation, National Chung Hsing University.
● He is also an independent director of Gourmet Master Co., Ltd. and DataVan International Corp.
● Not been a person of any conditions defined in Article 30 of the Company Law.</td><td>NO</td><td>0</td><td>0</td><td>NO</td><td>NONE</td><td>2</td></tr>
<tr><td>Sheng-Yung Yang</td><td>● Ph.D. in Finance from Drexel University.
● Distinguished Professor, National Chung Hsing University Department of Finance and Taxation.
● He is also an independent director of JMicron Technology Corp, CTBC Financial Holding Co., LTD. and CTBC Bank Co., Ltd.
● Not been a person of any conditions defined in Article 30 of the Company Law.</td><td>NO</td><td>0</td><td>0</td><td>NO</td><td>NONE</td><td>3</td></tr>
<tr><td>Cheng Li</td><td>● Ph.D. in Economics from Tulane University.
● Associaite Professor, Tunghai University EMBA and Feng Chia University EMBA
● He is also a director of Ginko International Co., Ltd. and an independent director of Rexon Industrial Corporation, Ltd.
● Have a lawyer's license.
● Not been a person of any conditions defined in Article 30 of the Company Law.</td><td>NO</td><td>0</td><td>0</td><td>NO</td><td>NONE</td><td>1</td></tr>
<tr><td>Hui-Yin Chiu</td><td>● Master in Accounting from National Taiwan University.
● Partner CPA, F. K. Lin Co., CPAs.
● She is also an independent director of CastleNet Technology Inc.
● Possess an accountant's license.
● Not been a person of any conditions defined in Article 30 of the Company Law.</td><td>NO</td><td>0</td><td>0</td><td>NO</td><td>NONE</td><td>1</td></tr>
</table>

D. Board diversity and independence:

(1) The diversity of the board members:

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

a. Basic requirements and values: Gender, age, nationality, and culture.

b. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties and the diversity representation of the Board. Furthermore, regard for the benefits of diversity on the Board. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

a. Ability to make operational judgments.
b. Ability to perform accounting and financial analysis.
c. Ability to conduct management administration.
d. Ability to conduct crisis management.
e. Knowledge of the industry.
f. An international market perspective.
g. Ability to lead.
h. Ability to make policy decisions.

The company's current board of directors diversity policy and implementation are as follows:

Item / Name	Nationality	Gender	Employee position	Age			The term of independent director		
				Below 60 years old	61 ~ 70 years old	71 ~ 75 years old	Below 3 years	3 ~ 9 years	Over 9 years
Chin-Li Liang	Taiwan	Male	-	✓	-	-	-	-	-
Chung-Cheng Hsu	Taiwan	Male	✓	-	✓	-	-	-	-
Bi-Hui Wu	Taiwan	Female	-	-	✓	-	-	-	-
Chih-Yi Chi (Independent Directors)	Taiwan	Male	-	✓	-	-	-	✓	-
Sheng-Yung Yang (Independent Directors)	Taiwan	Male	-	✓	-	-	-	✓	-
Cheng Li (Independent Directors)	Taiwan	Male	-	✓	-	-	-	✓	-
Hui-Yin Chiu (Independent Directors)	Taiwan	Female	-	✓	-	-	✓	-	-

Item / Name	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international Market perspective	Ability to lead	Ability to make policy decisions
Chin-Li Liang	✓	✓	✓	✓	✓	✓	✓	✓
Chung-Cheng Hsu	✓	✓	✓	✓	✓	✓	✓	✓
Bi-Hui Wu	✓	✓	✓	✓	✓	✓	✓	✓
Chih-Yi Chi (Independent Directors)	✓	✓	✓	✓	✓	✓	✓	✓
Sheng-Yung Yang (Independent Directors)	✓	✓	✓	✓	✓	✓	✓	✓
Cheng Li (Independent Directors)	✓	-	✓	✓	✓	✓	✓	✓
Hui-Yin Chiu (Independent Directors)	✓	✓	✓	✓	✓	✓	✓	✓

In consideration of diversity and fairness, the 9th term Board of Directors has 7 directors: Mr. Chin-Li Liang (Chairman), Mr. Chung-Cheng Hsu (Director), Mrs. Bi-Hui Wu (Director) have managed in various industry experience. They are good at leadership, management and have different industrial knowledge, decision-making ability and international market view. Mr. Cheng Li (Independent director) has experience in legal affairs. Mr. Chih-Yi Chi (Independent director) and Mr. Sheng-Yung Yang (Independent director) have Financial background. Mrs. Hui Yin Chiu (Independent director) is a CPA at law. Directors and independent director have complete education and experience, impelling the Board of Directors to bring the management decision-making and leadership into full play.

There is 1 Director (14%) of the Company who is also employee. There are 4 Independent Directors (57%) and 2 female directors (29%), 1 Independent Director’ s seniority is within 3 years and the other 3 Independent Directors’ seniority is between 4 to 6 years. 5 Director’s age is between 50 to 60; 2 Directors’ age is between 60 to 70 years old.

The specific management objectives and achievement of the Company’ s diversity policy are as follows:

Management objectives	Progress
Independent Directors form the majority of all directors.	Achieved
Number of Directors who concurrently serve as Company managers do not exceed one-third of all Directors.	Achieved
Female directors more than one – third seats of directors.	The company is committed to gender equality on the board of directors, in this term the female directors is about 29%.

(2) Board independence:

There are 4 independent directors of the company, accounting for 57%, and each independent director has obtained a written statement confirming the independence of themselves, their spouses and relatives within the second degree of kinship from the company. Items 3 and 4 affairs in Article 26-3, and cases where there is no relationship between spouses and relatives within the second degree.

The board of directors of the Company are committed to assessing the independence of directors on an ongoing basis, taking into account all relevant factors, including the ability of relevant directors to continue to raise constructive questions for management and other directors, express views independent of management and other directors, and conduct themselves appropriately both inside and outside the board. The conduct of the company's independent directors, where appropriate, conforms to expectations and exhibits the above characteristics.

Having considered all the circumstances set out in this section, the Company considers that all Independent Directors are independent of the Company.

E. Management Team:

March 26, 2022; Unit: Shares, %

Title	Name	Nationality	Gender	Inauguration date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Main experience (education background)	Concurrent positions at other companies	Managers who are Spouses or Within Two Degrees of Kinship			Status of Managerial officers Acquiring Employee Stock Option Certificate
					Number	%	Number	%	Number	%			Title	Name	Relation	
President and R&D Supervisor	Wei Ma	Taiwan	Male	2016.02.01	189,120	0.56	-	-	-	-	• Lunghwa Vocational Institute-Department of Mechanical Engineering • Chairman, Winmax Technology Corp. • Chairman, Suzhou Winmax Technology Corp.	• Director, Winmax Technology Corp. • Director, Suzhou Winmax Technology Corp. • Supervisor, Winmega Technology Corp. • President, Nova Technology Corp. • Director, Fengze Engineering Co., Ltd. • Director, Rayzher Industrial Co., Ltd.	None	None	None	None
Vice President	Min-Lang Su	Taiwan	Male	2012.02.01	100,861	0.3	-	-	-	-	• National Chiao Tung University Department of Engineering and Management Science Master Program • Assistant Vice President, Nove technology corp.	None	None	None	None	None
Vice President	Wei-chao Yang (Note 2)	Taiwan	Male	2017.05.22	145,825	0.43	1,952	0.01	-	-	• National Chiao Tung University EMBA • Special assistant to the Chairman / Assistant manager, Acter Group Corporation Limited • Financial Manager, eMemory Technology Inc. • Assistant Manager, Power Flash General Administration Office • Supervisor, Winmega Technology Corp.	None	None	None	None	None

March 26, 2022; Unit: Shares, %

Title	Name	Nationality	Gender	Inauguration date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Main experience (education background)	Concurrent positions at other companies	Managers who are Spouses or Within Two Degrees of Kinship			Status of Managerial officers Acquiring Employee Stock Option Certificate
					Number	%	Number	%	Number	%			Title	Name	Relation	
Assistant Vice President	Yi-yun Huang	Taiwan	Male	2013.05.01	105,911	0.31	11,000	0.03	-	-	• Ta Hwa Vocational College Department of Electronic Engineering • Deputy Director, Nove technology Corp.	None	None	None	None	None
Assistant Vice President	Jin-Liang Chen (Note 3)	Taiwan	Male	2017.06.02	14,000	0.04	-	-	-	-	• National Cheng Kung University Institute Master in International Management • National Chung Hsing University Department of Environmental Engineering Master • Senior Engineer, Winbond Electronics Corp. • Principal Engineer, Motech Industries Inc.	None	None	None	None	None
Assistant Vice President	Chih-Chen Wen	Taiwan	Male	2020.05.06	9,000	0.03	-	-	-	-	• National Hsinchu Senior Industrial Vocational School, Department of Electrical Engineering. • Engineer, Sanyang Motor Co., Ltd.	None	None	None	None	None
Financial and Accounting Manager	Chun-Yen Ou	Taiwan	Male	2009.06.16	56,090	0.17	-	-	-	-	• Providence University Accounting Department • Supervisor, PwC Taiwan	•Supervisor, Rayzher Industrial Co., Ltd.	None	None	None	None

Note 1: Chairman and President of the Company are not the same person, spouses or relatives within the first degree of kinship.

Note 2: Vice President Wei-chao Yang is dismissed on May 31, 2021, and disclose the information during his tenure of office only.

Note 3: Assistant Vice President Jin-Liang Chen is dismissed on Mar. 25, 2022, and disclose the information during his tenure of office only.

3. Remuneration of Directors, President and Vice Presidents

A. Remuneration of Directors (Independent Directors included)

December 31, 2021;Unit: NT$ Thousand, %

Title	Name	Remuneration to Directors								Ratio of Total Remuneration		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income		Remuneration from ventures other than subsidiaries or from the parent company (Note 4)
		Remunerations (A)		Retirement allowance (B)		Bonus to Directors (C)		Business execution expenses (D) (Note 1)		(A+B+C+D) to Net Income		Salary, Bonuses, and Allowances (E) (Note 2)		Retirement allowance (F)		Profit Sharing- Employee Bonus (G) (Note 3)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies listed on the financial statement		The company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Acter Group Corporation Limited (Representative: Chin-Li Liang)	0	0	0	0			696	696			0	0	0	0	0	0	0	0			40,685
Director	Acter Group Corporation Limited (Representative: Chung-Cheng Hsu)	0	0	0	0	14,869 (Note 5)	15,705 (Note 6)	96	96	15,757 2.77%	16,593 2.92%	3,361 (Note 7)	5,691	0	0	0	0	0	0	19,118 3.36%	22,284 3.92%	688
Director	Acter Group Corporation Limited (Representative: Bi-Hui Wu)	0	0	0	0			96	96			0	0	0	0	0	0	0	0			588
Independent Director	Chih-Yi Chi	840	840	0	0	0	0	96	96	936 0.16%	936 0.16%	0	0	0	0	0	0	0	0	936 0.16%	936 0.16%	None
Independent Director	Sheng-Yung Yang	840	840	0	0	0	0	96	96	936 0.16%	936 0.16%	0	0	0	0	0	0	0	0	936 0.16%	936 0.16%	None
Independent Director	Cheng Li	840	840	0	0	0	0	96	96	936 0.16%	936 0.16%	0	0	0	0	0	0	0	0	936 0.16%	936 0.16%	None
Independent Director	Hui-Yin Chiu	840	840	0	0	0	0	96	96	936 0.16%	936 0.16%	0	0	0	0	0	0	0	0	936 0.16%	936 0.16%	None

1.Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: Remuneration for Independent directors shall be determined according to the company's “Regulations Governing Remuneration Paid to Directors and Functional Committee.” Remuneration for independent directors includes fixed fee, transportation and attendance fee per meeting. If an independent director is appointed as a member of any functional committee by the board of directors of the company, he/she will receive additional remuneration.

2. In addition to the disclosure of the table above, there are remunerations to the directors provided service (e.g. serve as consultants to the parent company/to all companies listed in the financial reports/ independent consultant rather than employee, etc.) in the most recent year for all companies : None

Note 1: Referring to the business execution expenses for directors of most recent year (including honorarium, special disbursement, various allowances, dormitory, company car and supply of other physical items).

Note 2: Relevant remuneration received by Directors who are also employees (including salary, differential pay, severance pay, various bonuses and rewards…etc.).
Note 3: Referring to the profit sharing- employee bonus (including stocks and cash) by directors and adjunct employees (including adjunct president, vice president, other managerial officers, and employees) of most recent year.
Note 4: The remuneration refers to pay, remuneration (including remuneration for the employee, director, and supervisor) and expenses of executing business received by the Company's director who employs as director, supervisor, or manager in reinvested companies other than the subsidiaries.
Note 5: Director Remuneration was approved by Board of Director meeting on Feb 23, 2022 and will pay to Acter Group Corporation Limited
Note 6: Including directors' remuneration expected to be paid by subsidiaries Winmax Technology Corp., Suzhou Winmax Technology Corp. and Novatech Engineering & Construction Pte Ltd.
Note 7: Including directors' remuneration expected to be paid by subsidiaries Winmega Technology Corp.
＊The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Act. Therefore, this table is for information disclosure purposes and is not for tax purposes.

Range of Remunerations

Range of remunerations paid to Directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Parent company and all the invested enterprise
Less than NT$1,000,000	Chih-Yi Chi, Sheng-Yung Yang, Cheng Li, Hui-Yin Chiu	Chih-Yi Chi, Sheng-Yung Yang, Cheng Li, Hui-Yin Chiu	Chih-Yi Chi, Sheng-Yung Yang, Cheng Li, Hui-Yin Chiu	Chih-Yi Chi, Sheng-Yung Yang, Cheng Li, Hui-Yin Chiu
NT$1,000,000~ 1,999,999	-	-	-	-
NT$2,000,000~ 3,499,999	-	-	-	-
NT$3,500,000~4,999,999	-	-	-	-
NT$5,000,000~9,999,999	Acter Group Corporation Limited (Representative: Chin-Li Liang , Chung-Cheng Hsu, Bi-Hui Wu)	Acter Group Corporation Limited (Representative: Chin-Li Liang , Chung-Cheng Hsu, Bi-Hui Wu)	Acter Group Corporation Limited (Representative: Chin-Li Liang , Chung-Cheng Hsu, Bi-Hui Wu)	Acter Group Corporation Limited (Representative: Bi-Hui Wu)
NT$10,000,000~14,999,999	-	-	-	Acter Group Corporation Limited (Representative: Chung-Cheng Hsu)
NT$15,000,000~29,999,999	-	-	-	-
NT$30,000,000~49,999,999	-	-	-	Acter Group Corporation Limited (Representative: Chin-Li Liang)
NT$50,000,000~99,999,999	-	-	-	-
Greater than or equal to NT$100,000,000	-	-	-	-
Total	7	7	7	7

B. Remuneration of Supervisors: Not applicable

C. Remuneration of President and Vice Presidents

December 31, 2021;Unit: NT$ thousands

Title	Name	Salary (A)		Retirement Pension (B)		Bonuses and Allowances (C) (Note 1)		Employee Compensation (D) (Note 2)				Ratio of total compensation (A+B+C+D) to net income		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements (Note 4)		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Wei Ma	5,800	6,924	153	153	4,690	4,690	4,743	0	4,743	0	15,386 2.71%	16,510 2.91%	0
Vice President	Min-Lang Su													

Note 1: Fill out the various bonuses, rewards, honorarium, special disbursements, various allowances, dormitory, company car, physical items and amount of other remuneration of the most recent year to the president and vice president. For supply of houses, automobiles and other transportation modes or special personal expenditures, disclose the nature and cost of the assets supplied, the actual rental or rental calculated by fair market price, gasoline and other reimbursement. Besides, pursuant to IFRS 2 Share-based Payment, the compensation should include employee stock option certificates, employee restricted stocks and subscription stocks.

Note 2: The proposed amount of remuneration for managers in 2021 budget has not been resolved by the board of directors. The revealed amount which may be distributed is calculated based on the actual distributed amount in the previous year.Net profit refers to the net profit of most recent year; for companies already adopting IFRS, net profit refers to the net profit of individuals financial statement of most recent year.

Range of Remunerations

Range of Remunerations Paid to President and Vice Presidents	Name of President and Vice Presidents	
	The company	Parent company and all the invested enterprise
Less than NT$1,000,000	-	-
NT$1,000,000~1,999,999	-	-
NT$2,000,000~3,499,999	-	-
NT$3,500,000~4,999,999	-	-
NT$5,000,000~9,999,999	Wei Ma, Min-Lang Su	Wei Ma, Min-Lang Su
NT$10,000,000~14,999,999	-	-
NT$15,000,000~29,999,999	-	-
NT$30,000,000~49,999,999	-	-
NT$50,000,000~99,999,999	-	-
Greater than or equal to NT$100,000,000	-	-
Total	2	2

D. Employee profit sharing granted to the management team

Unit: NT$ thousands

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Wei Ma	-	7,764	7,764	1.37
	Vice President	Min-Lang Su				
	Assistant Vice President	Yi-Yun Huang				
	Assistant Vice President	Chieh-Chen Wen				
	Financial and Accounting Manager	Chun-Yen Ou				

Note1: The amount of compensation (including stock and cash) approved by the board of directors to the managers in the latest year. If it is impossible to estimate, the proposed amount of distribution this year will be calculated in proportion to the actual amount of distribution last year. The proposed allocation of managers in the company's compensation for 2021 has not been approved by the board of directors, and the disclosure is proportionate to the actual allocation for the previous year.

E. The amount of remuneration of recent two years paid from Nova Technology and all companies on consolidated financial statements to company directors, president, and vice presidents to net profit is analyzed and explained with the policy of remuneration, standards and portfolio, programs for remuneration formulation, and the association between management performance and future risks.

(1) The analysis of the amount of remuneration of recent two years on the Nova Technology and consolidated statements paid to the company directors, president, and vice presidents:

Unit: NT$ thousands, %

Title	2020				2021			
	Total Amount of Remuneration		Ratio to Net Profit (%)		Total Amount of Remuneration		Ratio to Net Profit (%)	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Directors	20,981	23,759	5.15	5.83	22,862	26,028	4.02	4.58
President & Vice Presidents	23,215	27,050	5.70	6.64	15,386	16,510	2.71	2.91

(2) The policies, standards, and portfolios for the payment of remuneration to directors, president, and vice presidents, the procedures for determining remuneration, and the correlation with risks and business performance.

a. Director and Independent Director：

Remuneration for directors shall be determined according to the company's “Regulations Governing Remuneration Paid to Directors and Functional Committee.” Remuneration for directors includes transportation and attendance fare for directors per meeting. According to Article 19-1 of the Articles of Incorporation, when distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not more than five percent of the income before tax exclude the amount of employees’ and directors’ remuneration as remuneration to directors and is stipulated with the Company’s performance. The remuneration to directors shall be approved by Remuneration Committee and Board of Directors. The Directors’ remuneration will not be paid to Independent Directors.

Remuneration for Independent directors shall be determined according to the company's “Regulations Governing Remuneration Paid to Directors and Functional Committee.” Remuneration for independent directors includes fixed fee, transportation and attendance fee per meeting. If an independent director is appointed as a member of any functional committee by the board of directors of the company, he/she will receive additional remuneration.

b. President and Vice President：

The remuneration of President and Vice President shall be determined according to the company's “Evaluation of the performance of managerial officers”. Assessment the operational performance includes overall performance of the company (such as sales target achievement, net income achievement, return on equity) and individual performance assessment (such as annual target formulated with the President or Vice President, introduce or improve the talent cultivation, technical exchange and new industry development). Also consider with salary, bonuses, employee remuneration, and compensation received for being the director or supervisor of the subsidiary. Among them, salary and bonus which takes consideration of the position, responsibility, and contribution made to the company as well as the peer industry standards. Besides, employee compensation shall be approved by Remuneration Committee and Board of Directors. Remuneration committee and Board will periodically review the reasonableness of the remuneration and make timely adjustment of the remuneration system based on the Company’s business and relevant laws to pursue remuneration exceeding the risks that the Company may tolerate in order to avoid the Company's loss suffering even after the compensation payment. Besides, according to Article 19-1 of the "Articles of Incorporation," when distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to employees.

4. Implementation of Corporate Governance

A. Board of Directors

A total of 8 (A) meetings of the Board of Directors were held in 2021.
The attendance of director and independent director were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Representative of Acter Co., Ltd: Chin-Li Liang	8	0	100%	2019.05.24 Re-elected.
Director	Representative of Acter Co., Ltd: Chung-Cheng Hsu	8	0	100%	2019.05.24 Re-elected.
Director	Representative of Acter Co., Ltd: Bi-Hui Wu	8	0	100%	2019.05.24 Re-elected.
Independent Director	Chih-Yi Chi	8	0	100%	2019.05.24 Re-elected.
Independent Director	Sheng-Yung Yang	8	0	100%	2019.05.24 Re-elected.
Independent Director	Cheng Li	8	0	100%	2019.05.24 Re-elected.
Independent Director	Hui-Yin Chiu	8	0	100%	2019.05.24 on board.

Other mentionable items:

1. If there are any of the following circumstances applies, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified:
   A. Matters referred to in Article 14-3 of Securities and Exchange Act: The Company has already established the Audit Committee, please refer to the section B "Audit Committee" for the matters referred to in Article 14-5 of Securities and Exchange Act.
   B. Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.: Until the annual report on printed, the resolutions of the directors' meetings were unanimously approved by all present Board members.
2. If there are Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:

Directors' names	Meeting Dates	Contents of motions	Causes for avoidance	Resolved
Chung-Cheng Hsu	Feb.05, 2021	The company's 2020 evaluation of the performance of executives, and 2020 performance bonus distribution to management officers.	Mr. Chung-Cheng Hsu, recused himself during the discussion of and voting on this item because of the interested party relationship.	Approved by all attending directors without objection.
Chung-Cheng Hsu	Nov. 02, 2021	The 2020 distribution of employees' remuneration for management officers.	Mr. Chung-Cheng Hsu, recused himself during the discussion of and voting on this item because of the interested party relationship.	

3. The objectives of the strengthening the function of the Board of Directors for recent years (e.g. set up an audit committee, upgrading information transparency) and executions were evaluated:
   Nova Technology Corp. developed "Rules of Procedure for Board of Directors Meeting" and management regulations of the company according to "Regulations Governing Procedure for Board of Directors Meetings of Public Companies. The Independent Director system was set up to improve the structure of the board of directors and operated according to relevant law and the interpretation from letters issued by competent authorities, in order to achieve dual performance in execution and supervision.
   A. Board of Directors Structure
      The board is comprised of members from a variety of backgrounds, who have been chosen based on the development needs of the company. All directors and independent directors have the academic background and experience necessary to enable the board's decision and supervisory capacity. "Directors Election Procedures" that stipulate a cumulative voting system and nomination system using director elections. This voting system not only increases minority shareholders' chances of participating in the board's decisions but also avoid monopolizing of nomination; furthermore, a set of by-election procedures was also introduced to avoid disruption to the company's business operations if some or all directors and the independent directors are dismissed. To ensure the independence of the board, the company has rules that each director and independent director is required to exercise their authorities independently. Information such as directors' shareholding ratio, transfer restrictions, and collateralized shares are fully disclosed on the Market Observation Post System, which investors are welcome to make inquiries on.
   B. Independent Director System
      The corporate regulations governing the number of seats for independent directors, eligibility and duties exercise are already stipulated in the "Articles of Incorporation" and "Rules Governing the Scope of Powers of Independent Directors." Currently, there are four seats of Independent Director, who are empowered to fully participate in decision making and right to express opinions according to the Securities and Exchange Act. To protect the rights of investors, it is stipulated in the Articles of Incorporation of Nova Technology that independent directors nominated and relevant procedures shall hold a certain number of shares according to the candidate nomination system prescribed in Article 192-1 of Company Act to avoid the monopoly or abuse of nomination right, thereby leading to a fair and transparent process.
   C. Establishment of an Audit Committee
      The company established an audit committee, which replaced supervisors according to Article 14-4 of the "Securities and Exchange Act". The committee is composed of four independent directors. All of them are chosen from persons with sufficient financial knowledge or business experience. "Audit Committee Charter" outlines the level of independence expected from the audit committee and the role they play in the company's operations. The audit committee ensures that the company's internal control system is effectively implemented and financial statements are properly prepared.

The company official website also established the special mailbox for audit committee so the general investors, stakeholders or employees may communicate with the audit committee members directly via email.

D. Establishment of Remuneration Committee
The company established the “Remuneration Committee Charter” in accordance with Article 14-6 of the “Securities and Exchange Act”. And completed the recruitment of committee members to help the board perform its duties.

E. Establishment of Nominating Committee
The company established the “Nominating Committee Charter” and set up the Nominating Committee to ensure the soundness of the board and strengthen the management mechanism. The 1st term Nominating Committee is composed of seven directors selected by the board of directors and including four independent directors. The duties of the committee are finding, reviewing, and nominating candidates for directors, evaluating the performance of the board and so on….

F. Improving information transparency
Financial information, resolutions on material issues, board meeting participation, and director ongoing education information are published on the Market Observation Post System as required by law. The company's financial and business performance is also made accessible to the public on its website.

G. D&O insurance for directors
In order to reduce major damage risks assumed by the directors and managerial officers in the execution of their business, the Company has purchased D&O insurance for directors and managerial officers each year and reports to the Board of Directors, ensuring that the insurance contents are in compliance with the requirements.

4. Independent Directors’ attendance of each meeting of board of directors was as follows: (As of 2022.03.31)
◎: Attendance in Person; ☆: By Proxy; ●: Not present

	Chih-Yi Chi	Sheng-Yung Yang	Cheng Li	Hui-Yin Chiu
the 11th Meeting of the 9th Term Board of Directors (2021.02.05)	◎	◎	◎	◎
the 12th Meeting of the 9th Term Board of Directors (2021.02.22)	◎	◎	◎	◎
the 13th Meeting of the 9th Term Board of Directors (2021.05.05)	◎	◎	◎	◎
the 14th Meeting of the 9th Term Board of Directors (2021.05.17)	◎	◎	◎	◎
the 15th Meeting of the 9th Term Board of Directors (2021.05.25)	◎	◎	◎	◎
the 16th Meeting of the 9th Term Board of Directors (2021.06.25)	◎	◎	◎	◎
the 17th Meeting of the 9th Term Board of Directors (2021.08.02)	◎	◎	◎	◎
the 18st Meeting of the 9th Term Board of Directors (2021.11.02)	◎	◎	◎	◎
the 19nd Meeting of the 9th Term Board of Directors (2022.01.22)	◎	◎	◎	◎
the 20nd Meeting of the 9th Term Board of Directors (2022.02.23)	◎	◎	◎	◎
the 21nd Meeting of the 9th Term Board of Directors (2022.02.24)	◎	◎	◎	◎

5. Implementation Status of Board Evaluations

Evaluation cycles	Evaluation periods	Scope of evaluation	Evaluation method	Evaluation items
Internal assessment: Once a year	2021/01/01~ 2021/12/31	The evaluation scope covers the evaluation of the board as a whole, individual directors and functional committees (include 3 functional committees: Audit committee, Remuneration committee, Nominating committee).	Internal assessment: The Company performing evaluations by the Questionnaire of Self-Evaluation of Performance of the Board, Individual Board Members, and the Functional Committee.	The criteria for evaluating the performance of the board of directors, the board members and functional committees please refer to P.37~P.40
External assessment: carried out every three years.	2020/01/01~ 2020/12/31	The evaluation scope covers the evaluation of the board as a whole directors.	The Company has appointed the Taiwan Institute of Ethical Business and Forensics to perform the 2020 Board performance evalution.	The criteria for evaluating the performance of the board of directors, please refer to P.37~P.40

B.Audit Committee

A total of 4 (A) Audit Committee meetings were held in 2021.
The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Hui-Yin Chiu	4	0	100	2019.05.24 on board.
Independent Director	Chih-Yi Chi	4	0	100	2019.05.24 Re-elected.
Independent Director	Sheng-Yung Yang	4	0	100	2019.05.24 Re-elected.
Independent Director	Cheng Li	4	0	100	2019.05.24 Re-elected.

Other mentionable items:

1. Professional qualifications and experience of Audit Committee members:

Members	Professional qualifications and experience
Hui-Yin Chiu	She holds a master's degree in accounting from National Taiwan University. She has more than 10 years of experience as an accountant at Deloitte & Touche. Possess an accountant's license.
Chih-Yi Chi	He holds a Ph.D in Economics from Harvard University. He has been teaching finance courses at National Chung Hsing University for more than 20 years.He is also an independent director of Gourmet Master Co., Ltd. and DataVan International Corp
Sheng-Yung Yang	He holds a Ph.D in finance from Drexel University. He has been teaching finance courses at National Chung Hsing University for more than 20 years. He is also an independent director of JMicron Technology Corp, CTBC Financial Holding Co., LTD. and CTBC Bank Co., Ltd.
Cheng Li	He holds a Ph.D in Economics from Tulane University. He has taught law courses at Tunghai University for more than 20 years. Attorney, Lee & Tsai. Attorney at Law. He is also an independent director of Rexon Industrial Corporation, Ltd..

2. The Audit Committee is responsible to review the following major matters:
   - A. Review financial report.
   - B. Adopt or amend the internal control system.
   - C. Assessment of the effectiveness of the internal control system.
   - D. Adopt or amend regulations for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
   - E. Review a matter bearing on the personal interest of a director.
   - F. Review a material asset or derivatives transaction.
   - G. Review a material monetary loan, endorsement, or provision of guarantee.
   - H. Review the offering, issuance, or private placement of any equity-type securities.
   - I. Review the hiring or dismissal of an attesting CPA, or the compensation given thereto.
   - J. Review the hiring or dismissal of accounting manager and chief internal auditor.
   - K. Other material matters as may be required by the company or by the competent authority.

◆ Review Annual Financial Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements and proposal for allocation of profits. The CPA firm of KPMG was retained to audit the Company Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Nova Technology Corporation.

◆ Assess the effectiveness of the internal control system

The Audit Committee assessed the effectiveness of the Company's internal control system policies and procedures (including finance, operation, risk management, information security, compliance, etc.) and reviewed periodic reports from the Company's Internal Audit Department, independent accountants and management. The Audit Committee believes that the Company's internal control system is effective and that the Company has adopted the necessary control mechanisms to monitor and correct violations.

◆ Hire or evaluate an attesting CPA

This issue has been approved by the 9th meeting of the 2nd term Audit Committee and the 13th meeting of the 9th term Board of Directors on May 5, 2021. In order to ensure the independence of the accounting firm, the Audit Committee has established an independent evaluation form to Assess the independence, professionalism and competence of accountants with reference to Article 47 of the Accountant law and Accountant's Code of Ethics Code No. 10.

3. In case the operation of audit committee meets one of the following conditions, describe the date of Board of Director meeting, session, motion content, and audit committee resolution results as well as the company handling on the opinions from audit committee:
   - A. Matters referred to in Article 14-5 of the Securities Exchange Act.
   - B. Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

Audit Committee Meetings	Agenda Content and Subsequent Handling	Matters prescribed under Article 14-5 of Securities Exchange Act	Matters not adopted by the audit committee but resolved with the consent from two-thirds of all directors
Feb. 22, 2021	1. Resolved to approve the company as of Dec 31, 2020, the significant amount of receivables more than 3 months of credit is not funds lending by the company.	✓	None
	2. Approved to provide a guarantee for credit limits applied for by subsidiaries.	✓	None

Audit Committee Meetings	Agenda Content and Subsequent Handling	Matters prescribed under Article 14-5 of Securities Exchange Act	Matters not adopted by the audit committee but resolved with the consent from two-thirds of all directors
	3. Resolved to approve the company applied for financing credit line from the financial institution.	✓	None
	4. Resolved to approve the company's Statement of Internal Control System for the Year 2020.	✓	None
	5. Resolved to approve the company's 2020 Business Report and Financial Statements.	✓	None
	6. Resolved to approve the company's proposal for distribution of 2020 profit.	✓	None
	7. Resolved to amend the “Articles of Incorporation.”	✓	None
	8. Resolved to amend the “Procedure for Acquisition or Disposal of Assets.”	✓	None
	Results of the Audit Committee: All attending committee members reach consent to adopt the proposition as proposed.		
	Company handling on audit committee’s opinion: None.		
May. 05, 2021	1. Resolved to approve the remuneration of the Certified Public Accountants and the evaluation of professional and independence.	✓	None
	2. Resolved to approve the company as of Mar 31, 2021, the significant amount of receivables more than 3 months of credit is not funds lending by the company.	✓	None
	3. Resolved to approve the company’ s guarantees and endorsements.	✓	None
	4. Resolved to approve the company applied for financing credit line from the financial institution.	✓	None
	Results of the Audit Committee: All attending committee members reach consent to adopt the proposition as proposed.		
	Company handling on audit committee’s opinion: None.		
Aug. 02, 2021	1. Resolved to approve the consolidated quarterly financial statements of the Company for the second quarter of 2021.	✓	None
	2. Resolved to approve the company as of June 30, 2021, the significant amount of receivables more than 3 months of credit is not funds lending by the company.	✓	None
	3. Resolved to approve the company’ s guarantees and endorsements.	✓	None
	4. Approved to provide a guarantee for credit limits applied for by subsidiaries.	✓	None
	5. Resolved to approve the company applied for financing credit line from the financial institution.	✓	None

Audit Committee Meetings	Agenda Content and Subsequent Handling	Matters prescribed under Article 14-5 of Securities Exchange Act	Matters not adopted by the audit committee but resolved with the consent from two-thirds of all directors
	Results of the Audit Committee: All attending committee members reach consent to adopt the proposition as proposed.		
	Company handling on audit committee’s opinion: No comments.		
Nov. 02, 2021	1. Resolved to approve the consolidated quarterly financial statements of the Company for the third quarter of 2021.	✓	None
	2. Resolved to approve the company applied for financing credit line from the financial institution.	✓	None
	3. Resolved to approve the company 2022 budget proposal.	✓	None
	4. Resolved to approve the company 2022 audit plan proposal.	✓	None
	5. Resolved to approve the company Internal Audit Implementation Rules.	✓	None
	Results of the Audit Committee: All attending committee members reach consent to adopt the proposition as proposed.		
	Company handling on audit committee’s opinion: No comments.		

4. If there are independent directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes of avoidance and voting should be specified: None
5. Individual communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)
   - A. Hold a individual meeting with CPAs and the Company's chief internal auditor at least once a year.
   - B. The company audit committee members shall call for irregular seminars, the verification plan of the company's financial statements and the operation of the internal control system will be reported by the CPA and the internal auditors respectively, so that the audit committee can grasp the company's business profile and consider appropriate supervision. Consequently, the audit committee members can control the management status of the company with proper supervision. Apart from calling for audit committee meetings, audit committee members should also keep contact and interact with CPA and auditors via electronic correspondence.
   - C. The CPAs reports matters relating to the annual or quarter audited financial statements to the Audit committee meeting. During these discussions, audit committee members are given sufficient opportunities to communicate with the CPAs.
   - D. The results of individual communication between the independent directors, the Company's chief internal auditor and CPAs have been revealed on the company's website.

C. Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The company has taken into consideration the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the operation of company practices in formulating the "Corporate Governance Best Practice Principles" and compliance with relevant regulations to truly execute and process various information disclosures, thereby maintaining the rights and interests of investors, stakeholders and employees.	None
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(1) The company has appointed a spokesperson and a deputy spokesperson to handle shareholders' suggestions, doubts and disputes according to the "Corporate Governance Best Practice Principles." (2) The major shareholders of the company compose of management team and shareholders with long-term shareholding, who pay attention and control the shareholding status of major shareholders and director shareholding. They also regularly report the equity change in directors, managerial officers and shareholders with at least 10% of shareholding. (3) The company and affiliated enterprises operate independently and have established relevant control over the internal control system, "Finance and Business Procedure for Group Members and Related Parties", and "Subsidiary Management Procedures"	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company establish internal rules against insiders trading with undisclosed information?			(4) The company has set up"Internal Material Information Handling and Prevention of Insider Trading Management Process Procedures," to regulate Company insiders, who may acquire material and non-public information of the Company in the trading on such information. The company requires employees to read the courses of "Operating Procedures For Handling Material Inside Information And Preventing Insider Trading " and "Code of Ethical Conduct" online in 2021 and the 17th meeting of the 9th Board of Directors on August 2, 2021. Publicize relevant insider trading prevention information.	
3. Composition and responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy , specific management objectives and implement for the composition of its members?	✓		(1) Pursuant to Article 20 of the "Corporate Governance Best Practice Principles," all members of the board shall have the knowledge, skills, and experience to perform their duties and the diversity representative of the Board. Base on this prinpicle,the 7 directors of the 9th term Board of Directors are: Mr. Chin-Li Liang (Chairman), Mr. Chung-Cheng Hsu (Director), Mrs. Bi-Hui Wu (Director) have managed in various industry experience. They are good at leadership, management and have different industrial knowledge, decision-making ability and international market view. Mr. Cheng Li (Independent director) has experience in legal affairs. Mr. Chih-Yi Chi (Independent director) and Mr. Sheng-Yung Yang (Independent director) have Financial background. Mrs. Hui Yin Chiu (Independent director) is a CPA at law. The board of directors and management value inclusiveness and diversity to support the values of the company. To achieve the ideal goal of corporate governance, the board of directors shall possess the abilities and diversity policy, please refer to P.19~ P.21 the company website and the MOPS.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?			(2) In addition to the establishment of the Remuneration Committee and Audit Committee regulated by law, the Company also established the Nominating Committee on Jan. 17, 2020. The 1st term Nominating Committee is composed of 7 directors including 4 independent directors. Responsibilities and operation of the Nomination Committee, please refer to P.54.	
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection ?			(3) The company has developed "Regulations Governing Board of Director Assessment Process" adopted by the Board of Directors on May 22, 2017, which will be renamed " Rules for Performance Evaluation of Board of Directors " in 2020. By the end of each year, members of Board of Directors adopts questionnaire survey for self-assessments on Board operations (functional committees) and Board members. Pursuant to "Self-Evaluation or Peer Evaluation of the Board of Directors of XX Co., Ltd." the company amended the Article 3 at least one execution of external performance evaluation in every three years by the resolution of the 17th meeting of the 14th term of the Boards on April 1st, 2019. The items of measurement for the performance evaluation of the company's Board of Directors comprise at least the following five aspects, 20 self-evaluation indicators: 1. Level of involvement in company operations (8 items); 2. Improvement of the quality of the board of directors' decision making (3 items); 3. Composition and structure of the board of directors (3 items); 4. Election and constantly continuing education (3 items); and 5. Internal Control of the directors (3 items). The items of measurement for the performance evaluation of the board members shall at least include the following six	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			aspects, 20 self-evaluation indicators: 1. Corporate Objectives and mission control (3 items); 2. Cognition on director responsibilities (3 items); 3. Level of involvement in company operations (5 items); 4. Management and communication of internal relations (3 items); 5. Professionalism and continuous continuing education of directors (3 items); and 6. Internal Control (3 items). The items of measurement for the performance evaluation of functional committee members shall at least include the following five aspects, 20 self-evaluation indicators: 1. Participation in the operation of the company (4 items); 2. Awareness of the duties of the functional committee(4 items); 3. Improvement of the quality of decisionmade by the functional committee (7 items); 4. Makeup of the functional committee and election of its members (3 items); and 5. Internal control (2 items). After all questionnaires are completed, the Corporate Governance Division will then collect it and calculate the score. The internal evaluation of the Board, Board members, functional committee (include Remuneration Committee, Audit Committee and Nominating committee) in February 2022 has been completed and reported to Bord of Director meetimg on Feb. 23, 2022. The average rating is between 99.43% to 100% respectively, and shown operation well in the Board of Directors and functional committee. Suggestions and Improvements to the Board of Directors and Functional	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Committees: None. The Company has appointed the Taiwan Institute of Ethical Business and Forensics to perform the 2020 Board performance evalution in May 2020 (evalution periods is from Jan. 1st to Dec. 31, 2020). The institute has assigned 3 executive menbers: Xiao-Wen Wang,, Cing-Ping ShaoandYao-Zong Chen, to perform the evalution. The institute and the executive members are independent and have no business relation with the Company. The evaluation was conducted via acquiring the Company's internal regulations and records, questionnairs, and onsite individual meetings based on these five dimensions (1. Level of involvement in company operations; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and constantly continuing education; 5. Internal Control). The Taiwan Institute of Ethical Business and Forensics has issued the report of the Board performance evaluation on Jan.18,2021 and report to the Board of Directors on Feb.22,2021. Overall evaluation conclusion: Based on the 2020 Board performance evaluation, the advices for optimization are proposed: 1. Provide the directors with sufficient time for them to understand the meeting materials 2. Emphasize the remarks made by the directors in the meeting minutes of the board 3. Amendment to the complaint regulations and create a complaint hotline 4. Establish a succession program of professionals 5. Bring in external consultants to provide a diverse perspective on CSR 6. Increase the intensity of discussion on future business development strategies	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?			7. Carry out courses for the industry Future Improvement Plans and Actions: 1. Adequate time has been provided for the directors to read the meeting materials, and detailed statements and suggestions made by the directors have been recorded item by item in the Board Minutes. 2. A " whistle-blowing system " has been established and a separate Prosecution E-mail address has been set up. 3. The President reports to the board of directors quarterly on the strategy of future operation development. 4. In view of the industry, in January 2022 for the relevant refresher courses. When nomination members of the board of directors, the Company will base its election on the evaluation results of individual Board member and according to the external organization suggested matters as the target for optimization. The operation of Board of Directors is evaluated well base on the result of the 2021 board performance evaluation and have been revealed on the website of the company. (4) The company takes the statement presented by certified CPA firm while the Board of Directors develops the items of evaluation for the independence of review accountant according to “No.10 of “The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of Chin - Integrity, Objectivity and Independence.” The items of evaluation include: (a) if the accountant and spouses, minors other persons have any investment or share financial interests with the company. (b) Does the accountant is a spouse or having second degree of kinship with other directors. (c) management officers and financial heads?	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(d) Does the accountant execute professional services through righteous and rigorous attitude? (e) Does the accountant accept major gifts with high value from the directors or managerial officers? (f) Does the accountant of co-practice serve as the review customer's directors, supervisors, managerial officers, or persons with duties of material impact on the reviewing case in one year after resignation? The Company exams and evaluates CPA's independence and capability annually, and submit a report to the Audit Committee and Board meeting. The report was approved by the 9th meeting of the 2nd term Audit Committee and the 13th meeting of the 9th term Board of Directors on May 5, 2021. After assessed, CPAs Hai-Ning Huang and Chien-Hui Lu from KPMG were qualified. Both CPAs do not have any direct or indirect interest relationship with either Board of Directors or Nova Technology Corp. and believed to have more than sufficient capabilities on auditing, taxation and time cost efficiency.	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	✓		On February 22, 2021, the 4 th meeting of the 1 nd term nominating committee and the 12 nd meeting of the 9 th term Board of Directors approved Jun-Yen Ou, director of financial accounting, as executive director of corporate governance, who is responsible for the corporate governance. Jun-Yen Ou Finance and Accounting Supervisor has held the position of finance supervisor in a public offering company for more than three years. The major job of chief corporate governance officer includes as following: Handling matters relating to board meetings and shareholders' meetings according to laws; Producing minutes of board meetings and shareholders' meetings; Assisting in onboarding and continuous development of directors; Furnishing information required for	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			business execution by directors; Assisting directors with legal compliance. The main duties of cooperate governance unit are shown as follows. (1) Furnishing information required for business execution by directors and arranging continuing education for directors. (2) Updating the developments of laws and regulations relating to the operation of the company in order to assist directors with legal compliance. The company secretary announced corporate governance on Nov. 2, 2021 by the 18th meeting of the 9nd term Board of Directors.The company secretary announced relative information on insider trading and condition of execution of CSR on Aug. 2, 2021 by the 17th meeting of the 9nd term Board of Directors. (3) Assist the Board of Directors and Shareholders in meeting procedures and resolutions to comply with the law. (4) Before directors' meeting, it will inquiry the opinion of every director to scheme and formulate agenda, and inform to all directors for attendance at least 7 days prior to the meeting as well as provide sufficient meeting materials for directors' understanding about the content of relevant proposal. (5) Draw up and have prior booking for the date of Shareholders' meeting; process the stock affairs; prepare meeting notice, handbook, annual report and minutes within statutory period; and report to MOPS and apply the certificate from Ministry of Economic Affairs after shareholders' meeting. (6) Ensuring directors' affair and the process of board resolution are in compliance with regulations. (7) Ensuring the contents report to MOPS are in compliance with regulation and accuracy by board and shareholder's meeting resolution, to ensure the trading information acquired by shareholder is correct. (8) Renew the Directors' and Officers' Liability Insurance in	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			January 2022 and report the insured amount, coverage, premium rate, and other major contents of the liability insurance at the board meeting in February 2022. (9) Prepare the Self-evaluation of Corporate Governance Evaluation and assist related divisions to follow up Corporate Governance Evaluation Indicators and related regulations by the Competent Authority published. (10) The latest annual continuing education of the corporate governance officer, Jun-Yen Ou, refer to P.88~P.89 of the annual report "X. Continuing Education for Director and Company Secretary".	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company understands the value of good communication between the interested parties. Besides establishing a stakeholder webpage on the official website, the Company also required the Department of Audit, Human Resource, Investor Relations and Central security management to establish a communication channel between the interested parties separately. The Company establishes "ESG" sections on the official website to explain to stakeholders the conducts for fulfilling CSR and may be contacted via the official website when needed. The Company will give proper feedback to any reasonable concerns raised by the stakeholders. The stakeholder communication was reported to the Board on November 2, 2021.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The company has commissioned full-time agent for stock affairs - KGI Securities Registry and Transfer Department to process shareholders' meeting affairs.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
7. Information disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) 1. Disclosure of financial and business information The company has set up Chinese/ English version official website (http://www.novatech.com.tw) to regularly discloses and updates the Company's financial services and relevant information on corporate governance for investors' reference. 2. Corporate governance information The Company has disclosed information regarding the organization and function of Internal Auditing Dept., "Procedures for Endorsements and Guarantees", "Procedure for Acquisition or Disposal of Assets" and "Procedures for Loaning of Company Funds" on the Company website.	None
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?			(2) The company set up specialist in charge of the collection work and adequately disclosing relevant information by requirement. 1. The company has set up spokesperson and deputy spokesperson system by regulation and discloses the names and contact method on the company website. Also the Company will hold investors conference presentation according to practical needs. 2. The company discloses information of investor conference on the Company website: The audio-visual record of investor conference has been posted on the Company website. The Company has disclosed finance and business information revealed in inventor conference on the Company website and the Market Observation Post System pursuant to regulations of Taiwan Stock Exchange. 3. The company has set up English website to provide foreign	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			investors with relevant company finance and services related information. (3) The Company has disclosed finance and business information on the Company website and the Market Observation Post System.	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		The company's management actively promotes corporate governance and relevant systems and measures adopted and travelling situations are summarized below: 1. The company developed work conducts and actually executes the rights and care for employees without ranking, gender, and nationality, providing various insurance, education training, physical health examination, and retirement matters. The occupational labor welfare committee of the company adopts labor-management as the communication channel between the two. The company also promotes and executes various multiple employee welfare policies, in order to create a harmonious work environment, enriching employee's life. Additionally, the company truly executes safety quality, health and environmental management, with ISO9001, ISO14001 and ISO45001 certified. Moreover, special responsible environmental department will regularly promote and supervise the implementation to provide safety and quality work environment. The company sets up	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			employee opinion mailbox at the human resource zone of company website, which the employees can communicate with the company directly. 2. Investor relation, supplier relation and rights of stakeholders: The company appeals in corporate information transparency and adequately discloses financial and sales information by law and sets up a contact window and email for investors, suppliers and stakeholders to leave message and opinions. To strengthen corporate governance, the corporate governance setion on the company website in Chinese and English apart from the routine public disclosure of financial information, providing investors with more diverse information to protect the rights of investors from Taiwan and abroad. The company and suppliers sign agreement or purchase order in writing based on equality principle to validate the rights and obligation relations between the two, protecting the legitimate rights of each other. 3. Director continuing education: All directors of the company shall take continuing education according to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." The information of continuing education refer to P.88~ P.89 of the annual report "X. Continuing Education for Director and Company Secretary". 4. Execution of risk management policy and risk measurement standards: The company focuses on the management of original business line and cooperates with relevant laws and regulations to promote and implement the execution of various policies. The company also has established risk management process standards and relevant management policies by the Board of Directors on Feb.24th, 2020, should be able to respond to business	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			environment, with the business and operational activities of the change and adjustment to lower and avoid any possible risk that jeopardizes the company and values the maintenance of personnel safety. The risk management of the company includes "market risk", "credit risk", "operational risk", "liquidity risk" and other risks. For major policy of corporate operation, investment projects, the acquisition or disposition of assets, endorsement guarantee and other matters will require the evaluation and analysis by relevant competent department, followed by submission to the Board of Directors for resolution and execution. The auditing department will develop annual audit plan according to the results of risk assessment with actual execution to implement risk control and other monitoring mechanism. Actively promote the implementation of the risk management mechanism, and report its operation to the board of directors at least once a year. The Company announced to directors in Board of Directors meeting on Nov. 2, 2021. Risk management related decisions and responsible units continue to supervise the implementation and coordination of the overall risk management, and strengthen the awareness and cognition of the company's operational risk culture. 5. Customer policy execution: The company sales department and engineering department staff are responsible for conducting communication and coordination from time to time to respond to the requirement of customization, providing excellent services and problem solution. The management department also conducts customer satisfaction survey from time to time to provide customers with various channels of two-way communication. 6. Company purchasing liability insurance for directors: The	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			company has purchased liability insurance for the directors. Information about the insured amount, coverage and premium rate has been reported in the Board meeting on Feb. 23, 2022.	
9. Has the company adopted succession planning for board members and key executives, and disclosed the operational status of such planning on its website and in its annual report?	✓		The company's "nomination Committee" examines the standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. of members of the board and finding, reviewing, and nominating candidates for directors based on such standards. In planning the succession plan, the successor must not only have excellent work ability, but also have a value concept that is consistent with the company. Personality traits must include integrity, commitment, innovation and customer trust. As part of the Company's ongoing director succession plan, a database of directors has been established based on the following criteria: 1. Integrity, responsibility, innovation and decision making ability, consistent with the core values of the company, and with professional knowledge and skills conducive to the management of the company. 2. Industrial experience relevant to the business of the company. 3. Overall board expertise is for boards that need to include corporate strategy, accounting and tax, finance, legal and corporate governance to meet the needs of the company. The company has established "Rules for Performance Evaluation of Board of Directors" and conduct the performance evaluation on a regular basis, by relevant measure project, including company objectives and tasks of control and operating responsibility cognition, participation, the internal relationship between management and communication, business function and further, internal control and the concrete representation, etc., to confirm the board operation effectively, and performance evaluation of	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			directors, For future reference in the selection of directors. The company includes a subsidiary has four presidents, three vice presidents, in the future, continue depending on the time of the Board of Directors to carry out the work of the adjustment, in order to cultivate the views and experience, strategy development and full communication with the Board of directors. The performance evaluation of the relevant personnel will be reported and discussed in the remuneration committee, and it is expected that the appropriate candidates for the succession of the company's executive managers and board members should be trained within 5-8 years. Strategic consensus camp for senior executives is held once a year. Topics include strategic thinking, performance management and talent management, high performance leadership, organizational change and continuous renewal, talent development and leadership inheritance, strategic map, etc. The middle level of the management, according to the company's human resources planning, in addition to the continuous training of the company has both future development potential of colleagues, but also continue to recruit outstanding talent to the competitiveness of the company. In addition to professional competence, excellent management talents must also understand the implementation of the company's overall operations. Through the education and training of the company's system including professional skills, human resources, financial management, business marketing, etc., it also encourages potential colleagues. Continue to study in the EMBA and management classes of various colleges and universities, and strengthen the exchanges with outstanding people from different industries to enrich the experience and contacts of all aspects. The Company will also arrange important management to serve as	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			members of the Board of Directors of the Company or investment enterprise, familiarize them with the operation of the Board of Directors, and have them participated in the planning of the Company's or investment enterprise's long-term strategic direction and vision.	
10. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. According to the results of corporate governance assessment issued by Corporate Governance Center in 2021, our company was among the top 5% of listed companies. The company reviews items not achieving evaluation standard every year after the result of evaluation be announced, makes adjustment and improvement successively and carries out step by step.Please elaborate on the specific improvement situation on <Table 1>				

<Table 1>

Item No.	Evaluation Indicator	Specific improvement measures
2.2	Did the company have a policy on board diversity and disclose the specific management objectives and implementation of the policy on the company's website and annual report?	The company's official website and annual report have disclosed the specific management objectives and implementation of board diversity policy. Please refer to our company website and annual report P.19~ P.21.
2.28	Did the company have an approval method for the appointment, dismissal, evaluation and remuneration of internal auditors to be submitted to the board of directors or signed by the audit supervisor to the chairman, and disclosed on the company website?	The appointment and removal of the company's chief internal audit shall be approved by the audit committee and then referred to the board of directors for resolution; Dismissing the company's internal auditors, evaluation, compensation, according to the provisions of the company's 【Corporate Governance Best Practice Principles】 reported to the board of directors or signed by the director of audit submitted to the chairman of the board for approval, and has been exposed to the website, detailed information please refer to our website.

D. Composition, Responsibilities and Operations of the Remuneration Committee

(1) Professional Qualifications and Independence Analysis of Remuneration Committee Members

<table>
<tr><th rowspan="3">Identity (Note1)</th><th rowspan="3">Criteria
Name</th><th rowspan="3">Professional qualifications and experience</th><th colspan="5">Independence Attribute</th><th rowspan="3">Concurrent Remuneration Committee position in other publicly traded companies.</th></tr>
<tr><th rowspan="2">Whether I, my spouse or my second relative are directors, supervisors or employees of the company or it's related enterprises</th><th colspan="2">The number and proportion of shares held by oneself, spouse or second relative (or held by the person under others' names)</th><th rowspan="2">Whether to serve as a director, supervisor or employee of a company that has a specific relationship with the company (refer to the establishment of independent directors of public companies, which should follow the provisions of Article 3, Paragraph 1, Subparagraph 5 to 8 of this Regulation)</th><th rowspan="2">That provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received</th></tr>
<tr><th>Number of shares held in the company</th><th>%</th></tr>
<tr><td>Convener、Independent Director</td><td>Chih-Yi Chi</td><td colspan="6" rowspan="4">Please refer to P.12~P.16 and P.18 for information on Directors.</td><td>2</td></tr>
<tr><td>Independent Director</td><td>Sheng-Yung Yang</td><td>3</td></tr>
<tr><td>Independent Director</td><td>Cheng Li</td><td>1</td></tr>
<tr><td>Independent Director</td><td>Hui-Yin Chiu</td><td>1</td></tr>
</table>

Note: Members of the Remuneration Committee are independent directors. Please refer to P.12~P.16 and P.18 for information on Directors for their length of service, professional qualifications and experience, and independence.

(2) Attendance of Members at Remuneration Committee Meetings

a. There are 4 members in the Remuneration Committee.

b. The tenure of the remuneration committee is from May 24, 2019 to May 23, 2022.
A total of 4 (A) Remuneration Committee meetings were held in 2021.
The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Poxy	Attendance Rate (%) (B/A)	Remarks
Convener	Chih-Yi Chi	4	0	100	2019.05.24 Re-elected.
Member	Sheng-Yung Yang	4	0	100	2019.05.24 Re-elected.
Member	Cheng Li	4	0	100	2019.05.24 Re-elected.
Member	Hui-Yin Chiu	4	0	100	2019.05.24 on board.

Other mentionable items:

1. The scope of duties of the Committee are as the follows:
   A. Periodically reviewing the Remuneration Committee Charter and making recommendations for amendments.
   B. Establishing and periodically reviewing the performance goals for the directors and managerial officers of the Company and the policies, systems, standards, and structure for their compensation.
   C. Periodically assessing the degree to which performance goals for the directors and managerial officers of the Company have been achieved, and setting the types and amounts of their individual compensation.

◆ The Committee shall perform the duties in accordance with the following principles:

(1) Ensuring that the compensation arrangements of the Company comply with applicable laws and regulations and the company's compensation philosophy.
(2) Performance assessments and compensation levels of directors and managerial officers shall take into account the general pay levels in the industry. Also to be evaluated are the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure, with respect to the achievement of the business goals and the financial position of the Company.
(3) There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.
(4) For directors and managerial officers, the percentage of bonus to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.
(5) The content and amount of the remuneration of directors and managerial officers should be considered reasonable. The decision on the remuneration of directors and managerial officers should not be significantly different from the financial performance.
(6) No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

2. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company’s response to the remuneration committee’s opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
3. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.
4. The State of operations of the Remuneration Committee in the recent fiscal year:

Remuneration committee	Agenda Content and Subsequent Handling
Feb. 05, 2021	1. Review the revised “Remuneration Committee Charter.”
	2. Review the 2020 evaluation of the performance of executives.
	3. Review the 2020 performance bonus distribution to management officer and internal chief auditor..
	Results of the Remuneration Committee : All attending committee members reach consent to adopt the proposition as proposed.
	Company handling on Remuneration committee’s opinion: No comments.
Feb. 22, 2021	1. Review the 2020 remuneration distribution to directors and employees.
	2. Review the employee's 2021 compensation policy.
	3. Review the proportion to the appropriation of employees’ and directors' bonus in 2021.
	Results of the Remuneration Committee : All attending committee members reach consent to adopt the proposition as proposed.
	Company handling on Remuneration committee’s opinion: No comments.
May 05, 2021	1. Review the annual salary adjustment of the company's managers and internal chief auditor.
	Results of the Remuneration Committee : All attending committee members reach consent to adopt the proposition as proposed.
	Company handling on Remuneration committee’s opinion: No comments.
Nov. 02, 2021	1. Review to approve the 2020 distribution of employees’ remuneration for managers and internal chief auditor.
	Results of the Remuneration Committee : All attending committee members reach consent to adopt the proposition as proposed.
	Company handling on Remuneration committee’s opinion: No comments.

E. Composition, Responsibilities and Operations of the Nominating Committee
(1) Attendance of Members at Nominating Committee Meetings

a. There are 7 members in the Nominating Committee.
b. The tenure of the nominating committee is from January 17, 2020 to May 23, 2022.
A total of 1 (A) Nominating Committee meetings were held in 2021.
The attendance record of the Nominating Committee members was as follows:

Title	Name	Professional qualifications and experience	Attendance in Person(B)	By Poxy	Attendance Rate (%) (B/A)	Remarks
Convener	Sheng-Yung Yang	Please refer to P.12~P.16 and P.18 for information on Directors.	1	0	100	2020.01.17 on board
Member	Chih-Yi Chi		1	0	100	2020.01.17 on board
Member	Cheng Li		1	0	100	2020.01.17 on board
Member	Hui-Yin Chiu		1	0	100	2020.01.17 on board
Member	Chin-Li Liang		1	0	100	2020.01.17 on board
Member	Chung-Cheng Hsu		1	0	100	2020.01.17 on board
Member	Bi-Hui Wu		1	0	100	2020.01.17 on board

Other mentionable items:

1. The scope of duties of the Committee are as the follows:
   A. Laying down the standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. of members of the board and finding, reviewing, and nominating candidates for directors based on such standards.
   B. Establishing and developing the organizational structure of the board and each committee, and evaluating the performance of the board and the independence of the independent directors.
   C. Establishing and reviewing on a regular basis programs for director continuing education.
   D. Reviewing corporate governance guidelines of the Company.

   If a member of the Committee has a stake in performing the duties in the preceding paragraph, he/she shall state the important aspects of its stake in the meeting of the Committee concerned, and where there is a likelihood that the interests of this Company would be prejudiced, he/she may not participate in discussion or voting, shall recuse himself/herself from any such discussion and voting, and may not exercise voting rights as proxy on behalf of another member of the Committee.
2. If the board of directors declines to adopt or modifies a recommendation of the nominating committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the nominating committee's opinion: None.
3. Resolutions of the nominating committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
4. The State of operations of the nominating committee in the recent fiscal year:

Nominating Committee	Agenda Content and Subsequent Handling
Feb. 22, 2021	1. Resolved to approve the 2021 director's education plan.
	2. Resolved to approve the new Corporate Governance Officer.
	Results of the Nominating Committee : All attending committee members reach consent to adopt the proposition as proposed.
	Company handling on Nominating Committee's opinion: No comments.

F. Promote of ESG and Deviations from the " Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		The company set up a unit to executing the operation of corporate social responsibility policies in 2017, and changed its name to the Sustainable Development in 2021.The President as the Chief Officer and supporting center is the responsible unit for planning and executing the operation of sustainable development by Board of Directors urges. The center not only routinely reports to the Board of Directors but also discloses such execution status on the company website. The ESG Task Force are the Operation & Governance team, Employee & Social care team, Sustainable Environment and Product Service team. Their members are, General Manager Office, Supporting Center, Administration Department, Logistics Department, Public Safety Department, Technology and Environment Department. The primary roles of the ESG Task Force are as follows: establish the policy of sustainable development, plan and execute the target and programs, reviews and examines the efficiency of the management system regularly, compilation and accomplished the ESG report within the set time frame. The company secretary reported the execution of ESG in the Board meeting on the Nov. 2, 2021. Excerpts are as follows: a. Caring for the environment of the company and fulfilling its sustainable development. ➢ Specific approach: Implement environmental management, the basic element of corporate governance, to fulfill the task of sustainable development and work with customers to achieve global sustainability. ➢ Implemenetation results: a.) Sustainable Environmental Management: In 2006, ISO14001 was introduced as the environmental management method and foundation, and gradually expanded the management scope to the supply chain to ensure and track the company's energy and resource consumption and supply chain environmental performance achievements, 2021.06 .28 Obtained three certifications for renewal verification (new version) ISO 14001:2015 standard & ISO	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			45001:2018 standard & ISO 9001:2015 standard. b.) Climate Change and Greenhouse Gas Management: Actively respond to climate change, an important issue of global business operations, strengthen internal adjustment and mitigate the impact of climate change. Build the company's climate change risk and opportunity identification procedures, formulate relevant management strategies and measures, gradually build a systematic and scientific management mechanism, and introduce ISO 14064: 2018 greenhouse gas inventory. c.) 2021 Public Welfare Project Cooperation: Subscribe to 36 "Future Children" monthly magazines and 34 "Future Youth" monthly magazines of Vision World Culture Publishing Co., Ltd., a total of 70 copies. The amount is NT$200,000. d.) 2021 Charity Donation: Join Hands to Improve Vaccine Coverage - Donate a new type of micro-residue 1cc injection needle to the Hsinchu County Government, in line with "people-oriented caring for the society", give back to the community, and create long-term value enhancement for employees, shareholders, enterprises and society. A total of 60,000 pieces, with an amount of NT$432,000. b. Advance workplace health and establish a safe work environment ➢ Specific approach: Advance employees' health goals, organize employee physical examination and various employee travel activities to stretch their minds and bodies, and balance work and life. At the same time, implement various work safety management systems and establish a safe working environment. ➢ Implemenetation results: In 2021, the Company has held Fire safety education, employee physical examination and travel activities to enhance employee health and safe living environment. The total accumulated working hours without injury at work were 2,269,891 hours from 2014 to 2021 (total labors involved was 154).	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>2. Did the company following the principle of materiality, conducted risk assessment on environmental, social, or corporate governance issues related to the company's operations, and adopted relevant risk management policies or strategies?</td><td>✓</td><td></td><td>The company has set up “Risk Management Policy” and approved by Board of Directors. The risk matters shall be evaluated and reviewed by each management unit on a regular basis, and the President shall report to the Board of Directors periodically. The company formulate relevant contingency measures in the process of operation to prevent and control the possible risks. Also conducts risk assessment on environmental, social and corporate governance issues related to the company's operations in accordance with the ESG principle of materiality. The risk assessment boundary is mainly based on the company.
The risk assessment is summarized below:
<table>
<tr><th>Major issues</th><th>Risk Assessment Item</th><th>Risk management policies or strategies</th></tr>
<tr><td>Environment</td><td>Environmental protection and climate change</td><td>According to ISO140641, we regularly check greenhouse gas emissions and examine the impact on the company's operations. Based on the results of carbon inventory, we will continue to implement carbon reduction measures.</td></tr>
<tr><td rowspan="2">social</td><td>Safety and health risk management</td><td>Identify the risk level according to factors such as the probability of hazard occurrence, the frequency of employee work and the severity of the hazard, and require relevant departments to formulate control measures according to the risk level.</td></tr>
<tr><td>Product safety</td><td>The company for the equipment explosion-proof certification, committed to provide high quality products and quality service.</td></tr>
<tr><td>Corporate governance</td><td>Socioeconomy and compliance</td><td>To strength corporate governance of the board of directors, implementing ethical corporate management, and ensuring that all employees</td></tr>
</table></td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			of the company comply with relevant laws and regulations. Please refer to the second chapter of the ESG report for detailed procedures and instructions	
3. Environmental issue (1) Does the company establish proper environmental management systems based on the characteristics of their industries? (2) Do the company endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment? (3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its	✓		(1) Nova Technology follows the characteristics of project process and develops standard operating procedures and standards, which not only requires personnel to truly comply with company standards for executing project process but is also devoted in strengthening the operation environment, activities, instrument or equipment safety, health and risk control, in addition to routinely cooperate with the environment testing of implementing process. Currently Nova Technology has been certified by ISO45001 occupational safety and management system. (2) Nova Technology actively invests in the development of circular economy. Through innovative design, resources can be recycled in the industrial system, maximize the utility, and assist our business partners to move towards the direction of zero waste and zero carbon emissions. .In 2020, we will cooperate with foreign gas mixing system manufacturers to successfully promote and complete the special gas mixing system of Taiwan's electronics factory, and provide services through the launch of the gas mixing system to reduce the carbon emissions of the original gas cylinder transportation, and also effectively reduce Customer production costs. In the future, we will continue to improve research and development, and hope to maintain environmental sustainability through more sophisticated innovative technologies. (3) The company established the "Environmental Protection and Green Energy Group" to focus on the development of SRS waste solvent recycling system and zero waste water discharge system, reclaimed water recycling system, waste oil and gas system and seawater desalination system to reduce environmental impact and develop new business opportunities.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
business, and take appropriate action to counter climate change issues?			The Company makes risk identification and implements measures in response to climate change based on the Recommendations of the Task Force on Climate-related Financial Disclosures published by TCFD in order to evaluate the impact on corporate fianace, reduce risks as well as enhance the governance of climate change accordingly.	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?			(4) Nova Technology actively devotes in the R&D of energy conservation technology for its main business line and promotes energy saving and carbon reduction as well as other environmental protection awareness in employees from time to time. a. With regards to paper use, the company continues to promote paperless and must adopt two-side printing or reuse recycled paper in case printing is necessary to reduce amount of paper use. b. In terms of electricity consumption, the company has made great efforts to turn off lights and air conditioners. The head office also adopts air conditioners with energy-saving and environmental protection seals, adjust air conditioners to 1 ℃, and comprehensively use T5 lighting fixtures. It advocates turning off lights and pulling out plugs to achieve the efficiency of saving electricity. c. Regularly announce and request to employees, personal travel should take more public transport to reduce the emissions of CO2 and N2O. d. Procurement of green products, reduce the use and disposal of disposable tableware, and encourage staff to participate in local sustainability workshops and training to enhance environmental awareness and awareness of environmental issues. The company's emissions, water consumption, and waste volume over the past two years are shown in the table below: (The data coverage includes Nova Technology's north, middle and south office areas.)	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			a. Energy use and energy intensity: (see table a below) b.Greenhouse Gas Emissions Scenario: (see table b below)	

a. Energy use and energy intensity:

Item	2020	2021
Electricity used in public works (degree)	74,361.2	86,547.92
Electricity used in Office building (degree)	98,571.8	104,574.1
Gasoline use (liter)	122,493	19,045.5
Total energy use(GJ)	4,619.84	1,309.26
Total floor area (squarefeet)	596.7	771.6
Energy consumption (GJ/ sqft)	7.74	1.7

b.Greenhouse Gas Emissions Scenario:

Scope	Emission source	2020	2021
Scope 1	Direct GHG emissions (tonCO2e)	267.39	66.65
Scope 2	Indirect GHG emissions (tonCO2e)	88.02	95.94
Scope 3	Other GHG emissions (tonCO2e)	7.89	162.00
Total		363.30	324.60
GHG intensity (tonCO2e/person)		2.20	1.97

Calculate the intensity based on the average number of employees in 2021 of 165.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			c. Waste: (see tables below)	

c. Waste:

Waste yield				
Area	type	management practices	Yield (tons)	
			2020	2021
office building	general waste	Garbage removal	27.6	5.75
engineering waste	Hazardous Industrial Waste	Entrust the manufacturer to handle	0.42	0.3
Total			28.02	6.05
Waste intensity (tons/ person)			0.17	0.04

Calculate the intensity based on the average number of employees in 2021 of 165.

Waste Reduction Measures:

Waste Reduction Measures			
policy	reduction target	measure	2021 Results
Nova Technology attaches great importance to waste management, and establishes waste management procedures in accordance with the "Waste Disposal Law" norms and labels	Implement on-site construction raw material recycling to reduce waste	Follow the factory specifications for classified recycling and classified storage to the specified centralized point. Signed a contract with Class A waste removal and disposal to legally dispose of hazardous industrial waste.	Hazardous waste decreased by 21.97 tons compared with 2020.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>d. Water use situation
<table><tr><th>Item</th><th>2020</th><th>2021</th></tr><tr><td>water intake (degree)</td><td>988</td><td>1,238.66</td></tr><tr><td>Water intensity(degree/ person)</td><td>5.98</td><td>7.51</td></tr></table>Calculate the intensity based on the average number of employees in 2021 of 165.
The ESG Report of the company has revealed on the company's website.
The company has implemented ISO14064-1 greenhouse gas verification this year, and is expected to obtain ISO14064-1 greenhouse gas verification in April 2022. For details, please refer to the 2021 Greenhouse Gas Verification Report issued by the company.</td><td></td></tr>
<tr><td>4. Social issues
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>✓</td><td></td><td>(1) Nova Technology develops “Work Rules” according to Labor Standard Act and relevant laws and decrees to protect the legitimate rights of employees. The company does not impose restriction in the appointment and position promotion in terms of face and gender. All employees with the capacity and meeting eligibility may have equal rights. Furthermore, to prevent incidents of sexual harassment, the company develops “Sexual Harassment Prevention Regulations” to accept relevant grievance cases. Pursuant to The Universal Declaration of Human Rights, The United Nations Global Compact and The International Labour Organization’s Declaration on Fundamental Principles to set up the company’s “Human Rights Policy” to secure the human rights and benefits of all the employees (active employees, contractors and temporary workers, interns etc.) after referencing the related international initiatives. This policy has been announced during the company's internal review meeting in January 2022 and every quarterly review meeting to all employees and disclosed on the company's website.</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?			(2) The company complies with relevant laws and decree to develop “Employment Remuneration Administration Polices,” “Employee Appraisal Guidelines” and “Employee Reward and Discipline Guidelines,” in attempt to adopt public and explicit management regulations to encourage employees with distinguished performance with incentives and provide room for improvement to those with poor performance, thereby fulfilling the corporate management philosophy and meet the objectives of corporate social responsibility. The supporting center regularly reviews the market level of salary each year in attempt to provide employees with reasonable salary and remuneration. They also take achievement rate of annual budget target and individual performance into consideration when calculating employee’s bonus. Besides, according to Article 19-1 of the “Articles of Incorporation,” when distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent of the profit before tax excluding the amount of employees’ and directors’ compensation as compensation to employees. The content and implementation of employee welfare and retirement system, please refer to P.115~ P.116 of the annual report. In 2021, the average proportion of female employees is 29.59%, and the average proportion of female supervisors is 8.88%.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?			(3) Nova Technology offers employees with operation instruction and education training for safety and health. The Company has set up “Procedure of the Labor Health Protection and Occupational Disease Prevention” and has obtained certification of the “Badge of Accredited Healthy Workplace” in 2020.In the future, the company will continue to deal with employee physical examination, regularly carry out on-site doctor and nursing teacher consultation in the factory, and continue to actively protect the health of employees through electronic health education. The company follows Labor Safety and Health Act, and the Central security management Office is responsible for planning, implementing, and supervising health management related operations and education and training.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			Through regular safety and health education and drills necessary for automatic inspection and prevention of disasters, to improve colleagues' awareness of the hazards of the working environment and emergency response capabilities. For work environment and employee safety, please refer to P.116~P.118 of the annual report. The total accumulated working hours without injury at work were 2,269,891 hours.	
(4) Does the company provide its employees with career development and training sessions?			(4) Nova Technology firmly believes that excellent talents are the most critical assets for the company's sustainable growth. In order to cultivate professional talents, we are committed to building a complete training system, improving the quality of courses, providing multiple learning channels, and optimizing training methods to improve talents. value, and create a win-win situation for employees and enterprises to grow together. Management policy: To ensure that personal career planning and the overall interests of the company grow at the same time. Management strategy: Continuously improve human quality and work skills, stimulate colleagues' enthusiasm for work and meet challenges, so as to create higher corporate value and achieve operational goals and future development. Action plan: 1. Provide multiple learning channels, including in-company training, external training, on-the-job training, online learning, etc. 2. Implement the PDDRO cycle to check the training effectiveness, practice the career development of employees, and enhance the overall competitiveness.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer or client protection and grievance procedure policies implemented?			(5) The company is based on engineering technology service to provide customers with customized deign planning and construction as well as other integrated services, in addition to complying with relevant laws and regulations and international standards for execution of service marketing and labeling. The company has set up stakeholder zones official sites with respective specific contact windows respectively on the company's website. Also regularly implements customer satisfaction survey each year and the administrative department sends out "customer satisfaction survey." The management review meeting will discuss the survey results and conducts problem analysis and improvement suggestions, which will be reviewed by management representative before handing over to departments for execution, in order to meet customer expectation and provide quality services. The company has set up "Intellectual Property Right Protection Management Procedure" to ensure information of our products and services will not be misused, disclosed, lost, or damaged, fulfilling our due care to clients' intellectual properties. This would help prevent loss of our company reputation and properties. If the Company fails to prevent the infringement of the Intellectual Property Rights of the Company and a relevant infringement action is brought as a result, it may: 1. Causing the Company to be unable to use the specific technology; 2. Weakens the competitiveness of the Company against competitors who benefit from the infringement of the Company's intellectual property rights, thereby reducing the opportunity for the Company to generate revenue. The Company has taken steps to minimize the potential loss of shareholders' equity due to intellectual property claims and litigation. These include: immediate protection of the company's technology and business with defensive intellectual property rights. ➢ We formulate the "Customer Satisfaction Survey Management Procedure", collect valuable suggestions from customers on a regular basis every year, maintain customer satisfaction with the results of the service, and continuously optimize the service process. ➢ Protection and management of business secrets	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			The Company and all employees have signed the "Employment Agreement", which has the following provisions concerning the protection of trade secrets: 1. Employees shall keep and maintain the confidentiality of business secrets in accordance with the duty of care of a good manager. 2. Employees of the Company shall not disclose or use the trade secrets owned by their former employers. 3. Any business secrets related to the job completed by the employee during his/her tenure shall be owned by the Company. 4. After the employee leaves the company, he/she shall still abide by the obligation of confidentiality, shall not disclose any business secrets, and shall not use the company's business secrets within one year, and shall reserve the right of legal retroactive and compensation for the loss of the company. ➢ Establish "Customer Complaint Handling Procedure" to control customer complaints. Each unit collects the problems raised by customers, and logs them in the "Customer Complaint Registration Form". The supervisor of each unit assigns relevant personnel to call or personally go to the customer to understand the problem. If the situation is simpler and can be solved immediately, it should be filled in the processing record. If the cause of complaint is serious, a separate "Corrective and Preventive Action Sheet" should be issued for handling, to ensure that the handling of customer complaints can be effectively implemented. ➢ Implement 2020: Hold monthly meetings to review feasible technologies and transform them into patents or trade secrets, so as to strengthen the awareness and cognition of intellectual property protection of the company and achieve the annual intellectual property KPI target. 2021: Continue to research and develop advanced equipment technology, evaluate and review relevant technical feasibility on a monthly basis, and strengthen the	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights?			depth and breadth of the company's intellectual property rights. The company's intellectual property achievements of all new patents are as follows: Quantity of obtained license: 31 pieces (including design and improvement of manufacturing process and fixture, etc.) The Company has reported the intellectual property related matters to the Board of Directors on November 2, 2021. (6) The company develops a "Supplier Management Process" to implement the supplier assessment process. The Central security management Office is responsible for the assessment of the supplier's environmental management and the Logistics Dept. shall inform the supplier of the company's environmental policy; If there is any update of the environmental policy, it should also be informed that the Central security management Office should cooperate with the regular assessment of suppliers, issue the "supplier environmental safety and health management questionnaire" and conduct the field assessment before the field assessment, so as to know whether the supplier's environmental safety and health management status is included in the supplier assessment. Implement and execute the Level 1 suppliers to sign the "cooperation commitment letter", promising the suppliers to comply with the relevant regulations on environmental protection, occupational safety and health, labor and human rights, and not to use metals from conflict areas. The company inspects, evaluates and holds meetings with suppliers from time to time to ensure that all relevant parties comply with relevant standards.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as sustainable reports? Do	✓		The company has prepared a 2020 corporate social responsibility report and entrusted the PricewaterhouseCoopers (PwC) Taiwan to carry out limited assurance according to the Assurance Standards Gazette No. 1 of the Republic of China for the Report. 2021 sustainable development report is still in progress.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
the reports above obtain assurance from a third party verification unit?				
6. Describe the difference, if any, between actual practice and the sustainable development best practice principles, if the company has implemented such principles based on the sustainable development best practice principles for TWSE/TPEx Listed Companies: The company develops " Sustainable Development Best Practice Principles", develops employee ethical conducts and behavior principles, and environmental safety and health management policies to implement the execution according, which conforms to the basic philosophy and standards of " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies"				

7. Other important information helping to understand the operation of sustainable development:

Items of Corporate Social Responsibility	Execution			Specific Description of Execution
	Unexecuted	Executed	Under Planning	
1. Human Rights (1) Conforming to Labor Standard Act and relevant laws and decrees.		✓		(1) Nova Technology develops "Work Rules" according to Labor Standard Act and relevant laws and decrees to protect the legitimate rights of employees. The company does not impose restriction in the appointment and position promotion in terms of face and gender. All employees with the capacity and meeting eligibility may have equal rights. Furthermore, to prevent incidents of sexual harassment, the company develops "Sexual Harassment Prevention Regulations" to accept relevant grievance cases. "Human Rights Policy" was set to secure the human rights and benefits of all the employees (active employees, contractors and temporary workers, interns etc.) after referencing the related international initiatives.

Items of Corporate Social Responsibility	Execution			Specific Description of Execution
	Unexecuted	Executed	Under Planning	
(2) Others (such as maintaining the employees and job applicants to assure the employees without harassment and discrimination).				To reconcile labor/management relations, Nova Technology holds labor/management meetings from time to time. (2) Nova Tech has developed “Sexual Harassment Prevention Regulations” and “Personal Information Protection Policy” to maintain peer rights and privacy.
2. Employee Rights, safety and health (1) Provide employees with full education and training. (2) Provide employees with full response opinions and rights. (3) Others (such as occupational safety and health management system having been certified by ISO45001 or relevant institutes, providing employees with reasonable welfare and remuneration…etc.)		✓		(1) Nova Technology stimulates employees with self-development and active cultivation of professionals in order to promote the use of human resources. Education training methods and planning for management units to take charge of education training plan. (2) The company has set up employee mailbox on the company's website (under the HR section) for employees to respond personal rights, benefits, management, and work environment from the employees. (3) Nova Technology has acquired ISO9001 quality assurance, ISO14001 environmental management system, and ISO45001 occupational safety health management system. The current validity period of the above certifications is 2021/06/28-2024/06/28.Nova Technology also adopts the health workplace certificate for Ministry of Health and Welfare Health Promotion Administration. The employee salary related system also complies with law regulation and ordinance, including the minimum wages and legal formulation of welfare.
3. Care for Employees (1) Assure the safety of work environment		✓		(1) Nova Technology establishes an environmental safety department, which responsibility aims to implement the procedures and execution management of the safety health

Items of Corporate Social Responsibility	Execution: Unexecuted	Execution: Executed	Execution: Under Planning	Specific Description of Execution
(2) Develop labor health and safety related policy in writing. (3) Others (such as paying attention the physical and mental development of workers and family life)				management process in the company and all construction sites. The department regularly cooperates with the implementation of operation environment testing to thoroughly comply with provisions governing safety and health regulations, thereby protecting the safety and health of all employees. (2) Nova Technology has developed labor safety and health related requirement with cooperation accordingly. (3) The Company has established "Employee welfare committee" for years and organizes the processing of employee travel activities and clubs, gathering and reunions activities. In particular, the holding of family day enhances interaction between employees and family through activities. The company expects employees to balance between family life and physical and mental development after work. The human resource personnel will care about the recent status of employees on a regular basis.
4. Environmental Protection (1) Develop environmental protection policy in writing. (2) Comply with environmental protection related laws and decrees. (3) Others (such as developing energy conservation, pollution reduction and pollution prevention technology, equipment and activities; Resource reuse, waste recycling and reduction, hazardous substance prohibition)		✓		Nova Technology is certified by environmental protection policy (ISO14001) for conformity and actively devotes in the R&D of energy conservation technology project, sea water desalination, waste gas treatment, sludge and waste liquid incineration system, in addition to promote the cooperation with energy conservation, carbon reduction and environmental protection awareness over the long run, implement waste paper reduction and resource recycling. The company actively assists with patrolled inspection and supervision of execution.
5. Investor Relation (1) Increase operation transparency		✓		(1) The company announces financial and operation information on "Market Observation Post System

Items of Corporate Social Responsibility	Execution			Specific Description of Execution
	Unexecuted	Executed	Under Planning	
(2) Value corporate governance (3) Others				(MOPS)" according to the company law and regulations to assure the basic rights of investors. (2) To improve the company system, the company complies with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to strengthen the function of directors and functional committee in order to upgrade the operational transparency of the company and protect shareholder's rights. (3) The company sets up website and spokesperson, proxy spokesperson system with emphasis on providing investors with more transparent financial information.
6. Supplier Relation (1) Value the reasonableness of procurement price (2) Others		✓		(1) The company follows ISO9001 standards to develop the "Procurement and Raw Material Management Procedures." The signing of basic procurement agreement will explicitly (2) define the company's standards and specification required for conformance when procuring the materials, in order to assure the relevant rights and interests of the company, providing unobstructed communication management with suppliers and maintaining due rights and interests between the parties under mutual trust and benefit.
7. Rights and interests with stakeholders (1) Respect for intellectual property right (2) Comply with laws and regulations (3) Others (such as disclosing the execution of corporate social responsibility on company website)		✓		(1) Nova Technology respects intellectual property right without incident of infringement. (2) The relevant regulations and system of company management all comply with provisions prescribed in relevant laws. (3) Nova Technology has disclosed the execution of corporate social responsibility on company website and the annual report for shareholders' meeting.

Items of Corporate Social Responsibility	Execution			Specific Description of Execution
	Unexecuted	Executed	Under Planning	
8. Rights of Consumers Value the relation with customers (such as protecting consumers' rights, value product quality, safety and innovation, valuation and immediate handling of customer complaint, providing complete product information…etc.)		✓		Nova Technology strives to meet the objectives in "customer satisfaction" but not only valuing project construction quality, safety and techniques innovation but also provide immediate handling and improvement on customer complaints.

G. Fulfillment of Ethical Corporate Management and Actions Taken

(1) Nova Technology has developed "Ethical Corporate Management Best Practice Principles," "Ethical Conduct Principles," "Procedures for Ethical Management and Guidelines for Conduct." "Corporate Governance Best Practice Principles" and "Sustainable Development Best Practice Principles" to implement the management philosophy of ethics and plainness. The company also develops "Ethical Conduct Principles" to request directors and managerial officers not to indirectly and indirectly provide, receive, devote, or request for any improper interests or engage in other conducts violating ethics, illegitimacy, or illegal conduct or conducts violating obligations of commissioning.

(2) Actions Taken:

a. Nova Technology staff is prohibited from providing or collecting illegitimate proceeds and avoid engagement in commercial transactions with agents, suppliers, customers, or other commercial transaction objects with unethical management.
b. Nova Technology staff shall comply with relevant regulations and avoid unethical conduct.
c. Nova Technology staff should take immediate actions of aversion in case of conflict of interests.

d. Nova Technology staff shall comply with regulations governing the operation related to company business secrets and may not disclose known company business secrets to the third party and may not inquire or collect non-duty related business secrets.
e. Company matters related to major decisions of operation, investment projects, acquisition or disposition of assets, capital loan, endorsement guarantee, and bank financing shall all undergo the evaluation and analysis by relevant competent departments before submitting to the Board of Directors for discussion and resolution.
f. The company financial department shall review transaction accounts according to the accounting standards and conduct handling on customer's credit services. In case of major projects or doubts, consult with CPA for verification. The company shall regularly report to the competent authority by required laws and announce the matters and information to be disclosed.
g. The Company audit department will audit operations on a regular basis or randomly to audit all departments in order to assure the sound and effective execution of the internal control system.
h. To create a management environment of sustainable development, Nova Technology has long uphold to "integrity" for management principles and its commitment to integrity management not only is exhibited in management transparency (disclosing financial information and corporate governance related information on company website and Market Observation Post System (MOPS)) and establishes complete corporate governance system (developing "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct"), thereby to engage in commercial activities through fair approach.

(3) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		(1) The company has been committed to uphold to ethical conducts for all operations by developing "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct" and "Ethical Conduct Principles" and approved by the board of directors to improve the management. The company also describes the policy of Nova Technology's ethical management in the annual report and company website as well as the commitment from Board of Directors and management to proactive fulfillment.	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? (3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?			(2) The regulation of "Ethical Conduct Principles" and "Ethical Corporate Management Best Practice Principles" revealed that employees may not request, agree, hand over or collect any forms of gifts, rebate, bribery or other interests. The company also sets up reporting channel or employees and relevant staff to report any illegitimate conducts. Additionally, the company evaluates the legitimacy and ethical records of the transaction party before establishing commercial relation other others to assure fair and transparent business management without requesting, providing or collecting bribery. (3) The company has announced relevant regulations on the company internal website for peers to query at all time. Moreover, education training and internal meetings promote company management philosophy and requirements that employees will fully understand and truly comply.	
2. Implement Ethical Corporate Management (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs	✓		(1) The company carries out the supplier assessment every year and signs the "cooperation commitment letter" for the top ten suppliers, in which the relevant terms of ethical conducts are specified. General suppliers are in accordance with a certain process of prudent assessment, uphold the principle of integrity and fairness, careful selection of trading objects. (2) The company develops ethical management related regulations with strengthened propaganda in attempt to establish consensus in the ethical management among all employees, thereby strengthening the	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?			execution effect. The President belongs to the Board of Directors and serves and the executive secretary for promoting ethical management. Its responsibilities include the maintenance, supervision and execution of corporate ethics related system. Moreover, in case of discovering or receiving report on any involvement of unethical conducts by the company staff, the company shall immediately investigate on relevant facts. In case evidence shows violation of relevant laws or the company policy and regulations governing ethical management, the company shall immediately request the person acting to stop relevant conducts with proper handling. President report Implementation of Ethical Management to Board of Directors meeting on Nov. 2th, 2021 has revealed on the company website. Implemenetation results: a. Education: please refer to 2.(5). b. Regulations announce: President announced To the management in the October 2021 management meeting and to the Board of Directors meeting on Nov. 2th, 2021. c. Reporting system and whistleblower protection: The “Corporate Governance Best Practice Principles”, “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”, have established reporting systems to actively prevent dishonest conduct and encourage internal and external staff to report dishonest conduct.	

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Moreover, the company may claim for indemnification through legal procedures if necessary in order to maintain the reputation and rights of the company. For unethical conduct already happened, the responsible department will review relevant internal control system and operation procedures in addition to proposing improvement measures to eradicate identical conducts from reoccurrence. The company's responsible unit should review the improvement measures on unethical conducts, handling method and subsequent review to report to the Board of Directors. There were no external or internal prosecutions in 2021.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?			(3) It is required by the "Ethical Conduct Principles" of the company that employees shall voluntarily advert incidents involving stakeholder relation when executing duties and violators will be disposed by company rules.	
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?			(4) Nova Technology has long assured the accuracy and integrity of financial report process and control in addition to establishing effective accounting system and internal control system for operation activities with potentially higher risk of unethical conducts. The internal audit also develops annual audit plan to execute audit according to the results of risk assessment in addition to preparing audit report for report to the BOD.	

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(5) Does the company regularly hold internal and external education trainings on operational integrity?			(5) Through educational training and internal meetings, the Company promotes the Company's business philosophy and requirements so that employees can fully understand and comply with them. In 2019, the company introduced the integrity standards courses into the E-learning system and included it as the annual required course to enhance the attentions of all the employees constantly. There are 154 employees completed the training and the participation ratio is 100% in 2021. Total training 308 hrs. The Company also sends staff to participate in Ethical Corporate Management Best Practice Principles as well as other related seminar training courses.	
3. Operation of the integrity channel (1) Does the company develop specific reporting and incentive system in addition to establishing convenient reporting channel and assigning suitable dedicated personnel for handling to the reported party?	✓		(1) The company develops “Ethical Conduct Principles”and“whistle-blowing system”and has revealed on the company website. The company employees are all responsible for complying with the standards and relevant regulations while department heads shall fully implement and assure that all their employees understand, accept, and abide by the relevant regulations. The employees shall stay alert to conducts violating work ethical principles and in case of any doubt or discovering any violation of laws or conducts under the principles, employees may report via opinion and grievance mailbox. The competent department will investigate and clarify the report case. Except for serious situation that must be reported to the Board of Directors, the company shall discipline the employees according to “Employee Reward and Discipline	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Guidelines." In case of violation to law, the company may also propose litigation. Violators with position under managerial officers may propose specific facts and enclose relevant information to the supporting center of the reviewing unit in case the party perceives violation of law and improper damage of rights for personal disciplinary measures. Violators who are managerial officers (including) or higher shall follow the company's grievance regulations specified under "Ethical Conduct Principles." The company reporting channel not only includes the employee opinion and independent mailbox but also set ups audit committee mailbox to improve the supervision function. No major internal and external prosecutions occurred in 2021.	
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? (3) Does the company provide proper whistleblower protection?			(2) For peer employees and relevant personnel reporting illegal violations or participation in the investigation process, the company will give proper protection, to prevent them from unfair treatment or revenge. (3) For informers receiving revenge due to proper reporting, apart from relevant compensation, the company shall also sanction the person taking revenge according to the "Employee Reward and Discipline Guidelines" of the company.	
4. Strengthen information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		(1) The company has explicitly disclosed the management philosophy on company website and place regulations related to ethical management for peer employees to query at all time.	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: Nova Technology has taken consideration of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and in consideration of corporate practice operation, the company has developed "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct." Moreover, the company complies with relevant regulations with true implementation of ethical management to regulate the company staff with precautions during the execution of duties.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). The company management actively implements ethical management. The relevant system and measures taken and the performance situation are summarized below: To establish ethical corporate and strengthen corporate governance and risk control, the company specifies the directors, managerial officers and employees shall comply with laws and regulations as well as preventing unethical conducts when executing operations under "Procedures for Ethical Management and Guidelines for Conduct" in order to improve the management environment.				

H. Corporate Governance Guidelines and Regulations

The company develops "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Ethical Conduct Principles," "Procedures for Ethical Management and Guidelines for Conduct" and relevant provisions in addition to disclose information on Market Observation Post System (MOPS) (http://mops.twse.com.tw) as required by law for the public to query. Additionally, the spokesperson system has been set up to provide consultation to the public.

I. Other Important Information Regarding Corporate Governance

The Company has developed "Internal Material Information Handling and Prevention of Insider Trading Management Process Procedures." The revision of the procedures will require the resolution for adoption by the Board of Directors and notify via an announcement. Please refer to the "Corporate Governance" for investor zone on the company website: http://www.novatech.com.tw.

J. Internal Control System

(1) Statement of Internal Control

NOVA TECHNOLOGY CORPORATION

Statement of Internal Control System

Date: Feb. 23, 2022

Nova Technology Corp. (the company) has conducted a self-assessment of internal controls for the period of January 1, 2021, to December 31, 2021. The results are as follows:

1. The company acknowledges that the company's Board of Directors and management are responsible for establishing, implementing and maintaining the existing internal control system. The purpose of the internal control system is to provide reasonable assurance for achieving the company's goals: efficient and effective operations (including profit, efficiency, and the safeguard of assets, etc.), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws and regulations.
2. The internal control system has its inherent constraints. Regardless of how well the system is implemented, it can only provide a reasonable assurance that the above goals will be achieved. Indeed the effectiveness of the internal control system may vary due to the resulting changes in the environment and circumstances. The company's internal control system is self-monitoring and requisite actions are promptly taken to address any recognized shortcomings in the system.
3. The company evaluates the effectiveness of the design and performance of its internal control system as indicated in the Rules Governing Internal Control Systems Established by Public Listed Companies announced by the Securities and Exchange Commission, MOF. Based on the management control process, the items for assessing the internal control specified in the Points are 1. Control Environment 2. Risk Assessment 3. Control Activities 4. Information and Communication and 5. Monitoring. Each is comprised of certain factors that are described in the Points.
4. The company has evaluated the effectiveness of the design and performance of its internal control system in accordance with the above factors.
5. The company believes that the internal control system including learning the effectiveness of the design and execution is reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws and regulations and provides reasonable assurance of achieving the goals of operational efficiency and effectiveness according to the result of above-mentioned assessment period on December 31, 2021.
6. This Statement of Internal Control will be a prominent feature of Nova Technology Corp annual report and prospectus and will be released to the public. Should any statement contained within be misleading or falsely represented, Articles 20, 32, 171 and 174 of the Securities Exchange Law shall apply.
7. This Statement of Internal Control has been approved by the Board of Directors on Feb. 23, 2022. Three directors and four independent directors attended the meeting and agreed with the content of the statement.

NOVA TECHNOLOGY CORPORATION

Chairman : Chin-Li Liang

President : Wei Ma

(2) Commissioned an accountant project to review the internal control system should disclose the accountant review report：None.

K. Punishment for the company and internal staff, the punishment of company to internal staff violating internal system control, and primary flaws and improvement situations of most recent year and as of the printing of the annual report：None.

L. Major resolutions reached shareholders' meeting and board of directors' meeting of recent year:

(1) Major resolution t of Shareholders' Meeting.

Time	Key Agenda	Execution
July 22, 2021	1. To approve 2020 Business Report and Financial Statements.	Resolved by Shareholders' Meeting.
	2. To approve the proposal for distribution of 2020 profits.	Resolved by Shareholders' Meeting and the ex-dividend record date was on July 4, 2021 and cash dividend was paid on July 16, 2021. (NT$8 per share)
	3. To amend the Company's "Articles of Incorporation".	Resolved by Shareholders' Meeting and approved by Central Region Office, MOEA on Aug. 5, 2021. It was implemented and has been revealed on the company's website.
	4. To amend the Company's "Rules of Procedure for Shareholder Meetings".	Resolved by Shareholders' Meeting. It was implemented and has been revealed on both the company's website and MOPS.
	5. To amend the Company's "Procedure for Acquisition or Disposal of Assets".	Resolved by Shareholders' Meeting. It was implemented and has been revealed on both the company's website and MOPS.
	6. To amend the Company's "Procedures for Election of Directors"	Resolved by Shareholders' Meeting. It was implemented and has been revealed on both the company's website and MOPS.

(2) Major resolution of Board of Directors meeting

Time	Key agenda
Feb. 05, 2021	1. Resolved to amend the "Remuneration Committee Charter." 2. Resolved to approve the 2020 evaluation of the performance of executives. 3. Resolved to approve the 2020 performance bonus distribution to managerial officerand internal chief auditor. 4. Resolved to amend the "Rules of Procedure for Board of Directors Meeting." 5. Resolved to amend the "Procedures for Ethical Management and Guidelines for Conduct." 6. Resolved to amend the "Corporate Social Responsibility Best Practice Principles."
Feb. 22, 2021	1. Resolved to approve the 2021 director's education plan. 2. Resolved to approve Proposed nomination of new corporate governance directors. 3. Resolved to approve 2020 remuneration distribution to directors and employees. 4. Resolved to approve the employee's 2021 compensation policy. 5. Resolved to approve the proportion to the appropriation of employees' and directors'bonus in 2021. 6. Resolved to approve the company as of Dec 31, 2020, the significant amount of receivables more than 3 months of credit is not funds lending by the company. 7. Resolved to approve the company's guarantees and endorsements. 8. Resolved to approve the company applied for financing credit line from the financial

Time	Key agenda
	institution. 9. Resolved to approve the company's Statement of Internal Control System for the Year 2020. 10. Resolved to approve the company's 2020 Business Report and Financial Statements. 11. Resolved to approve the company's proposal for distribution of 2020 profit. 12. Resolved to amend the “Articles of Incorporation.” 13. Resolved to amend the “Procedure for Acquisition or Disposal of Assets.” 14. Resolved to amend the “Rules of Procedure for Shareholders Meetings.” 15. Resolved the “Whistle-Blowing System.” 16. Approved to convene the company's 2021 annual shareholders’ meeting.
May 05, 2021	1. Resolved to approve the annual salary adjustment of the company's managers and internal chief auditor. 2. Resolved to approve the remuneration of the Certified Public Accountants and the evaluation of professional and independence. 3. Resolved to approve the company as of Mar 31, 2021, the significant amount of receivables more than 3 months of credit is not funds lending by the company. 4. Resolved to approve the company’s guarantees and endorsements. 5. Resolved to approve the company applied for financing credit line from the financial institution.
May 17, 2021	1. Resolved to approve the company's 2021 Annual Shareholder's Meeting to change the location of the shareholder's meeting.
May 25, 2021	1. Resolved to approve the ex-dividend date for cash dividends distribution.
Jun. 25, 2021	1. Resolved to approve change the date of 2021 Annual Shareholders' Meeting.
Aug. 02, 2021	1. Resolved to approve the consolidated quarterly financial statements of the Company for the second quarter of 2021. 2. Resolved to approve the company as of June 30, 2021, the significant amount of receivables more than 3 months of credit is not funds lending by the company. 3. Resolved to approve the company’s guarantees and endorsements. 4. Approved to provide a guarantee for credit limits applied for by subsidiaries. 5. Resolved to approve the company applied for financing credit line from the financial institution.
Nov. 02, 2021	1. Resolved to approve the 2020 distribution of employees’ remuneration for managers and internal chief auditor. 2. Resolved to approve the consolidated quarterly financial statements of the Company for the third quarter of 2021. 3. Resolved to approve the company applied for financing credit line from the financial institution. 4. Resolved to approve the company 2022 budget proposal. 5. Resolved to approve the company 2022 audit plan proposal. 6. Resolved to approve the company Internal Audit Implementation Rules.
Jan. 22, 2022	1. Resolved to approve the 2021 evaluation of the performance of executives. 2. Resolved to approve the 2021 performance bonus distribution to managerial officerand internal chief auditor.
Feb. 23, 2022	1. Resolved to approve the 2022 director’s education plan.

Time	Key agenda
	2. Resolved to approve 2021 remuneration distribution to directors and employees. 3. Resolved to approve the employee's 2022 compensation policy. 4. Resolved to approve the proportion to the appropriation of employees' and directors'bonus in 2022. 5. Resolved to approve the company's guarantees and endorsements. 6. Resolved to approve the company to provide guarantee for the subsidiary to apply for financing credit line from financial institution. 7. Resolved to approve the company applied for financing credit line from the financial institution. 8. Resolved to approve the company's Statement of Internal Control System for the Year 2021. 9. Resolved to approve the company's 2021 Business Report and Financial Statements. 10. Resolved to approve the company's proposal for distribution of 2021 profit. 11. Resolved to amend the "Articles of Incorporation." 12. Resolved to amend the "Procedure for Acquisition or Disposal of Assets." 13. Resolved to amend the "Corporate Social Responsibility Best Practice Principles." 14. Resolved to amend the "Corporate Governance Best Practice Principles." 15. Resolved to approve elect 7 members of the 10th Board of Directors. (Including 4 independent directors). 16. Resolved to approve the company's director (including independent director) candidacy review and nomination. 17. Resolved to approve the directors from non-competition restrictions. 18. Approved to convene the date, place, method and related matters of the company's 2022 annual shareholders' meeting.
Feb. 24, 2022	1. Resolved to approve the acquisition of securities.

M. The director or independent director discrete opinion for the adoption of important resolutions by the Board of Directors with records or statements in writing for the most recent year and as of the printing date of the annual report, which main content: NA.

N. The summary of resignation and dismissal of company chairman, president, accounting head, financial head, internal audit head, company secretary and R&D head in recent years and as of the printing date of the annual report:

March 31, 2022

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Corporate Governance Officer	Wei-Chao Yang	2019.04.01	2021.02.22	In order to meet the the company's organization adjustment.

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

A. Information of CPA

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA’s Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Hai-Ning Huang Chien-Hui Lu	2021.01.01~2021.12.31	2,270	300	2,570	Note1

Note1: Non-Audit fees include Tax report NTD 250 thousand and report of Affiliated Enterprises of the Company NTD 50 thousand.

B. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the number of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.

C. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefore shall be disclosed: Not applicable.

6. Information on replacement of certified public accountant within the last 2 fiscal years or any subsequent interim period:

A. About the previous accountant

<table>
<tr><td>Date of change</td><td colspan="4">May 5, 2021</td></tr>
<tr><td>Reason of the change and description</td><td colspan="4">Due to the structural organizational adjustment of KPMG.</td></tr>
<tr><td rowspan="3">Description of the termination or nonappointment of the entrustee or accountant</td><td colspan="2">Party
Situation</td><td>Accountant</td><td>Appointed to</td></tr>
<tr><td colspan="2">Active termination of appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">No further appointment is accepted(continued)</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Reason and opinion of approved audit report without further opinion of the latest two years</td><td colspan="4">Not applicable</td></tr>
<tr><td rowspan="7">Disagreement with the publisher</td><td rowspan="5">YES</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial report</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedure</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">ˇ</td></tr>
<tr><td colspan="4">Description：Not applicable</td></tr>
<tr><td>Other disclosure
(The discloser shall be included based on Article 10.6(1.4~1.7) of the Guideline</td><td colspan="4">Not applicable</td></tr>
</table>

B. About the successor-account

Firm name	KPMG
Accountant name	Hai-Ning Huang and Chien-Hui Lu
Appointment date	May 5, 2021
For the accountant of particular transaction before the appointment, the management approach or accounting principles and the counselling and results of the approval of the financial report.	Not applicable
Written opinions of the successoraccountant against the previous accountant.	Not applicable

C. Reply of the previous accountant towards Article 10 Paragraph 6 Item 1 and 2-3 of "Guidelines of Mandatory Recordings in the Annual Report of the Public Company".

7. The company's Chairman, President, or any management officer in charge of finance or accounting matters have in recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise: Not applicable.

8. Transfer of equity interests and pledge of change in equity interests by a director, management officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report.

A. Change in Shareholding of Directors, Management Officers, and Major Shareholders

Unit: Shares

Title	Name	2021		As of March 26, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Chin-Li Liang	-	-	-	-
Director	Chung-Cheng Hsu	-	-	2,000	-
Director /Major Shareholders	Acter Group Corporation Limited	500,000	-	-	-
Director	Acter Group Corporation LimitedRepresentative: Chin-Li Liang	-	-	-	-
Director	Acter Group Corporation Limited Representative: Chung-Cheng Hsu	-	-	2,000	-
Director	Acter Group Corporation Limited Representative: Bi-Hui Wu	-	-	-	-
Independent director	Chih-Yi Chi	-	-	-	-
Independent director	Sheng-Yung Yang	-	-	-	-
Independent director	Cheng Li	-	-	-	-
Independent director	Hui-Yin Chiu	-	-	-	-
President	Wei Ma	-	-	-	-
Vice President	Min-Lang Su	-	-	-	-
Vice President	Wei-chao Yang (Note 1)	-	-	-	-
Assistant Vice President	Yi-yun Huang	-	-	-	-
Assistant Vice President	Jin-Liang Chen (Note 2)	-	-	-	-
Assistant Vice President	Chih-Chen Wen	5,000	-	-	-
Financial and Accounting Manager	Chun-Yen Ou	-	-	-	-

Note 1: Be Dismissed on May 31, 2021, and disclose the information during his tenure of office only.
Note 2: Be Dismissed on Mar. 25, 2022, and disclose the information during his tenure of office only.

B. Information on the equity transfer for directors, management officers and shareholders holding at least 10% of shares: None.

C. Pledge of equity for directors, supervisors, management officers, and shareholders with at least 10% of shares: None.

9. The company's Top 10 shareholders are related parties as defined as spouses and kinship within second degree relative.

March 26, 2022, Unit: Shares, %

Name	Number of Shares Held by the party		Shares held by Spouse-Minors		Total number of shares registered under other people's name		Top 10 shareholders who have mutually related by stakeholders who are spouse or relatives by second degree kinship, whose title or name and relation		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relation	
Acter Group Corporation Limited	21,598,179	63.66%	-	-	-	-	Chin-Li Liang	Person in charge of the company	-
Representative: Chin-Li Liang	287,977	0.85%	2,472	0.01%	-	-			-
Chin-Li Liang	287,977	0.85%	2,472	0.01%	-	-	Acter Group Corporation Limited	Acter Group Corporation Limited Chairman	-
Chung-Cheng Hsu	224,158	0.66%	-	-	-	-	-	-	-
Yi shui tang investment co., Ltd.	208,000	0.61%	-	-	-	-	-	-	-
Representative: Chun-yao Lin (Note 4)	-	-	-	-	-	-	-	-	-
Wei Ma	189,120	0.56%	-	-	-	-	-	-	-
Yau-Hua Tsai (Note 4)	172,000	0.51%	-	-	-	-	-	-	-
GAINS Investment Corporation	169,000	0.50%	-	-	-	-	-	-	-
Representative: Pai-Chien, Huang (Note 4)	-	-	-	-	-	-	-	-	-
Yung-Da Long (Note 4)	165,000	0.49%	-	-	-	-	-	-	-
Wei-chao Yang (Note 4)	136,000	0.40%	-	-	-	-	-	-	-
Dong-Ying Luo (Note 4)	136,000	0.40%	-	-	-	-	-	-	-

Note 1: The ten largest shareholders shall be listed. Corporate shareholders shall be listed with the name and the name of the representative.

Note 2: The calculation of the percentage of the shares refers to the calculation of the percentage of the shares with its name, the spouse's, the underage children's or with others' names.

Note 3: The aforementioned shareholders include corporates and natural persons. The relationship between each other shall be disclosed in the financial reports of the issuers.

Note 4: Not insiders of the company, therefore there is no relevant information.

10. 2021 Continuing Education for Directors and Company Secretary

Title of Managerial Officer	Name of Managerial Officers	Course Organizer	Course Title	Training Hours	Training Date
Director	Chin-Li Liang	Taiwan Investor Relations Institute	Analysis of industrial and economic prospects	3	2021.10.16
		Taiwan Institute of Director	The 10th Chinese Family Business Forum	3	2021.11.15
		Taiwan Academy of Banking and Finance	Lecture on Corporate Governance	3	2021.12.18
Director	Chung-Cheng Hsu	Taiwan Association of Board Governance	Shareholders' meeting, Management right and Equity strategy	3	2021.01.14
		Taipei Exchange	2021 Sustainable Online Forum	2	2021.08.31
		Taipei Exchange	2021 Sustainable Online Forum	2	2021.09.01
Director	Bi-Hui Wu	Securities and Futures Institute	The Development and Businesses Model of Block	3	2021.11.16
		Securities and Futures Institute	The Perception of Global Risks: the Opportuni	3	2021.12.10
Independent Director	Chih-Yi Chi	Taiwan Stock Exchange Corporation	Functions of independent directors of the first listed company	3	2021.01.21
		Securities and Futures Institute	Corporate Governance 3.0 from the perspective of inspection	3	2021.03.10
Independent Director	Sheng-Yung Yang	Financial Supervisory Commission, R.O.C.	The 13th Taipei Corporate Governance Forum	6	2021.09.01
Independent Director	Cheng Li	Taipei Exchange	2021 Sustainable Online Forum	2	2021.08.31
		Taipei Exchange	2021 Sustainable Online Forum	2	2021.09.01
		Securities and Futures Institute	Insider Trading Promotion Conference 2021	3	2021.11.03
		Taiwan Corporate Governance Association	Disclosure of corporate material information and responsibilities of directors and supervisors	3	2021.11.08
		Taiwan Corporate Governance Association	Corporate governance and securities law	3	2021.12.10
Independent Director	Hui-Yin Chiu	Securities and Futures Institute	The responsibility of directors, supervisors and managers for false financial statements	3	2021.12.22
		Securities and Futures Institute	The trend of "e-commerce" profit model in the era of financial technology and internal audit and internal control should pay attention to thinking	6	2021.12.30

Title of Managerial Officer	Name of Managerial Officers	Course Organizer	Course Title	Training Hours	Training Date
Company Secretary	Chun-Yen Ou	Securities and Futures Institute	Enterprise financial crisis alarm and type analysis	3	2021.02.26
		Securities and Futures Institute	Analysis of practical cases on the establishment of the crime of breach of trust and special breach of trust by directors and supervisors	3	2021.02.26
		Taipei Exchange	Inside Share Owenership Advocacy	3	2021.10.18
		Securities and Futures Institute	Discuss enterprise tax administration and tax science and technology solutions from the trend of ESG and epidemic environment	3	2021.10.26
		Securities and Futures Institute	Discussion on Human Resources and Mergers and acquisitions Integration Issues in the Process of Enterprise Mergers and acquisitions	3	2021.10.27
		Securities and Futures Institute	Corporate Governance 3.0 from the perspective of inspection	3	2021.11.09

11. The total number of shares and total equity stake held in the same reinvestment enterprise by the company, its directors, managers, and any companies controlled either directly or indirectly by the company.

2021.12.31;Unit: Thousand Shares, %

Reinvestment Business (Note 1)	Nova Tech Investment		Director, Supervisor, Managerial Officers, and direct or indirect control of business investment		Comprehensive Investment	
	No. of Shares	Shareholding Ratio	No. of Shares	Shareholding Ratio	No. of Shares	Shareholding Ratio
Winmax Technology Corporation	(Note 2)	100%	(Note 2)	0%	(Note 2)	100%
Winmega Technology Corpration	3,000	100%	0	0%	3,000	100%
Suzhou Winmax Technology Corporation	(Note 2)	100%	(Note 2)	0%	(Note 2)	100%
Novatech Engineering & ConstructionPte. Ltd.	1,000	100%	0	0%	1,000	100%
Rayzher Industrial Co., Ltd.	10,775	51%	0	0%	10,775	51%

Note 1: Investment adopting Equity Method by the company.
Note 2: Limited company.

IV. Capital Overviews

1. Capital and Shares

A. Source of Capital

Unite: Shares, NTD

Year Month	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Share	Amount (NT$)	Share	Amount (NT$)	Source of Capital	Capital Increased by Assets Other than Cash	Other
1997.06	10	500,000	5,000,000	500,000	5,000,000	Establishment	None	Note 1
2001.02	10	1,600,000	16,000,000	1,600,000	16,000,000	Capital incase by cash NTD3,510 thousand Capital increase by earning NTD7,490 thousand	None	Note 2
2002.12	10	4,000,000	40,000,000	4,000,000	40,000,000	Capital increase by earning NTD 24,000 thousand	None	Note 3
2004.08	10	7,502,000	75,020,000	7,502,000	75,020,000	Capital increase by earning TND 35,020 thousand	None	Note 4
2005.12	10	10,320,000	103,200,000	10,320,000	103,200,000	Capital increase by earning NTD 28,180 thousand	None	Note 5
2006.12	10	11,061,000	110,610,000	11,061,000	110,610,000	Capital increase by earning NTD7,410 thousand	None	Note 6
2007.07	10	13,199,000	131,990,000	13,199,000	131,990,000	Capital increase by earning NTD21,380 thousand	None	Note 7
2008.08	10	15,299,000	152,990,000	15,299,000	152,990,000	Capital increase by earning NTD 21,000 thousand	None	Note 8
2014.08	51	17,200,000	172,000,000	17,200,000	172,000,000	Capital increase by cash NTD19,010 thousand	None	Note 9
2015.10	10	50,000,000	500,000,000	22,360,000	223,600,000	Capital increase by earning NTD 51,600 thousand	None	Note 10
2015.12	30	50,000,000	500,000,000	25,360,000	253,600,000	Capital increase by cash NTD30,000 thousand	None	Note 11
2016.08	10	50,000,000	500,000,000	26,628,000	266,280,000	Capital increase by earning NTD 12,680 thousand	None	Note 12
2016.11	43	50,000,000	500,000,000	29,628,000	296,280,000	Capital increase by cash NTD30,000 thousand	None	Note 13
2018.01	135	50,000,000	500,000,000	33,928,000	339,280,000	Capital increase by cash NTD43,000 thousand	None	Note 14

Note 1: 1997.06.13 Approved by 86 Jiang 3 Bing Zi No. 181286.
Note 2: 2001.02.12Approved by (90) Zhong-Zi No. 09031694440.
Note 3: 2002.12.18 Approved by Zhong-Zi No. 091331142380.
Note 4: 2004.08.17 Approved by Zhong-Zi No. 09332571370.
Note 5: 2005.12.13 Approved by Zhong-Zi No. 09433326480.
Note 6: 2006.12.28 Approved by Zhong-Zi No. 09533352950.
Note 7: 2007.07.02 Approved by Zhong-Zi No. 09632353400.
Note 8: 2008.08.14 Approved by Zhong-Zi No. 09732842860.
Note 9:2014.08.07 Approved by Zhong-Zi No. 10333564140.
Note 10: 2015.10.01 Approved by Zhong-Zi No. 10433774350.
Note 11: 2015.12.01 Approved by Zhong-Zi No. 10433962690.
Note 12: 2016.08.17 Approved by Zhong-Zi No.10534264260.
Note 13: 2016.11.29 Approved by Zhong-Zi No. 10534473440.
Note 14: 2018.01.02 Approved by Zhong-Zi No. 10733001820.

Type of shares	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Common Shares	33,928,000	16,072,000	50,000,000	GTSM Listed Company Stock

Information for Shelf Registration: Not applicable.

2. Status of Shareholders

As of March 26, 2022

Shareholders Structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	44	4,116	50	4,210
Shareholding (shares)	0	0	22,407,560	10,875,935	644,505	33,928,000
Percentage	0	0	66.04%	32.06%	1.9%	100.00%

3. Shareholding Distribution Status

A. Common Shares (The par value for each share is NT$10)

As of March 26, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	1,768	267,113	0.79
1,000 ~ 5,000	2,038	3,652,256	10.76
5,001 ~ 10,000	203	1,526,867	4.50
10,001 ~ 15,000	66	832,828	2.45
15,001 ~ 20,000	39	716,049	2.11
20,001 ~ 30,000	35	876,165	2.58
30,001 ~ 40,000	17	587,002	1.73
40,001 ~ 50,000	16	739,700	2.18
50,001 ~ 100,000	14	975,814	2.88
100,001 ~ 200,000	10	1,435,892	4.23
200,001 ~ 400,000	3	720,135	2.12
400,001 ~ 600,000	-	-	-
600,001 ~ 800,000	-	-	-
800,001 ~ 1,000,000	-	-	-
1,000,001 or over	1	21,598,179	63.67
Total	4,210	33,928,000	100.00

B. Ownership Diversification of Preferred Share: The Company does not issue preferred share.

4. List of Major Shareholders

As of March 26, 2022

Shareholder's Name	Shareholding	
	Shares	Percentage (%)
Acter Group Corporation Limited	21,598,179	63.66
Chin-Li Liang	287,977	0.85
Chung-Cheng Hsu	224,158	0.66
Yi shui tang investment co., Ltd.	208,000	0.61
Wei Ma	189,120	0.56
Yau-Hua Tsai	172,000	0.51
GAINS Investment Corporation	169,000	0.50
Yung-Da Long	165,000	0.49
Wei-chao Yang	136,000	0.40
Dong-Ying Luo	136,000	0.40

5. Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$; Thousand Shares

Item / Year			2020	2021	Current Year as of March 31, 2022 (Note 1)
Market Price per Share	Highest (NTD)		170	175.5	180
	Lowest (NTD)		124.5	127	158
	Average (NTD)		146.36	145.46	169.72
Net Worth per share	Before Distribution (NTD)		68.62	76.93	Not Applicable
	After Distribution (NTD)		60.62	64.93	Not Applicable
EPS	Weighted Average Shares (Thousand shares)		33,928	33,928	33,928
	EPS	Diluted	12.01	16.75	Not Applicable
		Adjusted Diluted	12.01	16.75	Not Applicable
Dividend Per Share	Cash Dividend (NTD))		8	12	Not Applicable
	Stock Dividend (NTD)	Stock Dividend from Retained Earnings	0	0	Not Applicable
		Stock Dividend from Capital Surplus	0	0	Not Applicable
	Accumulated Undistributed Dividends		0	0	Not Applicable
ROI Analysis	Price / Earnings Ratio		12.19	8.68	Not Applicable
	Price / Dividend Ratio		18.30	12.12	Not Applicable
	Cash Dividend Yield Rate		5.47%	8.25%	Not Applicable

Note 1: Net worth per share and EPS should be filled from the information of most recent quarter attested (audited) by CPA to the printing date of the annual report; fill out the remaining columns with the current year information as of the printing date of the annual report.

6. Dividend Policy and Implementation Status

A. Dividend Policy:

(1) The existing articles of incorporation regarding dividend policy are described below:
When allocating the net profits for each fiscal year, the Company shall first offset its accumulated

losses and set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve equals the total paid-in capital of the Company; then set aside special capital reserve in accordance with relevant laws or regulations. The remaining net profits and the retained earnings from previous years shall be distributed to shareholders according to the proposal made by the Board of Directors and submitted to the shareholders' meeting for approval.

(2) The amount of dividends distributed to shareholders shall be no less than 10% of distributable earnings for the year. Dividends to shareholders of the company shall be distributed in the form of cash or shares, provided that the proportion of cash dividends distributed shall not be less than 10% of the total dividends. The policy of dividend distribution shall be based on the company's current and future investment environment, capital needs, financial structure, surplus situation, and balance of dividends. The Board of Directors shall prepare a distribution plan and report to the shareholders' meeting on a yearly basis according to laws. However, due to the company's significant investment plan and the inability to obtain other funds, the board of directors proposed and the shareholders' meeting decided not to issue cash dividends.

(3) The company may authorize the distributable dividends and bonuses, capital surplus reserve and the legal surplus reserve in part or in whole, to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the latest shareholders' meeting without applying the resolution of the shareholders' meeting under the preceding article.

(4) The company distribute its dividends in the form of cash and stipulates more than 60% of total attributable earnings. Historical information about dividends distribution is available on the Company's website.

B. Proposed Distribution of Dividend:

The proposal for distribution of 2021 profits has approved by the Board of Directors on Feb. 23, 2022. This proposal, a cash dividend of NT$407,136,000 (NT$12 per share).

7. The effect of issuance of bonus shares proposed by the shareholders' meeting on corporate business performance and EPS: Not applicable.

8. Employee and Directors' Remuneration

A. Information Relating to employee bonus and director remuneration as indicated in Articles of Incorporation of Nova Technology:

The company shall distribute the employee's remuneration to not less than 3% of the company's profit. The profit means that's the company's profit before income tax for the year without deducting the employee's and director's remuneration than covering the deficit. The director's remuneration shall not exceed 5%.

B. In the current period, the estimated basis of the compensation for employees, directors and supervisors, the basis for the calculation of the number of shares paid by the employees of the stock and the actual distribution amount are accounted for when there is a difference between the estimated number and the estimated number of shares:

(1) Current period estimation basis: Please refer to the instruction in the above-mentioned section.

(2) The company does not distribute stocks as employee remuneration this period.

(3) Accounting treatment when the actual distribution amount in the current period is different from the estimated number: It is regarded as the change in accounting estimates and is included in the profit or loss of the actual distribution year.

C. Profit Distribution for Employee Remuneration and Directors' Remuneration for 2020Approved in Board of Directors Meeting:

(1) The remuneration of employees and the remuneration of directors and supervisors was distributed in cash or stocks; if there is any difference between the estimated annual amount and reality of the recognized expenses, the difference caused and treatment should be disclosed:

   a. Distribution of employee remuneration and directors' remuneration amount in cash: The Board of Directors adopted with a resolution to distribute employee remuneration in the amount of NTD 37,171,877 and the director remuneration in the amount of NTD 14,868,751 on February

23, 2022.

b. If there is any difference between the above amount and the annual estimated amount of the recognized expenses, the difference reasoned and accounting treatment should be revealed: None.

(2) The amount of employee bonus distributed in stocks and the individuals of current period and the net profit of individual financial report as well as employee remuneration total amount calculated in ratio: None.

D. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares, amount and share price), and the difference between the recognition of employees, directors and supervisors, and the difference should be noted, reason, and treatment:

(1) The actual distribution of employee's and directors' remuneration from the previous year (2020):
Employees' Remuneration: NTD 27,568,965.
Directors' Remuneration: NTD 11,027,586.

(2) In case of discretion between the above-mentioned amount and the remuneration recognized for employees and directors describe the discretion, reason, and treatment: None.

9. Buyback of Treasury Stock: None.

10. Issuance of corporate bonds: None.

11. Issuance of preferred stocks: None.

12. Issuance of Global Depository Receipts: None.

13. Issuance of Employee Stock Options: None.

14. Issuance of New Restricted Employee Shares: None.

15. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

16. Financing Plans and Implementation: The Company does not issue and has not completed incidents unrealized from project benefits.

V. Operational Highlights

1. Business Activities

A. Scope of Business:

(1) Main areas of business operations:
High-tech industry processing supply system design, project contracting, equipment manufacturing, material agency; environmental protection and equipment manufacturing, sales, installation, and testing.

a. Revenue distribution:

2021.12.31;Unit:NT$ thousands,%

Major Divisions	Total Sales in Year 2021	(%)
High-Tech Industry Processing Supply System Equipment Sales	3,157,274	50.44%
High-Tech Industry Processing Supply System Integrated Project	2,673,706	42.71%
Others	428,878	6.85%
Total	6,259,858	100%

b. Main products:
Semiconductor and panels are high-tech industry processing supply system, divided into water, gas, and chemicals. The common technical foundation includes pipelines, transport and,

procedural design and construction. The difference lies in the selection of materials and the filtering system. Currently, the company mainly specializes in chemical supply system, including system design, machinery equipment manufacturing and sales, equipment and pipeline construction installation and testing, and expanding to gas supply system and water supply system and even to high-tech industry customers, and gradually accumulating gas and water supply system construction experience as the basis for striving for more gas and water supply system business in the future.

The particular gas supply system undergoes intensive competition in price due to the big amount of suppliers in semiconductors and panel industries. Nova Technology devotes in developing clean chemicals supply and dispensing system that in case the particular gas supplies system related performance could not be as complete as clean chemicals supply and dispensing system, the company has acquired Rayzher Industrial Co., Ltd. in March 2021 to expand the customer base of the semiconductor and panel industry. In the mid-term planned investment, such as a gas manufacturing company or a material company, is to increase the implementation performance, and to match the differences in customer attributes, to provide customers with overall solutions and increase the company's ability to master materials. Nova Technology intends to accumulate performance over the long-term planning to provide customers with the total services in gas and chemical supply systems.

Additionally, in the environmental protection field, the company offers the waste chemical solvent treatment system, waste treatment equipment, and construction installation services.The company cooperated with large Japanese factories for its high-tech factory process produced waste chemical solvents handling to provide SRS waste solvent recycling system equipment manufacturing, sales, and construction installation services. The service items generally include the follows depending on the targets and content:

i. High-tech industry water, gas and chemical processing supply system equipment manufacturing and sales;
ii. High-tech industry water, gas, chemical processing supply system integration project;
iii. Environmental protection equipment sales and integration project:
iv. High-tech industry equipment and material agency sales.

c. New product (services) of development for the plan:

i. Waste Solvent recovery system and relevant equipment.
ii. Slurry dispense mixing equipment.

B.Industry Overview:

(1) Industry-Current Condition and Development

The company specializes in providing high-tech industry water, gas, chemical processing supply system integration services and related equipment manufacturing, and is one of the high-tech industry plant affairs system and the important link in normal production operation. The company mostly provides services to cross-strait and international semiconductor and panel corporations with the main application of industry overview described below:

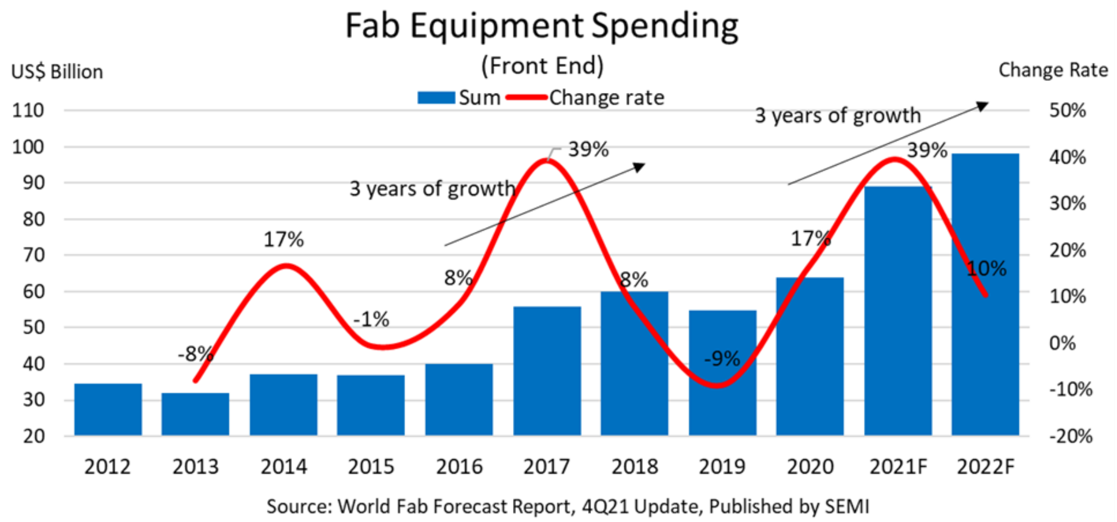
a. Semiconductor industries

Global fab equipment spending for front end facilities is expected to rise 10% year-over-year (YOY) in 2022 to a new all-time high of over US$98 billion, marking a third consecutive year of growth, SEMI highlighted today in its quarterly World Fab Forecast report.

The fab equipment spending increase in 2022 would follow a 39% jump in 2021 and 17% in 2020. The industry last saw three consecutive years of growth from 2016 to 2018, more than 20 years after logging a three-year run in the mid-1990s.

The assembly and packaging equipment segment is forecast to grow 20% to $3.5 billion in 2020, followed by 8% and 5% increases in 2021 and 2022, respectively, driven by advanced packaging applications. The semiconductor test equipment market is expected to rise 20% in 2020, reaching $6 billion, and continue to expand in 2021 and 2022 on demand for 5G and high-performance computing (HPC) applications.

"The semiconductor equipment industry has enjoyed a period of unprecedented growth with increased spending in six of the past seven years, as chipmakers expand capacity to meet secular demand for a wide range of emerging technologies including artificial intelligence, autonomous machines and quantum computing," said Ajit Manocha, president and CEO of SEMI. "The capacity buildout extends beyond the robust demand during the pandemic for electronics vital for remote work and learning, telehealth and other applications."



Spending by Sector

The foundry sector is expected to account for 46% of total spending in 2022, a 13% YOY increase, followed by memory at 37%, a slight dip from 2021. In memory segments, spending for DRAM is forecast to decline while expenditures for 3D NAND will edge higher.

Microcontroller (with MPU) spending is expected register a staggering 47% surge in 2022. Power related devices are also projected to show strong growth of 33%.

Spending by Region

Korea is expected to rank at the top of equipment spending, followed by Taiwan and China, combining to account for 73% of all fab equipment spending in 2022.

After a dramatic increase in 2021, fab equipment spending in Taiwan is expected to rise at least 14% this year. Spending in Korea also showed a sharp increase in 2021 and is projected to climb 14% in 2022. China is expected to decrease spending by 20%.

Europe/Mideast, the next largest spending region in 2022, is projected to see remarkable 145% growth for the year. Japan is expected to grow by 29%.

The SEMI World Fab Forecast report lists 27 fabs and lines that began equipping in 2021, most of them in China and Japan. Twenty-five fabs and lines are expected to begin equipping in 2022, with Taiwan, Korea and China accounting for most of the equipping starts.

The World Fab Forecast report lists 1,422 facilities and lines globally, including 138 future facilities and lines with various probabilities that are expected to start volume production in 2021 or do so later.

b. Panel Industry

Benefiting from expanded introduction of AMOLED mobile phone models by Apple, Samsung and Chinese brands, the market penetration rate of AMOLED panels for mobile phones in 2021 was 42%, according to TrendForce's investigations. In 2022, continuous investment undertaken by numerous panel factories to expand AMOLED production lines will drive AMOLED panel penetration rate to an estimated 46%. However, TrendForce further asserts that the continued tight supply of AMOLED DDI and the willingness of mobile phone brands to expand the use of

AMOLED panels will be the keys influencing AMOLED market penetration rate next year.

Continued tightness in AMOLED DDI supply for mobile phones

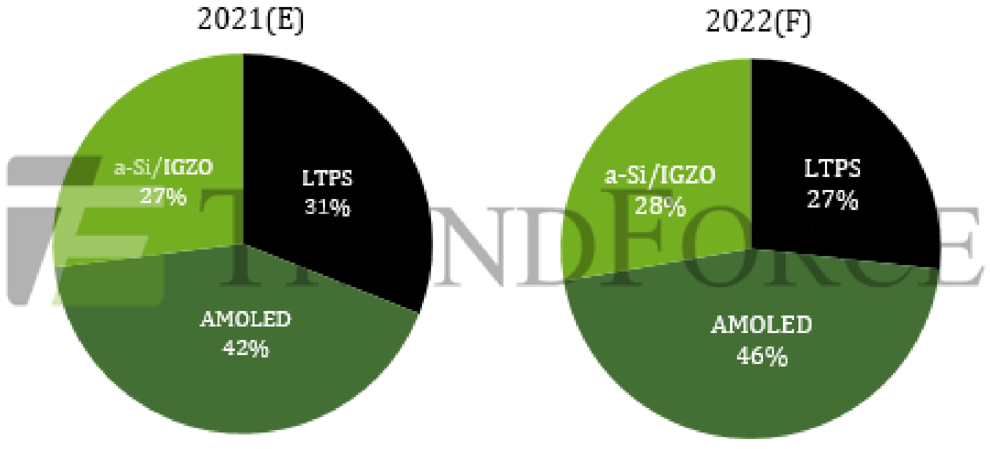
The AMOLED DDI process requires dedicated medium voltage 8V processes at the 40nm and 28nm nodes. However, the supply of dedicated process capacity in 2021 is limited. In addition, Samsung's Austin, Texas fab was shut down due to a snowstorm in early 2021, resulting in serious shortages of AMOLED DDI. New capacity in 2022 includes UMC at the 28nm node and SMIC at the 40nm node. However, since capacity and expanded capacity still cannot effectively meet the various brand's demand for AMOLED DDI, Samsung's fab will continue to reduce OLED DDIC production scale in the future. Stocking issues are expected to plague AMOLED DDI continuing into 2022.

TrendForce states, UMC's primary expansion plan for 28nm AMOLED DDI will be completed by the end of 2023, so AMOLED DDI supply tightness is expected to be alleviated in 2023. In addition, other foundries have plans to develop dedicated AMOLED DDI processes but, due to a belated development schedule, these plans will not be able to address the AMOLED DDI shortage in 2022. Facing limitations on dedicated AMOLED DDI production capacity, traditional front-line DDI design houses are actively booking the majority of production capacity, while other DDI design houses are also competing for limited production capacity in order to enter the AMOLED panel factory supply chain.

Mobile phone brands expand their willingness to adopt AMOLED panels

Facing the gradual maturity of AMOLED panel technology and the continuous improvement of production yields, AMOLED market penetration rate will increase from 42% in 2021 to 46% in 2022. This will reduce the market share of LTPS panels in the mid-tier market and drive panel makers to transfer LTPS production capacity to medium size applications. However, mobile phone brands face the risk of AMOLED DDI continuing to being out of stock in 2022. In addition to the high price of AMOLED panels and the steady increase in the pricing of other semiconductor components, in order for mobile phone brands to maintain profitability and achieve annual shipment goals, TrendForce expects that a small number of AMOLED products may switch over to LCD panels to pad shipments in the mid-to-low-end mobile phone market, allowing LTPS panel makers to gain a bit of breathing room in the mid-end market.

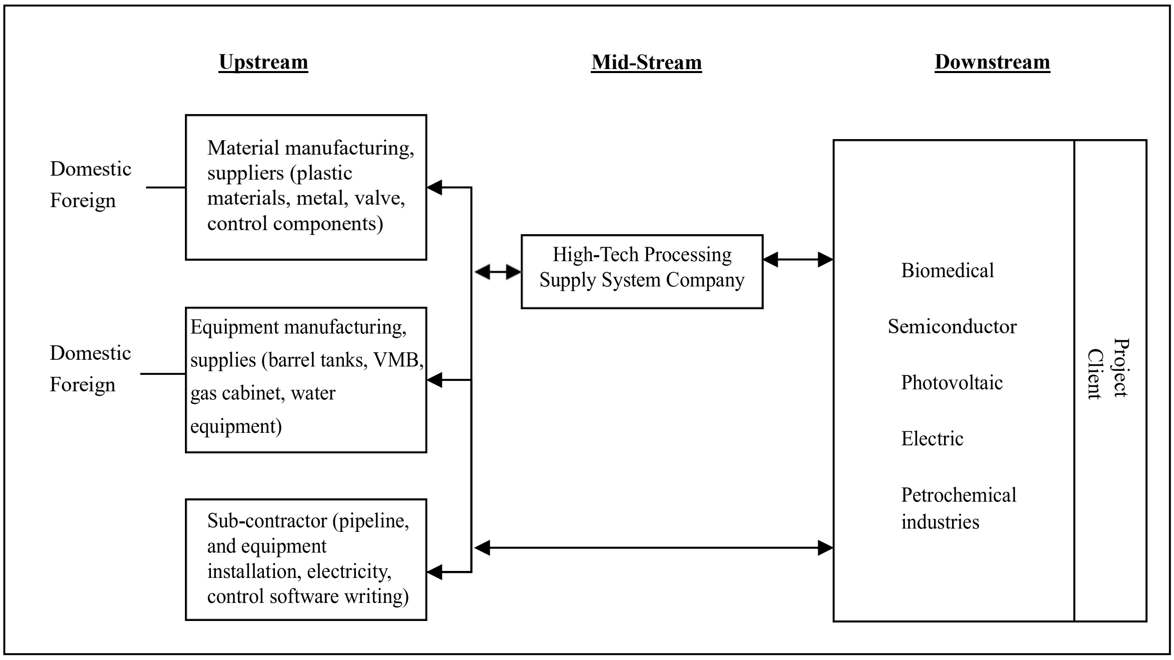
Figure 1: Changes in Smartphone Market Display Technology Distribution, 2021~2022



Source: TrendForce, Jan. 2022

Association between Industry Upstream, Mid-Stream and Down Stream

High-tech processing supply system falls between project client and project materials, equipment, and project outsourcer, which provides the customer with process supply system equipment and project services, which association between upstream, midstream, and uptown as shown in the following drawing.



(2) Product Trends

The demand of water, gas, and chemical processing supply system mainly comes from high-tech industry plant expansion, new plan and production line adjustment or processing improvement, which performance condition is mainly affected by high-tech industry capital expenditure. Because of the massive expenditure in high-tech industry plant expansion capital, while the change in technology quickly and product life cycle shortens, enterprises strongly request plant expansion to conform to the schedule for ease of management, reducing coordination and integration process. The processing supply system is mostly constructed for suppliers with turn-key capacity.

Processing supply system technology has reached a certain level and in the future as technology advances, the demand for cleanness will increase and will adjust the equipment following the change in customer processing, system design and construction method. Moreover, due to the massive amount invested in semiconductor and the panel industry production process, the processing supply system malfunction could result in massive loss so customers will have a higher demand for quality and stability, therefore quality suppliers will have higher loyalty, forming high threshold for new suppliers.

(3) Product Competition

The high-tech processing supply system is mainly applied to semiconductor, photovoltaic and higher-capital expenditure industries. The requirement for safety and quality will establish a competition threshold while high-tech industry technology and demand changes frequently to cope with the pace of market change expand development room for business in order to survive and grow quickly under the elimination mechanism of market competition.

Nova Technology invests in high-tech processing supply system early while the high-tech industry has high precision and high-quality demand for quality and processing, which requires longer certification from customers and recommendation by customers. The company has accumulated high-quality construction performance and taken market share in the high-tech industry processing supply system for years. A subsidiary company, Winmax Technology Corporation offers high-tech industry processing chemical supply system, processing as supply system equipment. The company, subsidiary Winmax Technology Corporation,and subsidiary Suzhou Winmax

Technology Corporation is the system equipment supplier recognized, which relevant equipment acquired the qualification certification from SEMI. For years Nova Technology has received orders from Chinese State-Owned high-tech industry and private enterprises, which is highly recognized in terms of technology and quality with a high level of competitiveness.

C. Research and Development

(1) Technical Level of Operating Services:

The development for high-tech industry processing system involves the chemical/gas characteristics applied, processing authentication, overalls system evaluation design, machinery mechanical design, site pipeline planning design, instrument control hardware, software integration development, raw materials property evaluation and selection, processing method, safety standards evaluation...etc. Nova Technology's technology originated from the cooperation with a Japanese company- Sumitomo Corporation and the technical advisor, which after years of independent R&D has boosted the system overall design, equipment processing, and control system software writing capacity with 100% self-manufacturing capacity. The subsequent R&D of the high-tech industry for special gas supply systems, wastewater treatment systems, waste solvent recycling and reuse treatment system, have all shifted to high-tech industry processing recycling and reuse system with gradual advancement.

Nova Technology's existing product lines consist of the chemical supply system in high-tech industry system, which core technology developed upward into a wet bench, chemical machineral polishing system (CMP) and chemical liquid automatic dispensing and filling system; the downward development is the cooperation with Nippon Refine Co., Ltd. for the development of waste solvent recycling and reuse system. To increase revenue and profit source, in addition to diversifying single industry operation risk, the company resolved to expand the product lines and step into the environmental protection equipment sales, installation and testing, including gas treatment system (VOC, DeNOx), MVR energy-conservation system, water resource reuse system, seawater desalination system and other green business to increase the cope of customer services. Nova Technology cooperated with Sumitomo Chemical Co Ltd, solvent recycling leader in Japan – Nippon Refine Co., Ltd., Israeli Sea Water Desalination company, and Korean photovoltaic industry equipment company as well as other international corporations, which not only expand the product line and customer groups but also absorbs their technology and success experience throughout the cooperation process and from the technical guidance from international corporations, thereby enhancing the technical level of the company and becoming the power driving Nova Technology to continue growth. Nova Technology invests in high-tech processing supply system industry at an early stage while the high-tech industry has high precision and high-quality demand for quality and processing, which requires longer certification from customers and recommendation by customers. The company has accumulated high-quality construction performance and taken market share in the high-tech industry processing supply system for years.

The core technology of the company lies in total system integration. The relevant R&D and system design require the cooperation with customer processing demand and factory site status, taking consideration of safety, stability and future expandability as well as other factors to conduct preliminary planning and fundamental design in addition to giving feedback to customers for communication. After validating the relevant details and acquiring customer order, the staff at the design division will conduct relevant machinery detailed mechanical design, site pipeline planning and design drawing, and instrument hardware selection and software plan writing.

The company owns 20 years of the chemical processing supply system and engineering contracting experience, which transforms past engineering management experience into the standard process (SOP), using ISO, internal control and relevant form requirement to standardize procedures and control points in writing. For a case evaluation, plan, execution and review, the company use autonomous inspection of form through these four stages to reduce the error rate and rigorous control progress, cost, and improve construction quality, as described below:

a. Evaluation Stage

The company carefully evaluates case technology/productivity feasibility before taking the project, the possible risks for the execution process (including a client credit check), to evaluate if to participate in the project tender. In case the company decides to participate in project tender, the company will need to prepare initial drawing based on the project content of the client requirement, supply chain and past quotation, and good interaction with the suppliers to control raw material and project outsourcing change, in order to precisely estimate pre-bidding case by taking consideration of market competition and thereby calculating the reasonable profits before quotation.

b. Planning Stage

Validate the contracting of projects and start designing the project details, including:

i. Select a suitable project manager from the company.
   Understand customer operation habits (customer's corporate SOP), production line scale, production line's future expansion plan, the chemical raw material characteristics required for use in the industry production processing, and the demand for cleanness, flow, and usage. The design needs to conform to customers required processing supply system with deliberate planning of the construction schedule.
ii. Formulate an outsourcing plan and select a qualified outsourcing supplier based on the project sale and nature.

c. Execution Stage

i. Project Progress Control

The company manages project-based construction where project managers with rich experience in project management collectively manage the project and contact clients directly, controlling the demand and ideas of the client. Project manager's work mostly includes the validation of project construction in accordance with project agreement content and project design, coordinating sub-contracting projects and controlling project progress, in addition to regularly provide weekly reports to customers and the senior manager of Nova Technology. The weekly report includes content in construction progress and key issues to be resolved. Senior managers must control the project progress (including the delay in lead time for raw material, shipment progress, progress by block, and site total execution progress). In case the project progress is delayed, find out the root cause and propose solutions to implement execution, in order to complete the project within the deadline required by the customer.

ii. Project Cost Control

Before undertaking a chemical supply processing system project, Nova Technology must validate that the ERP system will the control project procurement amount based on pre-tender costs after undertaking the project. In case the procurement items, quantity or unit price of project exceeds the budget, the procurement system will immediately show warning sign and the person in charge will need to explain the reason for over-spending, which will then be approved by the chairman before further procurement. The rigorous pre-tender cost estimation, implementation of the project budget system, and effective control of project costs will avoid additional costs or waste and thereby enhancing the company's price competition and profitability in project cases.

iii. Project Quality Control

The Company adopts on-site monitoring and equipment installation monitoring to assure project quality:

(1) On-Site Monitoring

On-site workers and staff validate the items of construction from the toolbox for that day before starting to work daily, verify if the actual construction conforms to the drawing design and if the construction quality meets the requirement, in addition, filling out a standard inspection form.

(2) Equipment Installation Monitoring

The company offers quality control personnel who will validate if the machinery or barrel manufacturing conforms to the company design with good quality during the equipment manufacturing period, completion and installation period.

d. Review Stage

The company will archive the relevant information of completed projects and modularize the details of different types of construction, thereby reducing the design costs for future projects. Additionall, the company will review cases completed and adopt as reference for future contracting cases or design, so project staff can timely design suitable solutions for customers based on their requirements.

In the sum of the above-mentioned description, the business processing supply system project management core run by the company, in spite of the absence of substantial innovation, but will implement each execution details through deliberate evaluation for the risk and profits after taking the projects. The excellent interaction with suppliers will help the company control the trends of raw material prices and acquire better prices. Customers after cooperation will still choose to cooperate with Nova Technology for subsequent plant building or project expansion, so the company becomes the tier-1 supplier for the chemical processing supply system.

Subsidiary company -Winmax Technology Corporation is the People's Republic of China National Standard GB 50781-2012 Chinese Electronics Engineering Chemical System Engineering Technical Specification Coding Unit. The subsidiary Winmax Technology Corporation,and the subsidiary Suzhou Winmax Technology Corporation has acquired multiple patents in China, particularly the high-tech enterprises certified by the Chinese Government. Moreover, the relevant equipment has also acquired qualified certification from SEMI. For years, the company has acquired orders from Chinese state-owned high-tech industry and private companies, recognized for its technology and quality with high competitiveness. The processing supply system has developed for years while the fundamental skill is an existing technology and hence there is no concern over theft of business secrets.

(2) Research and Development Personnel Education and Experience Distribution and Seniority

The key company supervisors have over 10 years' seniority, including Vice Chairman Chung-Cheng Hsu, President and R&D Head Wei Ma, Technological Business Division Vice President Min-Lang Su, Technology Development Division Assistant Vice President Yi-Yun Huang, and Overseas Sales Department manager Jia-Hong Guo…etc. President Ma, Wei is one of the first groups of technicians introducing the semiconductor processing supply system of SCI (System Chemistry Incorporation) from the U.S. to Taiwan. He is the founding employee of Nova Technology and executed the Worldwide Semiconductor Manufacturing Co., Macronix International Co., Ltd, Nanya, and Micron Technology projects with Sumitomo Group through strategic alliance early. During the office at Winmax Technology Corporation, Wei Ma and Sumitomo Group joined in a strategic alliance to execute SMIC and other projects, forming delegates to develop chemical supply system processing equipment production technology and set up factories in Shanghai Waigaoqiao Free Trade Zone. The company leaded the system equipment supplier recognized by the IT Electronics Eleventh Design & Research Institute Scientific and Technological Engineering Corporation Limited. Additionally, the key employees of the company include technical development division with responsibly in PLC, network structure system and SCADA software writing with rich experience and high stability.

In 2021, Subsidiary company - Suzhou Winmax Technology Corporation is obtain the Jiangsu Provincial high purity wet bench system engineering technology R&D Center.

Subsidiary company - Winmax Technology Corporation develops R&D projects each year, conducting research on existing equipment function improvement, customer requirement, future trends, and newly introduced technology. The R&D projects include the projects that collaborated between the units of the engineering business. The statistics of R&D people include the design department and instrument department as well as personnel actually participating in R&D projects.

a. Education and Experience Distribution of R&D Peers and Seniority as shown in the following table:

Item \ Year		2020	2021	As of March 31, 2022
Education Distribution	Master's Degree	1	2	2
	Bachelor's Degree	28	40	70
	Vocational College	78	63	116
	Senior High School (including) and lower	0	0	0
Total		107	105	188
Average Seniority (Year)		4.875	5.52	3.66

b. R&D expenses invested in most recent year and as of the printing date of the annual report.

Unit: NT$ Thousand

Item	2020	As of March 31, 2022
R&D Expense	147,113	44,131

(3) Technology and Products with Successful Development:

The owner of all relevant patients in the group is Nova Technology or a 100% shareholding subsidiary. According to patent related law, the establishment of a patent must be determined for “easily visible” problems. The lack of real innovation or progress will prevent one from acquiring a patent. The processing supply system has developed for long while the fundamental method is existing technology. The company and the competitors could not apply for the patent and hence do not concern infringement. Additionally, the group processing supply system mainly consists of customers from semiconductor and panel industries, and since the processing technology of these two industries upgrade constantly and quickly. Nonetheless, to reduce variables in the manufacturing process in order to maintain the safety and stability in the production process, customers of semiconductors and panel industries mostly require maintaining the existing method of the fundamental design of the processing supply system. Moreover, to avoid design or construction error or construction delay that prevents the entire production line from operation or manufacturing failure that leads to giant loss, most of the clients take project performance as one of the foremost important factors of consideration when choosing the suppliers, supported by factory quotation.

The group business content can be divided into project and equipment, where project consists of pipeline design and installation which could not attain innovation easily and hence does not apply for a patent. Currently, the equipment focuses on existing products to make improvements in order to meet customer requirements more or make the processing supply system smoother and hence is applied for invention patent mostly. In the future, the company will pay attention to industry movement depending on the progress of processing breakthrough or new business development, thereby paying attention to the opportunities for applying invention. The following describes the company’s patent marketing plan for the five major products:

a. Clean Chemicals Supply and Dispensing System

Chemical processing supply system has been developed for years while customers mostly request for maintaining the existing method in processing supply system in order to control all variable in processing. Hence the company does not have invention patent for the existing business processing supply system while the R&D for processing supply system only focuses on the demand proposed by customers to lower customer costs, upgrade system capacity, upgrade system security, and other improvements on chemical supply system equipment when applying for an invention patent.

b. Special Gas Supply System

The processing supply system includes water, gas, and chemical categories, and the company applies pipeline design, transport design, and other foundation to expand the scope of business to gas supply system with the development of gas supply system related equipment.

c. Wet Technology Equipment (Wet Processing Equipment)

Wet Processing Equipment is a high-tech industry processing production equipment, covering multiple equipment types and processing applications, including cleaning/etching/development/glue removing and multiple processes. The Wet Processing Equipment which our company develops is applied to the cleaning equipment of semiconductor or LED industries. Currently, the company operates chemical processing supply system integration services and related equipment processing. To expand the business cope and increase business and profit, existing equipment manufacturing technology is used as a foundation to develop Processing Equipment.

d. Stripper Recycling System

Stripper recycling system refers to the collection of stripper liquid after being used in the panel industry production process, which can be recycled and reused through the rectification system, which is then added with original liquid for mixture before putting into the processing for repeated use.

To improve the revenue and profit growth of company, the company business scope extends from the chemical processing supply system to a polishing liquid recycling system. Winmax Technology Corporation cooperated with Japanese waste solvent recycling SRS equipment (polishing liquid recycling deice) – Nippon Refine Co., Ltd. to expand the project business in a polishing liquid recycling and reuse system equipment. Hence the waste liquid recycling rate of the system (referring to the rate of deducing water and impurities to reuse waste liquid accounting for the total volume) can reach 90% or higher. Moreover, the SRS equipment's overall investment costs can be recycled in 1-2 years. The Chinese enterprises take consideration of the short payback period of the equipment with the cost-saving benefit. What's more, polishing liquid procurement cost and the influence of preferential policy from China on environmental protection equipment tax, the local enterprises have higher intention to invest in environmental protection equipment. It is expected that the growth in demand for stripper recycling system will be highly optimistic. In cooperation with the business development, Nova Technology starts to develop relevant projects and installation.

e. Green Energy Environmental Protection System Integration

In recent years, change in the global climate and in the environment eventually draws attention from people through environmentally protection issues. Nova Technology not only active develops environmental protection and green energy business by cooperating with sea water Desalination Corporation from Israel and introducing wastewater zero discharge system, reclaimed water and seawater desalination system, expanding water resource and other green energy and environmental protection system business but also cooperate with external schools and companies to evaluate high-tech used chemicals and evaluate recycling technologies. The business is at the initial stage of development and hence has not acquired a patent.
In the sum of the description, Nova Technology's existing business processing supply system has developed for long while customers mostly request processing supply system to maintain the existing methods in order to control all variables in processing. Hence patent consists of an invention patent. Additionally, to increase company revenue and profit growth, the company starts developing Wet Processing Equipment, Stripper Recycling System, Green Energy Environmental Protection System Integration and other businesses. Nonetheless, the business is still at the initial stage of development and hence few patents have been applied and mostly consisting of invention patents. The following table describes the R&D outcome in the recent years.

Type	Brief Description
Patent	Liquid eddy current suppression structure
	Collective atomizing device
	Oscillating atomizer
	Load-bearing structure for easy alignment of chemical drums
	Working case for chemical barrels
	Disassembly and assembly mechanism for vent cover of chemical tank
	Removal module for lids of chemical barrels
	Disassembly and assembly module for chemical drum lids
	Equipment for disassembly and assembly of chemical drum lids and joints
	Backfire check valve structure
	Winmax Cleaning equipment control system application software
	The heater of one filter element type chemical
	Selective Wafer conveyor Unit
	Suzhou Winmax Alternate DIW high pressure spray cleaning equipment control
	Suzhou Winmax Array developer concentration control system application software
	Suzhou Winmax Array Developer Concentration Dilution System Application

D. Long and Short-Term Business Development Plan:

(1) Short-Term Business Development Plan

a. Continuously improve the market share of high-tech factory equipment in accordance with the global semiconductor expansion plan.

b. Cooperate with Chinese national policies to continue expanding high-tech processing equipment in the market share of China.

c. Cooperate with Chinese national policies and continue expanding waste solvent recycling /reuse equipment in the market share of China.

d. Continue to participate in domestic and foreign academic exchange research in order to upgrade technical level.

e. Continue talents recruitment and training, establishing talents’ database to cooperate with the stable development of the company.

(2) Long-Term Business Development Plan

a. Clean Chemicals Supply and Dispensing System

Continue to participate in the new factory bidding of semiconductor and panel industries in China, in order to expand new customers and continue expanding the market share in Cross Strait. In the long run, the company will plan the maintenance and the developement of cross-strait tier-1 factory clients to avoid industry saturation and completion, while customers with smaller scale can easily be eliminated by competition. Additionally, the company will continue to expand other regions or other industries.

b. Supply System for Particular Gas

The mid-term plan intends to expand customers other than those from semiconductor and panel industries to enhance the construction performance. Nova Technology also cooperates with the difference in customer properties by developing a gas cabinet of toxic gas from the previous gas cabinet of inert gas that had been developed in order to provide total solutions to customers. Nova Technology intends to accumulate performance over the long-term plan to provide customers with total services in gas and chemical supply systems.

c. Wet Processing Equipment

Gradually, optimize the existing multiple chip batch cleaning equipment, improve and upgrade technology/cost control/assembly manufacturing and other dimensions, increase sales volume and thereby using the multiple chip batch learning equipment as the foundation to develop single wafer and automatically transporting cleaner. Eventually, the company will expand equipment type and improve product series. Furthermore, the company will develop wet bench related auxiliary technology or application to realize the comprehensive technical upgrade and product marketing from a single machine to partial function.

d. Stripper Recycling System

In response to the opportunity of Chinese panel manufacturers and incentive for environmental protection, the business scale of stripper Recycling System is constantly expanded with cooperation for recycling system with Sumitomo Co., in the co-development of semiconductor processing waste liquid. In the long run, the company will collaborate with Sumitomo Co., to co-develop applied customer groups in existing or new processing waste liquid recycling equipment, in addition to increasing the business scale.

e. TMAH(developer) recovery and regeneration system

Due to the evolution of semiconductor and panel processes, a large number of developers have been used in the yellow process, and the wastewater after the reaction contains a high concentration of ammonia nitrogen, which will have adverse effects on the environment and water resources if not properly treated. We have cooperated with foreign operators to develop a one-stop treatment system, and the relevant test modules have been tested in an optical power plant. After being introduced into the system, the used developer solution in the process can be effectively recovered, achieving the goal of circular economy.

2. Market and Sales Overview

A. Market Analysis:

(1) Main Product Sales Regions

Nova Tech and its subsidiary companies currently offer high-tech industry processing system design, equipment manufacturing and sales, and environmental protection equipment sales and processing system integration service projects, and serving Taiwan and China as the main service regions.

Unit: NT$ thousand, %

Region	2020		2021	
	Sales Amount	%	Sales Amount	%
Taiwan	651,934	16.81%	2,565,874	40.99%
China	3,100,325	79.96%	3,496,884	55.86%
Others	125,185	3.23%	197,100	3.15%
Total	3,877,444	100%	6,259,858	100%

(2) Market Share

The group mainly provides the system design for semiconductor and panel high-teach industry processing supply system, equipment manufacturing and pipeline construction installation and testing services, and currently the group does not have the industry statistics provided by industry research institute. Hence the company could not use explicit statistics as the calculation base for market share. According to IC Insights, the 2022 global semiconductor capital expenditure will be USD 1904 billion. The estimation of revenue yields the group’s relatively lower ratio in semiconductor and panel industries compared with primary production equipment, which is because the processing supply system is only a small project to the semiconductor and panel industry capital expenditure.

The scope of group business consists of Taiwan and China, while there is no relevant public statics in Taiwan available for comparison. Additionally, the state-owned enterprises in China approve major project investment plan in main province, city development and reform committee, compared with the cleaning chemical supply system project cases, the 2019~2021 Chinese projects exceeding USD 3 million while the group undertook 9, 8, and 13 cases of project quantity, weighing 64%, 53% and 65%, indicating the group's certain market share in the Chinese high-tech industry chemical processing supply system.

State-Owned Enterprise of Main land China in Massive High Purity Chemical Dispense System Project Case Statistics

Project \ Year	2019	2020	2021
Quantity of total project exceeding USD 3 million	14	15	20
Quantity of project undertaken by the group	9	8	13
Market share	64%	53%	65%

(3) Future Market Supply/Demand Status and Growth

With regards to supply, high-tech industry requires stability, precision and cleanness with high requirement standards in water, gas and chemical processing supply system. Suppliers of semiconductors and panel industries usually chose companies with good reputation and rich experience to undertake the relevant projects. New suppliers will have difficulties in accessing and hence the supply quantity does not grow substantially.

With regards to demand, Global fab equipment spending for front-end facilities is expected to jump 18% year-over-year (YOY) to an all-time high of US$107 billion in 2022, marking a third consecutive year of growth following a 42% surge in 2021, SEMI announced today in its latest quarterly World Fab Forecast report. "Global fab equipment spending is forecast to have another healthy year in 2023 and is expected to remain above the $100 billion mark," said Sanjay Malhotra, vice president of Corporate Marketing and the Market Intelligence Team at SEMI. "We expect global semiconductor capacity to maintain steady growth this year and in 2023."

(4) Competing Advantage

a. Stable financial structure

The industry operation of the group requires bidding fund, material equipment fund, pre-payment deposit, performance bond, and warranty assurance as well as other funds or bank's warranty for line of credit depending on the different project criteria. Moreover, the working capital or band guarantee credit line will increase following the scale of project. The group has focused on its original business since the foundation with excellent operation status and stable financial structure. Apart from assuring the maintenance of stable operation during the recession, the group can participate in cases which increases due to the credit line for operational working capital and bank's guarantee amount as well.

b. Rich manufacturing/construction experience and prestigious product/construction quality

The processing supply system transport substance contains acid, alkaline with high safety requirements; hence the equipment cleanness and stability will affect the overall safety, product yield rate and production progress. Hence the industry achievement, reputation, and products, and construction quality are one of the foremost considerations for the customer.

The group inherits the technical foundation from Sumitomo Chemical Co., Ltd. and has constantly developed the high-tech industry processing and peripheral pipeline project design as well as the overall system, providing customers with competitive customized equipment and services. The group also acquired DNV ISO9001, ISO14001, OHSAS18001 certificates while subsidiary company - Winmax Technology Corporation has the high-tech industry in China, owning qualified R&D capacity and equipment manufacturing technology as well as recognition by local governments. The group has been invited to become the People's Republic of China National Standard GB 50781-2012 Chinese Electronics Engineering Chemical System Engineering Technical Specification Coding Unit as well as the system equipment supplier recognized system equipment supplier from People's Republic of China National Standard GB 50781-2012 Chinese Electronics Engineering Chemical System Engineering Technical Specification Coding Unit and acquired relevant equipment from Semiconductor Equipment and Materials International (SEMI) qualified certificate and Taiwan ITRI certified anti-proof has received orders from cross-strait high tech industries. The company owns leading experience and competitive capacity compared with their peers, which can quickly design and manufacture the equipment meeting customer demand, satisfying customer with different requirement of various customers. The group manufactures, with rich construction experience, cumulate years of accumulation, mature production techniques, project management with excellent capacity, and self-rigorous on the requirement of products and construction, winning recognition from customers.

c. Product/processing design conforming to client requirement

The manufacturing supply system offers not only design and construction based on product type, production method, production scale and processing demand but also company semiconductor and panel industries with production processing upgrade, while water, gas and chemical supply system must be adjusted accordingly. The group controls relevant industry information movement and development trends to closely cooperate with customers through excellent communication, understanding customer's actual needs deeply and providing required processing supply system through customization.

d. Instant service or technical support

Semiconductor and panel industries are high-capital expenditure group, and the productivity utilization affects the expense amortization substantially. The smooth production line is one of the key factors to profit while processing supply system is the infrastructure. In case the supply system fails, the production line will suspend and the backup plan can provide instant service or technical support to reduce the risk of interruption with production process and providing customers with consideration of choosing processing supply system. The group possesses localization advantages and has accumulated years of construction and manufacturing experiences. Most senior employees are capable of problem-solving and hence maintenance staff is highly mobile. Additionally, the group cooperates with customers to routinely replace new components or allocate maintenance personnel during the end of the year maintenance period, providing customers with instant service and technical support to reduce customers' loss in processing interruption and raise customers' loyalty.

e. Specialized Technical Personnel

The group owns personnel with rich practical experiences and has considerably emphasizes on the education training of employees and recruitment of professionals since the foundation. The group frequently sends personnel to participate in education training on basis, in order to strengthen the technical level and capacity of the company. Moreover, the group also proactively co-develops engineering system design with professional institutions to build and manage techniques, thereby, maintaining technical leadership in the market.

(5) Develop favorable and unfavorable factors and response actions for vision.

a. Favorable Factors:

i. Continuous development of high-tech industry processing equipment market

Shanghai announced the semiconductor development plan from 2021 to 2025, saying that it will build China's first semiconductor industry chain during the 14th Five-Year Plan period, actively introduce the most advanced manufacturing process technology in China, and promote new memory projects such as magnetoresistance random access memory (MRAM), 3D NAND and floating gate memory.

At the same time, BCD, IGBT, CIS, MEMS and other special process research and development and industrialization, and 6 ", 8 "GaAs, GaN and SiC process technology construction, toward 5G, new energy vehicles and other application scenes, accelerate compound semiconductor product verification applications. Unveiling the industrial development strategy.

Promote the large-scale development of semiconductor equipment industry, focusing on the R&D and industrialization of 12-inch advanced etching, cleaning, ion implantation, mask, thin film, wet process, heat treatment and optical measurement equipment; Support the development of silicon materials industry and improve the technology and productivity of

12-inch wafers; Actively introduce Chinese photoresist, mask, the third generation semiconductor and other materials enterprises to enter.

In addition, the scale of semiconductor industry is planned to exceed CNY100 billion by 2025, and the leading position of chip manufacturing and equipment and materials made in China will be further strengthened. IC design, packaging and testing will form a large-scale cluster. By 2035, it will build a high-level industrial ecology and become an "Oriental Core Port" with global influence.

In addition, with the increase of regional conflicts and the expansion of applications, Taiwan's high-tech industry has also been expanding capacity.

With high-tech industry factory or expansion of plant capital expenditure increases, the demand for process of the supply system to rise, the group in Taiwan and the high-tech industry companies to establish good cooperation experience for many years, also has deep market of mainland China and in Taiwan and mainland China had good reputation and performance, process supply system in the high-tech industry is highly competitive.

ii. Upgrade in downstream industry technology drives the industry to continuously develop

As the economic development and living standards rise, consumers constantly demand to upgrade in high-tech products in terms of precision and effectiveness, which drives high-tech industries to continue refining the processing and improving product quality. Moreover, the intense competition of the market drives high-tech industries to upgrade product performance while paying more attention to costs control. The group also improves processing according to the downstream customers or upgrade in technology generation, thereby, driving the processing supply system to develop constantly.

iii. New technology and new industry bring new markets

The demand of processing supply system is produced with the progress in technology, which automatically supplies the water, gas and chemicals need for the production process in fixed-schedule and fixed amount through structural design and automated instrument control, which not only saves manpower but also reduces likelihood of human errors. Currently, the high-tech processing supply system is mainly applied to semiconductor, panel industry, solar power industry, LED industry and bio-pharmaceuticals industries. As technology evolves, new technology, new products and new industries form while the scope of processing supply system application can be constantly expanded to produce room for new market in the scope of the group’s business.

iv. Global Emphasis on Environmental Protection Engineering, which facilitates the promotion of business in environmental protection and green energy.

In recent years, change in global climate and in environment eventually draws attention from people through environmentally protection issues. The group proactively develops environmental protection and green energy business, including the expansion of development in waste solvent recycling and reuse integrate system, which recycles and reuses the waste solvent produced from the production of high-tech suppliers, which not only effectively lowers production costs for suppliers but also becomes the effective scheme for protecting the Earth. Moreover, the group cooperates with international corporations to develop system and equipment related to water resource usage, introduce wastewater zero discharge system, reclaimed water and seawater desalination system. The group copes with global environmental protection trend and develops environmental protection and green energy business, which not only makes contribution to the protection of the Earth through executing corporate social responsibility but also brings the power for future business growth of the group.

b. Unfavorable factors and response measures

i. The market demand is subject to substantial influence from downstream industry economic fluctuations.

The main source of revenue for the group comes from semiconductor and panel supplier's plant building, plant expansion, processing adjustment produced processing supply system demand. In case, the recession leads to lower consumption, affecting the sales of electronic products and causing the semiconductor and panel industry capital expenditure to reduce, the reduction will reduce the order and sales revenue amount of the group accordingly.

Response Measures:

Apart from existing semiconductor and panel industries, the group also steps into solar power industry, LED industry, and electronic chemical industries. The diversification of industries can reduce the impact of single industry's economic fluctuation on business. The group also begins the expansion to Southeast Asian market in attempt to lower the risk of single-region economic circulation. Moreover, the group's new environmental protection and green energy division expands into waste solvent recycling system (SRS) market and oil recovery system business by introducing the wastewater zero discharge system, reclaimed water system and seawater desalination system, proactively developing environmental protection equipment and integration work, and planning the scope of business expansion in order to lower the degree of influence from industry economic fluctuation.

ii. Price Competition

Due to the recent recession in Taiwan and intensely competitive market, competitors enter price war and bring the profit rate down in general.

In China, Korean peer industries invested in China and eventually takes up market share, who will likely become the major competitors in the future development.

Response Measures:

The group is experienced with manufacturing supply system engineering for years and maintains excellent cooperation with suppliers to timely control the raw material and variation in project outsourcing price. Moreover, the company controls project progress and hence could effectively control project costs, hereby providing customers with competitive project quotation. Additionally, the group's subsidiary companies in Shanghai and Suzhou both own production to provide local customers in China with related equipment, in addition to saving transportation cost, custom tariff and insurance costs. Compared with foreign suppliers, the group's price is highly competitive. In the future, the group will continue to establish good local supply chain to attain cost control, maintain price competitive advantage, boost efficiency and quality, and increase future business opportunism. Moreover, the group relies on advanced technology, excellent product and construction quality as well as reasonable price to increase customer loyalty, boosting competitive advantage through excellent reputation.

iii. Difficulty with Fostering Talents:

Processing supply system requires professional knowledge and construction management capacity in chemical, machinery and instrument control. The company cooperates with customer production technology, processing scale, and different characteristic of products to customize for a supply system with customization and suitable installation. Moreover, following the changing techniques in high-tech industry, the demand for processing supply system changes increases in complexity and requires professionals with experience to cope with the customer's design requirement. Nonetheless, the cultivation of professionals requires the accumulation of considerable time and experience, and hence the development of professionals is not easy.

Response Measures:

The company listed on OTC will enhance corporate publicity and attract talents to join the company. Apart from establishing good work environment and use complete welfare measure, employee bonus system, and relevant employee incentive measures, the company boosts employee cohesion and provide employees with complete education training to establish a transparent and systematic promotion channel so that employees will identify to the company. Distinguished talents can be retained consequently.

B. Important purpose and production manufacturing process of main products

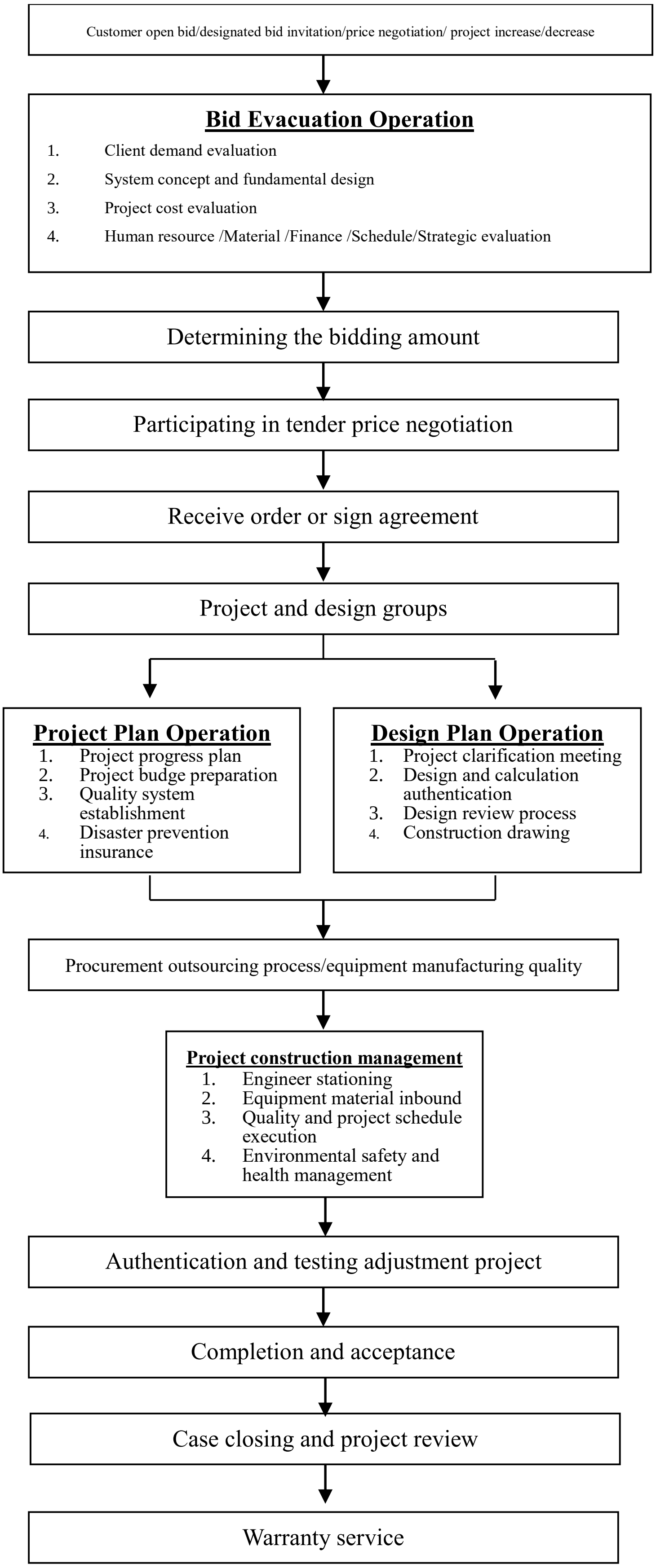
(1) Important purpose of main products

The company is a professional manufacturer in high-tech industry processing equipment. We aim to supply high-safety, high cleanness and high-stability manufacturing applied raw materials in the production process so that products will retain the high precision in production process and be assured for production yield rate and stable product quality. After applying the chemical materials from the production process of products, the company offers equipment that assists with recycling and reuse before the client could reapply, thereby, removing loading on the Earth and effectively lowering the production cost for suppliers. The products are described in the following table:

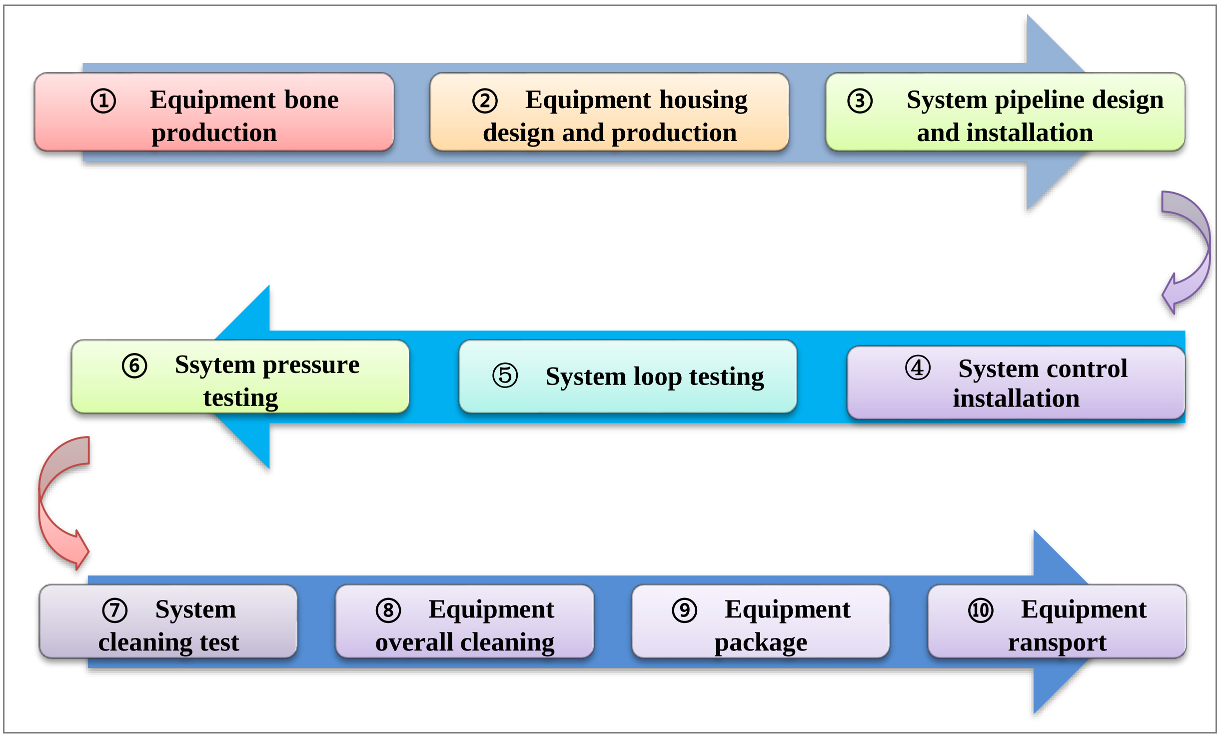
Product Lines	Main Purpose and Functions
High-Tech Industry Processing Supply System Equipment Sales	Providing the machinery equipment needed for the water, gas and chemical supply system of high-tech industry customer processing, including equipment design, equipment manufacturing/outsourcing, installation and testing.
High-Tech Industry Processing Supply System Integrated Project	Providing integrated project of water, gas and chemical supply system for high-tech industry processing, including system design, pipeline construction, equipment
Environmental Protection Equipment Sales and Integration Project	The reduction, recycling treatment and reuse, of waste water, waste gas, waste chemical liquid or other wastes from high-tech industry processing post-section or special industry, including system design, pipeline construction, equipment manufacturing/procurement/outsourcing, installation and testing.
High-Tech Equipment Material Agency Sales	Commissions collected for agency for foreign and domestic high-tech industry processing equipment and material collection and the income from trading equipment and consumables.

(2) Production and Manufacturing Process (Figure)

a. System Design and Construction



b. Equipment manufacturing



C. Main raw materials supply status: the company procures materials and equipments with variation according to agreement regulations. The main operation model is divided into two sections:
(1) The contractors contract through both material and labor.
(2) To be purchased by the company.

The company procurement consists of engineering materials equipment, including pumps, pipes, electricity distribution plate, monitoring equipment, control device…etc. Machineries are independently produced by Winmax Technology Corporation and Suzhou Winmax Technology Corporation while the Company also completes the design followed by associate suppliers with assembly operation. The Company has established long-term stable and excellent supply relation with domestic and foreign suppliers.

D. Name of customers having purchased at least 10% of total products purchased in any one year of the most recent two years and its procurement (sales) amount and ratio, in addition to explain the reason for change.

(1) Major Suppliers in the Last Two Calendar Years

Unit: NT$ thousands

2020(Note 1)					2021(Note 1)					2022 Q1				
Item	Company Name	Amount	(%)	Relation with Issuer	Item	Company Name	Amount	(%)	Relation with Issuer	Item	Company Name	Amount	(%)	Relation with Issuer
	Others	2,388,860	100	None		Others	4,475,789	100	None	Note 2				
Total	Procurement net amount	2,388,860	100		Total	Procurement net amount	4,475,789	100						

Note 1: Suppliers without total procurement amount exceeding 10% in 2020 and 2021.
Note 2: Information as of the day before the printing date of annual report, which has not reviewed by the CPA.

(2) Major Clients in the Last Two Calendar Years

Unit: NT$ thousands

2020					2021 (Note 1)					2022 Q1				
Item	Company Name	Amount	(%)	Relation with Issuer	Item	Company Name	Amount	(%)	Relation with Issuer	Item	Company Name	Amount	(%)	Relation with Issuer
1	Y Company	571,861	14.75	None		Others	6,259,858	100	None	Note 2				
2	C3 Company	457,054	11.79	None										
	Others	2,848,529	73.46	None										
Total	Sales Net Amount	3,877,444	100		Total	Sales Net Amount	6,259,858	100						

Note 1: Clients without total sales amount exceeding 10% in 2021.
Note 2: Information as of the day before the printing date of annual report, which has not reviewed by the CPA.

Reason for change in procurement and sales: The Company mainly involves in project-based contracting customized equipment manufacturing and project services. The objects of service compared with the manufacturing industries of general massive standard products do not have fixed customer for sales and suppliers, which changes by the scale and content of projects undertaken.

E. Production in the Last Two Years

Unit: NT$ thousands

Major Products / Output / Year	2020			2021		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
High-Tech Industry Processing Supply System Equipment Sales	Note 1	Note 1	1,967,293	Note 1	Note 1	2,408,511
High-Tech Industry Processing Supply System Integrated Project			705,725			2,213,374
Others			248,893			248,953
Total			2,921,911			4,870,838

Note 1: The company supplies materials, equipment, and project contracting services of processing supply system needed for semiconductor and photovoltaic industries, in addition to distributing semiconductor and photovoltaic high-tech industry equipment material and products. The type of products is various while the equipment made by client customization is independent and could not be calculated for production and sales volume and hence is calculated for production and sales volume by product type.

F. Sales Volume of Most Recent Two Years

Unit: NT$ thousands

Major Products / Sales Volume / Year	2020				2021			
	Local		Export		Local		Export	
	Quantity	Amont	Quantity	Amont	Quantity	Amont	Quantity	Amont
High-Tech Industry Processing Supply System Equipment Sales	Note 1	1,157	Note 1	2,485,323	Note 1	0	Note 1	3,157,274
High-Tech Industry Processing Supply System Integrated Project		625,371		375,935		2,510,139		163,567
Others		25,406		364,252		55,736		373,142
Total		651,934		3,225,510		2,565,875		3,693,983

Note 1: The company supplies materials, equipment, and project contracting services of processing supply system needed for semiconductor and photovoltaic industries, in addition to distributing semiconductor and photovoltaic high-tech industry equipment material and products. The type of products is various while the equipment made by client customization is independent and could not be calculated for production and sales volume and hence is calculated for production and sales volume by product type.

3. Human Resources

Year		2020	2021	As of March 31, 2022
Number of Employees	Direct Employee	422	602	637
	Indirect Employee	74	124	126
	Total	496	726	763
Average Age		36.32	35.72	35.50
Average Service Seniority		6.09	5.04	4.81
Education	Doctor	0	0	0
	Masters	22	29	28
	Bachelor’s Degree	167	336	343
	Vocational College	153	183	187
	Senior High School	75	83	88
	Below Senior High School	79	95	117

4. Environmental Protection Expenditure

A. According to the law, the installation permit, pollutant emission permit, payable pollution prevention fees or dedicated personnel in environmental protection must be set up for the required pollution facility application of acquisition, payment or set up status are described below: the company business mainly aims to contract the equipment manufacturing of chemicals supply system and the project design and pipeline construction of air pollution prevention equipment. The operational activities do not produce pollutants and the factory is not regulated by law. According to the “Stationary Pollution Source Installation and Operating Permit Management Regulations” and “Water Pollution Control Act,” the factory does not set up pollutant emission outlet, preventive equipment operation o emission license requirement.

B. The company investment to major equipment for environmental pollution prevention, the purpose and possible benefits: None.

C. In recent two years and as of the printing date of the annual report, the process of company improving environmental pollution involving pollution disputes, please explain the handling process: None.

D. In most recent two years and as of the printing date of the annual report, the company suffers loss from environmental pollution (including compensation), total amount of disposition and disclose of future response measures (including improvement measures) and possible expenditures (including possible loss incurred by not taking response measures, disposition, and the estimated amount of compensation. If such amount could not be reasonable estimated, explain the fact that could not be reasonably estimated): None.

E. Currently the influence of pollution status and improvement on company surplus, competitor status, and capital expenditure and the material environmental protection capital expenditure estimated for the coming two years: None.

5. Labor/Management Relations

A. List the employee welfare measure, continuing education, training, retirement system and the implementation for employees as well as the labor/management agreement and rights maintenance measures for employees.

(1) Employee welfare measures:
To promote labor/management harmony, employee cohesion and care for employee’s welfare, the company sets up employee welfare committee apart from labor and national health insurance to advocate for various employee welfare measures, including employee heath examination, employee trip, outdoor activities and year-end welfare measures in addition to assisting with the communication of opinions between labor and management.
The main employee welfare measures of the company are described below

a. Employees are entitled to labor, health insurance, pension funds, group insurance and dependants group insurance.

b. Employees are entitled to birth, marriage, funeral, injury/disease allowance, and disaster subsidy.

c. The company prepares birthday celebration allowance, Dragon Boat Festival bonus, Mid-Autumn labor bonus, year-end lottery, annual bonus, employee remuneration, and employee stock option.
d. Organize dinner parties, health activities, birthday parties and travel for domestic and foreign employees from time to time, and provide travel subsidies.
e. Language subsidy and verification fee subsidy for foreign language courses.
f. Provide comfortable and safe dormitory for employees from other counties.
g. The company appeals in stable growth and protection of employees’ right to work.
h. In order to create a high-quality and healthy workplace environment, the company regularly provides on-site nurse practitioner and physician resident service to consult employees' physical conditions or working conditions. The annual service fee of on-site nurse practitioner and physician in 2021 was NTD175 thousand. Regular health lectures, annual health check-up, help employees to understand and manage their own health status, always care for employees, implement health care and promotion.

(2) Continuing education and training:
In response to the fast changes in industry technology and assurance of employee’s talent development, in order to meet the company objectives, the Company offers education training as one of the key points to the human resource management of the company. The company offers various seminars, training to upgrade employee’s professional skills and knowledge in order to strengthen their work attitude, providing employees with the opportunities and fund to participate in external training. The company expects all the employees contribute their knowledge, upgrade work quality and level, create the overall profits for the company and thereby help the personal career plan and overall company profits to the growth through work and training as well.

(3) Retirement system and implementation thereof:
The Company enforces the workers' retirement rules pursuant to the Labor Standard Law and allocates the pension reserve on a monthly basis. The rules are outlined as following:

a. The Company allocated the pension reserve equivalent to 5% of the total salary on a monthly basis before the end of September 2002, and 6.5% thereof after October 2002. The pension reserve will be deposited to the exclusive account maintained at the Bank of Taiwan. As of July 2005, the Company has executed the new system according to the employees’ will and choice, and allocated the pension fund according to the Labor Pension Act.
b. Payment of pension fund: The Company paid the pension fund pursuant to the Labor Standard Act or Labor Pension Act pursuant to laws subject to the employees’ choice as of Jul. 1, 2005.
c. According to the provisions of International Accounting Standard No.19, the actuary is required to conduct evaluation on the pension reserve fund, and submit an actuarial assessment report.

(4) Agreements between Labor/Management and the maintenance measures of various employee rights.
The company values employee opinions and is committed to establish one opened environment. Supervisors and departments also call up labor/management meeting regularly to encourage employees with expression of opinions through opened and transparent scheme to communicate with relevant personnel in addition to requesting supervisors and relevant departments with fast replay, thereby, implementing the purpose of two-way communication. Due to the harmony in labor/management relations, there has not been any dispute requiring negotiation between the labor/management parties.

(5) Employee Stock Option, Remuneration and Shareholding:
Employee profit sharing plan aims to share corporate operational outcome with employees through actual participation and integrates with company operational objectives. At the end of the accounting year, any surplus left from settlement of operation will be paid for tax and cover the deficit in addition to appropriating 10% legal reserve, followed by appropriating certain ratio from the remaining surplus as employee remuneration. The company also agrees to appropriate certain ratio of capital increase as employee stock option as each capital increase so that employees can subscribe the stocks by personal intent.

B. In recent years and as of the printing date of the annual report, the company’s loss from labor/management dispute while the future and current possible estimation amount and response measures are disclosed. In case the estimation could not be reasonably made, the company shall explain the facts of unreasonable estimation:

The Company is used to valuing the employees' benefits and calling a labor and employer meeting regularly, and also installs the suggestions box to make a two-way communication channel available to employees. Therefore, the relationship between labor and employer is harmonious and no dispute over labor has arisen in the past. No material loss or punishment has been suffered by the Company due to dispute between labor and employer in the past three years. In the future, the Company will continue to adhere to the same principle and solidify the relationship between labor and employer further.

C. Employee Conduct or Formulation of Ethical Principles:

(1) The company develops employee work conducts and delivers to the employees in writing during appointment to explicitly define the rights and obligations of both parties and relevant conduct standards during the term.

(2) The company has developed "Ethical Conduct Principles" to regulate the managerial officers of the company (including) in comfort to ethical standards. Refer to the company website for more information http://www.novatech.com.tw/

D. Protection Measures for Work Environment and Employee Personal Safety:

(1) The company aims to prevent occupational accident and protect the safety and health of labor. The company adopts of an Occupational Health and Safety management system (OH&S management system) (ISO14001, ISO45001). According to the industry characteristic of the company, to identify the unacceptable risks of material environmental consideration and occupational safety health, controlling the impact and hazard on the environment and people. The application of P-D-C-A management circulation method will continuously plan, implement, audit and improve the OH&S management performance. The company has obtained ISO14001 and ISO45001 system certification. Committed to workplace health in 2018~2021, the Company has obtained the Badge of accredited Healthy Workplace certification by the Health Promotion Administration.

(2) Industrial Safety Management Performance

a. Labor working environment monitoring
Master the labor work real state of the working environment and reviewing the status of workers work environment harm, take precautions and monitoring mechanism, to protect workers from the harm of hazardous substances in the workplace, confirm the labor safety and work environment, when before perform confined space operations, company to carry out the job execution, in accordance with the laws and regulations and customer specifications environmental monitoring and ventilated take a breath, to ensure the operation safety of workers.

b. According to ISO regulations, the OH&S management objectives are set annually, and the achievement of the OH&S management objectives is tracked quarterly. The results of OH&S management in 2020-2021 are shown below:

OH&S management objectives	Execution	
	2020	2021
To control the penalty for violation of customer code (pieces)	2	11
safety deficiency list (pieces)	58	79
Chemical emergency plan training (person)	17	19
Hazardous Chemicals & Chemical wipes treatment training (person)	30	39
Risk in confined space training (person)	17	39
High risk work training (person)	24	5
Fire Safety training	99	96
Health Lectures	67	38
Accumulated working hours without injury at work	1,937,522hrs	2,269,891hrs

(3) Audit process

To set up dedicated departments: Central Security Management Office is to control the ability of work safety, assign occupational safety and hygiene officer to customer factory, management in OH&S management system, complying with laws and regulations and the requirement of customer, perform operation before/in/after independent inspection, found that do not conform to the requirements of the item immediately improve responsibility unit, reduce the job hazard risk.

(4) Professional industrial safety management

All employees of the company shall have the certification of a safety and hygiene supervisor or above, and shall obtain more than one professional license. The site management personnel also hold the professional certificates related to the operation. The professional roster of the statistical company is as follows:

Safety management specialist		Site administration specialist	
Level A technician for for labor safety management	2	Level A technician for for labor safety & health management	5
Level A technician for for labor health management	1	Level C technician for for labor safety & health management	30
Level B technician for for labor safety & health management	5	Construction industry Level A technician for for labor safety & health management	5
Labor safety & health management qualifications	6	Construction industry Level C technician for for labor safety & health management	11
First Aider personnel	18	Supervisor in charge of specified chemical substance operations	26
Supervisor in charge of hypoxia operations	12	Supervisor in charge of organic solvent operations	20
Supervisor in charge of scaffolds assembly works	7	Supervisor in charge of trench bracing works	4
Level A Waste Disposal Technician	4	Supervisor in charge of roofing operations	11
Dedicated Wastewater And Sewage Treatment Specialists （Level A or Level B）	6	Fire Administrator	4
Toxic Chemical Substances Management Specialist（Level A or Level B）	3	Fire Fighting Training	1
Supervisor in General High Pressure Gas	2	Forklift operator	2
		Supervisor in Liquefied Petroleum Gas	1

(5) Safety control of high-risk operation

The company is engaged in the construction of water, gas and chemical related supply equipment pipelines. The company has set up “Work health and safety policy”. During the construction period, the company will encounter many high-risk operations due to the environment or equipment. Safety and hygiene worker need to be on the spot throughout the supervision, found that there is a risk of safety hazards, should immediately stop work for improvement, if not in the site, construction is prohibited.

6. Information security management

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

(1) Management Framework

The IT department is responsible for the maintenance and management of information security. They will regularly evaluate the appropriateness and effectiveness of information security policies, draw up a plan to strengthen protection measures and reduce information security risks, take ISO27001 as the benchmarks for information security management, and in the spirit of PDCA, continue to implement information infrastructure and information security measures to

ensure the Security, Integrity and Availability of the company's important information.
The IT department executes the routine information security inspections and submits inspection reports to the responsible supervisor for review and verification. The ratification status of the findings and issues addressed in such inspection shall be understood, tracked and verified to confirm that the information security policy has been complied with by the internal and external related personnel and units.
The company conducts the internal audit and the specific audit in accordance with the annual audit plan for the information and communications security inspection items of the company. The audit results are not only submitted to the Board of Directors but also reported to the chairman on a monthly basis or on an as need basis in order to provide the operation status of internal control functions to the management level so that they can understand the existing or potential issues and then made the optimization.

(2) Information Security Policies

(3) Specific Management Scheme and resources invested in information security management
The company does not insured information security insurance, but the following specific management schemes are applied to minimize the information security risks.
The company believes and expects that information technology can be enhanced and information security can be ensured through these efforts, so that the operation results of the company will be improved to promote the interests of all shareholders.

a. Employees' awareness of information security: We communicate information security threats and actions to be taken to our employees from time to time to protect employees from information security threats and increase their awareness of information security.
The company in 2021 for new employees to carry out online "information security concept of password setting" education training course.
b. Cyber attacks and viruses: We have a firewall with multi-layered security architecture, install antivirus software on users' computers, and conduct unified monitoring and protection to reduce cyber attacks and fully ensure information security.
c. IT service continuity: On-site and off-site backups and recovery drills are conducted for critical business operations and information. If the destruction or interruption of the main operating system or databases is inevitable, proper action is taken to ensure that the system is recovered as scheduled.
d. Protection of trade secrets: Core business and R&D documents are encrypted to ensure that the Company's protection is foolproof.

B. Set out the losses, possible impacts and response measures incurred due to major information security incidents in the latest year and up to the date of publication of the annual Report. If it cannot be reasonably estimated, state the fact that it cannot be reasonably estimated: None.

7. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Chemicals Supply Equipment and Project Agreement	Q Company	2021/02/01 Complete acceptance by construction progress	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	S13 Company	2021/09/02~2023/03/31	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	P1 Company	2021/08/24~2022/09/30	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	S15 Company	2020/01/16 Complete acceptance by construction progress	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	S19 Company	2020/01/01 Complete acceptance by construction progress	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	S4 Company	2021/04/16~2021/12/05	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	C5 Company	2019/04/01~2021/09/12	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	S11 Company	2020/02/18~2021/08/09	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	SP Company	2020/11/04~2021/07/31	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	Y Company	2021/07/30~2021/09/30	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	H5 Company	2020/05/06 Complete acceptance by construction progress	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	AC Company	2020/12/14~2022/01/12	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	H Company	2017/08/01~2023/06/29	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	S26 Company	2021/04/01 Complete acceptance by construction progress	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	S28 Company	2021/12/16 Complete acceptance by construction progress	Project & Chemicals Supply Equipment Agreement	Warranty Commitment
Chemicals Supply Equipment and Project Agreement	S1 Company	2021/06/08~2022/01/31	Project & Chemicals Supply Equipment Agreement	None
Gas supply integration engineering	S25 Company	2020/04/01~2022/08/31	Gas supply integration engineering	Warranty Commitment
Gas supply integration engineering	S2 Company	2020/04/01~2021/08/31	Gas supply integration engineering	None
Gas supply integration engineering	W Company	2021/10/01~2022/09/30	Gas supply integration engineering	Warranty Commitment

Agreement	Counterparty	Period	Major Contents	Restrictions
Wet bench system	S7 Company	2018/08/16 Complete acceptance by construction progress	Wet bench system	Warranty Commitment
Wet bench system	J1 Company	2021/10/09 Complete acceptance by construction progress	Wet bench system	Warranty Commitment
Other	C7 Company	2020/12/17~2022/09/09	Other	Warranty Commitment
Other	I Company	2021/05/06 Complete acceptance by construction progress	Other	Warranty Commitment
Other	S11 Company	2019/09/01~2021/03/01	Other	Warranty Commitment
Other	C3 Company	2020/01/01~2021/03/19	Other	Warranty Commitment
Other	AC Company	2020/12/16~2022/01/12	Other	Warranty Commitment
General Credit Line Agreement	China Construction Bank	2021/10/28~2022/09/27(Suzhou Winmax)	General Credit Line Agreement	Financing Contract
General Credit Line Agreement	Bank of China	2021/03/04~2022/02/17(Winmax)	General Credit Line Agreement	Financing Contract
General Credit Line Agreement	HSBC Bank	2021/12/01~2022/11/30(Nova) 2021/02/03~2022/03/04(Winmax)	General Credit Line Agreement	Financing Contract
General Credit Line Agreement	Mega International Commercial Bank	2021/09/01~2022/08/31(Nova) 2021/01/25~2022/01/24(Winmax) 2021/01/25~2022/01/24(Suzhou Winmax)	General Credit Line Agreement	Financing Contract
General Credit Line Agreement	Mega International Commercial Bank	2021/09/01~2022/08/31(Nova)	Letter of Guarantee	Financing Contract
General Credit Line Agreement	Fubon China	2021/04/27~2024/04/30(Winmax) 2021/04/27~2024/04/30(Suzhou Winmax)	General Credit Line Agreement	Financing Contract
General Credit Line Agreement	Taishin International Bank	2021/12/01~2022/11/30 (Nova)	General Credit Line Agreement	Financing Contract
General Credit Line Agreement	Bank Of Taiwan	2021/07/30~2022/07/30 (Nova)	General Credit Line Agreement	Financing Contract
General Credit Line Agreement	DBC Bank	2021/03/31~2022/03/31 (Nova)	General Credit Line Agreement	Financing Contract
General Credit Line Agreement	Taipei Fubon Bank	2021/11/30~2022/11/29 (Nova)	General Credit Line Agreement	Financing Contract
General Credit Line Agreement	E.SUN Commercial Bank	2021/09/07~2022/09/07 (Nova)	General Credit Line Agreement	Financing Contract
General Credit Line Agreement	Hua Nan Bank	2021/02/18~2022/02/18 (Nova)	General Credit Line Agreement	Financing Contract

VI. Financial Information

1. Five-Year Financial Summary

A. Condensed Balance Sheet

(1) Condensed Consolidated Balance Sheet - Based on IFRS

Unit : NT$ thousand

Item \ Year		Financial Information for the Most Recent Five Years (Note 1) 2017	2018	2019	2020	2021	As of March 31, 2022
Current Assets		5,246,107	4,209,253	4,114,592	4,515,989	6,194,134	(Note 3)
Property, Plant and Equipment		92,816	144,648	140,068	134,268	253,454	
Intangible Assets		0	0	0	3,444	87,462	
Other Assets		53,647	37,821	76,508	199,331	97,951	
Total Assets		5,392,570	4,391,722	4,331,168	4,853,032	6,633,001	
Current Liabilities	Before Distribution	3,265,046	1,869,503	1,807,869	2,224,653	3,300,422	
	After Distribution	3,604,326	2,378,423	2,147,149	2,496,077	N/A	
Non-current Liabilities		129,888	216,408	276,537	300,173	330,705	
Total Liabilities	Before Distribution	3,394,934	2,085,911	2,084,406	2,524,826	3,631,127	
	After Distribution	3,734,214	2,594,831	2,423,6861	2,796,250	N/A	
Equity Attributable to Shareholders of the Parent		1,997,636	2,305,811	2,246,762	2,328,206	2,610,000	
Capital stock		339,280	339,280	339,280	339,280	339,280	
Capital Surplus		866,545	866,545	866,545	866,545	866,545	
Retained Earnings	Before Distribution	817,987	1,140,428	1,118,971	1,190,528	1,479,733	
	After Distribution	478,707	631,508	779,691	919,104	N/A	
Other Equities		(26,176)	(40,442)	(78,034)	(68,147)	(75,558)	
Treasury Stocks		0	0	0	0	0	
Non-controlling Interests		0	0	0	0	391,874	
Total Equity	Before Distribution	1,997,636	2,305,811	2,246,762	2,328,206	3,001,874	
	After Distribution	1,658,356	1,796,891	1,907,482	2,056,782	N/A	

Note 1: Financial information from 2017 to 2021 has been audited and assured by the CPA.
Note 2: The distribution of 2021 earnings is to be determined in the 2022 shareholders' meeting.
Note 3: Financial information as of the quarter immediately preceding the printing date of this annual report has not been audited and assured by the CPAs.

(2) Condensed Standalone Balance Sheet - Based on IFRS

Unit : NT$ thousand

Item \ Year		Financial Information for the Most Recent Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current Assets		2,149,828	1,708,640	1,782,632	1,630,110	1,698,915
Property, Plant and Equipment		68,278	67,241	66,001	63,686	63,546
Intangible Assets		0	0	0	0	0
Other Assets		953,190	1,317,753	1,470,729	1,752,976	2,125,432
Total Assets		3,171,296	3,093,634	3,319,362	3,446,772	3,887,893
Current Liabilities	Before Distribution	1,043,772	571,359	807,470	828,512	967,190
	After Distribution	1,383,052	1,080,279	1,146,750	1,099,936	N/A
Non-current Liabilities		129,888	216,464	265,130	290,054	310,703
Total Liabilities	Before Distribution	1,173,660	787,823	1,072,600	1,118,566	1,277,893
	After Distribution	1,512,940	1,296,743	1,411,880	1,389,990	N/A
Equity Attributable to Shareholders of the Parent		1,997,636	2,305,811	2,246,762	2,328,206	2,610,000
Capital stock		339,280	339,280	339,280	339,280	339,280
Capital Surplus		866,545	866,545	866,545	866,545	866,545
Retained Earnings	Before Distribution	817,987	1,140,428	1,118,971	1,190,528	1,479,733
	After Distribution	478,707	631,508	779,691	919,104	N/A
Other Equities		(26,176)	(40,442)	(78,034)	(68,147)	(75,558)
Treasury Stocks		0	0	0	0	0
Non-controlling Interests		0	0	0	0	0
Total Equity	Before Distribution	1,997,636	2,305,811	2,246,762	2,328,206	2,610,000
	After Distribution	1,658,356	1,796,891	1,907,482	2,056,782	N/A

Note 1: Financial information above has been audited and assured by the CPAs.
Note 2: The distribution of 2021 earnings will be adopted by 2022 shareholders' meeting.

B. Condensed Statement of Comprehensive Income

(1) Consolidated Condensed Statement of Comprehensive Income - Based on IFRS

Unit : NT$ thousand

Item \ Year	Financial Information for the Most Recent Five Years (Notl 1)					As of March 31, 2022
	2017	2018	2019	2020	2021	
Net Operating Revenue	3,342,542	4,866,703	4,406,270	3,877,444	6,259,858	(Note 2)
Gross Profit	997,444	1,101,052	1,067,047	955,533	1,389,020	
Net Operating Income	675,902	705,569	666,136	594,496	844,729	
Non-operating Income and Expenses	(79,191)	99,428	40,396	(21,924)	2,364	
Income before Income Tax	596,711	804,997	706,532	572,572	847,093	
Income from Continuing Operations – after tax	447,475	559,863	496,941	407,392	623,872	
Loss from Discontinued Operations	0	0	0	0	0	
Net Income	447,475	559,863	496,941	407,392	623,872	
Other Comprehensive Income – after Tax	(7,940)	(16,608)	(47,070)	13,332	(15,036)	
Total Comprehensive Income	439,535	543,255	449,871	420,724	608,836	
Net income attributable to shareholders of the parent	447,475	559,863	496,941	407,392	568,254	
Net income attributable to non-controlling interest	0	0	0	0	55,618	
Comprehensive income attributable to Shareholders of the parent	439,535	543,255	449,871	420,724	553,218	
Comprehensive income attributable to non-controlling interest	0	0	0	0	55,618	
Earnings per Share	15.07	16.5	14.65	12.01	16.75	

Note 1: Financial information from 2017 to 2021 has been audited and assured by the CPA.

Note 2: Financial information as of the quarter immediately preceding the printing date of this annual report has not been audited and assured by the CPAs.

(2) Condensed Standalone Statement of Comprehensive Income - Based on IFRS

Unit : NT$ thousand

Item \ Year	Financial Information for the Most Recent Five Years (Note 1)				
	2017	2018	2019	2020	2021
Net Operating Revenue	1,466,807	1,847,874	1,912,720	1,718,210	1,889,080
Gross Profit	433,771	341,993	340,217	239,942	403,888
Net Operating Income	295,479	194,128	202,018	114,208	243,068
Non-operating Income and Expenses	249,294	517,334	421,074	398,574	448,329
Income before Income Tax	544,773	711,462	623,092	512,782	691,397
Income from Continuing Operations – after tax	447,475	559,863	496,941	407,392	568,254
Loss from Discontinued Operations	0	0	0	0	0
Net Income	447,475	559,863	496,941	407,392	568,254
Other Comprehensive Income – after Tax	(7,940)	(16,608)	(47,070)	13,332	(15,036)
Total Comprehensive Income	439,535	543,255	449,871	420,724	553,218
Net income attributable to shareholders of the parent	447,475	559,863	496,941	407,392	568,254
Net income attributable to non-controlling interest	0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent	439,535	543,255	449,871	420,724	553,218
Comprehensive income attributable to non-controlling interest	0	0	0	0	0
Earnings per Share	15.07	16.5	14.65	12.01	16.75

Note: Financial information above has been audited and assured by the CPAs.

C. Auditors' Opinions from 2015to 2019

Year	Accounting Firm	CPA	Audit Opinion
2017	KPMG	Huang, Hai-Ning and Chang, Tzu-Hsin	Unqualified opinion
2018	KPMG	Huang, Hai-Ning and Chang, Tzu-Hsin	Unqualified opinion
2019	KPMG	Huang, Hai-Ning and Chang, Tzu-Hsin	Unqualified opinion
2020	KPMG	Huang, Hai-Ning and Chang, Tzu-Hsin	Unqualified opinion
2021	KPMG	Huang, Hai-Ning and Chien-Hui Lu	Unqualified opinion

2. Five-Year Financial Analysis

A. Consolidated Financial Analysis - Based on IFRS

Item (Note 2) / Year		Financial Analysis for the Most Recent Five Years (Note 1)					As of March 31, 2021
		2017	2018	2019	2020	2021	
Financial Structure (%)	Debt to asset Ratio	62.96	47.50	48.13	52.03	54.74	(Note 7)
	Long-term Fund to Property, Plant and Equipment	2292.20	1743.69	1801.48	1957.56	1314.87	
Liquidity(%)	Current Ratio	160.67	225.15	227.59	203.00	187.68	
	Quick Ratio	93.09	192.71	178.86	159.84	122.71	
	Interest Coverage ratio	50841	Note 4	56174	27827	16775	
Operating performance	Accounts Receivable Turnover (times)	4.63	4.32	2.98	2.61	3.25	
	Average Collection Period	79	84	122	140	112	
	Inventory Turnover (times)	0.77	2.28	5.52	3.46	3.56	
	Accounts Payable Turnover (times)	2.36	3.77	3.40	3.35	4.18	
	Average Inventory Turnover Period	474	160	66	106	103	
	Property, Plant and Equipment Turnover (times)	37.29	40.99	30.95	28.27	32.29	
	Total Assets Turnover (times)	0.75	0.99	1.01	0.84	1.09	
Profitability	Return on Total Assets Ratio (%)	10.13	11.44	11.42	8.91	9.97	
	Return on Equity (%)	29.22	26.02	21.83	17.81	21.32	
	Pre-tax income to Paid-in Capital (%)	175.88	237.27	208.24	168.76	249.67	
	Net Margin (%)	13.39	11.5	11.28	10.51	9.08	
	Earnings per share (NT$)	15.07	16.50	14.65	12.01	16.75	
Cash flow	Cash Flow ratio (%)	20.65	Note 1	31.59	10.00	11.29	
	Cash Flow Adequacy ratio (%)	Note 3	75.2	100.43	95.44	76.38	
	Cash Reinvestment ratio (%)	22.86	Note 1	2.37	Note 1	2.88	
Leverage	Operating leverage	1.64	1.38	1.43	1.41	1.46	
	Financial leverage	1.00	1.00	1.00	1.00	1.01	

Please explain the reason for changes in financial ratios in the most recent two years (exempt if deviation is within 20 %).

- Decrease in Ratio of long-term capital to property, plant and equipment: Due to increase in property, plant and equipment.
- Decrease in Quick ratio : Due to increase in current liabilities.
- Decrease in Interest earned ratio: Due to increase in interest payments.
- Increase in Accounts receivable turnover/decrease in Average collection period: Due to increase in operating revenue.
- Increase in Accounts payable turnover: Due to increase in operating costs.
- Increase in Total assets turnover: Due to Increase in operating revenue.
- Increase in Return on Equity: Due to Increase in Net Income.
- Increase in Pre-tax income to paid-in capital : Due to Increase in Pre-tax income.
- Increase in Earnings per share: Due to Increase in Comprehensive income attributable to Shareholders of the parent.
- Decrease in Cash flow adequacy ratio:Due to decrease in Net Cash Flow from Operating Activities for the past 5 Years.

Note 1: The net cash flow from operating activities is negative and has no significance to analytical.
Note 2: Less than five fiscal years have elapsed since the adoption of the IFRS for financial information.
Note 3: Financial information as of the quarter immediately preceding the printing date of this annual report has not been audited and assured by the CPAs.
Note 4: No interest expense in this period and has no significance to analysis.

B. Financial Analysis - Based on IFRS (Standalone Financial Statements)

Item(Note 4)	Year	Financial Analysis for the Past Five Years (Note 1)				
		2017	2018	2019	2020	2021
Financial Structure (%)	Debt to asset Ratio	37.01	25.47	32.31	32.45	32.87
	Long-term Fund to Property, Plant and Equipment	3115.97	3751.10	3805.84	4111.2	4596.2
Liquidity (%)	Current Ratio	205.97	299.05	220.77	196.75	175.65
	Quick Ratio	137.37	235.52	152.53	149.11	113.69
	Interest Coverage ratio	46424	Note 8	582429	57781	32636
Operating performance	Accounts Receivable Turnover (times)	3.66	6.08	4.98	3.97	3.87
	Average Collection Period	100	60	73	92	94
	Inventory Turnover (times)	0.53	1.83	4.24	3.25	3.23
	Accounts Payable Turnover (times)	2.12	3.79	3.85	3.65	3.60
	Average Inventory Turnover Period	689	200	86	112	113
	Property, Plant and Equipment Turnover (times)	21.76	27.27	28.71	26.50	29.70
	Total Assets Turnover (times)	0.55	0.59	0.60	0.51	0.52
Profitability	Return on total assets (%)	16.67	17.87	15.50	12.06	15.54
	Return on Equity (%)	29.22	26.02	21.83	17.81	23.01
	Pre-tax income to Paid-in Capital (%)	160.57	209.7	183.65	151.14	203.78
	Net Margin (%)	30.51	30.30	25.98	23.71	30.08
	Earnings per share (NT$)	15.07	16.50	14.65	12.01	16.75
Cash flow	Cash Flow ratio (%)	18.06	17.58	Note 2	Note 2	0.67
	Cash Flow Adequacy ratio (%)	Note 3	51.82	34.68	29.06	16.33
	Cash Reinvestment ratio (%)	0.50	Note 2	Note 2	Note 2	Note 2
Leverage	Operating leverage	1.72	1.59	1.63	2.09	1.53
	Financial Leverage	1.00	1.00	1.00	1.01	1.01

Please explain the reason for changes in financial ratios in the most recent two years (exempt if deviation is within 20 %).

- Decrease in Quick ratio: Due to increase in current liabilities.
- Decrease in Interest earned ratio: Due to increase in interest payments.
- Increase in Return on stockholders' equity: Due to increase in Net Income.
- Increase in Pre-tax income to paid-in capital: Due to increase in Pre-tax income.
- Increase in Profit ratio: Due to increase in operating revenue.
- Increase in Earnings per share: Due to increase in Net Income.
- Decrease in Cash flow adequacy ratio: Due to decrease in Net Cash Flow from Operating Activities for the past 5 Years.
- Decrease in Operating leverage : Due to increase in Operating Income.

Note 1: Financial information above has been audited and assured by the CPAs.

Note 2: The net cash flow from operating activities is negative and has no significance to analytical.

Note 3: Less than five fiscal years have elapsed since the adoption of the IFRS for financial information.

Note 4: The calculation formulas are as follows:

1. Financial Structure
   (1) Debt to asset Ratio = Total Liabilities / Total Assets.
   (2) Long-term Fund to Property, Plant and Equipment = (Total Shareholder's Equity + Non-current Liabilities) / Net Property, Plant and Equipment.
2. Liquidity
   (1) Current Ratio = Current Assets / Current Liabilities.
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.
   (3) Interest Coverage Ratio = Net Income before Income Tax and Interest Expenses / Interest Expenses.
3. Operation Performance
   (1) Accounts Receivable Turnover = Net Sales / Average Accounts Receivable.
   (2) Average Collection Periiod = 365 / Accounts Receivable Turnover.
   (3) Inventory Turnover = Cost of Sales / Average Inventory.
   (4) Accounts Payable Turnover = Cost of Sales / Average Accounts Payable.
   (5) Average Inventory Turnover Period = 365 / Inventory Turnover.
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment.
   (7) Total Asset Turnover = Net Sales / Average Total Assets.
4. Profitability
   (1) Return on Total Assets = [Net Income + Interest Expenses*(1 - Tax Rate)] / Average Total Assets.
   (2) Return on Equity = Net Income / Average Shareholder's Equity.
   (3) Net Margin = Net Income / Net Sales.
   (4) Earnings per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) /Weighted Average Number of Shares Outstanding.
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities.
   (2) Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the past 5 Years / (Capital Expenditures + Increase in Inventory + Cash Dividends) for the past 5 Years.
   (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Non-current Assets + Working Capital).
6. Leverage
   (1) Operating Leverage = (Net Sales - Variable Operating Costs and Expenses) / Operating Income.
   (2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses).

Note 5: The following factors are to be included in the consideration for the calculation of earnings per share:

1. It is based on the weighted average common stock shares instead of the outstanding stock shares at year end.
2. For capitalization with cash or treasury stock trade, the stock circulation must be included for consideration to calculate weighted average shares.
3. For capitalization with retained earnings and additional paid-in capital, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) should be deducted from net income or added to the net loss. If preferred shares are not cumulative, preferred stock dividend should be deducted from net income if there is ant but it needs not be added to net loss if there is any.

Note 6: The following factors are to be included for consideration for the analysis of cash flow:

1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Cash Flow Statement.
2. Capital expenditure meant for the cash outflow of capital investment annually.
3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross Property, land and equipment for the total Property, land and equipment before deducting the cumulative depreciation.

Note 7: Issuer should classify operating coat and operating expense according to fixed and variable category. If the classification is estimated and subjective, it should correspond with rationality and consistence.

Note 8: No interest expense in this period so not significance to analysis.

3. Audit Committee's Review Report in the Most Recent Year

朋億股份有限公司
NOVA TECHNOLOGY CORP.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements (included consolidated and individual), and proposal for allocation of profits. The CPA firm of KPMG was retained to audit Nova Technology Corporation's Financial Statements and has issued an audit report relating to the Financial Statements. The Business report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit committee members of Nova Technology Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

NOVA TECHNOLOGY CORPORATION

Chairman of the Audit Committee: Hui-Yin Chiu Hui Yin Chiu

February 23, 2022

4. **Annual Consolidated Financial Report in the Most Recent Year: Refer to P.122~P.176.**

5. **Annual Parent Company only Financial Report in the Most Recent Year: Refer to P.177~ P.225.**

6. **Impact of Financial Distress Occurred to the Company and Affiliates in the Recent Years until the Annual Report being published: None.**

VII. Review of Financial Conditions, Financial Performance, and Risk Management

1. Financial Status

Unit: NT$ thousands, %

Item \ Year	2020	2021	Difference	
			Amount	%
Current Assets	4,515,989	6,194,134	1,678,145	37.16
Property, Plant and Equipment	134,268	253,454	119,186	88.77
Intangible Assets	3,444	87,462	84,018	2439.55
Other Assets	199,331	97,951	(17,362)	(8.56)
Total Assets	4,853,032	6,633,001	1,779,969	36.68
Current Liabilities	2,224,653	3,300,422	1,075,769	48.36
Non-current Liabilities	300,173	330,705	30,532	10.17
Total Liabilities	2,524,826	3,631,127	1,106,301	43.82
Capital Stock	339,280	339,280	0	0
Capital Surplus	866,545	866,545	0	0
Retained Earnings	1,190,528	1,479,733	289,205	24.29
Other Equity	(68,147)	(75,558)	(7,411)	10.88
Equity Attributable to Shareholders of the Parent	0	2,610,000	2,610,000	0
Non-controlling Interests	0	391,874	391,874	0
Total Equity	2,328,206	3,001,874	673,668	28.94

Analysis of Deviation over 20% and NT$10 million:

Increase in Current Liabilities/Property, Plant and Equipment/Intangible Assets/Total Assets/Non-current Liabilities/Total Liabilities/Retained Earnings/Equity Attributable to Shareholders of the Parent/Non-controlling Interests/Total Equity: Due to the investment of 51.31% in Rayzher Industrial Co., Ltd.

2. Financial Performance

Unit: NT$ thousands, %

Item \ Year	2020	2021	Increase/Decrease	Difference (%)
Net Operating Revenue	3,877,444	6,259,858	2,382,414	61.44
Operating Costs	2,921,911	4,870,838	1,948,927	66.70
Gross Profit	955,533	1,389,020	433,487	45.37
Operating Expenses	361,037	544,291	183,254	50.76
Net Operating Income	594,496	844,729	250,233	42.09
Non-Operating Income and Expenses	(21,924)	2,364	24,288	(110.78)
Income before Income Tax	572,572	847,093	274,521	47.95
Income Tax Expense	165,180	223,221	58,041	35.14
Net Income	407,392	623,872	216,480	53.14

1.Analysis of Deviation over 20% and NT$10 million:
(1) The increase in operating income was caused by the expansion of the main semiconductor plant.
(2) Increase in Operating Costs/Gross Profit /Net Operating Income/ Income before Income Tax/Net Income was caused by Increase in operating revenue.
(3) Increase in Operating Expenses was caused by the investment of 51.31% in Rayzher Industrial Co., Ltd.
(4) Due to the exchange rate fluctuations caused by the current period of exchange gains and losses.
(5) Increase in Income Tax Expense was caused by Increase in Income before Income Tax.

2. Impact of sales volume forecast and the basis on Corporate Finance and Business, and Response Measures: Refer to “B. Sales Forecast and sales policy” on Page 3.

3. Cash Flow

A. Cash Flow Analysis for the Current Year (2021):

Unit: NT$ thousands, %

Item	2020	2021	Variance %
Cash Flow Ratio (%)	10.00	11.29	12.90
Cash Flow Adequacy Ratio (%)	95.44	76.38	(19.97)
Cash Re-investment Ratio (%)	(4.40)	2.88	165.45

Main causes for changes in the cash flow:
1. Increase in Cash Flow/Cash Re-investment: Due to the increase in cash flow from operating activities.
2. Decrease in Cash Flow Adequacy:Due to the decrease in Net Cash Flow from Operating Activities for the past 5 Years.

B. Remedy for Cash Deficit and Liquidity Analysis: As a result of the cash inflow from operating activities, remedial actions were not required.

C. Cash Flow Analysis for the Coming Year:

Unit: NT$ thousands

Cash Balance, Beginning of Year (As of December 31, 2021 (1)	Net Cash Flow from Operating Activities in 2022 (2)	Cash Inflow from Investing and Financing Activities in 2022 (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1,631,438	700,000	(700,000)	1,631,438	None	None

1. Analysis of changes in the cash flow in 2021:
   (1) The increase in cash inflow from operating activities is mainly due to the increase in business growth and accounts receivable.
   (2) The cash outflow from investing activities is mainly due to increase investment.
   (3) The cash outflow from financing activities is mainly due to the distribution of cash dividends from invested companies.
2. Remedial actions for cash deficit and liquidity analysis: None.

4. Major Capital Expenditure Items

The Company has no major capital expenditure or plan for major capital expenditures.

5. Investment Policy in the Most Recent Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

A. The Company’s current investment policy is based on business-related investments. The Company does not make investments in other industries. Related departments make investments in accordance with the Regulations of Investment Cycle, the Procedures for Trading with Affiliated Companies, Specific Companies, and Related Parties, and the Procedures for Acquisition or Disposal of Assets. The above-mentioned regulations or procedures are reviewed and approved by the Board of Directors and the Shareholders’ Meeting.

The Company has established subsidiaries in China and Singapore To strengthen global market position, Nova technology would keep assessing overseas markets and future growth, and expand its global footprints timely to enhance the international competitiveness.

B. Main Causes for Profits or Losses and Improvement Plans for Investments for the Most Recent Year:

The Company's investment income accounted for using equity method in 2021 was NT$469,223 thousand. This was mainly due to the good operating conditions of companies invested by the Company and the strategic cooperation

C. Investment Plans for the Coming Year:

The Company will carefully evaluate the investment plans in a long-term strategic way to respond to future market demand and strengthen its competitiveness.

6. Analysis of Risk Management

A. Impact of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(1) Interest Rates

The interest income and interest expense to net operating revenues in 2021 and 2020 was 0.26%, 0.40% and 0.08%, 0.05%. The effect of interest rate movements on net income was limited.

Unit：NT$ Thousands

Item \ Year	2021	2020
Interest Income(A)	16,414	15,425
Interest Expense(B)	5,080	2,065
Net Operating Revenue(C)	6,259,858	3,877,444
Ratio of Interest Income to Net Operating Revenue (A/C)	0.26%	0.40%
Ratio of Interest Expense to Net Operating Revenue (B/C)	0.08%	0.05%

(2) Foreign Exchange Rates:

Unit：NT$ Thousands

Item \ Year	2021	2020
Net Foreign Exchange Gain/Loss (A)	(21,025)	(56,642)
Net Operating Revenue (B)	6,259,858	3,877,444
Net Operating Income (C)	844,729	594,496
Ratio of Income/Loss from Foreign Exchange Transactions to Net Operating Revenue(%)	(0.34%)	(1.46%)
Ratio of Income/Loss from Foreign Exchange Transactions to Net Operating Income (B/C)	(2.49%)	(9.53%)

The company mainly operates in Taiwan and China. For cash-in side, domestic projects are usually signed in New Taiwan dollar, and sometimes in other foreign currencies; overseas projects are usually signed in US dollar and local currency. For cashout side, the currencies of payment are usually decided by service location or procurement region. Therefore, the Company must keep appropriate foreign assets and liabilities to operate general activities. Thus the appreciation or depreciation of major currencies, like US dollar, Japanese Yen, and Chinese Yuan, will influence foreign exchange profit/loss of the Company.

To lower the influence on changes in foreign exchange rates, the Company adopts natural hedge strategy, asking same-currency contracts to cover major payment and revenue receive. According to above table, the ratios of foreign exchange profit/loss to operating revenue and operating income are slight. That means the changes in foreign exchange rates have limited influence on the operating revenue and operating income. The concrete methods to hedge Foreign Exchange risks are as below,

a. To know well update trends of major currencies, and adjust Foreign Exchange position timely.
b. To create internal hedge effect by netting foreign receivables and payables.
c. For payment in foreign currencies, to forecast the direction of payment currencies and analyze the potential profit and loss of foreign exchange, and then choose leads or lags strategy to hedge Foreign Exchange risks and achieve the goal of saving costs.
d. In order to allocate optimal capital position, to open foreign currency deposit accounts to collect foreign income and convert it into New Taiwan dollar or other strong currencies based on actual cash flow demand or Foreign Exchange tendency.

(3) Inflation:

In 2021 and as of the printing date of this annual report, there is no significant impact of inflation on the company. In the future, the company will maintain a good relationship with customers and suppliers, while adjusting procurement policies and sales strategies in line with fluctuations in market prices, so as to reduce the impact of fluctuation on the company's profits or losses.

B. Policies, Main Causes for Profits or Losses and Future Response Measures with Regard to High-risk and High-leverage Investments, Lending of Funds, Endorsements / Guarantees, and Derivatives Trading:

The Company is devoted to develop own business and does not engage in high-risk and highleveraged investment. As for lending to others, guarantees and derivatives transactions all are executed according to the Company's "Procedures for Loaning of Company Funds", "Procedures for Endorsements and Guarantees" and "Procedure for Acquisition or Disposal of Assets".

C. Future Research & Development Projects and Corresponding Budgets

The high-tech industry features the following:
(1) Significant changes in prosperity, which requires competitive operating costs;
(2) High risk due to a large amount of special raw materials (gas/chemicals);
(3) Large consumption of water, making water recycling and effective use of water relatively important; and
(4) Environmental pollution control.

In terms of research and development of manufacturing process systems and equipment, the following shall be taken into account:
(1) Safety
(2) Stable and reliable supply
(3) User-friendly operational interfaces
(4) Compact and adaptive on-site
(5) Modular design that ensures scalability
(6) Elasticity under uninterrupted supply

To pursue excellent innovation, the Company actively sets up the procedures for fundamental research and design management of high-tech manufacturing equipment; in addition, the Company also works with international manufacturers to develop localized recycling, waste reduction, and regeneration equipment.

The Company's future research and development plans are as follows:
(1) Safety:
Research and develop new materials and equipment and strengthen manufacturing techniques to improve safety and performance of equipment.
(2) Stability:
Research and develop equipment control procedures and adjust and update control software to improve stability and performance of equipment.
(3) Compactness:
Research and develop new components and performance to improve the compactness and scalability of equipment.
(4) Accuracy:
Research more accurate processing procedures and components for chemicals of high concentrations to increase competitiveness.
(5) Energy saving:
Research energy saving and efficiency using recycling equipment developed with the partner.
(6) Resource technology for waste material
Cooperate with internationally reowned brands to develop and recycle high-tech processes, in addition to reducing the cost of wastewater treatment, and converting waste into raw materials to achieve the goal of circular economy.

(7) Corresponding Budget:

Unit : NT$ thousand

Research projects	Research projects	Research projects	Research projects	Research projects	Research projects
Useful new patents	We are continually applying for related patents	234,621	July. 2024	Equipment improvement and optimization	● Personnel participate in research ● Encouragement and support from management

D. Impact of Changes in Major Policies and Laws on Corporate Finance and Business, and Response Measures:

The Company paid close attention to changes in major policies and laws at home and abroad and adjusted business strategies based on market conditions to effectively control the impact on the corporate finance and business. In 2021 and as of the printing date of this annual report, there is no significant impact of major policies and laws on corporate finance and business.

E. Impact of Changes in Technology and Industry on Corporate Finance and Business, and Response Measures:

The technology industry has actively made its presence in China and Southeast Asia. In response to the market conditions and overall operational strategies, the Company has established subsidiaries in Suzhou, Shanghai, and Singapore to expand business and services to customers and further improve the Company's overall competitiveness. Environmental protection and water resources have been of great concern in recent years. The Company has strived to work with world-renowned manufacturers to develop energy and resource equipment. In 2021 and as of the printing date of this annual report, there is no significant impact of changes in technology and industry on the corporate finance and business.

F. Impact of Changes in Corporate Image on Corporate Risk Management, and Response Measures:

Since its foundation, the Company has offered quality equipment, system integration, and installation management according to the market trends. Upholding the business philosophy of leading technology, quality first, and comprehensive services, the Company has offered manufacturing process systems and equipment and system integration to TSMC, UMC, ASE Group, PSMC, SPIL, AUO, Innolux, Corning, SMIC, TCL, Micron, and GlobalFoundries and had a fine reputation in the industry. In 2021 and as of the printing date of this annual report, there is no significant impact of changes in corporate image on the corporate risk management.

G. Expected Benefits from, Risks Relating to and Responses to Merger and Acquisition Plans:
By March 30, 2021, the company has acquired 51% equity of Rayzher Industrial Co., Ltd., with a total cash amount of NT $364,950 thousand. The management team of the Company has been focused on the strengthening of the operation capacity over the years through reallocation of Group resources and optimization of the operation efficiency of the business units. The M&A has started to yield result. In aligning with the economic upturn of the semiconductor industry and the rise in the average prices of silicon wafer, the Company has expanded its scale of operation significantly. In the future, the Company will make the best use of its advantages in technology and costing to emerge as a long-term partner for the customers of the semiconductor industry, and provide full-range solution in good quality wafer. The Company proceeded to M&A in accordance with the "Acquisition or Disposal of Assets Procedure", and will be cautious in assessment for assurance of the best interest of the Company and the shareholders' equity.

H. Expected Benefits from, Risks Relating to and Responses to Factory Expansion Plans: Currently, the Company has no factory expansion plan.

I. Risks Relating to and Responses to Excessive Concentration of Purchasing Sources and Customers:

The Company offers the high-tech industry manufacturing process supply systems and equipment and installation through projects, and focuses on projects with higher total prices. To control credit risks, the Company performs credit investigations when receiving orders. During manufacturing, the Company also pays close attention to customers' operation and market conditions to ensure the Company's rights and interests.

The Company purchases sources based on the needs of projects. In 2021 and as of the printing date of this annual report, there is no excessive concentration of purchasing except for projects with special functions or the purchase of large equipment requested by customers.

J. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, or Shareholders with Shareholdings of over 10%:

In the most recent year up to the publication date of this Annual Report, the Company is not aware of any risk of substantial transfer or replacement of shares of directors or large shareholders holding more than 10% of shares, except those who have already declared according to law.

K. Effects of, Risks Relating to and Response to Changes in Control over the Company:

In 2021 and up to the publication date of this annual report, the Company has no change in ownership.

L. If there are any litigation, non-litigation or administrative proceedings that has received final judgment or is still ongoing in which the Company, any of its director, president, substantial representative, major shareholder (having holding of more than 10%) or subsidiary is a party and has a material impact on the shareholders' interests or stock price, the Company shall disclose the facts in dispute, amount in dispute, filing date, parties, and status as of the printing of the Report:

a. Major litigious, non-litigious or administrative disputes that have been concluded by means of a final and unappealable judgment during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report:

i. Litigation against Leal & League Technology Co., Ltd.(Former name: AX-CELLENT Green Energy & Repro. Corp.)（L & L) regarding the performance of a contract:

Cause: Nova Technology and L & L have entered an engineering contract. This engineering project has been terminated by L & L without completing the engineering project.

Contract sum: NTD 3,379,227

Start date: The Company filed a civil action against L & L on October 12, 2016.

Progress: Taiwan High Court Tainan Branch Court 2018 Jien-Zi No.14 upheld by civil judgment no. 1630 of the Supreme Court, ordered L & L to pay the company NTD 1,013,768 plus interest calculated at 5% per annum from March 20, 2016.
Taiwan Tainan District Court 2021 Jien-Zi No.537, ordered the Company shall refund NTD 1,264,016. The case is no longer on appeal.

b. Litigious or non-litigious proceedings or administrative disputes involving the Company and its subsidiaries with respect to which a judgment is still pending in the most recent two fiscal years and as of the printing date of this annual report:

i. Litigation against Jing He Science Co., Ltd. (Jing He) regarding the performance of a contract:

Cause: The Company undertook the expansion of Jing He's JHS N2O&CO2 Gas Plant on October 29, 2012. Jing He terminated the contract unilaterally before completion. Both parties disputed over the percentage of completion, and Jing He refused to make payments. The said dispute required the judicial investigations, so the Company filed an action to request for payments of the construction.

Contract sum: NTD 122,090,708

Start date: The Company filed a civil action against Jing He on October 29, 2013.

Progress: In trial of first instance (Case No: Taiwan Taoyuan District Court 2013 Jien-Zi No.71).

Accounting: As of the printing date of this annual report, the Company is still unable to predict the result of the judgment and damages; however, the Company has recognized the valuation allowance for the cost of construction performed according to the related accounting standards.

Accounting: The Company has recognized the valuation allowance for the cost of construction performed according to the related accounting standards.

M. Impact of information system damage on the company's financial business and response measures
The company has developed an information security management approach the information unit is responsible for the information security policy and reports to the board regularlyand implemented the following measures:

(1) Strengthening employees' awareness of security: The risky security threat information and response methods are irregularly announced with the company's employees, preventing employees from inadvertently falling into the trap of the security threat, and strengthening

employees' awareness of security

(2) Network attacks and virus threats: The network firewall establishes multiple levels of defense and detection, and the terminal computer installs anti-virus software, and uniformly monitors and protects, reduces network threat intrusion and fully grasps the security status.

(3) Ensure that information services are not interrupted: for important operational services and information, there are local and off-site backup and restoration exercises. If it is unavoidable that the main operating system or database is damaged or the operation is interrupted, ensure that the expected information system recovery time is met.

(4) Protection of confidential business documents: For business core research and development documents, file encryption management methods are adopted to ensure that the company's competitive advantage is not easily obtained.

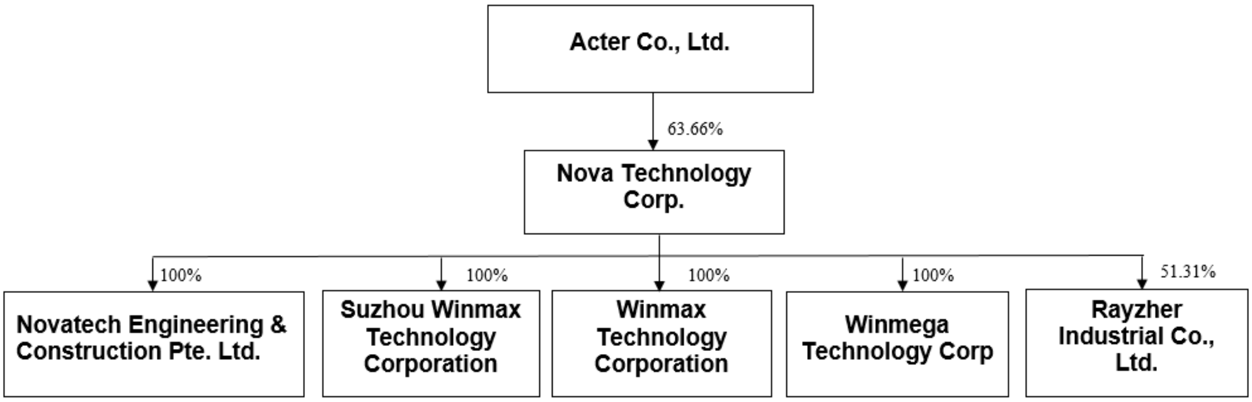
N. Other Major Risks

7. Other Important Matters: None.

VIII.Special Disclosure

1. Summary of Affiliated Companies

A. Organizational Chart of Affiliated Companies



B. General information of the affiliates:

As of December 31, 2021; Unit:NT$ thousand

Company	Date of Incorporation	Place of Registration	Paid-in Capital (in thousands)	Business Activities
Acter Group Corporation Limited	1979.02.19	Taichung City	NT$571,868	Design and manufacturing of cleanrooms and manufacturing facilities in electronic, biotech, and pharmaceutical industries; integration of energy-saving MEP and HVAC systems
Winmega Technology Corporation	2014.08.05	Hsinchu County, Taiwan	NT$30,000	Wholesale of electronic devices and equipment
Winmax Technology Corporation	2002.06.13	Shanghai, China	NT$151,426 (USD4,890)	Design and production of cylinder cabinets, valve boxes and liquid conveying cabinets
Suzhou Winmax Technology Corporation	2016.04.29	Jiangsu, China	NT$32,478 (USD1,000)	Design and production of cylinder cabinets, valve boxes and liquid conveying cabinets
Novatech Engineering & Construction Pte. Ltd.	2016.06.28	Singapore	NT$24,179 (SGD1,000)	Undertaking of chemical supply systems
Rayzher Industrial Co., Ltd.	2007.11.20	Taoyuan	NT$210,000	Piping engineering, cable installation and automatic control equipment engineering etc.

C. Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual of Deemed Control: Not Applicable.

D. Industries covered by the business operated by all affiliates:

Company	Affiliated Company	Relationship	Business Activities
Acter Group Corporation Limited	Nova Technology Corp.	Subsidiary	Design and manufacturing of cleanrooms and manufacturing facilities in electronic, biotech, and pharmaceutical industries; integration of energy-saving MEP and HVAC systems
Winmega Technology Corp.	Nova Technology Corp.	Controlling company	Wholesale of electronic devices and equipment
Winmax Technology Corp.	Nova Technology Corp.	Controlling company	Design and production of cylinder cabinets, valve boxes and liquid conveying cabinets
Suzhou Winmax Technology Corp.	Nova Technology Corp.	Controlling company	Design and production of cylinder cabinets, valve boxes and liquid conveying cabinets
Novatech Engineering & Construction Pte. Ltd.	Nova Technology Corp.	Controlling company	Undertaking of chemical supply systems
Rayzher Industrial Co., Ltd.	Nova Technology Corp.	Controlling company	Piping engineering, cable installation and automatic control equipment engineering etc.

E. Directors, Supervisors, and President of the affiliates:

As of December 31, 2021; Unit: Shares, %

Affiliated Company	Title	Name or Representative	Shareholding	
			Shares	Ratio (%)
Acter Group Corporation Limited	Chairperson	Chin-Li Liang	2,299,867	4.02
	Director	Tai-Chen Hu	1,303,589	2.28
	Director	Chiung-Tang Yang	1,047,074	1.83
	Independent Director	Hui-Hsin Yeh	3,593	0.01
	Independent Director	Mao-Jung Wang	5,676	0.01
	Independent Director	Chien Yang	0	0
	Independent Director	Tzu-Pei Huang	0	0
	President	Chun-Sheng Wang	91,212	0.16
	President	Ming-Kun Lai	230,991	0.40
Winmega Technology Corp.	Chairperson	Nova Technology Corp. (Representative: Chin-Li Liang)	3,000,000	100
	Director	Nova Technology Corp. (Representative: Chung-Cheng Hsu)		
	Director	Nova Technology Corp. (Representative: Chien-Nan Wu)		
	Supervisor	Nova Technology Corp. (Representative: Wei Ma)		
	President	Chien-Nan Wu	0	0
Winmax Technology Corp.	Chairperson	Nova Technology Corp. (Representative: Chung-Cheng Hsu)	Note 1	100
	Director	Nova Technology Corp. (Representative: Wei Ma)		
	Director	Nova Technology Corp. (Representative: Chien-Chih Chien)		
	Supervisor	Nova Technology Corp. (Representative: Chin-Li Liang)		
	President	Chien-Chih Chien		0
Suzhou Winmax Technology Corp.	Chairperson	Nova Technology Corp. (Representative: Chung-Cheng Hsu)	Note 1	100
	Director	Nova Technology Corp. (Representative: Wei Ma)		
	Director	Nova Technology Corp. (Representative: Chien-Chih Chien)		
	Supervisor	Nova Technology Corp. (Representative: Chin-Li Liang)		
	President	Chien-Chih Chien		0
Novatech Engineering & Construction Pte. Ltd.	Director	Nova Technology Corp. (Representative: Chin-Li Liang)	1,000,000	100
	Director	Nova Technology Corp. (Representative: Chung-Cheng Hsu)		
	President	Chung-Cheng Hsu		

Affiliated Company	Title	Name or Representative	Shareholding	
			Shares	Ratio (%)
Rayzher Industrial Co., Ltd.	Chairperson	Nova Technology Corp. (Representative: Chin-Li Liang)	10,775,000	51.31
	Director	Nova Technology Corp. (Representative: Wei Ma)		
	Director	Nova Technology Corp. (Representative: Chien-Nan Wu)		
	Director	Guhua Zhou	110,000	0.52
	Director	Taiyu Investment Co., LTD (Representative:Hong-Bing Hong)	500,000	2.38
	Supervisor	Jun-Yen Ou	0	0
	Supervisor	Wei-chao Yang	0	0
	President	Guhua Zhou	110,000	0.52

Note 1: The Company is a limited company and does not issue any shares.

F. Operational overview of the affiliates

As of December 31, 2021; Unit: NT$ thousands

Enterprise	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Net Operating Income	Net Income	Earnings per Share
Acter Group Corporation Limited	571,868	9,490,975	3,856,435	5,634,540	5,994,312	459,248	1,204,410	21.08
Winmega Technology Corp.	30,000	137,912	26,277	111,635	107,489	38,051	28,766	9.59
Winmax Technology Corporation	151,426	2,369,354	1,140,870	1,228,484	2,221,588	343,921	317,572	Note 1
Suzhou Winmax Technology Corporation	32,478	742,195	475,154	267,041	602,101	62,939	58,301	Note 1
Novatech Engineering & Construction Pte. Ltd.	24,179	62,264	8,332	53,933	44,227	259	1,557	Note 1
Rayzher Industrial Co., Ltd.	210,000	1,495,905	764,724	731,181	1,702,464	197,950	149,121	7.10

Note 1: The company is a limited company and doesn’t issue shares.

G. Consolidated Financial Statements of Affiliated Enterprises of the Company: Please refer to P.142 ~ P.198

H. Report of Affiliated Enterprises of the Company: Please refer to Chinese annual report.

2. **Private Placements Securities in the Most Recent Years: None.**

3. **The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.**

4. **Other Supplementary Information:**

Implementation of commitments after Taipei Exchange listing:

OTC Commitments	Implementation of Commitments
The Company has committed to adding the following provision to the Procedures for Acquisition or Disposal of Assets: "If Winmax Company and Suzhou Winmax Company hold shares, the company will lose its substantive control over Winmax Company and Suzhou Winmax Company, and it must first pass a special resolution of the board of directors of the company, and independent directors should attend and express their opinions. The contents of the resolution and the amendments to this article should be opened and public information should be entered into the major observing station information to be disclosed and a letter to the counter buying center for future reference."	The Company has added Article 15 of the Procedures for Acquisition or Disposal of Assets. The amended Procedures have been approved by the Board of Directors on February 22, 2018 and have been approved by shareholders' meeting on May 28, 2018. As of March 31, 2022, the Company did not directly or indirectly dispose of the shares held by Winmax Company and Suzhou Winmax Company.

IX. Any Events in 2021 and as of the Printing Date of This Annual Report that had Significant Impacts on Shareholders' Equity or Security Prices as Stated in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

Independent Auditors' Report

To the Board of Directors of Nova Corporation:

Opinion

We have audited the consolidated financial statements of Nova Corporation (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020, and the consolidated statement 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") or 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 audit 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. 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 for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Recognition of construction contract revenue (including estimated total budget cost)

   Please refer to Note 4(15) "Revenue (Revenue from contract with customers)", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(19) "Revenue from contracts with customers" to the consolidated financial statements.

Description of key audit matter:

The Group recognized its revenue by using the percentage of completion method. The completion level is based on the cost for each contract at year-end. The management will re-evaluate the cost if the total budget had significantly increased or decreased, and will recalculate the percentage of completion in accordance with the adjusted cost. The accuracy of the construction contract revenue may be affected by the completion level and appropriateness of the estimation of total budget cost. Thus, we considered the recognition of revenue as one of the key matters of our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: reviewing significant contracts to understand the specific terms and risks of each contract; testing the key internal controls of the revenue cycle to confirm the significant risk of the abnormality. Also, enquiring with the management and updating the preparation and approval process of the estimated cost of the contracts; understanding the process of accounting estimates made by the management and considering other evidences to evaluate the management's assumptions on the completeness of construction revenue; checking the differences between the estimated total budget cost and the actual cost of the construction contract. Furthermore, considering whether the management has estimated the cost that had not been invested before the completion date, and the possibility of reversal on the expected price are appropriate and reasonable; as well as assessing whether the revenue is in accordance with the relevant regulations, and the cost is appropriately disclosed.

2. Valuation of receivables

   Please refer to Note 4(7) "Financial instruments", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(3) "Notes receivable, Accounts receivable and overdue receivable, net" to the consolidated financial statements.

   Description of key audit matter:

   The recoverability of the Group's accounts receivable is related to the economic cycle and customer operations. The management measures the financial position of the customers and assesses the expected credit losses arising from all possible defaults during the expected life of the accounts receivable. The assessment of the impairment loss of receivables is determined by management judgment. Therefore, the valuation of accounts receivable is one of the key matters for our audit.

   How the matter was addressed in our audit:

   Our principal audit procedures included: checking the completeness and accuracy of the aging analysis; understanding and evaluating the assessment performed by management relating to receivables that are overdue; vouching to the receipt after the year end, and understanding the collectability of remaining amount ; assessing the adequacy of loss allowance provided by the Group; and evaluating the adequacy of the Group' s disclosures in the accounts.

3. Accrual of construction contract losses

   Please refer to Note 4(15) "Revenue (Cost from contracts with customers)", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 9 "Significant Commitments and Contingencies" to the consolidated financial statements.

   Description of key audit matter:

   If the Group assesses that the contract cost that has been incurred is "unlikely to be recovered" then will make an accrual for the loss and recognize it as an expense immediately. The accrual of the losses involves management judgment so that the estimation of construction contract losses is one of the key matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Comparing the actual amount of construction contract losses and loss provisions accrued in the past; assessing and understanding how the management estimates the losses, including the method of assessment, whether the source of the information is appropriate, and the possibility to correct the accounting estimates; evaluating the appropriateness of accounting principles and related disclosures. In addition, if the completion of the contract is subject to the outcome of pending litigation or legislation, the construction contract losses will also be evaluated in accordance with IAS 37.

Other Matter

The Company 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 IFRSs, IASs, IFRC, 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.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and Chien-Hui Lu.

KPMG

Taipei, Taiwan (Republic of China)
February 23, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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' 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.

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

Nova Corporation and subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 1,631,438	25	1,681,401	35
1110	Current financial assets at fair value through profit or loss (note 6(2))	74,141	1	46,495	1
1150	Notes receivable, net (note 6(3))	185,442	3	74,506	2
1170	Accounts receivable, net (note 6(3))	2,033,991	31	1,548,877	32
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	7,155	-	-	-
1140	Current contract assets (notes 6(19) and 7)	1,464,183	22	708,880	14
1210	Other receivables due from related parties, net (note 7)	161	-	152	-
1310	Inventories, net (note 6(4))	404,517	6	160,556	3
1421	Prepayments to suppliers	275,449	4	90,568	2
1476	Other current financial assets (notes 6(5) and 8)	98,745	1	198,042	4
1479	Other current assets	18,912	-	6,512	-
		6,194,134	93	4,515,989	93
	Non-current assets:				
1550	Investments accounted for using the equity method (note 6(6))	-	-	112,500	2
1600	Property, plant, and equipment (note 6(9))	253,454	4	134,268	3
1755	Right-of-use assets (note 6(10))	45,963	1	38,886	1
1780	Intangible assets (notes 6(7) and (11))	87,462	1	3,444	-
1840	Deferred tax assets (note 6(16))	46,007	1	46,535	1
1990	Other non-current assets (note 6(3))	5,981	-	1,410	-
		438,867	7	337,043	7
	Total assets	**$ 6,633,001**	**100**	**4,853,032**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(12))	$ 180,000	3	301,000	6
2150	Notes payable	10,818	-	34,823	1
2170	Accounts payable	1,633,643	25	651,730	13
2180	Accounts payable to related parties (note 7)	22	-	-	-
2130	Current contract liabilities (note 6(19))	915,790	14	797,508	16
2201	Salaries and bonus payable	231,077	4	129,059	3
2250	Provision-current (note 6(14))	85,953	1	103,837	2
2280	Current lease liabilities (note 6(13))	22,046	-	22,996	1
2399	Other current liabilities	221,073	3	183,700	4
		3,300,422	50	2,224,653	46
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(16))	268,760	4	253,541	5
2580	Non-current lease liabilities (note 6(13))	24,614	-	16,611	-
2640	Net defined benefit liability, non-current (note 6(15))	37,331	1	30,021	1
		330,705	5	300,173	6
	Total liabilities	3,631,127	55	2,524,826	52
	Equity (note 6(17)):				
	Equity attributable to owners of parent**:**				
3100	Ordinary share capital	339,280	5	339,280	7
3200	Capital surplus	866,545	13	866,545	18
3300	Retained earnings	1,479,733	22	1,190,528	25
3400	Other equity interest	(75,558)	(1)	(68,147)	(2)
	Total equity attributable to owners of parent:	2,610,000	39	2,328,206	48
36XX	Non-controlling interests (notes 6(7) and (8))	391,874	6	-	-
	Total equity	3,001,874	45	2,328,206	48
	Total liabilities and equity	**$ 6,633,001**	**100**	**4,853,032**	**100**

See accompanying notes to consolidated financial statements.

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

Nova 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 Common Share)

		For the years ended December 31,			
		2021		2020	
		Amount	%	Amount	%
4000	**Net Operating revenue** (notes 6(19) and 7)	$ 6,259,858	100	3,877,444	100
5000	**Operating costs** (notes 6(4), (13), (15) and 7)	4,870,838	78	2,921,911	75
	Gross profit	1,389,020	22	955,533	25
	Operating expenses (notes 6(3), (12), (13), (15), (21) and 7)**:**				
6100	Selling expenses	99,756	1	68,042	2
6200	Administrative expenses	291,599	5	186,089	5
6300	Research and development expenses	147,113	2	118,335	3
6450	Expected credit impairment loss (gain)	5,823	-	(11,429)	-
		544,291	8	361,037	10
	Net operating income	844,729	14	594,496	15
	Non-operating income and expenses:				
7100	Interest income (note 6(20))	16,414	-	15,425	1
7020	Other gains and losses, net (note 6(20))	(13,388)	-	(35,284)	(1)
7050	Finance costs (notes 6(13) and (20))	(5,080)	-	(2,065)	-
7060	Share of profit of associates accounted for using the equity method (note 6(6))	4,418	-	-	-
		2,364	-	(21,924)	-
7900	**Income before income tax**	847,093	14	572,572	15
7950	Less: income tax expenses (note 6(16))	223,221	4	165,180	4
	Net Income	623,872	10	407,392	11
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Losses on remeasurements of defined benefit plans (note 6(15))	(7,625)	-	3,445	-
8349	Income tax related to items that will not be reclassified subsequently	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(7,625)	-	3,445	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(9,264)	-	12,359	-
8399	Income tax related to items that may be reclassified subsequently (note 6(16))	1,853	-	(2,472)	-
	Total items that may be reclassified subsequently to profit or loss	(7,411)	-	9,887	-
8300	**Other comprehensive income**	(15,036)	-	13,332	-
	Comprehensive income	**$ 608,836**	**10**	**420,724**	**11**
	Profit, attributable to:				
	Owners of parent	$ 568,254	9	407,392	11
	Non-controlling interests	55,618	1	-	-
		$ 623,872	**10**	**407,392**	**11**
	Comprehensive income attributable to:				
	Owners of parent	$ 553,218	9	420,724	11
	Non-controlling interests	55,618	1	-	-
		$ 608,836	**10**	**420,724**	11
	Earnings per share (New Taiwan Dollars) (note 6(18))				
9750	Basic earnings per share	**$**	**16.75**		**12.01**
9850	Diluted earnings per share	**$**	**16.64**		**11.93**

See accompanying notes to consolidated financial statements.

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

Nova 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)

			Retained earnings							
	Ordinary share capital	**Capital surplus**	**Legal reserve**	**Special reserve**	**Unappropriated retained earnings**	**Total**	**Exchange differences on translation of foreign financial statements**	**Total equity attributable to owners of parent**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2020	$ 339,280	866,545	226,434	40,442	852,095	1,118,971	(78,034)	2,246,762	-	2,246,762
Net income for the period	-	-	-	-	407,392	407,392	-	407,392	-	407,392
Other comprehensive income for the period	-	-	-	-	3,445	3,445	9,887	13,332	-	13,332
Total comprehensive income for the period	-	-	-	-	410,837	410,837	9,887	420,724	-	420,724
Appropriation and distribution of retained earnings:										
Appropriation for legal reserve	-	-	49,695	-	(49,695)	-	-	-	-	-
Appropriation Special reserve	-	-	-	37,592	(37,592)	-	-	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	(339,280)	(339,280)	-	(339,280)	-	(339,280)
Balance at December 31, 2020	339,280	866,545	276,129	78,034	836,365	1,190,528	(68,147)	2,328,206	-	2,328,206
Net income for the period	-	-	-	-	568,254	568,254	-	568,254	55,618	623,872
Other comprehensive income for the period	-	-	-	-	(7,625)	(7,625)	(7,411)	(15,036)	-	(15,036)
Total comprehensive income for the period	-	-	-	-	560,629	560,629	(7,411)	553,218	55,618	608,836
Appropriation and distribution of retained earnings:										
Appropriation for legal reserve	-	-	41,084	-	(41,084)	-	-	-	-	-
Reversal form special reserve	-	-	-	(9,887)	9,887	-	-	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	(271,424)	(271,424)	-	(271,424)	-	(271,424)
Non-controlling interest from acquisition through business combinations	-	-	-	-	-	-	-	-	336,256	336,256
Balance at December 31, 2021	$ 339,280	866,545	317,213	68,147	1,094,373	1,479,733	(75,558)	2,610,000	391,874	3,001,874

See accompanying notes to consolidated financial statements.

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

Nova Corporation and subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2021	2020
Cash flows from operating activities:		
Income before income tax	$ 847,093	572,572
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	53,856	35,487
Amortization expense	21,123	2,971
Expected credit Impairment loss (gain)	5,823	(11,429)
Net loss (gain) on financial assets at fair value through profit or loss	323	(1,038)
Interest expense	5,080	2,065
Provision for inventory devaluation loss (reversal)	(572)	3,246
Interest income	(16,414)	(15,425)
Loss on remeasurements of investing	13,793	-
Share of profit of associates accounted for using the equity method	(4,418)	-
Others	(305)	(45)
Total adjustments to reconcile profit (loss)	78,289	15,832
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	(308,406)	(264,422)
Accounts receivable due from related parties	(7,155)	-
Other receivable due from related parties	(9)	-
Contract assets	(555,266)	(361,622)
Inventories	(195,524)	310,594
Other current assets	60,903	(22,149)
Total changes in operating assets	(1,005,457)	(337,599)
Changes in operating liabilities:		
Notes and accounts payable	839,204	(370,600)
Accounts payable to related parties	22	-
Contract liabilities	(12,747)	487,555
Accrued expenses and other current liabilities	22,646	20,525
Total changes in operating liabilities	849,125	137,480
Total adjustments	(78,043)	(184,287)
Cash flows generated from operations	769,050	388,285
Interest received	17,359	15,425
Interest paid	(5,114)	(2,065)
Income taxes paid	(167,550)	(179,285)
Net cash flows from operating activities	613,745	222,360
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(27,969)	(32,132)
Proceeds from disposal of financial assets at fair value through profit or loss	-	16,706
Acquisition of investments accounted for using the equity method	-	(112,500)
Net cash flow from acquisition of subsidiaries	162,911	-
Acquisition of property, plant and equipment	(18,735)	(7,087)
Proceeds from disposal of property, plant, and equipment	503	13
Decrease (increase) in other financial assets–current	(95,659)	21,682
Increase in other non–current assets	(8,016)	(730)
Net cash flows used in investing activities	13,035	(114,048)
Cash flows from financing activities:		
Increase (Decrease) in short-term loans	(289,135)	301,000
Decrease in short-term notes and bills payable	(11,200)	-
Repayments of long-term debt	(66,693)	-
Payment of lease liabilities	(31,045)	(21,897)
Cash dividends paid	(271,424)	(339,280)
Net cash flows used in financing activities	(669,497)	(60,177)
Effect of exchange rate changes	(7,246)	13,565
Net increase (decrease) in cash and cash equivalents	(49,963)	61,700
Cash and cash equivalents at beginning of period	1,681,401	1,619,701
Cash and cash equivalents at end of period	**$ 1,631,438**	**1,681,401**

See accompanying notes to consolidated financial statements.

1. Company history

Nova Corporation (the "Company") was founded in Hsinchu, Republic of China (R.O.C.), on June 13, 1997. The registered address of the Company's office is 10F,No.76, Sec.2, Jiafeng S. Rd., Zhubei City, Hsinchu County 302054, Taiwan,R.O.C. The consolidated financial statements comprise the Company and its subsidiaries(together referred to as the "Group"). The Group is engaged mainly in the import and export business, pipeline assembly and maintenance engineering of various electronic, computer parts and accessories, equipment, chemical material, and gas components.

The Company's common shares have been listed on the Taipei Exchange on December 28, 2017, and the trading of the emerging stock was terminated on the same date.

2. Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on February 23, 2022.

3. New standards, amendments and interpretations adopted:

(1) 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"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Group's adoption of the new amendments, effective for annual period beginning on January 1, 2022, are expected to have the following impacts:

A. Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"

The amendments clarify that the 'costs of fulfilling a contract' comprises the incremental costs and an allocation of other direct costs. Those amendments shall apply to contracts for which it has not yet fulfilled all its obligations on January 1, 2022. The Group may need to recognize bigger and potentially more provisions, and will continue to assess the impacts of this amendment on its consolidated financial position and financial performance.

B. Other amendments

The following amendments are not expected to have a significant impact on the Group’s consolidated financial statements.

● Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”

● Annual Improvements to IFRS Standards 2018–2020

● Amendments to IFRS 3 “Reference to the Conceptual Framework”

However, the above estimate of the impact on adopting new reporting standard may be changed due to the future changes in the environment or conditions.

(3) 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

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”

● Amendments to IAS 1 “Disclosure of Accounting Policies”

● Amendments to IAS 8 “Definition of Accounting Estimates”

● Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

4. Summary of significant accounting policies:

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 consolidated financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

These 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.

(2) Basis of preparation

A. Basis of measurement

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

(i) Financial assets at fair value through profit or loss;

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

B. 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 Dollars (TWD), which is the Company's functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries.

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 prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

B. List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2021	Shareholding December 31, 2020	None
The Company	Winmax Technology Corp.	Designing automated supply system, production of gas cabinets, valve box and liquid delivery cabinet	100%	100%	
The Company	Winmega Technology Corp.	Wholesale of electronic equipment and machinery	100%	100%	
The Company	Novatech Engineering & Construction Pte. Ltd	Designing chemical supply system	100%	100%	
The Company	Suzhou Winmax Technology Corp.	Contract design for automated supply system business, production of gas cabinets, valve box and liquid delivery cabinet	100%	100%	
The Company	Rayzher Industrial Co., Ltd.	Piping engineering, cable installation and automatic control equipment engineering etc.	51%	25%	Note

Note : Please refer to Note 6(7). The Group has taken control of Rayzher Industrial Co., Ltd. since March 30, 2021, and incorporated the financial statements of Rayzher Industrial Co., Ltd. into the consolidated statements of the Group on that date.

C. Subsidiaries excluded from the consolidated financial statements: None

(4) Foreign currency

A. 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. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(a) an investment in equity securities designated as at fair value through other comprehensive income;

(b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(c) qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations are translated into New Taiwan Dollars (the present currency used in this consolidated report) using the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollars at the average rate. Exchange differences are recognized in other comprehensive income.

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

The assets and liabilities relating to the engineering contract are based on a business cycle (usually one to two years) as the standard for dividing flows or non-currents. The remaining assets and liabilities are classified by the following classification criteria:

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

(a) It is expected to be realized, or intended to be sold or consumed, in the Group' s normal operating cycle;

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

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

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

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

(a) It is expected to be settled in the Group' s normal operating cycle;

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

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

(d) 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.

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which 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.

(7) Financial instruments

Trade receivables and debt securities issued 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 trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. 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; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

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.

(a) 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.

(b) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(c) 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 trade receivables, other receivable, and other financial assets), debt investments measured at FVOCI and contract assets.

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

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and 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 trade receivables and contract assets are 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 considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 540 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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

12-month ECL are the portion of ECL 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).

ECL 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). ECL 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 and debt securities at FVOCI are 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.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

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.

(d) 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.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other 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.

(d) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average method and includes expenditure and other costs incurred in bringing them to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(9) 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 cost of the investment includes transaction costs. 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 and loss or comprehensive income, which did not result in changes in actual proportionate share.

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.

(10) Property, plant and equipment

A. 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.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

B. Subsequent cost

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

C. 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.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings: 5 to 40 years

(b) Building improvement: 3 to 10 years

(c) Other equipment: 3 to 5 years

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

(11) Leases

At 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.

As a lessee

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:

A. fixed payments, including in-substance fixed payments;

B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

C. amounts expected to be payable under a residual value guarantee; and

D. 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:

A. there is a change in future lease payments arising from the change in an index or rate; or

B. there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or

C. there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

D. there is a change of its assessment on whether it will exercise a extension or termination option; or

E. 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 and 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 or leases of low-value assets, including staff dormitory. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(12) Intangible assets

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including dedicated certificate, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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 expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

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, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Dedicated certificate 4 years

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

(13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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 CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. 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.

(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties of the Group is recognized when the underlying products or services are sold. The provision is based on historical warranty data.

(15) Revenue

A. Revenue from contracts with customers

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:

(a) Equipment contracts and construction contracts

The Group enters into contracts to build equipment and construction of semiconductor equipment and optoelectronics industries. Because the asset is gradually controlled by its customer during the construction process, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract is fixed amounts. The customer pays the fixed amount based on a payment schedule. The Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract that exceeds the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

For equipment and construction contracts, the Group offers a standard warranty to provide assurance that they comply with the agreed-upon specifications and has recognized warranty provisions for this obligation.

(b) 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 if the transaction prices for the time value of money.

B. Cost from contracts with customers

(a) Incremental costs of obtaining a contract

The Group recognizes, as an asset, the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(b) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 "Inventories", IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the Group recognizes an asset from the costs incurred to fulfil a contract only if the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

Contract costs are not very likely recovered should immediately recognize as expenses; the contract costs incurred that have not been very likely to be recovered, wherein the contract cost will be recognized as an expense immediately include the following scenario:

(i) the contract cannot be fully executed, that is, its legitimacy is extremely problematic;

(ii) the completion of the contract depends on the outcome of pending litigation or legislation;

(iii) the contract is related to property that may be levied or confiscated;

(iv) contract in which the customer is unable to perform his obligations;

(v) contractor who is unable to complete the contract or is unable to perform its contractual obligations.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), are recognized as expenses by the Group when incurred.

(16) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

B. Defined benefit plans

The Company' 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 Company, 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.

C. 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.

(17) Share based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(18) Income tax

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 that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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:

A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) 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.

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.

(19) Business combination

The Group first took control of another company through acquisition on March 30, 2021. Therefore,the Company has adopted the accounting policies related to business combination since March 30, 2021.

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of the consideration transferred (which is generally measured at fair value) and the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(20) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is 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 remuneration through issuance of shares. The weighted average outstanding shares are retroactively adjusted for the effects of stock dividends transferred from retained earnings and capital surplus to ordinary shares.

(21) 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.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimations 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 estimations.

The management continues to monitor the accounting estimations and assumptions. It recognizes any changes in the accounting estimations during the period in which the estimates are revised, and in any future periods affected.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(1) Recognition of construction contract revenue (including estimated total budget cost)

The Group recognizes contract profit or lost based on the completion level of contract revenue and cost, evaluate percentage of completion, and completion level that is measured by proportion of contract costs incurred to the estimated contract costs. The Group estimates the total contract cost by considering the nature of each construction, the estimated construction period, the project in the construction, the construction process, the construction method and the estimated amount of the contract. Any changes above may result in a significant adjustment to the estimated amount. For relevant information, please refers to note 6(19).

(2) Valuation of receivables

The Group has estimated its loss allowance of receivables that is based on the historical payment receiving records, the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments. The relevant information, please refers to note 6(3).

(3) Accrual of construction contract losses

If the Group assesses that the contract cost that has been incurred is "unlikely to be recovered" then will make an accrual for the loss and recognize it as an expense immediately. If the completion of the contract is subject to the outcome of pending litigation or legislation, the construction contract losses will also be evaluated in accordance with IAS 37. The construction loss and provision are estimated for pending litigations that are likely to have adverse consequences for the Group and the loss could be estimated reasonably. However, due to the high uncertainty of the lawsuit itself, the final result or actual compensation amount may have a significant variance and the changes for accounting estimates will be made. For relevant information, please refers to note 9.

The Group's accounting policies include measuring its financial and non-financial assets and liabilities at fair value through profit or loss. The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of the fair value. The financial instrument valuation group also report issues of significant assessment to the Group's audit committee.

The Group evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

When there is a transfer between levels of the fair value hierarchy, the Group recognizes the transfer at the reporting date. For the assumption used in fair value measurement, please refer to note 6(22) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	$ 300	41
Commercial paper on repurchase agreements	-	142,575
Checking deposits and cash in bank	1,026,061	819,588
Time deposits	605,077	719,197
	$ 1,631,438	**1,681,401**

(2) Financial assets at fair value through profit or loss－current

	December 31, 2021	December 31, 2020
Open-end funds	$ 26,410	26,575
Chailease PREF A	20,300	19,920
Corporate bond-Saudi Arabian Oil Company	27,431	-
	$ 74,141	**46,495**

In September 2021, the Group purchased corporate bonds issued by Saudi Arabian Oil Company, each with a face value of US$1,000 thousand. The fair value at the time of acquisition was $27,969 thousand.

The Group purchased 200 thousand Class A preferred shares of Chailease Holding Company Limited from Taiwan Stock Exchange for $20,000 thousand on September 10, 2020.

(3) Notes receivable, Accounts receivable (including related parties), and overdue receivable, net

	December 31, 2021	December 31, 2020
Current:		
Notes receivable	$ 185,442	74,506
Accounts receivable (including related parties)	2,056,582	1,566,625
Less: loss allowance	(15,436)	(17,748)
	$ 2,226,588	1,623,383
Non-Current:		
Overdue receivable (reclassified as other non-current assets)	$ 38	1,143
Less: loss allowance	(38)	(1,143)
	$ -	-

The Group has provided impairment on receivables amounting to $38 thousand and $1,143 thousand for the year ended December 31, 2021 and 2020 due to difficulty in collection.

The Group applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for its receivables as of December 31, 2021. To measure the ECL, receivables have been grouped based on the shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance as of December 31, 2021 was determined as follows:

	December 31, 2021		
Aging days	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	$ 2,119,652	-	-
121 to 180 days	9,304	0.5%	46
181 to 360 days	86,577	1.0%	866
361 to 540 days	19,946	40.0%	7,979
More than 541 days	6,545	100.0%	6,545
Total	$ 2,242,024		15,436

	December 31, 2020		
Aging days	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	$ 1,562,713	-	-
121 to 180 days	23,992	0.5%	120
181 to 360 days	30,782	1.0%	308
361 to 540 days	10,539	40.0%	4,215
More than 541 days	13,105	100.0%	13,105
Total	$ 1,641,131		17,748

The movement in the loss allowance for notes and trade receivable was as follows:

		2021	2020
Balance on January 1	$	18,891	29,630
Impairment losses recognized		16,987	15,698
Impairment losses reversed		(11,164)	(27,127)
Amounts written off		(11,280)	-
Foreign exchange gains		2,040	690
Balance on December 31	$	15,474	18,891

(4) Inventories, net

		December 31, 2021	December 31, 2020
Finished goods	$	3,218	4,104
Raw materials		415,069	170,833
	$	418,287	174,937
Less: loss allowance		(13,770)	(14,381)
	$	404,517	160,556

During the year 2021, the initial recognition of write down amounting to $572 thousand by the Group has been reversed due to utilization of the inventories. The reversal gain mentioned above is included in cost of operation.

The net of loss allowance that was charged to cost of sale for inventories written down to net realization value amounted to $3,246 thousand for the year ended December 31, 2020. The write-down loss is included in cost of operation.

(5) Other financial assets- current

		December 31, 2021	December 31, 2020
Deposit account (more than three months period)	$	32,659	128,318
Restricted deposit		9,958	19,081
Guarantee deposits paid for construction		31,707	33,278
Other		24,421	17,365
	$	98,745	198,042

Restricted deposit is the guarantee provided by the security deposit of guarantee letter, please refer to Note 8 for details.

(6) Investment accounted for using the equity method

		December 31, 2021	December 31, 2020
Joint ventures	$	-	112,500

The Group has recognized the profit of related parties on investment accounted for using the equity method of $4,418 thousand and $0 thousand for the year ended December 31, 2021 and 2020, respectively.

At a meeting of the Group’s Board of Directors held on December 110, 2020, a resolution was approved to purchase 3,125 thousand shares of Rayzher Industrial Co., Ltd. (Rayzher) from the former shareholders for $112,500 thousand on December 29, 2020, which accounted for 25% of its outstanding shares. During 2020, the Group did not recognize any gains and losses from investing in Rayzher.

In December 2020, the Group signed an investment agreement with Rayzher. According to the agreement, on March 31 2021, Rayzher issued 8,500 thousand ordinary shares by cash, in which the Group promised to subscribe to 7,650 thousand shares, tentatively to be issued at a premium price of TWD 33 per share. The Group did subscribe shares accordingly, and the total amount of the subscribed shares was $252,450 thousand. After the completion of the relevant transaction, the Group holds 51% of the equity of Rayzher Industrial Co., please refer to note 6 (7) for further clarification.

(7) Business combination

The Group participated in the cash capital increase of Rayzher Industrial Co., Ltd. on March 30, 2021, the amount of investment was $252,450 thousand, this capital increase obtained 26% of the shares of Rayzher Industrial Co., Ltd., the Group's shareholding in Rayzher Industrial Co., Ltd. was therefore increased from 25% to 51%. The Group remeasured the previously held non-controlling interest investments at fair value, and the difference of $13,793 thousand was fully accounted for as the loss in the current period, please refer to note 6 (20).

Rayzher Industrial Co., Ltd., which specializes mainly in gas distribution, is expected to expand the market share of the Group in the related fields, and the Group has taken control of Rayzher Industrial Co., Ltd. since March 30, 2021, and incorporated the financial statements of Rayzher Industrial Co., Ltd., LTD. into the Group on that date.

If the acquisition takes place on January 1, 2021, the management estimates that the income and net profit of the Group in the current period will amount to $6,373,980 thousand and $637,127 thousand, respectively, and when determining that amount, the management assumes that the acquisition occurred on January 1, 2021, and assumes that the provisional fair value adjustment resulting from the acquisition date is the same.

A. The following table summarizes the acquisition date fair value of major class of consideration transferred.

		Account
Long-term equity investment－Evaluate according to the number of re-measurements	$	103,125
Cash—Issuance of ordinary shares		252,450
Total	**$**	**355,575**

B. The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

	Account
Cash and cash equivalents	$ 415,361
Notes and accounts receivable	295,507
Inventory	47,826
Other current financial assets	48,517
Contract assets	200,037
Other current assets	13,160
Property, plant and equipment	125,266
Right-of-use assets	12,856
Other non-current assets	4,037
Deferred tax assets	278
Software	5,955
Dedicated certificate	91,847
Short-term loans	(168,135)
Short-term notes and bills payable	(11,200)
Long-term loans (due in one year included)	(66,693)
Notes and accounts payable	(118,704)
Current tax liabilities	(34,457)
Contract liabilities	(131,029)
Salaries and bonus payable	(16,739)
Current and non-current lease liabilities	(12,911)
Other current liabilities	(10,180)
Total identifiable net assets acquired	$ 690,599

C. Goodwill arising from the acquisition has been recognized as follows:

	Account
Consideration transferred	$ 355,575
Non-controlling interest in the acquiree, if any (proportionate share of the fair value of the identifiable net assets)	336,256
Less: Fair value of identifiable net assets	(690,599)
Goodwill	$ 1,232

(8) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests December 31, 2021
Rayzher Industrial Co., Ltd.	Taiwan	49%

Rayzher Industrial Co., Ltd.' s collective financial information:

	December 31, 2021
Current assets	$ 1,352,127
Non-current assets	143,778
Current liabilities	(758,241)
Non- current liabilities	(6,483)
Net assets	$ 731,181
Non-controlling interests	$ 391,874

	April-December 2021
Sales revenue	$ 1,588,342
Net income	$ 131,447
Other comprehensive income	-
Comprehensive income	$ 131,447
Profit, attributable to non-controlling interests	$ 55,618
Comprehensive income, attributable to non-controlling interests	$ 55,618
Net cash flows from operating activities	$ 361,994
Net cash flows from investing activities	$ (92,667)
Net cash flows from financing activities	$ (250,530)
Net increase (loss) in cash and cash equivalents	$ 18,797

(9) Property, plant and equipment

	Land	Building	Other equipment	Prepaid equipment	Total
Cost:					
Balance as of January 1, 2021	$ 67,083	45,302	93,237	-	205,622
Additions	-	-	17,455	1,280	18,735
Disposal	-	-	(3,728)	-	(3,728)
Effect of movements in exchange rates	-	-	(360)	-	(360)
Acquisition through business combinations (note 6(7))	86,876	6,420	31,970	-	125,266
Balance as of December 31, 2021	$ 153,959	51,722	138,574	1,280	345,535

		Land	Building	Other equipment	Prepaid equipment	Total
Balance as of January 1, 2020	$	67,083	45,302	86,855	-	199,240
Additions		-	-	7,087	-	7,087
Disposal		-	-	(1,465)	-	(1,465)
Effect of movements in exchange rates		-	-	760	-	760
Balance as of December 31, 2020	**$**	**67,083**	**45,302**	**93,237**	**-**	**205,622**
Depreciation:						
Balance as of January 1, 2021	$	-	9,292	62,062	-	71,354
Depreciation for the period		-	1,229	21,796	-	23,025
Disposal		-	-	(2,079)	-	(2,079)
Effect of movements in exchange rates		-	-	(219)	-	(219)
Balance as of December 31, 2021	**$**	**-**	**10,521**	**81,560**	**-**	**92,081**
Balance as of January 1, 2020	$	-	8,123	51,049	-	59,172
Depreciation for the period		-	1,169	11,808	-	12,977
Disposal		-	-	(1,330)	-	(1,330)
Effect of movements in exchange rates		-	-	535	-	535
Balance as of December 31, 2020	**$**	**-**	**9,292**	**62,062**	**-**	**71,354**
Book value:						
Balance as of December 31, 2021	**$**	**153,959**	**41,201**	**57,014**	**1,280**	**253,454**
Balance as of January 1, 2020	**$**	**67,083**	**37,179**	**35,806**	**-**	**140,068**
Balance as of December 31, 2020	**$**	**67,083**	**36,010**	**31,175**	**-**	**134,268**

(10) Right-of-use assets

The Group leases many assets including buildings and vehicles. Information about leases for which the Group as a lessee was presented below:

		Buildings	Vehicles	Total
Cost:				
Balance at January 1, 2021	$	43,033	25,765	68,798
Acquisition through business combinations (note 6(7))		8,801	4,055	12,856
Additions		6,966	17,837	24,803
Disposal		(5,363)	(8,608)	(13,971)

		Buildings	Vehicles	Total
Effect of movements in exchange rates		(223)	(21)	(244)
Balance at December 31, 2021	$	53,214	39,028	92,242
Balance at January 1, 2020	$	28,651	19,658	48,309
Additions		17,638	10,882	28,520
Disposal		(3,630)	(4,964)	(8,594)
Effect of movements in exchange rates		374	189	563
Balance at December 31, 2020	$	43,033	25,765	68,798
Accumulated depreciation and impairment losses:				
Balance at January 1, 2021	$	20,277	9,635	29,912
Depreciation for the year		19,721	11,110	30,831
Disposal		(5,766)	(8,597)	(14,363)
Effect of movements in exchange rates		(81)	(20)	(101)
Balance at December 31, 2021	$	34,151	12,128	46,279
Balance at January 1, 2020	$	8,840	6,107	14,947
Depreciation for the year		14,896	7,614	22,510
Disposal		(3,630)	(4,187)	(7,817)
Effect of movements in exchange rates		171	101	272
Balance at December 31, 2020	$	20,277	9,635	29,912
Carrying amounts:				
Balance at December 31, 2021	$	19,063	26,900	45,963
Balance at January 1, 2020	$	19,811	13,551	33,362
Balance at December 31, 2020	$	22,756	16,130	38,886

(11) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2021 and 2020, were as follows:

		Software	Dedicated certificate	Goodwill	Total
Costs:					
Balance at January 1, 2021	$	18,391	-	-	18,391
Additions		7,482	-	-	7,482
Acquisition through business combinations (Note 6(7))		5,955	91,847	1,232	99,034
Disposals		(1,234)	-	-	(1,234)

	Software	Dedicated certificate	Goodwill	Total
Reclassification	(4,050)	-	-	(4,050)
Effect of movement in exchange rates	(29)	-	-	(29)
Balance at December 31, 2021	$ 26,515	91,847	1,232	119,594
Balance at January 1, 2020	$ 17,388	-	-	17,388
Additions	924	-	-	924
Effect of movement in exchange rates	79	-	-	79
Balance at December 31, 2020	$ 18,391	-	-	18,391
Accumulated amortization and impairment losses				
Balance at January 1, 2021	$ 14,947	-	-	14,947
Amortization for the year	3,902	17,221	-	21,123
Disposals	(1,234)	-	-	(1,234)
Reclassification	(2,682)	-	-	(2,682)
Effect of movement in exchange rates	(22)	-	-	(22)
Balance at December 31, 2021	$ 14,911	17,221	-	32,132
Balance at January 1, 2020	$ 11,924	-	-	11,924
Amortization for the year	2,971	-	-	2,971
Effect of movement in exchange rates	52	-	-	52
Balance at December 31, 2020	$ 14,947	-	-	14,947
Carrying value				
Balance at December 31, 2021	$ 11,604	74,626	1,232	87,462
Balance at January 1, 2020	$ 5,464	-	-	5,464
Balance at December 31, 2020	$ 3,444	-	-	3,444

(12) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured bank loans	$ 180,000	301,000
Unused short-term credit lines	$ 929,443	690,992
Range of interest rates	0.60%	0.63%~ 0.78%

(13) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 22,046	22,996
Non-current	$ 24,614	16,611

Please refer to Note 6(7) for the lease liabilities arising from acquisition through business combinations.

For the maturity analysis, please refer to note 6(22) "Financial instruments".

The amounts recognized in profit or loss was as follows:

		2021	2020
Interest on lease liabilities	$	1,342	1,285
Expenses relating to short-term leases	$	42,796	27,005

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

		2021	2020
Total cash outflow for leases	$	75,183	50,187

A. Building leases

As of December 31, 2021 and 2020, the Group leases buildings for its office space. The lease periods of office space are 1 to 6 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

B. Other leases

The Group leases vehicles, with lease terms of 2 to 5 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases staff dormitory and vehicles with contract terms of one year. These leases are short-term items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(14) Provisions

The Group's warranty preparation changes were as follows:

		2021	2020
Balance as of January 1	$	103,837	123,711
Provisions made during the period		33,458	3,593
Provisions used and reversed during the period		(51,041)	(24,349)
Effect of movements in exchange rates		(301)	882
Balance as of December 31	$	85,953	103,837

The Group's provisions for warranties had been estimated by using the historical data of construction contract, which is expected to occur within the period of the contract (no longer than the business cycle).

(15) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company were as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligation	$ 48,659	40,626
Fair value of plan assets	(11,328)	(10,605)
Net defined benefit liabilities	**$ 37,331**	**30,021**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for its employees upon retirement. Plans entitle a retired employee to receive an annual payment based on its years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates the pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (here in after referred to as the Bureau of Labor Funds). With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company’s labor pension reserve account balance amounted to $11,328 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Movements in the present value of the defined benefit obligation

	2021	2020
Defined benefit obligation as of January 1	$ 40,626	43,306
Interest costs	302	495
Actuarial losses (gains)	7,731	(3,175)
Defined benefit obligation as of December 31	**$ 48,659**	**40,626**

(c) Movements in the fair value of the defined benefit plan assets

	2021	2020
Fair value of plan assets as of January 1	$ 10,605	9,678
Contributions made	536	545
Expected return on plan assets	81	112
Actuarial gains	106	270
Fair value of plan assets as of December 31	**$ 11,328**	**10,605**

(d) Expenses recognized in profit or loss

	2021	2020
Interest costs	$ 305	487
Actual return on plan assets	(187)	(382)
Plan assets loss	106	270
	$ 224	375

(e) Remeasurements of the net defined benefit liabilities recognized in other comprehensive income

	2021	2020
Actuarial losses (gains) on defined benefit obligation	$ 7,731	(3,175)
Actuarial losses (gains) on plan assets	(106)	(270)
	$ 7,625	(3,445)

(f) Actuarial assumptions

(i) For actuarial in the present value of the defined benefit obligation:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.750%
Future salary increase rate	4.00%	3.17%

(ii) For actuarial in defined benefit plans cost:

	2021	2020
Discount rate	0.750%	1.125%
Future salary increase rate	3.17%	4.25%

The Company expects to make a contribution of $559 thousand to its defined benefit plans in the following year, beginning December 31, 2021.

The weighted-average duration of the defined benefit obligation is 14.71 years.

(g) Sensitivity analysis

When calculating the present value of the benefit obligation, the Company must use judgments and estimate to determine the relevant actuarial assumptions on the balance sheet date, including the discount rate and future salary changes. Any changes in the actuarial assumptions may have materially affects the amount of the defined benefit obligation of the Group.

If there is a change in the actuarial assumptions as of the December 31, 2021, the impact on the defined benefit obligation would be as follows:

	Impact on the defined benefit obligation	
	Increase by 0.25%	**Decrease by 0.25%**
Discount rate	$ (1,584)	1,653
Future salary increase rate	$ 1,571	(1,515)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding all other assumptions remained constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

B. Defined contribution plans

The Group allocates 6% of each employee’ s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group pension costs under the defined contribution plan were $12,893 thousand and $9,089 thousand for the years ended December 31, 2021 and 2020, respectively.

(16) Income tax

A. Income tax expenses

The amount of income tax expenses of the Group was as follows:

	2021	**2020**
Current income tax expense		
Current period	$ 106,807	155,059
Adjustment for prior period	87,545	(7,881)
Unappropriated retained earnings	11,269	3,534
	205,621	150,712
Deferred income tax expense		
Origination and reversal of temporary differences	17,600	14,468
Current income tax expenses	$ 223,221	165,180

The amount of income tax benefit (expense), recognized in other comprehensive income, was as follows:

	2021	**2020**
Exchange differences on translation of foreign financial statements	1,853	(2,472)

The reconciliation of income tax expenses and income before income tax was as follows:

	2021	2020
Income before income tax	$ 847,093	572,572
Income tax at the Company's domestic tax rate	169,419	114,514
Effect of different tax rates in foreign jurisdictions	(21,597)	64,747
Permanent difference and others	(23,415)	(9,734)
Over (under)-provision in prior periods	87,545	(7,881)
Surtax on unappropriated retained earnings	11,269	3,534
Total	$ 223,221	165,180

B. Deferred tax assets and liabilities

Deferred tax assets:

	January 1, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2021
Warranties	$ 3,204	74	-	3,278	1,337	-	4,615
Construction revenue and costs on book-tax differences	8,564	8,152	-	16,716	(6,750)	-	9,966
Exchange differences on translation of foreign financial statements	19,508	-	(2,472)	17,036	-	1,853	18,889
Unrealized loss on exchange	573	4,077	-	4,650	(335)	-	4,315
Unrealized loss and others	4,229	626	-	4,855	3,367	-	8,222
	$ 36,078	12,929	(2,472)	46,535	(2,381)	1,853	46,007

Deferred tax liabilities:

	January 1, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2021
Gain on profit of subsidiary accounted for using the equity method	$ (226,144)	(27,318)	-	(253,462)	(15,254)	-	(268,716)
Unrealized gain on investment	-	(79)	-	(79)	35	-	(44)
	$ (226,144)	(27,397)	-	(253,541)	(15,219)	-	(268,760)

C. Examination and approval

The Company's tax returns have been examined by the tax authorities through 2019.

(17) Capital and other equity

A. Issuance of ordinary shares

As of December 31, 2021 and 2020, the issued capital of the Company amounted to $339,280 thousand; the authorized capital each amounted to $500,000 thousand for both years, with par value of $10 per share.

B. Capital surplus

		December 31, 2021	December 31, 2020
Capital surplus－premium	$	852,207	852,207
Long-term investment		1,052	1,052
Cash capital increase retains the compensation cost of employee subscription		13,286	13,286
	$	866,545	866,545

In accordance with the R.O.C. Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. In addition, when the Company incurred no deficit, such capital surplus may be distributed as cash or stock dividends. Pursuant to the R.O.C. Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of the capital surplus capitalized per annum shall not exceed 10% of the paid in capital.

C. Retained earnings

(a) Legal reserve

Pursuant to the R.O.C. Company Act, the appropriation for legal reserve shall be made until the reserve equals the Company’s paid in capital. If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid in capital.

(b) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company’s first time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders’ equity shall be reclassified as retained earnings at the adoption date. The increase in retained earnings occurring before the adoption date, due to the first-time adoption of the IFRSs endorsed by the FSC, amounted to $9,241 thousand. A net increase in retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. As of December 31, 2021, the carrying amount of $9,241 thousand was recognized as special reserve based on the above ruling.

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current period reduction of special reserve, resulting from the first time adoption of the IFRSs endorsed by the FSC, and the carrying amount of other shareholders’ equity, as stated above. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first time adoption of the IFRSs endorsed by the FSC. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

The following are the appropriation of earnings in 2020 and 2019 which were approved during the shareholders' meeting held on July 22, 2021 and May 21, 2020, respectively:

	2020		2019	
	Amount per share (TWD)	**Total amount**	**Amount per share (TWD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 8.00	271,424	10.00	339,280

(18) Earnings per share

	2021	2020
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ 568,254	407,392
Weighted average number of ordinary shares (in thousands)	33,928	33,928
Basic earnings per share (TWD)	$ 16.75	12.01
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ 568,254	407,392
Weighted average number of ordinary shares (in thousands) (basic)	33,928	33,928
Effect of potential diluted ordinary shares:		
Effect of employee remuneration employee stock remuneration	220	224
Weighted average number of ordinary shares (in thousands) (diluted)	34,148	34,152
Diluted earnings per share (TWD)	$ 16.64	11.93

(19) Revenue from contracts with customers

A. Revenue from major regional markets and products:

	2021			
	Semiconductor	**Green energy photoelectric**	**Other**	**Total**
Taiwan	$ 2,287,831	30,458	247,585	2,565,874
China	2,852,760	463,423	180,701	3,496,884
other	155,831	34,487	6,782	197,100
	$ 5,296,422	528,368	435,068	6,259,858

	2020			
	Semiconductor	**Green energy photoelectric**	**Other**	**Total**
Taiwan	$ 391,972	39,896	220,066	651,934
China	2,078,701	862,106	159,518	3,100,325
Other	57,609	52,758	14,818	125,185
	$ 2,528,282	954,760	394,402	3,877,444

B. Contract balances

	December 31, 2021	December 31, 2020
Contract assets－construction and equipment	$ 1,509,422	759,803
Less: Loss in contract	(45,239)	(50,923)
	$ 1,464,183	708,880
Contract liability－construction and equipment	$ 915,790	797,508

For details on accounts receivable and allowance for impairment, please refer to note 6(3).

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were $648,271 thousand and $273,432 thousand, respectively.

The contract assets primarily relate to the amount of revenue that has been recognized for construction contract but has not yet billed at the reporting date. The contract assets are transferred to receivables when the rights to consideration become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers for construction contract before the construction begins, for which revenue is recognized progressively during the construction period.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There are no significant changes in 2021 and 2020.

C. Transaction price allocated to the remaining performance obligations

As of 31 December 2021 and 2020, the aggregate amount of the transaction price of allocated to the remaining performance obligation was $5,696,567 thousand and $1,356,883 thousand, respectively. The Group will recognize this revenue over time as the building is completed, which is expected to occur over the next 12 to 36 months. If the contract of construction has an expected duration of less than one year, the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(20) Non-operating income and expenses

A. Interest income

		2021	2020
Interest income of demand deposits	$	1,308	789
Interest income of time deposits		14,366	13,994
Interest income from bonds		464	642
Other interest income		276	-
	$	16,414	15,425

B. Other gains and losses, net

		2021	2020
Foreign exchange losses	$	(21,025)	(56,642)
Gain on financial asset at fair value through profit or loss		(323)	1,038
Loss on remeasurements of investment (notes 6(6) and (7))		(13,793)	-
Others		21,753	20,320
	$	(13,388)	(35,284)

C. Finance costs

		2021	2020
Interest expense – lease liability	$	1,342	1,285
Interest expense – short term borrowings		3,683	780
Interest expense – other		55	-
	$	5,080	2,065

(21) Remuneration to employees, directors and supervisors

The Company’s Articles of Incorporation require that profits shall first be used to offset against any deficit, then remaining 3% and 5% of the remaining profit shall be distributed as remuneration to employees and directors, respectively.

The remunerations to employees amounted to $37,172 thousand and $27,569 thousand, and the remunerations to directors amounted to $14,869 thousand and $11,028 thousand 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 and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders’ meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. For the unsubscribed shares of the Company's employees, the basis for calculating the stock price of stocks will be based on the closing price of common stock on the day before the resolution of the Board of Directors.

The remunerations to employees amounted to $27,569 thousand, as well as the remunerations to directors amounted to $11,028 thousand for the years ended December 31, 2020. There were no differences between the amounts of employee and directors' remuneration allocated by the aforesaid Board resolutions. Related information would be available at the Market Observation Post System website.

(22) Financial instruments

A. Credit risk

(a) Exposures to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

As of December 31, 2021 and 2020, 46% and 54%, respectively, of accounts receivable (including related parties) were from 5 major customers. Thus, credit risk is significantly centralized.

B. Credit risk on receivables

For credit risk exposure of note and trade receivables (including overdue receivables), please refer to note 6(3).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the considered to have low credit risk, please refer to note 4(7); and for the changes in the allowance for the above financial assets in 2020, please refer to Note 6(3).

C. Liquidity risk

The following, except for payables (including related parties), accrued payroll, accrued bonus and other accrued expense, are the contractual maturities of other financial liabilities.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2021						
Short-term borrowings	$ 180,000	180,260	180,260	-	-	-
Lease Liabilities (current and non-current)	46,660	48,355	22,930	11,561	13,669	195
	$ 226,660	228,615	203,190	11,561	13,669	195
December 31, 2020						
Short term borrowings	$ 301,000	301,501	301,501	-	-	-
Lease Liabilities (current and non-current)	39,607	40,907	23,969	12,185	4,753	-
	$ 340,607	342,408	325,470	12,185	4,753	-

D. Currency risk

(a) Exposure to foreign currency exchange rate risk

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

	December 31, 2021			December 31, 2020		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	$ 29,216	USD/TWD =27.7380	810,393	35,207	USD/TWD =28.515	1,003,928
USD	8,328	USD/CNY =6.3700	231,002	12,609	USD/CNY =6.5306	359,546
Financial liabilities						
Monetary items						
USD	6,069	USD/TWD =27.7380	168,342	2,315	USD/TWD =28.515	66,012
USD	2,513	USD/CNY =6.3700	69,706	883	USD/CNY =6.5306	25,179

(b) Sensitivity analysis

The Group' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, receivables and payables. A strengthening (weakening) of 1 dollar of the TWD against the USD as of December 31, 2021 and 2020, with other factors remaining constant, would have increased (decreased) the comprehensive income by $23,170 thousand and $35,694 thousand respectively. The analysis is performed on the same basis.

(c) Foreign exchange loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(21,025) thousand and $(56,642) thousand, respectively

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. 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				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	$ 74,141	74,141	-	-	74,141

	December 31, 2020				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	$ 46,495	46,495	-	-	46,495

(b) Valuation techniques for financial instruments measured at fair value

The financial instruments held by the Group are beneficiary certificates—open-end fund, preferred shares issued by a listed company, and foreign listed corporate bonds traded in active markets. The fair value of financing assets is determined based on market quotations.

(23) Financial risk management

A. Overview

The Group is exposed to the following risks due to usage of financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following, likewise, discusses the Group’ s objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Objectives and policies for managing risk

The Group's financial management department provides services for each business, coordinating and coordinating access to domestic and international financial market operations, monitors and manages the financial risks associated with the operations of the Group by analyzing the internal risk report on risk based on the degree and extent of the risk. In accordance with a reviewed policy, the Group will not engage in derivative financial instruments for the purpose of speculation.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’ s receivables from customers and investments in debt securities.

(a) Trade receivables

The Group evaluates the credit level of its customers before entering into any transaction with them, wherein it takes into consideration the size of their companies, industry prospects, as well as their reputation within the industry. In addition, the Group also enquires from its own construction department to obtain information concerning its customers, checks the history of its customers’ accounts from its finance department, and creates a credit account for its customers, to reduce the risk on transaction. The Group monitor monthly any overdue receivables. For past due accounts, the Group’ s administrative department and construction department will analyze and understand the reason behind the matter before the Group transacted with any customers.

(b) Investment

Exposure to credit risk on bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group’ s finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group expects its counterparties above to meet their obligations, hence, there is no significant credit risk arising from these counterparties.

(c) Guarantee

The Group’s policy is to provide financial guarantees only to the Company and its wholly owned subsidiaries who entered into agreements for engineering projects.

D. Liquidity risk

The Group manages sufficient cash and cash equivalents to cope with its operations and mitigate the effects of fluctuations in cash flows.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, which 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 range, while optimizing the return.

F. Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group. The currencies used in these transactions are the USD.

(24) Capital management

The Group’s objective is to manage its capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of its other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the total net debt, divided by the total capital. The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity, plus, net debt.

There were no changes in the Group’s approach to capital management during the year ended December 31, 2021.

The Group’s debt to adjusted capital ratio at the reporting date was as follows:

		December 31, 2021	December 31, 2020
Total liabilities	$	3,631,127	2,524,826
Less: cash		(1,631,438)	(1,681,401)
Net debt	**$**	**1,999,689**	**843,425**
Total equity	**$**	**3,001,874**	**2,328,206**
Debt-to-adjusted-capital ratio		**66.61%**	**36.23%**

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

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

A. Obtaining right-of-use assets by lease, please refer to note 6(13).

B. Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Other changes	Acquisition through business combinations	December 31, 2021
Short term borrowings	$ 301,000	(289,135)	-	168,135	180,000
Short term notes and bills payable	-	(11,200)	-	11,200	-
Long-term loans(due in one year included)	-	(66,693)	-	66,693	-
Lease liabilities	39,607	(32,387)	26,529	12,911	46,660
	$ 340,607	(399,415)	26,529	258,939	226,660

	January 1, 2020	Cash flows	Other changes	Acquisition through business combinations	December 31, 2020
Short term borrowings	$ -	301,000	-	-	301,000
Lease liabilities	33,766	(23,182)	29,023	-	39,607
	$ 33,766	277,818	29,023	-	340,607

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Acter Co., Ltd. is the ultimate controlling party of the Group and their subsidiary of the company, and owns 63.65% percent of all shares outstanding of the Company on December 31, 2021. Acter Co., Ltd. has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

Name of related parties	Relationship with the Group
Acter Co., Ltd.	The parent company
Sheng Huei Engineering (Shenzhen) Co., Ltd	Other related company
Nova Technology Singapore Pte.,	Other related company
Her Suo Eng., Co., LTD.	Other related company
Acter Technology Integration Group Co., Ltd. (Acter China)	Other related company

(3) Significant transactions with related parties

A. Sales and Asset and Liability of operating

(a) Sales

	2021	2020
Parent company	133,094	50
Other related parties	85	-
	$ 133,179	50

(b) Construction payment and sales in advance due to contracted projects, sale, and service provision:

	December 31, 2021	December 31, 2020
Parent company	$ 105,030	-

(c) Accounts receivable due to contracted projects, sale, and service provision:

	December 31, 2021	December 31, 2020
Parent company	$ 7,066	-
Other related parties	89	-
	$ 7,155	-

B. Construction costs, accumulated construction costs, notes and accounts payable

(a) Construction costs

	2021	2020
Parent company	129,463	-

(b) Accumulated construction costs

	December 31, 2021	December 31, 2020
Parent company	$ 134,457	4,995

(c) Accounts payable to related parties due to the above procurement transactions

	December 31, 2021	December 31, 2020
Other related parties	$ 22	-

C. Guarantee for related parties

Guaranteed object	Guarantee type	December 31, 2021	December 31, 2020
Construction performance guarantee or warranty:			
Parent company	Credit guarantee	$ -	289,800
Other related parties	Credit guarantee	-	189,115
		$ -	478,915

D. Rent Expense

The Group rented office buildings and factory building from its related parties. The rental expenses for 2021 and 2020 amounted to $4,345 thousand and $3,940 thousand, respectively, which had been paid as of December 31, 2021 and December 31, 2020.

E. As of December 31, 2021 and 2020, the amount of performance of the affiliated companies, with their credit guarantees for the Group's construction performance, was $41,601 thousand, wherein the payment had been made.

F. The amounts of the receivables in 2021 and 2020 from related parties amounted to $161 thousand and $152 thousand, respectively.

(4) Transactions with key management personnel

Key management personnel compensation comprised:

	2021	2020
Short term employee benefits	$ 42,429	31,421
Post-employment benefits	153	304
	$ 42,582	31,725

8. Pledged assets:

The carrying values of the Group's pledged assets were as follows:

Pledged assets	Purpose of Pledged	December 31, 2021	December 31, 2020
Bank deposits (recorded in other financial assets－current)	Security deposit of guarantee letter	$ 9,958	19,081

9. Commitments and contingencies:

Except for note 7, the significant commitments and contingencies of the Group as of December 31, 2021 and 2020 were as follows:

(1) The performance guarantees or warranty guarantee notes issued by the Group for the contracted projects were $68,272 thousand and $10,605 thousand, respectively.

(2) The performance guarantee letters issued by the bank for the Group, due to the contracted projects, were $572,838 thousand and $780,517 thousand, respectively.

(3) For the unfinished significant contracted construction contracts signed by the Group, please refer to note 6(19).

(4) The Group entered into an agreement with Jing He Science Co., Ltd. (Jing He) for the construction and expansion of a new factory and gas factory, respectively, wherein the Group is responsible for the installation process of the pipelines, as well as for purchasing the related equipment according to the design layout and purchase order provided by Jing He. However, Jing He made certain changes to its layout plan, which in turn, requires extra work; and for this reason, the Group requested Jing He for an additional payment, in which Jing He argued that the contract is a lump-sum contract; therefore, refused to make any additional payment. Furthermore, it unilaterally terminated the agreement prior to the completion of the construction. The Group then filed a lawsuit to the District Court against Jing

He, demanding the amount of the contract to be paid in full. The Group has also engaged a lawyer to defend its case. On the other hand, the District Court appointed Taiwan Association of Construction and Development, as well as Taiwan Professional Electrical Engineers Association, to estimate the value of the completed part of the new factory building, with both parties providing supplementary opinions for the preliminary valuation. The District Court has also appointed Taiwan Construction Research Institute (TCRI) to estimate the value of the expansion of the gas factory, wherein the estimated result turned out to be the same as that of which conducted by the Group. As of the issuance date of this financial statements, the Court’ s decision has yet to be made, wherein it included the compensation amount of the damage resulting in a recognition of allowance for impairment incurred from the construction cost by the Group in accordance with the related accounting standards. The Group has estimated the maximum loss incurred from this lawsuit to be $70 million. On February 5, 2018, Jing He had paid the amount of $10,500 thousand (including tax) for partially reimbursing the said construction.

(5) The Group and Wuhan Hongxin Semiconductor Manufacturing Co., Ltd. (now renamed Wuhan Xingong Hyundai Manufacturing Co., Ltd.) (hereafter referred to as Wuhan Xingong Co., Ltd.) signed the "Contract for Wuhan Hongxin Semiconductor Manufacturing Project Phase One Chemical Supply Systems Engineering International Equipment and Materials Procurement" (hereafter referred to as the procurement contract) on July 2, 2019, the procurement contract price was US$24,484 thousand. In order to fulfill the supply obligations of the procurement contract, The Group had produced and procured related materials and equipment in accordance with the contract, but Wuhan Xingong Co., Ltd. repeatedly delayed the payment of the agreed 20% advance payment and repeatedly delayed the delivery time, as of December 31, 2021, the aforementioned advanced payment only paid US$4,500 thousand, there is still a difference of US$397 thousand, the Company has commissioned a lawyer to send a confirmation to Wuhan Xingong Co., Ltd., requesting Wuhan Xingong Co., Ltd. to bear the losses of materials and equipment, including the additional warehouse rental, transportation costs, upstream manufacturers claims, and loss of capital interest due to default of Wuhan Xingong Co., Ltd., which the Group had produced and purchased for the fulfillment of the procurement contract, and the representatives of Wuhan Xingong Co., Ltd. had performed stocktaking of the aforementioned materials and equipment. Wuhan Xingong Co., Ltd. sent a confirmation to the Company on June 15, 2021, stating that an advance payment of US$4,500 thousand has been made, but based on the current operating status , no longer require the Company to fulfill delivery obligations, and materials and equipment that the Company has purchased can be disposed of and transferred by the Company, and it is not considered to be a breach of contract. The Group is currently in discussions with lawyers about Wuhan Xingong Co., Ltd. to bring commercial arbitration matters, as of the date of submission of this financial report, the Company is unable to make a forecast assessment of the future outcome of the case, and the amount of damages.

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other:

The following is the summary statement of current period employee benefits, depreciation, and amortization expenses by function:

By function / By item	For the year ended December 31					
	2021			2020		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	322,344	281,302	603,646	207,317	194,400	401,717
Labor and health insurance	49,211	34,807	84,018	24,815	14,968	39,783
Pension	8,397	4,720	13,117	6,096	3,368	9,464
Others	11,159	11,142	22,301	5,996	5,728	11,724
Depreciation	29,605	24,251	53,856	13,630	21,857	35,487
Amortization	1,371	19,752	21,123	142	2,829	2,971

13. Other disclosures:

(1) 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:

A. Loans to other parties:None

B. Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Winmax, Suzhou Winmax	Subsidiary	5,220,000	691,268	649,926	162,210	-	24.90%	7,830,000	Y	N	Y
0	The Company	Winmax	Subsidiary	5,220,000	693,270	573,956	422,274	-	21.99%	7,830,000	Y	N	Y
0	The Company	Acter	Parent company	5,220,000	289,800	-	-	-	- %	7,830,000	N	Y	N
0	The Company	Acter China	86% owned subsidiary of the parent company	5,220,000	189,115	-	-	-	- %	7,830,000	N	N	Y
1	Winmax	Nova	Parent company	3,685,452	166,017	-	-	-	- %	6,142,420	N	Y	N
1	Winmax	Suzhou Winmax	100% owned subsidiary of the parent company	3,685,452	87,780	87,090	2,439	-	7.09%	6,142,420	N	N	Y

Note 1: The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 200% of the Company ‘s net worth.

Note 2: The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 300% of the Company ‘s net worth.

Note 3: The total amount for guarantees and endorsements provided by the Winmax to other entities shall not exceed 500% of the it is net worth；and to any individual entity, shall not exceed 300% of it is net worth. The amount of business transaction amount refers to the highest amount of the latest purchase or sales amount that the two parties can reasonably estimate within the past one year or the next one year.

Note 4: The total amount for guarantees and endorsements provided by the Suzhou Winmax to other entities shall not exceed 500% of it is net worth and to any individual entity, shall not exceed 300% of it is net worth. For those who engage in endorsement guarantees due to business relationship, in addition to the above-mentioned limit, the amount of individual endorsement guarantees shall not exceed the amount of business transactions. The business transaction amount refers to the actual purchase or sales amount that can be reasonably estimated within the last year or the next year, whichever is higher.

Note 5: Net value refers to the latest amount in the financial statements that had been certified or audited by an accountant.

C. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Winmega	Franklin Templeton Sinoam Money Market Fund	-	Financial asset at fair value through profit or loss-current	1,929	20,165	- %	20,165	
Nova	PineBridge Preferred Securities Income Fund USD A		Financial asset at fair value through profit or loss-current	18	6,245	- %	6,245	
Nova	Chailease PREF A		Financial asset at fair value through profit or loss-current	200	20,300	- %	20,300	
Nova	Corporate bonds-Saudi Arabian Oil Company		Financial asset at fair value through profit or loss-current	-	27,431	- %	27,431	

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Price	Cost	Gain (loss) on disposal	Shares (thousands)	Amount
The company	Ordinary Shares	Investments accounted for using the equity method	Former shareholder of Rayzher	Rayzher Industrial Co., Ltd.	3,125	112,500	7,650	252,450	-	-	-	(9,375)	10,775	355,575

Note: The loss on disposal of investments is the total of loss on remeasurements $13,793 thousand and gain on investment $4,418 thousand.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Acter	Parent company	Sale	133,094	2%	By contract	-	-	7,066	-%	
The Company	Winmax	Subsidiary	Purchase	108,423	2%	By contract	-	-	(21,977)	1%	

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

I. Trading in derivative instruments: None

J. Business relationships and significant intercompany transactions:

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
0	The Company	Acter	Subsidiary to parent company	Sale	133,094	Note 1	2%
0	The Company	Winmax	Parent company to subsidiary	Purchase	108,423	Note 2	2%

Note 1: There are no significant differences between the terms and pricing of contracting projects, sales and services offered to related parties and those of non-related parties.

Note 2: There are no significant differences between the purchase and trading terms offered to related parties and those of non-related parties.

(2) Information on investees:

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Winmega	Hsinchu	Electronic equipment, equipment wholesale, chemical machinery wholesale, etc	15,000	15,000	3,000	100.00%	111,635	28,766	28,766	Subsidiary Note 3, 4
The Company	Novatech Engineering & Construction Pte. Ltd.	Singapore	Contract for the chemical supply system business	24,179	24,179	1,000	100.00%	53,933	1,557	1,557	Subsidiary Note 3
The Company	Rayzher	Taoyuan	Piping engineering, motor installation-automatic control equipment, etc.	355,575	112,500	10,775	51.31%	414,184	149,121	63,027	Subsidiary Note 1, 2, 3

Note 1: The original investment amount at the end of year is the total of the remeasured investment at the beginning of the year of $103,125 thousand and the increase of $252,450 thousand.

Note 2: The gain or loss on investment of $58,609 thousand have been written off in the consolidated financial statements.

Note 3: The related transaction and account balance have been written off in the consolidated financial statements.

Note 4: Winmega remitted cash dividends of $27,000 thousand in 2021.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information:

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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	None
					Outflow	Inflow							
Winmax	Contract design for automated supply system business, production of gas cabinets, valve box and liquid delivery cabinet	151,426	(1)	9,635	-	-	9,635	317,572	100.00%	317,572	1,228,484	891,421	Note 4、5
Suzhou Winmax	Contract design for automated supply system business, production of gas cabinets, valve box and liquid delivery cabinet	32,478	(1)	32,478	-	-	32,478	58,301	100.00%	58,301	267,041	-	Note 5

B. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
42,113 (USD1,300 thousand)	183,904 (USD5,890 thousand)	1,566,000

Note 1: The amount of capital included the capital increase by retained earning of US$4,590 thousand in 2007 and 2012.

Note 2: Wimmax's and Suzhou Wimmax's and financial statements of the investee company were audited by the Certified Public Accountant.

Note 3: (Note 1)Direct investment in Mainland China.

Note 4: Winmax has remitted cash dividends of CNY$70,000 thousand, which equals TWD$301,164 thousand in 2021.

Note 5: The related transaction and account balance have been writen off in the consolidated financial statements.

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(4) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Acter Co., LTD.	21,598,179	63.65%

A. The information of major shareholders in this table is based on the last business day of the end of each quarter by the Taiwan Depository and Clearing Corporation, who calculates that shareholders holding more than 5% of the Company's ordinary shares the have completed unregistered delivery (including treasury shares). As for the share capital recorded in the Company's financial report and the Company's actual number of shares delivered without physical registration, there may be differences or differences due to the bases of the calculation.

B. In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the securities and exchange act, their shareholding include their own shareholding, plus the shares delivered to the trust, and the right to use the trust property. For further information on relevant insider shares, please refer to the Public Information Observatory.

14. Segment information:

(1) General information

The Group has three reportable segments: Taiwan, China, and Others. The segment of Taiwan provides sales, engineering and other services to the customers in Taiwan; The segment of China is in charge of sales to customers in China.

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were funded by the Company. The managements are trained by the Group.

(2) Information about reportable segments and their measurement and reconciliations

The Group had allocated tax expense (revenue) and unusual profit to every reportable segment. Furthermore, all the profit of each reportable segment should include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker. The operating segment accounting policies are similar to those described in note 4. The reportable segments had evaluated the net income of the Group.

The Group's operating segment information and reconciliation are as follows:

For the year ended December 31, 2021	**Taiwan**	**China**	**Others**	**Adjustment and elimination**	**Total**
Revenue					
Revenue from external customers	$ 3,568,830	2,646,801	44,227	-	6,259,858
Revenue from internal segment	16,082	176,888	-	(192,970)	-
Total revenue	**$ 3,584,912**	**2,823,689**	**44,227**	**(192,970)**	**6,259,858**
Depreciation					**(53,856)**
Reportable segment profit					**568,254**
Reportable segment assets					**6,633,001**
Reportable segment liabilities					**3,631,127**

For the year ended December 31, 2020	**Taiwan**	**China**	**Others**	**Adjustment and elimination**	**Total**
Revenue					
Revenue from external customers	$ 1,795,492	2,053,202	28,750	-	3,877,444
Revenue from internal segment	37,528	512,369	-	(549,897)	-
Total revenue	**$ 1,833,020**	**2,565,571**	**28,750**	**(549,897)**	**3,877,444**
Depreciation					**(35,478)**
Reportable segment profit					**407,392**
Reportable segment assets					**4,853,032**
Reportable segment liabilities					**2,524,826**

(3) Products and services information

For details of the information from January 1 to December 31, 2021 and 2020, please refer to Note 6 (19).

(4) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

A. Revenues from external customers:

Location	**2021**	**2020**
Taiwan	$ 2,565,874	651,934
China	3,496,884	3,100,325
Others	197,100	125,185
	$ 6,259,858	3,877,444

B. Non-current assets:

Location	**December 31, 2021**	**December 31, 2020**
Taiwan	$ 254,035	118,923
China	48,742	56,087
Others	2,621	2,998
	$ 305,398	178,008

(5) Major customer information

Sales to individual customers representing greater than 10% of the revenues were as follows:

	2021		**2020**	
	Amount	**% of net sales**	**Amount**	**% of net sales**
Customer A	$ 458,986	7	571,861	15
Customer B	-	-	457,054	12
Customer D	487,878	8	268,004	7
Customer E	-	-	283,509	7
	$ 946,864	15	1,580,428	41

Independent Auditors' Report

To the Board of Directors of Nova Technology Corporation:

Opinion

We have audited the accompany parent company only financial statements of Nova Technology Corporation (the "Company"), which comprise the parent company only statement of financial position as of December 31, 2021 and 2020, and the parent company only statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompany parent company only financial position of the Company as of December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit 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 Parent company only Financial Statements section of our report. We are independent of the Company 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. 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 parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Recognition of construction contract revenue (including estimated total budget cost)

   Please refer to Note 4(15) “Revenue (Revenue from contract with customers)” , Note 5 “Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty” , and Note 6(16) Revenue from contracts with customers” to the parent company only financial statements.

Description of key audit matter:

The Company recognized its revenue by using the percentage of completion method. The completion level is based on the cost for each contract at year-end. The management will re-evaluate the cost if the total budget had significantly increased or decreased, and will recalculate the percentage of completion in accordance with the adjusted cost. The accuracy of the construction contract revenue may be affected by the completion level and appropriateness of the estimation of total budget cost. Thus, we considered the recognition of revenue as one of the key matters of our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: reviewing significant contracts to understand the specific terms and risks of each contract; testing the key internal controls of the revenue cycle to confirm the significant risk of the abnormality. Also, enquiring with the management and updating the preparation and approval process of the estimated cost of the contracts; understanding the process of accounting estimates made by the management and considering other evidences to evaluate the management's assumptions on the completeness of construction revenue; checking the differences between the estimated total budget cost and the actual cost of the construction contract. Furthermore, considering whether the management has estimated the cost that had not been invested before the completion date, and the possibility of reversal on the expected price are appropriate and reasonable; as well as assessing whether the revenue is in accordance with the relevant regulations, and the cost is appropriately disclosed.

2. Valuation of receivables

Please refer to Note 4(6) "Financial instruments", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(3) "Notes receivable, Accounts receivable and overdue receivable, net" to the parent company only financial statements.

Description of key audit matter:

The recoverability of the Company's accounts receivable is related to the economic cycle and customer operations. The management measures the financial position of the customers and assesses the expected credit losses arising from all possible defaults during the expected life of the accounts receivable. The assessment of the impairment loss of receivables is determined by management judgment. Therefore, the valuation of accounts receivable is one of the key matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: checking the completeness and accuracy of the aging analysis; understanding and evaluating the assessment performed by management relating to receivables that are overdue; vouching to the receipt after the year end, and understanding the collectability of remaining amount ; assessing the adequacy of loss allowance provided by the Company ; and evaluating the adequacy of the Company's disclosures in the accounts.

3. Accrual of construction contract losses

Please refer to Note 4(15) "Revenue (Cost from contracts with customers)", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 9 "Significant Commitments and Contingencies" to the parent company only financial statements.

Description of key audit matter:

If the Company assesses that the contract cost that has been incurred is “unlikely to be recovered” then will make an accrual for the loss and recognize it as an expense immediately. The accrual of the losses involves management judgment so that the estimation of construction contract losses is one of the key matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Comparing the actual amount of construction contract losses and loss provisions accrued in the past; assessing and understanding how the management estimates the losses, including the method of assessment, whether the source of the information is appropriate, and the possibility to correct the accounting estimates; evaluating the appropriateness of accounting principles and related disclosures. In addition, if the completion of the contract is subject to the outcome of pending litigation or legislation, the construction contract losses will also be evaluated in accordance with IAS 37.

Responsibilities of Management and Those Charged with Governance for the Parent company only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company’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 Company 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 Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Parent company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 parent company only 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 parent company only 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 Company'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 Company'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 parent company only 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and Chien-Hui Lu.

KPMG

Taipei, Taiwan (Republic of China)
February 23, 2022

Notes to Readers

The accompanying parent company only financial statements are intended only to present the parent company only 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Nova Technology Corporation

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 449,277	12	666,038	19
1110	Current financial assets at fair value through profit or loss (note 6(2))	53,976	1	26,379	1
1170	Accounts receivable, net (note 6(3))	576,153	15	392,368	11
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	7,461	-	1,355	-
1140	Current contract assets (notes 6(16) and 7)	489,055	13	372,706	11
1310	Inventories, net (note 6(4))	48,260	1	8,916	-
1421	Prepayments to suppliers	62,046	2	13,126	1
1476	Other current financial assets (notes 6(5) and 8)	8,221	-	147,457	4
1479	Other current assets	4,466	-	1,765	-
		1,698,915	44	1,630,110	47
	Non-current assets:				
1550	Investments accounted for using the equity method (note 6(6))	2,075,277	53	1,704,825	50
1600	Property, plant, and equipment (note 6(7))	63,546	2	63,686	2
1755	Right-of-use assets (note 6(8))	9,251	-	11,120	-
1840	Deferred tax assets (note 6(13))	39,333	1	35,036	1
1990	Other non-current assets (note 6(3))	1,571	-	1,995	-
		2,188,978	56	1,816,662	53
	Total assets	**$ 3,887,893**	**100**	**3,446,772**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(9))	$ 180,000	5	301,000	9
2150	Notes payable	10,818	-	34,823	1
2170	Accounts payable	482,900	12	275,102	8
2180	Accounts payable to related parties (note 7)	22,039	1	-	-
2130	Current contract liabilities (notes 6(16) and 7)	82,597	2	105,583	3
2201	Salaries and bonus payable	95,922	2	67,848	2
2250	Provision-current (note 6(11))	23,074	1	16,391	-
2280	Current lease liabilities (note 6(10))	4,676	-	4,686	-
2399	Other current liabilities	65,164	2	23,079	1
		967,190	25	828,512	24
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(13))	268,728	7	253,541	7
2580	Non-current lease liabilities (note 6(10))	4,644	-	6,492	-
2640	Net defined benefit liability, non-current (note 6(12))	37,331	1	30,021	1
		310,703	8	290,054	8
	Total liabilities	1,277,893	33	1,118,566	32
	Equity (note 6(14)):				
3100	Ordinary share capital	339,280	9	339,280	10
3200	Capital surplus	866,545	22	866,545	25
3300	Retained earnings	1,479,733	38	1,190,528	35
3400	Other equity interest	(75,558)	(2)	(68,147)	(2)
	Total equity	2,610,000	67	2,328,206	68
	Total liabilities and equity	**$ 3,887,893**	**100**	**3,446,772**	**100**

See accompanying notes to parent company only financial statements.

(English Translation of Parent company only Financial Statements and Report Originally Issued in Chinese)

Nova Technology Corporation

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		For the years ended December 31,			
		2021		2020	
		Amount	%	Amount	%
4000	**Net Operating revenue** (notes 6(16) and 7)	$ 1,889,080	100	1,718,210	100
5000	**Operating costs** (notes 6(4), (12) and 7)	1,485,192	79	1,478,268	86
	Gross profit	403,888	21	239,942	14
	Operating expenses (notes 6(3), (10), (12), (18) and 7)**:**				
6100	Selling expenses	7,316	-	5,003	-
6200	Administrative expenses	153,581	8	125,029	7
6450	Expected credit impairment loss (gain)	(77)	-	(4,298)	-
		160,820	8	125,734	7
	Net operating income	243,068	13	114,208	7
	Non-operating income and expenses:				
7100	Interest income (note 6(17))	1,054	-	1,584	-
7020	Other gains and losses, net (note 6(17))	(19,823)	(1)	(36,205)	(2)
7050	Finance costs (notes 6(10) and (17))	(2,125)	-	(889)	-
7060	Share of profit of associates accounted for using the equity method (note 6(6))	4,418	-	-	-
7070	Share of profit of equity-accounted investees (note 6(6))	464,805	25	434,084	25
		448,329	24	398,574	23
7900	**Income before income tax**	691,397	37	512,782	30
7950	Less: income tax expenses (note 6(13))	123,143	7	105,390	6
	Net Income	568,254	30	407,392	24
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Losses on remeasurements of defined benefit plans (note 6(12))	(7,625)	-	3,445	-
8349	Income tax related to items that will not be reclassified subsequently	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(7,625)	-	3,445	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(9,264)	(1)	12,359	1
8399	Income tax related to items that may be reclassified subsequently (note 6(13))	1,853	-	(2,472)	-
	Total items that may be reclassified subsequently to profit or loss	(7,411)	(1)	9,887	1
8300	**Other comprehensive income**	(15,036)	(1)	13,332	1
	Total comprehensive income	**$ 553,218**	**29**	**420,724**	**25**
	Earnings per share (New Taiwan Dollars) (note 6(15))				
9750	Basic earnings per share	**$**	**16.75**		**12.01**
9850	Diluted earnings per share	**$**	**16.64**		**11.93**

See accompanying notes to parent company only financial statements.

(English Translation of Parent company only Financial Statements and Report Originally Issued in Chinese)

Nova Technology Corporation

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings					
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2020	$ 339,280	866,545	226,434	40,442	852,095	1,118,971	(78,034)	2,246,762
Net income for the period	-	-	-	-	407,392	407,392	-	407,392
Other comprehensive income for the period	-	-	-	-	3,445	3,445	9,887	13,332
Total comprehensive income for the period	-	-	-	-	410,837	410,837	9,887	420,724
Appropriation and distribution of retained earnings:								
Appropriation for legal reserve	-	-	49,695	-	(49,695)	-	-	-
Appropriation Special reserve	-	-	-	37,592	(37,592)	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	(339,280)	(339,280)	-	(339,280)
Balance at December 31, 2020	339,280	866,545	276,129	78,034	836,365	1,190,528	(68,147)	2,328,206
Net income for the period	-	-	-	-	568,254	568,254	-	568,254
Other comprehensive income for the period	-	-	-	-	(7,625)	(7,625)	(7,411)	(15,036)
Total comprehensive income for the period	-	-	-	-	560,629	560,629	(7,411)	553,218
Appropriation and distribution of retained earnings:								
Appropriation for legal reserve	-	-	41,084	-	(41,084)	-	-	-
Reversal form special reserve	-	-	-	(9,887)	9,887	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	(271,424)	(271,424)	-	(271,424)
Balance at December 31, 2021	**$ 339,280**	**866,545**	**317,213**	**68,147**	**1,094,373**	**1,479,733**	**(75,558)**	**2,610,000**

See accompanying notes to parent company only financial statements.

(English Translation of Parent company only Financial Statements and Report Originally Issued in Chinese)

Nova Technology Corporation

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2021	2020
Cash flows from operating activities:		
Income before income tax	$ 691,397	512,782
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	6,968	9,140
Expected credit Impairment loss (gain)	(77)	(4,298)
Net loss (gain) on financial assets at fair value through profit or loss	372	(917)
Interest expense	2,125	889
Provision for inventory devaluation loss (reversal)	946	(270)
Interest income	(1,054)	(1,584)
Share of profit of associates accounted for using the equity method	(469,223)	(434,084)
Loss on remeasurements of investing	13,793	-
Others	207	1,640
Total adjustments to reconcile profit (loss)	(445,943)	(429,484)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	(183,708)	84,605
Accounts receivable due from related parties	(6,106)	(1,355)
Contract assets	(116,349)	120,842
Inventories	(40,290)	25,331
Other current assets	(40,703)	16,366
Total changes in operating assets	(387,156)	245,789
Changes in operating liabilities:		
Notes and accounts payable	183,793	(188,619)
Accounts payable to related parties	22,039	(1,651)
Contract liabilities	(22,986)	(56,330)
Accrued expenses and other current liabilities	34,572	(10,546)
Total changes in operating liabilities	217,418	(257,146)
Total adjustments	(615,681)	(440,841)
Cash flows generated from operations	75,716	71,941
Interest received	1,054	1,584
Interest paid	(2,159)	(889)
Income taxes paid	(68,096)	(104,102)
Net cash flows from operating activities	6,515	(31,466)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(27,969)	(32,132)
Proceeds from disposal of financial assets at fair value through profit or loss	-	6,670
Acquisition of investments accounted for using the equity method	(252,450)	(112,500)
Acquisition of property, plant and equipment	(1,436)	(349)
Dividends received	328,164	277,170
Decrease (increase) in other financial assets–current	128,318	21,682
Increase in other non–current assets	(102)	(338)
Net cash flows used in investing activities	174,525	160,203
Cash flows from financing activities:		
Increase (Decrease) in short-term loans	(121,000)	301,000
Payment of lease liabilities	(5,377)	(6,455)
Cash dividends paid	(271,424)	(339,280)
Net cash flows used in financing activities	(397,801)	(44,735)
Net increase (decrease) in cash and cash equivalents	(216,761)	84,002
Cash and cash equivalents at beginning of period	666,038	582,036
Cash and cash equivalents at end of period	$ 449,277	666,038

See accompanying notes to parent company only financial statements.

Nova Technology Corporation

Notes to the Parent company only Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Nova Corporation (the "Company") was founded in Hsinchu, Republic of China (R.O.C.), on June 13, 1997. The registered address of the Company's office is 10F,No.76, Sec.2, Jiafeng S. Rd., Zhubei City, Hsinchu County 302054, Taiwan,R.O.C. The parent company only financial statements comprise the Company and its subsidiaries(together referred to as the "Company"). The Company is engaged mainly in the import and export business, pipeline assembly and maintenance engineering of various electronic, computer parts and accessories, equipment, chemical material, and gas components.

The Company's common shares have been listed on the Taipei Exchange on December 28, 2017, and the trading of the emerging stock was terminated on the same date.

2. Approval date and procedures of the parent company only financial statements:

The parent company only financial statements were authorized for issue by the Board of Directors on February 23, 2022.

3. New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its the parent company only 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"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Company's adoption of the new amendments, effective for annual period beginning on January 1, 2022, are expected to have the following impacts:

A. Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"

The amendments clarify that the 'costs of fulfilling a contract' comprises the incremental costs and an allocation of other direct costs. Those amendments shall apply to contracts for which it has not yet fulfilled all its obligations on January 1, 2022. The Company may need to recognize bigger and potentially more provisions, and will continue to assess the impacts of this amendment on its the parent company only financial position and financial performance.

B. Other amendments

The following amendments are not expected to have a significant impact on the Company's parent company only financial statements.

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

However, the above estimate of the impact on adopting new reporting standard may be changed due to the future changes in the environment or conditions.

(3) 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 Company, 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

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

The Company 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 parent company only 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"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

4. Summary of significant accounting policies:

The accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(1) Statement of compliance

These parent company only 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”).

(2) Basis of preparation

A. Basis of measurement

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

(i) Financial assets at fair value through profit or loss;

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

B. Functional and presentation currency

The parent company only financial statements are presented in New Taiwan Dollars (TWD), which is the Company’s functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(3) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company 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. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(a) an investment in equity securities designated as at fair value through other comprehensive income;

(b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(c) qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations are translated into New Taiwan Dollars (the present currency used in this parent company only report) using the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollars at the average rate. Exchange differences are recognized in other comprehensive income.

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

The assets and liabilities relating to the engineering contract are based on a business cycle (usually one to two years) as the standard for dividing flows or non-currents. The remaining assets and liabilities are classified by the following classification criteria:

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

(a) It is expected to be realized, or intended to be sold or consumed, in the Company's normal operating cycle;

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

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

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

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

(a) It is expected to be settled in the Company's normal operating cycle;

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

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

(d) The Company 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.

(5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which 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.

(6) Financial instruments

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

A. 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; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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.

(a) 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.

(b) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(c) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs,

notes and trade receivables, other receivable, and other financial assets), debt investments measured at FVOCI and contract assets.

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

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and 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 trade receivables and contract assets are 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 Company 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 Company’s historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 540 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

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

12-month ECL are the portion of ECL 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).

ECL 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are 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.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company 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 Company 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 Company's procedures for recovery of amounts due.

(d) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other 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.

(d) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average method and includes expenditure and other costs incurred in bringing them to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(8) Investment in subsidiaries

The investees which are controlled by the Company are measured under equity method in preparing the parent company only financial statement. The profit, other comprehensive income and equity in the parent company only financial statement are equal to the profit, other comprehensive income and equity attributable to the shareholders of parent in the consolidated financial statement.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing of control over the subsidiary are accounted for as equity transaction.

(9) Investment in associates

Associates are those entities in which the Company 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 cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent company only financial statements include the Company'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 Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company 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 and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate. When the Company'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 Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(10) Property, plant and equipment

A. 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.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

B. Subsequent cost

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

C. 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.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings: 40 years

(b) Building improvement: 5 to 10 years

(c) Other equipment: 2 to 5 years

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

(11) Leases

At inception of a contract, the Company 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.

As a lessee

The Company 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

A. fixed payments, including in-substance fixed payments;

B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

C. amounts expected to be payable under a residual value guarantee; and

D. 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:

A. there is a change in future lease payments arising from the change in an index or rate; or

B. there is a change in the Company ’ s estimate of the amount expected to be payable under a residual value guarantee; or

C. there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

D. there is a change of its assessment on whether it will exercise a extension or termination option; or

E. 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 and 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 Company 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 Company 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 Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases or leases of low-value assets, including staff dormitory. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(12) Intangible assets

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

(13) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are Company ed together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or Company s of CGUs that are expected to benefit from the synergies of the combination.

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. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. 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.

(14) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties of the Company is recognized when the underlying products or services are sold. The provision is based on historical warranty data.

(15) Revenue

A. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company 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 Company’s main types of revenue are explained below:

(a) Equipment contracts and construction contracts

The Company enters into contracts to build equipment and construction of semiconductor equipment and optoelectronics industries. Because the asset is gradually controlled by its customer during the construction process, the Company recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract is fixed amounts. The customer pays the fixed amount based on a payment schedule. The Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Company expects the unavoidable costs of performing the obligations under a construction contract that exceeds the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

For equipment and construction contracts, the Company offers a standard warranty to provide assurance that they comply with the agreed-upon specifications and has recognized warranty provisions for this obligation.

(b) Financing components

The Company 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 Company does not adjust any if the transaction prices for the time value of money.

B. Cost from contracts with customers

(a) Incremental costs of obtaining a contract

The Company recognizes, as an asset, the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(b) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 "Inventories", IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the Company recognizes an asset from the costs incurred to fulfil a contract only if the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify; the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

Contract costs are not very likely recovered should immediately recognize as expenses; the contract costs incurred that have not been very likely to be recovered, wherein the contract cost will be recognized as an expense immediately include the following scenario:

(i) the contract cannot be fully executed, that is, its legitimacy is extremely problematic;

(ii) the completion of the contract depends on the outcome of pending litigation or legislation;

(iii) the contract is related to property that may be levied or confiscated;

(iv) contract in which the customer is unable to perform his obligations;

(v) contractor who is unable to complete the contract or is unable to perform its contractual obligations.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), are recognized as expenses by the Company when incurred.

(16) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

B. Defined benefit plans

The Company'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 Company, 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 Company 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 Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. 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 Company 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.

(17) Share based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(18) Income tax

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 that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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:

A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   (a) the same taxable entity; or

   (b) 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.

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.

(19) Business combination

The Company first took control of another company through acquisition on March 30, 2021. Therefore,the Company has adopted the accounting policies related to business combination since March 30, 2021.

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of the consideration transferred (which is generally measured at fair value) and the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire’s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Company’s financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(20) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is 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 remuneration through issuance of shares. The weighted average outstanding shares are retroactively adjusted for the effects of stock dividends transferred from retained earnings and capital surplus to ordinary shares.

(21) Operating segments

The Company has disclosed sector information in the consolidated financial report, so the parent company only financial report does not disclose sector information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent company only financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimations 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 estimations.

The management continues to monitor the accounting estimations and assumptions. It recognizes any changes in the accounting estimations during the period in which the estimates are revised, and in any future periods affected.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows:

(1) Recognition of construction contract revenue (including estimated total budget cost)

The Company recognizes contract profit or lost based on the completion level of contract revenue and cost, evaluate percentage of completion, and completion level that is measured by proportion of contract costs incurred to the estimated contract costs. The Company estimates the total contract cost by considering the nature of each construction, the estimated construction period, the project in the construction, the construction process, the construction method and the estimated amount of the contract. Any changes above may result in a significant adjustment to the estimated amount. For relevant information, please refers to note 6(16).

(2) Valuation of receivables

The Company has estimated its loss allowance of receivables that is based on the historical payment receiving records, the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments. The relevant information, please refers to note 6(3).

(3) Accrual of construction contract losses

If the Company assesses that the contract cost that has been incurred is "unlikely to be recovered" then will make an accrual for the loss and recognize it as an expense immediately. If the completion of the contract is subject to the outcome of pending litigation or legislation, the construction contract losses will also be evaluated in accordance with IAS 37. The construction loss and provision are estimated for pending litigations that are likely to have adverse consequences for the Company and the loss could be estimated reasonably. However, due to the high uncertainty of the lawsuit itself, the final result or actual compensation amount may have a significant variance and the changes for accounting estimates will be made. For relevant information, please refers to note 4.

The Company's accounting policies include measuring its financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation Company conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation Company also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of the fair value. The financial instrument valuation Company also report issues of significant assessment to the Company's audit committee.

The Company evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

When there is a transfer between levels of the fair value hierarchy, the Company recognizes the transfer at the reporting date. For the assumption used in fair value measurement, please refer to note 6(19) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Commercial paper on repurchase agreements	$	-	142,575
Checking deposits and cash in bank		449,277	523,463
	$	449,277	666,038

(2) Financial assets at fair value through profit or loss－current

		December 31, 2021	December 31, 2020
Open-end funds	$	6,245	6,459
Chailease PREF A		20,300	19,920
Corporate bond-Saudi Arabian Oil Company		27,431	-
	$	53,976	26,379

In September 2021, the Company purchased corporate bonds issued by Saudi Arabian Oil Company, each with a face value of US$1,000 thousand. The fair value at the time of acquisition was $27,969 thousand.

The Company purchased 200 thousand Class A preferred shares of Chailease Holding Company Limited from Taiwan Stock Exchange for $20,000 thousand on September 10, 2020.

(3) Notes receivable, Accounts receivable, and overdue receivable, net

		December 31, 2021	December 31, 2020
Current:			
Accounts receivable	$	576,297	392,589
Accounts receivable (including related parties)		7,461	1,355
Less: loss allowance		(144)	(221)
	$	583,614	393,723
Non-Current:			
Overdue receivable (reclassified as other non-current assets)	$	38	1,143
Less: loss allowance		(38)	(1,143)
	$	-	-

The Company has provided impairment on receivables amounting to $38 thousand and $1,143 thousand for the year ended December 31, 2021 and 2020 due to difficulty in collection.

The Company applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for its receivables as of December 31, 2021. To measure the ECL, receivables have been Company ed based on the shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance as of December 31, 2021 was determined as follows:

	December 31, 2021			
Aging days		**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
1 to 120 days	$	568,148	-	-
121 to 180 days		2,296	0.5%	11
181 to 360 days		13,314	1.0%	133
Total	**$**	**583,758**		**144**

	December 31, 2020			
Aging days		**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
1 to 120 days	$	369,559	-	-
121 to 180 days		4,519	0.5%	22
181 to 360 days		19,866	1.0%	199
Total	**$**	**393,944**		**221**

The movement in the loss allowance for notes and trade receivable was as follows:

		2021	**2020**
Balance on January 1	$	1,364	5,662
Impairment losses recognized		131	6,764
Impairment losses reversed		(208)	(11,062)
Amounts written off		(1,105)	-
Balance on December 31	**$**	**182**	**1,364**

(4) Inventories, net

		December 31, 2021	**December 31, 2020**
Finished goods	$	1,962	779
Raw materials		48,596	9,489
	$	50,558	10,268
Less: loss allowance		(2,298)	(1,352)
	$	**48,260**	**8,916**

During the year 2021, the initial recognition of write down amounting to $946 thousand by the Company has been reversed due to utilization of the inventories. The reversal gain mentioned above is included in cost of operation.

The net of loss allowance that was charged to cost of sale for inventories written down to net realization value amounted to $270 thousand for the year ended December 31, 2020. The write-down loss is included in cost of operation.

(5) Other financial assets- current

	December 31, 2021	December 31, 2020
Deposit account (more than three months period)	$ -	128,318
Restricted deposit	2,756	2,756
Guarantee deposits paid for construction	5,378	16,337
Other	87	46
	$ 8,221	147,457

Restricted deposit is the guarantee provided by the security deposit of guarantee letter, please refer to Note 8 for details.

(6) Investment accounted for using the equity method

	December 31, 2021	December 31, 2020
Subsidiaries	$ 2,075,277	1,592,325
Joint ventures	-	112,500
	$ 2,075,277	1,704,825

a. Subsidiaries

Income from Subsidiaries under the equity method amounted to $464,805thousand and $434,084 thousand for the year ended December 31, 2021 and 2020, respectively.

Information about Subsidiaries refer to consolidated financial statements for the year ended December 31, 2021 for the details.

b. Joint ventures

The Company has recognized the profit of related parties on investment accounted for using the equity method of $4,418 thousand and $0 thousand for the year ended December 31, 2021 and 2020, respectively.

At a meeting of the Company's Board of Directors held on December 110, 2020, a resolution was approved to purchase 3,125 thousand shares of Rayzher Industrial Co., Ltd. (Rayzher) from the former shareholders for $112,500 thousand on December 29, 2020, which accounted for 25% of its outstanding shares. During 2020, the Company did not recognize any gains and losses from investing in Rayzher.

In December 2020, the Company signed an investment agreement with Rayzher. According to the agreement, on March 31 2021, Rayzher issued 8,500 thousand ordinary shares by cash, in which the Company promised to subscribe to 7,650 thousand shares, tentatively to be issued at a premium price of TWD 33 per share. The Company did subscribe shares accordingly, and the total amount of the subscribed shares was $252,450 thousand. After the completion of the relevant transaction, the Company holds 51% of the equity of Rayzher Industrial Co. Therefore, control will be obtained from March 30, 2021, and it will be consolidated into the consolidated statements from that date. At the same time, the non-controlling equity investment previously held is re-measured at fair value, and the difference of NT$ 13,793 thousand loss is fully accounted for Include current losses, please refer to Note 6(17) for details.

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(7) Property, plant and equipment

		Land	Building	Other equipment	Total
Cost:					
Balance as of January 1, 2021	$	44,518	26,526	13,093	84,137
Additions		-	-	1,436	1,436
Disposal		-	-	(210)	(210)
Balance as of December 31, 2021	$	44,518	26,526	14,319	85,363
Balance as of January 1, 2020	$	44,518	26,526	12,854	83,898
Additions		-	-	349	349
Disposal		-	-	(110)	(110)
Balance as of December 31, 2020	$	44,518	26,526	13,093	84,137
Depreciation:					
Balance as of January 1, 2021	$	-	8,480	11,971	20,451
Depreciation for the period		-	755	821	1,576
Disposal		-	-	(210)	(210)
Balance as of December 31, 2021	$	-	9,235	12,582	21,817
Balance as of January 1, 2020	$	-	7,686	10,211	17,897
Depreciation for the period		-	794	1,870	2,664
Disposal		-	-	(110)	(110)
Balance as of December 31, 2020	$	-	8,480	11,971	20,451
Book value:					
Balance as of December 31, 2021	$	44,518	17,291	1,737	63,546
Balance as of January 1, 2020	$	44,518	18,840	2,643	66,001
Balance as of December 31, 2020	$	44,518	18,046	1,122	63,686

(8) Right-of-use assets

The Company leases many assets including buildings and vehicles. Information about leases for which the Company as a lessee was presented below:

		Buildings	Vehicles	Total
Cost:				
Balance at January 1, 2021	$	7,394	10,240	17,634
Additions		3,596	733	4,329
Disposal		(3,838)	(1,285)	(5,123)
Balance at December 31, 2021	$	7,152	9,688	16,840
Balance at January 1, 2020	$	7,742	8,335	16,077
Additions		1,208	6,274	7,482
Disposal		(1,556)	(4,369)	(5,925)
Balance at December 31, 2020	$	7,394	10,240	17,634

		Buildings	Vehicles	Total
Accumulated depreciation and impairment losses:				
Balance at January 1, 2021	$	4,688	1,826	6,514
Depreciation for the year		2,186	3,206	5,392
Disposal		(3,032)	(1,285)	(4,317)
Balance at December 31, 2021	$	3,842	3,747	7,589
Balance at January 1, 2020	$	2,808	2,378	5,186
Depreciation for the year		3,436	3,040	6,476
Disposal		(1,556)	(3,592)	(5,148)
Balance at December 31, 2020	$	4,688	1,826	6,514
Carrying amounts:				
Balance at December 31, 2021	$	3,310	5,941	9,251
Balance at January 1, 2020	$	4,934	5,957	10,891
Balance at December 31, 2020	$	2,706	8,414	11,120

(9) Short-term borrowings

		December 31, 2021	December 31, 2020
Unsecured bank loans	$	180,000	301,000
Unused short-term credit lines	$	798,808	560,000
Range of interest rates		0.60%	0.63%~0.78%

(10) Lease liabilities

The Company 's lease liabilities were as follows:

		December 31, 2021	December 31, 2020
Current	$	4,676	4,686
Non-current	$	4,644	6,492

For the maturity analysis, please refer to note 6(19) "Financial instruments".

The amounts recognized in profit or loss was as follows:

		2021	2020
Interest on lease liabilities	$	102	110
Expenses relating to short-term leases	$	5,739	5,064

The amounts recognized in the statement of cash flows for the Company was as follows:

		2021	2020
Total cash outflow for leases	$	11,218	11,629

A. Building leases

As of December 31, 2021 and 2020, the Company leases buildings for its office space. The lease periods of office space are 1 to 6 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

B. Other leases

The Company leases vehicles, with lease terms of 2 to 5 years. In some cases, the Company has options to purchase the assets at the end of the contract term.

The Company also leases staff dormitory and vehicles with contract terms of one year. These leases are short-term items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(11) Provisions

The Company's warranty preparation changes were as follows:

		2021	2020
Balance as of January 1	$	16,391	16,017
Provisions made during the period		9,250	2,568
Provisions used and reversed during the period		(2,567)	(2,194)
Balance as of December 31	$	23,074	16,391

The Company's provisions for warranties had been estimated by using the historical data of construction contract, which is expected to occur within the period of the contract (no longer than the business cycle).

(12) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company were as follows:

		December 31, 2021	December 31, 2020
Present value of the defined benefit obligation	$	48,659	40,626
Fair value of plan assets		(11,328)	(10,605)
Net defined benefit liabilities	$	37,331	30,021

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for its employees upon retirement. Plans entitle a retired employee to receive an annual payment based on its years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates the pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (here in after referred to as the Bureau of Labor Funds). With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's labor pension reserve account balance amounted to $11,328 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Movements in the present value of the defined benefit obligation

	2021	2020
Defined benefit obligation as of January 1	$ 40,626	43,306
Interest costs	302	495
Actuarial losses (gains)	7,731	(3,175)
Defined benefit obligation as of December 31	$ 48,659	40,626

(c) Movements in the fair value of the defined benefit plan assets

	2021	2020
Fair value of plan assets as of January 1	$ 10,605	9,678
Contributions made	536	545
Expected return on plan assets	81	112
Actuarial gains	106	270
Fair value of plan assets as of December 31	$ 11,328	10,605

(d) Expenses recognized in profit or loss

	2021	2020
Interest costs	$ 305	487
Actual return on plan assets	(187)	(382)
Plan assets loss	106	270
	$ 224	375

(e) Remeasurements of the net defined benefit liabilities recognized in other comprehensive income

	2021	2020
Actuarial losses (gains) on defined benefit obligation	$ 7,731	(3,175)
Actuarial losses (gains) on plan assets	(106)	(270)
	$ 7,625	(3,445)

(f) Actuarial assumptions

(i) For actuarial in the present value of the defined benefit obligation:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.750%
Future salary increase rate	4.00%	3.17%

(ii) For actuarial in defined benefit plans cost:

	2021	2020
Discount rate	0.750%	1.125%
Future salary increase rate	3.17%	4.25%

The Company expects to make a contribution of $559 thousand to its defined benefit plans in the following year, beginning December 31, 2021.

The weighted-average duration of the defined benefit obligation is 14.71 years.

(g) Sensitivity analysis

When calculating the present value of the benefit obligation, the Company must use judgments and estimate to determine the relevant actuarial assumptions on the balance sheet date, including the discount rate and future salary changes. Any changes in the actuarial assumptions may have materially affects the amount of the defined benefit obligation of the Company.

If there is a change in the actuarial assumptions as of the December 31, 2021, the impact on the defined benefit obligation would be as follows:

	Impact on the defined benefit obligation		
	Increase by 0.25%		Decrease by 0.25%
Discount rate	$	(1,584)	1,653
Future salary increase rate	$	1,571	(1,515)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding all other assumptions remained constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

B. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company pension costs under the defined contribution plan were $7,201 thousand and $6,984 thousand for the years ended December 31, 2021 and 2020, respectively.

(13) Income tax

A. Income tax expenses

The amount of income tax expenses of the Company was as follows:

		2021	2020
Current income tax expense			
Current period	$	107,178	70,725
Adjustment for prior period		(2,189)	7,935
Unappropriated retained earnings		5,411	3,519
		110,400	82,179
Deferred income tax expense			
Origination and reversal of temporary differences		12,743	23,211
Current income tax expenses	**$**	**123,143**	**105,390**

The amount of income tax benefit (expense), recognized in other comprehensive income, was as follows:

	2021	2020
Exchange differences on translation of foreign financial statements	**1,853**	**(2,472)**

The reconciliation of income tax expenses and income before income tax was as follows:

		2021	2020
Income before income tax	**$**	**691,397**	**512,782**
Income tax at the Company's domestic tax rate		138,279	102,556
Permanent difference and others		(12,947)	(5,101)
Over (under)-provision in prior periods		(2,189)	7,935
Total	**$**	**123,143**	**105,390**

B. Deferred tax assets and liabilities

Deferred tax assets:

	January 1, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2021
Warranties	$ 3,204	75	-	3,279	1,336	-	4,615
Construction revenue and costs on book-tax differences	8,397	138	-	8,535	(1,315)	-	7,220
Exchange differences on translation of foreign financial statements	19,508	-	(2,472)	17,036	-	1,853	18,889
Unrealized loss on exchange	511	4,041	-	4,552	(466)	-	4,086
Unrealized loss and others	1,702	(68)	-	1,634	2,889	-	4,523
	$ 33,322	**4,186**	**(2,472)**	**35,036**	**2,444**	**1,853**	**39,333**

Deferred tax liabilities:

	January 1, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2020	Recognized in income statement	Recognized in other comprehensive income	December 31, 2021
Gain on profit of subsidiary accounted for using the equity method	$ (226,144)	(27,318)	-	(253,462)	(15,254)	-	(268,716)
Unrealized gain on investment	-	(79)	-	(79)	67	-	(12)
	$ (226,144)	(27,397)	-	(253,541)	(15,187)	-	(268,728)

C. Examination and approval

The Company's tax returns have been examined by the tax authorities through 2019.

(14) Capital and other equity

A. Issuance of ordinary shares

As of December 31, 2021 and 2020, the issued capital of the Company amounted to $339,280 thousand; the authorized capital each amounted to $500,000 thousand for both years, with par value of $10 per share.

B. Capital surplus

	December 31, 2021	December 31, 2020
Capital surplus－premium	$ 852,207	852,207
Long-term investment	1,052	1,052
Cash capital increase retains the compensation cost of employee subscription	13,286	13,286
	$ 866,545	866,545

In accordance with the R.O.C. Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. In addition, when the Company incurred no deficit, such capital surplus may be distributed as cash or stock dividends. Pursuant to the R.O.C. Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of the capital surplus capitalized per annum shall not exceed 10% of the paid in capital.

C. Retained earnings

(a) Legal reserve

Pursuant to the R.O.C. Company Act, the appropriation for legal reserve shall be made until the reserve equals the Company's paid in capital. If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid in capital.

(b) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the adoption date. The increase in retained earnings occurring before the adoption date, due to the first-time adoption of the IFRSs endorsed by the FSC, amounted to $9,241 thousand. A net increase in retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. As of December 31, 2021, the carrying amount of $9,241 thousand was recognized as special reserve based on the above ruling.

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current period reduction of special reserve, resulting from the first time adoption of the IFRSs endorsed by the FSC, and the carrying amount of other shareholder' equity, as stated above. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first time adoption of the IFRSs endorsed by the FSC. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

The following are the appropriation of earnings in 2020 and 2019 which were approved during the shareholders' meeting held on July 22, 2021 and May 21, 2020, respectively:

	2020		2019	
	Amount per share (TWD)	**Total amount**	**Amount per share (TWD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 8.00	271,424	10.00	339,280

(15) Earnings per share

	2021	**2020**
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ 568,254	407,392
Weighted average number of ordinary shares (in thousands)	33,928	33,928
Basic earnings per share (TWD)	$ 16.75	12.01
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ 568,254	407,392
Weighted average number of ordinary shares (in thousands) (basic)	33,928	33,928
Effect of potential diluted ordinary shares:		
Effect of employee remuneration employee stock remuneration	220	224
Weighted average number of ordinary shares (in thousands) (diluted)	34,148	34,152
Diluted earnings per share (TWD)	$ 16.64	11.93

(16) Revenue from contracts with customers

A. Revenue from major regional markets and products:

	2021			
	Semiconductor	**Green energy photoelectric**	**Other**	**Total**
Taiwan	$ 919,236	2,156	238,815	1,160,207
China	714,980	13,893	-	728,873
	$ 1,634,216	**16,049**	**238,815**	**1,889,080**

	2020			
	Semiconductor	**Green energy photoelectric**	**Other**	**Total**
Taiwan	$ 427,273	21,198	220,066	668,537
China	734,491	315,182	-	1,049,673
	$ 1,161,764	**336,380**	**220,066**	**1,718,210**

B. Contract balances

	December 31, 2021	**December 31, 2020**
Contract assets－construction and equipment	$ 534,294	423,629
Less: Loss in contract	(45,239)	(50,923)
	$ 489,055	**372,706**
Contract liability－construction and equipment	**$ 82,597**	**105,583**

For details on accounts receivable and allowance for impairment, please refer to note 6(3).

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were $103,355thousand and $160,049 thousand, respectively.

The contract assets primarily relate to the amount of revenue that has been recognized for construction contract but has not yet billed at the reporting date. The contract assets are transferred to receivables when the rights to consideration become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers for construction contract before the construction begins, for which revenue is recognized progressively during the construction period.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There are no significant changes in 2021 and 2020.

C. Transaction price allocated to the remaining performance obligations

As of 31 December 2021 and 2020, the aggregate amount of the transaction price of allocated to the remaining performance obligation was $2,182,839 thousand and $513,864 thousand, respectively. The Company will recognize this revenue over time as the building is completed, which is expected to occur over the next 12 to 36 months. If the contract of construction has an expected duration of less than one year, the Company applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(17) Non-operating income and expenses

A. Interest income

	2021	2020
Interest income of demand deposits	150	164
Interest income of time deposits	184	778
Interest income from bonds	464	642
Other interest income	256	-
	$ 1,054	1,584

B. Other gains and losses, net

	2021	2020
Foreign exchange losses	$ (10,247)	(38,056)
Gain on financial asset at fair value through profit or loss	(372)	917
Loss on remeasurements of investment (note 6(6))	(13,793)	-
Others	4,589	934
	$ (19,823)	(36,205)

C. Finance costs

	2021	2020
Interest expense – lease liability	$ 102	110
Interest expense – short term borrowings	1,968	779
Interest expense – other	55	-
	$ 2,125	889

(18) Remuneration to employees, directors and supervisors

The Company’s Articles of Incorporation require that profits shall first be used to offset against any deficit, then remaining 3% and 5% of the remaining profit shall be distributed as remuneration to employees and directors, respectively.

The remunerations to employees amounted to $37,172 thousand and $27,569 thousand, and the remunerations to directors amounted to $14,869 thousand and $11,028 thousand 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 and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders’ meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. For the unsubscribed shares of the Company's employees, the basis for calculating the stock price of stocks will be based on the closing price of common stock on the day before the resolution of the Board of Directors.

The remunerations to employees amounted to $27,569 thousand, as well as the remunerations to directors amounted to $11,028 thousand for the years ended December 31, 2020. There were no differences between the amounts of employee and directors' remuneration allocated by the aforesaid Board resolutions. Related information would be available at the Market Observation Post System website.

(19) Financial instruments

A. Credit risk

(a) Exposures to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

As of December 31, 2021 and 2020, 68% and 62%, respectively, of accounts receivable (including related parties) were from 5 major customers. Thus, credit risk is significantly centralized.

B. Credit risk on receivables

For credit risk exposure of note and trade receivables (including overdue receivables), please refer to note 6(3).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the considered to have low credit risk, please refer to note 4(6); and for the changes in the allowance for the above financial assets in 2020, please refer to Note 6(3).

C. Liquidity risk

The following, except for payables (including related parties), accrued payroll, accrued bonus and other accrued expense, are the contractual maturities of other financial liabilities.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2021						
Short-term borrowings	$ 180,000	180,260	180,260	-	-	-
Lease Liabilities (current and non-current)	9,320	9,434	4,744	2,831	1,859	-
	$ 189,320	**189,694**	**185,004**	**2,831**	**1,859**	**-**
December 31, 2020						
Short term borrowings	$ 301,000	301,501	301,501	-	-	-
Lease Liabilities (current and non-current)	11,178	11,330	4,769	3,616	2,945	-
	$ 312,178	**312,831**	**306,270**	**3,616**	**2,945**	**-**

D. Currency risk

(a) Exposure to foreign currency exchange rate risk

The Company's significant exposure to foreign currency exchange rate risk was as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 21,738	USD/TWD =27.7380	602,969	34,114	USD/TWD =28.515	972,761
Financial liabilities						
Monetary items						
USD	4,758	USD/TWD =27.7380	131,977	2,206	USD/TWD =28.515	62,904

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, receivables and payables. A strengthening (weakening) of 1 dollar of the TWD against the USD as of December 31, 2021 and 2020, with other factors remaining constant, would have increased (decreased) the comprehensive income by $13,584 thousand and $25,526 thousand respectively. The analysis is performed on the same basis.

(c) Foreign exchange loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(10,247) thousand and $(38,056) thousand, respectively

	2021		2020	
	Exchange gain (loss)	Average exchange rate	Exchange gain (loss)	Average exchange rate
TWD	$ (10,247)	28.0247	(38,056)	29.5835

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Company'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				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 53,976	53,976	-	-	53,976

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 26,379	26,379	-	-	26,379

(b) Valuation techniques for financial instruments measured at fair value

The financial instruments held by the Company are beneficiary certificates—open-end fund, preferred shares issued by a listed company, and foreign listed corporate bonds traded in active markets. The fair value of financing assets is determined based on market quotations.

(20) Financial risk management

A. Overview

The Company is exposed to the following risks due to usage of financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following, likewise, discusses the Company’s objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying parent company only financial statements.

B. Objectives and policies for managing risk

The Company's financial management department provides services for each business, coordinating and coordinating access to domestic and international financial market operations, monitors and manages the financial risks associated with the operations of the Company by analyzing the internal risk report on risk based on the degree and extent of the risk. In accordance with a reviewed policy, the Company will not engage in derivative financial instruments for the purpose of speculation.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and investments in debt securities.

(a) Trade receivables

The Company evaluates the credit level of its customers before entering into any transaction with them, wherein it takes into consideration the size of their companies, industry prospects, as well as their reputation within the industry. In addition, the Company also enquires from its own construction department to obtain information concerning its customers, checks the history of its customers' accounts from its finance department, and creates a credit account for its customers, to reduce the risk on transaction. The Company monitor monthly any overdue receivables. For past due accounts, the Company's administrative department and construction department will analyze and understand the reason behind the matter before the Company transacted with any customers.

(b) Investment

Exposure to credit risk on bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company expects its counterparties above to meet their obligations, hence, there is no significant credit risk arising from these counterparties.

(c) Guarantee

The Company's policy is to provide financial guarantees only to the Company and its wholly owned subsidiaries who entered into agreements for engineering projects.

D. Liquidity risk

The Company manages sufficient cash and cash equivalents to cope with its operations and mitigate the effects of fluctuations in cash flows.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, which will affect the Company'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 range, while optimizing the return.

F. Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company. The currencies used in these transactions are the USD.

(21) Capital management

The Company's objective is to manage its capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of its other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the total net debt, divided by the total capital. The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity, plus, net debt.

There were no changes in the Company's approach to capital management during the year ended December 31, 2021.

The Company's debt to adjusted capital ratio at the reporting date was as follows:

		December 31, 2021	December 31, 2020
Total liabilities	$	1,277,893	1,118,566
Less: cash		(449,277)	(666,038)
Net debt	$	828,616	452,528
Total equity	$	2,610,000	2,328,206
Debt-to-adjusted-capital ratio		31.75%	19.44%

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

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

A. Obtaining right-of-use assets by lease, please refer to note 6(10).

B. Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Other changes	December 31, 2021
Short term borrowings	$ 301,000	(121,000)	-	180,000
Lease liabilities	11,178	(5,479)	3,621	9,320
	$ 312,178	(126,479)	3,621	189,320

	January 1, 2020	Cash flows	Other changes	December 31, 2020
Short term borrowings	$ -	301,000	-	301,000
Lease liabilities	10,933	(6,565)	6,810	11,178
	10,933	294,435	6,810	312,178

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Acter Co., Ltd. is the ultimate controlling party of the Company and their subsidiary of the company, and owns 63.65% percent of all shares outstanding of the Company on December 31, 2021. Acter Co., Ltd. has issued the parent company only financial statements available for public use.

(2) Names and relationship with related parties

Name of related parties	Relationship with the Company
Acter Co., Ltd.	The parent company
Winmega Technology Corp.	Subsidiary of the Company
Winmax Technology Corp.(Winmax)	Subsidiary of the Company
Suzhou Winmax Technology Corp.	Subsidiary of the Company
Rayzher Industrial Co., Ltd.	Subsidiary of the Company(Note)
Sheng Huei Engineering (Shenzhen) Co., Ltd	Other related company
Her Suo Eng., Co., LTD.	Other related company

Note: Since the company obtained 51% equity of Ruize on March 30, 2021 in the Republic of China, it will be regarded as a subsidiary.

(3) Significant transactions with related parties

A. Sales and Asset and Liability of operating

(a) Sales

	2021	2020
Parent company	$ 133,094	50
Subsidiary	14,093	37,528
	$ 147,187	37,578

(b) Construction payment and sales in advance due to contracted projects, sale, and service provision:

	December 31, 2021	December 31, 2020
Parent company	$ 105,030	-

(c) Accounts receivable due to contracted projects, sale, and service provision:

	December 31, 2021	December 31, 2020
Parent company	$ 7,066	-
Subsidiary	395	1,355
	$ 7,461	1,355

There were no significant differences in the term and pricing of sale transactions between related enterprises and non related parties.

B. Construction costs, accumulated construction costs, notes and accounts payable

(a) Construction costs

	2021	2020
Parent company	$ 129,463	-
Subsidiary	119,910	342,228
	$ 249,373	342,228

(b) Accumulated construction costs

	2021.12.31	2020.12.31
Parent company	$ 134,457	4,995
Subsidiary	294,075	666,819
	$ 428,532	671,814

(c) Accounts payable to related parties due to the above procurement transactions

	2021.12.31	2020.12.31
Subsidiary	$ 22,017	-
Other related parties	22	-
	$ 22,039	-

C. Guarantee for related parties

Guaranteed object	Guarantee type	December 31, 2021	December 31, 2020
Construction performance guarantee or warranty:			
Subsidiary	Credit guarantee	$ 1,223,882	1,285,512
Parent company	Credit guarantee	-	289,800
Other related parties	Credit guarantee	-	189,115
		$ 1,223,882	1,764,427

D. As of December 31, 2021 and 2020, the amount of performance of the affiliated companies, with their credit guarantees for the Company' s construction performance, was $41,601 thousand and $206,763 thousand, wherein the payment had been made.

E. The Company's dividends from the subsidiary companies allocated in the Republic of China in 2021 and 2020 are NT$ 328,164 thousand and NT$ 277,170 thousand respectively. As of December 31, 2021 and 2020, the above payments have been received.

(4) Transactions with key management personnel

Key management personnel compensation comprised:

	2021	2020
Short term employee benefits	$ 39,640	27,362
Post-employment benefits	153	304
	$ 39,793	27,666

8. Pledged assets:

The carrying values of the Company's pledged assets were as follows:

Pledged assets	Purpose of Pledged	December 31, 2021	December 31, 2020
Bank deposits (recorded in other financial assets－current)	Security deposit of guarantee letter	$ 2,756	2,756

9. Commitments and contingencies:

Except for note 7, the significant commitments and contingencies of the Company as of December 31, 2021 and 2020 were as follows:

(1) The performance guarantees or warranty guarantee notes issued by the Company for the contracted projects were $29,257 thousand and $10,605 thousand, respectively.

(2) The performance guarantee letters issued by the bank for the Company, due to the contracted projects, were $398,334 thousand and $544,104 thousand, respectively.

(3) For the unfinished significant contracted construction contracts signed by the Company, please refer to note 6(16).

(4) The Company entered into an agreement with Jing He Science Co., Ltd. (Jing He) for the construction and expansion of a new factory and gas factory, respectively, wherein the Company is responsible for the installation process of the pipelines, as well as for purchasing the related equipment according to the design layout and purchase order provided by Jing He. However, Jing He made certain changes to its layout plan, which in turn, requires extra work; and for this reason, the Company requested Jing He for an additional payment, in which Jing He argued that the contract is a lump-sum contract; therefore, refused to make any additional payment. Furthermore, it unilaterally terminated the agreement prior to the completion of the construction. The Company then filed a lawsuit to the District Court against Jing He, demanding the amount of the contract to be paid in full. The Company has also engaged a lawyer to defend its case. On the other hand, the District Court appointed Taiwan Association of Construction and Development, as well as Taiwan Professional Electrical Engineers Association, to estimate the value of the completed part of the new factory building, with both parties providing supplementary opinions for the preliminary valuation. The District Court has also appointed Taiwan Construction Research Institute (TCRI) to estimate the value of the expansion of the gas factory, wherein the estimated result turned out to be the same as that of which conducted by the Company. As of the issuance date of this financial statements, the Court’ s decision has yet to be made, wherein it included the compensation amount of the damage resulting in a recognition of allowance for impairment incurred from the construction cost by the Company in accordance with the related accounting standards. The Company has estimated the maximum loss incurred from this lawsuit to be $70 million. On February 5, 2018, Jing He had paid the amount of $10,500 thousand (including tax) for partially reimbursing the said construction.

(5) The Company and Wuhan Hongxin Semiconductor Manufacturing Co., Ltd. (now renamed Wuhan Xingong Hyundai Manufacturing Co., Ltd.) (hereafter referred to as Wuhan Xingong Co., Ltd.) signed the "Contract for Wuhan Hongxin Semiconductor Manufacturing Project Phase One Chemical Supply Systems Engineering International Equipment and Materials Procurement" (hereafter referred to as the procurement contract) on July 2, 2019, the procurement contract price was US$24,484 thousand. In order to fulfill the supply obligations of the procurement contract, The Company had produced and procured related materials and equipment in accordance with the contract, but Wuhan Xingong Co., Ltd. repeatedly delayed the payment of the agreed 20% advance payment and repeatedly delayed the delivery time, as of December 31, 2021, the aforementioned advanced payment only paid US$4,500 thousand, there is still a difference of US$397 thousand, the Company has commissioned a lawyer to send a confirmation to Wuhan Xingong Co., Ltd., requesting Wuhan Xingong Co., Ltd. to bear the losses of materials and equipment, including the additional warehouse rental, transportation costs, upstream manufacturers claims, and loss of capital interest due to default of Wuhan Xingong Co., Ltd., which the Company had produced and purchased for the fulfillment of the procurement contract, and the representatives of Wuhan Xingong Co., Ltd. had performed stocktaking of the aforementioned materials and equipment. Wuhan Xingong Co., Ltd. sent a confirmation to the Company on June 15, 2021, stating that an advance payment of US$4,500 thousand has been made, but based on the current operating status, no longer require the Company to fulfill delivery obligations, and materials and equipment that the Company has purchased can be disposed of and transferred by the Company, and it is not considered to be a breach of contract. The Company is currently in discussions with lawyers about Wuhan Xingong Co., Ltd. to bring commercial arbitration matters, as of the date of submission of this financial report, the Company is unable to make a forecast assessment of the future outcome of the case, and the amount of damages.

10. Losses Due to Major Disasters: None

NOVA TECHNOLOGY CORPORATION

Notes to the Parent Company Only Financial Statements

11. Subsequent Events: None

12. Other:

The following is the summary statement of current period employee benefits, depreciation, and amortization expenses by function:

By function / By item	For the year ended December 31					
	2021			2020		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	111,702	94,928	206,630	105,848	72,778	178,626
Labor and health insurance	9,197	4,977	14,174	9,150	3,732	12,882
Pension	5,112	2,313	7,425	5,634	1,725	7,359
Remuneration of directors	-	18,229	18,229	-	14,368	14,368
Others	3,590	4,417	8,007	3,684	3,367	7,051
Depreciation	1,708	5,260	6,968	2,722	6,418	9,140

The additional information about the number of employee benefits for the year ended December 31, 2021 and 2020, were as following:

	2021	2020
Number of employees	175	162
Non-employee directors	6	6
Average employee benefits	$ 1,398	1,320
Average of employee salary	$ 1,223	1,145
Adjustment of average employee salary	6.8%	(4.8%)
Supervisor's remuneration	$ -	-

The Company's remuneration policy (including directors, managers and employees) is as follows:

The remuneration of directors of the company is determined by taking into account the overall operational performance of the company, the future operational risks and trends of the industry, and is reasonably remunerated according to the degree of participation and contribution of directors in the operation of the company. The relevant performance appraisal and compensation rationality are reviewed by the compensation committee and the board of directors, and the remuneration system is timely reviewed in light of the actual business conditions and relevant laws and regulations to strike a balance between the company's sustainable operation and risk management.

The compensation of the company's managers and employees is a comprehensive consideration of the basic salary, bonus and benefits of fixed items, and bonus and employee compensation of variable items. Fixed projects are based on the principle of maintaining the average competitive level of the company in the industry, while variable projects are based on the comprehensive consideration of the performance and contribution of the company and its individuals. The better the performance of the company and individuals, the higher the proportion of the variable projects. Performance assessment in annual operating target yield rate, profitability, growth rate, operational efficiency and future development potential comprehensive considerations, such as in the beginning of development on the basis of internal and external management environment formulate nuclear project, target and weight proportion, and in accordance with performance goals and post to the relevant industry wages, salary by the compensation committee audit and assessment and submitted to the board of directors after the execution.

13. Other disclosures:

(1) 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 Company :

A. Loans to other parties:None

B. Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Winmax, Suzhou Winmax	Subsidiary	5,220,000	691,268	649,926	162,210	-	24.90%	7,830,000	Y	N	Y
0	The Company	Winmax	Subsidiary	5,220,000	693,270	573,956	422,274	-	21.99%	7,830,000	Y	N	Y
0	The Company	Acter	Parent company	5,220,000	289,800	-	-	-	- %	7,830,000	N	Y	N
0	The Company	Acter China	86.66% owned subsidiary of the parent company	5,220,000	189,115	-	-	-	- %	7,830,000	N	N	Y
1	Winmax	Nova	Parent company	3,685,452	166,017	-	-	-	- %	6,142,420	N	Y	N
1	Winmax	Suzhou Winmax	100% owned subsidiary of the parent company	3,685,452	87,780	87,090	2,439	-	7.09%	6,142,420	N	N	Y

Note 1: The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 200% of the Company 's net worth.

Note 2: The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 300% of the Company 's net worth.

Note 3: The total amount for guarantees and endorsements provided by the Winmax to other entities shall not exceed 500% of the it is net worth；and to any individual entity, shall not exceed 300% of it is net worth. The amount of business transaction amount refers to the highest amount of the latest purchase or sales amount that the two parties can reasonably estimate within the past one year or the next one year.

Note 4: The total amount for guarantees and endorsements provided by the Suzhou Winmax to other entities shall not exceed 500% of it is net worth and to any individual entity, shall not exceed 300% of it is net worth. For those who engage in endorsement guarantees due to business relationship, in addition to the above-mentioned limit, the amount of individual endorsement guarantees shall not exceed the amount of business transactions. The business transaction amount refers to the actual purchase or sales amount that can be reasonably estimated within the last year or the next year, whichever is higher.

Note 5: Net value refers to the latest amount in the financial statements that had been certified or audited by an accountant.

C. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Nova	PineBridge Preferred Securities Income Fund USD A	-	Financial asset at fair value through profit or loss-current	18	6,245	- %	6,245	
Nova	Chailease PREF A	-	Financial asset at fair value through profit or loss-current	200	20,300	- %	20,300	
Nova	Corporate bonds-Saudi Arabian Oil Company	-	Financial asset at fair value through profit or loss-current	-	27,431	- %	27,431	

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of Counter -party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Price	Cost	Gain (loss) on disposal	Shares (thousands)	Amount
The company	Ordinary Shares	Investments accounted for using the equity method	Rayzher Industrial Co., Ltd.	-	3,125	112,500	7,650	252,450	-	-	-	(9,375)	10,775	355,575

Note: The loss on disposal of investments is the total of loss on remeasurements $13,793 thousand and gain on investment $4,418 thousand.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Acter	Parent company	Sale	133,094	7%	By contract	-	-	7,066	1%	
The Company	Winmax	Subsidiary	Purchase	108,423	8%	By contract	-	-	(21,977)	(3)%	

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

I. Trading in derivative instruments: None

(2) Information on investees:

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Winmega	Hsinchu	Electronic equipment, equipment wholesale, chemical machinery wholesale, etc	15,000	15,000	3,000	100.00%	111,635	28,766	28,766	Subsidiary Note2
The Company	Novatech Engineering & Construction Pte. Ltd.	Singapore	Contract for the chemical supply system business	24,179	24,179	1,000	100.00%	53,933	1,557	1,557	Subsidiary
The Company	Rayzher	Taoyuan	Piping engineering, motor installation-automatic control equipment, etc.	355,575	112,500	10,775	51.31%	414,184	149,121	63,027	Subsidiary Note 1

Note 1: The original investment amount at the end of year is the total of the remeasured investment at the beginning of the year of $103,125 thousand and the increase of $252,450 thousand.

Note 2: Winmega remitted cash dividends of $27,000 thousand in 2021.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information:

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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	None
					Outflow	Inflow							
Winmax	Contract design for automated supply system business, production of gas cabinets, valve box and liquid delivery cabinet	151,426	(1)	9,635	-	-	9,635	317,572	100.00%	317,572	1,228,484	891,421	Subsidiary
Suzhou Winmax	Contract design for automated supply system business, production of gas cabinets, valve box and liquid delivery cabinet	32,478	(1)	32,478	-	-	32,478	58,301	100.00%	58,301	267,041	-	Subsidiary

B. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
42,113 (USD1,300 thousand)	183,904 (USD5,890 thousand)	1,566,000

Note 1: The amount of capital included the capital increase by retained earning of US$4,590 thousand in 2007 and 2012.

Note 2: Wimmax's and Suzhou Wimmax's and financial statements of the investee company were audited by the Certified Public Accountant.

Note 3: (Note 1)Direct investment in Mainland China.

Note 4: Winmax has remitted cash dividends of CNY$70,000 thousand, which equals TWD$301,164 thousand in 2021.

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of parent company only financial statements, are disclosed in "Information on significant transactions".

(4) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Acter Co., LTD.	21,598,179	63.65%

A. The information of major shareholders in this table is based on the last business day of the end of each quarter by the Taiwan Depository and Clearing Corporation, who calculates that shareholders holding more than 5% of the Company's ordinary shares the have completed unregistered delivery (including treasury shares). As for the share capital recorded in the Company's financial report and the Company's actual number of shares delivered without physical registration, there may be differences or differences due to the bases of the calculation.

B. In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the securities and exchange act, their shareholding include their own shareholding, plus the shares delivered to the trust, and the right to use the trust property. For further information on relevant insider shares, please refer to the Public Information Observatory.

14. Segment information:

Relevant information of 2021, please refer to Consolidated Financial Statement.

NOVA TECHNOLOGY CORP.

Chairman: Chin-Li Liang

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