

i. The Company's spokesperson, acting spokesperson, position TEL and e-mail:

Spokesperson

Name: Tseng Kung-Sheng

Position: Chief executive officer

TEL: (03)397-3345

E-mail: ichia.ir@ichia.com

Acting spokesperson

Name: Huang Yen-Hsiang

Position: Chief finance officer

TEL: (03)397-3345

E-mail: ichia.ir@ichia.com

ii. Address of the Company's Head Office and Plant, and TEL:

Address: No. 268, Huaya 2nd Rd., Guishan Dist., Taoyuan City

TEL: (03)397-3345

iii. Stock transfer agency:

Name: Taishin International Bank, Stock Affairs

Address: B1, No. 96, Section 1, Jianguo North Road, Taipei City

TEL: (02)2504-8125

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

iv. Attesting CPA of the annual financial statements for the most recent year:

CPA: Hsieh Ming-Chung, Liu Shu-Lin

CPA firm: Deloitte Touche Tohmatsu Limited

Address: 20th Floor, No. 100 Songren Road, Xinyi District, Taipei City

TEL: (02)2725-9988

FAX: (02)4051-6888

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

v. The name of any exchanges where the Company's securities are listed offshore, and the method by which to access information on said offshore securities:

None.

vi. Company website: <http://www.ichia.com>

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I. Letter to Shareholders

The ICHIA Group's 2020 consolidated revenues were NT\$5.503 billion, with consolidated gross margins of 13%, consolidated operating profits of NT\$196 million, consolidated net profits after tax of NT\$120 million, and after-tax earnings per share of NT\$0.40. Despite the impact of the COVID-19 epidemic and the trade war, the Group's overall operations remained stable in 2020, with profitability reaching the highest level in the past six years. This demonstrates that the Group has achieved excellent results in improving operational management efficiency and risk control, and has demonstrated the strength of the Group's operational management in the face of the disruptions of global systemic risks.

In 2020, the initial hardest hit area of COVID-19 was located in Mainland China. Due to the government's initial policy of lock down cities in Mainland China, there was limited movement of manpower and materials, which severely impacted and challenged our production in mainland China, which has a high proportion of production. As the epidemic spread around the world, the global economy was hit hard, disrupting the original rhythm of ICHIA's business growth. However, with the development of the epidemic, the demand for home work and home economy boosted the demand for laptops, tablets and game consoles, which has also brought unexpected gains to the business. ICHIA has been cultivating the automotive market in recent years. Although ICHIA encountered severe challenges in the second quarter due to the shutdown of major vehicle plants in Europe and the U.S. as a result of the spread of the epidemic, ICHIA has pragmatically faced the operating adversity with the management philosophy of "sincerity," "diligence," "innovation," and "achievement unlimited," and has continued to enhance ICHIA's core competitiveness in production and operation management by controlling operating costs and promoting intelligent manufacturing. In the face of high competition in the global industry and the challenges of trade wrestling between the United States and China, ICHIA has gradually expanded the production capacity of its Taiwan Linkou and Malaysia plants to meet the needs of its customers in order to face the restructuring of the global supply chain and to build a competitive advantage in the industry by expanding the production layout and integrating group resources.

Looking ahead, the global economy is expected to recover gradually under the slowdown of the epidemic. As the market demand for new technologies such as AI, 5G and Internet of Things is increasing, ICHIA is also actively developing products such as rigid and flexible laminates, multi-layers and heat dissipation with its customers, and continues to develop the automotive product market to invest in the automotive rigid board business, which is expected to generate a greater injection to ICHIA's revenues in the future. As for the long-term development of the automotive industry and the trend of electrification, electronics and intelligence are other trends that will continue to develop. The significant increase in demand for automotive electronics will further drive the steady growth of ICHIA's revenues and profitability in the future. We expect to respond to the earnest expectation and support of all shareholders with better operational performance in the future.

Chairperson: Chuang Yi Investment Co., Ltd.
Representative: Huang Chiu-Yung

i. 2020 Business Result

(i) Implementation Result of Business Plan

(In Thousands of NTD; Net Profits (Losses) After Tax per Share in NTD)

Item	2019	2020	Increase (decrease) percentage (%)
Net operating revenues	6,148,946	5,502,842	(10.51%)
Operating costs	5,284,735	4,758,407	(9.96%)
Net operating profits (losses)	280,795	195,687	(30.31%)
Non-operating incomes and expenses	244	(5,674)	(2,425.41%)
Net profits (losses) after tax	226,792	120,190	(47.00%)
Net profits (losses) after tax per share	0.74	0.40	(45.95%)

(ii) Implementation status of budget: not applicable.

(iii) Financial receipts and expenditures, and profitability analysis

Item		2019	2020
Capital structure (%)	Debts to total assets ratio	30.99	39.71
	Long-term capital to property, plant, and equipment ratio	210.78	210.56
Liquidity (%)	Current ratio	213.22	165.61
	Quick ratio	181.01	137.50
	Times interest earned ratio	12.02	13.58
Profitability (%)	Return on assets	2.72	1.47
	Return on equity	3.83	2.08
	Net profit margin	3.69	2.18
	Earnings per share (NT\$)	0.74	0.40

(iv) Research and development

In 2020, the Company invested \$176,144 thousand, or approximately 3.2% of its revenues, in research and development, and the results of research and development were in line with the Company's scheduled progress. Please refer to page 51 of this annual report for the newly developed technologies and products in 2020 and page 57 of this annual report for research and development plans for future years.

ii. Summary of 2021 Business Plan

(i) Operational guidelines

1. Operation planning

- (1) By establishing a comprehensive global production and sales network, diversify and pluralize our products and continue developing highly reliable products at the technology level to become a world-class supplier of integrated key components.
- (2) Conduct long-term training of professionals, implement performance evaluation system, strengthen salary and reward mechanism, and enrich human capital.

- (3) Implement organizational reform and accountability culture to strengthen team competitiveness and enhance operational performance.
2. Financial Planning
- (1) Based on the medium- and long-term capital demand planning, raise capital, deploy assets safely and soundly, effectively control the budget and capital expenditure, and improve the financial structure.
 - (2) Cooperate closely with financial institutions to keep abreast of financial market trends, reduce capital costs, use financial instruments flexibly, hedge interest rate/exchange rate risks, conduct risk management, and enhance the Group's capital utilization efficiency.
- (ii) Expected sales volume and its basis
- 1. Based on our existing mass production and developing models, as well as our customers' expected demand for new models in the future, and according to our production capacity and future expansion plans, we expect our sales volume to continue to grow steadily.
 - 2. Based on the product development trend of the end market and the assessment of our technical capability, we will be able to develop new business performance in the field of new products and technologies.
- (iii) Important production and marketing policies
- 1. Production strategy
 - (1) Adjust the organization and production line configuration according to the business condition to improve production efficiency and competitiveness.
 - (2) Effectively regulate and utilize each manufacturing base's production capacity, increase the proportion of automation in the production process, effectively shorten the delivery time and promote the production efficiency of each factory.
 - (3) Strengthen the whole production process, collaborate with customer development, one-stop service, automate production equipment, continuously improve the quality of production, technology capability, improve yield and reduce cost.
 - 2. Marketing policy
 - (1) Actively participate in domestic and foreign trade shows to expand our sales reach, collect industry intelligence quickly, and enhance our marketing capabilities.
 - (2) Continue to cultivate long-term relationships with our customers, develop niche markets for high reliability products, and help customers reduce costs and provide one-stop-shopping services by expanding our product lines and production and sales scale.
 - (3) With the headquarters in Taiwan as the global operation center, establish a global operation management and collaboration system, integrate and establish a long-term and stable international marketing network, and increase global sales volume and profits.
 - (4) With mainland China as the main production center, continue to expand overseas markets to establish competitive advantages in quality, delivery and

price and increase our market share.

iii. The Company's future development strategy

- (i) Expand our product applications and are committed to new product and technology development to capture market opportunities.
- (ii) Develop products in multiple material combinations to enrich and diversify our product lines and expand our niche by developing high value-added products.
- (iii) Enhance engineering capabilities, actively invest in product development and design, shorten product development time, reduce development costs, and continue to work on quality improvement.
- (iv) Combine the existing product series, recruit high-level researchers to invest in the research and development of high-end products.

iv. The effect of the external competitive, legal and macroeconomic environment: Please refer to the description on page 1.

II. Company Profile

i. **Date of establishment:** November 7, 1989.

ii. **Company history**

In 1989, the Company was established with a capital of NT\$12 million.

In 1992, purchased factory and land at No. 7, Datong Road, Hukou Township, Hsinchu County, with a base area of 883.3 pings (2,920 m²).

In 1993, the North American branch was established in San Diego, U.S.A., responsible for the marketing of North America. In 1994, the Company invested in a Mexican manufacturing plant to combine production and sales.

In 1994, passed ISO-9002 international quality certification.

In 1996, invested in Malaysia - ICHIA Rubber Industry (Malaysia) Sdn Bhd and acquired 80% of its shares.

In 1997, ICHIA Holdings (BVI) Limited, a 100% owned subsidiary of the Company, was established to hold directly all investee enterprises in Malaysia and China. Processed public offerings of stocks.

In 1998, obtained ISO-14001 international environmental protection certification.

In 1999, the construction of the Linkou operation headquarters started for the global operation and R&D center.

In 2000, officially listed and traded on the Taiwan Stock Exchange.

The product of flexible printed circuit board was successfully launched after R&D. The Linkou operation headquarters was officially opened after the completion of construction.

In 2001, invested in LANDSFAIR TECH CORP. and acquired 30% of its shares to develop magnesium and aluminum alloy products and establish the structure of the Group's three major business divisions.

Established ICHIA TECHNOLOGY (SUZHOU) CO., LTD and planned for the set up of the SUZHOU plant.

In 2004, the Optical Imaging Division and Optical Components Division was established to develop miniaturized digital camera modules.

ICHIA Technologies Hungary Limited Liability Company was established and the ICHIA Hungary plant was in progress.

In 2005, focused on the operation and development of two major business divisions, keypads and flexible boards, and ended the optoelectronic products business.

In 2007, the second phase of the Suzhou plant was expanded.

In 2008, Zhongshan New Plant officially opened.

In 2009, increased the shareholding in LANDSFAIR TECH CORP. to 50.1%.

The Board of Directors resolved to absorb LANDSFAIR TECH CORP. in the merger

In 2010, merger of LANDSFAIR TECH CORP.

In 2012, expansion of 35 SMT production lines in Suzhou FPC plant.

In 2013, MVI medical devices received ISO13485 certification.

The third phase expansion of the Suzhou plant was completed.

In 2014, PEDLIM (L/S:35:25 um), a fine line process, was officially mass produced.

In 2015, one of the top 50 companies in Taiwan's "Top 2000 Companies" survey by CommonWealth Magazine.

Selected by the Taiwan Stock Exchange as a member of the "Taiwan Corporate Governance 100 Index" based on corporate governance evaluation, liquidity and financial indicators.

The third generation of PEDLIM line for fine line manufacturing in the Linkou plant was completed and the production capacity was increased to 20,000m².

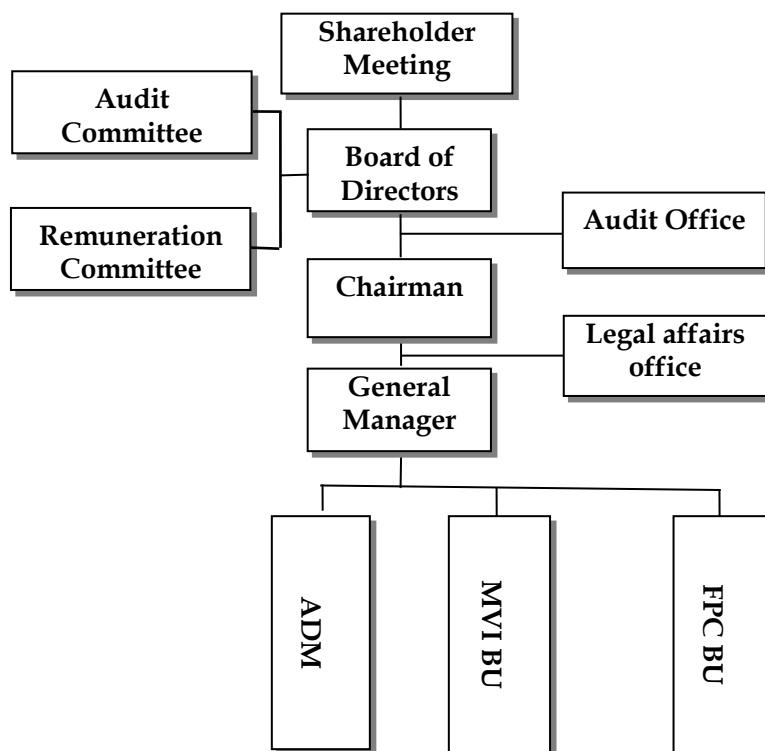
In 2017, PEDLIM (L/S:20:20 um), a fine line process, was officially mass produced.

Completed the development of the SOF process. (System on Flex, COF film lamination and SMT surface part adhesion 2-in-1 process)

III. Corporate Governance Report

i. Organizational system

(i) Organizational structure



(ii) Businesses of Major Departments

Major departments	Responsibilities
Audit Office	Establishment, revision and review of internal audit system, and audit, review and audit of internal control system (for both domestic and overseas subsidiaries).
Legal affairs office	Responsible for corporate legal affairs, audit and management of contracts, etc.
MVI BU FPC BU	Responsible for the production, operation, marketing, research and development, product quality management and marketing management of all products.
ADM	Responsible for the planning and execution of the company's general affairs and plant operations.
Human resource and administration division	Responsible for the planning and execution of human resources, education and training
Finance and accounting division	Responsible for the planning and execution of financial, accounting, stock affairs, budgetary operations and related business management.
Information division	Responsible for the establishment of the information environment, information exchange mechanism and information security maintenance.

ii. Information about Director, General Manager, Deputy General Manager, Senior Managers, and Officers of Departments and Branches:

(i) Director

1. Information on directors

April 23, 2021, Unit: shares

Position	Nationality or place of registration	Name	Gender	Election (Appointment) Date	Term of office	Inauguration Date	Shares held at election		Current shareholding		Current Shares Held by Spouse and Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Holding other positions of the Company and other companies at present	Other Chiefs, Supervisors or Directors with Spouses, or Relatives Within the Second Degree of Kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Position	Name	Relationship	
Chairman	R.O.C.	Chuang Yi Investment Co., Ltd.		2020.6.12	3 years	109.6.12	15,468,480	5.03	18,372,480	5.97	0	0	0	0		None	None	None	None	
		Representative: Huang Chiu-Yung	Male	2020.6.12	3 years	86.6.21	0	0	10,913,486	3.55	3,180,790	1.03	37,413,961	12.18	Attended EMBA at National Taiwan University Kinpo Electronics, Inc.	(Note 1)	Representative of corporate director	Huang Tzu-Hsuan	Father and son	
Vice Chairman	R.O.C.	Huang Li-Lin	Female	2020.6.12	3 years	86.6.21	4,732,083	1.54	4,732,083	1.54	2,513,994	0.82	0	0	Department of Economics, Fu Jen University Completion of the credit class of the Institute of Business Management of Chung Hsing University with TEAPO ELECTRONIC CORPORATION	(Note 2)	None	None	None	
Director	R.O.C.	Fa La Li Investment Co., Ltd.		2020.6.12	3 years	2011.6.15	15,472,481	5.03	18,377,481	5.98	0	0	0	0	None	None	None	None	None	
		Representative: Huang Tzu-Hsuan	Male	2020.6.12	3 years	2017.6.13	0	0	4,422,896	1.44	0	0	0	0	Brown University	Director of Chuang Yi Investment Co., Ltd.	Chairman Representative	Huang Chiu-Yung	Father and son	
Director	R.O.C.	Huang Tzu-Cheng	Male	2020.6.12	3 years	1997.6.21	1,285,000	0.42	1,285,000	0.42	0	0	0	0	Pacific Western University.	Chairman of I-SHENG ELECTRIC WIRE & CABLE Co., Ltd. Chairman of DRAGONJET CORPORATION Independent director of Radiant Opto-Electronics Corporation.	None	None	None	

Position	Nationality or place of registration	Name	Gender	Election (Appointment) Date	Term of office	Inauguration Date	Shares held at election		Current shareholding		Current Shares Held by Spouse and Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Holding other positions of the Company and other companies at present	Other Chiefs, Supervisors or Directors with Spouses, or Relatives Within the Second Degree of Kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Position	Name	Relationship	
Independent director	R.O.C.	Chen Tai-Jan	Male	2020.6.12	3 years	2017.6.13	0	0	0	0	200,000	0.07	0	0	Ph.D., State University of New York at Albany, USA.	Distinguished Chair Professor, National Taiwan University Independent director and member of Remuneration Committee of CHROMA ATE Inc. Member of Remuneration Committee of GOLDSUN BUILDING MATERIALS Co., Ltd. Member of Remuneration Committee of TAIWAN SECOM Co., Ltd.	None	None	None	
Independent director	R.O.C.	Huang Chin-Ming	Male	2020.6.12	3 years	2017.6.13	0	0	0	0	0	0	0	0	Department of Electronic Engineering, National Chiao Tung University	Chairman of CHROMA ATE Inc. Director of Leadtek Research Inc. Director of I SHENG ELECTRIC WIRE & CABLE Co., Ltd. Director of Tian Zheng International Precision Machinery Co., Ltd. Director of Twoway Communications, Inc.	None	None	None	
Independent director	R.O.C.	Hsu Wan-Lung	Male	2020.6.12	3 years	2020.6.12	0	0	0	0	0	0	0	0	PhD, Institute of Science and Technology Management, National Chiao Tung University Studied at the Business School's Advanced Management Class, University of Washington (USA) Master, Institute of Management Science, National Chiao Tung University	Secretary General, Chinese Professional Management Association of Hsinchu Advisor, Industry-Academia Alliance Association for Internet Financial Innovation, Ministry of Science and Technology Advisor, Digital Economy Technology Innovation R&D and Application Program, National Tsing Hua University	None	None	None	

Note 1: Chairman of the Board of Directors of the Company, Chairman of ICHIA HOLDINGS (B.V.I) Co., Chairman of the Board of Directors of ICHIA USA Inc., Director of ICHIA RUBBER INDUSTRY (M) Sdn Bhd, Chairman of the Board of Directors of ICHIA INTERNATIONAL TRADING Ltd., Chairman of ICHIA UK Ltd., Chairman of ICHIA HOLDINGS (H.K.) Co., Chairman of Fa La Li Investment Co., Ltd., Chairman of Chuang Yi Investment Co., Ltd., Member of Remuneration Committee of I SHENG ELECTRIC WIRE & CABLE Co., Ltd., Independent Director of ULTRA CHIP, Inc., Member of Audit Committee and Remuneration Committee, Independent Director of Sampo Corporation

Note 2: The Vice Chairman of the Company, the General Manager of ICHIA HOLDINGS (B.V.I) Co., Director of ICHIA USA Inc., Director, ICHIA RUBBER INDUSTRY (M) Sdn Bhd, Chairman and General Manager of ICHIA ELECTRONICS (SUZHOU), Managing Director, ICHIA Technologies Hungary Limited Liability Company, Director of ZHONGSHAN ICHIA, Director of ICHIA HOLDINGS (H.K.) Co., Chairman of the Board of Directors of SOGAI Investment Co.

2. Major shareholders of the corporate shareholder

Name of the corporate shareholder	Major shareholders of the corporate shareholder	
	Name	Shareholding Percentage
Chuang Yi Investment Co., Ltd.	Huang Chiu-Yung	81.04%
	Juan Mei-Na	0.26%
	Huang Tzu-Hsuan	0.26%
	Huang Ching-Yu	15.41%
	Huang Shu-E	2.87%
	Yu Hui-Chu	0.15%
Fa La Li Investment Co., Ltd.	Huang Chiu-Yung	81.04%
	Juan Mei-Na	0.26%
	Huang Tzu-Jui	0.26%
	Hsu Ling-Yu	1.66%

3. The professional knowledge and independence of the directors

Qualification	More than five (5) years of experience and the following professional qualifications			Status of independence (Note 1)												Number of public companies where the person holds the title as an independent director
	Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities.	Pass the qualification examination with proper licensing by the national Government Apparatus as a court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company.	Required Work experience in commerce, law, finance, accounting or others required by the Company.	1	2	3	4	5	6	7	8	9	10	11	12	
Name																
Chuang Yi Investment Co., Ltd. Company representative: Huang Chiu-Yung			✓					✓	✓	✓	✓	✓		✓	✓	2
Huang Li-Lin			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Huang Tzu-Cheng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Fa La Li Investment Co., Ltd. Representative: Huang Tzu-Hsuan			✓	✓	✓	✓			✓	✓	✓	✓		✓		0
Chen Tai-Jan	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Huang Chin-Ming			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hsu Wan-Lung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Lin Bao-Yong (Relieved of office on 2020.6.12)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
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Note 1: If any of the following is applicable to the Directors and Supervisors in the period of 2 years prior to the election to office and within the term of office, put a “✓”

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates. (However, this restriction does not apply to independent directors elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country, who concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent.)
- (3) Not a natural person, spouse, underage children, or under the title of a third party who holds more than 1% of the outstanding shares issued by the Company or among the top 10 natural person shareholders.
- (4) Not a managerial officer under (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship under (2), (3).
- (5) Not a director, supervisor, or employee of a juristic-person shareholder directly holding 5% or more of the total number of issued shares of the Company, or among the top 5 in shareholdings, or designating its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. (However, this restriction does not apply to independent directors elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country, who concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent.)
- (6) Not a director, supervisor, or employee of another company. If the same person controls a majority of the Company's director seats or shares with voting rights and those of that other company: (However, this restriction does not apply to independent directors elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country, who concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent.)
- (7) Not a director, supervisor, or employee of the other company or institution whose spouse is the Chairman, general manager or equivalent positions of the Company. (However, this restriction does not apply to independent directors elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country, who concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent.)
- (8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company. (However, this restriction does not apply to independent directors elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country, who concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent and when the specific company or institution holds more than 20% of the Company's total issued shares but not more than 50%.)
- (9) Not a professional, sole proprietor, partner, owner of a company or institution, director, supervisor, managerial officer or its spouse that provides the Company or affiliates with audit services or commercial, legal, financial, accounting or related services with a cumulative amount of remuneration in the last two years exceeding NT\$500,000. However, this restriction does not apply to a member of the Remuneration Committee, public tender offer review committee, or special committee for merger and acquisition, who exercises powers of office pursuant to the Securities and Exchange Act, the Business Mergers and Acquisitions Act, or relevant laws or regulations.
- (10) Not a person who has a spouse or relatives of second degree of kinship in other directors.
- (11) Not a person with any of the circumstances under Article 30 of the Company Act.
- (12) Not a person elected in the capacity of the government, a juristic person, or a representative as provided in Article 27 of the Company Act.

(ii) Information on general managers, deputy general managers, senior managers, and officers of various departments and branches

April 23, 2021, Unit: shares

Position	Nationality	Name	Gender	Election (Appointment) Date	Shareholding		Current Shares Held by Spouse and Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Holding positions in other companies at present	Managers Within the Second Degree of Kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding Percentage			Position	Name	Relationship	
General Manager	R.O.C.	Tseng Kung-Sheng	Male	2014.1.15	851,000	0.28%	37,000	0.01%	0	0%	Department of Physics, Tamkang University Senior Assistant, General Manager's Office, Unimicron Technology Corporation	Chairman of ICHIA ELECTRONICS (SUZHOU) Co., Ltd. and General Manager	None	None	None	
Deputy general manager	R.O.C.	Wu Feng-Hsin	Male	2011.6.1	160,000	0.05%	0	0.00%	0	0%	Executive MBA Program, National Central University Senior manager of ICHIA TECHNOLOGIES	Chairman of ZHONGSHAN ICHIA ELECTRONICS Co., Ltd. and General Manager	None	None	None	
Finance officer	R.O.C.	Huang Yen-Hsiang	Male	2019.11.12	61,500	0.02%	0	0%	0	0%	Institute of Science in Finance, Tamkang University Graduated Finance manager of ICHIA TECHNOLOGIES	Supervisor of ICHIA ELECTRONICS (SUZHOU) Supervisor of ZHONGSHAN ICHIA ELECTRONICS Co., Ltd.	None	None	None	
Accounting officer	R.O.C.	Cheng Ching-Yi	Female	2020.3.18	40	0%	0	0%	0	0%	Department of Business Administration, National Taipei University of Technology Accounting specialist, DING PEI MARKETING Co., Ltd. General accounting manager of ICHIA TECHNOLOGIES	None	None	None	None	

iii. Remuneration to directors, supervisors, presidents and vice presidents of the Company in the most recent year

1. Remuneration to directors

Unit: NTD thousands

Position	Name	Remuneration to directors								A, B, C and D as a % of the net profits after tax		Remuneration for employees with concurrent positions								A, B, C, D, E, F and G as a % of the net profits after tax		Remuneration from reinvested enterprises outside subsidiaries or from the parent company
		Base Compensation (A)		Severance and Pension (B)		Remuneration to directors (C)		Business execution fee (D)				Salary, bonus, allowance (E)		Severance and Pension (F)		Remuneration to employees (G)						
		The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company		All companies are included into the financial statement.		The Company	All companies are included into the financial statement.	
Cash dividends	Stock dividends															Cash dividends	Stock Amount					
Corporate Chairman	Chuang Yi Investment Co., Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Representative Chairman of corporation	Huang Chiu-Yung	1,800	1,800			1,330	1,330			2.6	2.6	1,800	1,800	0	0	0	0	0	0	4.1	4.1	None
Vice Chairman	Huang Li-Lin	0	0	0	0	1,670	1,670	80	80	1.46	1.46	0	0	0	0	0	0	0	0	1.46	1.46	None
Corporate director	Fa La Li Investment Co., Ltd.	0	0	0	0	1,000	1,000	0	0	0.83	0.83	0	0	0	0	0	0	0	0	0.83	0.83	None
Representative of corporate director	Huang Tzu-Hsuan	0	0	0	0			100	100	0.08	0.08	0	0	0	0	0	0	0	0	0.08	0.08	None
Director	Huang Tzu-Cheng	0	0	0	0	1,000	1,000	80	80	0.9	0.9	0	0	0	0	0	0	0	0	0.9	0.9	None
Independent director	Chen Tai-Jan	600	600	0	0	0	0	120	120	0.6	0.6	0	0	0	0	0	0	0	0	0.6	0.6	None
Independent director	Huang Chin-Ming	600	600	0	0	0	0	120	120	0.6	0.6	0	0	0	0	0	0	0	0	0.6	0.6	None
Independent director	Hsu Wan-Lung	200	200	0	0	0	0	80	80	0.23	0.23	0	0	0	0	0	0	0	0	0.23	0.23	None
Independent director	Lin Bao-Yong (Relieved of office on 2020.6.12)	300	300	0	0	0	0	20	20	0.27%	0.27%	0	0	0	0	0	0	0	0	0.27%	0.27%	None

2. Remuneration to general manager and deputy general manager

Unit: Thousand NTD; Thousand shares;

Position	Name	Salary (A)		Severance and Pension (B)		Bonus and special allowance (C)		Remuneration to employees (D)				A, B, C and D as a % of the net profits after tax (%)		Remuneration from reinvested enterprises outside subsidiaries or from the parent company
		The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company		All companies are included into the financial statement.		The Company	All companies are included into the financial statement.	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends			
General Manager	Huang Chiu-Yung (Left on 2020.7.1)	1,800	1,800	0	0	299	299	0	0	0	0	1.74	1.74	None
Strategy office	Sun Yung-Hsiang (Left on 2020.3.18)	750	750	0	0	54	54	0	0	0	0	0.67	0.67	None
Deputy general manager	Wu Feng-Hsin	3,600	3,600	0	0	299	299	0	0	0	0	3.24	3.24	None
Deputy general manager	Tseng Kung-Sheng	4,500	4,500	0	0	293	293	3,000 (Note)	0	3,000 (Note)	0	6.48	6.48	None
Finance officer	Huang Yen-Hsiang	1,600	1,600	0	0	99	99	300 (Note)	0	300 (Note)	0	1.66	1.66	None

Note: Proposed distribution amount.

3. The name of the managerial officer in charge of the distribution of employee remuneration and the status of the distribution

December 31, 2020; Unit: Thousand NTD/Thousand shares

Position	Position	Name	Stock dividends	Cash dividends	Total	Total amount as a % of the net profits after tax (%)
Managerial officer	General Manager	Huang Chiu-Yung (Left on 2020.7.1)	0	0	0	0
	Strategy office	Sun Yung-Hsiang (Left on 2020.3.18)	0	0	0	0
	Deputy general manager	Wu Feng-Hsin	0	0	0	0
	General Manager	Tseng Kung-Sheng	0	3,000	3,000	2.50
	Finance officer	Huang Yen-Hsiang	0	300	300	0.25
	Accounting officer	Cheng Ching-Yi	0	50	50	0.04

- (iv) Specify and compare the remuneration to directors, supervisors, presidents and vice presidents of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements in the most recent two (2) years, and specify the policies, standards, combinations, procedure of decision-making of remunerations and their relation to business performance.

The total remuneration paid as a % of the net profits after tax for the most recent 2 years

	2019		2020	
	The Company	In consolidated statements All companies	The Company	In consolidated statements All companies
Director	4.32	4.32	7.31	8.80
General manager and deputy general manager	5.86	6.32	13.81	13.81

The remuneration of the directors of the Company shall be set in accordance with the Company's Articles of Incorporation. It shall be authorized to the Board of Directors, with consideration of the directors' participation in the Company's operations and the value of their contributions, and with reference to domestic and international industry standards. The management officers' compensation is determined by the results of the performance evaluation.

iv. Implementation of corporate governance

(i) Operations of the Board of Directors

The Board held 6 meetings in 2020. The attendance record of directors & supervisors is listed below:

Position	Name	Number of attendance in person	Number of attendance by proxy	% of attendance in person	Remarks
Chairman	Chuang Yi Investment Co., Ltd. Representative: Huang Chiu-Yung	4	0	100	Took office on 2020.6.12 and should attend 4 times
Vice Chairman	Huang Li-Lin	6	0	100	None
Director	Huang Tzu-Cheng	6	0	100	None
Corporate director	Fa La Li Investment Co., Ltd. Representative: Huang Tzu-Hsuan	6	0	100	None
Independent director	Chen Tai-Jan	6	0	100	None
Independent director	Huang Chin-Ming	6	0	100	None
Independent director	Hsu Wan-Lung	4	0	100	Took office on 2020.6.12 and should attend 4 times
Independent director	Lin Bao-Yong	1	0	50	Took office on 2020.6.12 and should attend 2 times

Other matters to be recorded:

- I. If any of the following is applicable to the operation of the Board, specify the date, the series of the session, the content of the motions, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:
 - (i) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an audit committee. The provisions of Article 14-3 of the Securities and Exchange Act are not applicable.
 - (ii) Any other documented objections or qualified opinions raised by the independent director against board resolution in relation to matters other than those described above: None.
- II. The implementation of directors' recusal of proposals for being interested parties:
For 2020 and as of the date of the annual report, there were no resolutions in which the directors of the Company have personal interests.
- III. Enhancements to the functionality of the board of directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements:
 - (i) Directors are encouraged to attend courses related to corporate governance, and in 2020, two directors studied for 12 hours.
 - (ii) The Company has established an audit committee in 2017 to strengthen the functions of the board of directors.

(ii) Evaluation of the Board of Directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	2020.1.1-2020.12.31	Board of Directors, individual board member, functional committees	<ul style="list-style-type: none"> i. Self-evaluation of directors ii. Self-evaluation of functional committees 	<ul style="list-style-type: none"> i. Self-evaluation of directors <ul style="list-style-type: none"> 1. Alignment of the goals and mission of the company. 2. Awareness of the duties of a director. 3. Participation in the operation of the company. 4. Management of internal relationship and communication. 5. The director's professionalism and continuing education; and 6. Internal control. ii. Self-evaluation of functional committees <ul style="list-style-type: none"> 1. Participation in the operation of the company. 2. Self-evaluation of functional committees. 3. Improvement in the quality of the committee's decision-making. 4. Composition and appointment of the committee members. 5. Internal control.

(iii) Operations of the Audit Committee

The Audit Committee met four times in 2020, and the attendance of independent directors is as follows:

Position	Name	Number of attendance in person	Number of attendance by proxy	% of attendance in person	Remarks
Independent director	Chen Tai-Jan	4	0	100	None
Independent director	Huang Chin-Ming	4	0	100	None
Independent director	Hsu Wan-Lung	2	0	100	Took office on 2020.6.12 and should attend 2 times
Independent director	Lin Bao-Yong	1	0	50	Took office on 2020.6.12 and should attend 2 times

Other matters to be recorded:

i. If the operation of the Audit Committee is under any of the following circumstances, the date, period, proposal content, resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions should be described:

(i) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date:	Proposal content	All independent directors' opinions and the Company's handling of their opinions
2020.3.18	1. 2019 Business Report. 2. 2019 stand-alone and consolidated financial statements. 3. 2019 earnings distribution and cash dividends proposal. 4. Change of the accounting officer. 5. 2019 Statement of Internal Control System. 6. Plan to borrow from subsidiary. 7. Appointment of 2020 attesting CPA.	1. All members of the Audit Committee present passed the motion without objection. 2. The Company's handling of the Audit Committee's opinion: All directors present passed the motion without objection.
Date:	Proposal content	All independent directors' opinions and the Company's handling of their opinions.
2020.5.13	None	None
2020.8.10	1. 2020 2nd quarter consolidated financial statements.	1. All members of the Audit Committee present passed the motion without objection.
2020.11.11	1. Establishment of 2021 annual internal audit plan. 2. Appointment of 2021 attesting CPA of the Company and professional fees.	2. The Company's handling of the Audit Committee's opinion: All directors present passed the motion without objection.

(ii) Other than the foregoing, resolutions not approved by the Audit Committee and approved by two-thirds or more of all directors: None.

ii. The recusal of the independent directors from motions that involved a conflict of interest. Specify the names of the independent directors, the content of the motions, and reason for recusal, and the participation in voting: None.

iii. Communication between independent directors, internal audit officer and CPA (major matters, methods and results of communication on the Company's financial and business conditions, etc. should be included):

(i) The internal audit officer submits monthly audit reports to the members of the Audit Committee. The Audit Committee conducts timely reviews of the Company's internal control system and its effectiveness, and attends the Board of Directors' meetings and is available for communication if there is any doubt.

(ii) In addition to attending the board meetings, the CPA may communicate with the Board of Directors immediately in case of significant legal changes or financial reporting problems.

(iv) Status of Corporate Governance and any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
i. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established "Corporate Governance Best Practice Principles," which is disclosed on the Company's website.	No difference
ii. Equity structure and shareholders' equity				
(i) Whether the Company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?			(i) The Company has an investor relations specialist dedicated to handling shareholders' proposals or disputes and will appoint legal counsel to assist when necessary.	
(ii) Whether the Company controls the list of major shareholders and the controlling parties of such shareholders?	V		(ii) The Company's stock affairs are entrusted to a professional stock affairs agency. A person is assigned to understand the shareholder structure so that he/she can grasp the list of major shareholders and ultimate controllers of major shareholders who substantially control the Company.	
(iii) Whether the Company establishes or implements some risk control and firewall mechanisms between the Company and its affiliates?	V		(iii) The Company has established management systems in accordance with relevant laws and regulations, such as the "Regulations Governing the Operation of Subsidiaries" and "Management of Related Party Transactions," to properly control the risks between the Company and its affiliated companies and to establish appropriate firewalls.	
(iv) Does the Company set up internal norms to prohibit the insiders from utilizing the undisclosed information to trade securities?	V		(iv) The Company has an "Ethical Business Best Practice Principles," Article 14 of which explicitly prohibits insider trading and is disseminated to internal staff from time to time.	No difference

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
	V			
<p>iii. The organization of the Board of Directors and its duties:</p> <p>(i) Does the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?</p> <p>(ii) Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?</p> <p>(iii) Whether the Company has formulated board performance evaluation measures and methods, conducts performance evaluations annually and regularly, and reports the results of performance evaluations to the Board of Directors, and uses them as a reference for individual directors' remuneration and a nomination for reappointment?</p> <p>(iv) Does the Company have the independence of the public accountant evaluated regularly?</p>	V	V	<p>(i) The Company has established "Corporate Governance Best Practice Principles" to govern the diversity of board members and has one female director on the board of directors.</p> <p>(ii) The Company has not yet established other types of functional committees, which will be evaluated in the future.</p> <p>(ii) The Company expects to establish the board of directors' performance evaluation measures by the first quarter of 2021 and conduct regular performance evaluations every year after the board of directors' approval.</p> <p>(iv) The Company evaluates the independence of the certified public accountants on an annual basis. The results of the most recent evaluation were presented to the Board of Directors for approval on November 11, 2020. It has been evaluated that CPA Hsieh Ming-Chung and Liu Shu-Lin of Deloitte Touche Tohmatsu Limited appointed by the Company meet the Company's independence evaluation criteria (Note 1).</p>	No material difference

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
vi. Does the Company as a listed enterprise have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with the law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings, etc.)?	V		The Company has an investor relations and stock affairs department responsible for corporate governance-related activities.	No difference
vii. Has the Company established channels for communications with the stakeholders (including but not limiting to shareholders, employees, customers, and suppliers), and set up an area for stakeholders at the official website of the Company with proper response to the concerns of the stakeholders on issues related to corporate social responsibility?	V		The Company has a dedicated staff to act as a communication channel for the Company and to maintain a smooth communication channel with stakeholders through face-to-face communication, phone calls, letters or emails. It has set up a stakeholder area on the Company's website to keep track of relevant information to protect the legal and reasonable rights of both parties.	No difference
vi. Has the Company commissioned a professional share registration and investor service institution for providing services to shareholders?	V		The Company has appointed Taishin Bank's stock affairs agency department to handle the shareholders' meeting.	No difference

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
<p>vii. Disclosure of information</p> <p>(i) Does the Company have a website setup and the financial business and corporate governance information disclosed?</p> <p>(ii) Whether there are other means for disclosure adopted by the Company (e.g. set up an English website, with the personnel dedicated to gathering and disclosing relevant information, properly implement the spokesman system, and post the meetings minutes with institutional investors on the Company website)?</p> <p>(iii) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year? The financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?</p>	V	V	<p>Company website: www.ichia.com</p> <p>(i) The Company has established a website to regularly disclose information regarding the Company's finance, business and corporate governance.</p> <p>(ii) The Company has dedicated personnel responsible for the disclosure of information on the Market Observation Post System and the Company's website, the implementation of the spokesperson system, and the posting of presentations and video files of earnings call or corporate briefing in the investors' area of the Company's website in accordance with the regulations.</p> <p>(iii) The Company did not announce and report the financial statements within two months after the end of the fiscal year, but did announce and report the first, second and third quarter financial statements earlier than the prescribed deadline, and will make a further evaluation in the future.</p>	No material difference
viii. Other important information facilitating understanding of the functioning of corporate governance (including but not limited to the state of employees' rights and interests, concern for employees, investor relations, vendor relations, rights of interested parties, continuing education of directors and supervisors, implementation of risk management policy and risk assessment criteria, implementation of customer policy, and liability insurance purchased by the Company for directors and supervisors)?	V	V	<p>(i) Employee rights and benefits: The Company protects the rights and benefits of its employees in accordance with the Labor Standards Act</p> <p>(ii) Employee care: The Company has established an employee welfare committee, implemented labor insurance, health insurance, and pension system, arranged regular health checkups and employee travels, attached importance to labor relations, and provided equal employment opportunities.</p> <p>(iii) Investor relations: The Company has dedicated investor</p>	

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
	V		relations personnel to handle shareholder proposals and disputes.	No material difference
	V		(iv) Supplier relationships: The Company maintains good long-term cooperative relationships with its suppliers.	
			(v) Rights of stakeholders: The Company has dedicated personnel to establish a smooth communication channel with stakeholders to protect the rights and interests of both parties.	
		V	(vi) Directors' and supervisors' continuing education: The number of hours of continuing education for the Company's directors and supervisors in 2020 was not sufficient to meet the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies", as described in Note 2.	
	V		(vii) Implementation of risk management policies and risk measurement standards: The Company establishes internal regulations and conducts various risk management and evaluation in accordance with the law.	
	V		(viii) Implementation of customer policies: The Company maintains good relationships with its customers, builds long-term mutual trust and cooperation, and creates company profits.	
	V		(ix) Liability insurance for directors and supervisors: As of the publication date of the annual report, the Company has taken out liability insurance for directors and supervisors.	
	V		(x) The circumstances under which personnel related to the transparency of financial information obtain relevant licenses:	

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:								
	Yes	No	Summary description									
			<table><tr><td>License</td><td>Number of person</td></tr><tr><td></td><td>Finance</td></tr><tr><td>Passed bank internal control and internal audit test</td><td>1</td></tr><tr><td>Trust business professional</td><td>1</td></tr></table>	License	Number of person		Finance	Passed bank internal control and internal audit test	1	Trust business professional	1	
License	Number of person											
	Finance											
Passed bank internal control and internal audit test	1											
Trust business professional	1											
ix. Please provide information on the results of the corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and propose priorities and measures to enhance those that have not yet been improved: The Company conducts annual reviews of the low-scoring items in the corporate governance evaluation and plans to improve them, and expects to step-by-step plan the performance evaluation of the board of directors and significantly improve the transparency of corporate information in 2021.												

Note 1: CPA Independence Self-Evaluation Form

Items under evaluation	Evaluation of evaluation	Status of independence
1. Whether the CPA has an employment relationship with the Company?	No	Yes
2. Whether the CPA has held any position as a director, supervisor, managerial officer, or others with significant influence on the audit of the Company in the last two years?	No	Yes
3. Whether the CPA is related to a director, supervisor or managerial officer of the Company?	No	Yes
4. Whether the CPA has had dealings with the Company or the Company's person in charge in the form of financial loans?	No	Yes
5. Whether the accountant has an investment or financial interest-sharing relationship with the Company?	No	Yes
6. Whether the CPA has provided management consulting or other non-audit services to the Company that affects its independence?	No	Yes
7. Whether the CPA holds shares or other marketable securities of the Company?	No	Yes

Note 2: Directors' continuing education for 2020

Position	Name	Date		Organizer	Name of Course	Hours
		From	To			
Director	Huang Tzu-Cheng	2020.9.22	2020.9.22	Taiwan Institute of Directors	KPMG Leadership Academy Forum: Managing the Risk of Drastic Change and Improving Corporate Governance	3
		2020.9.24	2020.9.24	Securities and Futures Institute	2020 Annual Briefing on Prevention of Insider Trading and Insider Equity Trading	3
Representative of Chairman	Huang Chiu-Yung	2020.9.21	2020.9.21	Taiwan Stock Exchange	"Governance of Listed Companies 3.0 - A Blueprint for Sustainable Development" Summit	3
		2020.11.10	2020.11.10	Taiwan Corporate Governance Association	5G Key Technology and Application Opportunities	3

(v) Composition, duties and operations of the Remuneration Committee.

1. Composition of the Remuneration Committee

Position (Note 1)	Qualification Name	More than five (5) years of experience and the following professional qualifications			Status of independence (Note 2)										Number of public companies where the person holds the title as Remuneration Committee member	Remarks (Note 3)
		Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities.	Pass the qualification examination with proper licensing by the national Government Apparatus as a court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company.	Work experience in commerce, law, finance and banking, accounting or necessary for company operation.	1	2	3	4	5	6	7	8	9	10		
Independent director	Chen Tai-Jan	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	None
Independent director	Huang Chin-Ming			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Independent director	Hsu Wan-Lung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Independent director	Lin Bao-Yong			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Relieved of office on 2020.6.12

Note 1: Please specify director, independent director or others.

Note 2: If any of the following is applicable to the Directors and Supervisors in the period of 2 years prior to the election to office and within the term of office, put a "✓" in the appropriate box below.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates. However, this restriction does not apply to independent directors of the Company, its parent or subsidiary elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country.
- (3) Not person, spouse, underage children, or under the title of a third party who holds more than 1% of the outstanding shares issued by the Company or among the top 10 natural person shareholders.
- (4) Not a spouse, kin at the second pillar under the Civil Code, or the lineal blood relatives within the third pillar under the Civil Code as specified in (1) through (3).
- (5) Not a director, supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a director, supervisor or employee of a corporate shareholder who is among the top 5 shareholders.
- (6) Not a director, supervisor, or employee of other company. If the same person controls a majority of the Company's director seats or shares with voting rights and those of that other company: (However, this restriction does not apply to independent directors elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country, who concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent.)
- (7) Not a director, supervisor, or employee of the other company or institution whose spouse is the Chairman, general manager or equivalent positions of the Company. (However, this restriction does not apply to independent directors elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country, who concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent.)
- (8) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relation with the Company.
- (9) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that provide business, legal, financial and accounting services to the Company or its affiliates or a spouse to the aforementioned persons.
- (10) Not a person with any of the circumstances under Article 30 of the Company Act.

Note 3: If the individual is a director, please state whether they comply with Article 6, Paragraph 5 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange."

2. Duties of the Remuneration Committee

The Remuneration Committee's duties shall be to submit recommendations on the following matters to the Board of Directors for discussion in accordance with Article 4 of the Company's Remuneration Committee Charter.

- (1) Stipulate and regularly review the compensation policies, systems, standards and structures, and performance of directors and managers.
- (2) Regularly review and adjust directors' and managers' remuneration.

3. Information about operations of the Remuneration Committee

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

Position	Name	Actual attendance	Number of attendance by proxy	Actual attendance rate (%)	Remarks
Convener	Huang Chin-Ming	3	0	100	None
Committee member	Chen Tai-Jan	3	0	100	None
Committee member	Hsu Wan-Lung	1	0	100	Took office on 2020.6.12 and should attend 1 time

Other matters to be recorded:

- i. If the Board of Directors does not adopt, or amends, the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the board of directors, and the Company's handling of the Remuneration Committee's opinions: None
- ii. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: None.
- iii. The Remuneration Committee's discussions and resolutions.
The Remuneration Committee met 3 times in 2020.
 1. The 1st meeting of the 3rd term on March 18, 2020.
 - (1) Passed the proposal for 2019 remuneration for directors and employees
 - (2) Passed the proposal for the new managerial officer's monthly salary plan
 - (3) Formulated managerial officers' salary and compensation plan
 2. The 2nd meeting of the 3rd term on May 13, 2020.
 - (1) Passed managerial officer's position change and monthly salary plan
 - (2) Passed finance officer's monthly salary adjustment
 3. The 3rd meeting of the 3rd term on August 10, 2020.
 - (1) Discussion of the remuneration of Mr. Huang Chin-Ming, an independent director of the Company
 - (2) Discussed the remuneration of Mr. Chen Tai-Jan, an independent director of the Company
 - (3) Discussed the remuneration of Mr. Hsu Wan-Lung, an independent director of the Company
 - (4) Discussed proposal for remuneration distribution of managerial officers and employees of the Company.

- (2) Current term of office: The term of office commences from June 12, 2020 until June 11, 2023. The Committee held 3 meetings in 2020. Members' qualifications and attendance are as follows:

(vi) Fulfillment of social responsibility

Items under evaluation	Status			Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
i. Does the Company conduct risk evaluations on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The Company upholds the management philosophy and principle of "Integrity & Honesty, Dedication, Innovation, Achievement." While pursuing sustainable management and profits, we fulfill our corporate social responsibility, attach importance to the rights and interests of our stakeholders, focus on environmental, social and corporate governance issues, and incorporate them into our management policies and operations to achieve the goal of sustainable management.	No difference
ii. Does the Company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and does the unit report its progress to the board of directors?		V	The Company has not yet established a dedicated (part-time) unit to promote corporate social responsibility and will conduct an assessment in the future.	No difference
iii. Environmental Issues				
(i) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	V		(i) The Company has passed the ISO14001 environmental management system certification and implemented it in accordance with the system.	No difference
(ii) Is the Company committed to enhancing the utilization efficiency of resources and using renewable materials with low impact on the environment?	V		(ii) The Company's waste materials have been entrusted to organizations with waste removal and disposal licenses for recycling, treatment and reuse.	
(iii) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?	V		(iii) The Company is committed to promoting energy saving and carbon reduction activities, promoting paper reduction, turning off lights during lunch break and saving water resources, etc. to do our part for the Earth.	
(iv) Does the Company make statistics on greenhouse gas emissions, water consumption and the total weight of waste for the past two		V	(iv) At present, the Company does not have any statistics on greenhouse	

Items under evaluation	Status			Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
years and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?			gas emissions, water consumption and a total weight of waste for the past two years. It will make improvements gradually in the future.	
iv. Social Issues				
(i) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(i) The Company has established management policies and procedures in accordance with labor-related laws and regulations and international human rights conventions. It has integrated corporate citizenship principles into its internal management strategies, including corporate policies, management procedures, human resource development, internal reporting, etc. The Company adopts a two-way open communication approach to promote corporate policies and the understanding of employees' opinions.	No difference
(ii) Whether the Company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee remuneration?	V		(ii) The Company has established work rules and related personnel management regulations, which cover basic wages, working hours, leave, pension benefits, labor and health insurance benefits, and compensation for occupational accidents for workers employed by the Company in accordance with the Labor Standards Act. The Employee Benefits Committee was established to handle welfare matters through the operation of an employee-elected welfare committee. The Company's remuneration policy is based on the individual's ability, contribution to the Company, performance, and the correlation with the operating performance.	
(iii) Whether the Company provides its employees with a safe and healthy work environment and regularly implements employee safety and health education measures?	V		(iii) The Company has taken the necessary preventive equipment or measures, as far as reasonably practicable, to protect workers from occupational disasters. It has provided workers with the necessary	

Items under evaluation	Status			Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
(iv) Does the Company have an effective career capacity development training program established for the employees?	V		safety and health education and training each year to perform their jobs and prevent disasters. (iv) The Company conducts annual training surveys, compiles them into an annual training plan, and conducts employee training courses according to the annual training plan.	
(v) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint procedures?	V		(v) The Company has complied with laws and international standards with regards to the marketing and labeling of products and services.	No difference
(vi) Has the Company formulated supplier management policies requiring suppliers to follow relevant environmental protection regulations, occupational safety and health, or labor rights and monitor their implementation?	V		(vi) Before dealing with our suppliers, we will assess whether our suppliers have any environmental and social records and require them to sign a social responsibility pledge to ensure compliance with our corporate social responsibility policy.	
v. Does the Company refer to international reporting standards or guidelines to prepare corporate social responsibility or other reports that disclose non-financial information about the Company? Has the assurance or opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?	V		The Company fulfills its corporate social responsibility in accordance with the competent authorities and relevant laws and regulations. The Company has set up a CSR section on its website. It will disclose relevant information on the Company's website and the Market Observation Post System in accordance with the actual conditions. The Company has not yet prepared a corporate responsibility report and will do so in the future	No material difference

Items under evaluation	Status			Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
.			depending on the Company's development needs and laws and regulations.	
vi. If the Company has related practice principles of its own in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," please state the differences between the two and the state of implementation: The Company has established Corporate Social Responsibility Best Practice Principles and its actual operations comply with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" with no material differences.				
vii. Other information useful to the understanding of corporate social responsibilities:				
(i) Environmental protection and safety and health: Comply with domestic environmental protection and safety and health-related laws and regulations, meet the requirements of the government and customers on the banned substances of the products delivered, and strive to save energy, industrial waste reduction, pollution prevention and comprehensive risk assessment to effectively reduce safety and health risks to achieve the goal of continuous improvement.				
(ii) Community involvement, social contribution, social service and social welfare: Promote proper leisure activities, cultivate international professionals, and sponsor LPGA professional golfers with NT\$300,000.				
(iii) Consumer rights: Comply with fair trade, no exaggerated and untrue marketing, abide by the business philosophy of honesty and integrity, and provide the highest quality and service to our customers.				
(iv) Human Rights: We will not recruit or employ child labor as defined by the laws of each country; we will not force employees to work; we will prohibit any violence or discrimination; we will provide employees with a physically and mentally healthy and safe working environment, and we will protect the rights and interests of employees.				

(vii) The Company's implementation of ethical corporate management and the measures taken:

Items under evaluation	Status			Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
i. Establish ethical business policies and programs (i) Has the Company established an ethical corporate management policy approved by the Board of Directors and stated in its Articles of Incorporation or external correspondence about the policies and practices it has to maintain ethical management? Are the board of directors and the management committed to fulfilling this commitment? (ii) Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct. Based on this, it has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"? (iii) Whether the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it?	V		(i) The Company has established Ethical Business Best Practice Principles and adheres to the management philosophy of honesty and integrity. (ii) The precautionary measures are clearly defined in the Company's Ethical Business Best Practice Principles.	No difference
	V		(iii) The precautionary measures are clearly defined in the Company's Ethical Business Best Practice Principles.	
ii. The implementation of ethical corporate management (i) Does the Company evaluate the integrity of all counterparties it has	V		(i) Before working with any counterparties, we will evaluate their	No difference

Items under evaluation	Status			Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
business relationships with? Are there any ethical management clauses in the agreements it signs with business partners?			ethical records and set up a letter of commitment to operating in ethical ways, requiring them to comply with each country's laws and regulations and our internal regulations and not to have improper interests.	
(ii) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and regularly report (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?	V		(ii) The Board of Directors, the Chairman's Office, and the Finance and Accounting Division are the functional units that promote and implement the Company's ethical corporate management.	
(iii) Does the Company have developed policies to prevent conflicts of interest, provided an adequate channel for communication, and substantiated the policies?	V		(iii) Article 6 of the Company's Code of Ethical Conduct and affidavit for Employees states that employees shall avoid any situation that may cause a conflict between their personal interests and those of the Company.	
(iv) Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?	V		(iv) The Company has established an effective accounting system and internal control system, and the internal auditors regularly review the compliance of the above-mentioned system.	
(v) Does the Company organize internal or external training on a regular basis to maintain ethical management?	V		(v) The Company regularly promotes ethical corporate management policy to our employees and actively plans internal education and training programs.	

Items under evaluation	Status		Summary description	Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
iii. The operations of the Company's whistleblower reporting system (i) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel and designated appropriate personnel to deal with the reported matters? (ii) Has the Company formulated standard operating procedures to investigate the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms? (iii) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	V		(i) The Company has established Ethical Business Best Practice Principles, and has set up a stakeholder complaint mailbox with a dedicated department to establish a good and convenient reporting channel. (ii) The Company has a dedicated unit to receive reports and complaints, and the identity of the person making the report and the content of the report are kept confidential. (iii) The Company shall take appropriate protection and confidentiality for the whistleblower and shall not suffer improper disposal due to the whistleblower.	No difference
iv. Strengthening information disclosure Has the Company disclosed its ethical management principles and progress onto its website and Market Observation Post System (MOPS)?	V		The Company's website and Market Observation Post System (MOPS) have disclosed the ethical management principles.	No difference
v. If the Company has related practice principles of its own in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please state the differences between the two and the state of implementation: The Company has established Ethical Corporate Management Best Practice Principles and its actual operations are in compliance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" with no material differences.				
Other important information that is helpful to understand the implementation of ethical corporate management: None.				

- (viii) If the Company has formulated the “Corporate Governance Practice Principles” and related rules, it shall disclose its inquiry methods:
The Company has disclosed the relevant principles on the Market Observation Post System.
- (ix) Other important information that is helpful to understand the Company’s implementation of corporate governance may also be disclosed:
Please refer to the following schedule for the corporate governance-related courses attended by the Company’s senior executives during 2020.

Position	Name	Date	Institute	Name of Course	Hours
Accounting officer	Cheng Ching-Yi	2021.3.8 - 2021.3.16	Accounting Research and Development Foundation	Initial education program for accounting officer of the issuer, securities firm and securities exchange	30
Audit officer	Chang Hsin-Yi	2020.2.14	Internal Audit Association	How internal auditors respond to common deficiencies in the preparation of IFRS financial statements.	6
		2020.5.25		Policy analysis and internal audit and control practice for enterprises to enhance the ability of self-preparation of financial statements	6
		2020.8.11		How to Detect Hidden Fraud Signs and Case Studies	6

(x) Implementation of internal control system

1. Internal Control statement:

ICHIA TECHNOLOGIES INC.
Statement of International Control System

Date: March 16, 2021

The following declaration is made based on the 2020 self-assessment of the Company's internal control system:

- i. The Company is fully aware that the Board of Directors and the management are responsible for establishing, implementing, and maintaining the internal control system and it is established accordingly. The purpose of this system is to provide reasonable assurance in terms of the effectiveness and efficiency of operations (including profitability, performance and asset security etc), reliable, timely and transparent reporting, and compliance with relevant laws and regulations.
- ii. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the internal control system's effectiveness could be affected by the changes in the environment and circumstances. The Company's internal control system is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformity.
- iii. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria defined in "the Regulations" include five elements depending on the management control process: (1) environment control, (2) risk assessment, (3) control process, (4) information and communication, and (5) supervision. Each of the five elements is then divided into a sub-category. Please refer to "the Regulations" for details.
- iv. The Company has implemented the internal control system's criteria referred to above to inspect the effectiveness of internal control system design and implementation.
- v. Based on the result of the assessment, the Company finally determined the effectiveness of the design and implementation of our internal control system until December 31, 2020 (including supervision and management of subsidiaries) regarding the effectiveness and efficiency of operations, the reliability, promptness, and transparency of reports and compliance with relevant laws and regulations. This system provided reasonable assurance that the above objectives have been achieved.
- vi. The Statement of Internal Control System is the main content of the Company's annual report and prospectus published. Any false and concealment of the published contents referred to above involve the liability illustrated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- vii. The Statement of Internal Control System was resolved at the Board meeting with the objection of 0 board directors out of the 7 attending board directors on March 16, 2021. The contents of the statement have been accepted without objection.

ICHIA TECHNOLOGIES INC.

Chairman: Chuang Yi Investment Co., Ltd. (affixation of seal)
Representative: Huang Chiu-Yung

General manager: Tseng Kung-Sheng (affixation of seal)

2. The internal control audit report issued by the CPA commissioned to conduct an internal control audit if any: None.

(xi) Considering the company and its internal personnel being punished according to law and the internal personnel in violation of internal control system being punished by the company in the most recent year as of the publication date of the annual report, please describe the major defect and corrective actions:

Cases in which the Company was fined	Improvement situation
2020 Su-Tzu No. 570 regarding the Company's violation of the Waste Disposal Act. The court ruled on March 26, 2020. The Company was guilty of illegal waste disposal under the first paragraph of Article 46, Paragraph 4 of the Waste Disposal Act and was fined NT\$200,000.	The Company has made improvements to address the deficiencies in order to comply with the Waste Disposal Act.

(xii) Resolutions reached in the shareholder's meeting or by the Board of Directors during the most recent year and up to the date of publication of this annual report:

1. Important resolution made by the shareholders' meeting

Meeting date	Summary of major motions	Resolution	Implementation status
2020.6.12	1.Full re-election of directors.	Elected list: Chuang Yi Investment Co., Ltd., Huang Li Ling, Fa La Li Investment Co., Ltd., Huang Tzu-Cheng, Chen Tai-Jan (independent director), Huang Chin-Ming (independent director), Hsu Wan-Lung (independent director)	The term of office is from 2020.6.12 to 2023.6.11, effective after the resolution of the shareholders' meeting.
	2.2019 business report, stand-alone and consolidated financial statements	The number of voting rights of shareholders present at the time of voting was 217,688,292, and the number of voting rights in favor of the proposal was 203,819,091, representing 93.62% of the total number of voting rights. The proposal was approved as originally proposed after voting.	The relevant reports have been reported to the competent authorities and publicly announced in accordance with the law.
	3.2019 earnings distribution proposal.	The number of voting rights of shareholders present at the time of voting was 217,688,292, and the number of voting rights in favor of the proposal was 204,095,572, representing 93.75% of the total number of voting rights. The proposal was approved as originally proposed after voting.	Processed in accordance with the resolution of the shareholders' meeting.

Meeting date	Summary of major motions	Resolution	Implementation status
	4. Amendment of certain provisions of the “Articles of Incorporation.”	The number of voting rights of shareholders present at the time of voting was 217,688,292, and the number of voting rights in favor of the proposal was 204,089,467, representing 93.75% of the total number of voting rights. The proposal was approved as originally proposed after voting.	Processed in accordance with the resolution of the shareholders’ meeting.
	5. Amendment to the “Procedure for Acquisition or Disposal of Assets” of the Company.	The number of voting rights of shareholders present at the time of voting was 217,688,292, and the number of voting rights in favor of the proposal was 204,093,639, representing 93.75% of the total number of voting rights. The proposal was approved as originally proposed after voting.	Processed in accordance with the resolution of the shareholders’ meeting.
	6. Amendment to certain provisions of “Procedure for Election of Directors.”	The number of voting rights of shareholders present at the time of voting was 217,688,292, and the number of voting rights in favor of the proposal was 204,089,640, representing 93.75% of the total number of voting rights. The proposal was approved as originally proposed after voting.	Processed in accordance with the resolution of the shareholders’ meeting.
	7. Amendment to certain provisions of the “Rules of Procedure for Shareholders’ Meeting”	The number of voting rights of shareholders present at the time of voting was 217,688,292, and the number of voting rights in favor of the proposal was 204,094,246, representing 93.75% of the total number of voting rights. The proposal was approved as originally proposed after voting.	Processed in accordance with the resolution of the shareholders’ meeting.

2. Important resolution made by the Board of Directors

Meeting date	Important resolution
2020.5.13	1. Managerial officer’s position change and monthly salary plan 2. Finance officer’s monthly salary adjustment 3. The Company’s proposal to sell its patents (automotive lighting fixtures and touch panel lighting fixtures) and (printed circuit board structures) to a related party, ICHIA ELECTRONICS (SUZHOU) 4. Bank credit facility applications.
2020.6.12	1. Election of the Chairman and Vice Chairman of the Board of Directors.
2020.7.27	1. Repurchase of the Company’s shares to transfer to employees in accordance with the relevant regulations. 2. Issue of a statement of the board of directors in accordance with the

Meeting date	Important resolution
	<p>“Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies.”</p> <p>3. The appointment of the Company’s Remuneration Committee members.</p>
2020.8.10	<p>1. Bank credit facility applications.</p> <p>2. Amendment of certain provisions of the “Measures for the 1st Transferring Repurchased Shares to Employees in 2020”</p> <p>3. The remuneration of Mr. Huang Chin-Ming, an independent director of the Company</p> <p>4. The remuneration of Mr. Chen Tai-Jan, an independent director of the Company</p> <p>5. The remuneration of Mr. Hsu Wan-Lung, an independent director of the Company</p> <p>6. 2019 remuneration distribution to managerial officers and employees</p>
2020.11.11	<p>1. The establishment of the Company’s internal audit plan for 2021.</p> <p>2. The Company’s acquisition or disposal of machinery and equipment for business use between the Company and its subsidiaries during the first and third quarters of 2020.</p> <p>3. Evaluation of the independence of the Company’s certified public accountants.</p> <p>4. Professional fees for 2021 attesting CPA of the Company</p> <p>5. Bank credit facility applications.</p> <p>6. Appointment of the Company’s corporate governance officer.</p>

- (xiii) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the Board of Directors during the most recent year and up to the date of publication of this annual report: N/A
- (xiv) Summary of discharge and termination of parties relating to the financial report (including the Chairman, president, accounting officer, finance officer, internal audit officer and R&D officer):

Position	Name	Arrival date	Separation date	Reasons for separation
Strategy office	Sun Yung-Hsiang	2019.1.9	2020.3.18	Job Adjustment
Accounting officer	Li Ya-Hui	2019.6.28	2020.3.18	Job Adjustment
General Manager	Huang Chiu-Yung	2019.1.9	2020.7.1	Job Adjustment

v. Information on CPA Professional Fee

Firm Name	CPA Name		Audit period	Remarks
Deloitte Touche Tohmatsu Limited	Hsieh Ming-Chung	Liu Shu-Lin	2020.1.1-2020.12.31	None

Professional fee items		Audit Fee	Non-Audit Fee	Total
Amount range				
1	Less than NT\$2,000,000		V	
2	NT\$2,000 (inclusive) ~ NT\$4,000	V		V
3	NT\$4,000 (inclusive) ~ NT\$6,000			
4	NT\$6,000 (inclusive) ~ NT\$8,000			
5	NT\$8,000 (inclusive) ~ NT\$10,000			
6	More than NT\$10,000 (inclusive)			

- (i) If the non-audit fees paid to the attesting CPA, the CPA firm and its affiliates account for at least one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed:

Amount unit: Thousand NTD

Firm Name	CPA Name	Audit Fee	Non-Audit Fee					Duration of Audit	Remarks
			System Design	Industrial Registration	Human resource and land	Others	Subtotal		
Deloitte Touche Tohmatsu Limited	Lin Yi-Hui Chih Jui-Chuan	2,700	0	0	0	480	480	2020.1.1-2020.12.31	Transfer pricing report \$430,000; non-executive full-time employee information review \$50,000

- (ii) Change of CPA firm and the audit fees for the year of the change less that of the previous year, and the amount of audit fees before and after the change, and reasons of the change: N/A
- (iii) Audit fees were 15% less than that of the previous year, and the reduction of audit fee, percentage and reasons: N/A

vi. Information on the Replacement of CPA:

(i) Predecessor CPA:

(1) Predecessor CPA:				
Replacement date	Approved by the Board of Directors on March 18, 2020			
Reason for replacement and explanation	In order to cooperate with the internal adjustment needs of Deloitte Touche Tohmatsu Limited, since the first quarter of 2020, the company's attesting CPA has been replaced from CPA Lin Yi-Hui and Chih Jui-Chuan to accountants Hsieh Ming-Chung and Liu Shu-Lin.			
Indicate whether the appointment is terminated or not accepted by the client or CPA	Principals		Certified Public Accountant	Client
	Situation			
	Proactively terminated the appointment		N/A	N/A
	Not accepted (continued) the appointment		N/A	N/A
Opinions on audit reports issued within the last two years without qualification and reasons	None			
Any disagreement with the issuer	Yes		Accounting Principles or Practices	
			Disclosure of Financial Reports	
			Audit scope and procedures	
			Others	
	None	V		
	Description: Not applicable			
Other disclosure (To be disclosed in accordance with Article 10(6)(1)(d) to (1)(g) of the Regulations Governing Information to be Published in Annual Reports of Public Companies)	N/A			

(ii) Successor CPA:

CPA Firm	Deloitte Touche Tohmatsu Limited
CPA Name	Hsieh Ming-Chung, Liu Shu-Lin
Date of appointment	Approved by the Board of Directors on March 18, 2020
Matters and results of the consultation on the accounting treatment or accounting principles for specific transactions and the possible issuance of financial statements prior to the appointment	None
Written opinion of the successor CPA on matters on which the successor CPA disagreed with the predecessor CPA	None

(iii) The former CPA's written response to the sub-paragraphs 1&2-3 of Paragraph 6 of Article 10 of the Principles: None.

vii. Information About Chairman, President, and Financial or Accounting Manager of the Company Who Has Worked with the CPA Firm Which Conducts the Audit of the Company or Affiliate to Such Firm in the Most Recent One Year: None.

viii. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent in the most recent year and until to the date of publication of the annual report:

(i) Changes in shareholdings of directors, supervisors, managerial officers and shareholders holding more than 10 percent of the shares Unit: Number of shares

Position	Name	2020		As of April 23, 2021	
		Increase (Decrease) in number of shares held	Increase (Decrease) in number of shares pledged	Increase (Decrease) in number of shares held	Increase (Decrease) in number of shares pledged
Chairman	Chuang Yi Investment Co., Ltd.	0	0	2,904,000	4,200,000
Representative of Chairman	Huang Chiu-Yung	0	0	0	0
Chairman	Huang Li-Lin (Discharged)	0	0	N/A	N/A
Vice Chairman	Huang Li-Lin	0	0	0	0
Vice Chairman	Huang Tzu-Cheng (Discharged)	0	0	N/A	N/A
Director	Huang Tzu-Cheng	0	0	0	0
Director	Fa La Li Investment Co., Ltd.	470,000	0	2,905,000	4,200,000
Representative of corporate director	Huang Tzu-Hsuan	0	0	0	0
General Manager	Huang Chiu-Yung (Date of discharge: 20200701)	219,000	0	N/A	N/A
General Manager	Tseng Kung-Sheng	0	0	0	0
Deputy general manager	Sun Yong-Xiang (Date of discharge: 20200318)	0	0	N/A	N/A
Deputy general manager	Wu Feng-Hsin	95,000	0	15,000	0
Deputy general manager	Tseng Kung-Sheng (Discharged)	451,000	0	N/A	N/A
Major shareholders	Huang Chiu-Yung	219,000	0	0	0
Independent director	Chen Tai-Jan	0	0	0	0
Independent director	Huang Chin-Ming	0	0	0	0
Independent director	Lin Bao-Yong (Date of discharge: 20200612)	0	0	N/A	N/A
Independent director	Hsu Wan-Lung	0	0	0	0
Finance officer	Huang Yen-Hsiang	0	0	0	0
Accounting officer	Li Ya-Hui (Date of discharge: 20200318)	0	0	N/A	N/A
Accounting officer	Cheng Ching-Yi	0	0	0	0

- (ii) Information on the transfer of shares: None.
- (iii) Information on the pledge of shares: None.

ix. Information on the relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another

Name	Own shareholding		Current Shares Held by Spouse and Children of Minor Age		Total shareholding Under the Name of A Third Party		The names and relationships of the top ten shareholders who are related to each other under SFAS No. 6 or who are related to each other as spouses or relatives within second degree of kinship		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Fa La Li Investment Co., Ltd.	18,377,481	5.98%	0	0%	0	0%	Chuang Yi Investment Co., Ltd.	Same Chairman	None
Representative: Huang Chiu-Yung	10,913,486	3.55%	3,180,790	1.03%	37,413,961	12.18%	Huang Tzu-Jui, Huang Tzu-Hsuan	Father and son	None
Chuang Yi Investment Co., Ltd.	18,372,480	5.97%	0	0%	0	0%	Fa La Li Investment Co., Ltd.	Same Chairman	None
Representative: Huang Chiu-Yung	10,913,486	3.55%	3,180,790	1.03%	37,413,961	12.18%	Huang Tzu-Jui, Huang Tzu-Hsuan	Father and son	None
Huang Chiu-Yung	10,913,486	3.55%	3,180,790	1.03%	37,413,961	12.18%	Huang Tzu-Jui, Huang Tzu-Hsuan	Father and son	None
Citi (Taiwan) Commercial Bank is entrusted with the custody of the investment account of Polunin Emerging Markets Fund, Inc.	5,733,573	1.86%	0	0%	0	0%	None	None	None
Huang Li-Lin	4,732,083	1.54%	2,513,994	0.82%	0	0%	None	None	None
Huang Tzu-Jui	4,527,406	1.47%	0	0%	0	0%	Huang Chiu-Yung Huang Tzu-Hsuan	Father Brothers	None
Huang Tzu-Hsuan	4,422,896	1.44%	0	0%	0	0%	Huang Chiu-Yung Huang Tzu-Jui	Father Brothers	None
JP Morgan Chase Bank, Taipei Branch is entrusted with the custody of the Van Gard Emerging Markets Equity Index Fund managed by Van Gard Group, Inc.	3,652,000	1.19%	0	0%	0	0%	None	None	None
Standard Chartered International Commercial Bank's sales department is entrusted with the custody of Credit Suisse International's investment account.	3,255,000	1.06%	0	0%	0	0%	None	None	None
Juan Mei-Na	3,180,790	1.03%	10,913,486	3.55%	0	0%	Huang Chiu-Yung Huang Tzu-Hsuan Huang Tzu-Jui	Spouses Mother and son Mother and son	None

- x. **The number of shares held by the Company and the Company's directors, managerial officers, and the number of shares invested in a single company held by the entities directly or indirectly controlled by the Company and calculating the consolidated shareholding percentage of the above categories.**

All of the Company's investees are 100% owned by the Company or by companies directly and wholly owned by the Company (see "Organization Chart of Affiliates"), so none of the Company's directors and managers hold shares in the investees.

IV. Capital Raising

i. Capital and shares

(i) Source of Capital Stock

1. Source of Capital Stock

April 23, 2021; Unit: Thousand NTD/Thousand shares

Year/Month	Issue price (NT\$)	Authorized capital stock		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of Capital Stock	Using property other than cash as payment of shares	Approval date and document number
2018.8	10	420,000	4,200,000	325,650	3,256,505	Capital reduction by treasury stock of \$100,000,000	None	Jing-Shou-Shang-Tzu No. 10701104780 on August 17, 2018
2018.12	10	420,000	4,200,000	317,267	3,172,675	Capital reduction by treasury stock of NT\$83,830,000	None	Jing-Shou-Shang-Tzu No. 10701146090 on December 4, 2018
2019.4	10	420,000	4,200,000	307,536	3,075,366	Capital reduction by treasury stock of NT\$97,310,000	None	Jing-Shou-Shang-Tzu No. 10801037270 on April 8, 2019
2020.7	10	600,000	600,000	307,536	3,075,366	None	None	Jing-Shou-Shang-Tzu No. 10901113430 on July 8, 2020

2. Type of share

April 23, 2021, Unit: shares

Type of share	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Common share	307,536,533 (Including 10,000,000 shares of treasury stock)	292,463,467	600,000,000	Listed on TWSE

3. Information on shelf registration system: None.

(ii) Composition of shareholders

April 23, 2021

Composition of shareholders Quantity	Government Agency	Financial institution	Other Juristic Persons	Individual	Foreign Institution or Foreigner	Total
Number of person	0	5	144	38,249	107	38,505
Shareholding	0	171,000	49,032,036	223,088,219	35,245,278	307,536,533
Shareholding Percentage	0.00%	0.06%	15.94%	72.54%	11.46%	100.00%

(iii) Diversification of equity

1. Common stock (\$10 per share)

April 23, 2021

Shareholding range	Number of Shareholders	Shareholding	Shareholding Percentage
1 to 999	15,567	980,118	0.32%
1,000 to 5,000	16,574	37,399,162	12.16%
5,001 to 10,000	3,365	28,215,982	9.17%
10,001 to 15,000	882	11,369,902	3.70%
15,001 to 20,000	731	13,917,566	4.53%
20,001 to 30,000	493	13,054,483	4.25%
30,001 to 40,000	211	7,725,800	2.51%
40,001 to 50,000	159	7,535,744	2.45%
50,001 to 100,000	295	21,601,308	7.02%
100,001 to 200,000	109	16,077,459	5.23%
200,001 to 400,000	57	15,469,367	5.03%
400,001 to 600,000	24	12,038,647	3.91%
600,001 to 800,000	10	7,261,159	2.36%
800,001 to 1,000,000	3	2,818,000	0.92%
More than 1,000,001	25	112,071,836	36.44%
Total	38,505	307,536,533	100.00%

2. Preference share: None.

(iv) Roster of Major Shareholders

April 23, 2021

Share Name of Major Shareholder	Shareholding	Shareholding Percentage
Fa La Li Investment Co., Ltd.	18,377,481	5.98%
Chuang Yi Investment Co., Ltd.	18,372,480	5.97%
Huang Chiu-Yung	10,913,486	3.55%
Citi (Taiwan) Commercial Bank is entrusted with the custody of the investment account of Polunin Emerging Markets Fund, Inc.	5,733,573	1.86%
Huang Li-Lin	4,732,086	1.54%
Huang Tzu-Jui	4,527,406	1.47%
Huang Tzu-Hsuan	4,422,896	1.44%
JP Morgan Chase Bank, Taipei Branch is entrusted with the custody of the Van Gard Emerging Markets Equity Index Fund managed by Van Gard Group, Inc.	3,652,000	1.19%
Standard Chartered International Commercial Bank's sales department is entrusted with the custody of Credit Suisse International's investment account.	3,255,000	1.06%
Juan Mei-Na	3,180,790	1.03%

(v) Information on market value, net value, earnings and dividends per share in the most recent two years

Item \ Year		2019	2020	As of March 31, 2021
Market price per share (NT\$) (Note 1)	The Highest	19.00	20.20	21.75
	The Lowest	12.60	9.08	15.55
	Average	15.71	15.28	17.72
Net worth per share (NT\$) (Note 2)	Before distribution	19.05	18.55	(Note10)
	After distribution	18.55	18.06	-
Earnings per share (NT\$)	Weighted-average number of shares (thousand shares)		307,536	307,536
	Earnings per share (Note 3)	Before adjustment	0.74	0.40
		After adjustment	0.74	0.40
Dividends per share (NT\$)	Cash dividends		0.5	0.5
	Stock dividends	Stock dividends from earnings	0	0
		stock dividends from capital surplus	0	0
	Cumulative unpaid dividend (Note 4)		0.5	0.5
Return on investment analysis	Price to earning ratio (Note 5)		21.23	38.20
	Price to dividend ratio (Note 6)		31.42	30.56
	Cash dividend yield (Note 7)		3.18%	3.27%

* In the event retained earnings or capital surplus is used for stock dividends to increase capital, Information on market price and cash dividends adjusted retrospectively based on the number of shares issued should be disclosed.

Note 1: List the highest and lowest market prices of each year and calculate the average market price of each year based on each year's transaction value and volume.

Note 2: Please fill it in based on the number of shares issued by the end of the year and the proposed distribution to be resolved at next year's shareholder meeting.

Note 3: If there is a retroactive adjustment due to circumstances such as stock dividend, etc., earnings per share before and after the adjustment should be shown.

Note 4: If the terms of issuance of equity securities provide that the current year's unpaid dividends may be accumulated till the year when there are earnings, the accumulated unpaid dividends till the current year should be disclosed separately.

Note 5: Price to earning ratio = average closing price per share for the year/earnings per share.

Note 6: Price to dividend ratio = average closing price per share for the year/cash dividend per share.

Note 7: Cash dividend yield = dividend per share/average closing price per share for the year

Note 8: Please identify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report and the information available until the date of publication of the annual report in the other sections.

Note 9: The distribution of earnings for 2020 has been resolved by the board of directors on March 16, 2021.

Note 10: As of the date of publication of the annual report, no information on CPA's attestation or review was available.

(vi) Dividend Policy and the Status of Implementation

1. The dividend policy defined by the Articles of Incorporation

The Board of Directors determines the Company's dividend policy in accordance with the business plan, investment plan, capital budget and changes in the internal and external environment. The Company may distribute all or part of the distributable earnings for the year based on financial, business and operational

considerations. The distribution of earnings may be made in the form of cash or stock dividends, with the percentage of cash dividends distributed being no less than 30% of the total dividends distributed in the year. However, if the shareholders' total dividend is less than \$0.50 per share, the entire amount may be distributed in the form of stock dividends.

2. Distribution of dividends proposed at the shareholders' meeting

The proposed distribution of earnings for 2020 was approved by the board of directors on March 16, 2021 and proposed distributing cash dividends of \$148,768,267 to shareholders and \$0.5 per share in cash.

- (vii) The effect of stock dividend as proposed in this General Meeting on the operation performance and earnings per share of the Company: N/A.

(viii) Employees' Remuneration and Directors' Remuneration.

1. Proportion or scope of remuneration to employees and directors as stated in the Articles of Incorporation:

The Company shall set aside not less than 1% of its annual net profits before tax before employees' and directors' remuneration as employees' remuneration and not more than 3% as directors' remuneration, which shall be distributed by resolution of the board of directors and reported to the stockholders' meeting. However, if the Company still has accumulated losses (including the amount of adjustment to undistributed earnings), it should retain the loss make-up amount in advance. When the above-mentioned employees are paid in stock or cash, the recipients of the payment may include employees of the subordinate companies who meet certain criteria.

2. The accounting in the case of deviation from the basis for stating remuneration to employees and directors, the basis for calculating the quantity of stock dividends to be allocated, and the actual allocation:

In accordance with the Company's Articles of Incorporation, the Company appropriates no less than 1% and no more than 3% of the net profits before tax to employees' and directors' remuneration, respectively, for the year before the distribution of employees' and directors' remuneration. If there is a change in the amount of the financial statements after the date of its issuance, the amount is adjusted in the following year in accordance with the rules related to changes in accounting estimates.

3. Distribution of remuneration approved by the board of directors: On March 16, 2021, the board of directors approved \$7,000,000 for employees and \$4,919,000 for directors, all of which was paid in cash.
4. Actual payment of employees'/directors'/supervisors' remuneration for the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies).

Item	2019 (paid in 2020)			
	Proposed payment approved by the Board of Directors	Actual payment	Difference	Handling situations
Employee bonus	8,000,000	6,918,030	1,081,970	Distribution was fully completed in February 2021
Remuneration to directors	5,000,000	5,000,000	0	None

(ix) Repurchase of the Company's shares:

Repurchase term	1st in 2015	2nd in 2015	1st in 2016	1st in 2020
Purpose for repurchase	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Repurchase period:	2015/6/11-2015/8/10	2015/8/26-2015/10/25	2016/1/15-2016/3/14	2020/7/28-2020/9/25
Estimated repurchase price range	NT\$20-30	NT\$10-20	NT\$12-18	NT\$12-18
Type and number of shares actually repurchased	Common stock/10,000,000 shares	Common stock/8,383,000 shares	Common stock/9,731,000 shares	Common stock/10,000,000 shares
Actual amount of shares repurchased	NT\$231,311,215	NT\$159,386,963	NT\$148,996,738	NT\$161,328,237
Number of shares retired and transferred	10,000,000 shares	8,383,000 shares	9,731,000 shares	0 shares
Cumulative number of shares held in the Company	0 shares	0 shares	0 shares	10,000,000 shares
Percentage of the cumulative number of shares held in the Company to the total number of shares issued (%)	0%	0%	0%	3.25%

ii. Issuance of Corporate Bonds: None.**iii. Issuance of preferred shares: None.****iv. Issuance of global depository receipts: None.****v. Employee stock option: None.****vi. Employee restricted stock: None.****vii. Issuance of new shares in connection with mergers or acquisitions of shares of other companies : None.****viii. Implementation of Capital Utilization Plan: None.**

V. Business Overview

i. Business Contents

(i) Business lines

1. Business Contents

- (1) CC01080 Electronics Components Manufacturing
- (2) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
- (3) CC01110 Computer and Peripheral Equipment Manufacturing
- (4) F113050 Wholesale of Computers and Clerical Machinery Equipment
- (5) F119010 Wholesale of Electronic Materials
- (6) CA04010 Surface Treatments
- (7) CC01060 Wired Communication Mechanical Equipment Manufacturing
- (8) CC01070 Wireless Communication Mechanical Equipment Manufacturing
- (9) CQ01010 Mold and Die Manufacturing
- (10) CE01030 Optical Instruments Manufacturing
- (11) F601010 Intellectual Property Rights
- (12) CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
- (13) F401021 Restrained Telecom Radio Frequency Equipment and Materials Import.
- (14) F401010 International Trade.
- (15) ZZ99999 All business items that are not prohibited or restricted by law, except those subject to special approval.

2. Weight of business

Unit: NTD thousands

Revenue and sales percentage	2020	
	Revenue	Sales percentage (%)
Product items		
Mechanism integrated components (including products + molds)	1,368,089	25%
Flex PCB products (including products + molds)	4,134,753	75%
Total	5,502,842	100%

3. Current products

Main products	Purpose
Mechanism integrated components	Smart watch band/casing, vehicle interior parts and components, digital instruments, functional parts of heterogeneous materials, keys of VoIP phones, electronic integrated module parts, mechanical parts of wireless communication equipment, etc.
Flex PCB	The main products are those used for vehicle. They feature lightweight, slim, flexible, and low voltage, which allow them to be assembled in consumer electronics, such as smartphones, wearable products, touch panels, notebooks, and smart speakers. The mainstream category is the double-sided PCB, followed by the single-sided PCB and the multilayer PCB. They can be assembled with other parts and components using the SMT process.
Molds	Molds for plastics, rubber, and heterogeneous materials, punching molds, Flex PCB molds

4. New products under development

(1) Mechanism integrated components (MVI)

Product types	Product items	Remarks
Wearable parts	Smart watches	Accessories
VoIP phones	VoIP phones	
Auto parts	Display modules	Cabin parts
	OHC-over head control modules	Cabin parts
	Control keypad modules	Cabin parts
	Onboard peripherals	Cabin parts
Scooter parts	Digital dashboards	
Intercoms and industrial waterproof/drop-proof handheld products	Intercom mechanical component modules	
	Industrial battery mechanical components	
	Charging mechanical modules for industrial products	
Other parts	Card machines	Others
	POS machines	Others

(2) Flex PCB (FPC)

A. Introduction of production automation equipment - bare board

- a. Add automatic CVL bonding equipment
- b. Add VGP X-RAY target drill machines
- c. Add auto stiffener bonders
- d. Add auto coverlay bonders
- e. Add automatic press

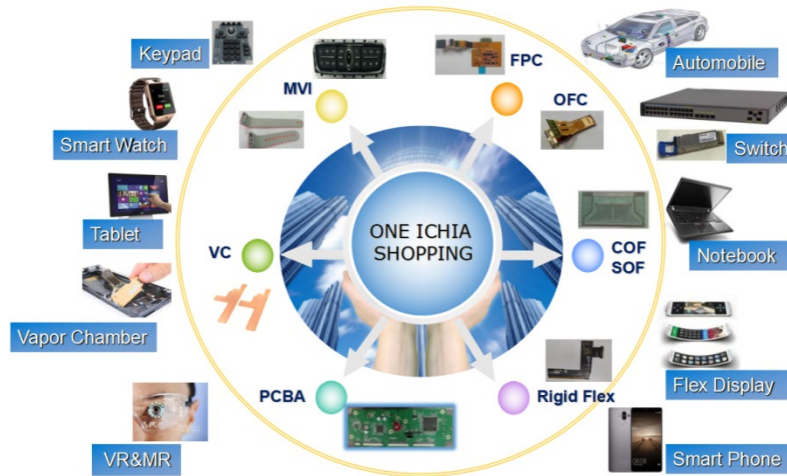
B. Introduction of production automation equipment - SMT

- a. Add automated guided vehicles (AGV)
- b. Refine smart storage system, automated labelling, automated counting equipment
- c. Add online laser marking machines
- d. Add BGA servicing equipment
- e. Add 3D AOI equipment
- f. Add Panasonic SMT machines

C. Future projects of product development

- A. Rigid-flex PCB project
- B. Modular integrated mechanical parts/Flex PCB project
- C. Wearable glasses, watches, waistband, Flex/rigid PCB project
- D. Antenna Flex PCB development
- E. 10/10um fine line D/S COF technology development
- F. Heat sink (PIVC) Flex PCB project
- G. 25/25um MSAP fine line Flex PCB technology development
- H. Flex PCB project for 5G optical communication signal connection
- I. Fiber communication Flex PCB project

J. Printed Circuit Board (PCB) assembly



(ii) Overview of industry

1. Overview and development of industry

(1) Mechanism integrated components (MVI)

Smart wearables (such as watches) and vehicle interior mechanical parts are the main business of the MVI. As the applications of smart wearables in the future are not limited to the demands for traditional sports activities, the demand for healthcare monitoring has been driving their growth. With the advent of 5G communication technology and its popularity, AR/VR is another area that would drive the development of the wearables market. In the automotive industry, electric vehicles (EVs) have been getting popular these days. The automotive electronics and smart driving will be the main development direction of the industry. The automotive input is available in a variety of forms, such as the traditional keyboard. The input device is designed to be touch or voice controlled, which will drive the development of the automotive electronics. The development direction will focus on the mechanical components with the high-tech style and light guide feature. MVI may be integrated with modules for automotive electronics customer to achieve the expected growth.

The automotive parts and components industry benefits from the recent low oil prices around the world, which will be also beneficial to the overall sales of vehicles. Due to the pandemic in 2020, the automotive market declined. However, in the next decade, this will drive the development and refresh of new energy vehicles. The automotive market is expected to gain momentum in the next two years. As Tesla's sales and profits are getting higher, more international high-tech companies, such as Google, Apple, etc., have jumped on the bandwagon and determined to develop new energy vehicles. More and more electronic products will be used in a car. The automotive makers can cooperate with the information and communication Technology Industry to develop automotive electronics technology, such as the multi-screen touch, voice control, VoI, Advanced Driver Assistance Systems (ADAS), smart self-driving, etc. to create new opportunities for sales of cars and their parts as well as components. It is expected to drive the growth of automotive parts and

components supplied by Taiwanese companies.

(2) Flex PCB (FPC)

With the rise of mobile communication and cloud technology, FPC has some advantages over RPC and been widely used in smartphones, tablets, wearable applications, and in-vehicle products, and is overtaking other products at a breakthrough speed. The advance of technology has led to the expansion of the functions of various products, but the trend of thin and light products has led to an explosive increase in demand for the flexible board industry.

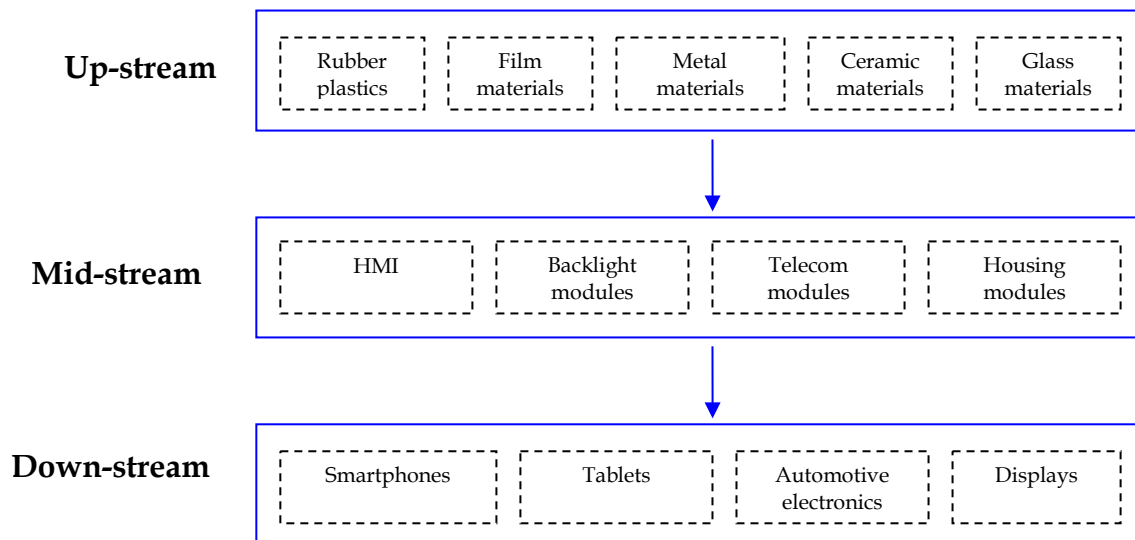
International cell phone brands such as Apple, Samsung, and emerging markets such as China have maintained growth in smartphone sales, while wearable applications have also created a boom in the industry, injecting new life into the touch panel, optical lens, wireless communication, and face recognition industries. It is expected that smartphones, 3D sensing application modules, and FPC for automobiles will be the main business activities.

In recent years, the 5G era has driven the demand for antennas. It is expected that smartphones and other related electronic products will see a refresh cycle and drive the growth of FPC.

As the demand for the VoI and smart driving grows, a car is like a large computer so that the demand for display panels, HDI and FPC will grow.

2. Correlation between the up-stream, mid-stream, and down-stream dealers in the industry

(1) Mechanism integrated components (MVI)



(2) Flex PCB (FPC)



Source: Money DJ website

3. Development trends of products

(1) Mechanism integrated components (MVI)

The mainstream HMI input devices are the “touch control” and “physical keyboard” combined with a variety of display products. In the consumer market, the “touch control” is the mainstream product. But input devices certainly will be customized based on the consumer group. For example, it is convenient to reply emails on a business model while the music entertainment model provides the control and operability for music playing and the high-end model has a sleek look, etc.

For this reason, based on our experience in design and manufacturing of “physical keyboards” for many years, the Company has also introduced this kind of workmanship into the accessories market through modular integration technology, in addition to evolving of our products.

In the past, the mechanical component products were mainly made of rubber, plastic, and metal parts. Due to the slim, lightweight, and functional requirements, they are now made of more and more heterogeneous materials to meet the precision and functional requirements of mechanical components. As the technology advances, the Company has applied it to the products made of heterogeneous materials and water-proof products to add value to our mechanical components.

For the automotive parts and components, the Company has entered the OEM market of automotive parts and components based on our experience in development of mechanism integrated components for many years. This is one of the major growth factor during the transformation.

(2) Flex PCB (FPC)

In the past, the FPC was used for the foldable or rotatable parts of a cell phone. Presently, the “modularization” method is adopted so that the detachable modules are removed and connected using FPC. Then they are placed in other compartments. Therefore, the current products will be slimmer. The slim trend also leads to the modularization of cell phones and tablets, which allows them to integrate more functions and drives the demand for the FPC. In the current products, a feature phone only needs 5-10 FPCs while a smartphone needs 8-25

FPCs. A smartphone equipped with dual lens and several modules needs **10-25** FPCs. This shows that the development of high-end products will drive the demand for the FPC.

Because the Flex PCB can be produced automatically and continuously, we have better pattern density and lightweight, fewer layout errors, simple assembly, flexibility, diverse design, 3D layout. We can also eliminate wire soldering at contact, and change its contour to solve the space constraints. Therefore, FPC is suitable for consumer electronics, PCs, peripherals, flat panel displays, office equipment, communication equipment, vehicles, etc. The proportion of downstream FPC makers varies but the production volume of cell phones keep rising. And the camera phones.

The wireless charging FPC module will be the rising star. It may be the standard component of smartphones. Its corresponding docking station consists of a large FPC and other components. This will create significant demands for FPC.

For the entire PCB industry, Prismark forecasted that the output value of the global FPC is US\$13 billion and will continue to slightly grow by 2.8% annually.

Quantities of FPC used in each product

Products	Quantity used
Mobile phones	5-10 pieces
Smartphones	8-25 pieces
Tablets	5-18 pieces
Notebooks	4-6 pieces
Wearables	2-5 pieces
Digital cameras	7-10 pieces

Main application products of the Flex PCB

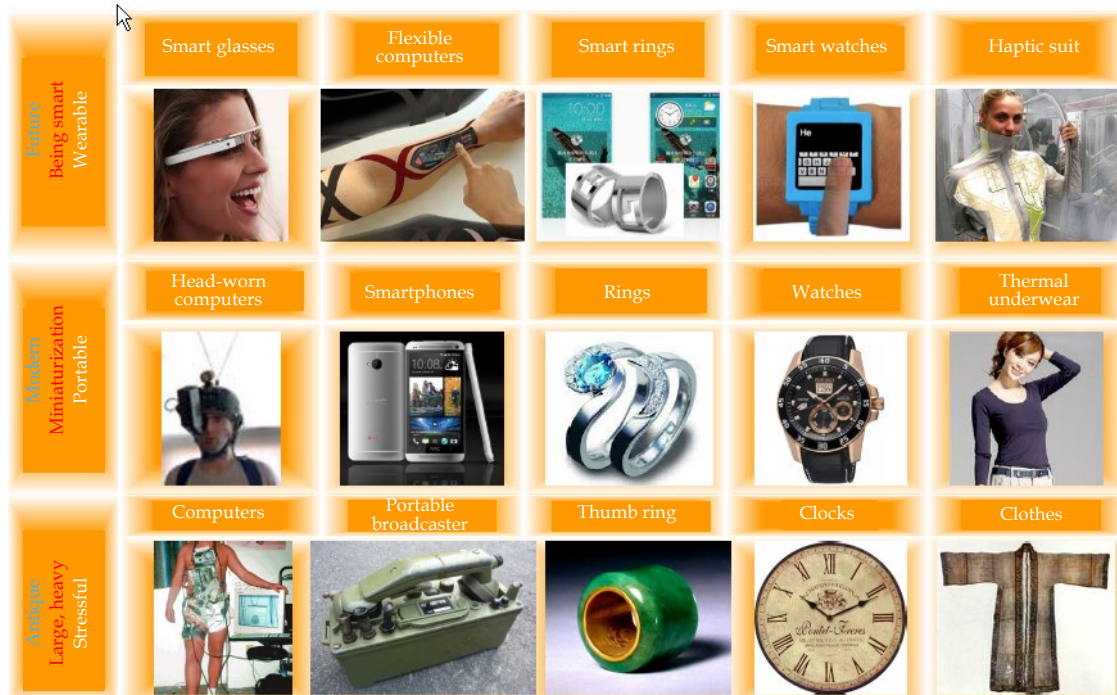
Application products	Products
Consumer electronics	High-end phones, camcorders, portable speakers, smart speakers
Computers	Tablets, notebooks,
computer peripherals	Printers, storage devices, HDDs
Flat panel displays	Touch panels, LCD panels, high-definition TVs
Communication equipment	Smartphones
Cars	Navigation systems, in-vehicle infotainment system, braking assistance system, throttle control system, etc.
Others	Wearable watches, medical instruments, industrial equipment, aerospace, and military purpose

Source: Material and Chemical Research Laboratories, ITRI

Diagram of the main application products of the Flex PCB

Taiwan Printed Circuit Association

Product development process: Become intelligent



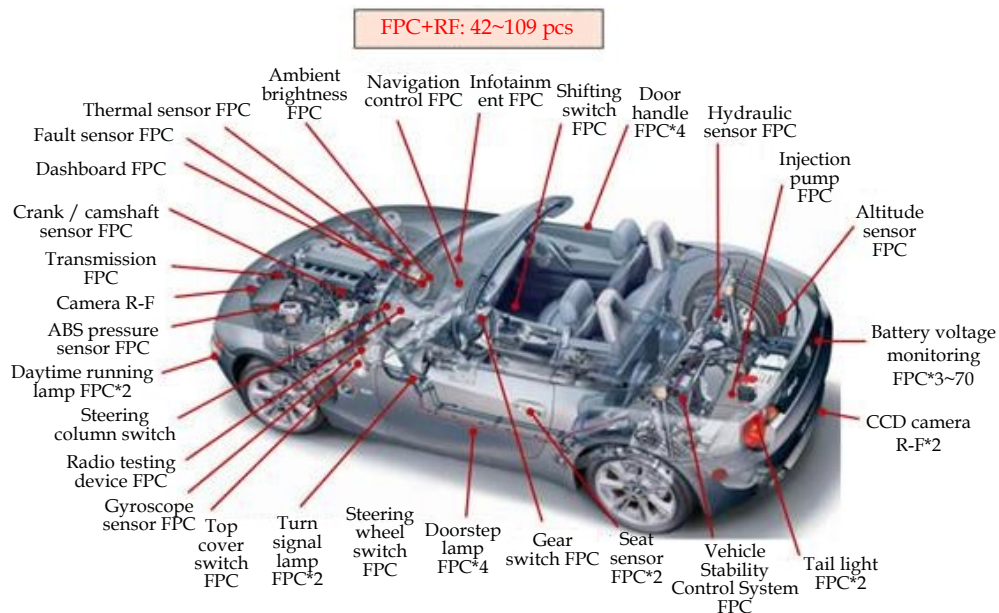
Source: IEK Consulting, ITRI (08/2013)

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Industrial Technology
Research Institute

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On-board FPC applications



4. Degree of competition

The mechanism integrated component products and Flex PCB products of the Company place high importance on quality, efficiency, and global logistics to compete for other companies. The main competitors are those from Taiwan, Japan, Korea, U.S.,

and Singapore. The Company has also actively invested in research, development, manufacturing of high-end products to stay competitive and step ahead of other competitors.

(iii) Overview of technology and R&D

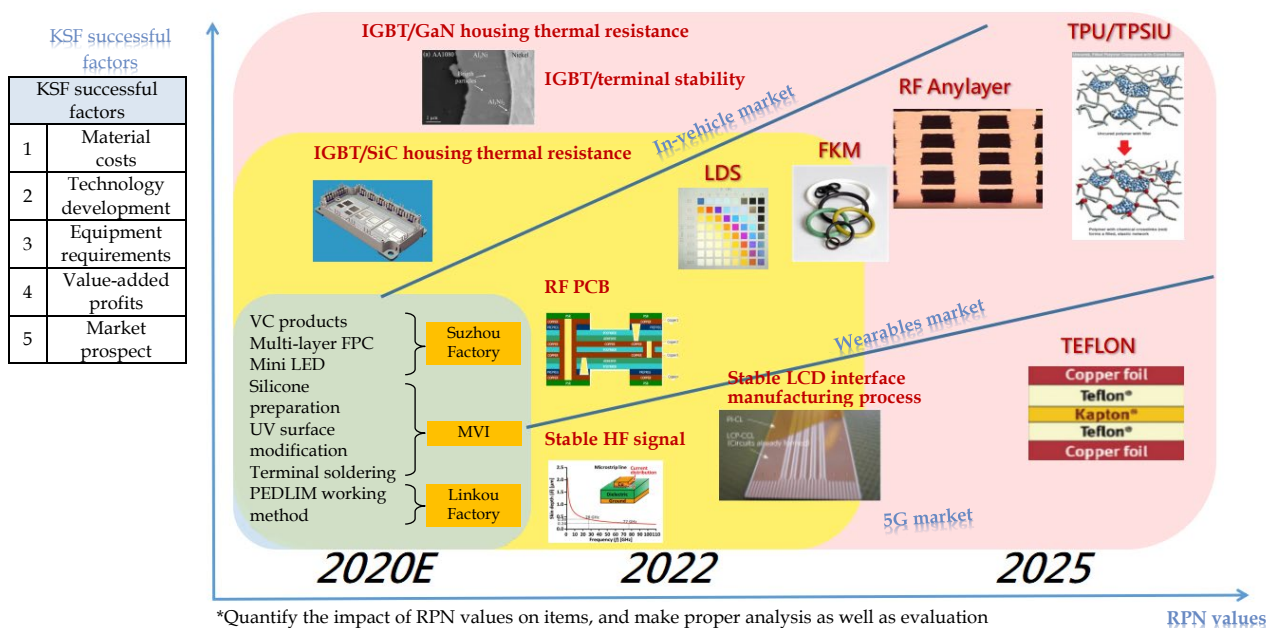
1. R&D expenses

Unit: NTD thousands

Item \ Year	2019	2020	2021 (estimates)	2022 (estimates)
R&D expenses	165,050	176,144	188,000	207,000

2. Technology or product developed successfully:

- (1) Keyboard production processes which meet the environmentally friendly requirements;
- (2) Ultra slim keyboard module development;
- (3) Thin Touch Keyboard module development;
- (4) Multi-functional keyboard module combining optical/electronic technology/metal shrapnel, flexible circuit printed board applications;
- (5) Keyboard module with energy-saving optical design;
- (6) Bluetooth tire pressure detector module;
- (7) Automotive component module development;
- (8) Multi-layer FPC development;
- (9) Extra fine FPC development;
- (10) Double-sided COF board development;
- (11) Fiber-optic communication FPC development;
- (12) Development of FPC which meet the environmentally friendly requirements;
- (13) Development of FPC for bezel-less monitor applications;
- (14) High-speed signal FPC development.
- (15) CCM & OLED flex-rigid PCB project
- (16) Heat sink (PIVC) FPC development
- (17) FPC substrate development



*Quantify the impact of RPN values on items, and make proper analysis as well as evaluation

(iv) Long-term and short-term business development plans

1. Short-term business development plans

(1) Marketing strategies

- A. Actively participate in domestic and foreign trade shows to collect industry intelligence quickly and target potential prospects.
- B. Establish a team for evaluation of end markets, perform sales prospecting and win orders
- C. Provide the portfolio of parts and accessories, expand the production and sales scale, and provide the modular and one-stop services to help customer costs while improving delivery.
- D. Improve the portion of the automated production, effectively take advantage of production capacity and technology at each production base, improve production efficiency and quality, reduce delivery date, decrease production costs and reduce reliance on labor.
- E. Promote new technologies and improve the market adoption and awareness of new technologies

(2) Production policies

- A. To adapt to changing operational situations, achieve the balance between the planned production capacity and estimated demand to improve capacity utilization and production efficiency, while refining smart workshop modification and managing production using big data.
- B. With the headquarter in Taiwan serving as the R&D center, technical support by our factories and overseas production locations are provided to respond to different customer needs.
- C. Improve the production ratio of the headquarter in Taiwan, effectively regulate and utilize the production capacity of each manufacturing base, in order to respond to the uncertain factors caused by China-United States trade war.
- D. Establish the Automation Department to improve the labor flexibility during the low season and high season.

(3) Products and R&D

- A. R&D focuses on advanced technologies, precision molds, and manufacturing process integration for diverse product lineup and highly value-added products. Potential markets are selected to expand the niche. Particularly, with the advent of the 5G era, the Company will perform sales prospecting.
- B. We focus on the future development direction of major customers and grasp market opportunities to align R&D resources with the market trends.
- C. Enhance engineering capabilities as well as big data system management, shorten product development time, reduce development costs, and continue to work on quality improvement.

(4) Operation planning

- A. The Linkou Factory serves as the global operation and management headquarter and R&D base.
- B. Train the R&D, technical, sales, and management talents, put the performance evaluation into practice, formulate a new profit-sharing system for employees in response to the expenditure of employee bonus shares to enhance human resources and maximize the Company's potential.
- C. Streamline the workflow, improve the portion of automation, improve the

management performance, and reinforce the concept of cost center management.

- D. By investing in R&D, production, marketing, finance, built a comprehensive global network of sales and production, and become a famous global leading company with our most excellent R&D team and most efficient production lines.

(5) Financial Planning

- A. Use hedging instrument well, avoid the exchange rate fluctuation risk, and develop countermeasures to control the exchange rate risk.
- B. Maintain a close relationship with financial institutions, gain visibility into the financial market trend, reduce capital costs, and improve financial performance.
- C. Follow the safe and stable principle to perform the financial planning based on the framework of the short-term, mid-term, and long-term capital requirements plans.
- D. Enhance cost and expense control, manage capital expenditure, improve operational efficiency, and build long-term development strength.

2. Long-term development plan

(1) Marketing strategies

- A. With the headquarters in Taiwan as the operation center, establish a global operation management and collaboration system, integrate and establish a long-term and stable international marketing network, and increase global sales volume and profits.
- B. Adapt to the global massive economic development and increase customer service locations to serve local customers, enhance customer relations, and increase market share.
- C. Perform the detailed evaluation for prospects in the future potential markets to develop blue ocean markets in the future.

(2) Production policies

- A. Put the related ISO processes into practice and achieve the quality goals.
- B. Enhance all manufacturing processes and automated production equipment to reduce incompliance caused by human factors.
- C. Establish the goals of each department and break them down at section level to ensure each staff perform daily routines with the cost concepts in mind.

(3) Products and R&D

- A. Hire senior R&D staff for research and development of products.
- B. Combine the existing mechanism integrated components with FPC products for modular integration of products.
- C. Eliminate the inconvenience of the supply chain of fine line manufacturers to provide one-stop services and diverse options for customers.
- D. Research into relevant 5G products (high frequency and low signal loss).

(4) Operation planning

After the short-term product development strategy works out, we will continuously invest in our technical capabilities and refine the technologies required by fine line and HF products to take the lead in industrial technologies.

(5) Financial Planning

Enhance the financial structure and raise mid- and long-term funds timely for long-term development of the company operations; in the long run, the Company

expects to establish a comprehensive global network of sales and production by investing in R&D, production, marketing, and finance, and become a famous global leading company with our most excellent R&D team and most efficient production lines.

II. Overview of market and production & marketing

(i) Market analysis

1. Regions of distribution for the major products

Unit: NTD thousands

Sales regions	2019		2020	
	Sales volume	Ratio	Sales volume	Ratio
America	195,830	3%	183,191	3%
Europe	39,288	1%	39,827	1%
Asia	4,519,136	73%	3,979,917	72%
Africa	1,154	0%	22,229	0%
Oceania	171	0%	-	0%
Subtotal of overseas market	4,755,579	77%	4,225,164	77%
Domestic market	1,393,367	23%	1,277,678	23%
Total	6,148,946	100%	5,502,842	100%

2. Market share

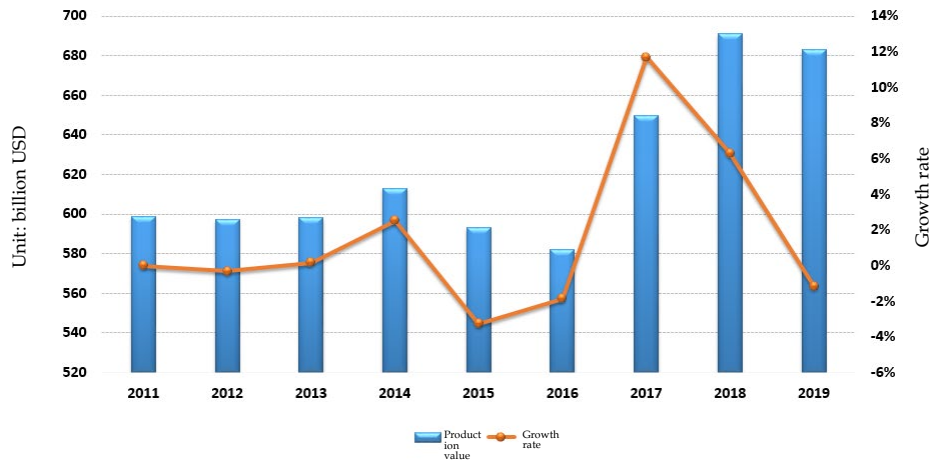
(1) Mechanism integrated components (MVI)

In a trend where the winner takes it all for global industries, it is difficult to raise volume production scale for vendors of related parts and components to provide products for international brands. Suppliers have faced stiff challenges in terms of pricing, quality, and delivery date. The global procurement strategies tend to focus on purchasing modular products to reduce cost and quality issues. As a result, companies that can provide modular products can gradually gain a larger market share.

(2) Flex PCB (FPC)

Almost all end electronics that have PCB inside saw a shipment decline in 2019. Among them, the cell phones have been declined for consecutive three years and the decline of the first two years are 4.6 %. The main reason is that 2019 is a period of transition between the old and new mobile communication generations. Although some companies launched their own 5G phones, most consumers are sitting on the fence and do not want to replace their phones with new ones soon, because the 5G communication infrastructure is not complete and one leading company, Apple, will not launch its 5G phone until 2020. In addition, Apple's sales volume of the first part of the year declined by approx. 13%. Even though iPhone 11 has been selling like hot cakes and popular among consumers, the shipments of iPhone throughout the year declined by 4.3%. For the automotive markets, the two major markets, Chinese and Indian markets, declined by about 10%. Even if the markets in other countries still grow slightly, the total automotive sales declined by nearly 5%, which shows that staggering automotive demand. PC is the only end product which saw growth in 2019. The replacement of enterprise high-end

PCs has become the momentum for its growth. In addition, the rise of social media creates demand for creator PCs. IBM even expected that the creator PC will be the main driver for the PC. Both enterprise high-end PCs and creator PCs have better specifications and their internal parts and components are more capable of improving the overall output value.



Source: IEK Consulting, ITRI

3. Future supply & demand and growth of market

(1) Supply

A. Mechanism integrated components (MVI)

As Mainland China has become the global production base of cell phones and tablets, and the market of white-box cell phones has been expanding, the Chinese has been a place of strategic importance; as the Taiwanese ODM/OEM companies have been better and have built a deeper relationship with the international brands, those that have gained a foothold in the Chinese market are expected to grab a greater market share in the future. Wearables have become a rising star and the demand for mechanism integration will continue to grow.

B. Flex PCB (FPC)

The market of portable electronics, such as smartphones, wearables is expanding these days, and fiber-optic communication products have been emerging quickly, which drive the growth of the Taiwanese FPC industry. Because of the promising outlook of the portable products, companies are actively expanding their production capacity to meet the demand for more FPC products in the future. Many FPC companies have started expansion of production capacity since last year and also actively engaged in the fine line products. The main reason is that the number of I/O in ICs has been increasing. The fabrication of fine lines has been used to determine the technical capabilities of FPC companies.

(2) Demand

A. Mechanism integrated components (MVI)

The Company benefits from the growing shipments of global cell phones and tablets. As the production capacity and shipments of cell phones are still growing, it is expected that the market of parts and components of cell phones and their peripherals will be grow continuously. In addition, as the demand for

wearables keeps rising, the technical requirements of Silicon Rubber with FPC assembly or co-molding are higher than before.

B. Flex PCB (FPC)

In addition to the existing consumer electronics and IoT products, automotive electronics will be an emerging high-tech field. It is expected that they accounts for 50% of the cost of one vehicle by 2020 and the global market will surpass US\$ 500 billion. Driving needs and governmental regulations are the two factors that make the safety system become the main growth driver of the automotive electronics. With the development of self-driving, Advanced Driver Assistance System (ADAS) has been drawn much attention and will be tightly integrated with the Telematics to provide active control safety.

4. Competitive niche

(1) Strong R&D strength

The Company has 240 effective patents for its products in the countries of the world. The countries where we have obtained patents include those where markets are located, our manufacturing bases operate, competitors operate, and technologies are developed, such Taiwan, China, Japan, and Korea. There are 57 pending patents in several countries. In 2014, the Company started its industry-leading fine line manufacturing processes, where the wire width reaches 25/25um. Presently, it is moving toward the goal of 10/10um COF specification. This shows that the strong R&D strength and intangible assets ensure that customer's IP risk would be controlled, which is the niche for us to stay competitive.

(2) Strong product development capabilities

Due to the rapid changes in the market, technology and quality requirements, our company has built in a strict control system in the design and integration part to improve design quality and reduce the error rate.

(3) Improved levels of automation

In addition to good development capability, the manufacturing processes of each product must be specially designed to ensure successful volume production for good product quality, timely deliver, and cost savings. The Company has rich experience in production automation and in-house development of automated machines for many years, and developed various good and efficient manufacturing processes for different products. In response to the growing labor salary and improved yield during the production, the Company have deployed nearly 90% automation for fine line production, and have been increasing the automation ratio in the back-end assembly section, which makes us more competitive than our competitors.

(4) Global logistics model

The Company has establish its overseas production bases and marketing centers to serve its local customers, collect market information, adjust production capacity, reduce production costs, have flexible shipping locations, and shorten delivery date to win customer trust.

(5) Build a good relationship with major players

Work with the major cell phone companies, promising industries (fiber-optic communication), and companies of automotive electronics to clarify the R&D

direction of future possible products and market trend to improve the competitiveness of our products.

(6) Continued investment

Continue investment in production capacity to meet customer needs and R&D of new products to provide one-stop services for customers, including cell phone panels, housing, FPC, and mechanical modules. In addition, the Company produces keyboards with special specifications to provide more diverse services and become more competitive.

5. Advantages and disadvantages for future development, and the countermeasures

(1) Advantages

Slim and lightweight has been the trend for stylish handheld products or wearable devices, and all electronic products. Moreover, due to the automation trend, more and more sensors are required. In addition to the design of the mechanical parts and FPC, the Company excels in the assembly or manufacturing of slim products.

According to the analysis of the trend toward integrated functions, the mainstream screen used in the market is the touch one. So there is still a demand for wearable devices or joystick/bluetooth keyboards for peripheral input. Flex PCB (FPC) is flexible, lightweight and can be used to manufacture the PCB with high density layout or link boards. It can applied for slim and lightweight smartphones, tablets, wearables, in-vehicle FPC. It is expected that the industry will grow more rapidly.

(2) Disadvantages

From the viewpoint of the input function, the keyboard input device has not been the mainstream. However, there are still demands in the commercial and niche markets. The shipments of smartphones and tables are still growing and their peripherals see strong growth. Of course, their demand is not comparable to that of traditional feature phones.

As technology advances in the mobile communication industry with each passing day, the consumer needs also change very rapidly. They demand more colors and personalized HMI so that companies have to invest more in material technology research and volume production technology development.

In addition, each company has expanded its production capacity so that the price competition will be more fierce. Chain has enforced stricter environmental regulations, which leads to the rise of the raw material costs and supply shortage of raw materials.

(3) Countermeasures

The Company has worked closely with customers and suppliers in terms of supply and demand, gaining real-time visibility into their demand and production status. It can adjust its production capacity with its overseas factories to meet the order requirements and precisely control its stock level. It has employed a clear sales prospecting strategies to grab more orders from promising industries with potential.

The Company has expanded its R&D team, increase its R&D budgets, and improved its product design and development capabilities to deal with the demand from down-stream companies. It has actively engaged in the product development process of its downstream customers to gain insight into the orders of new products.

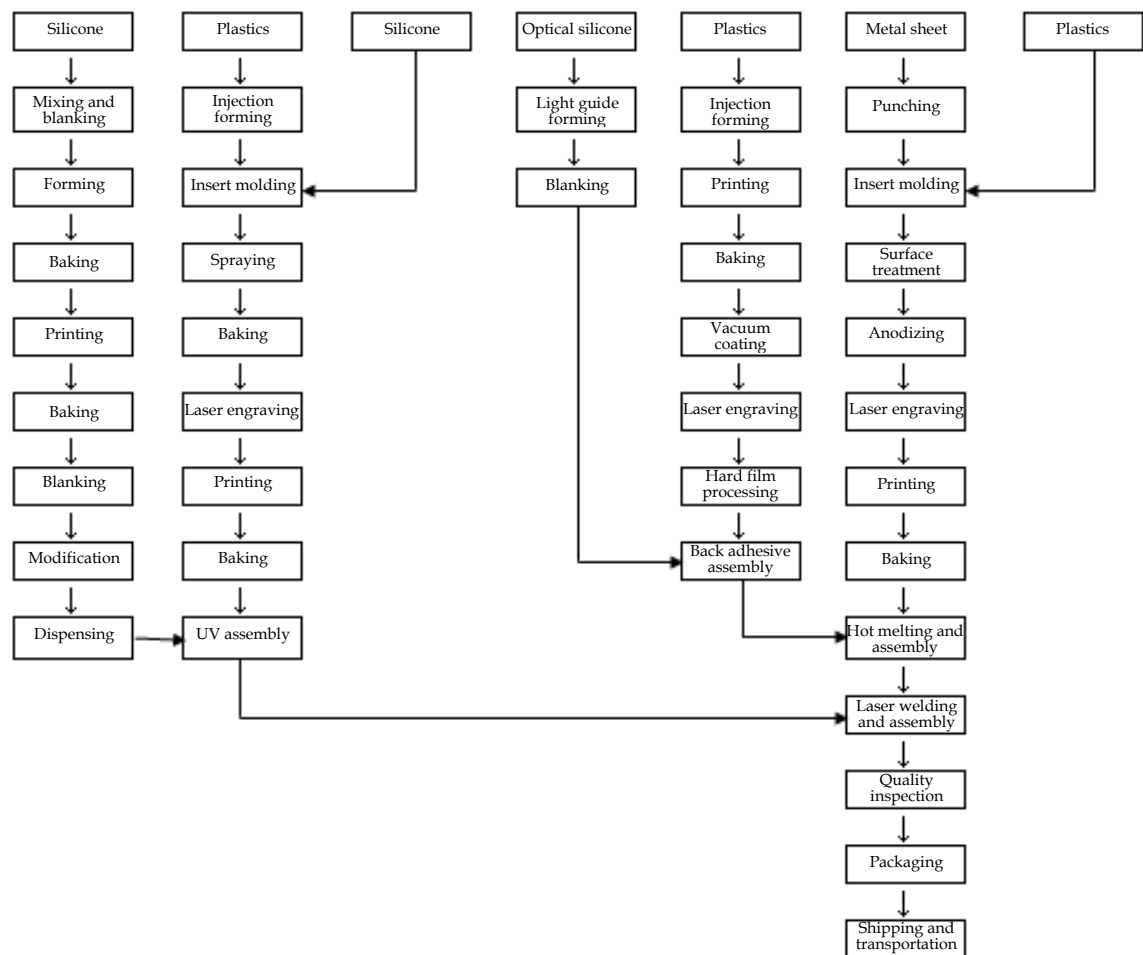
(ii) Important purpose and manufacturing processes of main products

1. Important purpose of main products

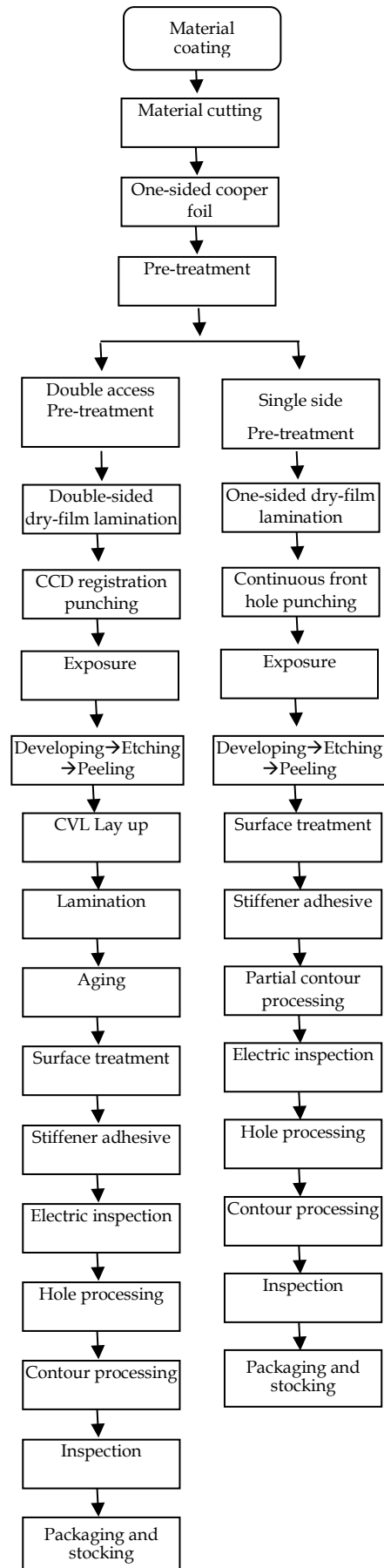
Main products	Purpose
Mechanism integrated components	Business phones, smart watch bands and mechanical parts, and automotive electronics, such as various input devices, overhead consoles, and surface keyboards, mechanical external and internal parts, and modular products.
Flex PCB	Consumer electronics, such as smartphones, wearable products, in-vehicle products, touch panels, high-end cameras.
Molds	Plastic injection, rubber molding, punching molds.

2. Production and manufacturing processes

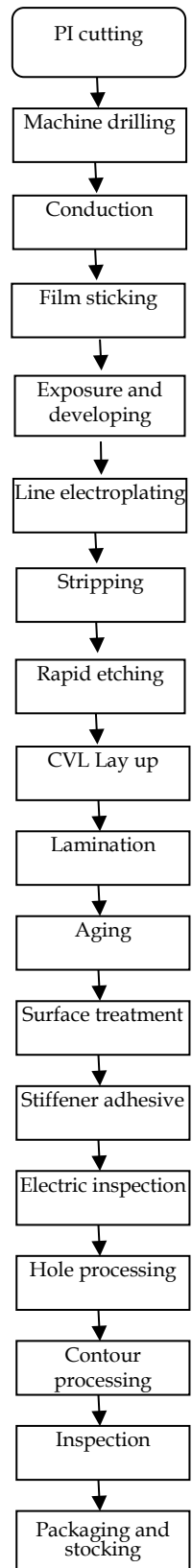
(1) Mechanism integrated components (MVI)



(2) Flex PCB (FPC)



(3) Flex PCB (FPC) - Fine line PEDLIM process



(iii) Supply of main raw materials

1. Mechanism integrated components (MVI)

The main raw materials used for the mechanism integrated components produced by the Company are plastics, silicone rubber, polycarbonate, inks, and valuable components; there are only 4 suppliers of silicone rubber in the world. The Company has maintained a good relationship with each supplier for stable supply of raw materials. The Company is also an important customer of each supplier without any raw material supply shortage.

Main suppliers of raw materials for mechanism integrated components

Main raw materials	Regions of sourcing	Main suppliers	Current availability
Stainless steel	Domestic	Hotechnic Precious Hardware Limited	Good
Plastic and silicone rubber materials	Overseas	Shandechenxin Commerce Co., Ltd.	Good

2. Flex PCB (FPC)

The main raw materials used for FPC products of the Company are Flexible Copper Clad Laminate (FCCL), protective coatings, stiffener films, etc.; all of our suppliers are the famous international and domestic companies that have good product quality, delivery date, pricing, and aftersales services. The availability of raw materials used for our FPC products is very stable.

Major suppliers of Flex PCB raw materials

Main raw materials	Regions of sourcing	Main suppliers	Current availability
Flexible Copper Clad Laminate (FCCL)	Overseas	Du Pont China Holding Co., Ltd	Good
Protective coatings	Overseas	Suzhou Tengxin Precision Material Technology Ltd.	Good
Stiffener films	Overseas	Suzhou Pinxing Electronics Ltd.	Good
Potassium gold cyanide	Overseas	Suzhou Xingrui Noble Metal Material Co., Ltd.	Good

(iv) The name of the supplier (customer) that accounted for more than 10% of the total purchase (sale) in any of the last two years, and the proportion of the purchase (sale) amount, the reason for the changes

1. Major suppliers in the last two years and their total sales in any of the last two years, and the proportion of the purchase amount of each year:

Item	2019				2020				As of previous quarter, 2021			
	Name	Amount	Annual net purchase ratio (%)	Relationship with the issuer	Name	Amount	Annual net purchase ratio (%)	Relationship with the issuer	Name	Amount	Net sales ratio as of the previous quarter of the current year (%)	Relationship with the issuer
1	Company A	154,442	5.54	None	Company A	165,040	5.84	None	Company A	64,364	7.66	None
2	Company B	151,654	5.44	None	Company B	110,196	3.90	None	Company B	30,570	3.64	None
3	Company C	146,164	5.24	None	Company C	85,633	3.03	None	Company C	30,215	3.59	None
4	Others	2,335,607	83.78	None	Others	2,465,185	87.23	None	Others	715,251	85.11	None
Total	Net procurement	2,787,867	100		Net procurement	2,826,054	100		Net procurement	840,400	100	

The reason for the changes is that the customers' sales may fluctuate over time.

2. Major customers in the last two years and their total purchase in any of the last two years, and the proportion of the purchase amount of each year:

Item	2019				2020				As of previous quarter, 2021			
	Name	Amount	Annual net sales ratio (%)	Relationship with the issuer	Name	Amount	Annual net sales ratio (%)	Relationship with the issuer	Name	Amount	Net sales ratio as of the previous quarter of the current year (%)	Relationship with the issuer
1	Company A	1,264,842	20	None	Company A	715,724	13	None	Company A	383,735	24	None
2	Company T	665,104	11	None	Company T	499,350	9	None	Company B	207,823	13	None
3	Others	4,219,000	69	None	Others	4,287,768	78	None	Others	1,020,046	63	None
Total	Net sales	6,148,946	100		Net sales	5,502,842	100		Net sales	1,611,604	100	

The reason for the changes is that the Group adjusted the overseas production percentage based on the overall resources planning. As a result, the purchase amount for external factories has been increased.

(v) Production value over the last two (2) years

Unit of production volume: thousand pcs (sets); unit of production value: thousand dollars

Production Quantity value Main products (or by department)	Year	2019			2020		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Mechanism integrated component products		290,716	72,127	866,930	210,380	56,145	771,473
Flex PCB products		452,750	138,636	3,662,583	375,907	188,180	3,520,145
Total		743,466	210,763	4,529,513	586,287	244,325	4,291,619

(vi) Sales value over the last two years

Unit of sale volume: thousand; unit of sales value: thousand

Sales Volume value Main products (or by department)	Year	2019				2020			
		Domestic market		Export		Domestic market		Export	
		Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Mechanism integrated component products		7,230	227,603	69,625	1,362,469	9,609	333,531	51,601	1,034,558
Flex PCB products		29,515	1,165,764	148,193	3,393,110	44,921	944,148	116,746	3,190,605
Total		36,745	1,393,367	217,818	4,755,579	54,530	1,277,679	168,347	4,225,163

III. Employees

Year		2019	2020	April 23, 2021
Number of employees	Direct labor	1263	1819	2280
	Indirect labor	1186	1234	924
	Total	2449	3053	3204
Average age		30.5	30.5	35
Average years of service		2.7	3	3
Qualification	Doctorate Degree	0.00%	0.04%	0.04%
	Master's degree	0.65%	0.7%	0.7%
	University/college	18.09%	20.1%	18.80%
	High school	18.21%	19.16%	47.56%
	Below high school	63.05%	60%	32.9%

IV. Environment protection expenditure information

(i) Losses (including damage compensations) and fines incurred due to pollution of environment in the year of report up till the publication date of this annual report:

Type	Item
Pollution conditions	<ol style="list-style-type: none"> 12/21/2018 The waste produced from the drilling process at the Linkou Factory was not documented on the Waste Disposal Plan. 12/21/2018 The used bakelite boards at the Linkou Factory were not reported online in accordance with the regulations. 12/21/2018 The Waste Storage Zone at the Linkou Factory did not have a sign in Chinese installed at a obvious place in accordance with the regulations.
Disciplinary authority	Department of Environmental Protection, Taoyuan.
Disciplinary authority	<ol style="list-style-type: none"> A fine of NT\$ 6,000. A fine of NT\$ 6,000. A fine of NT\$ 6,000.

(ii) Future corresponding strategies and possible expenditure:

- On December 2018, the revised Waste Disposal Plan was submitted for reviewed and approved on December 21, 2018.
- On January 17, 2019, it was reported online.
- During the audit by Inspector Team, the improvement was made immediately. Patrol checks have been improved to prevent such event from being happened.
- Approx. NT\$ 18,000 may be spent.

v. Labor-management relations

(i) Availability and execution of employee welfare, education, training and retirement policies. Elaborate on the agreements made between employers and employees, and the protection of employees' rights:

- The Company provides: labor and health insurance, pension reserve, arrear wage payment funds, clinics, breastfeeding rooms, and reading rooms.
- The Company specially provides: holiday bonus, physical examination, employee bonus and stock option system, in-service training grants, scholarships, meal subsidies, employee restaurants, employee dormitories, swimming pools, sauna, fitness gyms, table tennis rooms, billiard rooms, and parking lots for cars and scooters.

3. The Employee Welfare Committee was established to: provide employee welfares, such as subsidies for various trip activities, discounts at contracted stores, free movie watching, lectures, art activities, family days, and kids activities. It was nominated "National Excellent Employees' Welfare Committee" in 2003 by Ministry of Labor.
4. Studying and training: To stay competitive, put organizational strategies into practice, and improve employee performance, the Company has formulated the "Employee's Training and Education Regulations" to plan the overall training courses based on the working requirements, and give the orientation to new employee; the Company also provide internal on-job training courses and subsidies for external training and education to encourage its employees to receive training and provide various books to help them improve their working skills.

Employee training in 2020:

Courses	Training time	Hours	Total training costs
Various external and internal training courses	2020/1/1-2020/12/31	598	NT\$ 500,000
Total			

5. Retirement system: The retirement application and pension standards are implemented in accordance with the Labor Standards Act, Labor Pension Act and Employment Retirement Regulations. The pension of the employees are deposited to Central Trust of China or their individual pension accounts.
 6. The labor-management relations and implementation: The Company's labor-management relations are always harmony and a good communication channel has been established with the Employee Mailbox. Comprehensive regulations have been established for employee motivation, training, and retirement to take care of the employees' and Company's interests.
- (ii) Losses arising as a result of employment disputes in the most recent year up till the publication date of this annual report; disclose current possible losses and any responsible actions taken; state reasons in cases where losses cannot be reasonably estimated: The Company effectively communicates with the employees through various channels, and instantly responds to employees' opinions. The labor-management relation is harmony without any major employment disputes; with a good interaction between the employees and management, it is expected that losses may not arise as a result of employment disputes.

vi. Major contracts

Nature of contract	Principals	Duration	Contents	Restrictive clause
Supply and sale contract	Confidentiality and non-disclosure		Purchase of our products, delivery models, products, specifications, delivery period and quantity, and other related regulations	Non-disclosure agreement
Material Purchase and Sales Agreement	Confidentiality and non-disclosure		Purchase of our products, delivery models, products, specifications, delivery period and quantity, and other related regulations	
Material Purchase and Sales Agreement	Confidentiality and non-disclosure		The quality, objectives and needs of the purchased products and other related regulations	

VI. Overview of finance

i. Condensed balance sheet and comprehensive income statement of the most recent five years

(i) Condensed balance sheet and income statement

1. Consolidated Condensed balance sheet - IFRSs

Unit: NTD thousands

Item \ Year		Financial information for the most recent 5 years (Note 1)				
		2016	2017	2018	2019	2020
Current asset		6,492,855	6,443,373	5,952,614	4,970,193	5,960,814
Real estate, plant and equipment		2,931,340	2,906,448	2,850,428	2,921,587	2,783,419
Intangible asset		-	-	-	-	-
Other assets		218,390	244,959	198,254	136,475	215,923
Total assets		10,263,047	10,275,814	9,670,923	8,489,255	9,460,234
Current liabilities	Before distribution	3,883,669	3,574,656	3,217,071	2,331,010	3,599,329
	After distribution	3,883,669	3,574,656	3,370,839	2,484,778	3,748,097
Non-current liabilities		10,284	811,198	469,520	299,944	157,421
Total liabilities	Before distribution	3,893,953	4,385,854	3,686,591	2,630,954	3,756,750
	After distribution	3,893,953	4,385,854	3,840,359	2,784,722	3,905,518
Equity attributable to the parent company		6,369,094	5,889,960	5,984,332	5,858,301	5,703,484
Share capital		3,380,506	3,356,506	3,172,676	3,075,366	3,075,366
Capital surplus		2,324,046	2,325,439	2,219,748	2,163,711	2,086,827
Retained earnings	Before distribution	1,132,338	832,927	915,745	954,930	998,016
	After distribution	1,132,338	832,927	761,977	878,046	849,248
Other equities		71,899	(85,217)	(137,012)	(335,706)	(295,397)
Treasury stock		(539,695)	(539,695)	(186,825)	-	(161,328)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	6,369,094	5,889,960	5,984,332	5,858,301	5,703,484
	After distribution	6,369,094	5,889,960	5,830,564	5,704,533	5,554,716

Note 1: The above information has been attested or reviewed by CPA.

Note 2: The distribution of cash dividends for 2020 has been resolved by the board of directors.

Note 3: Not yet resolved by The Board of Directors.

2. Consolidated Condensed comprehensive income statement - IFRSs

Unit: NTD thousands

Item \ Year	Financial information in the most recent 5 years (Note)				
	2016	2017	2018	2019	2020
Operating revenues	6,073,832	7,180,059	7,231,688	6,148,946	5,502,842
Operating gross profits	340,238	126,760	510,575	864,211	744,435
Operating profits or losses	(50,316)	(326,663)	82,618	280,795	195,687
Non-operating incomes and expenses	91,400	(37,503)	97,854	244	-5,674
Net profits before tax	41,084	(364,166)	180,472	281,039	190,013
Net profits from continuing operations for the period	30,172	(298,473)	145,110	226,792	120,190
Losses from discontinued operations	-	-	-	-	-
Net profits (losses) for the period	30,172	(298,473)	145,110	226,792	120,190
Other comprehensive income for the period (net after tax)	(404,469)	(160,701)	(51,342)	(199,055)	40,089
Total comprehensive income for the period	(374,297)	(459,174)	93,768	27,737	160,279
Net profits attributable to shareholders of parent company	30,172	(298,473)	145,110	226,792	120,190
Net profits attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to shareholders of parent company	(374,297)	(459,174)	93,768	27,737	160,279
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (EPS)	0.10	(0.97)	0.47	0.74	0.40

Note: The above information has been attested or reviewed by CPA.

3. Standalone Condensed balance sheet - IFRSs

Unit: NTD thousands

Item \ Year		Financial information for the most recent 5 years (Note 1)				
		2016	2017	2018	2019	2020
Current asset		2,701,774	3,133,335	2,748,969	2,286,360	2,828,792
Real estate, plant and equipment		787,976	740,208	685,625	916,464	852,685
Intangible asset		-	-	-	-	-
Other assets		69,330	55,299	37,312	32,332	63,748
Total assets		9,492,408	9,238,824	8,967,255	8,459,597	9,039,291
Current liabilities	Before distribution	3,107,288	2,536,793	2,515,335	2,304,491	3,200,672
	After distribution	3,107,288	2,536,793	2,669,103	2,458,259	3,349,440
Non-current liabilities		16,026	812,071	467,588	296,805	135,135
Total liabilities	Before distribution	3,123,314	3,348,864	2,982,923	2,601,296	3,335,807
	After distribution	3,123,314	3,348,864	3,136,691	2,755,064	3,484,575
Equity attributable to the parent company		6,369,094	5,889,960	5,984,332	5,858,301	5,703,484
Share capital		3,380,506	3,356,506	3,172,676	3,075,366	3,075,366
Capital surplus		2,324,046	2,325,439	2,219,748	2,163,711	2,086,827
Retained earnings	Before distribution	1,132,338	832,927	915,745	954,930	998,016
	After distribution	1,132,338	832,927	761,977	878,046	849,248
Other equities		71,899	(85,217)	(137,012)	(335,706)	(295,397)
Treasury stock		(539,695)	(539,695)	(186,825)	-	(161,328)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	6,369,094	5,889,960	5,984,332	5,858,301	5,703,484
	After distribution	6,369,094	5,889,960	5,830,564	5,704,533	5,554,716

Note 1: The above information has been attested or reviewed by CPA.

Note 2: The distribution of cash dividends for 2020 has been resolved by the board of directors.

Note 3: Not yet resolved by The Board of Directors.

4. Standalone Condensed comprehensive income statement - IFRSs

Unit: NTD thousands

Item \ Year	Financial information in the most recent five (5) years				
	2016	2017	2018	2019	2020
Operating revenues	4,165,908	4,901,142	4,652,792	4,087,876	3,637,810
Operating gross profits	97,348	11,255	8,092	158,057	270,514
Operating profits or losses	(75,049)	(179,536)	(155,800)	(15,530)	115,789
Non-operating incomes and expenses	121,665	(164,194)	284,187	244,938	39,621
Net profits before tax	46,616	(343,730)	128,387	229,408	155,410
Net profits from continuing operations for the period	30,172	(298,473)	145,110	226,792	120,190
Losses from discontinued operations	-	-	-	-	-
Net profits (losses) for the period	30,172	(298,473)	145,110	226,792	120,190
Other comprehensive income for the period (net after tax)	(404,469)	(160,701)	(51,342)	(199,055)	40,089
Total comprehensive income for the period	(374,297)	(459,174)	93,768	27,737	160,279
Net profits attributable to shareholders of parent company	30,172	(298,473)	145,110	226,792	120,190
Net profits attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to shareholders of parent company	(374,297)	(459,174)	93,768	27,737	160,279
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (EPS)	0.10	(0.97)	0.47	0.74	0.40

Note: The above information has been attested or reviewed by CPA.

- (ii) The name of attesting CPA for the most recent five years and the audit opinions.

Year	CPA Name	Audit opinions
2016	Lin Yi-Hui, Chen Hui-Ming	Unqualified opinions
2017	Lin Yi-Hui, Chen Hui-Ming	Unqualified opinions
2018	Lin Yi-Hui, Chen Hui-Ming	Unqualified opinions
2019	Lin Yi-Hui, Chih Jui-Chuan	Unqualified opinions
2020	Hsieh Ming-Chung, Liu Shu-Lin	Unqualified opinions

ii. Financial analysis for the latest 5 years

(i) Consolidated financial analysis - IFRSs

Analysis (Note 3) \ Year (Note 1)		Financial analysis for the latest 5 years				
		2016	2017	2018	2019	2020
Capital structure (%)	Debt to assets ratio	37.84	42.68	38.12	30.99	39.71
	Long-term capital to property, plant, and equipment ratio	217.63	207.94	226.42	210.78	210.56
Solvency (%)	Current ratio	167.18	180.25	185.03	213.22	165.61
	Quick ratio	144.47	147.79	156.59	181.01	137.5
	Times interest earned ratio	1.94	(8.64)	6.76	12.02	13.58
Operating performance	Accounts receivable turnover rate (times)	2.46	2.71	2.49	2.34	2.27
	Average collection days	148.46	134.70	146.58	155.98	160.79
	Inventory turnover rate (times)	8.04	7.43	6.98	7.09	5.83
	Accounts payables turnover rate (times)	3.58	4.12	4.08	4.09	3.27
	Average sales days	45.42	49.13	52.29	51.48	62.6
	PPE turnover rate (times)	2.07	2.23	2.54	2.10	1.98
	Total asset turnover rate (times)	0.59	0.70	0.75	0.72	0.58
Profitability	Return on assets (%)	0.62	(2.60)	1.72	2.72	1.47
	Return on equity (%)	0.45	(4.87)	2.44	3.83	2.08
	Net profits before tax to paid-in capital ratio (%)	1.22	(10.85)	5.69	9.14	6.18
	Net profit margin (%)	0.50	(4.16)	2.01	3.69	2.18
	Earnings per share (NT\$)	0.10	(0.97)	0.47	0.74	0.4
Cash flow	Cash flow ratio (%)	9.34	0.00	11.57	56.13	12.37
	Cash flow adequacy ratio (%)	137.39	99.69	94.20	91.86	80.25
	Cash reinvestment ratio (%)	3.75	0.00	3.65	11.18	2.86
Leverage	Operating leverage	(8.66)	(0.39)	6.42	2.59	3.08
	Financial leverage	0.54	0.90	1.61	1.10	1.08

Note: The above information has been attested or reviewed by CPA.

(ii) Standalone financial analysis - IFRSs

Analysis (Note 3) \ Year (Note 1)		Financial analysis for the latest 5 years				
		2016	2017	2018	2019	2020
Capital structure (%)	Debt to assets ratio	32.9	36.25	33.26	30.75	36.90
	Long-term capital to property, plant, and equipment ratio	810.32	905.43	941.03	671.61	684.73
Solvency (%)	Current ratio	86.95	123.52	109.29	99.21	88.38
	Quick ratio	85.71	120.18	106.82	94.90	85.06
	Times interest earned ratio	1.64	(7.42)	5.12	11.82	15.63
Operating performance	Accounts receivable turnover rate (times)	2.32	2.58	2.30	2.38	2.40
	Average collection days	157.06	141.57	158.69	153.36	152.08
	Inventory turnover rate (times)	188.49	102.66	77.88	58.99	38.08
	Accounts payables turnover rate (times)	4.16	5.05	4.54	3.70	2.40
	Average sales days	1.94	3.56	4.68	6.18	9.58
	PPE turnover rate (times)	5.29	6.62	6.79	4.46	4.27
	Total asset turnover rate (times)	0.44	0.53	0.52	0.48	0.40
Profitability	Return on assets (%)	0.67	(2.82)	1.88	2.80	1.47
	Return on equity (%)	0.45	(4.87)	2.44	3.83	2.08
	Income before tax to paid-in capital ratio (%)	1.38	(10.24)	4.05	7.46	5.05
	Net profit margin (%)	0.72	(6.09)	3.12	5.55	3.30
	Earnings per share (NT\$)	0.10	(0.97)	0.47	0.74	0.40
Cash flow	Cash flow ratio (%)	1.91	0.00	0.00	33.23	15.19
	Cash flow adequacy ratio (%)	58.82	89.33	110.22	168.70	180.56
	Cash reinvestment ratio (%)	5.53	0.00	0.00	33.26	22.53
Leverage	Operating leverage	(0.22)	0.38	0.29	(5.84)	1.87
	Financial leverage	0.64	0.81	0.83	0.42	1.10

Please explain the reasons for the changes in various financial ratios for the most recent 2 years: **(required only if increase or decrease is more than 20%)**

- (1) Debt to assets ratio: The increase in debt to assets ratio in 2020 was mainly due to the increase in short-term borrowings in the current period compared to the previous period.
- (2) Times interest earned ratio: The decrease in interests coverage multiplier in 2020 was mainly due to the decrease in net income before income tax in the current period compared to the previous period.
- (3) Inventory turnover rate: The decrease in inventory turnover rate in 2020 was mainly due to the increase in inventory in the current period compared to the previous period.
- (4) Accounts payable turnover rate: The decrease in turnover rate of accounts payable in 2020 was mainly due to the increase in accounts payable in the current period compared to the previous period.
- (5) Average sales days: The increase in average sales days in 2020 was mainly due to the decrease in inventory turnover rate in the current period.
- (6) Return on assets: The decrease in return on assets in 2020 was mainly due to the decrease in net profits in the current period compared to the previous period.
- (7) Return on equity: The decrease in return on equity for 2020 was mainly due to the decrease in net profits for the current period.
- (8) Net profits before tax to paid-in capital ratio: The decrease in the ratio in 2020 was mainly due to the decrease in net profits before tax in the current period compared to the previous period.
- (9) Net profit margin: The decrease in net profit margin in 2020 was mainly due to the increase in net profits in the current period compared to the previous period.
- (10) Earnings per share: The decrease in earnings per share for 2020 was mainly due to the decrease in net profits for the current period compared to the previous period.
- (11) Cash flow ratio: The decrease in cash flow in 2020 was mainly due to the decrease in net cash inflow from operating activities in the current period compared to the previous period.
- (12) Cash reinvestment ratio: The decrease in cash reinvestment ratio in 2020 was mainly due to the decrease in net cash inflow from operating activities in the current period compared to the previous period.
- (13) Operating leverage: The increase in operating leverage in 2020 was mainly due to the increase in net operating profits in the current period.
- (14) Financial leverage: The increase in financial leverage in 2020 was mainly due to the increase in net operating profits in the current period.

Note: The above information has been attested or reviewed by CPA.

**The formula for calculating each of the above ratios is as follows;

1. Capital structure
 - (1) Debt to assets ratio = Total liabilities/total assets.
 - (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment.
2. Solvency
 - (1) Current ratio = Current assets/current liabilities.
 - (2) Quick ratio = (Current assets-inventory-prepaid expenses)/current liabilities.
 - (3) Times interest earned ratio = net profits before tax and interest expense/interest expense for the period.
3. Operating performance
 - (1) Receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales/balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).
 - (2) Average collection days = 365/receivables turnover rate.
 - (3) Inventory turnover rate = costs of goods sold/average inventory.
 - (4) Payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold/balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).
 - (5) Average sales days = 365/inventory turnover rate.
 - (6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment.
 - (7) Total assets turnover rate = net sales/average total assets.
4. Profitability
 - (1) Return on assets = [net profits after tax + interest expense x (1 - tax rate)]/average total assets.
 - (2) Return on equity = net profits after tax/average total equity.
 - (3) Net profits margin = net profits after tax/net sales.
 - (4) Earnings per share = (net profits attributable to shareholders of the parent - preferred stock dividend)/weighted average number of shares outstanding. (Note 1)
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
 - (2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years/sum of capital expenditures, inventory additions, and cash dividend for the most recent 5 years.
 - (3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividend)/(gross property, plant, and equipment + long-term investment + other non-current assets + working capitals). (Note 2)
6. Leverage:
 - (1) Operating leverage = (net operating revenues - variable operating costs and expenses)/operating profits.
 - (2) Financial leverage = operating profits/(operating profits - interest expense).

Note 1: Special attention should be paid to the following when using the above earnings per share calculation formula;

1. Weighted average quantity of shares is on the basis of common stock, not the outstanding shares as of the end of the year.
2. If there is a cash capital increase or treasury transaction, the outstanding period should be considered for weighted-average stock calculation.
3. If any additional shares were issued against retained earnings or capital surplus, the full year or half-year earnings per share must be adjusted proportionally and retroactively, regardless of when the additional stocks were issued.
4. If the preferred stock is unconvertible cumulative preferred stock, the dividend for the year (whether the dividend is paid or not) should be deducted from the net income or added to the net loss. If preference shares were non-cumulative, the preference shares dividends must be deducted from after tax net profit; no adjustment is required from after tax net loss.

Note 2: The following shall be considered in assessing cash flow analysis:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the cash outflow for annual capital investments.
3. The increase in inventory is included only when the balance at the ending is greater than that at

beginning. If the inventory decreases at the end of the year, it shall be calculated as "zero".

4. Cash dividend includes cash dividend for common stock and preferred stock.

5. Gross property, plant and equipment refers to the total property, plant and equipment before subtracting by accumulated depreciation.

Note 3: The issuer shall distinguish the operating costs and operating expenses as fixed and floating ones by nature. If any estimation or judgment is involved, please note the reasonableness and consistency.

Note 4: In the case of shares issued by the Company with no par value or a par value other than NT\$10 per share, said calculation about the ratio of the paid-in capital shall be replaced by the equity attributable to the parent company identified in the balance sheet.

iii. Audit Committee's review report of the financial statements for the most recent year: See page 79.

iv. Financial statements for the most recent year: See pages 89-226.

v. Standalone financial statements audited and attested by CPA for the most recent year: See pages 172-226.

vi. If the Company or any of its affiliated companies had, in the latest year up until the publication of this annual report, experienced financial distress, the impacts to the Company's financial status must be disclosed: None.

Audit Committee's Audit Report

The Company's Board of Directors prepared the 2020 financial statements. Deloitte & Touche has audited the 2020 financial statements and issued an audit report. The above-mentioned business report, financial statements and earnings distribution proposal have been examined by the Audit Committee and are found to be in conformity with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

To:

2021 Regular Shareholders' Meeting of ICHIA TECHNOLOGIES INC.

Audit Committee convener: Huang Chin-Ming

March 16, 2021

VII. Review and analysis of financial status and financial performance and risk

i. Financial position

(i) Comparative analysis of financial position

Unit: NTD thousands; %

Item \ Year	2019	2020	Difference	
			Amount	%
Current asset	4,970,193	5,960,814	990,621	20%
Property, Plant and Equipment	2,921,587	2,783,419	(138,168)	-5%
Other assets	136,475	215,923	79,448	58%
Total assets	8,489,255	9,460,234	970,979	11%
Current liabilities	2,331,010	3,599,329	1,268,319	54%
Non-current liabilities	299,944	157,421	(142,523)	-48%
Total liabilities	2,630,954	3,756,750	1,125,796	43%
Share capital	3,075,366	3,075,366	0	0%
Capital surplus	2,163,711	2,086,827	(76,884)	-4%
Retained earnings	954,930	998,016	43,086	5%
Total shareholders' equity	5,858,301	5,703,484	(154,817)	-3%

(ii) Analysis of changes in the percentage of increase or decrease in the last two years;

1. Assets: The increase in other assets in 2020 was mainly due to the increase in financial assets and inventories measured at amortized cost in the current period as compared to the previous period.
2. Liabilities: The increase in current liabilities in 2020 was mainly due to the increase in short-term borrowings in the current period; the decrease in non-current liabilities in 2020 was mainly due to the decrease in long-term borrowings in the current period.

ii. Financial performance

(i) Analysis of operating results for the last two years

Unit: NTD thousands; %

Item	2019	2020	Increase (decrease) amount	Change percentage (%)
Net operating revenues	6,148,946	5,502,842	(646,104)	-11%
Operating costs	5,284,735	4,758,407	(526,328)	-10%
Operating gross profits	864,211	744,435	(119,776)	-14%
Operating expenses	583,416	548,748	(34,668)	-6%
Operating profits	280,795	195,687	(85,108)	-30%
Non-operating incomes and expenses	244	(5,674)	(5,918)	-2425%
Net profits before tax for the period	281,039	190,013	(91,026)	-32%
Income tax expenses	(54,247)	(69,823)	(15,576)	29%
Net profits after tax for the period	226,792	120,190	(106,602)	-47%

- (ii) Analysis of changes in the percentage of increase or decrease in the last two years;
1. Operating profits: The decrease was mainly due to the decrease in operating revenues in 2020.
 2. Non-operating income and expenses: Mainly due to the increase in foreign currency exchange loss in 2020.
 3. Net profits before tax: The decrease was mainly due to the decrease in operating net profits and non-operating income in 2020.

iii. Cash flow

- (i) Analysis of changes in the cash flow for the most recent years:

Unit: NTD thousands

Item \ Year	2019	2020	Increase (decrease) %
Operating activities	1,308,375	445,221	-66%
Investment activities	(148,209)	(734,219)	395%
Financing activities	(925,166)	298,737	-132%

Explanation:

1. Operating activities: Mainly due to the increase in accounts receivable during the period.
 2. Investment activities: Mainly due to the increase in the acquisition of financial assets measured at amortized cost in the current period compared to the previous period.
 3. Financing activities: Mainly due to the increase in short-term loans in the current period compared to the previous period.
- (ii) Improvement plan for liquidity deficiency: The Company has no liquidity deficiency.
- (iii) Cash flow analysis for the coming year

Unit: NTD thousands

Cash balance at beginning of the period	Estimated full-year net cash flow from operating activities	Estimated full-year cash outflow	Estimated cash surplus (shortage)	Remedy for estimated cash shortage	
				Investment plan	Financial plan
1,868,780	800,000	600,000	2,068,780	N/A	N/A

iv. Major capital expenditure and its impact on finance and business matters of the Company in the most recent year: None.

v. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan and investment plan for the coming year

- (i) Investment policy for the most recent year
- The Company's main consideration in making investments is its core process capability and has not made any diversified investment activities in recent years.
- (ii) Main reasons for profit or loss on investment and improvement plans
- In 2020, the competition in the flexible board industry continued. Under the impact of the COVID-19 epidemic and the effect of trade war between the United States and China, the overall operation faced great challenges. In addition to continuing to implement

intelligent production and increase the proportion of automation, the Company will also enhance its core technology and process capability to maintain its competitiveness in the industry and build up its process capability for flexible board products, cultivate existing customers and explore new customers to enhance its operating performance.

(iii) Investment plan for the coming year: None.

vi. Analysis and assessment of risks for the most recent year and up to the publication date of the annual report

(i) Impact of interest and exchange rate fluctuations and inflation on the profit and loss of the Company, and the future countermeasures:

1. Impact on the Company's profit or loss

- (1) Changes in interest rates: Fluctuations in interest rates affect the increase or decrease in interest expense on bank loans, which in turn affects the Company's profit or loss.
- (2) Changes in exchange rates: The Company's imports and exports are mainly denominated in foreign currencies, so fluctuations in exchange rates will partially affect the Company's profit and loss.
- (3) Inflation: Inflation of raw materials will increase the Company's cost of goods and indirectly affect part of the profit or loss.

2. Future countermeasures

- (1) Countermeasures for changes in interest rates: The Company regularly tracks and analyzes fluctuations in general economic and market interest rates, and evaluates whether to enter into interest rate swap contracts to hedge interest rate risk at any time.
- (2) Countermeasures for exchange rate fluctuations: The Company's response to exchange rate fluctuations is mainly through natural hedging and forward exchange contracts to hedge the exchange rate risk.
- (3) Countermeasures for Inflation: In response to possible inflation in raw materials, the Company will continue to introduce strategic materials and strengthen the bargaining power to suppliers to reduce the purchase cost of materials, while timely transferring costs to customer quotations, and if necessary, will also evaluate ways to hedge the risk of price increases in raw materials by means of commodity hedging.

(ii) Policies on high-risk, high-leverage investments, lending funds to others, endorsement and guarantee and derivative transactions, main reasons for profits or losses and future countermeasures: The Company does not engage in high-risk investments, and all investments are carefully evaluated and executed. The lending of funds to others and the endorsement of guarantees are made to 100%-owned subsidiaries, and derivative financial instruments are operated mainly for hedging purposes, and all operations have been carefully executed in consideration of possible risks.

(iii) Future R&D plans and expected R&D expenses

Future R&D plans are detailed on page 51 of this annual report, and budget for R&D expenses for 2021 is \$188,000 thousand.

(iv) Impact of changes in domestic and foreign important policies and laws on the Company's finance and business matters and countermeasures: The Company operates in accordance with domestic and foreign laws and regulations, and regularly reviews and revises the Company's internal management rules and regulations to comply with the laws and

regulations.

- (v) The effect of technological and industrial changes on finance and business matters of the Company, and countermeasures: None.
- (vi) Impact of corporate image change on corporate crisis management and countermeasures: The Company operates under the management philosophy of honesty, diligence, innovation, and achievement unlimited. The Company has a good corporate image and has not experienced any incidents that endanger its corporate image over the long term. In the future, we will continue to fulfill our corporate social responsibility and strengthen our corporate governance to achieve the goal of sustainable operations.
- (vii) Expected benefits, possible risks to mergers and acquisitions and countermeasures: The Company has not made any mergers and acquisitions in the most recent year up to the date of publication of the annual report.
- (viii) Expected benefits, possible risks and countermeasures for plant expansion: None.
- (ix) Risks associated with the concentration of purchases or sales and countermeasures: None.
- (x) The impact on the Company and risks of the massive transfer or change of shares of directors, supervisors or major shareholders with 10% stake or more in the most recent year and in the current year up to the date of publication of the annual report and countermeasures: None.
- (xi) Impact and risk associated with changes in management rights, and countermeasures: N/A.
- (xii) For litigious and non-litigious matters, please list major litigious, non-litigious or administrative disputes that have been resolved or are still proceeding involving the Company and/or any director, supervisor, the general manager, any person with actual responsibility for the firm and any major shareholder holding a more than 10% of the shares, and the affiliated companies. Moreover, where such a dispute could materially affect shareholders' equity or the prices of the securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the publication date of the annual report: None.
- (xiii) Other major risks in the most recent year and in the current year up to the date of publication of the annual report and corresponding measures: The Company has established a comprehensive information security mechanism and related management methods, and conducts annual assessments for the upgrade and backup of related software and hardware equipment to ensure the normal operation of the operating system. For the most recent year up to the date of publication of the annual report, there has been no significant information security incidents in the Company.

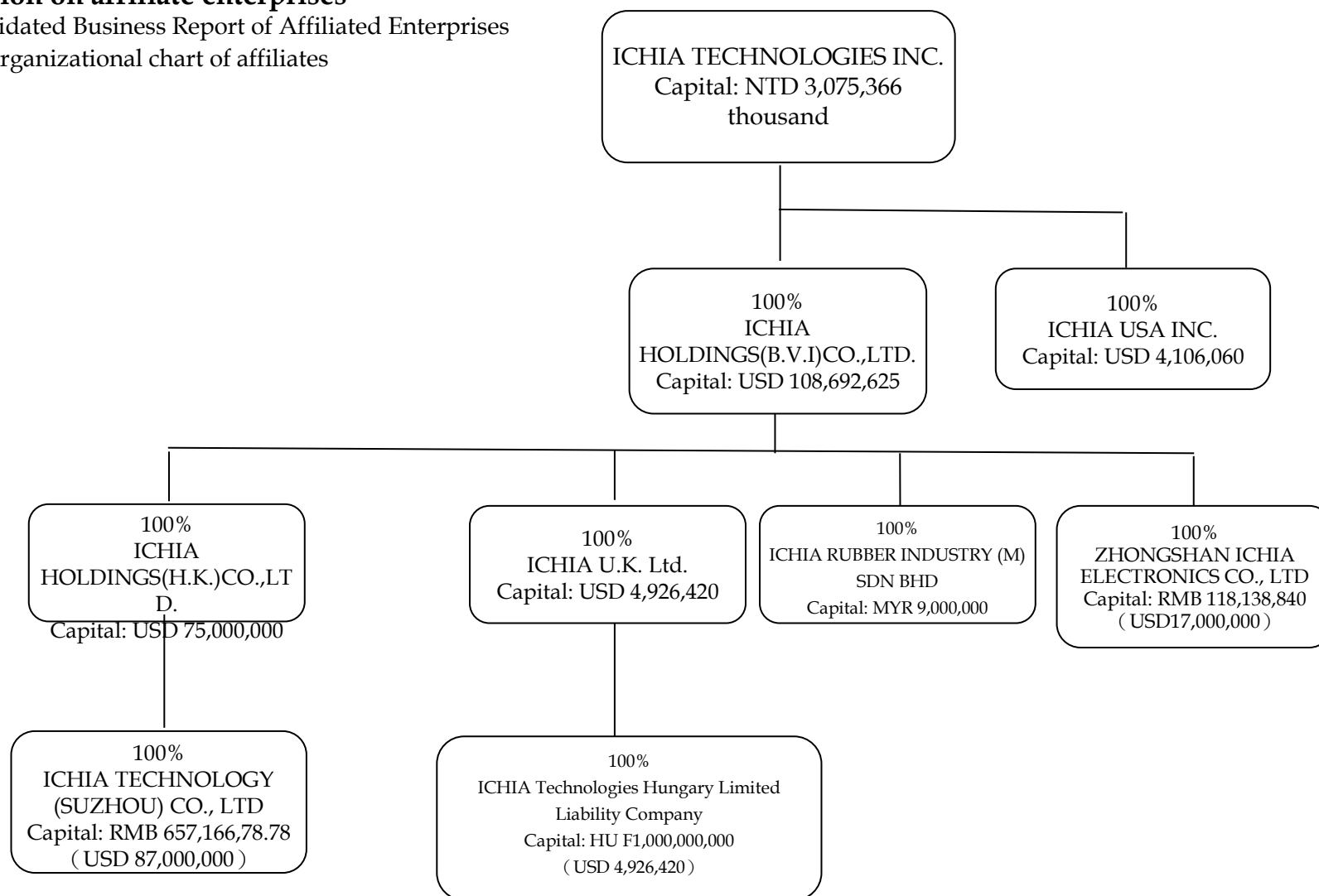
vii. Other important disclosures: None.

VIII. Special notes

i. Information on affiliate enterprises

(i) Consolidated Business Report of Affiliated Enterprises

1. Organizational chart of affiliates



2. Basic information on affiliates

In Thousands of NTD unless otherwise indicated

Name of enterprise	Date of incorporation	Address	Paid-in capital	Principal business or production items
ICHIA TECHNOLOGIES INC.	1989.11.7	No. 268, Huaya 2nd Rd., Guishan Dist., Taoyuan City	NTD3,075,366	Engaged in the manufacturing, processing, and trading of various components and materials for electronics, home appliances, electronic engineering, electrical equipment, communications (telecommunications), and computers, as well as the import and export of domestic and foreign products and agency, distribution, tender and quotation business.
ICHIA HOLDINGS (B.V.I) CO., LTD.	1997.9.9	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, B.V.I	USD 108,692,625	Engaged in investments for holding.
ICHIA USA INC.	1993.9.9	1057 Tierra Del Rey, Suite G, Chula Vista, CA 91910 U.S.A.	USD 4,106,060	Manufacturing, processing and trading of various electronic components and materials for various electronic and telecommunication computers.
ICHIA RUBBER INDUSTRY (M) SDN BHD	1994.3.30	977-978 Solok Perusahaan 3, Prai Industrial Estate, 13600 Prai, Province Wellesley, Penang, Malaysia.	MYR 9,000,000	Manufacturing and sale of rubber, plastic keypads and flexible printed circuit boards.
ICHIA TECHNOLOGY (SUZHOU) CO., LTD	2001.12.11	No. 118, Jinshan Road, Suzhou New District, Suzhou City, Jiangsu Province, China	RMB 657,166,78.78	Manufacturing and sale of rubber, plastic keypads and flexible printed circuit boards.
ICHIA U.K. LTD	2002.8.13	OMC Chambers, Wickhams Cay I, Road Town, Tortola, British Virgin Islands	USD 4,926,420	Various investment businesses
ICHIA Technologies Hungary Limited Liability Company	2004.9	2900 Komárom, Bánki Donát u. 2. Hungary	HUF 1,000,000,000	Manufacturing, processing and trading of rubber and plastic keypads.
ZHONGSHAN ICHIA ELECTRONICS CO., LTD	2002.6.28	No. 26, Yixian Road, Torch Development Zone, Zhangjiabian, Zhongshan City, Guangdong Province, China	RMB 118,138,840	Manufacturing, processing and trading of various electronic components and materials for various electronic and telecommunication computers.
ICHIA HOLDINGS (H.K.) CO., LTD.	2008.1.4	151 Gloucester Road, Wanchai, Hong Kong Room 1004, National Health Centre	USD 75,000,000	Various investment businesses.

3. For those presumed to be in a controlling and subordinate relationship, the common shareholder information: None.

4. The industry covered by the business of all affiliated companies

Name of enterprise	Controlling (subordinate) company	Controlling (subordinate) relationship	The division of business between affiliated companies
ICHIA TECHNOLOGIES INC.	Controlling company	-	Group headquarter
ICHIA USA INC.	Subordinate company	Shareholding Control	Responsible for manufacturing and sales in the Americas
ICHIA HOLDINGS (B.V.I) CO., LTD.	Subordinate company	Shareholding Control	Engaged in investments for holding
ICHIA RUBBER INDUSTRY (M) SDN BHD	Subordinate company	Shareholding Control	Responsible for manufacturing and sales in the Southeast Asian market
ZHONGSHAN ICHIA ELECTRONICS CO., LTD	Subordinate company	Shareholding Control	Engaged in the processing of various types of keypads outsourced by ICHIA (BVI) and manufacturing and sales in China
ICHIA INTERNATIONAL TRADING LTD.	Subordinate company	Shareholding Control	Import and export business
ICHIA TECHNOLOGY (SUZHOU) CO., LTD	Subordinate company	Shareholding Control	Responsible for manufacturing and sales in Eastern and Northern China markets
ICHIA U.K. LTD.	Subordinate company	Shareholding Control	Various investment businesses
ICHIA Technologies Hungary Limited Liability Company	Subordinate company	Shareholding Control	Responsible for manufacturing and sales in the European market
ICHIA HOLDINGS (H.K.) CO., LTD.	Subordinate company	Shareholding Control	Engaged in investments for holding

5. The names of directors, supervisors and general managers of the affiliated companies and their shareholdings or capital contributions to the companies

Name of enterprise	Position	Name or representative	Shareholding as of April 23, 2021	
			Number of shares	Shareholding Percentage
Controlling company ICHIA TECHNOLOGIES INC.	Chairman	Representative of Chuang Yi Investment Co., Ltd.: Huang Chiu-Yung	18,372,480	5.97%
	Vice Chairman	Huang Li-Lin	4,732,083	1.54%
	Director	Huang Tzu-Cheng	1,285,000	0.42%
	Director	Representative of Fa La Li Investment Co., Ltd.: Huang Tzu-Hsuan	18,377,481	5.98%
	Independent director	Chen Tai-Jan	0	0%
	Independent director	Huang Chin-Ming	0	0%
	Independent director	Hsu Wan-Lung	0	0%
ICHIA HOLDINGS (B.V.I) CO., LTD.	Chairman	Representative of ICHIA TECHNOLOGIES INC.: Huang Chiu-Yung	USD108,692,625	100%
	General Manager	Huang Li-Lin	0	0%
ICHIA USA INC.	Chairman	Representative of ICHIA TECHNOLOGIES INC.: Huang Chiu-Yung	USD4,106,060	100%
	Director	Huang Li-Lin	0	0%
	Director	Huang Wen-Chieh	0	0%
ICHIA RUBBER INDUSTRY (M) SDN BHD	Chairman	Hung Chien-Cheng	MYR9,000,000	100%
	Director	Huang Chiu-Yung	0	0%
	Director	Huang Li-Lin	0	0%
	Director	Huang Ti-Ju	0	0%
ICHIA TECHNOLOGY (SUZHOU) CO., LTD	Chairman and general manager	Representative of ICHIA TECHNOLOGIES INC.: Tseng Kung-Sheng	RMB657,166,785.78	100%
	Director	Huang Li-Lin	0	0%
	Director	Sun Yung-Hsiang	0	0%
	Supervisor	Huang Yen-Hsiang	0	0%
ICHIA U.K. LTD.	Chairman	Representative of ICHIA TECHNOLOGIES INC.: Huang Chiu-Yung	USD4,926,420	100%
ICHIA Technologies Hungary Limited Liability Company	Managing director	Representative of ICHIA TECHNOLOGIES INC.: Huang Li-Lin	HUF1,000,000,000	100%
ZHONGSHAN ICHIA ELECTRONICS CO., LTD	Chairman and general manager	Representative of ICHIA TECHNOLOGIES INC.: Wu Feng-Hsin	RMB118,138,840	100%
	Director	Huang Li-Lin		0%
	Director	Huang Chin-Yuan		0%
	Supervisor	Huang Yen-Hsiang		0%
ICHIA HOLDINGS (H.K.) CO., LTD.	Chairman	Representative of ICHIA TECHNOLOGIES INC.: Huang Chiu-Yung	USD75,000,000	100%
	Director	Huang Li-Lin		0%

6. Business overview of affiliates

Unit: NTD thousands

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profits (losses)	Profits or losses for the period	Earnings per share (EPS) (NT\$)
ICHIA TECHNOLOGIES INC.	3,075,366	9,460,234	3,756,750	5,703,484	5,502,842	195,687	120,190	0.40
ICHIA HOLDINGS (B.V.I) CO., LTD.	3,095,566	5,076,424	-	5,076,424	-	(140)	60,837	-
ICHIA USA INC.	116,941	51,886	14,603	37,283	27,160	(92)	2,412	-
ICHIA HOLDINGS (H.K.) CO., LTD.	2,136,000	3,799,187	-	3,799,187	-	(91)	47,691	-
ICHIA RUBBER INDUSTRY (M) SDN BHD	61,105	116,726	21,103	95,623	114,259	9,696	7,584	-
ICHIA TECHNOLOGY (SUZHOU) CO., LTD	2,868,412	5,913,348	2,104,349	3,808,999	4,252,935	75,800	55,837	-
Ichia U.K. Ltd.	140,304	(30,900)	-	(30,900)	-	-	(1,480)	-
ICHIA Technologies Hungary Limited Liability Company	95,978	26,877	57,777	(30,900)	(1)	(929)	(1,489)	-
Supervisor of ZHONGSHAN ICHIA ELECTRONICS CO., LTD	515,654	977,728	232,945	744,783	700,262	(2,951)	2,933	-

(ii) Consolidated financial statements of affiliated companies: The information required to be disclosed in the consolidated financial statements of affiliated companies has been disclosed in the consolidated financial statements, and the Company shall not prepare separate consolidated financial statements of affiliated companies.

(iii) Relationship report: N/A.

- ii. **Private placement of marketable securities in the most recent year and up to the publication date of the annual report: None.**
- iii. **Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent year or during the current year up to the date of publication of the annual report: None.**
- iv. **Other supplementary disclosure: None.**
- v. **Any of the situations listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company's securities, which has occurred during the most recent year or during the current year up to the date of publication of the annual report: None.**

Appendix 1

Statement of Consolidated Financial Statements of Affiliated Enterprises

The companies to be included in the consolidated financial statements of affiliated enterprises in 2020 (from January 1, 2020 to December 31, 2020) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included in the consolidated financial statements of the parent company and subsidiaries pursuant to the IAS 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statements of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated enterprises separately.

Declared by:

Company name: ICHIA TECHNOLOGIES INC.

Corporate director: Chuang Yi Investment Co., Ltd.

Representative: HUANG CHIU YUNG

March 16, 2021

Independent Auditor's Report

To the Board of Directors and Shareholders of ICHIA TECHNOLOGIES INC.:

Audit opinions

We have audited the accompanying consolidated balance sheet of ICHIA TECHNOLOGIES INC. and subsidiaries as of December 31, 2020 and 2019, and the related consolidated comprehensive income statements, consolidated statement of changes in shareholders' equity, consolidated cash flow statements, and notes to the consolidated financial statements (including significant accounting policies) for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ICHIA TECHNOLOGIES INC. and subsidiaries as of December 31, 2020 and 2019, and its consolidated financial performance and cash flows for the years ended December 31 2020 and 2019, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations issued by the Financial Supervisory Commission.

Basis for opinions

We conclude our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of ICHIA TECHNOLOGIES INC. and subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, 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 for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2020 consolidated financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2020 consolidated financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries were as follows:

Authenticity of revenues recognized from sales to specific customers in triangular trade

ICHIA TECHNOLOGIES INC. and subsidiaries manufacture a wide range of flexible printed circuit boards and mechanism integrated components (MVI) for the automotive and consumer electronics markets. Its sales patterns include domestic sales, direct export sales and triangular trade. Revenues from sales of triangular trade are recognized when the goods are delivered to a third-party forward designated by the customer and the risks and rewards are transferred. Since the aforementioned revenue recognition process involves manual work, which may result in improper revenue recognition, the authenticity of the sales revenues recognized from triangle trade for customers with more significant increase in sales revenue and growth are included as key audit matters in this year's consolidated financial statements.

We have also performed the following major audit procedures with respect to the above key audit matters:

1. Understand and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. Obtain samples of sales revenues from triangular trade with specific customers for the whole year, and check the related documents of triangular trade including invoices and customs declarations with the recorded amounts to test the authenticity of the sales revenues recognized.
3. Examine whether there are any abnormalities in the collection after the credit period granted to specific customers.

Other Matters

We have also audited the stand-alone financial statements of ICHIA TECHNOLOGIES INC. as of and for the year ended December 31, 2020 and 2019 on which we have issued an unqualified opinion.

Responsibilities of Management and Those in Charge of Governance of the Consolidated Financial Statements

The responsibility of management is to prepare fairly presented consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidation of financial statements in order to ensure material misstatement caused by fraud or error does not exist in the consolidated financial statements.

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

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted accounting principles will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, if they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards, 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 countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit 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 internal control effective in ICHIA TECHNOLOGIES INC. and subsidiaries.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ICHIA TECHNOLOGIES INC. and subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inappropriate, 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 ICHIA TECHNOLOGIES INC. and subsidiaries to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including related notes), 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 or the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Group. We remain solely responsible for our audit opinion.

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

We also provide those in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be

thought to affect on our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the 2020 consolidated financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries and are therefore the key audit matters. We describe these matters in our auditor's 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.

Deloitte Touche Tohmatsu Limited

CPA Hsieh Ming-Chung

CPA Liu Shu-Lin

Financial Supervisory Commission
approval document

Jin-Guan-Zheng-Shen-Zi No.
1000028068

Financial Supervisory Commission
approval document

Jin-Guan-Zheng-Shen-Zi No.
1050024633

March 16, 2021

ICHIA TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2020 (In Thousands of New Taiwan Dollars)

Assets	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,868,780	20	\$ 1,841,401	22
Current financial assets at fair value through profit or loss (Notes 4 and 7)	53,861	1	77,767	1
Current financial assets at amortised cost (Notes 4 and 8)	471,907	5	21,085	-
Accounts receivable, net (Notes 4 and 9)	2,468,869	26	2,217,518	26
Current tax assets (Notes 4 and 23)	634	-	16,135	-
Current inventories (Notes 4 and 10)	957,653	10	675,589	8
Other current assets (Notes 15)	<u>139,110</u>	<u>1</u>	<u>120,698</u>	<u>2</u>
Total current assets	<u>5,960,814</u>	<u>63</u>	<u>4,970,193</u>	<u>59</u>
Non-current assets				
Non-current financial assets at amortised cost (Notes 4 and 8)	170,247	2	130,992	2
Property, plant and equipment (Notes 4 and 12)	2,783,419	30	2,921,587	34
Right-of-use assets (Notes 13)	131,803	1	131,066	2
Deferred tax assets (Notes 4 and 23)	198,028	2	198,942	2
Non-current Defined benefit assets, net (Notes 4 and 19)	19,789	-	19,866	-
Other non-current assets (Notes 15)	<u>196,134</u>	<u>2</u>	<u>116,609</u>	<u>1</u>
Total non-current assets	<u>3,499,420</u>	<u>37</u>	<u>3,519,062</u>	<u>41</u>
Total assets	<u>\$ 9,460,234</u>	<u>100</u>	<u>\$ 8,489,255</u>	<u>100</u>
Liabilities and equity				
Current liabilities				
Short-term loans (Notes 4 and 16)	\$ 1,445,882	15	\$ 673,844	8
Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	98	-
Accounts payable (Notes 17)	1,693,628	18	1,218,582	14
Other payables (Notes 18)	248,804	3	236,991	3
Current tax liabilities (Notes 4 and 23)	8,250	-	7,839	-
Current lease liabilities (Notes 4 and 13)	1,266	-	-	-
Current contract liabilities (Notes 21)	7,114	-	5,586	-
Current portion of long-term debt payable(Notes 4 and 16)	167,191	2	165,066	2
Other current liabilities (Notes 18)	<u>27,194</u>	<u>-</u>	<u>23,004</u>	<u>-</u>
Total current liabilities	<u>3,599,329</u>	<u>38</u>	<u>2,331,010</u>	<u>27</u>
Non-current liabilities				
long-term debt payable (Notes 4 and 16)	126,527	2	293,996	4
Deferred tax liabilities (Notes 4 and 23)	22,391	-	-	-
Non-current lease liabilities (Notes 4 and 13)	1,959	-	-	-
Guarantee deposit received	<u>6,544</u>	<u>-</u>	<u>5,948</u>	<u>-</u>
Total non-current liabilities	<u>157,421</u>	<u>2</u>	<u>299,944</u>	<u>4</u>
Total liabilities	<u>3,756,750</u>	<u>40</u>	<u>2,630,954</u>	<u>31</u>
Equity (Notes 20)				
Ordinary share	<u>3,075,366</u>	<u>32</u>	<u>3,075,366</u>	<u>36</u>
Capital surplus	<u>2,086,827</u>	<u>22</u>	<u>2,163,711</u>	<u>26</u>
Retained earnings				
Legal reserve	573,593	6	550,914	6
Special reserve	335,706	4	137,012	2
Unappropriated retained earnings	<u>88,717</u>	<u>1</u>	<u>267,004</u>	<u>3</u>
Total retained earnings	<u>998,016</u>	<u>11</u>	<u>954,930</u>	<u>11</u>
Other equity	<u>(295,397)</u>	<u>(3)</u>	<u>(335,706)</u>	<u>(4)</u>
Treasury shares	<u>(161,328)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Total equity	<u>5,703,484</u>	<u>60</u>	<u>5,858,301</u>	<u>69</u>
Total liabilities and equity	<u>\$ 9,460,234</u>	<u>100</u>	<u>\$ 8,489,255</u>	<u>100</u>

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

Director: Chuang Yi Investment Co., Ltd
Representative: Huang Chiu-Yung.

Managerial officer: Tseng Kung-Sheng

Accounting officer: Cheng Ching-Yi

ICHIA TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Operating revenue(Notes 4 and 21)				
Sales revenue	\$ 5,582,757	101	\$ 6,215,151	101
Sales returns	(15,409)	-	(24,510)	-
Sales discounts and allowances	(64,506)	(1)	(41,695)	(1)
Net sales revenue	5,502,842	100	6,148,946	100
Operating costs (Notes 4 、 10 and 22)	(4,758,407)	(87)	(5,284,735)	(86)
Gross profit from operations	744,435	13	864,211	14
Operating expenses (Notes 22)				
Selling expenses	176,257	3	173,499	3
Administrative expenses	210,483	4	237,307	4
Research and development expenses	176,144	3	165,050	3
Expected credit Impairment loss(gain)	(14,136)	-	7,560	-
Total operating expenses	548,748	10	583,416	10
Net operating income	195,687	3	280,795	4
Non-operating income and expenses (Notes 22)				
Interest income	23,732	-	15,245	-
Other income	39,221	1	22,716	-
Other gains and losses, net	(53,517)	(1)	(12,218)	-
Finance costs, net	(15,110)	-	(25,499)	-
Total non-operating income and expenses	(5,674)	-	244	-

	2020		2019	
	Amount	%	Amount	%
Income before income tax	\$ 190,013	3	\$ 281,039	4
Income tax expense (Notes 4 and 23)	(69,823)	(1)	(54,247)	(1)
Net income	<u>120,190</u>	<u>2</u>	<u>226,792</u>	<u>3</u>
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains (losses) on remeasurements of defined benefit plans (Notes 19)	(220)	-	(361)	-
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences arising on translation of foreign operations	<u>40,309</u>	<u>1</u>	(198,694)	(3)
Other comprehensive loss for the year, net of income tax	<u>40,089</u>	<u>1</u>	(199,055)	(3)
Total comprehensive income	<u>\$ 160,279</u>	<u>3</u>	<u>\$ 27,737</u>	<u>-</u>
Earnings per share (Notes 24)				
Basic earnings per share	<u>\$ 0.40</u>		<u>\$ 0.74</u>	
Diluted earnings per share	<u>\$ 0.39</u>		<u>\$ 0.74</u>	

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

Director: Chuang Yi Investment Co., Ltd
Representative: Huang Chiu-Yung.

Managerial officer: Tseng
Kung-Sheng

Accounting officer: Cheng Ching-Yi

ICHIA TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Capital Stock - Common Stock		Capital Surplus	Legal reserve	Retained Earnings		Others Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
	Shares (In Thousands)	Amount			Special reserve	Unappropriated retained earning			
BALANCE, JANUARY 1, 2019	317,267	\$ 3,172,676	\$ 2,219,748	\$ 536,403	\$ -	\$ 379,342	(\$ 137,012)	(\$ 186,825)	\$ 5,984,332
Appropriations of earnings									
Legal capital reserve	-	-	-	14,511	-	(14,511)	-	-	-
Special capital reserve	-	-	-	-	137,012	(137,012)	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(153,768)	-	-	(153,768)
Net income in 2019	-	-	-	-	-	226,792	-	-	226,792
Other comprehensive income (loss) in 2019, net of income tax	-	-	-	-	-	(361)	(198,694)	-	(199,055)
Total comprehensive income (loss) in 2019	-	-	-	-	-	226,431	(198,694)	-	27,737
Retirement of treasury share	(9,731)	(97,310)	(56,037)	-	-	(33,478)	-	186,825	-
BALANCE, DECEMBER 31, 2019	307,536	3,075,366	2,163,711	550,914	137,012	267,004	(335,706)	-	5,858,301
Appropriations of earnings									
Legal capital reserve	-	-	-	22,679	-	(22,679)	-	-	-
Special capital reserve	-	-	-	-	198,694	(198,694)	-	-	-
Cash dividends to shareholders	-	-	(76,884)	-	-	(76,884)	-	-	(153,768)
Purchase of treasury shares	-	-	-	-	-	-	-	(161,328)	(161,328)
Net income in 2020	-	-	-	-	-	120,190	-	-	120,190
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	-	(220)	40,309	-	40,089
Total comprehensive income (loss) in 2020	-	-	-	-	-	119,970	40,309	-	160,279
BALANCE, DECEMBER 31, 2020	307,536	\$ 3,075,366	\$ 2,086,827	\$ 573,593	\$ 335,706	\$ 88,717	(\$ 295,397)	(\$ 161,328)	\$ 5,703,484

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

Director: Chuang Yi Investment Co., Ltd
Representative: Huang Chiu-Yung.

Managerial officer: Tseng Kung-Sheng

Accounting officer: Cheng Ching-Yi

ICHIA TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Profit (loss) before tax	\$ 190,013	\$ 281,039
Adjustments for:		
Expected credit loss (gain)	(14,136)	7,560
Depreciation expense	406,411	445,825
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(54,434)	(7,381)
Interest expense	15,110	25,499
Interest income	(23,732)	(15,245)
Reversal of impairment loss on inventories	(4,804)	(19,406)
Loss (gain) on disposal of property, plan and equipment	(2,680)	(6,827)
Impairment loss on property, plant and equipment	92	2,709
Changes in operating assets and liabilities:		
Notes and accounts receivable, net	(237,228)	620,982
Inventories	(281,429)	208,508
Other current assets	(15,254)	80,178
Other operating assets	(143)	(195)
Contract liabilities	1,528	(1,370)
Accounts payable	475,046	(211,325)
Other payable	11,734	(49,140)
Other current liabilities	<u>4,190</u>	<u>12,179</u>
Cash generated from operations	470,284	1,373,590
Interest received	20,574	11,350
Interest paid	(15,031)	(26,893)
Income taxes paid	<u>(30,606)</u>	<u>(49,672)</u>
Net cash generated by operating activities	<u>445,221</u>	<u>1,308,375</u>
Cash flows from investing activities		
Acquisition of financial assets at amortised cost	(500,547)	(150,229)
Proceeds from disposal of financial assets at amortised cost	6,718	92

	<u>2020</u>	<u>2019</u>
Acquisition of financial assets at fair value through profit or loss	(1,923,238)	(2,903,489)
Proceeds from disposal of financial assets at fair value through profit or loss	\$ 2,002,398	\$ 3,188,168
Acquisition of property, plant and equipment	(28,983)	(70,168)
Proceeds from disposal of property, plant and equipment	17,363	8,696
Increase in refundable deposits	(1,758)	(17,254)
Decrease in refundable deposits	2,292	3,329
Increase in other non-current assets	(16,855)	(4,727)
Increase in prepayments for business facilities	(<u>291,609</u>)	(<u>202,627</u>)
Net cash used in investing activities	(<u>734,219</u>)	(<u>148,209</u>)
Cash flows from financing activities		
Increase in short-term loans	6,183,464	3,436,688
Decrease in short-term loans	(5,404,203)	(3,862,560)
Repayments of long-term debt	(165,344)	(340,809)
Increase in guarantee deposits received	826	543
Decrease in guarantee deposits received	(289)	(5,260)
Cash dividends paid	(153,768)	(153,768)
Payments to acquire treasury shares	(161,328)	-
Payments of lease liabilities	(<u>621</u>)	-
Net cash used in financing activities	<u>298,737</u>	(<u>925,166</u>)
Effect of exchange rate changes on cash and cash equivalents	<u>17,640</u>	(<u>150,399</u>)
Net increase in cash and cash equivalents	27,379	84,601
Cash and cash equivalents at beginning of period	<u>1,841,401</u>	<u>1,756,800</u>
Cash and cash equivalents at end of period	<u>\$ 1,868,780</u>	<u>\$ 1,841,401</u>

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

Director: Chuang Yi Investment Co., Ltd
Representative: Huang Chiu-Yung.

Managerial officer: Tseng Kung-Sheng

Accounting officer: Cheng Ching-Yi

ICHIA TECHNOLOGIES INC. and subsidiaries
Notes to the Consolidated Financial Statements
January 1 to December 31, 2020 and 2019
(Amounts NTD thousand, unless otherwise stated)

i. Company History

ICHIA TECHNOLOGIES INC. (hereinafter referred to as the Company) was established in November 1989 to manufacture, process, and trade various components (conductive silicone elastomers, plastic keys, keyboard assemblies, input devices, and flexible printed circuit boards) and materials for electronics, home appliances, electronical engineering, electrical equipment, communications (telecommunications), and computers, as well as to import and export domestic and foreign products and to engage in the agency, distribution, tender and quotation business.

The Company's shares have been listed on the Taiwan Stock Exchange since January 14, 2000.

The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the functional currency of the Company.

ii. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 16, 2021.

iii. Application of New and Revised Standards and Interpretations

- (i) First-time application of International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IAS"), Interpretations ("IFRICs") and Interpretations ("SICs") (hereinafter referred to as "IFRSs") endorsed by the Financial Supervisory Commission ("FSC") and issued to be effective

The adoption of the IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the Consolidated Company's accounting policies:

- (ii) IFRSs endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC") applicable for 2021

The new/amended/revised standards or interpretations	Effective date of IASB publication
Amendment to IFRS 4 "Extension of Provisional Exemption for Application of IFRS 9"	Effective from the date of publication

The new/amended/revised standards or interpretations	Effective date of IASB publication
Amendments to the IFRS 9, IAS 39, and IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase II"	Effective for annual reporting periods beginning after January 1, 2021
Amendment to IFRS 16 "Rent Reduction Associated with COVID-19 Pandemic"	Effective for annual reporting periods beginning after June 1, 2020

- (iii) The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC

The new/amended/revised standards or interpretations	Effective date of IASB publication (Note 1)
"Annual Improvements 2018-2020 Cycle"	January 1, 2022 (Note 2)
Amendment to IFRS 3 "Update the index of the conceptual framework"	January 1, 2022 (Note 3)
Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Undecided
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2022 (Note 7)
Amendment to IAS 16 "Property, Plant and Equipment: Price Before Reaching the Intended State of Use"	January 1, 2022 (Note 4)
Amendment to IAS 37 "Onerous Contracts - Cost of Performing Contracts"	January 1, 2022 (Note 5)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretation are effective for annual reporting periods beginning after the respective dates.

Note 2: The amendment to IFRS 9 applies to swaps or changes in the terms of financial liabilities that occur in annual reporting periods beginning after January 1, 2022; the amendment to IAS 41 "Agriculture" applies to fair value measurements in annual reporting periods beginning

after January 1, 2022; and the amendment to IFRS 1 “First-time Adoption of IFRSs” applies retrospectively to annual reporting periods beginning after January 1, 2022.

Note 3: This amendment applies to business mergers for which the acquisition date falls within the annual reporting period after January 1, 2022.

Note 4: This amendment applies to plant, property and equipment that begins to operate in the manner such as location and condition expected by management after January 1, 2021.

Note 5: This amendment applies to contracts with unfulfilled obligations as of January 1, 2022.

Note 6: This amendment will be prospective application for annual reporting periods beginning after January 1, 2023.

Note 7: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1, 2023.

The Consolidated Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Consolidated Company to the date the consolidated financial statements are approved and released, and will make appropriate disclosure after the evaluation.

iv. Summary of Significant Accounting Policies

(i) Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and published by the FSC.

(ii) Basis of preparation

The consolidated financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation date (before adjustment).

2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

(iii) Standards in differentiating current and noncurrent assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Assets expected to be realized within 12 months of the balance sheet date; and

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months after the balance sheet date, and
3. Liabilities whose settlement deadline cannot be unconditionally deferred until at least 12 months after the balance sheet date.

Those that are not current assets or liabilities above are classified as noncurrent assets or liabilities.

(iv) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The consolidated comprehensive income statements include the operating profits or losses of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal. The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Consolidated Company. In preparing the consolidated financial statements, all inter-company transactions, account balances, gains and losses have been eliminated.

For details of subsidiaries, shareholding percentage and business scope, see Note 11 and Exhibit 6.

(v) Foreign currency

For the transactions conducted in a currency other than the business entity's functional currency (foreign currency), it is to be translated to the

functional currency in accordance with the exchange rate on the transaction date when preparing the stand-alone financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss, except for the following:

1. Exchange differences arising from hedging transactions to hedge part of the exchange rate risk; and
2. For a monetary item receivable from or payable to a foreign operation, of which the settlement is neither planned nor likely to occur in the foreseeable future (and therefore forms part of the net investment in the foreign operation), the exchange difference is recognized initially in other comprehensive income and is reclassified from equity to profit or loss upon disposal of the net investment.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as profit or loss in the period. However, for the changes in fair value recognized in other comprehensive income, the exchange difference is recorded in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Upon preparation of the consolidated financial reports, the assets and liabilities of overseas operating institutions (including the subsidiaries and affiliates in the countries of business operation or those using currencies different from the Company's) were converted to NTD based on the exchange rate quoted on every balance sheet date. Income and expense items are translated at the average exchange rate for the period and the exchange differences are booked in other comprehensive income.

If the Consolidated Company disposes of its entire equity interest in a foreign operation, or disposes of part of its equity interest in a subsidiary that includes a foreign operation and loses control, or the retained equity interest after disposing of a joint agreement of a foreign operation or an affiliate is a financial asset and is accounted for as a financial instrument, all cumulative

translation differences attributable to the Company's shareholders and related to the foreign operation are reclassified to profit or loss.

If the partial disposal of a foreign operating subsidiary does not result in a loss of control, the accumulated exchange differences are included in the non-controlling interests of the subsidiary on a pro rata basis, but are not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the cumulative exchange differences are reclassified to profit or loss in proportion to the disposal.

(vi) Inventories

Inventories include raw materials, supplies, semi-finished goods, finished goods, work in process and in-transit. Inventories are valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. Inventories are valued at standard costs before book closing and adjusted upon book closing to approximate cost calculated on a weighted-average basis.

(vii) Property, plant and equipment

Property, plant, and equipment shall be recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment.

Except for land owned by the Company, which is not depreciated, property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. If the lease period is shorter than the useful life, depreciation is provided over the lease period. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in prospective application accounting estimates.

In removing property, plant, and equipment from the book, the difference between the net proceeds of disposition and the book value shall be recognized as profit or loss.

(viii) Impairment of property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs.

The Consolidated Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(ix) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheets when the Consolidated Company becomes a party to the contracts of such instruments.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

The customary transaction of financial assets is recognized and derecognized in accordance with the trade date accounting.

(1) Type of measurement

The types of financial assets held by the Consolidated Company are financial assets measured at fair value through profit or loss and financial assets at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are mandatorily measured at fair value through profit or loss and those designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments investments not designated by the Consolidated Company as being measured at fair value through other comprehensive income, and investments in debt instruments not qualified for classification as being measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value. For the determination of fair value, please refer to Note 27.

B. Financial assets at amortized cost

The Consolidated Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

- a. The Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:
- b. The Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

Financial assets (including cash and cash equivalents, accounts receivable measured at amortized cost) after initial recognition, are measured at their total carrying amount determined using the effective interest method, less amortized

cost of any impairment loss, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

- a. Interest income on financial assets that are credit-impaired upon acquisition or creation is calculated using the credit-adjusted effective interest rate multiplied by the amortized cost of the financial assets.
- b. Interest income on financial assets that are not credit-impaired upon acquisition or creation but become credit-impaired subsequently is calculated using the effective interest rate multiplied by the amortized cost of the financial assets from the next reporting period after the impairment.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties, defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amount of cash with minimal risk of changes in value within 3 months from the acquisition date and are used to meet short-term cash commitments.

(2) Impairment of financial assets and contract assets

The Consolidated Company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) based on expected credit loss on each balance sheet date.

An allowance for losses is recognized for accounts receivable based on the expected credit loss over the duration. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12

months. If it is, recognize for provision of anticipated credit risk within the lifetime of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the lifetime of the financial instruments means the expected loss of credit from the financial instruments within the lifetime of these financial instruments.

For internal credit risk management purposes, the Consolidated Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

- A. There is internal or external information indicating that the debtor is no longer able to pay their debts.
- B. Payments are overdue for more than 90 days, unless there is reasonable and supporting information showing that the delayed default benchmark is more appropriate.

All impairment losses on financial assets are accounted for by reducing the carrying amount through an allowance account.

(3) The derecognition of financial assets

The Consolidated Company has financial assets derecognized only when the contractual rights from the cash flows of a financial asset become invalid or when the financial assets are transferred, and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When a particular entry of financial assets measured at amortized cost is removed, the difference between its book value and consideration shall be recognized as profit or loss. When investments in debt instruments measured at fair value through other comprehensive income are derecognized as a whole, the difference between the carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive income is recognized as profit or loss. When investments in equity instruments measured at fair

value through comprehensive income are entirely derecognized, the accumulated profit or loss shall be directly transferred to retained earnings without being classified as profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for the following:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities held for trading are measured at fair value, and the related gains or losses are recognized in other gains and losses. The fair value is determined as described in Note 27.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

3. Derivatives

The derivatives entered into by the Consolidated Company include forward exchange contracts, which are used to manage the Consolidated Company's interest rate and exchange rate risks.

Derivatives are initially recognized at fair value when the derivative contracts are entered into and subsequently remeasured at fair value at the balance sheet date. Gains or losses arising from subsequent measurements are recognized directly in profit or loss, except for derivatives designated as effective hedging instruments, for which the point of recognition in profit or loss will depend on the nature of the hedging. When the fair value of the derivatives is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

For derivatives embedded in asset master contracts within the scope of IFRS 9 "Financial Instruments", the classification of financial assets shall be determined based on the overall contract. A derivative is considered to be a separate derivative if it is embedded in an asset

master contract that is not within the scope of IFRS 9 (e.g., embedded in a master contract of a financial liability) and the embedded derivative meets the definition of a derivative, the risks and characteristics of which are not closely related to those of the master contract and the hybrid contract is not measured at fair value through profit or loss.

(x) Revenue recognition

The Consolidated Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

Merchandise sales revenues

Merchandise sales revenues are derived from sales of electronic parts and components. The Consolidated Company recognizes revenues and accounts receivable at the point when the products arrive at the customer's designated location because the customer has the right to determine resale prices and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence.

(xi) Lease

The Consolidated Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Consolidated Company is the lessor

A lease is classified as a capital lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

For an operating lease, the net lease payments of the lease incentives are recognized as income on a straight-line basis over the relevant lease periods. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease period.

2. The Consolidated Company is the lessor

Except for the low-value leased assets entitled to exemption and lease payments for short-term leases recognized as expenses on a straight-line basis over the lease period, the right-of-use assets and lease

liabilities of other leases are recognized starting from the lease commencement date.

The right-of-use assets are initially measured at cost (including the original measured amount of lease liability, the lease payment paid before the lease commencement date net of the lease incentives collected, the original direct costs, and the estimated cost of the recovered underlying assets), and then subsequently measured at the net cost of the accumulated depreciation and accumulated impairment loss; also, the remeasured amount of the lease liability is adjusted. Right-of-use assets are expressed separately in the consolidated balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease commencement date to the end of their useful life or the expiration of the lease period, whichever is sooner.

Lease liabilities are measured initially at the present value of lease payments (including fixed benefits). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If said lease implied interest rate is not easy to determine, the lease payment is discounted at the lessee's incremental borrowing rate of interest.

Subsequently, the lease liability is measured according to the effective interest method and the amortized cost; also, the interest expense is amortized over the lease period. If a change in the lease period results in a change in future lease payments, the Consolidated Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are expressed separately in the consolidated balance sheet.

(xii) Borrowing costs

Borrowing costs directly attributable to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities have achieved their intended use or sale condition.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the above, all other loan costs are recognized as profit and loss upon occurring.

(xiii) Government subsidies

Government subsidies are recognized as other incomes only when it is reasonably certain that the Consolidated Company will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies related to revenues are recognized on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Consolidated Company.

Government subsidies are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Consolidated Company and have no future related costs.

(xiv) Employee benefits

1. Short-term employee benefits

Liabilities related to short-term employee benefits are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and remeasurement) of the defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost (including current and prior service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other

comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit asset may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

(xv) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax for the period

The Consolidated Company determines income (loss) for the period in accordance with the regulations enacted by the income tax reporting jurisdictions and calculates income tax payable (recoverable) accordingly.

Additional income tax on unappropriated earnings calculated in accordance with the Republic of China Income Tax Act is recognized in the year in which resolutions are made at the shareholder meeting.

The adjustment to prior years' income tax payable is booked as current period's income tax.

2. Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which income tax credits can be utilized, such as deductions for temporary differences, loss carryforwards and investment tax credits.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, affiliates and joint ventures, except where the Consolidated Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable

that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset, and part of the asset should be adjusted down. Deferred tax assets that are not recognized as such initially are reviewed on each balance sheet date and the carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequence resulting from the book value of the assets or liabilities expected by the consolidated company to be recovered or liquidated on the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity, which are respectively recognized in other comprehensive income or directly included in the equity.

v. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When adopting accounting policies, the Consolidated Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from estimates.

Management will review estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting

estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future periods.

vi. Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	\$ 1,019	\$ 15,565
Bank checking accounts and demand deposits	1,671,437	1,384,033
Cash equivalents (investments with an original maturity of less than 3 months)		
Bank acceptance bills	18,268	21,423
Bank time deposits	149,567	420,380
Bonds with repurchase agreement	28,489	-
	<u>\$ 1,868,780</u>	<u>\$ 1,841,401</u>

The interest rate ranges for bank deposits as of the balance sheet date were as follows:

	December 31, 2020	December 31, 2019
Bank demand deposits	0.01% ~ 0.385%	0.01% ~ 0.385%
Bank time deposits	0.30% ~ 2.025%	1.35% ~ 3.45%
Bonds with repurchase agreement	0.40%	-

vii. Financial instruments at fair value through profit or loss

	December 31, 2020	December 31, 2019
<u>Financial assets - current</u>		
Mandatorily measured at fair value through profit or loss		
Derivatives (not designated for hedging)		
- Forward foreign exchange contracts (1)	\$ 33,860	\$ 6,622
Non-derivative financial assets		
- Fund beneficiary certificates	20,001	71,145
	<u>\$ 53,861</u>	<u>\$ 77,767</u>

Financial liabilities - current

Held for trading

Derivatives (not
designated for hedging)

- Forward foreign
exchange contracts

(1)

\$ -

\$ 98

- (i) Forward foreign exchange contracts not subject to hedge accounting and outstanding at the balance sheet date were as follows:

December 31, 2020

	Currency	Expiration Date	Contract Amount (Thousands)
Sale of forward foreign exchange	RMB to USD	August 3, 2020 to January 19, 2021	RMB 14,091/USD 2,000
Sale of forward foreign exchange	RMB to USD	August 3, 2020 to January 19, 2021	RMB 21,129/USD 3,000
Sale of forward foreign exchange	RMB to USD	August 6, 2020 to February 22, 2021	RMB 21,090/USD 3,000
Sale of forward foreign exchange	RMB to USD	September 14, 2020 to April 19, 2021	RMB 20,769/USD 3,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to May 18, 2021	RMB 33,085/USD 5,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to June 18, 2021	RMB 33,110/USD 5,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to July 19, 2021	RMB 33,225/USD 5,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to August 19, 2021	RMB 33,290/USD 5,000
Sale of forward foreign exchange	RMB to USD	June 2, 2020 to January 15, 2021	RMB 3,581/USD 500
Sale of forward foreign exchange	RMB to USD	July 13, 2020 to February 18, 2021	RMB 3,536/USD 500
Sale of forward foreign exchange	RMB to USD	August 3, 2020 to March 15, 2021	RMB 3,530/USD 500
Sale of forward foreign exchange	RMB to USD	August 3, 2020 to April 15, 2021	RMB 3,536/USD 500
Sale of forward foreign exchange	RMB to USD	September 4, 2020 to May 14, 2021	RMB 3,469/USD 500
Sale of forward foreign exchange	RMB to USD	September 4, 2020 to June 15, 2021	RMB 3,475/USD 500
Sale of forward foreign exchange	RMB to USD	September 4, 2020 to July 15, 2021	RMB 3,480/USD 500
Sale of forward foreign exchange	RMB to USD	September 4, 2020 to August 16, 2021	RMB 3,485/USD 500

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	Currency	Expiration Date	Contract Amount (Thousands)
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to September 15, 2021	RMB 3,334/USD 500
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to October 15, 2021	RMB 6,681/USD 1,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to November 15, 2021	RMB 6,695/USD 1,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to December 15, 2021	RMB 6,708/USD 1,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to January 18, 2022	RMB 6,722/USD 1,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to February 15, 2022	RMB 6,734/USD 1,000

December 31, 2019

	Currency	Expiration Date	Contract Amount (Thousands)
Sale of forward foreign exchange	NTD to USD	December 30, 2019 to January 30, 2020	NTD 150,235/USD 5,000
Sale of forward foreign exchange	RMB to USD	October 17, 2019 to January 20, 2020	RMB 35,525/USD 5,000
Sale of forward foreign exchange	RMB to USD	November 6, 2019 to February 20, 2020	RMB 35,050/USD 5,000
Sale of forward foreign exchange	RMB to USD	December 24, 2019 to March 20, 2020	RMB 35,136/USD 5,000
Sale of forward foreign exchange	RMB to USD	December 24, 2019 to April 20, 2020	RMB 35,154/USD 5,000
Sale of forward foreign exchange	RMB to USD	November 6, 2019 to January 15, 2020	RMB 3,501/USD 500
Sale of forward foreign exchange	RMB to USD	November 6, 2019 to February 18, 2020	RMB 3,503/USD 500
Sale of forward foreign exchange	RMB to USD	November 6, 2019 to March 16, 2020	RMB 3,504/USD 500

The purpose of the Consolidated Company's forward exchange transactions is to hedge the risk of foreign currency assets and liabilities arising from exchange rate fluctuations.

viii. Financial assets at amortized cost

	December 31, 2020	December 31, 2019
<u>Current</u>		
Time deposits with original maturity of more than 3 months (1)	\$ 458,813	\$ 7,033
Pledge of time deposits (1)	<u>13,094</u>	<u>14,052</u>
	<u>\$ 471,907</u>	<u>\$ 21,085</u>
<u>Noncurrent</u>		
Time deposits with original maturity of more than 3 months (2)	\$ 43,648	\$ 128,925
Pledge of time deposits (2)	2,127	2,067
Restricted foreign exchange deposits with offshore funds (3)	<u>124,472</u>	<u>-</u>
	<u>\$ 170,247</u>	<u>\$ 130,992</u>

- (i) As of December 31, 2020 and 2019, the interest rate ranges for time deposits with original maturity over 3 months were 1.35% to 3.4% and 3.7% to 3.8% per annum, respectively.
- (ii) As of December 31, 2020 and 2019, the market interest rate for time deposits with original maturity over one year was 0.84% to 4.18% and 1.09% to 4.18% per annum, respectively.
- (iii) On August 26, 2020, the Consolidated Company remitted NTD 146,285 thousand (USD 5,000 thousand) in accordance with the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" and deposited the net amount after tax in a dedicated account for foreign exchange deposits, as approved by the National Taxation Bureau of the Northern Area, Ministry of Finance. The deposits in the dedicated account are subject to restrictions on the free use of the funds as prescribed by law, except for financial investments or real investments and part of the free use of the funds as prescribed by law, which can be withdrawn in three-year increments after five years from the date of deposit in the dedicated account.
- (iv) For information on pledges of financial assets measured at amortized cost, see Note 29.

ix. Accounts receivable and overdue receivables

	December 31, 2020	December 31, 2019
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 2,469,955	\$ 2,219,261
Less: Allowance for loss	(<u>1,086</u>)	(<u>1,743</u>)
	<u>\$ 2,468,869</u>	<u>\$ 2,217,518</u>
<u>Overdue receivables</u>		
Measured at amortized cost		
Total carrying amount	\$ 57,107	\$ 95,658
Less: Allowance for loss	(<u>57,107</u>)	(<u>95,658</u>)
	<u>\$ -</u>	<u>\$ -</u>

Accounts receivable

The average credit period of the Consolidated Company's merchandise sales is 150 days. In determining the collectibility of accounts receivable, the Consolidated Company considers any changes in the credit quality of the accounts receivable from the original credit grant date to the balance sheet date. To mitigate credit risk, the Consolidated Company's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue accounts receivable. In addition, the Consolidated Company reviews the recoverable amounts of accounts receivable on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk has been significantly reduced.

The Consolidated Company uses the simplified method of IFRS 9 to recognize an allowance for losses on accounts receivable based on the expected credit losses over the life of the accounts. Expected credit losses for the duration are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition, the economic situation of the industry, as well as GDP forecasts and industry outlook. Since the Consolidated Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the allowance matrix

only sets the expected credit loss rate based on the number of days past due on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Consolidated Company cannot reasonably expect to recover the amount, for example, if the counterparty is in liquidation or the debt is overdue for more than 365 days, the Consolidated Company reclassifies the amount directly to overdue receivable and continues the collection activities, and the amount recovered is offset against the related overdue receivable.

The Consolidated Company estimated the allowance for losses on accounts receivable based on the allowance matrix as follows:

December 31, 2020

	Not overdue	Overdue 1 to 180 days	Overdue 181 to 365 days	Total
Expected credit loss rate	0.01%	0.49%	10.65%	-
Total carrying amount	\$ 2,311,593	\$ 156,560	\$ 1,802	\$ 2,469,955
Allowance for loss (Expected credit losses over the duration)	(126)	(768)	(192)	(1,086)
Amortized cost	<u>\$ 2,311,467</u>	<u>\$ 155,792</u>	<u>\$ 1,610</u>	<u>\$ 2,468,869</u>

December 31, 2019

	Not overdue	Overdue 1 to 180 days	Overdue 181 to 365 days	Total
Expected credit loss rate	0%	0.25%	54%	-
Total carrying amount	\$ 2,065,296	\$ 151,426	\$ 2,539	\$ 2,219,261
Allowance for loss (Expected credit losses over the duration)	-	(380)	(1,363)	(1,743)
Amortized cost	<u>\$ 2,065,296</u>	<u>\$ 151,046</u>	<u>\$ 1,176</u>	<u>\$ 2,217,518</u>

Information on the changes in the allowance for losses on accounts receivable is as follows:

	2020	2019
Balance at the beginning of the year	\$ 1,743	\$ 3,018
Add: Provision for impairment loss for the year	1,083	11,962
Less: Actual write off for the year	(361)	(343)
Less: Reclassification for the year	(1,391)	(12,884)

	<u>2020</u>	<u>2019</u>
Foreign currency translation difference	<u>12</u>	(<u>10</u>)
Balance at the end of the year	<u>\$ 1,086</u>	<u>\$ 1,743</u>

Information on the changes in the allowance for losses on overdue receivables is as follows:

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	\$ 95,658	\$ 93,270
Add: Reclassification for the year	1,391	12,884
Less: Actual write off for the year	(24,724)	(5,398)
Less: Reversal of impairment loss for the year	(15,219)	(4,402)
Foreign currency translation difference	<u>1</u>	(<u>696</u>)
Balance at the end of the year	<u>\$ 57,107</u>	<u>\$ 95,658</u>

x. Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Finished good	\$ 262,445	\$ 218,519
Semi-finished goods	57,205	42,527
Work in progress	228,036	155,113
Raw materials and supplies	364,732	245,284
In-transit	<u>45,235</u>	<u>14,146</u>
	<u>\$ 957,653</u>	<u>\$ 675,589</u>

The nature of cost of goods sold is as follows:

	<u>2020</u>	<u>2019</u>
Cost of inventories sold	\$ 4,777,176	\$ 5,336,977
Gain on reversal of loss on decline in value of inventories	(4,804)	(19,406)
Others	(<u>13,965</u>)	(<u>32,836</u>)
	<u>\$ 4,758,407</u>	<u>\$ 5,284,735</u>

- (i) The increase in net realizable value of inventories was due to the disposal of slow-moving inventories and the reversal of allowances and slow-moving inventories.

xi. Subsidiaries

Subsidiaries Included in Consolidated Financial Statements

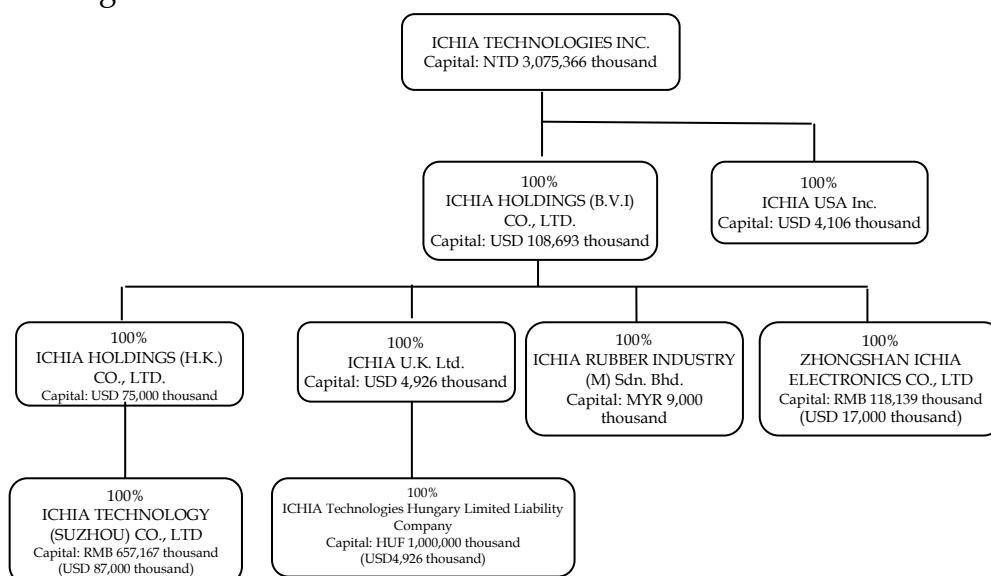
Entities covered by the consolidated financial statements are as follows:

Investor	Subsidiary name	Business nature	Shareholding percentage		Description
			December 31, 2020	December 31, 2019	
ICHIA TECHNOLOGIES INC.	ICHIA USA INC. (hereafter referred to as ICHIA USA).	Manufacturing, processing and trading of various electronic components and materials	100%	100%	-
	ICHIA HOLDINGS (B.V.I) CO., LTD. (hereafter referred to as BVI-ICHIA)	Various investment businesses	100%	100%	-
BVI-ICHIA	ICHIA RUBBER INDUSTRY (M) SDN BHD (hereinafter referred to as ICHIA Malaysia)	Manufacturing, processing and trading of various electronic components and materials	100%	100%	-
	ICHIA UK LTD.	Various investment businesses	100%	100%	-
	ICHIA INTERNATIONAL TRADING LTD. (BVI) (hereafter referred to as ICHIA INTERNATIONAL)	International trading of various electronic components and materials	-	100%	1
	ICHIA HOLDINGS (H.K.) CO., LTD. (hereafter referred to as ICHIA H.K.)	Various investment businesses	100%	100%	-
ICHIA U.K. LTD.	ZHONGSHAN ICHIA ELECTRONICS CO., LTD. (hereafter referred to as ZHONGSHAN ICHIA)	Manufacturing, processing and trading of rubber and plastic keypads	100%	100%	-
	Ichia Hungary Ltd. (hereafter referred to as ICHIA Hungary)	Manufacturing, processing and trading of rubber and plastic keypads	100%	100%	-
ICHIA H.K.	ICHIA TECHNOLOGY (SUZHOU) CO., LTD. (hereafter referred to as ICHIA SUZHOU)	Manufacturing, processing and trading of rubber and plastic keypads and flexible printed circuit boards	100%	100%	-

Remarks:

ICHIA INTERNATIONAL completed its liquidation and closed its operations on September 28, 2020.

As of December 31, 2020, the Company's investment relationships and shareholdings with its investees over which it has control are shown as below:



The Company and the above investees included in the consolidated financial statements are collectively referred to as the Consolidated Company.

The financial statements of the subsidiaries included in the consolidated financial statements have been audited by the CPA.

xii. Property, plant and equipment

Self-use

	Self-owned land	Buildings	Machinery and equipment	Other equipment	Total
<u>Cost</u>					
Balance as of January 1, 2020	\$ 524,333	\$ 2,569,774	\$ 3,562,524	\$ 963,643	\$ 7,620,274
Addition	-	11,679	9,854	7,450	28,983
Disposal	-	(28,287)	(130,115)	(39,046)	(197,448)
Reclassification	-	18,254	181,898	30,394	230,546
Net exchange differences	(406)	14,047	47,436	11,406	72,483
Balance as of December 31, 2020	<u>\$ 523,927</u>	<u>\$ 2,585,467</u>	<u>\$ 3,671,597</u>	<u>\$ 973,847</u>	<u>\$ 7,754,838</u>
<u>Accumulated depreciation and impairment</u>					
Balance as of January 1, 2020	\$ -	\$ 1,539,804	\$ 2,344,167	\$ 814,716	\$ 4,698,687
Disposal	-	(28,287)	(116,024)	(37,164)	(181,475)
Depreciation expense	-	100,002	243,748	57,582	401,332
Impairment loss	-	92	-	-	92
Net exchange differences	-	7,986	34,351	10,446	52,783
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 1,619,597</u>	<u>\$ 2,506,242</u>	<u>\$ 845,580</u>	<u>\$ 4,971,419</u>
Net as of December 31, 2020	<u>\$ 523,927</u>	<u>\$ 965,870</u>	<u>\$ 1,165,355</u>	<u>\$ 128,267</u>	<u>\$ 2,783,419</u>

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	Self-owned land	Buildings	Machinery and equipment	Other equipment	Total
<u>Cost</u>					
Balance as of January 1, 2019	\$ 296,869	\$ 2,492,497	\$ 3,602,888	\$ 1,021,654	\$ 7,413,908
Addition	-	60,017	7,128	3,023	70,168
Disposal	-	(12,643)	(96,107)	(66,083)	(174,833)
Assets from operating leases	227,663	110,241	-	-	337,904
Reclassification	-	946	171,354	36,016	208,316
Net exchange differences	(199)	(81,284)	(122,739)	(30,967)	(235,189)
Balance as of December 31, 2019	<u>\$ 524,333</u>	<u>\$ 2,569,774</u>	<u>\$ 3,562,524</u>	<u>\$ 963,643</u>	<u>\$ 7,620,274</u>
<u>Accumulated depreciation and impairment</u>					
Balance as of January 1, 2019	\$ -	\$ 1,472,061	\$ 2,260,737	\$ 830,682	\$ 4,563,480
Disposal	-	(12,643)	(93,419)	(64,109)	(170,171)
Assets from operating leases	-	27,680	-	-	27,680
Depreciation expense	-	99,233	262,894	76,063	438,190
Impairment loss	-	2,709	-	-	2,709
Net exchange differences	-	(49,236)	(86,045)	(27,920)	(163,201)
Balance as of December 31, 2019	<u>\$ -</u>	<u>\$ 1,539,804</u>	<u>\$ 2,344,167</u>	<u>\$ 814,716</u>	<u>\$ 4,698,687</u>
Net as of December 31, 2019	<u>\$ 524,333</u>	<u>\$ 1,029,970</u>	<u>\$ 1,218,357</u>	<u>\$ 148,927</u>	<u>\$ 2,921,587</u>

The Consolidated Company assesses the recoverable amount of assets for operating use as of the reporting date for impairment and uses the value in use as the basis for calculating the recoverable amount. The calculation of the value in use is based on the estimated cash flows of the Consolidated Company's future financial projections.

The recoverable amount of the impaired assets was evaluated to be lower than that of the previous years, therefore, the Consolidated Company recorded impairment losses of \$92 thousand and \$2,709 thousand in 2020 and 2019, respectively. The impairment loss is included in other gains and losses in the consolidated comprehensive income statements.

Depreciation expense is provided on a straight-line basis over the following useful life:

Buildings	
Main structures	51 years
Elevator equipment	16 years
Air conditioning system	26 years
Improvement to main structures	4 to 51 years
Machinery and equipment	13 years
Other equipment	16 years

For the amount of property, plant and equipment used as collaterals for loans, please refer to Note 29.

xiii. Lease Agreement

(i) Right-of-use assets.

	December 31, 2020	December 31, 2019
Carrying amount of right-of-use assets		
Land	\$ 128,598	\$ 131,066
Transportation equipment	<u>3,205</u>	<u>-</u>
	<u>\$ 131,803</u>	<u>\$ 131,066</u>
	2020	2019
Addition of right-of-use assets.	<u>\$ 3,846</u>	<u>\$ -</u>
Depreciation expense of right-of-use assets		
Land	\$ 4,438	\$ 4,643
Transportation equipment	<u>641</u>	<u>-</u>
	<u>\$ 5,079</u>	<u>\$ 4,643</u>

Other than the above additions and depreciation expense recognized, there were no significant subleases or impairments of the Consolidated Company's right-of-use assets in 2020 and 2019.

Right-of-use asset - Land refers to its use rights in Mainland China.

(ii) Lease liabilities

	December 31, 2020	December 31, 2019
Carry amount of lease liabilities		
Current	<u>\$ 1,266</u>	<u>\$ -</u>
Noncurrent	<u>\$ 1,959</u>	<u>\$ -</u>

The discount rate range for lease liabilities is as follows:

	December 31, 2020	December 31, 2019
Transportation equipment	2.5%	-

(iii) Information on other leases

Please refer to Note 14 for the consolidated company's agreements to lease investment properties under operating leases.

	2020	2019
Short-term lease expenses	\$ <u>7,887</u>	\$ <u>3,713</u>
Low-value asset lease expenses	\$ <u>556</u>	\$ <u>219</u>
Total cash (outflow) from leases	(\$ <u>9,109</u>)	(\$ <u>3,932</u>)

The Consolidated Company has elected to apply the recognition exemption to leases of buildings, structures and office equipment that qualify as short-term leases and certain other equipment that qualify as low-value asset leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

Short-term lease expense for 2019 also included other leases with lease periods ending before December 31, 2019 and for which the recognition exemption was elected. The amount of short-term lease commitments for which the recognition exemption was applicable (including short-term lease commitments commencing after the balance sheet date) was \$35,796 thousand and \$23,082 thousand as of December 31, 2020 and 2019, respectively.

The Consolidated Company has no commitments to enter into leases for periods beginning after the balance sheet date.

xiv. Investment Properties

	<u>Completed investment properties</u>
<u>Cost</u>	
Balance as of January 1, 2019	\$ 337,904
Transferred to property, plant and equipment	(<u>337,904</u>)
Balance as of December 31, 2019	\$ <u>-</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2019	(\$ 24,688)
Depreciation expense	(<u>2,992</u>)
Transferred to property, plant and equipment	<u>27,680</u>
Balance as of December 31, 2019	\$ <u>-</u>
Net as of December 31, 2019	\$ <u>-</u>

Depreciation expense of investment properties is provided on a straight-line basis over the following useful life:

Main structures	51 years
Elevator equipment	16 years
Air conditioning system	10 years
Improvement to main structures	4 to 49 years

All of the Consolidated Company's investment properties are owned by the Consolidated Company.

xv. Other assets

	December 31, 2020	December 31, 2019
<u>Current</u>		
Tax overpaid retained	\$ 53,397	\$ 26,884
Prepaid expenses	54,018	53,826
Prepayments for goods	6,199	21,433
Business tax refund receivable	8,213	2,468
Non-operating receivables	7,464	4,306
Temporary payments	1,711	1,915
Others	8,108	9,866
	<u>\$ 139,110</u>	<u>\$ 120,698</u>
<u>Noncurrent</u>		
Prepaid equipment (Note 30)	\$ 115,808	\$ 52,840
Refundable deposits	25,077	25,375
Long-term prepaid expenses	55,249	38,394
	<u>\$ 196,134</u>	<u>\$ 116,609</u>

Due to the water pollution incident, the Consolidated Company is legally required to fulfill the soil ecological environment restoration obligation and paid the soil ecological environment damage compensation guarantee of RMB 3,230,000 (equivalent to approximately NTD 14,175,000) on September 25, 2019, which will be returned upon the completion of soil ecological environment restoration as confirmed by the Ecological Environment Bureau of the Suzhou New High-tech Zone.

xvi. Borrowings

(i) Short-term borrowings

	December 31, 2020	December 31, 2019
<u>Unsecured borrowings</u>		
Credit facility borrowings	<u>\$ 1,445,882</u>	<u>\$ 673,844</u>

As of December 31, 2020 and 2019, the interest rates on bank borrowings for operating turnover ranged from 0.89% to 1.036% and 0.98% to 2.76%, respectively.

(ii) Long-term borrowings

	December 31, 2020	December 31, 2019
Secured borrowings (Note 29)		
Bank borrowings	\$ 293,718	\$ 459,062
Less: Classified as due within 1 year	(<u>167,191</u>)	(<u>165,066</u>)
Long-term borrowings	<u>\$ 126,527</u>	<u>\$ 293,996</u>

The bank borrowings were secured by pledges of the Consolidated Company's self-owned land and buildings (see Note 29). The maturity date of the borrowings was September 11, 2022, and the effective interest rates were 1.03% and 1.28% per annum for the years ended December 31, 2020 and 2019, respectively.

The Consolidated Company's borrowings consist of:

	Maturity date	Major terms and conditions	Effective interest rate	December 31, 2020	December 31, 2019
Floating rate borrowings:	2022-09-11	Chang Hwa Commercial Bank, Ltd.			
		The borrowing amount is \$500,000 thousand with interest rates ranging from 1.0% to 1.5% to finance the medium-term operating turnover. The borrowing period is from September 11, 2017 to September 11, 2022, with monthly interest deductions. Repayment is made on the 11th day of each month, starting from October 11, 2019, in 36 equal installments of principal and interest.	1.03%	\$293,718	\$459,062
		Less: Classified as due within 1 year		(<u>167,191</u>)	(<u>165,066</u>)
		Long-term borrowings		<u>\$126,527</u>	<u>\$293,996</u>

xvii. Accounts payable

	December 31, 2020	December 31, 2019
<u>Accounts payable</u>		
Occurred due to business	<u>\$ 1,693,628</u>	<u>\$ 1,218,582</u>

The average credit period for the purchase of some goods is one to three months, and no interest is accrued on the accounts payable. The Consolidated Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit periods.

xviii. Other liabilities

	December 31, 2020	December 31, 2019
<u>Current</u>		
Other payables		
Salaries and bonuses payable	\$ 126,910	\$ 137,528
Leave payables	48,946	47,072
Interest payables	979	945
Other expense payables	<u>71,969</u>	<u>51,446</u>
	<u>\$ 248,804</u>	<u>\$ 236,991</u>
Other liabilities		
Temporary receipts	\$ 26,879	\$ 22,158
Others	<u>315</u>	<u>846</u>
	<u>\$ 27,194</u>	<u>\$ 23,004</u>

xix. Post-employment benefit plans

(i) Defined contribution plan

The pension system of the Consolidated Company under the “Labor Pension Act” is a government-administered defined contribution pension plan with 6% of employees’ monthly salaries contributed to the personal accounts at the Bureau of Labor Insurance.

(ii) Defined benefit plan

The pension system of the Consolidated Company under the “Labor Standards Act” is a government-administered defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The Company appropriate 2% of employees’ monthly salaries as pension funds,

which is deposited by the Supervisory Committee of Labor Retirement Reserve in the name of the Committee into a dedicated account at the Bank of Taiwan. Before the end of the year, if the balance in the dedicated account is estimated to be insufficient to pay for employees who are expected to meet the retirement requirements in the following year, the difference will be made up in one lump sum by the end of March of the following year. The management of the dedicated account is entrusted to the Bureau of Labor Funds, Ministry of Labor. The Consolidated Company has no right to influence the investment management strategy.

The amounts included in the consolidated balance sheets for defined benefit plan are shown below.

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	\$ 25,558	\$ 23,716
Fair value of plan assets	(45,347)	(43,582)
Net defined benefit assets	(\$ 19,789)	(\$ 19,866)

Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
January 1, 2019	\$ 21,842	(\$ 41,874)	(\$ 20,032)
Service costs			
Service costs for the period	55	-	55
Interest expenses (incomes)	273	(523)	(250)
Recognized in profit or loss	328	(523)	(195)
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(1,389)	(1,389)

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	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Actuarial losses			
- Change in financial assumptions	\$ 565	\$ -	\$ 565
- Adjustments through experience	<u>1,185</u>	<u>-</u>	<u>1,185</u>
Recognized in other comprehensive income	<u>1,750</u>	(<u>1,389</u>)	<u>361</u>
Benefit payments	(<u>204</u>)	<u>204</u>	<u>-</u>
December 31, 2019	<u>23,716</u>	(<u>43,582</u>)	(<u>19,866</u>)
Service costs			
Service costs for the period	56	-	56
Interest expenses (incomes)	<u>237</u>	(<u>436</u>)	(<u>199</u>)
Recognized in profit or loss	<u>293</u>	(<u>436</u>)	(<u>143</u>)
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(1,329)	(1,329)
Actuarial losses			
- Change in financial assumptions	450	-	450
- Adjustments through experience	<u>1,099</u>	<u>-</u>	<u>1,099</u>
Recognized in other comprehensive income	<u>1,549</u>	(<u>1,329</u>)	<u>220</u>
Benefit payments	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2020	<u>\$ 25,558</u>	(<u>\$ 45,347</u>)	(<u>\$ 19,789</u>)

The amounts recognized in profit or loss for defined benefit plan are summarized by function as follows:

	2020	2019
Operating costs	(\$ 15)	(\$ 22)
Promotional expenses	(4)	(6)
Administrative expenses	(110)	(148)
R&D expenses	(14)	(19)
	<u>(\$ 143)</u>	<u>(\$ 195)</u>

The subsidiaries in the Consolidated Company are exposed to the following risks as a result of the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the Consolidated Company’s plan assets is based on the income at a rate no less than the local bank’s 2-year time deposit rate.
2. Interest rate risk: A decrease in interest rates on government/corporate bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member’s salary will result in an increase in the present value of the defined benefit obligation.

The present value of the Consolidated Company’s defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.80%	1.00%
Expected rate of salary increase	3.00%	3.00%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows:

	December 31, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	(\$ 556)	(\$ 560)
Decrease by 0.25%	\$ 577	\$ 582
Expected rate of salary increase		
Increase by 1%	\$ 2,385	\$ 2,415
Decrease by 1%	(\$ 2,097)	(\$ 2,113)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	December 31, 2020	December 31, 2019
Average duration to maturity of defined benefit obligations	13.7 years	14.6 years

xx. Equity

(i) Common stock

	December 31, 2020	December 31, 2019
Authorized number of shares (thousand shares)	600,000	420,000
Authorized capital stock	\$ 6,000,000	\$ 4,200,000
Number of shares issued and fully paid (thousand shares)	307,536	307,536
Issued capital stock	\$ 3,075,366	\$ 3,075,366

The issued common stock has a face value of NT\$10 per share and each share is entitled to one voting right and receiving dividends.

30,000 thousand shares of the authorized capital stock were reserved for the issuance of convertible bonds and employee restricted stock options.

On March 25, 2019, the Board of Directors resolved to retire 9,731 thousand shares of treasury stock and the change registration was completed on April 10, 2019.

On March 18, 2020, the Company's Board of Directors resolved to increase the authorized capital to \$6,000,000 thousand, and on June 12, 2010, the resolution was approved by the regular shareholders' meeting.

(ii) Capital surplus

	December 31, 2020	December 31, 2019
For loss make-up, payment in cash or capitalization as equity (1)		
Stock issue premium	\$ 411,281	\$ 488,165
Corporate bond conversion premium	1,238,407	1,238,407
Gain on disposal of assets	167	167
Consolidation excess	42,695	42,695
<u>Not for any purpose</u>		
Employee stock purchase plan	149,021	149,021
Employee restricted stock option	120,365	120,365
Convertible bond stock options	<u>124,891</u>	<u>124,891</u>
	<u>\$ 2,086,827</u>	<u>\$ 2,163,711</u>

- Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(iii) Retained Earnings and Dividend Policy

In accordance with the earnings distribution policy of the Company's Articles of Incorporation, if there are any net earnings as indicated in the final accounts, the Company shall pay tax and make up for the accumulated losses, and then set aside 10% as legal reserve, and the rest shall be set aside as special reserve or offset by reversal of special reserve as required by law; if there are still remaining earnings, the Board of Directors shall prepare a proposal for the distribution of the remainder together with the accumulated unappropriated earnings at the beginning of the period, and submit it to the

shareholder meeting for resolution on the distribution of dividends to shareholders. The Company's policy on the distribution of employees' and directors' remuneration as stipulated in the Company's Articles of Incorporation is described in Note 22(7) Employees' Remuneration and Directors' Remuneration.

Based on the resolution of a majority of directors at the meeting attended by two-thirds of the total number of directors, the Company shall distribute the dividend and bonus, in whole or in part, in the form of cash and report to the shareholders' meeting.

The legal reserve should be appropriated until the balance reaches the Company's total paid-in capital. The legal reserve may be used to make up for losses. If the Company has no losses, the excess of legal reserve over 25% of the paid-in capital may be distributed in cash in addition to capitalization as equity.

The Company has provided and reversed the special reserve in accordance with the letters Jin-Guan-Zheng-Fa-Zi Nos. 1010012865, 1010047490 and 1030006415 and the provisions of the "Questions and Answers on the Application of International Financial Reporting Standards (IFRSs) to the Provision of Special Reserve".

At the regular shareholders' meetings held on June 12, 2020 and June 14, 2019, the Company resolved to distribute the earnings for 2019 and 2018 as follows:

	2019	2018
Legal reserve	<u>\$ 22,679</u>	<u>\$ 14,511</u>
Special reserve	<u>\$ 198,694</u>	<u>\$ 137,011</u>
Cash dividends	<u>\$ 153,768</u>	<u>\$ 153,768</u>
Cash dividends per share (NTD)	\$ 0.5	\$ 0.5

The Board of Directors proposed the following earnings distribution for 2020 on March 16, 2021:

	Earnings distribution proposal
Legal reserve	<u>\$ 11,997</u>
Special reserve	<u>(\$ 40,309)</u>
Cash dividends	<u>\$ 148,768</u>
Cash dividends per share	\$ 0.5

The earnings proposal for 2020 is pending resolution at the shareholders' meeting scheduled for June 21, 2021.

(iv) Treasury stock

Reason for recovery	Transfer of shares to employees (thousand shares)	Repurchase for retirement (thousand shares)	Shares of parent company held by subsidiaries (thousand shares)	Total (thousand shares)
Number of shares as of January 1, 2020	-	-	-	-
Increase in the period	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Number of shares as of December 31, 2020	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Number of shares as of January 1, 2019	9,731	-	-	9,731
Decrease in the year	(<u>9,731</u>)	<u>-</u>	<u>-</u>	(<u>9,731</u>)
Number of shares as of December 31, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

On July 27, 2020, the Board of Directors resolved to repurchase 10,000 thousand shares of the Company's common stock to employees for the period from July 28, 2020 to September 25, 2020 at a price range of \$12 to \$18 in order to motivate employees and enhance their cohesiveness to the Company. As of the end of the repurchase period (September 25, 2020), the Company had repurchased 10,000 thousand shares for a total of \$161,328 thousand.

The repurchased shares shall be transferred to employees within 5 years in accordance with the Securities and Exchange Act. If the shares are not transferred after the expiration date, they shall be considered as unissued shares of the Company and shall be registered for change.

Treasury stock held by the Company cannot be pledged under the Securities and Exchange Act, and is not entitled to dividend distribution or voting rights.

xxi.	<u>Revenues</u>		
		<u>2020</u>	<u>2019</u>
	Customer contract revenues		
	Merchandise sales		
	revenues	\$ 5,502,842	\$ 6,148,946
	Lease incomes		
	Investment Properties		
	(Note 14)	-	7,872
		<u>\$ 5,502,842</u>	<u>\$ 6,156,818</u>
	<u>Contract balance</u>		
		<u>December 31,</u>	<u>December 31,</u>
		<u>2020</u>	<u>2019</u>
	Accounts receivable (Note 9)	<u>\$ 2,468,869</u>	<u>\$ 2,217,518</u>
	Contract liabilities - current		
	Merchandise sales	\$ 7,114	\$ 5,586

The change in contract liabilities mainly arises from the difference between the point at which performance obligations are satisfied and the point at which customers pay.

xxii.	<u>Net profits before tax</u>		
(i)	Interest incomes		
		<u>2020</u>	<u>2019</u>
	Bank deposits	\$ 7,432	\$ 5,418
	Bonds with repurchase agreement	13	-
	Financial assets at amortized cost	16,099	9,819
	Imputed interest on deposits	<u>188</u>	<u>8</u>
		<u>\$ 23,732</u>	<u>\$ 15,245</u>
(ii)	Other incomes		
		<u>2020</u>	<u>2019</u>
	Lease incomes		
	Rental incomes from operating lease		
	- Investment properties	\$ -	\$ 7,872
	- Rental incomes from dormitory and parking lot	835	595
	- Rental incomes	<u>1,245</u>	<u>1,929</u>

	from housing		
		<u>2,080</u>	<u>10,396</u>
	Government subsidy		
	incomes	16,547	-
	Compensation incomes	6,036	-
	Others	<u>14,558</u>	<u>12,320</u>
		<u>\$ 39,221</u>	<u>\$ 22,716</u>
(iii)	Other incomes (expenses)		
		<u>2020</u>	<u>2019</u>
	Gain (loss) on financial		
	assets and financial		
	liabilities (Note 7)		
	Financial assets		
	mandatorily		
	measured at fair		
	value through profit		
	or loss		
	- Realized	\$ 21,824	(\$ 8,532)
	- Unrealized	<u>33,104</u>	<u>15,959</u>
		<u>54,928</u>	<u>7,427</u>
	Financial liabilities held		
	for trading		
	- Realized	(472)	(7)
	- Unrealized	<u>(22)</u>	<u>(39)</u>
		<u>(494)</u>	<u>(46)</u>
		<u>54,434</u>	<u>7,381</u>
	Net foreign currency		
	exchange loss	(107,018)	(5,914)
	Gain on disposal of		
	property, plant and		
	equipment	2,680	6,827
	Impairment loss of property,		
	plant and equipment	(92)	(2,709)
	Others	<u>(3,521)</u>	<u>(17,803)</u>
		<u>(\$ 53,517)</u>	<u>(\$ 12,218)</u>

(iv)	Financial costs		
		2020	2019
	Interest on bank borrowings	\$ 15,065	\$ 25,499
	Interest on lease liabilities	45	-
		<u>\$ 15,110</u>	<u>\$ 25,499</u>

No interest capitalization in 2020 and 2019.

(v)	Depreciation and amortization		
		2020	2019
	Depreciation expense is summarized by function		
	Operating costs	\$ 384,086	\$ 416,572
	Operating expenses	22,325	29,253
		<u>\$ 406,411</u>	<u>\$ 445,825</u>

(vi)	Employee benefit expenses		
		2020	2019
	Post-employment benefits		
	Defined contribution plans	\$ 5,312	\$ 4,833
	Defined benefit plans (Note 19)	(143)	(195)
		5,169	4,638
	Other employee benefits	<u>1,273,520</u>	<u>1,395,309</u>
	Total employee benefit expenses	<u>\$ 1,278,689</u>	<u>\$ 1,399,947</u>
	Summarized by function		
	Operating costs	\$ 1,015,805	\$ 1,146,452
	Operating expenses	262,884	253,495
		<u>\$ 1,278,689</u>	<u>\$ 1,399,947</u>

(vii) Employees' remuneration and directors' remuneration.

In accordance with the Company's Articles of Incorporation, the Company appropriates no less than 1% and no more than 3% of the profits before tax to employees' and directors' remuneration, respectively, for the year before the distribution of employees' and directors' remuneration. The estimated remuneration to employees and directors for the years ended 2020 and 2019 were resolved by the Board of Directors on March 16, 2021 and March 18, 2019, respectively, as follow:

Estimated percentage

	<u>2020</u>	<u>2019</u>
Remuneration to employees	4.18%	3.30%
Remuneration to directors	2.94%	2.06%

Amount

	<u>2020</u>	<u>2019</u>
	<u>Cash</u>	<u>Cash</u>
Remuneration to employees	\$ 7,000	\$ 8,000
Remuneration to directors	4,919	5,000

If there is a change in the amount of the consolidated financial statements after the date of its issuance, the amount is adjusted in the following year in accordance with the rules related to changes in accounting estimates.

There was no difference between the actual amount of employees' and directors' and supervisors' remuneration paid for 2019 and 2018 and the amount recognized in the consolidated financial statements in 2019 and 2018.

Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the remuneration of employees, directors and supervisors resolved by the Board of Directors of the Company.

(viii) Foreign currency exchange gains (losses)

	<u>2020</u>	<u>2019</u>
Total foreign currency exchange gains	\$ 176,696	\$ 200,277
Total foreign currency exchange (losses)	(<u>283,714</u>)	(<u>206,191</u>)
Net gains (losses)	(<u>\$ 107,018</u>)	(<u>\$ 5,914</u>)

xxiii. Income tax

(i) Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	<u>2020</u>	<u>2019</u>
Income tax for the period		
Occurred in the year	\$ 24,351	\$ 37,304
Prior year adjustment	8,527	3,085
Repatriation of offshore funds	<u>11,792</u>	<u>-</u>
	<u>44,670</u>	<u>40,389</u>
Deferred tax		
Occurred in the year	27,220	5,265
Prior year adjustment	(2,067)	<u>8,593</u>
	<u>25,153</u>	<u>13,858</u>
Income tax expenses recognized in profit or loss	<u>\$ 69,823</u>	<u>\$ 54,247</u>

The reconciliation of accounting income to income tax expense is as follows:

	<u>2020</u>	<u>2019</u>
Net profits before tax	<u>\$ 190,013</u>	<u>\$ 281,039</u>
Income tax expenses at statutory tax rate on net profits before tax (20%)	\$ 38,003	\$ 56,208
Non-deductible expenses for tax purposes	15,383	8,628
Tax-exempt incomes	(1,049)	(566)
Unrecognized loss carryforwards	3,539	(10,437)
Effect of consolidated entities with different tax rates	6,826	11,105
Adjustments to prior years' deferred tax expenses recorded in the year	(2,067)	8,593
Adjustments to prior years' current income tax expenses recorded in the year	8,527	3,085
Additional deductions for R&D expenses	(11,131)	(22,369)
Repatriation of offshore funds	<u>11,792</u>	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$ 69,823</u>	<u>\$ 54,247</u>

In July 2019, the President of Taiwan announced the promulgation of “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”, with new rules that if a profit-seeking enterprise applies for repatriation of funds within the approved period from August 15, 2019 to August 14, 2020, the tax rate applicable to the repatriation of funds is reduced from 20% to 8% and the repatriated funds should be deposited into a dedicated account, and the receiving bank will deduct the tax when the funds are deposited into the dedicated account. On August 26, 2020, the Consolidated Company was approved to remit \$147,400 thousand (USD 5,000 thousand) by the National Taxation Bureau, Ministry of Finance, and the tax amount was \$11,792 thousand based on the applicable tax rate of 8%.

(ii) Current income tax assets and liabilities

	December 31, 2020	December 31, 2019
Current income tax assets		
Tax refund receivable	\$ <u>634</u>	\$ <u>16,135</u>
Current tax liabilities		
Income tax payables	\$ <u>8,250</u>	\$ <u>7,839</u>

(iii) Deferred tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2020

	Balance at the beginning of the year	Recognized in profit or loss	Exchange difference	Balance at the end of the year
Deferred tax assets				
Temporary difference				
Leave payables	\$ 11,270	\$ 289	\$ 149	\$ 11,708
Defined benefit pension plan	962	(29)	-	933
Unrealized loss on decline in value of inventories	63,407	(642)	972	63,737
Allowance for loss	16,211	(7,521)	(18)	8,672
Impairment of property, plant and equipment	2,022	(796)	(10)	1,216
Accrued expenses	12,893	2,987	280	16,160

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	Balance at the beginning of the year	Recognized in profit or loss	Exchange difference	Balance at the end of the year
Unrealized exchange gains	(238)	238	-	-
Depreciation of property, plant and equipment	-	48,770	795	49,565
Others	<u>35,332</u>	<u>(35,069)</u>	<u>-</u>	<u>263</u>
	141,859	8,227	2,168	152,254
Loss carryforwards	<u>57,083</u>	<u>(11,309)</u>	<u>-</u>	<u>45,774</u>
	<u>\$ 198,942</u>	<u>(\$ 3,082)</u>	<u>\$ 2,168</u>	<u>\$ 198,028</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Unrealized exchange gains	\$ -	(\$ 5,339)	\$ -	(\$ 5,339)
Financial assets at fair value through profit or loss	-	(8,184)	(219)	(8,403)
Depreciation of property, plant and equipment	<u>-</u>	<u>(8,548)</u>	<u>(101)</u>	<u>(8,649)</u>
	<u>\$ -</u>	<u>(\$ 22,071)</u>	<u>(\$ 320)</u>	<u>(\$ 22,391)</u>

2019

	Balance at the beginning of the year	Recognized in profit or loss	Exchange difference	Balance at the end of the year
<u>Deferred tax assets</u>				
Temporary difference				
Leave payables	\$ 11,956	(\$ 309)	(\$ 377)	\$ 11,270
Defined benefit pension plan	1,001	(39)	-	962
Unrealized loss on decline in value of inventories	71,156	(5,409)	(2,340)	63,407
Allowance for loss	15,201	1,154	(144)	16,211
Impairment of property, plant and equipment	2,530	(477)	(31)	2,022

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	Balance at the beginning of the year	Recognized in profit or loss	Exchange difference	Balance at the end of the year
Accrued expenses	\$ 16,471	(\$ 3,122)	(\$ 456)	\$ 12,893
Unrealized exchange gains	2,863	(3,101)	-	(238)
Others	<u>39,206</u>	<u>(2,168)</u>	<u>(1,706)</u>	<u>35,332</u>
	160,384	(13,471)	(5,054)	141,859
Loss carryforwards	<u>57,470</u>	<u>(387)</u>	<u>-</u>	<u>57,083</u>
	<u>\$ 217,854</u>	<u>(\$ 13,858)</u>	<u>(\$ 5,054)</u>	<u>\$ 198,942</u>

- (iv) Unused loss carryforwards for deferred tax assets not recognized in the consolidated balance sheets

	December 31, 2020	December 31, 2019
Loss carryforwards		
Expire in 2029	<u>\$ 17,693</u>	<u>\$ -</u>

- (v) Information on unused loss carryforwards

Information on loss carryforwards for the year ended December 31, 2020 is as follows:

Not yet used balance	Final year of use
<u>\$ 149,134</u>	2027
71,149	2028
<u>26,278</u>	2029
<u>\$ 246,561</u>	

- (vi) Income tax assessment

The Company's income tax returns have been assessed by the tax authorities up to 2018, but not yet for 2019.

xxiv. Earnings per share

Weighted-average number of shares of common stock used to calculate earnings per share is as follows:

Net profits for the year

	<u>2020</u>	<u>2019</u>
Net profits used to calculate basic earnings per share	<u>\$ 120,190</u>	<u>\$ 226,792</u>
Net profits used to calculate diluted earnings per share	<u>\$ 120,190</u>	<u>\$ 226,792</u>

Number of shares

Unit: Thousand shares

	<u>2020</u>	<u>2019</u>
Weighted-average number of shares of common stock used to calculate basic earnings per share	304,024	307,536
Impact of potential common stock with dilutive effect:		
Remuneration to employees	<u>540</u>	<u>731</u>
Weighted-average number of shares of common stock used to calculate diluted earnings per share	<u>304,564</u>	<u>308,267</u>

If the Consolidated Company may choose to have the employee compensation distributed via a stock or cash dividend, the calculation of the diluted earnings per share assumes that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. The diluting effect of these potential common shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees in the following year's resolution.

xxv. Capital risk management

The Consolidated Company engages in capital management to ensure that the Group's enterprises can maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

The Consolidated Company's capital structure consists of the Consolidated Company's net debt (i.e., borrowings less cash and cash equivalents) and equity

attributable to the shareholders of the Company (i.e., capital stock, capital surplus, retained earnings and other equity).

The Consolidated Company is not subject to any other external capital requirements.

The Consolidated Company's key management reviews the Group's capital structure annually, which includes consideration of the cost of various types of capital and the associated risks. The Consolidated Company will balance its overall capital structure by paying dividends, issuing new shares, repurchasing shares and issuing new debt or paying off old debt, as recommended by key management.

xxvi. Disposal of subsidiary

- (i) On August 10, 2020, the Board of Directors of the Consolidated Company approved the liquidation of ICHIA INTERNATIONAL, and the liquidation was completed and a liquidation certificate was obtained on September 28, 2020.

- (ii) Repatriated funds of liquidated stock

	<u>ICHIA INTERNATIONAL</u>
Cash and cash equivalents (repatriated funds of liquidated stock)	<u>\$ 22,772</u>

- (iii) Analysis of lost of controlled assets and liabilities at the date of loss of control

	<u>Disposal of ICHIA INTERNATIONAL</u>
Current asset	
Cash and cash equivalents	<u>\$ 22,772</u>
Net assets disposed of	<u>\$ 22,772</u>

- (iv) Gain on disposal of subsidiary

	<u>2020</u>
Repatriated funds of liquidated stock	\$ 22,772
Net assets disposed of	(<u>22,772</u>)
Gain on disposal	<u>\$ -</u>

(v) Net cash inflow from disposal of subsidiary

	<u>2020</u>
Consideration received in cash and cash equivalents	\$ 22,772
Less: Cash and cash equivalents disposed of	(<u>22,772</u>)
	<u>\$ -</u>

xxvii. Financial instruments

(i) Fair value information - Financial instruments that are not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value on the balance sheet approximate their fair values

(ii) Fair value information - Financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificates	\$ 20,001	\$ -	\$ -	\$ 20,001
Derivatives	<u>-</u>	<u>33,860</u>	<u>-</u>	<u>33,860</u>
	<u>\$ 20,001</u>	<u>\$ 33,860</u>	<u>\$ -</u>	<u>\$ 53,861</u>

December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificates	\$ 71,145	\$ -	\$ -	\$ 71,145
Derivatives	<u>-</u>	<u>6,622</u>	<u>-</u>	<u>6,622</u>
	<u>\$ 71,145</u>	<u>\$ 6,622</u>	<u>\$ -</u>	<u>\$ 77,767</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 98</u>	<u>\$ -</u>	<u>\$ 98</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2020 and 2019.

2. Level 2 fair value measurement valuation techniques and input values

Class of financial instruments	Valuation techniques and input values
Derivatives - Forward foreign exchange contracts	The discounted cash flow method: The future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of the period, and are discounted at a rate that reflects the credit risk of each counterparty.

(iii) Types of financial instruments

	December 31, 2020	December 31, 2019
<u>Financial asset</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 53,861	\$ 77,767
Financial assets at amortized cost (Note 1)	5,004,880	4,236,371
<u>Financial liabilities</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	-	98
Measured at amortized cost (Note 2)	3,512,720	2,409,827

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, accounts receivable and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, including short-term borrowings, accounts payable, other payables (excluding employee benefits payable), long-term borrowings due within one year, long-term borrowings and deposits received.

(iv) Financial risk management objectives and policies

The Consolidated Company's major financial instruments include investments in equity instruments, accounts receivable, accounts payable, and borrowings. The risks associated with the operations of the above financial instruments include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

The main financial risks to which the Consolidated Company is exposed as a result of its operating activities are changes in foreign currency exchange rates (see (1) below) and changes in interest rates (see (2) below).

(1) Exchange rate risk

The Consolidated Company engages in foreign currency-denominated sales and purchase transactions, which expose the Consolidated Company to exchange rate risk. The Consolidated Company manages its exposure to exchange rate risk by using forward exchange contracts and options to the extent permitted by policy.

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies (including monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements) and the carrying amounts of derivative instruments with exchange rate risk exposure as of the balance sheet date are described in Note 32.

Sensitivity analysis

The Consolidated Company is primarily affected by fluctuations in the USD exchange rate.

The following table details the sensitivity analysis of the Consolidated Company when the exchange rate of the NTD (functional currency) increases and decreases by 1% against each relevant foreign currency. 1% is the sensitivity percentage used for the Group's internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible range of changes in foreign currency exchange

rates. The sensitivity analysis includes only outstanding foreign currency monetary items and forward exchange contracts designated as cash flow hedges, and adjusts their period-end translation by a 1% change in exchange rates. The negative amount for USD below represents the decrease in net profits before tax when NTD strengthens by 1% against USD, and the positive amount when NTD depreciates by 1% against USD.

	Impact of USD	
	2020	2019
Profit or loss	<u>\$ 14,117</u>	<u>\$ 11,005</u> (i)

(i) Mainly derived from the Consolidated Company's receivables and payables that were outstanding at the balance sheet date and not hedged for cash flow.

(2) Interest rate risk

The Consolidated Company's bank deposits and borrowed funds carry both fixed and floating interest rates, resulting in interest rate risk.

The carrying amounts of financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
- Financial assets	\$ 820,210	\$ 572,457
- Financial liabilities	620,882	273,844
Cash flow interest rate risk		
- Financial liabilities	1,118,718	859,062

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments as of the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is

outstanding during the reporting period. The rate of change used in reporting interest rates internally to key management is a 0.25% basis point increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased/decreased by 0.25% basis points, with all other variables held constant, the Consolidated Company's net profits before tax would have decreased/increased by \$2,797 thousand and \$2,148 thousand for 2020 and 2019, respectively.

(3) Other price risk

The Consolidated Company has equity price risk due to its investment in equity securities.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure at the balance sheet date.

If the equity price had increased/decreased by 10%, profits or losses before tax for 2020 and 2019 would have increased/decreased by \$2,000 thousand and \$7,115 thousand, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through profit or loss.

There was no significant change in the sensitivity of the Consolidated Company's investment in equity securities compared with the previous year.

2. Credit risk

Credit risk refers to the risk of financial loss due to default on contract obligations by the counterparties. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk of financial loss due to non-performance by counterparties and the provision of financial guarantees by the Consolidated Company was mainly due to:

- (1) The carrying amount of financial assets recognized in the consolidated balance sheets.

- (2) The maximum amount that the Consolidated Company may be required to pay for the provision of financial guarantees, regardless of the likelihood of occurrence.

The Consolidated Company's primary potential credit risk arises from financial instruments such as cash and cash equivalents and accounts receivable. The Consolidated Company's cash is deposited with various banks and financial institutions. The cash is held in time deposits with maturities of approximately 3 months, which have high liquidity and flexibility and enjoy high interest rates with near-zero risk. The Consolidated Company controls its exposure to the credit risk of each financial institution and believes that the Consolidated Company's cash and cash equivalents are not subject to significant concentrations of credit risk.

The counterparties of the Consolidated Company's accounts receivable are customers in the electronics industry. In order to reduce the credit risk of accounts receivable, the Consolidated Company's management has assigned a dedicated team to establish credit management rules and regulations and to be responsible for credit limit determination, credit approval and other monitoring procedures for the credit management of accounts receivable.

In addition, the Consolidated Company reviews the recoverable amounts of accounts receivable on a case-by-case basis every month to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk is limited.

The Consolidated Company's credit risk is mainly concentrated in the Consolidated Company's top ten customers. As of December 31, 2020 and 2019, the percentage of total accounts receivable from the aforementioned customers was 58.03% and 59.28%, respectively.

3. Liquidity risk

The Consolidated Company manages and maintains sufficient balance of cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Consolidated Company's management monitors the use of bank financing facilities

and ensures compliance with the terms and conditions of the borrowing agreements.

Bank borrowings are an important source of liquidity for the Consolidated Company. See (2) below for a description of the Consolidated Company's unused financing facilities as of December 31, 2020 and 2019.

(1) Liquidity and interest rate risk of non-derivative financial liabilities.

The analysis of the remaining contract maturities of non-derivative financial liabilities is prepared using the undiscounted cash flows of financial liabilities (including principal and estimated interest) based on the earliest possible date on which the Consolidated Company could be required to make repayment. Therefore, bank borrowings that the Consolidated Company may be required to repay immediately are shown in the the earliest period below, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contract repayment dates.

December 31, 2020

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 1,693,628	\$ -	\$ -	\$ -	\$ 1,693,628
Other payables	70,732	-	-	-	70,732
Borrowings	1,614,052	126,527	-	-	1,740,579
Lease liabilities	<u>1,332</u>	<u>1,332</u>	<u>666</u>	<u>-</u>	<u>3,330</u>
	<u>\$ 3,379,744</u>	<u>\$ 127,859</u>	<u>\$ 666</u>	<u>\$ -</u>	<u>\$ 3,508,269</u>

December 31, 2019

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 1,218,582	\$ -	\$ -	\$ -	\$ 1,218,582
Other payables	50,004	-	-	-	50,004
Borrowings	<u>839,855</u>	<u>-</u>	<u>-</u>	<u>293,996</u>	<u>1,133,851</u>
	<u>\$ 2,108,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,996</u>	<u>\$ 2,402,437</u>

(2) Financing facilities	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured bank borrowing facility (extendable by mutual consent)		
Financing facilities used	\$ 1,445,882	\$ 673,844
Financing facilities unused	<u>3,227,395</u>	<u>2,984,906</u>
	<u>\$ 4,673,277</u>	<u>\$ 3,658,750</u>
Secured bank borrowing facility (extendable by mutual consent)		
Financing facilities used	\$ 500,000	\$ 500,000
Financing facilities unused	<u>-</u>	<u>-</u>
	<u>\$ 500,000</u>	<u>\$ 500,000</u>

xxviii. Related party transactions

All transactions, account balances, incomes and expenses between the Company and its subsidiaries, which are related parties of the Company, are eliminated upon consolidation and are therefore not disclosed in this note. In addition to those disclosed in other notes, the transactions between the Company and other related parties are as follows:

Key management remuneration

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 20,521	\$ 21,105
Post-employment benefits	<u>358</u>	<u>495</u>
	<u>\$ 20,879</u>	<u>\$ 21,600</u>

The remuneration of directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

xxix. Pledged assets

The following assets have been pledged as collaterals for borrowings and tariff guarantees for imported raw materials:

	December 31, 2020	December 31, 2019
Pledged time deposits (recorded as financial assets at amortized cost - current)	\$ 13,094	\$ 14,052
Pledged time deposits (recorded as financial assets at amortized cost - noncurrent)	2,127	2,067
Self-owned land	227,663	227,663
Buildings - net	<u>79,568</u>	<u>82,561</u>
	<u>\$ 322,452</u>	<u>\$ 326,343</u>

xxx. Significant contingent liabilities and unrecognized contract commitments

- (i) The total contract amount of the equipment contracted by the Consolidated Company with vendors was NTD 236,409 thousand. As of December 31, 2020, the Consolidated Company had paid NTD 115,808 thousand (recorded as prepayment for equipment) and the remaining NTD 120,601 thousand had not been paid.
- (ii) As of December 31, 2020, the Consolidated Company had guaranteed for cooperative education and provided a reserve for the issuance of refundable deposit notes (including long-term borrowings and short-term borrowings) of approximately NTD 960,360 thousand and USD 8,500 thousand, respectively.
- (iii) As of December 31, 2020, the Consolidated Company had received NTD 8,090 thousand in guarantee deposit notes for the purchase of equipment and construction.

xxxi. Other matters

The Consolidated Company was affected by the global pandemic of COVID-19 pneumonia and delayed the resumption of work at some of its plants, resulting in a significant decrease in operating revenues from February to June of 2020. With the slowdown of the epidemic and the relaxation of policies, the Consolidated Company expects that its operations will gradually return to normal.

In response to the impact of the outbreak, the Consolidated Company took the following actions:

(i) Adjustment of business strategy

The Consolidated Company's business strategy has not been adjusted due to the impact of the epidemic, but the Consolidated Company will remain cautious about the future development of the epidemic and the impact on end-use demand.

(ii) Financing strategy

In view of the possible impact of the uncertainty of the COVID-19 epidemic in the future, the Consolidated Company will increase its medium-term and long-term financing positions and raise medium-term and long-term operating funds to establish a stable source of medium-term and long-term operating funds for the Company.

(iii) Government relief measures

The Consolidated Company has applied for government subsidies for salaries, working capital, interest and rent, and has received \$5,017 thousand of approved funds (accounted for as other incomes).

xxxii. Information on foreign currency assets and liabilities with significant impact.

The following information is expressed in aggregate in foreign currencies other than the entities of the Consolidated Company's functional currencies, and the exchange rates disclosed represent the rates at which such foreign currencies were converted to the functional currency. Foreign currency assets and liabilities with significant impact are as follows:

December 31, 2020

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 79,426	28.48 (USD : NTD)	\$ 2,261,953
USD	71,604	6.5249 (USD : RMB)	<u>2,039,281</u>
			<u>\$ 4,301,234</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	70,291	28.48 (USD : NTD)	\$ 2,002,007
USD	31,166	6.5249 (USD : RMB)	<u>887,553</u>
			<u>\$ 2,889,560</u>

December 31, 2019

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 63,421	29.98 (USD : NTD)	\$ 1,901,374
USD	47,843	6.9762 (USD : RMB)	<u>1,434,459</u>
			<u>\$ 3,335,833</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	53,856	29.98 (USD : NTD)	\$ 1,614,487
USD	20,711	6.9762 (USD : RMB)	<u>620,809</u>
			<u>\$ 2,235,296</u>

The Consolidated Company's foreign currency exchange gains and losses (realized and unrealized) amounted to \$107,018 thousand and \$5,914 thousand for 2020 and 2019, respectively. Due to the wide variety of foreign currency transactions and the functional currencies of the entities of the Group, it is not possible to disclose the exchange gains and losses by each major currency.

xxxiii. Additional disclosure

(i) Significant transactions and (ii) information on the investee enterprises:

No.	Item	Description
1	Lending funds to others	Exhibit 1
2	Endorsements and guarantees for others.	Exhibit 2
3	Marketable securities held at the end of the period. (Excluding investment in subsidiaries, affiliated enterprises and joint venture interests)	Exhibit 3
4	The cumulative amount of purchases or sales of the same marketable securities reaches at least NTD 300 million or 20% of the paid-in capital.	None
5	Acquisition of real estate amounting to at least NTD 300 million or 20% of the paid-in capital.	None
6	Disposal of real estate amounting to at least NTD 300 million or 20% of the paid-in capital.	None
7	The amount of purchase or sale with related parties is at least NTD 100 million or 20% of the paid-in capital.	Exhibit 4
8	Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital.	Exhibit 5
9	Engagement in derivative transactions.	Note 7
10	Others: Business relationships and significant transactions	Exhibit 8

No.	Item	Description
	between the parent and subsidiaries and between subsidiaries and the amounts involved.	
11	Information on investees	Exhibit 6

(iii) Information on investment in Mainland China:

No.	Item	Description
1	The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for Mainland China.	Exhibit 7
2	The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses:	
	(1) Amounts and percentages of purchases and related payables at the end of the period.	Exhibit 4
	(2) Amounts and percentages of sales and related receivables at the end of the period.	None
	(3) The amount of property transactions and the amount of gain or loss resulting from such transactions.	None
	(4) The ending balance of endorsement and guarantee of notes or provision of collateral and its purpose.	None
	(5) The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation.	None
	(6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.	None

(iv) Information on major shareholders:

Name, number and percentage of shares held by shareholders with 5% or more of the shares: Exhibit 9.

xxxiv. Segment Information

(i) Financial information by industry and segment

The information provided to the chief business decision maker for allocating resources and measuring segment performance focuses on the type of product or service delivered or provided. In accordance with IFRS 8 “Operating Segments”, the Consolidated Company does not have an operating segment that meets the requirements of the IFRS, and the

Consolidated Company's business is concentrated on the production and sale of flexible boards and keypads, and there is no division of industrial segments, so the segment revenues, operating results and segment assets are the same as those in the income statement and balance sheet.

(ii) Regional information

The Consolidated Company operates in two main regions - Asia, the Americas and Europe.

Information on the Consolidated Company's revenues from external customers by region of operations and noncurrent assets by region of assets is presented below:

	Revenues from external customers		Noncurrent assets	
	2020	2019	December 31, 2020	December 31, 2019
Americas	\$ 183,191	\$ 195,830	\$ 24,790	\$ 27,003
Europe	39,827	39,288	26,231	27,855
Asia	5,257,595	5,912,503	3,060,335	3,114,404
Africa	22,229	1,154	-	-
Oceania	-	171	-	-
	<u>\$ 5,502,842</u>	<u>\$ 6,148,946</u>	<u>\$ 3,111,356</u>	<u>\$ 3,169,262</u>

Noncurrent assets exclude financial instruments, deferred tax assets and assets arising from net defined benefit assets.

(iii) Information on major customers

Customers whose revenues accounted for more than 10% of the amount of revenues on the consolidated income statements were as follows:

Type of customer	2020		2019	
	Amount	Percentage of revenues on the consolidated income statement %	Amount	Percentage of revenues on the consolidated income statement %
Company A	\$ 715,724	13	\$ 1,264,842	20
Company T	<u>499,350</u>	<u>9</u>	<u>665,104</u>	<u>11</u>
	<u>\$ 1,215,074</u>	<u>22</u>	<u>\$ 1,929,946</u>	<u>31</u>

(iv) Revenues from major products

Analysis of the revenues of the Consolidated Company's major products is as follows:

	2020	2019
Electronic components	<u>\$ 5,502,842</u>	<u>\$ 6,148,946</u>

ICHIA TECHNOLOGIES INC. and subsidiaries

Lending funds to others

January 1 to December 31, 2020

Exhibit 1

Unit: NTD and foreign currency in thousands, unless otherwise indicated

No. (Note 1)	The lender company of funds	The borrower of funds	Transaction	Related party or not	Maximum balance for the period	Balance at the end of the period	Actual amounts drawn	Interest rate range	Nature of funds lending (Note 2)	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of allowance for bad debts	Collateral		The limit for individual funds lending (Note 3)	The limit for total funds lending (Note 3)	Remarks
													Name	Value			
1	BVI-ICHIA	ICHIA Technologies Hungary Limited Liability Company	Other receivables - related party	Yes	\$ 117,397 (USD 3,850)	\$ 55,251 (USD 1,940)	\$ 54,397 (USD 1,910)	-	2	\$ -	Operating turnover	\$ -	None	\$ -	\$ 10,152,848 (Note 4)	\$ 10,152,848 (Note 4)	
		ICHIA TECHNOLOGIES INC.	Other receivables - related party	Yes	941,895 (USD 30,800)	378,784 (USD 13,300)	378,784 (USD 13,300)	-	2	-	Operating turnover	-	None	-	10,152,848 (Note 4)	10,152,848 (Note 4)	

Note 1: The number column is filled out as follows:

(1) Fill in 0 for the issuer.

(2) Investees are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The nature of the funds lending is described as follows:

(1) Fill in 1 for those who have business transactions.

(2) Fill in 2 for those in need of short-term financing.

Note 3: Calculation and amount of funds lending limits.

i. The limit for individual funds lending

(1) The amount of funds lending of the Company to individual counterparties is limited to 30% of the Company's current net worth (December 31, 2020), in accordance with the Company's Operating Procedures for Lending Funds to Others.

(2) The amount of funds lending of an investee to individual counterparties is limited to 200% of the investee's current net worth (December 31, 2020), in accordance with the investee's Operating Procedures for Lending Funds to Others.

(3) The amount of funds lending of BVI-ICHIA to the Group's parent company is limited to 200% of BVI-ICHIA's current net worth (December 31, 2020) in accordance with BVI-ICHIA's Operating Procedures for Lending Funds to Others.

ii. The limit for total funds lending:

(1) The cumulative amount of funds lending of the Company to external counterparties is limited to 40% of the Company's current net worth (December 31, 2020), in accordance with the Company's Operating Procedures for Lending Funds to Others.

(2) The cumulative amount of funds lending of an investee is limited to 200% of the investee's current net worth (December 31, 2020), in accordance with the investee's Operating Procedures for Lending Funds to Others.

(3) The cumulative amount of funds lending of BVI-ICHIA to the Group's parent company is limited to 200% of BVI-ICHIA's current net worth (December 31, 2020) in accordance with BVI-ICHIA's Operating Procedures for Lending Funds to Others.

iii. The Company's funds lending limit was calculated based on the net worth of the Company's financial statements reviewed by CPA; the investee's funds lending limit was calculated based on the net worth of the investee's financial statements in foreign currencies reviewed by CPA.

iv. The funds lending limits here are presented in NTD. If foreign currencies are involved, they are translated into NTD at the prevailing exchange rate on the date of the financial statements. (The spot exchange rate for USD as of December 31, 2020 was 28.48.)

Note 4: The funds lending between companies outside of the Republic of China in which the Company directly or indirectly holds 100% of the voting rights is not subject to the funds lending limits in Note 3.

ICHIA TECHNOLOGIES INC. and subsidiaries
Endorsements and guarantees for others
January 1 to December 31, 2020

Exhibit 2

Unit: NTD and foreign currency in thousands, unless otherwise indicated

No. (Note 1)	Endorser and guarantor company name	Counterparty endorsed and guaranteed		Endorsement and guarantee limit for a single enterprise (Note 3)	Maximum endorsement and guarantee balance for the period	Endorsement and guarantee balance at the end of the period	Actual amounts drawn	Amount of endorsement and guarantee by property	Percentage of cumulative endorsement and guarantee to net worth of the most recent financial statements (%)	Maximum endorsement and guarantee limit (Note 3)	Parent company endorsement and guarantee for subsidiary	Subsidiary endorsement and guarantee for parent company	Endorse ment and guarantee for Mainland China	Remarks
		Company name	Relationship (Note 2)											
0	ICHIA TECHNOLOGIES INC.	ICHIA HOLDINGS (B.V.I) Co., Ltd.	(2)	\$ 5,133,136	\$ 538,355 (USD 11,000) (NTD 200,000)	\$ -	\$ -	\$ -	-	\$ 5,703,484	Y	N	N	

Note 1: The number column is filled out as follows:

- (1) Fill in 0 for the issuer.
- (2) Investees are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: There are seven types of relationships with the counterparty of endorsement and guarantee, indicating the type suffices:

- (1) Companies with business relationship.
- (2) Subsidiaries in which the Company directly or indirectly holds more than 50% of the voting shares.
- (3) Companies that directly or indirectly hold more than 50% of the voting rights in the Company.
- (4) Between companies in which the Company directly or indirectly holds more than 90% of the voting shares.
- (5) Intra-industry or co-founded companies with mutual insurance in accordance with contractual provisions based on the need for contracted work.
- (6) Companies that are endorsed and guaranteed by all contributing shareholders in proportion to their shareholdings as a result of joint investment.
- (7) Intra-industry companies engaged in joint guarantees for the performance of the pre-sale house sales contract in accordance with the regulations of the Consumer Protection Act.

Note 3: Calculation of endorsement and guarantee limit and amount.

- i. Endorsement and guarantee limit for a single enterprise:
 - (1) The amount of endorsement and guarantee of the Company to a single enterprise is limited to 80% of the Company's current net worth (December 31, 2020), in accordance with the Company's Operating Procedures for Endorsement and Guarantee.
 - (2) The amount of endorsement and guarantee of the Company to individual overseas affiliate is limited to 90% of the Company's current net worth (December 31, 2020), in accordance with the Company's Operating Procedures for Endorsement and Guarantee.
- ii. Maximum Endorsement and Guarantee limit:
 - (1) The cumulative amount of endorsement and guarantee of the Company to external counterparties is limited to 100% of the Company's current net worth (December 31, 2020), in accordance with the Company's Operating Procedures for Endorsement and Guarantee.

ICHIA TECHNOLOGIES INC. and subsidiaries
Marketable securities held at the end of the period

December 31, 2020

Exhibit 3

Unit: NTD and foreign currency in thousands, unless otherwise indicated

Subsidiaries held	Type and name of marketable securities (Note 1)	Relationship with the issuer of marketable securities	Account in the book	Period end				Remarks
				Number of shares (thousand shares)	Carrying amount	Shareholdi ng (%)	Fair value	
ICHIA TECHNOLOGIES INC.	Fund beneficiary certificates Franklin Templeton SinoAm Money Market Fund	None	Financial assets at fair value through profit or loss - Current	1,918	<u>\$ 20,001</u>	-	<u>\$ 20,001</u>	

Note 1: Marketable securities referred to here are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IFRS 9 "Financial Instruments".

Note 2: For information on investments in subsidiaries, affiliates and joint venture interests, please refer to Exhibit 6 and Exhibit 7.

ICHIA TECHNOLOGIES INC. and subsidiaries

The amount of purchase or sale with related parties is at least NTD 100 million or 20% of the paid-in capital.

January 1 to December 31, 2020

Exhibit 4

Unit: NTD thousand, unless otherwise indicated

Purchase (sale) company	Trading partner name	Relationship	Transactions				The circumstances and reasons why the trading terms are different from those of ordinary transactions		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Purchase (sale) company	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
ICHIA TECHNOLOGIES INC.	ICHIA SUZHOU	The same affiliate	Purchase	\$ 2,830,735	84	30 days from monthly cut-off day	-	-	(\$ 1,336,428)	(88)	
	ZHONGSHAN ICHIA	"	"	357,188	10	"	-	-	(182,497)	(12)	

ICHIA TECHNOLOGIES INC. and subsidiaries

Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital.

December 31, 2020

Exhibit 5

Unit: NTD thousand, unless otherwise indicated

Companies with accounts receivable	Trading partner name	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Receivables from related parties collected during the subsequent period	Amount of allowance for bad debts
					Amount	Processing method		
ICHIA SUZHOU	ICHIA TECHNOLOGIES INC.	The same affiliate	Accounts receivable \$ 1,336,428	2.38	\$ -	—	\$ 534,134	\$ -
ZHONGSHAN ICHIA	ICHIA TECHNOLOGIES INC.	The same affiliate	Accounts receivable 182,497	2.77	-	—	77,255	-
BVI-ICHIA	ICHIA TECHNOLOGIES INC.	The same affiliate	Other receivables 378,784	Note	-	—	-	-

Note: The turnover rate is not calculated because it is mainly due to other receivables arising from the lending of funds.

ICHIA TECHNOLOGIES INC. and subsidiaries

Information on investees, locations,, etc.

January 1 to December 31, 2020

Exhibit 6

Unit: NTD and foreign currency in thousands, unless otherwise indicated

Investor	Investee	Location	Principle business	Original investment amount		Holding at the end of period			Profit or loss of investees for the period	Investment gain (loss) recognized in the period	Remarks
				The end of the period	The end of last year	Number of shares (thousand shares)	Percentage %	Carrying amount			
ICHIA TECHNOLOGIES INC.	ICHIA HOLDINGS (B.V.I) Co., Ltd.	P.O. BOX957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands	Various investment businesses	\$ 3,532,566 (USD 108,693)	\$ 3,532,566 (USD 108,693)	108,693	100	\$ 5,067,096	\$ 58,730	\$ 64,648	Subsidiary
	ICHIA USA Inc.	1057 Tierra Del Rey, Suite G ,Chula Vista, CA 91910 U.S.A.	International trading of various electronic components and materials	118,309 (USD 4,106)	118,309 (USD 4,106)	4,106	100	37,283	2,428	2,428	Subsidiary
ICHIA HOLDINGS (B.V.I) Co., Ltd.	ICHIA RUBBER INDUSTRY (M) Sdn. Bhd.	997-A, Solok Pervshaan Tiga Prai Industrial Estate 13600 Prai, P.W. West Halasia Malaysia	Manufacturing, processing and trading of various electronic components and materials for various electronic and telecommunication computers.	86,152 (USD 3,025)	86,152 (USD 3,025)	9,000	100	95,636 (USD 3,358)	7,376 (USD 259)	7,376 (USD 259)	Subsidiary
	ICHIA UK. LTD.	P.O. Box 3152, Town, Tortola, British Virgin Islands	Various investment businesses	140,292 (USD 4,926)	140,292 (USD 4,926)	4,926	100	(30,901) (USD -1,085)	(1,424) (USD -50)	(1,424) (USD -50)	Subsidiary
	ICHIA HOLDINGS (H.K.) Co., Ltd.	Room 1004, National Health Centre, 151 Gloucester Road, Wanchai, Hong Kong	Various investment businesses	2,136,000 (USD 75,000)	2,136,000 (USD 75,000)	75,000	100	3,799,175 (USD 133,398)	45,967 (USD 1,614)	45,967 (USD 1,614)	Subsidiary
	ICHIA INTERNATIONAL	P.O. BOX 3152, ROAD TOWN, Tortola \british Virgin Islands	International trading of various electronic components and materials	-	307,584 (USD 10,800)	-	-	-	3,218 (USD 113)	3,218 (USD 113)	Note 2
	ICHIA UK. LTD.	ICHIA Technologies Hungary Limited Liability Company	Manufacturing, processing and trading of rubber and plastic keypads	140,292 (USD 4,926)	140,292 (USD 4,926)	-	100	(30,901) (USD -1,085)	(1,424) (USD -50)	(1,424) (USD -50)	Subsidiary

Note 1: Please refer to Exhibit 7 for information on the investees in Mainland China.

Note 2: ICHIA INTERNATIONAL was liquidated by a resolution of the Board of Directors on August 10, 2020, and all liquidation procedures were completed on September 28, 2020, ending its operations.

ICHIA TECHNOLOGIES INC. and subsidiaries

Information on investment in Mainland China

January 1 to December 31, 2020

Exhibit 7

Unit: NTD and foreign currency in thousands, unless otherwise indicated

1. The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount, repatriated

investment gains and losses:

Investee in Mainland China	Principle business	Paid-in capital	Type of investment (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of investees for the period	Shareholding percentage of the Company's direct or indirect investment	Investment gain (loss) recognized in the period (Note 2)	Carrying amount of investments at the end of the period	Investment income remitted back as of the end of the period
					Remittance	Recovery						
ICHIA SUZHOU	Rubber, plastic keypads and flexible printed circuit boards	\$ 2,477,760 (USD 87,000)	(ii) B	\$ 2,477,760 (USD 87,000)	\$ -	\$ -	\$ 2,477,760 (USD 87,000)	\$ 55,992 (USD 1,966)	100	\$ 46,052 (USD 1,617) (ii) B	\$ 3,796,811 (USD 133,315)	\$ -
ZHONGSHAN ICHIA	Rubber and plastic keypads	484,160 (USD 17,000)	(ii) A	484,160 (USD 17,000)	-	-	484,160 (USD 17,000)	2,706 (USD 95)	100	3,389 (USD 119) (ii) B	743,641 (USD 26,111)	-

2. Investment quota for Mainland China.

Accumulated amount of investment from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Investment quota for mainland China as stipulated by the Investment Commission, Ministry of Economic Affairs
NTD 2,961,920 (USD 104,000)	NTD 2,961,920 (USD 104,000)	NTD 3,422,090 (USD 120,158)

Note 1: The investment methods can be divided into the following three types, indicating as such suffices:

- (i) Investment in Mainland China directly.
- (ii) Investment in Mainland China through companies in third regions (please specify the investment company of the third region).
 - A. BVI-ICHIA
 - B. ICHIA HOLDINGS (H.K.) Co., Ltd.
- (iii) Other types.

Note 2: In the column of investment gain or loss recognized in the current period:

- (i) If the investment is under preparation and there is no investment gain or loss, it should be noted.
- (ii) The basis for recognizing investment gains or losses is divided into the following three categories, which should be specified.
 - A. The financial statements have been audited by an international CPA firm with which CPA firms in the Republic of China have a cooperative relationship.
 - B. The financial statements have been audited by the attesting CPA of the parent company in Taiwan.
 - C. Others.

Note 3: The figures in this Exhibit are presented in NTD. Where foreign currencies are involved, the exchange rate at the date of financial reporting is used to translate into NTD. (The spot exchange rate for USD as of December 31, 2020 was 28.48)

ICHIA TECHNOLOGIES INC. and subsidiaries

Business relationships and significant transactions between the parent and subsidiaries and between subsidiaries and the amounts involved.

January 1 to December 31, 2020

Exhibit 8

Unit: NTD thousand

No. (Note 1)	Trader name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Account	Amount	Trading terms (Note 4)	Percentage of consolidated total revenues or total assets (Note 3)
0	ICHIA TECHNOLOGIES INC.	ICHIA RUBBER INDUSTRY (M) Sdn. Bhd.	1	Sale	\$ 178	—	-
		"	1	Accounts payable	8	—	-
		ICHIA SUZHOU	1	Purchase	2,830,735	—	51
		"	1	Other incomes	2,122	—	-
		"	1	Other receivables	41,693	—	-
		"	1	Accounts payable	1,336,428	—	14
		ZHONGSHAN ICHIA	1	Purchase	357,188	—	6
		"	1	Accounts payable	182,497	—	2
		BVI-ICHIA	1	Current accounts payables to related parties	378,784	—	4
		ICHIA USA Inc.	1	Sale	1,734	—	-
1	BVI-ICHIA	"	1	Accounts receivable	1,707	—	-
		ICHIA Technologies Hungary Limited Liability Company	3	Current accounts receivables to related parties	54,397	—	1
		"	3	Non-operating receivables	1,381	—	-
2	ICHIA SUZHOU	"	3	Temporary payments	1,114	—	-
		ICHIA USA Inc.	3	Sale	21,273	—	-
		"	3	Accounts receivable	4,270	—	-
		ZHONGSHAN ICHIA	3	Purchase	1,428	—	-
		"	3	Sale	6,165	—	-
		"	3	Accounts receivable	30	—	-

(Continued on next page)

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No. (Note)	Trader name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Account	Amount	Trading terms (Note 4)	Percentage of consolidated total revenues or total assets (Note 3)
3	ZHONGSHAN ICHIA	ICHIA INTERNATIONAL	3	Sale	\$ 1,556	—	-
		ICHIA RUBBER	3	Sale	253	—	-
		INDUSTRY (M) Sdn. Bhd.					
		"	3	Accounts receivable	20	—	-
		ICHIA RUBBER	3	Purchase	1,172	—	-
		INDUSTRY (M) Sdn. Bhd.					
		"	3	Sale	11,259	—	-
		"	3	Accounts receivable	2,665	—	-
		"	3	Accounts payable	349	—	-
		ICHIA USA Inc.	3	Sale	2,039	—	-
		"	3	Accounts receivable	1,734	—	-

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the number should be filled in as follows:

1. Fill in "0" for parent company.
2. Subsidiaries are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The relationship with the traders is classified into three types as follows, indicating the type suffices:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The percentage of transaction amount to consolidated total revenues or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities, or as the amount to consolidated total revenues in the case of profit or loss.

Note 4: The trading terms for sales between parent company and subsidiaries are not materially different from those of ordinary sales. The trading terms for other transactions are based on the agreements between the parties because there are no similar transactions to follow.

ICHIA TECHNOLOGIES INC. and subsidiaries
Information on major shareholders
December 31, 2020

Exhibit 9

Name of Major Shareholder	Shares	
	Shareholding	Shareholding Percentage
Fa La Li Investment Co., Ltd.	15,472,481	5.03%
Chuang Yi Investment Co., Ltd.	15,468,480	5.02%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

Appendix 2:**Standalone Financial Statements and Independent Auditor's Report for the most recent year****Independent Auditor's Report**

To the Board of Directors and Shareholders of ICHIA TECHNOLOGIES INC.:

Audit opinions

We have audited the accompanying stand-alone balance sheet of ICHIA TECHNOLOGIES INC. as of December 31, 2020 and 2019, and the related stand-alone comprehensive income statements, stand-alone statement of changes in shareholders' equity, stand-alone cash flow statements, and notes to the stand-alone financial statements (including significant accounting policies) for the years then ended.

In our opinion, the stand-alone financial statements referred to above present fairly, in all material respects, the stand-alone financial position of ICHIA TECHNOLOGIES INC. as of December 31, 2020 and 2019, and its stand-alone financial performance and cash flows for the years ended December 31 2020 and 2019, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers.

Basis for opinions

We conclude our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the stand-alone financial statements. We are independent of ICHIA TECHNOLOGIES INC. in accordance with the Code of Professional Ethics for Certified Public Accountants, 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 for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2020 stand-alone financial statements of ICHIA TECHNOLOGIES INC. These matters were addressed in the content of our audit of the

stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2020 stand-alone financial statements of ICHIA TECHNOLOGIES INC. were as follows:

Authenticity of revenues recognized from sales to specific customers in triangular trade

ICHIA TECHNOLOGIES INC. manufactures a wide range of flexible printed circuit boards and mechanism integrated components (MVI) for the automotive and consumer electronics markets. Its sales patterns include domestic sales, direct export sales and triangular trade. Revenues from sales of triangular trade are recognized when the goods are delivered to a third-party forward designated by the customer and the risks and rewards are transferred. Since the aforementioned revenue recognition process involves manual work, which may result in improper revenue recognition, the authenticity of the sales revenues recognized from triangular trade for customers with more significant increase in sales revenue and growth are included as key audit matters in this year's stand-alone financial statements.

We have also performed the following major audit procedures with respect to the above key audit matters:

1. Understand and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. Obtain samples of sales revenues from triangular trade with specific customers for the whole year, and check the related documents of triangular trade including invoices and customs declarations with the recorded amounts to test the authenticity of the sales revenues recognized.
3. Examine whether there are any abnormalities in the collection after the credit period granted to specific customers.

Responsibilities of management and those in charge with governance of the stand-alone financial statements

The management is responsible for the preparation and fair presentation of the stand-alone financial statements in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, and for such internal control as the management determines is necessary to enable the preparation of the stand-alone financial statements to be free from material misstatement whether due to fraud or error.

In preparing the stand-alone financial statements, the management is also responsible for assessing the ability of ICHIA TECHNOLOGIES INC. as a going

concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting. Unless the management either intends to liquidate ICHIA TECHNOLOGIES INC. or to cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of ICHIA TECHNOLOGIES INC.

Auditor's responsibilities for the audit of the stand-alone financial statements

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

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

1. Identify and assess the risks of material misstatement of the stand-alone financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit 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 internal control effective in ICHIA TECHNOLOGIES INC.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a

material uncertainty exists related to events or conditions that may cast significant doubt on ICHIA TECHNOLOGIES INC to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the stand-alone financial statements or, if such disclosure is inappropriate, 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 ICHIA TECHNOLOGIES INC. to cease as a going concern.

5. Evaluate the overall presentation, structure, and content of the stand-alone financial statements, including related notes, and whether the stand-alone 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 or the entities or business activities of ICHIA TECHNOLOGIES INC. to express an opinion on the stand-alone financial statements. We are responsible for the direction, supervision, and performance of the audit of ICHIA TECHNOLOGIES INC. We remain solely responsible for our audit opinion.

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

We also provide those in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect on our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the 2020 stand-alone financial statements of ICHIA TECHNOLOGIES INC. and are therefore the key audit matters. We describe these matters in our auditor's 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.

Deloitte Touche Tohmatsu Limited
CPA Hsieh Ming-Chung

CPA Liu Shu-Lin

Financial Supervisory Commission
approval document
Jin-Guan-Zheng-Shen-Zi No.
1000028068

Financial Supervisory Commission
approval document
Jin-Guan-Zheng-Shen-Zi No.
1050024633

March 16, 2021

ICHIA TECHNOLOGIES, INC.

PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

Assets	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,141,628	13	\$ 659,431	8
Current financial assets at fair value through profit or loss (Notes 4 and 7)	20,001	-	71,145	1
Accounts receivable, net (Notes 4 and 9)	1,501,163	17	1,399,879	17
Receivables from related parties (Notes 4、9 and 27)	1,707	-	392	-
Other receivables from related parties (Notes 27)	41,693	-	36,630	-
Current tax assets (Notes 23)	612	-	1,393	-
Current inventories (Notes 4 and 10)	92,094	1	84,737	1
Other current assets (Notes 15)	29,894	-	32,753	-
Total current assets	<u>2,828,792</u>	<u>31</u>	<u>2,286,360</u>	<u>27</u>
Non-current assets				
Non-current financial assets at amortised cost (Notes 4 and 8)	126,599	1	2,067	-
Investments accounted for using equity method (Notes 4 and 11)	5,104,379	57	5,144,394	61
Property, plant and equipment (Notes 4 and 12)	852,685	9	916,464	11
Right-of-use assets (Notes 4 and 13)	3,205	-	-	-
Deferred tax assets (Notes 4 and 23)	59,883	1	77,980	1
Non-current Defined benefit assets, net (Notes 4 and 19)	19,789	-	19,866	-
Other non-current assets (Notes 15)	43,959	1	12,466	-
Total non-current assets	<u>6,210,499</u>	<u>69</u>	<u>6,173,237</u>	<u>73</u>
Total assets	<u>\$ 9,039,291</u>	<u>100</u>	<u>\$ 8,459,597</u>	<u>100</u>
Liabilities and equity				
Current liabilities				
Short-term loans (Notes 4 and 16)	\$ 981,960	11	\$ 400,000	5
Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	98	-
Accounts payable (Notes 17)	92,083	1	69,277	1
Payables to related parties (Notes 17 and 27)	1,518,933	17	1,122,051	13
Current contract liabilities (Notes 21)	2,747	-	1,190	-
Other payables (Notes 18)	48,693	-	49,513	-
Other payables to related parties (Notes 27)	378,784	4	490,834	6
Current lease liabilities (Notes 4 and 13)	1,266	-	-	-
Current portion of long-term debt payable (Notes 4 and 16)	167,191	2	165,066	2
Other current liabilities (Notes 18)	9,015	-	6,462	-
Total current liabilities	<u>3,200,672</u>	<u>35</u>	<u>2,304,491</u>	<u>27</u>
Non-current liabilities				
long-term debt payable (Notes 4 and 16)	126,527	2	293,996	4
Deferred tax liabilities (Notes 4 and 23)	5,339	-	-	-
Non-current lease liabilities (Notes 4 and 13)	1,959	-	-	-
Others non-current liabilities (Notes 18)	1,310	-	2,809	-
Total non-current liabilities	<u>135,135</u>	<u>2</u>	<u>296,805</u>	<u>4</u>
Total liabilities	<u>3,335,807</u>	<u>37</u>	<u>2,601,296</u>	<u>31</u>
Equity (Notes 20)				
Ordinary share	3,075,366	34	3,075,366	36
Capital surplus	2,086,827	23	2,163,711	26
Retained earnings				
Legal reserve	573,593	6	550,914	6
Special reserve	335,706	4	137,012	2
Unappropriated retained earnings	88,717	1	267,004	3
Total retained earnings	<u>998,016</u>	<u>11</u>	<u>954,930</u>	<u>11</u>
Other equity	(295,397)	(3)	(335,706)	(4)
Treasury shares	(161,328)	(2)	-	-
Total equity	<u>5,703,484</u>	<u>63</u>	<u>5,858,301</u>	<u>69</u>
Total liabilities and equity	<u>\$ 9,039,291</u>	<u>100</u>	<u>\$ 8,459,597</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Director: Chuang Yi Investment Co., Ltd
Representative: Huang Chiu-Yung.

Managerial officer: Tseng Kung-Sheng

Accounting officer: Cheng Ching-Yi

ICHIA TECHNOLOGIES, INC.**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME****(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2020		2019	
	Amount	%	Amount	%
Operating revenue				
Sales revenue (Notes 4, 21 and 27)	\$ 3,681,833	101	\$ 4,126,386	101
Sales returns	(4,973)	-	(6,220)	-
Sales discounts and allowances	(39,050)	(1)	(32,290)	(1)
Net sales revenue	3,637,810	100	4,087,876	100
Operating costs (Notes 4、10, 22 and 27)	3,367,296	93	3,929,819	96
Gross profit from operations	270,514	7	158,057	4
Operating expenses (Notes 22 and 27)				
Selling expenses	40,920	1	41,290	1
Administrative expenses	113,026	3	111,871	3
Research and development expenses	13,177	-	14,358	-
Expected credit impairment loss(gain)	(12,398)	-	6,068	-
Total operating expenses	154,725	4	173,587	4
Net operating income (loss)	115,789	3	(15,530)	-
Non-operating income and expenses (Notes 22 and 27)				
Interest income	1,755	-	3,077	-
Other income	15,046	-	19,264	-
Other gains and losses, net	(33,633)	(1)	182	-
Finance costs, net	(10,623)	-	(21,203)	-
Share of profits of subsidiaries and associates	67,076	2	243,618	6
Total non-operating income and expenses	39,621	1	244,938	6

	2020		2019	
	Amount	%	Amount	%
Income before income tax	\$ 155,410	4	\$ 229,408	6
Income tax expense (Notes 4 and 23)	(35,220)	(1)	(2,616)	-
Net income	<u>120,190</u>	<u>3</u>	<u>226,792</u>	<u>6</u>
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss :				
Gains (losses) on remeasurements of defined benefit plans (Notes 19)	(220)	-	(361)	-
Components of other comprehensive income that will be reclassified to profit or loss :				
Exchange differences arising on translation of foreign operations	<u>40,309</u>	<u>1</u>	(<u>198,694</u>)	(<u>5</u>)
Other comprehensive loss for the year, net of income tax	<u>40,089</u>	<u>1</u>	(<u>199,055</u>)	(<u>5</u>)
Total comprehensive income	<u>\$ 160,279</u>	<u>4</u>	<u>\$ 27,737</u>	<u>1</u>
Earnings per share (Notes 24)				
Basic earnings per share	<u>\$ 0.40</u>		<u>\$ 0.74</u>	
Diluted earnings per share	<u>\$ 0.39</u>		<u>\$ 0.74</u>	

The accompanying notes are an integral part of the parent company only financial statements.

Director: Chuang Yi Investment Co., Ltd
Representative: Huang Chiu-Yung.

Managerial officer: Tseng Kung-Sheng

Accounting officer: Cheng Ching-Yi

ICHIA TECHNOLOGIES, INC.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Capital Stock - Common Stock			Retained Earnings			Others		
	Shares (In Thousands)	Amount	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earning	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
BALANCE, JANUARY 1, 2019	317,267	\$ 3,172,676	\$ 2,219,748	\$ 536,403	\$ -	\$ 379,342	(\$ 137,012)	(\$ 186,825)	\$ 5,984,332
Appropriations of earnings									
Legal capital reserve	-	-	-	14,511	-	(14,511)	-	-	-
Special capital reserve	-	-	-	-	137,012	(137,012)	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(153,768)	-	-	(153,768)
Net income in 2019	-	-	-	-	-	226,792	-	-	226,792
Other comprehensive income (loss) in 2019, net of income tax	-	-	-	-	-	(361)	(198,694)	-	(199,055)
Total comprehensive income (loss) in 2019	-	-	-	-	-	226,431	(198,694)	-	27,737
Retirement of treasury share	(9,731)	(97,310)	(56,037)	-	-	(33,478)	-	186,825	-
BALANCE, DECEMBER 31, 2019	307,536	3,075,366	2,163,711	550,914	137,012	267,004	(335,706)	-	5,858,301
Appropriations of earnings									
Legal capital reserve	-	-	-	22,679	-	(22,679)	-	-	-
Special capital reserve	-	-	-	-	198,694	(198,694)	-	-	-
Cash dividends to shareholders	-	-	(76,884)	-	-	(76,884)	-	-	(153,768)
Purchase of treasury shares	-	-	-	-	-	-	-	(161,328)	(161,328)
Net income in 2020	-	-	-	-	-	120,190	-	-	120,190
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	-	(220)	40,309	-	40,089
Total comprehensive income (loss) in 2020	-	-	-	-	-	119,970	40,309	-	160,279
BALANCE, DECEMBER 31, 2020	<u>307,536</u>	<u>\$ 3,075,366</u>	<u>\$ 2,086,827</u>	<u>\$ 573,593</u>	<u>\$ 335,706</u>	<u>\$ 88,717</u>	<u>(\$ 295,397)</u>	<u>(\$ 161,328)</u>	<u>\$ 5,703,484</u>

The accompanying notes are an integral part of the parent company only financial statements.

Director: Chuang Yi Investment Co., Ltd
Representative: Huang Chiu-Yung.

Managerial officer: Tseng Kung-Sheng

Accounting officer: Cheng Ching-Yi

ICHIA TECHNOLOGIES, INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities		
Profit (loss) before tax	\$ 155,410	\$ 229,408
Adjustments for:		
Expected credit loss (gain)	(12,398)	6,068
Depreciation expense	101,186	106,267
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(688)	(1,196)
Interest expense	10,623	21,203
Interest income	(1,755)	(3,077)
Impairment loss (Reversal of impairment loss) on inventories	(9,782)	1,155
Unrealized (realized) gross profit on sales to subsidiaries and associates	(67,076)	(243,618)
Loss (gain) on disposal of property, plan and equipment	(2,239)	(2,307)
Changes in operating assets and liabilities:		
Notes and accounts receivable, net	(90,201)	465,131
Other receivables	(5,063)	(13,740)
Inventories	2,425	(37,402)
Other current assets	2,910	3,267
Other operating assets	(143)	(195)
Contract liabilities	1,557	1,190
Accounts payable	419,688	257,737
Other payable	1,239	(937)
Other current liabilities	<u>2,553</u>	<u>51</u>
Cash generated from operations	508,246	789,005
Interest received	1,779	3,374
Interest paid	(12,682)	(26,997)
Income taxes (paid) proceeds	<u>(11,003)</u>	<u>381</u>
Net cash generated by operating activities	<u>486,340</u>	<u>765,763</u>

(Continued)

	2020	2019
Cash flows from investing activities		
Acquisition of financial assets at amortised cost	(\$ 124,532)	\$ -
Acquisition of financial assets at fair value through profit or loss	(170,000)	(1,341,060)
Proceeds from disposal of financial assets at fair value through profit or loss	221,734	1,505,386
Acquisition of property, plant and equipment	(17,303)	(10,701)
Proceeds from disposal of property, plant and equipment	2,101	234
Increase in refundable deposits	(1,531)	-
Decrease in refundable deposits	-	1,328
Increase in other non-current assets	(1,192)	(3,396)
Increase in prepayments for business facilities	(49,669)	(7,419)
Dividends received from subsidiaries	<u>147,400</u>	<u>-</u>
Net cash used in investing activities	<u>7,008</u>	<u>144,372</u>
Cash flows from financing activities		
Increase in short-term loans	4,407,020	2,090,000
Decrease in short-term loans	(3,825,060)	(2,400,000)
Repayments of long-term debt	(165,344)	(340,809)
Decrease in guarantee deposits received	-	(3,400)
Increase in other payables to related parties	-	22,554
Decrease in other payables to related parties	(112,050)	-
Payments of lease liabilities	(621)	-
Cash dividends paid	(153,768)	(153,768)
Payments to acquire treasury shares	<u>(161,328)</u>	<u>-</u>
Net cash used in financing activities	<u>(11,151)</u>	<u>(785,423)</u>
Net increase in cash and cash equivalents	482,197	124,712
Cash and cash equivalents at beginning of period	<u>659,431</u>	<u>534,719</u>
Cash and cash equivalents at end of period	<u>\$ 1,141,628</u>	<u>\$ 659,431</u>

The accompanying notes are an integral part of the parent company only financial statements.

Director: Chuang Yi Investment Co., Ltd
Representative: Huang Chiu-Yung.

Managerial officer: Tseng Kung-Sheng

Accounting officer: Cheng Ching-Yi

ICHIA TECHNOLOGIES INC.
Notes to the stand-alone financial statements
January 1 to December 31, 2020 and 2019
(Amounts NTD thousand, unless otherwise stated)

i. Company History

ICHIA TECHNOLOGIES INC. (hereinafter referred to as the Company) was established in November 1989 to manufacture, process, and trade various components (conductive silicone elastomers, plastic keys, keyboard assemblies, input devices, and flexible printed circuit boards) and materials for electronics, home appliances, electronical engineering, electrical equipment, communications (telecommunications), and computers, as well as to import and export domestic and foreign products and to engage in the agency, distribution, tender and quotation business.

The Company's shares have been listed on the Taiwan Stock Exchange since January 14, 2000.

The stand-alone financial statements are presented in New Taiwan dollars (NTD), which is the functional currency of the Company.

ii. Date and Procedure for Approval of Financial Statements

The stand-alone financial statements were approved by the Board of Directors on March 16, 2021.

iii. Application of New and Revised Standards and Interpretations

- (i) First-time application of International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IAS"), Interpretations ("IFRICs") and Interpretations ("SICs") (hereinafter referred to as "IFRSs") endorsed by the Financial Supervisory Commission ("FSC") and issued to be effective

The adoption of the IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the Company's accounting policies:

- (ii) IFRSs endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC") applicable for 2021

The new/amended/revised standards or interpretations	Effective date of IASB publication
Amendment to IFRS 4 "Extension of Provisional Exemption for Application of IFRS 9"	Effective from the date of publication
Amendments to the IFRS 9, IAS 39, and IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark	Effective for annual reporting periods

	The new/amended/revised standards or interpretations	Effective date of IASB publication
	Reform - Phase II"	beginning after January 1, 2021
	Amendment to IFRS 16 "Rent Reduction Associated with COVID-19 Pandemic"	Effective for annual reporting periods beginning after June 1, 2020
(iii)	The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC	
	The new/amended/revised standards or interpretations	Effective date of IASB publication (Note 1)
	"Annual Improvements 2018–2020 Cycle"	January 1, 2022 (Note 2)
	Amendment to IFRS 3 "Update the index of the conceptual framework"	January 1, 2022 (Note 3)
	Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Undecided
	IFRS 17 "Insurance Contracts"	January 1, 2023
	Amendment to IFRS 17	January 1, 2023
	Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2023
	Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
	Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2022 (Note 7)
	Amendment to IAS 16 "Property, Plant and Equipment: Price Before Reaching the Intended State of Use"	January 1, 2022 (Note 4)
	Amendment to IAS 37 "Onerous Contracts - Cost of Performing Contracts"	January 1, 2022 (Note 5)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretation are effective for annual reporting periods beginning after the respective dates.

Note 2: The amendment to IFRS 9 applies to swaps or changes in the terms of financial liabilities that occur in annual reporting periods beginning after January 1, 2022; the amendment to IAS 41 "Agriculture" applies to fair value measurements in annual reporting periods beginning after January 1, 2022; and the amendment to IFRS 1 "First-time Adoption of IFRSs" applies retrospectively to annual reporting periods beginning after January 1, 2022.

Note 3: This amendment applies to business mergers for which the acquisition date falls within the annual reporting period after January 1, 2022.

Note 4: This amendment applies to plant, property and equipment that begins to operate in the manner such as location and condition expected by management after January 1, 2021.

Note 5: This amendment applies to contracts with unfulfilled obligations as of January 1, 2022.

Note 6: This amendment will be prospective application for annual reporting periods beginning after January 1, 2023.

Note 7: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1, 2023.

The Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Company to the date the parent company only financial statements are approved and released, and will make appropriate disclosure after the evaluation.

iv. Summary of Significant Accounting Policies

(i) Compliance Statement

The stand-alone financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers.

(ii) Basis of preparation

The stand-alone financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation date (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

The Company when preparing the stand-alone financial statements processes the investment in subsidiaries and associates using the equity method. In order to make the same the current profit or loss, other comprehensive income and equity in the stand-alone financial statements as the current year's profit or loss, other comprehensive income and equity attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the stand-alone basis and consolidated basis are adjusted for "investments accounted for using the equity method," "profit or loss share of subsidiaries, affiliates and joint ventures accounted for using the equity method", "other comprehensive income share of subsidiaries, affiliates and joint ventures accounted for using the equity method" and related equity items.

(iii) Standards in differentiating current and noncurrent assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months after the balance sheet date, and
3. Liabilities whose settlement deadline cannot be unconditionally deferred until at least 12 months after the balance sheet date.

Those that are not current assets or liabilities above are classified as noncurrent assets or liabilities.

(iv) Foreign currency

For the transactions conducted in a currency other than the business entity's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when preparing financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of

monetary items or translating monetary items are recognized in the current profit or loss, except for the following.

When a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future (and therefore forms part of the net investment in the foreign operation), the exchange difference is recognized initially in other comprehensive income and is reclassified from equity to profit or loss upon disposal of the net investment.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as profit or loss in the period. However, for the changes in fair value recognized in other comprehensive income, the exchange difference is recorded in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Upon preparation of the stand-alone financial reports, the assets and liabilities of overseas operating institutions (including the subsidiaries and affiliates in the countries of business operation or those using currencies different from the Company's) were converted to NTD based on the exchange rate quoted on every balance sheet date. Income and expense items are translated at the average exchange rate for the period and the exchange differences are booked in other comprehensive income.

If the Company disposes of its entire equity interest in a foreign operation, or disposes of part of its equity interest in a subsidiary that includes a foreign operation and loses control, or the retained equity interest after disposing of a joint agreement of a foreign operation or an affiliate is a financial asset and is accounted for as a financial instrument, all cumulative translation differences related to the foreign operation are reclassified to profit or loss.

If the partial disposal of a foreign operating subsidiary does not result in a loss of control, the accumulated exchange differences are included in equity transactions on a pro rata basis, but are not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the cumulative

exchange differences are reclassified to profit or loss in proportion to the disposal.

(v) Inventories

Inventories include raw materials, supplies, semi-finished goods, finished goods, work in process and in-transit. Inventories are valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. Inventories are valued at standard costs before book closing and adjusted upon book closing to approximate cost calculated on a weighted-average basis.

(vi) Investments in subsidiaries

The Company adopts the equity method for investment in subsidiaries.

A subsidiary is an entity (including a structured entity) over which the Company has control.

Under the equity method, investments in subsidiaries are originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the subsidiaries and other comprehensive income by the Company. Additionally, the change in the interests the Company holds in subsidiaries is recognized pro rata to the shareholding percentages.

When a change in the Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are in substance a component of the Company's net investment in the subsidiary), the Company continues to recognize losses in proportion to its equity in the subsidiary.

The excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries at the acquisition date is recorded as goodwill, which is included in the carrying

amount of the investment and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries at the acquisition date over the acquisition cost is recorded as gain or loss for the period. When a subsidiary that does not constitute a business is acquired, the cost of acquisition is appropriately allocated to the identifiable assets acquired (including intangible assets) and the share of liabilities assumed, and no goodwill or current profit is generated.

The Company assesses impairment based on the cash-generating units as a whole in the financial statements and compares their recoverable amounts with their book values. If the amount of recoverable assets increases in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. Impairment losses attributable to goodwill must not be reversed in subsequent periods.

When control over a subsidiary is lost, the Company measures its remaining investment in the subsidiary at fair value at the date of loss of control. The difference between the fair value of the remaining investment and the carrying amount of the investment at the date of loss of control, if any, is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to the subsidiary are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities.

Unrealized gains or losses on downstream transactions with subsidiaries are eliminated in the stand-alone financial statements. Gains or losses from upstream and side-stream transactions with subsidiaries are recognized in the stand-alone financial statements only to the extent that they are not related to the Company's equity interest in the subsidiary.

(vii) Property, plant and equipment

Property, plant, and equipment shall be recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment.

Except for land owned by the Company, which is not depreciated, property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the

estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

In removing property, plant, and equipment from book, the difference between the net proceeds of disposition and the book value shall be recognized as profit or loss for the period.

- (viii) Impairment of property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

- (ix) Financial instruments

Financial assets and financial liabilities are recognized in the stand-alone balance sheets when the Company becomes a party to the contracts of such instruments.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly

attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

The customary transaction of financial assets is recognized and derecognized in accordance with the trade date accounting.

(1) Type of measurement

The types of financial assets held by the Company are financial assets measured at fair value through profit or loss and financial assets at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are mandatorily measured at fair value through profit or loss and those designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated by the Company as being measured at fair value through other comprehensive income, and investments in debt instruments not qualified for classification as being measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, which is determined as described in Note 26.

B. Financial assets at amortized cost

The Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

- a. Financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and

- b. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets (including cash and cash equivalents, accounts receivable measured at amortized cost) after initial recognition, are measured at their total carrying amount determined using the effective interest method, less amortized cost of any impairment loss, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

- a. Interest income on financial assets that are credit-impaired upon acquisition or creation is calculated using the credit-adjusted effective interest rate multiplied by the amortized cost of the financial assets.
- b. Interest income on financial assets that are not credit-impaired upon acquisition or creation but become credit-impaired subsequently is calculated using the effective interest rate multiplied by the amortized cost of the financial assets from the next reporting period after the impairment.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amount of cash with minimal risk of changes in value within 3 months from the acquisition date and are used to meet short-term cash commitments.

(2) Impairment of financial assets and contract assets

The Company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) based on expected credit loss on each balance sheet date.

An allowance for losses is recognized for accounts receivable based on the expected credit loss over the duration. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is,

recognize for provision of anticipated credit risk within the lifetime of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the lifetime of the financial instruments means the expected loss of credit from the financial instruments within the lifetime of these financial instruments.

All impairment losses on financial assets are accounted for by reducing the carrying amount through an allowance account.

(3) The derecognition of financial assets

The Company has financial assets derecognized only when the contractual rights from the cash flows of a financial asset become invalid or when the financial assets are transferred, and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When a particular entry of financial assets measured at amortized cost is removed, the difference between its book value and consideration shall be recognized as profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for the following.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities held for trading and those designated as at fair value through profit or loss.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

3. Derivatives

The derivatives entered into by the Company include forward exchange contracts, which are used to manage the Company's exchange rate risk.

Derivatives are initially recognized at fair value when the derivative contracts are entered into and subsequently remeasured at fair value at the balance sheet date. Gains or losses arising from subsequent measurements are recognized directly in profit or loss, except for derivatives designated as effective hedging instruments, for which the point of recognition in profit or loss will depend on the nature of the hedging. When the fair value of the derivatives is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

For derivatives embedded in asset master contracts within the scope of IFRS 9 "Financial Instruments", the classification of financial assets shall be determined based on the overall contract. A derivative is considered to be a separate derivative if it is embedded in an asset master contract that is not within the scope of IFRS 9 (e.g., embedded in a master contract of a financial liability) and the embedded derivative meets the definition of a derivative, the risks and characteristics of which are not closely related to those of the master contract and the hybrid contract is not measured at fair value through profit or loss.

(x) Revenue recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

Merchandise sales revenues

Merchandise sales revenues are derived from sales of electronic parts and components. The Company recognizes revenues and accounts receivable at the point when the products arrive at the customer's designated location because the customer has the right to determine resale prices and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence.

When materials are supplied to subcontractors for processing, the control and the ownership of the processed products have not been transferred, so revenues are not recognized for the materials supplied.

(xi) Lease

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Company is the lessor

A lease is classified as a capital lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

For an operating lease, the net lease payments of the lease incentives are recognized as income on a straight-line basis over the relevant lease periods. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease period.

2. The Company is the lessee

Except for the low-value leased assets entitled to exemption and lease payments for short-term leases recognized as expenses on a straight-line basis over the lease period, the right-of-use assets and lease liabilities of other leases are recognized starting from the lease commencement date.

The right-of-use assets are initially measured at cost (including the original measured amount of lease liability, the lease payment paid before the lease commencement date net of the lease incentives collected, the original direct costs, and the estimated cost of the recovered underlying assets), and then subsequently measured at the net cost of the accumulated depreciation and accumulated impairment loss; also, the remeasured amount of the lease liability is adjusted. Right-of-use assets are expressed separately in the stand-alone balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease commencement date to the end of their useful life or the expiration of the lease period, whichever is sooner.

Lease liabilities are measured initially at the present value of lease payments (including fixed benefits). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If said lease implied interest rate is not easy to determine, the lease payment is discounted at the lessee's incremental borrowing rate of interest.

Subsequently, the lease liability is measured according to the effective interest method and the amortized cost; also, the interest expense is amortized over the lease period. If a change in the lease period results in a change in future lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are expressed separately in the stand-alone balance sheet.

(xii) Borrowing costs

Borrowing costs directly attributable to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities have achieved their intended use or sale condition.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the above, all other loan costs are recognized as profit and loss upon occurring.

(xiii) Government subsidies

Government subsidies are recognized only when it is reasonably certain that the Company will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies related to revenues are recognized in other income on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Company.

Government subsidies are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Company and have no future related costs.

(xiv) Employee benefits

1. Short-term employee benefits

Liabilities related to short-term employee benefits are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and remeasurement) of the defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost (including current service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit asset may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

(xv) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax for the period

Additional income tax on unappropriated earnings calculated in accordance with the Republic of China Income Tax Act is recognized in the year in which resolutions are made at the shareholder meeting.

The adjustment to prior years' income tax payable is booked as current period's income tax.

2. Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which

income tax credits can be utilized, such as deductions for temporary differences, loss carryforwards and investment tax credits.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, affiliates and joint ventures, except where the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset, and part of the asset should be adjusted down. Deferred tax assets that are not recognized as such initially are reviewed on each balance sheet date and the carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequence resulting from the book value of the assets or liabilities expected by the Company to be recovered or liquidated on the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity, which are respectively recognized in other comprehensive income or directly included in the equity.

v. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When adopting accounting policies, the Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from estimates.

The Company has taken the economic impact of the COVID-19 pandemic into consideration for significant accounting estimates, and management will review the estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future periods.

vi.	<u>Cash and cash equivalents</u>	December 31, 2020	December 31, 2019
	Cash on hand and revolving funds	\$ 35	\$ 35
	Bank checking accounts and demand deposits	1,056,144	629,416
	Cash equivalents (investments with an original maturity of less than 3 months)		
	Bank time deposits	56,960	29,980
	Bonds with repurchase agreement	28,489	-
		<u>\$ 1,141,628</u>	<u>\$ 659,431</u>

The interest rate ranges for bank deposits as of the balance sheet date were as follows:

	December 31, 2020	December 31, 2019
Bank demand deposits	0.01% ~ 0.38%	0.01% ~ 0.38%
Bank time deposits	0.3%	2%
Bonds with repurchase agreement	0.4%	-

vii.	<u>Financial instruments at fair value through profit or loss</u>	December 31, 2020	December 31, 2019
	<u>Financial assets - current</u>		
	Mandatorily measured at fair value through profit or loss		
	Non-derivative financial assets		
	- Fund beneficiary certificates	\$ 20,001	\$ 71,145
	<u>Financial liabilities - current</u>		
	Held for trading		
	Derivatives (not designated for hedging)		
	- Forward foreign exchange contracts (1)	\$ -	\$ 98

- (i) Forward foreign exchange contracts not subject to hedge accounting and outstanding at the balance sheet date were as follows:

December 31, 2019

	Currency	Expiration Date	Contract Amount (Thousands)
Sale of forward foreign exchange	NTD to USD	December 30, 2019 to January 30, 2020	NTD 150,235 / USD 5,000

The purpose of the Company's forward exchange transactions is to hedge the risk of foreign currency assets and liabilities arising from exchange rate fluctuations.

viii. Financial assets at amortized cost

	December 31, 2020	December 31, 2019
<u>Noncurrent</u>		
Pledge of time deposits (1)	\$ 2,127	\$ 2,067
Restricted foreign exchange deposits with offshore funds (ii)	<u>124,472</u> <u>\$ 126,599</u>	<u>-</u> <u>\$ 2,067</u>

- (i) As of December 31, 2020 and 2019, the market interest rate for time deposits with original maturity over one year was 0.84% and 1.09% per annum, respectively.
- (ii) On August 26, 2020, the Company remitted \$146,285 thousand (USD 5,000 thousand) in accordance with the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" and deposited the net amount after tax in a dedicated account for foreign exchange deposits, as approved by National Taxation Bureau of the Northern Area, Ministry of Finance. The deposits in the dedicated account are subject to restrictions on the free use of the funds as prescribed by law, except for financial investments or real investments and part of the free use of the funds as prescribed by law, which can be withdrawn in three-year increments after five years from the date of deposit in the dedicated account.
- (iii) For information on pledges of financial assets measured at amortized cost, see Note 28.

ix.	<u>Accounts receivable and overdue receivables</u>	December 31, 2020	December 31, 2019
	<u>Accounts receivable</u>		
	Measured at amortized cost		
	Total carrying amount	\$ 1,501,605	\$ 1,400,088
	Less: Allowance for loss	(442)	(209)
		<u>\$ 1,501,163</u>	<u>\$ 1,399,879</u>
	Accounts receivable - related party	<u>\$ 1,707</u>	<u>\$ 392</u>
	<u>Overdue receivables</u>		
	Measured at amortized cost		
	Total carrying amount	\$ 54,768	\$ 78,535
	Less: Allowance for loss	(54,768)	(78,535)
		<u>\$ -</u>	<u>\$ -</u>

Accounts receivable

The average credit period of the Company's merchandise sales is 150 days. In determining the collectibility of accounts receivable, the Company considers any changes in the credit quality of the accounts receivable from the original credit grant date to the balance sheet date.

To mitigate credit risk, the Company's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue accounts receivable. In addition, the Company reviews the recoverable amounts of accounts receivable on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

An allowance for losses is recognized for accounts receivable by the Company based on the expected credit loss over the duration. Expected credit losses for the duration are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition, the economic situation of the industry, as well as GDP forecasts and industry outlook. Since the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the allowance matrix only sets the expected credit loss rate based on the number of days past due on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, for example, if the counterparty is in liquidation or the debt is overdue for more than 365 days, the Company reclassifies the amount directly to overdue receivable and continues the collection activities, and the amount recovered is offset against the related overdue receivable.

The Company estimated the allowance for losses on accounts receivable based on the allowance matrix as follows:

December 31, 2020

	Not overdue	Overdue 1 to 180 days	Overdue 180 to 365 days	Total
Expected credit loss rate	0%	0.40%	11.97%	-
Total carrying amount	\$ 1,435,844	\$ 64,207	\$ 1,554	\$ 1,501,605
Allowance for loss (Expected credit losses over the duration)	-	(256)	(186)	(442)
Amortized cost	<u>\$ 1,435,844</u>	<u>\$ 63,951</u>	<u>\$ 1,368</u>	<u>\$ 1,501,163</u>

December 31, 2019

	Not overdue	Overdue 1 to 180 days	Overdue 180 to 365 days	Total
Expected credit loss rate	0%	0.3%	0%	-
Total carrying amount	\$ 1,328,505	\$ 71,583	\$ -	\$ 1,400,088
Allowance for loss (Expected credit losses over the duration)	-	(209)	-	(209)
Amortized cost	<u>\$ 1,328,505</u>	<u>\$ 71,374</u>	<u>\$ -</u>	<u>\$ 1,399,879</u>

Information on the changes in the allowance for losses on accounts receivable is as follows:

	2020	2019
Balance at the beginning of the year	\$ 209	\$ 2,765
Add: Provision for impairment loss for the year	484	10,327
Less: Reclassification for the year	(251)	(12,883)
Balance at the end of the year	<u>\$ 442</u>	<u>\$ 209</u>

Information on the changes in the allowance for losses on overdue receivables is as follows:

2020	2019
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Balance at the beginning of the year	\$ 78,535	\$ 75,309
Add: Reclassification for the year	251	12,883
Less: Actual write off for the year	(11,136)	(5,398)
Less: Reversal of impairment loss for the year	(<u>12,882</u>)	(<u>4,259</u>)
Balance at the end of the year	<u>\$ 54,768</u>	<u>\$ 78,535</u>

x. Inventories

	December 31, 2020	December 31, 2019
Finished good	\$ 60,679	\$ 70,249
Semi-finished goods	552	196
Work in progress	6,347	1,819
Raw materials and supplies	9,426	9,377
In-transit	<u>15,090</u>	<u>3,096</u>
	<u>\$ 92,094</u>	<u>\$ 84,737</u>

The nature of cost of goods sold is as follows:

	2020	2019
Cost of inventories sold	\$ 3,364,898	\$ 3,947,887
(Gain on reversal of) loss on decline in value of inventories (1)	(9,782)	1,155
Others	<u>12,180</u>	(<u>19,223</u>)
	<u>\$ 3,367,296</u>	<u>\$ 3,929,819</u>

- (i) The increase in net realizable value of inventories was due to the disposal of slow-moving inventories and the reversal of allowances and slow-moving inventories.

xi. Investments accounted for using the equity method

Investments in subsidiaries

	December 31, 2020	December 31, 2019
ICHIA USA Inc.	\$ 37,283	\$ 36,800
ICHIA HOLDINGS (B.V.I) Co., Ltd.	<u>5,067,096</u>	<u>5,107,594</u>
	<u>\$ 5,104,379</u>	<u>\$ 5,144,394</u>

Percentage of ownership interest and
voting rights

Subsidiary name	December 31, 2020	December 31, 2019
ICHIA USA Inc.	100%	100%
ICHIA HOLDINGS (B.V.I) Co., Ltd.	100%	100%

The Company invested in ICHIA INTERNATIONAL TRADING LTD.(BVI) (hereinafter referred to as ICHIA INTERNATIONAL) through BVI-ICHIA, and the Company disposed of ICHIA INTERNATIONAL on August 10, 2020. Please refer to Note 26 to the Consolidated Financial Statements for the disclosure of the Company's disposal of subsidiaries.

Please refer to Note 32 for the details of the Company's indirect investment in subsidiaries.

The shares of profit or loss and other comprehensive income of the subsidiaries under the equity method for the years ended December 31, 2020 and 2019 were recognized based on the audited financial statements of each subsidiary for the same period.

xii. Property, plant and equipment

Self-use

	Self-owned land	Buildings	Machinery and equipment	Other equipment	Total
<u>Cost</u>					
Balance as of January 1, 2020	\$ 516,225	\$ 534,618	\$ 539,305	\$ 235,518	\$ 1,825,666
Addition	-	-	9,853	7,450	17,303
Disposal	-	(95)	(23,336)	(22,152)	(45,583)
Reclassification	-	890	16,968	2,966	20,824
Balance as of December 31, 2020	<u>\$ 516,225</u>	<u>\$ 535,413</u>	<u>\$ 542,790</u>	<u>\$ 223,782</u>	<u>\$ 1,818,210</u>
<u>Accumulated depreciation and impairment</u>					
Balance as of January 1, 2020	\$ -	\$ 344,244	\$ 368,059	\$ 196,899	\$ 909,202
Disposal	-	(95)	(23,336)	(20,791)	(44,222)
Depreciation expense	-	19,264	64,167	17,114	100,545
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 363,413</u>	<u>\$ 408,890</u>	<u>\$ 193,222</u>	<u>\$ 965,525</u>
Net as of December 31, 2020	<u>\$ 516,225</u>	<u>\$ 172,000</u>	<u>\$ 133,900</u>	<u>\$ 30,560</u>	<u>\$ 852,685</u>

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	Self-owned land	Buildings	Machinery and equipment	Other equipment	Total
<u>Cost</u>					
Balance as of January 1, 2019	\$ 288,562	\$ 422,881	\$ 521,456	\$ 242,427	\$ 1,475,326
Addition	-	550	7,128	3,023	10,701
Disposal	-	-	-	(11,698)	(11,698)
Assets from operating leases	227,663	110,241	-	-	337,904
Reclassification	-	946	10,721	1,766	13,433
Balance as of December 31, 2019	<u>\$ 516,225</u>	<u>\$ 534,618</u>	<u>\$ 539,305</u>	<u>\$ 235,518</u>	<u>\$ 1,825,666</u>
<u>Accumulated depreciation and impairment</u>					
Balance as of January 1, 2019	\$ -	\$ 300,313	\$ 303,929	\$ 185,459	\$ 789,701
Disposal	-	-	-	(11,454)	(11,454)
Assets from operating leases	-	27,680	-	-	27,680
Depreciation expense	-	16,251	64,130	22,894	103,275
Balance as of December 31, 2019	<u>\$ -</u>	<u>\$ 344,244</u>	<u>\$ 368,059</u>	<u>\$ 196,899</u>	<u>\$ 909,202</u>
Net as of December 31, 2019	<u>\$ 516,225</u>	<u>\$ 190,374</u>	<u>\$ 171,246</u>	<u>\$ 38,619</u>	<u>\$ 916,464</u>

Depreciation expense is provided on a straight-line basis over the following useful life:

Buildings	
Main structures	51 years
Air conditioning system	26 years
Improvement to main structures	4 to 51 years
Machinery and equipment	13 years
Other equipment	16 years

For the amount of self-use property, plant and equipment used as collaterals for loans, please refer to Note 28.

xiii. Lease Agreement

(i) Right-of-use assets.

	December 31, 2020	December 31, 2019
Carrying amount of right-of-use assets		
Transportation equipment	<u>\$ 3,205</u>	<u>\$ -</u>
Addition of right-of-use assets.	<u>2020</u> <u>\$ 3,846</u>	<u>2019</u> <u>\$ -</u>
Depreciation expense of right-of-use assets		
Transportation equipment	<u>\$ 641</u>	<u>\$ -</u>

Other than the above additions and depreciation expense recognized, there were no significant subleases or impairments of the Company's right-of-use assets in 2020 and 2019.

(ii) Lease liabilities

	December 31, 2020	December 31, 2019
Carry amount of lease liabilities		
Current	\$ <u>1,266</u>	\$ <u>-</u>
Noncurrent	\$ <u>1,959</u>	\$ <u>-</u>

The discount rate range for lease liabilities is as follows:

	December 31, 2020	December 31, 2019
Transportation equipment	2.5%	-

(iii) Information on other leases

Please refer to Note 14 for the Company's agreements to lease investment properties under operating leases.

	2020	2019
Short-term lease expenses	\$ <u>21</u>	\$ <u>97</u>
Low-value asset lease expenses	\$ <u>183</u>	\$ <u>144</u>
Total cash (outflow) from leases	(\$ <u>870</u>)	(\$ <u>241</u>)

The Company has elected to apply the recognition exemption to leases of buildings, structures and office equipment that qualify as short-term leases and certain other equipment that qualify as low-value asset leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

Short-term lease expense for 2019 also included other leases with lease periods ending before December 31, 2019 and for which the recognition exemption was elected. The amount of short-term lease commitments for which the recognition exemption was applicable (including short-term lease commitments commencing after the balance sheet date) was \$463 thousand and \$396 thousand as of December 31, 2020 and 2019, respectively.

The Company has no commitments to enter into leases for periods beginning after the balance sheet date.

xiv. Investment Properties

	<u>Completed investment properties</u>
<u>Cost</u>	
Balance as of January 1, 2019	\$ 337,904
Transferred to property, plant and equipment	(<u>337,904</u>)
Balance as of December 31, 2019	<u>\$ -</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2019	(\$ 24,688)
Depreciation expense	(2,992)
Transferred to property, plant and equipment	<u>27,680</u>
Balance as of December 31, 2019	<u>\$ -</u>
Net as of December 31, 2019	<u>\$ -</u>

Depreciation expense of investment properties is provided on a straight-line basis over the following useful life:

Main structures	51 years
Elevator equipment	16 years
Air conditioning system	10 years
Improvement to main structures	4 to 49 years

All of the Company's investment properties are owned by the Company.

xv. Other assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Prepaid expenses	\$ 14,075	\$ 14,583
Tax overpaid retained	9,670	12,448
Other receivables	2,267	2,073
Temporary payments	28	172
Others	<u>3,854</u>	<u>3,477</u>
	<u>\$ 29,894</u>	<u>\$ 32,753</u>
<u>Noncurrent</u>		
Prepaid equipment (Note 29)	\$ 29,670	\$ 900
Refundable deposits	7,977	6,446
Long-term prepaid expenses	<u>6,312</u>	<u>5,120</u>
	<u>\$ 43,959</u>	<u>\$ 12,466</u>

xvi. Borrowings

(i) Short-term borrowings

	December 31, 2020	December 31, 2019
<u>Unsecured borrowings</u>		
Credit facility borrowings	<u>\$ 981,960</u>	<u>\$ 400,000</u>

As of December 31, 2020 and 2019, the interest rates on bank borrowings for operating turnover ranged from 0.90% to 1.036% and 0.98% to 1.10%, respectively.

(ii) Long-term borrowings

	December 31, 2020	December 31, 2019
Secured borrowings (Note 28)		
Bank borrowings	\$ 293,718	\$ 459,062
Less: Classified as due within 1 year	(<u>167,191</u>)	(<u>165,066</u>)
Long-term borrowings	<u>\$ 126,527</u>	<u>\$ 293,996</u>

The bank borrowings were secured by pledges of the Company's self-owned land and buildings (see Note 28). The maturity date of the borrowings is September 11, 2022, and the effective interest rates are 1.03% and 1.28% per annum for the years ended December 31, 2020 and 2019, respectively.

The Company's borrowings consist of:

	Maturity date	Major terms and conditions	Effective interest rate	December 31, 2020	December 31, 2019
Floating rate borrowings:	2022-09-11	Chang Hwa Commercial Bank, Ltd.			
		The borrowing amount is \$500,000 thousand with interest rates ranging from 1.0% to 1.5% to finance the medium-term operating turnover. The borrowing period is from September 11, 2017 to September 11, 2022, with monthly interest deductions. Repayment is made on the 11th day of each month, starting from October 11, 2019, in 36 equal installments of principal and interest.	1.03%	\$ 293,718	\$ 459,062
		Less: Classified as due within 1 year		(<u>167,191</u>)	(<u>165,066</u>)
		Long-term borrowings		<u>\$ 126,527</u>	<u>\$ 293,996</u>

xvii.	<u>Accounts payable</u>	December 31, 2020	December 31, 2019
	<u>Accounts payable</u>		
	Non-related party - Occurred due to business	\$ 92,083	\$ 69,277
	Related party - Occurred due to business	\$ 1,518,933	\$ 1,122,051

The average credit period for the purchase of goods is one to three months, and no interest is accrued on the accounts payable. The Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit periods.

xviii.	<u>Other liabilities</u>	December 31, 2020	December 31, 2019
	<u>Current</u>		
	Other payables		
	Salaries and bonuses payable	\$ 22,735	\$ 26,637
	Leave payables	10,549	9,930
	Interest payables	582	526
	Other expense payables	14,827	12,420
		<u>\$ 48,693</u>	<u>\$ 49,513</u>
	<u>Other liabilities</u>		
	Temporary receipts	\$ 8,763	\$ 5,737
	Others	252	725
		<u>\$ 9,015</u>	<u>\$ 6,462</u>
	<u>Noncurrent</u>		
	Other liabilities		
	Deferred credits	\$ 1,310	\$ 2,809

xix. Post-employment benefit plans

(i) Defined contribution plan

The pension system of the Company under the “Labor Pension Act” is a government-administered defined contribution pension plan with 6% of employees’ monthly salaries contributed to the personal accounts at the Bureau of Labor Insurance.

(ii) Defined benefit plan

The pension system of the Company under the “Labor Standards Act” is a government-administered defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The Company appropriate 2% of employees’ monthly salaries as pension funds, which is deposited by the Supervisory Committee of Labor Retirement Reserve in the name of the Committee into a dedicated account at the Bank of Taiwan. Before the end of the year, if the balance in the dedicated account is estimated to be insufficient to pay for employees who are expected to meet the retirement requirements in the following year, the difference will be made up in one lump sum by the end of March of the following year. The management of the dedicated account is entrusted to the Bureau of Labor Funds, Ministry of Labor. The Company has no right to influence the investment management strategy.

The amounts included in the stand-alone balance sheets for defined benefit plan are shown below:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	\$ 25,558	\$ 23,716
Fair value of plan assets	(<u>45,347</u>)	(<u>43,582</u>)
Net defined benefit assets	(<u>\$ 19,789</u>)	(<u>\$ 19,866</u>)

Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
January 1, 2019	<u>\$ 21,842</u>	<u>(\$ 41,874)</u>	<u>(\$ 20,032)</u>
Service costs			
Service costs for the period	55	-	55
Interest expenses (incomes)	<u>273</u>	<u>(523)</u>	<u>(250)</u>
Recognized in profit or loss	<u>328</u>	<u>(523)</u>	<u>(195)</u>
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(1,389)	(1,389)
Actuarial losses			
- Change in financial assumptions	565	-	565
- Adjustments through experience	<u>1,185</u>	<u>-</u>	<u>1,185</u>
Recognized in other comprehensive income	<u>1,750</u>	<u>(1,389)</u>	<u>361</u>
Benefit payments	<u>(204)</u>	<u>204</u>	<u>-</u>
December 31, 2019	<u>23,716</u>	<u>(43,582)</u>	<u>(19,866)</u>
Service costs			
Service costs for the period	56	-	56
Interest expenses (incomes)	<u>237</u>	<u>(436)</u>	<u>(199)</u>
Recognized in profit or loss	<u>293</u>	<u>(436)</u>	<u>(143)</u>
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(1,329)	(1,329)
Actuarial losses			
- Change in financial assumptions	450	-	450
- Adjustments through experience	<u>1,099</u>	<u>-</u>	<u>1,099</u>
Recognized in other comprehensive income	<u>1,549</u>	<u>(1,329)</u>	<u>220</u>
Benefit payments	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2020	<u>\$ 25,558</u>	<u>(\$ 45,347)</u>	<u>(\$ 19,789)</u>

The amounts recognized in profit or loss for defined benefit plan are summarized by function as follows:

	2020	2019
Operating costs	(\$ 15)	(\$ 22)
Promotional expenses	(4)	(6)
Administrative expenses	(110)	(148)
R&D expenses	(14)	(19)
	<u>(\$ 143)</u>	<u>(\$ 195)</u>

The Company is exposed to the following risks as a result of the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the Consolidated Company’s plan assets is based on the income at a rate no less than the local bank’s 2-year time deposit rate.
2. Interest rate risk: A decrease in interest rates on government/corporate bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member’s salary will result in an increase in the present value of the defined benefit obligation.

The present value of the Company’s defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.80%	1.00%
Expected rate of salary increase	3.00%	3.00%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows:

	December 31, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	(\$ 556)	(\$ 560)
Decrease by 0.25%	\$ 577	\$ 582
Expected rate of salary increase		
Increase by 1%	\$ 2,385	\$ 2,415
Decrease by 1%	(\$ 2,097)	(\$ 2,113)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	December 31, 2020	December 31, 2019
Average duration to maturity of defined benefit obligations	13.7 years	14.6 years

xx. Equity

(i) Common stock

	December 31, 2020	December 31, 2019
Authorized number of shares (thousand shares)	600,000	420,000
Authorized capital stock	\$ 6,000,000	\$ 4,200,000
Number of shares issued and fully paid (thousand shares)	307,536	307,536
Issued capital stock	\$ 3,075,366	\$ 3,075,366

The issued common stock has a face value of NT\$10 per share and each share is entitled to one voting right and receiving dividends.

30,000 thousand shares of the authorized capital stock were reserved for the issuance of convertible bonds and employee restricted stock options.

On March 25, 2019, the Board of Directors resolved to retire 9,731 thousand shares of treasury stock and the change registration was completed on April 10, 2019.

On March 18, 2020, the Company's Board of Directors resolved to increase the authorized capital to \$6,000,000 thousand, and on June 12, 2010, the resolution was approved by the regular shareholders' meeting.

(ii) Capital surplus

	December 31, 2020	December 31, 2019
For loss make-up, payment in cash or capitalization as equity (1)		
Stock issue premium	\$ 411,281	\$ 488,165
Corporate bond conversion premium	1,238,407	1,238,407
Gain on disposal of assets	167	167
Consolidation excess	42,695	42,695
<u>Not for any purpose</u>		
Employee stock purchase plan	149,021	149,021
Employee restricted stock option	120,365	120,365
Convertible bond stock options	<u>124,891</u>	<u>124,891</u>
	<u>\$ 2,086,827</u>	<u>\$ 2,163,711</u>

1. Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(iii) Retained Earnings and Dividend Policy

In accordance with the earnings distribution policy of the Company's Articles of Incorporation, if there are any net earnings as indicated in the final accounts, the Company shall pay tax and make up for the accumulated losses, and then set aside 10% as legal reserve, and the rest shall be set aside as special reserve or offset by reversal of special reserve as required by law; if there are still remaining earnings, the Board of Directors shall prepare a proposal for the distribution of the remainder together with the accumulated unappropriated earnings at the beginning of the period, and submit it to the shareholder meeting for resolution on the distribution of dividends to shareholders. The Company's policy on the distribution of employees' and directors' remuneration as stipulated in the Company's Articles of Incorporation is described in Note 22(7) Employees' Remuneration and Directors' Remuneration.

Based on the resolution of a majority of directors at the meeting attended by two-thirds of the total number of directors, the Company shall distribute the

dividend and bonus, in whole or in part, in the form of cash and report to the shareholders' meeting.

The legal reserve should be appropriated until the balance reaches the Company's total paid-in capital. The legal reserve may be used to make up for losses. If the Company has no losses, the excess of legal reserve over 25% of the paid-in capital may be distributed in cash in addition to capitalization as equity.

The Company has provided and reversed the special reserve in accordance with the letters Jin-Guan-Zheng-Fa-Zi Nos. 1010012865, 1010047490 and 1030006415 and the provisions of the "Questions and Answers on the Application of International Financial Reporting Standards (IFRSs) to the Provision of Special Reserve".

At the regular shareholders' meetings held on June 12, 2020 and June 14, 2019, the Company resolved to distribute the earnings for 2019 and 2018 as follows:

	2019	2018
Legal reserve	<u>\$ 22,679</u>	<u>\$ 14,511</u>
Special reserve	<u>\$ 198,694</u>	<u>\$ 137,012</u>
Cash dividends	<u>\$ 153,768</u>	<u>\$ 153,768</u>
Cash dividends per share	\$ 0.5	\$ 0.5

The Board of Directors proposed the following earnings distribution for 2020 on March 16, 2021:

	Earnings distribution proposal
Legal reserve	<u>\$ 11,997</u>
Special reserve	<u>(\$ 40,309)</u>
Cash dividends	<u>\$ 148,768</u>
Cash dividends per share	\$ 0.5

The earnings proposal for 2020 is pending resolution at the shareholders' meeting scheduled for June 21, 2021.

(iv) Treasury stock

Reason for recovery	Transfer of shares to employees (thousand shares)	Repurchase for retirement (thousand shares)	Shares of parent company held by subsidiaries (thousand shares)	Total (thousand shares)
Number of shares as of January 1, 2020	-	-	-	-
Increase in the year	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Number of shares as of December 31, 2020	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Number of shares as of January 1, 2019	9,731	-	-	9,731
Decrease in the year	(<u>9,731</u>)	<u>-</u>	<u>-</u>	(<u>9,731</u>)
Number of shares as of December 31, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

On July 27, 2020, the Board of Directors resolved to repurchase 10,000 thousand shares of the Company's common stock to employees for the period from July 28, 2020 to September 25, 2020 at a price range of \$12 to \$18 in order to motivate employees and enhance their cohesiveness to the Company. As of the end of the repurchase period (September 25, 2020), the Company had repurchased 10,000 thousand shares for a total of \$161,328 thousand.

The repurchased shares shall be transferred to employees within 5 years in accordance with the Securities and Exchange Act. If the shares are not transferred after the expiration date, they shall be considered as unissued shares of the Company and shall be registered for change.

Treasury stock held by the Company cannot be pledged under the Securities and Exchange Act, and is not entitled to dividend distribution or voting rights.

xxi. Revenues

	<u>2020</u>	<u>2019</u>
Customer contract revenues		
Merchandise sales revenues	\$ 3,637,810	\$ 4,087,876
Lease incomes		
Investment Properties (Note 14)	<u>-</u>	<u>7,872</u>
	<u>\$ 3,637,810</u>	<u>\$ 4,095,748</u>
<u>Contract balance</u>		
	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Accounts receivable (including related party) (Note 9)	<u>\$ 1,502,870</u>	<u>\$ 1,400,271</u>
Contract liabilities - current		
Merchandise sales	<u>\$ 2,747</u>	<u>\$ 1,190</u>

The change in contract liabilities mainly arises from the difference between the point at which performance obligations are satisfied and the point at which customers pay.

xxii. Net profits before tax

(i) Interest incomes

	<u>2020</u>	<u>2019</u>
Bank deposits	\$ 1,390	\$ 1,195
Bonds with repurchase agreement	13	-
Financial assets at amortized cost	345	1,876
Imputed interest on deposits	<u>7</u>	<u>6</u>
	<u>\$ 1,755</u>	<u>\$ 3,077</u>

(ii) Other incomes

	<u>2020</u>	<u>2019</u>
Lease incomes		
Rental incomes from operating lease		
- Investment properties	\$ -	\$ 7,872
- Rental incomes from dormitory and parking lot	<u>835</u>	<u>595</u>
	835	8,467
Government subsidy incomes	5,017	-
Management service incomes	15	9,014
Compensation incomes	6,036	-
Others	<u>3,143</u>	<u>1,783</u>
	<u>\$ 15,046</u>	<u>\$ 19,264</u>

(iii) Other incomes (expenses)			
	2020	2019	
Gain (loss) on financial assets (Note 7)			
Financial assets mandatorily measured at fair value through profit or loss			
- Realized	\$ 589	\$ 129	
- Unrealized	<u>1</u>	<u>1,165</u>	
	<u>590</u>	<u>1,294</u>	
Financial liabilities held for trading			
- Realized	98	-	
- Unrealized	<u>-</u>	<u>(98)</u>	
	<u>98</u>	<u>(98)</u>	
	<u>688</u>	<u>1,196</u>	
Net foreign currency exchange loss	(36,561)	(2,306)	
Gain on disposal of property, plant and equipment	2,239	2,307	
Others	<u>1</u>	<u>(1,015)</u>	
	<u>(\$ 33,633)</u>	<u>\$ 182</u>	
(iv) Financial costs			
	2020	2019	
Interest on borrowings from related parties	\$ -	\$ 7,088	
Interest on bank borrowings	10,578	14,115	
Interest on lease liabilities	<u>45</u>	<u>-</u>	
	<u>\$ 10,623</u>	<u>\$ 21,203</u>	
No interest capitalization in 2020 and 2019.			
(v) Depreciation			
	2020	2019	
Depreciation expense is summarized by function			
Operating costs	\$ 89,635	\$ 91,291	
Operating expenses	<u>11,551</u>	<u>14,976</u>	
	<u>\$ 101,186</u>	<u>\$ 106,267</u>	

(vi) Employee benefit expenses

	<u>2020</u>	<u>2019</u>
Post-employment benefits		
Defined contribution plans	\$ 5,312	\$ 4,833
Defined benefit plan (Note 19)	(<u>143</u>)	(<u>195</u>)
	5,169	4,638
Other employee benefits	<u>135,328</u>	<u>119,791</u>
Total employee benefit expenses	<u>\$ 140,497</u>	<u>\$ 124,429</u>
Summarized by function		
Operating costs	\$ 45,749	\$ 31,013
Operating expenses	<u>94,748</u>	<u>93,416</u>
	<u>\$ 140,497</u>	<u>\$ 124,429</u>

(vii) Employees' remuneration and directors' remuneration.

In accordance with the Company's Articles of Incorporation, the Company appropriates no less than 1% and no more than 3% of the profits before tax to employees' and directors' remuneration, respectively, for the year before the distribution of employees' and directors' remuneration. The estimated remuneration to employees and directors for the years ended 2020 and 2019 were resolved by the Board of Directors on March 16, 2021 and March 18, 2019, respectively, as follow:

Estimated percentage

	<u>2020</u>	<u>2019</u>
Remuneration to employees	4.18%	3.30%
Remuneration to directors	2.94%	2.06%

Amount

	<u>2020</u>	<u>2019</u>
	<u>Cash</u>	<u>Cash</u>
Remuneration to employees	\$ 7,000	\$ 8,000
Remuneration to directors	4,919	5,000

If there is a change in the amount of the stand-alone financial statements after the date of its issuance, the amount is adjusted in the following year in accordance with the rules related to changes in accounting estimates.

There was no difference between the actual amount of employees' and directors' remuneration paid for 2019 and 2018 and the amount recognized in the stand-alone financial statements in 2019 and 2018.

Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the remuneration of employees and directors resolved by the Board of Directors of the Company.

(viii) Foreign currency exchange gains (losses)

	<u>2020</u>	<u>2019</u>
Total foreign currency exchange gains	\$ 89,822	\$ 98,787
Total foreign currency exchange (losses)	(<u>126,383</u>)	(<u>101,093</u>)
Net gains (losses)	(<u>\$ 36,561</u>)	(<u>\$ 2,306</u>)

xxiii. Income tax

(i) Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	<u>2020</u>	<u>2019</u>
Income tax for the period		
Prior year adjustment	(\$ 8)	\$ -
Repatriation of offshore funds	<u>11,792</u>	<u>-</u>
	<u>11,784</u>	<u>-</u>
Deferred tax		
Occurred in the year	26,835	373
Prior year adjustment	(<u>3,399</u>)	<u>2,243</u>
	<u>23,436</u>	<u>2,616</u>
Income tax expenses recognized in profit or loss	<u>\$ 35,220</u>	<u>\$ 2,616</u>

The reconciliation of accounting income to income tax expense is as follows:

	<u>2020</u>	<u>2019</u>
Net profits before tax	<u>\$ 155,410</u>	<u>\$ 229,408</u>
Income tax expenses at statutory tax rate on net profits before tax	\$ 31,082	\$ 45,882
Non-deductible expenses for tax purposes	6,679	3,781
Tax-exempt incomes	(14,465)	(49,290)
Unrecognized loss carryforwards	3,539	-
Adjustments to prior years' deferred tax expenses recorded in the year	(3,399)	2,243
Adjustments to prior years' current income tax benefits recorded in the period	(8)	-
Repatriation of offshore funds	<u>11,792</u>	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$ 35,220</u>	<u>\$ 2,616</u>

In July 2019, the President of Taiwan announced the promulgation of "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act", with new rules that if a profit-seeking enterprise applies for repatriation of funds within the approved period from August 15, 2019 to August 14, 2020, the tax rate applicable to the repatriation of funds is reduced from 20% to 8% and the repatriated funds should be deposited into a dedicated account, and the receiving bank will deduct the tax when the funds are deposited into the dedicated account. On August 26, 2020, the Company was approved to remit \$147,400 thousand (USD 5,000 thousand) by the National Taxation Bureau, Ministry of Finance, and the tax amount was \$11,792 thousand based on the applicable tax rate of 8%.

(ii) Current income tax assets

	December 31, 2020	December 31, 2019
Current income tax assets		
Tax refund receivable	<u>\$ 612</u>	<u>\$ 1,393</u>

(iii) Deferred tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2020

	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
<u>Deferred tax assets</u>			
Temporary difference			
Leave payables	\$ 1,985	\$ 124	\$ 2,109
Defined benefit pension plan	962	(29)	933
Unrealized gain on decline in value of inventories	3,618	(1,956)	1,662
Allowance for loss	12,791	(4,865)	7,926
Impairment of property, plant and equipment	1,216	-	1,216
Unrealized exchange gains	(238)	238	-
Others	<u>563</u>	<u>(300)</u>	<u>263</u>
	20,897	(6,788)	14,109
Loss carryforwards	<u>57,083</u>	<u>(11,309)</u>	<u>45,774</u>
	<u>\$ 77,980</u>	<u>(\$ 18,097)</u>	<u>\$ 59,883</u>
<u>Deferred tax liabilities</u>			
Temporary difference			
Unrealized exchange gains	<u>\$ -</u>	<u>(\$ 5,339)</u>	<u>(\$ 5,339)</u>

2019

	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
Deferred tax assets			
Temporary difference			
Leave payables	\$ 1,918	\$ 67	\$ 1,985
Defined benefit pension plan	1,001	(39)	962
Unrealized loss on decline in value of inventories	3,387	231	3,618
Allowance for loss	11,716	1,075	12,791
Impairment of property, plant and equipment	1,216	-	1,216
Others	1,025	(462)	563
Unrealized exchange gains	<u>2,863</u>	<u>(3,101)</u>	<u>(238)</u>
	23,126	(2,229)	20,897
Loss carryforwards	<u>57,470</u>	<u>(387)</u>	<u>57,083</u>
	<u>\$ 80,596</u>	<u>(\$ 2,616)</u>	<u>\$ 77,980</u>
(iv) Unused loss carryforwards for deferred tax assets not recognized in the stand-alone balance sheets			
	December 31, 2020	December 31, 2019	
Loss carryforwards			
Expire in 2029	<u>\$ 17,693</u>	<u>\$ -</u>	

(v) Information on unused loss carryforwards

Information on loss carryforwards for the year ended December 31, 2020 is as follows:

Not yet used balance	Final year of use
\$ 149,134	2027
71,149	2028
<u>26,278</u>	2029
<u>\$ 246,561</u>	

(vi) Income tax assessment

The Company's income tax returns have been assessed by the tax authorities up to 2018, but not yet for 2019.

xxiv. Earnings per share

Weighted-average number of shares of common stock used to calculate earnings per share is as follows:

Net profits for the year

	<u>2020</u>	<u>2019</u>
Net profits used to calculate basic earnings per share	<u>\$ 120,190</u>	<u>\$ 226,792</u>
Net profits used to calculate diluted earnings per share	<u>\$ 120,190</u>	<u>\$ 226,792</u>

Number of shares Unit: Thousand shares

	<u>2020</u>	<u>2019</u>
Weighted-average number of shares of common stock used to calculate basic earnings per share	304,024	307,536
Impact of potential common stock with dilutive effect:		
Remuneration to employees	<u>540</u>	<u>731</u>
Weighted-average number of shares of common stock used to calculate diluted earnings per share	<u>304,564</u>	<u>308,267</u>

If the Company may choose to have the employee compensation distributed via a stock or cash dividend, the calculation of the diluted earnings per share assumes that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. The diluting effect of these potential common shares also continues to be considered in the calculation of diluted earnings per share before the resolution on the number of shares awarded to employees as remuneration or profit-sharing in the following year's resolution.

xxv. Capital risk management

The Company engages in capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

The Company's capital structure consists of net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., capital stock, capital surplus, retained earnings and other equity).

The Company is not subject to any other external capital requirements.

The Company's key management reviews the Company's capital structure annually, which includes consideration of the cost of various types of capital and the associated risks. The Company will balance its overall capital structure by paying dividends, issuing new shares, repurchasing shares and issuing new debt or paying off old debt, as recommended by key management.

xxvi. Financial instruments

- (i) Fair value information - Financial instruments that are not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value on the balance sheet approximate their fair values.

- (ii) Fair value information - Financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificates	<u>\$ 20,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,001</u>

December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificates	<u>\$ 71,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,145</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Non-derivative financial liabilities held for trading	<u>\$ -</u>	<u>\$ 98</u>	<u>\$ -</u>	<u>\$ 98</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2020 and 2019.

2. Level 2 fair value measurement valuation techniques and input values

<u>Class of financial instruments</u>	<u>Valuation techniques and input values</u>
Derivatives - Forward foreign exchange contracts	The discounted cash flow method: The future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of the period, and are discounted at a rate that reflects the credit risk of each counterparty.

(iii) Types of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial asset</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 20,001	\$ 71,145
Financial assets at amortized cost (Note 1)	2,820,767	2,104,845
<u>Financial liabilities</u>		
Measured at fair value through profit or loss		
Held for trading	-	98
Measured at amortized cost (Note 2)	3,280,887	2,554,170

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties) and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, including short-term borrowings, accounts payable (including related parties), other payables (including related parties excluding employee benefits payable), long-term borrowings due within one year, long-term borrowings and deposits received.

(iv) Financial risk management objectives and policies

The Company's major financial instruments include investments in equity instruments, accounts receivable, accounts payable, borrowings and notes payable. The risks associated with the operations of the above financial instruments include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

The main financial risks to which the Company is exposed as a result of its operating activities are changes in foreign currency exchange rates (see (1) below) and changes in interest rates (see (2) below).

(1) Exchange rate risk

The Company engages in foreign currency-denominated sales and purchase transactions, which expose the Company to exchange rate risk. The Company manages its exposure to exchange rate risk by using forward exchange contracts and options to the extent permitted by policy.

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date are shown in Note 31.

Sensitivity analysis

The Company is primarily affected by fluctuations in the USD exchange rate.

The following table details the sensitivity analysis of the Company when the exchange rate of the NTD (functional currency) increases and decreases by 1% against each relevant foreign currency. 1% is the sensitivity percentage used for the Company's internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency monetary items and forward exchange contracts designated as cash flow hedges, and adjusts their year-end translation by a 1% change in exchange rates. The negative amount for USD below represents the decrease in net

profits before tax when NTD strengthens by 1% against USD, and the positive amount when NTD depreciates by 1% against USD.

	Impact of USD	
	2020	2019
Profit or loss	\$ 2,841	\$ 8,768 (i)

(i) Mainly derived from the Company's receivables and payables that were outstanding at the balance sheet date and not hedged for cash flow.

(2) Interest rate risk

The Company's bank deposits and borrowed funds carry both fixed and floating interest rates, resulting in interest rate risk.

The carrying amounts of financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
- Financial assets	\$ 212,048	\$ 32,047
- Financial liabilities	156,960	-
Cash flow interest rate risk		
- Financial liabilities	1,118,718	859,062

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments as of the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding during the reporting period. The rate of change used in reporting interest rates internally to key management is a 0.25% basis point increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased/decreased by 0.25% basis points, with all other variables held constant, the Company's net profits before tax would have decreased/increased by \$2,797 thousand and \$2,148 thousand for 2020 and 2019, respectively.

(3) Other price risk

The Company has equity price risk due to its investment in equity securities.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure at the balance sheet date.

If the equity price had increased/decreased by 10%, profits or losses before tax for 2020 and 2019 would have increased/decreased by \$2,000 thousand and \$7,115 thousand, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through profit or loss.

There was no significant change in the sensitivity of the Company's investment in equity securities compared with the previous year.

2. Credit risk

Credit risk refers to the risk of financial loss due to default on contract obligations by the counterparties. As of the balance sheet date, the Company's maximum exposure to credit risk of financial loss due to non-performance by counterparties and the provision of financial guarantees by the Company was mainly due to:

- (1) The carrying amount of financial assets recognized in the stand-alone balance sheets.
- (2) The maximum amount that the Company may be required to pay for the provision of financial guarantees, regardless of the likelihood of occurrence.

The Company's primary potential credit risk arises from financial instruments such as cash and cash equivalents and accounts receivable. The Company's cash is deposited with various banks and financial institutions. The cash is held in time deposits with maturities of approximately 3 months, which have high liquidity and flexibility and

enjoy high interest rates with near-zero risk. The Company controls its exposure to the credit risk of each financial institution and believes that the Company's cash and cash equivalents are not subject to significant concentrations of credit risk.

The counterparties of the Company's accounts receivable are customers in the electronics industry. In order to reduce the credit risk of accounts receivable, the Company's management has assigned a dedicated team to establish credit management rules and regulations and to be responsible for credit limit determination, credit approval and other monitoring procedures for the credit management of accounts receivable.

In addition, the Company reviews the recoverable amounts of accounts receivable on a case-by-case basis every month to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Company's management believes that the Company's credit risk is limited.

The Company's credit risk is mainly concentrated in the Company's top ten customers. As of December 31, 2020 and 2019, the percentage of total accounts receivable from the aforementioned customers was 73.38% and 73.74%, respectively.

3. Liquidity risk

The Company manages and maintains sufficient balance of cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of bank financing facilities and ensures compliance with the terms and conditions of the borrowing agreements.

Bank borrowings are an important source of liquidity for the Company. See (2) below for a description of the Company's unused financing facilities.

(1) Liquidity and interest rate risk of non-derivative financial liabilities.

The analysis of the remaining contract maturities of non-derivative financial liabilities is prepared using the undiscounted cash flows of financial liabilities (including principal and estimated interest) based on the earliest possible date on which the Company could be required to make repayment. Therefore, bank

borrowings that the Company may be required to repay immediately are shown in the the earliest period below, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contract repayment dates.

December 31, 2020

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 1,611,016	\$ -	\$ -	\$ -	\$ 1,611,016
Other payables	392,375	-	-	-	392,375
Borrowings	1,149,733	126,527	-	-	1,276,260
Lease liabilities	1,332	1,332	666	-	3,330
	<u>\$ 3,154,456</u>	<u>\$ 127,859</u>	<u>\$ 666</u>	<u>\$ -</u>	<u>\$ 3,282,981</u>

December 31, 2019

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 1,191,328	\$ -	\$ -	\$ -	\$ 1,191,328
Other payables	501,813	-	-	-	501,813
Borrowings	565,592	-	293,996	-	859,588
	<u>\$ 2,258,733</u>	<u>\$ -</u>	<u>\$ 293,996</u>	<u>\$ -</u>	<u>\$ 2,552,729</u>

(2) Financing facilities

	December 31, 2020	December 31, 2019
Unsecured bank borrowing facility (extendable by mutual consent)		
Financing facilities used	\$ 981,960	\$ 400,000
Financing facilities unused	<u>1,048,600</u>	<u>1,579,780</u>
	<u>\$ 2,030,560</u>	<u>\$ 1,979,780</u>
Secured bank borrowing facility (extendable by mutual consent)		
Financing facilities used	\$ 500,000	\$ 500,000
Financing facilities unused	<u>-</u>	<u>-</u>
	<u>\$ 500,000</u>	<u>\$ 500,000</u>

xxvii. Related party transactions

In addition to those disclosed in other notes, the transactions between the Company and its related parties are as follows:

(i) Names of related parties and relationships

<u>Name of related party</u>	<u>Relationship with the Company</u>
ICHIA HOLDINGS (B.V.I) Co., Ltd. (hereafter referred to as BVI-ICHIA)	Subsidiary
ICHIA USA INC. (hereafter referred to as ICHIA USA).	Subsidiary
ICHIA RUBBER INDUSTRY (M) Sdn. Bhd. (hereinafter referred to as ICHIA Malaysia)	Subsidiary
ICHIA INTERNATIONAL TRADING LTD. (BVI) (hereafter referred to as ICHIA INTERNATIONAL)	Subsidiary
ZHONGSHAN ICHIA ELECTRONICS CO., LTD. (hereafter referred to as ZHONGSHAN ICHIA)	Subsidiary
ICHIA TECHNOLOGY (SUZHOU) CO., LTD. (hereafter referred to as ICHIA SUZHOU)	Subsidiary

(ii) Operating revenues

<u>Account in the book</u>	<u>Type of related party</u>	<u>2020</u>	<u>2019</u>
Sales revenues	Subsidiary	<u>\$ 1,912</u>	<u>\$ 966</u>

Sales to related parties are determined based on the Company's transfer pricing.

(iii) Purchases

<u>Name of related party</u>	<u>2020</u>	<u>2019</u>
ICHIA SUZHOU	\$ 2,830,735	\$ 3,398,853
ZHONGSHAN ICHIA	<u>357,188</u>	<u>391,681</u>
	<u>\$ 3,187,923</u>	<u>\$ 3,790,534</u>

Purchases from related parties are determined based on the Company's transfer pricing.

(iv) Receivables from related parties (excluding loans to related parties and contract assets)

<u>Account in the book</u>	<u>Name of related party</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	ICHIA USA Inc.	\$ 1,707	\$ 200
- related party	ICHIA Malaysia	<u>-</u>	<u>192</u>
		<u>\$ 1,707</u>	<u>\$ 392</u>

Other receivables - ICHIA SUZHOU related party	\$ 41,693	\$ 27,972
ICHIA INTERNATIONAL	<u>-</u>	<u>8,658</u>
	<u>\$ 41,693</u>	<u>\$ 36,630</u>

The outstanding receivables from related parties are not guaranteed. No allowance for loss has been provided for the receivables from related parties in 2020 and 2019.

(v) Payables to related parties (excluding borrowings from related parties)			
Account in the book	Name of related party	December 31, 2020	December 31, 2019
Accounts payable - related party	ICHIA SUZHOU	\$ 1,336,428	\$ 1,046,473
	ZHONGSHAN	182,497	75,578
	ICHIA		
	ICHIA Malaysia	<u>8</u>	<u>-</u>
		<u>\$ 1,518,933</u>	<u>\$ 1,122,051</u>

The outstanding payables to related parties are not guaranteed.

(vi) Non-operating incomes			
Account in the book	Type of related party	2020	2019
Other incomes	ICHIA SUZHOU	<u>\$ 2,122</u>	<u>\$ -</u>

(vii) Borrowings from related parties		
Name of related party	December 31, 2020	December 31, 2019
<u>Other payables</u>		
BVI-ICHIA	<u>\$ 378,784</u>	<u>\$ 490,834</u>
<u>Interest expenses</u>		
BVI-ICHIA	<u>\$ -</u>	<u>\$ 7,088</u>

The loans to BVI-ICHIA in 2020 and 2019 were all unsecured loans.

(viii) Other related party transactions

The management charge of \$8,830 thousand was recognized and received by the Company as part of the management services provided to ICHIA INTERNATIONAL and was appropriately allocated to the relevant departments that incurred costs. ICHIA INTERNATIONAL completed its

liquidation and closed its operations on September 28, 2020, therefore, no management charge was made to it in 2020.

(ix) Key management remuneration

	2020	2019
Short-term employee benefits	\$ 20,521	\$ 21,105
Post-employment benefits	358	495
	<u>\$ 20,879</u>	<u>\$ 21,600</u>

The remuneration of directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

xxviii. Pledged assets

The following assets have been pledged as collaterals for borrowings and tariff guarantees for imported raw materials:

	December 31, 2020	December 31, 2019
Pledged time deposits (recorded as financial assets at amortized cost - noncurrent)	\$ 2,127	\$ 2,067
Self-owned land	227,663	227,663
Buildings - net	<u>79,568</u>	<u>82,561</u>
	<u>\$ 309,358</u>	<u>\$ 312,291</u>

xxix. Significant contingent liabilities and unrecognized contract commitments

- (i) The total contract amount of the equipment contracted by the Company with vendors was NTD 57,858 thousand. As of December 31, 2020, the Company had paid NTD 29,670 thousand (recorded as prepayment for equipment) and the remaining NTD 28,188 thousand had not been paid.
- (ii) As of December 31, 2020, the Company had guaranteed for cooperative education and provided a reserve for the issuance of refundable deposit notes (including long-term borrowings and short-term borrowings) of approximately NTD 960,360 thousand and USD 8,500 thousand, respectively.
- (iii) As of December 31, 2020, the Company had received NTD 8,090 thousand in guarantee deposit notes for the purchase of equipment and construction.

xxx. Other matters

The Company was affected by the global pandemic of coronavirus pneumonia and delayed the resumption of work at some of its plants, resulting in a significant decrease in operating revenues from February to June of 2020. With the slowdown of the epidemic and the relaxation of policies, the Company expects that its operations will gradually return to normal.

In response to the impact of the outbreak, the Company took the following actions:

(i) Adjustment of business strategy

The Company's business strategy has not been adjusted due to the impact of the epidemic, but the Company will remain cautious about the future development of the epidemic and the impact on end-use demand.

(ii) Financing strategy

In view of the possible impact of the uncertainty of the COVID-19 pandemic in the future, the Company will increase its medium-term and long-term financing positions and raise medium-term and long-term operating funds to establish a stable source of medium-term and long-term operating funds for the Company.

(iii) Government relief measures

The Company has applied for government subsidies for salaries, working capital, interest and rent, and has received \$5,017 thousand of approved funds.

xxxi. Information on foreign currency assets and liabilities with significant impact

The following information is expressed in aggregate in foreign currencies other than the Company's functional currency, and the exchange rates disclosed represent the rates at which such foreign currencies were converted to the functional currency. Foreign currency assets and liabilities with significant impact are as follows:

December 31, 2020

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 79,407	28.48 (USD : NTD)	<u>\$ 2,261,397</u>
<u>Non-monetary items</u>			
Subsidiaries under the equity method			
USD	112,799	28.48 (USD : NTD)	<u>\$ 5,104,379</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	70,291	28.48 (USD : NTD)	<u>\$ 2,002,007</u>

December 31, 2019

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 63,399	29.98 (USD : NTD)	<u>\$ 1,900,692</u>
<u>Non-monetary items</u>			
Subsidiaries under the equity method			
USD	112,799	29.98 (USD : NTD)	<u>\$ 5,144,394</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	53,856	29.98 (USD : NTD)	<u>\$ 1,614,487</u>

Foreign currency translation gains and losses (realized and unrealized) with significant impact as follows:

Foreign currency	2020	Net exchange gains or losses	2019	Net exchange gains or losses
	Exchange rate		Exchange rate	
USD	28.48 (USD : NTD)	(\$ 36,561)	29.98 (USD : NTD)	(\$ 2,306)

xxxii. Additional disclosure

(i) Significant transactions and (ii) information on the investee enterprises:

No.	Item	Description
1	Lending funds to others	Exhibit 1
2	Endorsements and guarantees for others.	Exhibit 2
3	Marketable securities held at the end of the period. (Excluding investment in subsidiaries, affiliated enterprises and joint venture interests)	Exhibit 3
4	The cumulative amount of purchases or sales of the same marketable securities reaches at least NTD 300 million or 20% of the paid-in capital.	None
5	Acquisition of real estate amounting to at least NTD 300 million or 20% of the paid-in capital.	None
6	Disposal of real estate amounting to at least NTD 300 million or 20% of the paid-in capital.	None
7	The amount of purchase or sale with related parties is at least NTD 100 million or 20% of the paid-in capital.	Exhibit 4
8	Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital.	Exhibit 5
9	Engagement in derivative transactions.	Note 7
10	Information on investees	Exhibit 6

(iii) Information on investment in Mainland China:

No.	Item	Description
1	The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for Mainland China.	Exhibit 7
2	The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses:	
	(1) Amounts and percentages of purchases and	Exhibit 4

	related payables at the end of the period.	
	(2) Amounts and percentages of sales and related receivables at the end of the period.	None
	(3) The amount of property transactions and the amount of gain or loss resulting from such transactions.	None
	(4) The ending balance of endorsement and guarantee of notes or provision of collateral and its purpose.	None
	(5) The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation.	None
	(6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.	None

(iv) Information on major shareholders:

Name, number and percentage of shares held by shareholders with 5% or more of the shares: Exhibit 8.