

**Stock Code: 2385**  
**Annual Report is available at**  
**Company Website: <http://www.chicony.com.tw/>**  
**Market Observation Post System: <http://mops.twse.com.tw>**

# **Chicony Electronics Co., Ltd.**

## **2020 Annual Report**

**Printed on May 15, 2021**\_\_\_\_\_

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**5. The name of the Exchange where the overseas securities are listed and the ethod for querying the information of the overseas securities:**

None

**6. Company website:**

<http://www.chicony.com.tw>

# Chicony Electronics CO., Ltd.

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## I. Letter to Shareholders

Dear Shareholders:

### 1. 2020 performance

#### (1) 2020 Operational Result

The company's 2020 consolidated revenue reached \$95,082,227 thousands, operating profit amounted to \$7,662,700 thousands, an increase of 3% and 22% respectively compared to 2019. Net Profit amounted to \$5,466,764 thousands.

#### (2) Financial Highlights and Profitability Analysis

##### a. Financial Highlight

Units: NTD thousands

Item	2020	2019	Increase (decrease)
Operating Profit	7,662,700	6,269,465	22.22%
Net Profit	5,466,764	5,838,817	(6.37%)
Average Total Assets	73,443,127	70,188,083	4.64%
Average Shareholder Equity	27,519,809	25,673,265	7.19%

##### b. Profitability

Item	2020	2019
Return on Average Assets (%)	7.44	8.32
Return on Average Shareholder Equity (%)	19.86	22.74
Operating Profit on End-of-Period Shareholder Equity (%)	103.63	85.36
Net Profit Margin (%)	5.75	6.31
Earnings Per Share (Note)	7.80 元	8.45 元

Note : Earnings per share is the amount of employee remuneration that is not distributed based on earnings and the number of new shares issued through capitalization of earnings before retroactive adjustment.

#### (3) Research and development

In 2020, the Company and its subsidiaries spent approximately \$3,515,726 thousands on product development, automation production equipment, and process improvement. Solid R&D ability is Chicony's crucial competitiveness to face fast-changing industry environment. To cultivate and attract more and more excellent R&D talents, Chicony has cooperated with National Taipei University of Technology by providing "Chicony R&D scholarship" and has created a "C&T laboratory" for potential R&D candidates. Aiming to innovative technology trend, Chicony will continuously develop cutting edge products including keyboards, power supplies, smart home products to attract more clients and win more business opportunities

### 2. 2021 Business Project Summary

#### (1) 2021 Business Target and Business Outlook

The negative impact posed by COVID-19 to the global economic activities is beyond all people's expectations. Given this, various countries have successively implemented the social distancing policy to prevent infection. As a result, the global supply chain was harmed severely, and so was the labor market. In 2020, the entire GDP in the Eurozone declined by 7.5%. Greece, Italy and Spain are identified as the countries suffering from the epidemic most severely in Europe, while the impact posed to the economy in Germany and the Netherlands is considered relatively minor. In Asia, in consideration of the increasing

COVID-19 infection cases, India, the Philippines and Malaysia, etc., were forced to extend the lockdown period and thereby caused the economy to decline increasingly (10.3% in India, 8.3% in Philippines and 6% in Malaysia). Fortunately, the increase in investment in infrastructure and real estate and primary export of medical protection gear and electronic products for work from home (WFH) still helped the economy grow by 1.8% in China; therefore, China was one of the few Asian countries whose economy was still growing in 2020, leading to only 2.2% decline in Asia in 2020. In 2021, upon the successive release of effective vaccines by various leading pharmaceutical manufacturers, in addition to the large-scale bailout policies boosted by various countries' governments, it is expected that the GDP will grow to 8% in China, and 3.2% in the USA. Meanwhile, given the rapid economic recovery in the Eurozone, the global GDP is expected to grow to 4.2% in 2021.

According to the PC market prospect report released by certain market survey institutions, the global PC shipment has been increasing from Q2 of 2020. The PC shipment (including desktops, laptops and tablets) was expected to attain 458 million units, a YOY 17%, in 2020. Among other things, in consideration of the WFH and strong demand for learning, the laptop shipment attained 241 million units, a growth rate of 27.9%, and the tablet shipment 156 million units, a growth rate of 26.5%, in 2020. In contrast to the significant growth of laptop and tablet shipments, the entire desktop shipment was expected to be 60 million units, declining by 23.1% as a result of the decrease in demand for change of desktops by enterprises and academic cycle caused by the epidemic in 2020.

Looking forward to 2021, the market survey institutions indicated that four major trends will drive the entire PC growth, namely, WFH, digital learning, equipment & service, and emerging applications. Upon the release of vaccines, in the post-epidemic era, enterprises and consumers will value the use of PCs more than ever. Therefore, a lot of new opportunities will arise with respect to software and services, in addition to hardware. Enterprises will formulate flexible and resilient WFH policies for their employees. In order to implement such policies, the PC products with high performance and safety will be required. Therefore, the remaining demand for WHF and learning will drive the PC growth in 2021. The laptop shipment will keep increasing but slowly, and the YOY thereof will decline 3.3%. However, benefiting from the increasing growth of laptops, the PC shipment is expected to keep growing, a YOY 1.4%, approx. NT\$464 million, in 2021.

According to the statistics, given the increasing global urbanization, it is expected that 70% of the global population will live in cities in 2050. Following the maturity and popularization of IoT, AI and 5G technologies, how to provide residents with more comfortable environments and services to make the cities become the smart city 4.0 is identified as the target for the urban development and planning of various cities. According to the research institution's survey, the global smart home market is expected to grow by CAGR 21% from 2019 to 2025. The global smart home market primarily consists of three major categories, namely smart TVs, CCTV cameras, and smart speakers. Among other things, Chicony is primarily engaged in CCTV products for smart homes, and as the CCTV camera price is considered fair, many are able and also willing to purchase the same to protect their home more soundly. Therefore, the relevant demand remains strong.

The research report indicated that the COVID-19 epidemic drove the pull-in of servers to the peak in Q2 of 2020. Though the shipment became weaker in the second half of the year, the shipment was expected to increase by 7.1% throughout the year. Looking forward to 2021, the epidemic is likely to pose some impact to the global economy. Additionally, the tense relationship between China and the USA might also affect the shipment of China-based server suppliers. Notwithstanding, in response to the demand for

infrastructure and additional investment in the construction of data centers caused by the epidemic, certain large-scale cloud service suppliers and enterprises will try to cover the capital gap referred to in the preceding paragraph. Therefore, it is expected that the subsequent 5G applications and epidemic will transform the enterprises' work style, and the demand for remote applications and cloud technology will increase accordingly. It is expected that by 2024, the server CAGR will grow by 2%–3% annually and, therefore, could remarkably benefit the subsidiary, Chicony Power Technology, which is engaged in production of server power supplies.

5G technology was expected to be booming in 2020. However, given the impact posed by the epidemic, infrastructure projects were postponed in various countries. Looking forward to 2021, 5G technology will start to thrive. Furthermore, Wi-Fi 6, and the Wi-Fi6E to be launched in 2021 will drive the network communication industry's development. In the past, customers from Europe were used to purchasing from China-based equipment suppliers. However, due to the confrontation between China and the USA derived from the Sino-US Trade War, the sales to customers from Europe were boosted and thereby drive the development of the network communications industry in Taiwan. In 2021, the subsidiary, XAVi Technologies Corporation, invested by Chicony to engage in production of network communications equipment should be able to achieve fair performance in 2021.

In recent years, the Company's operations have aimed to keep ranking 1st place for the global market share of PC-related products, and develop the product lines other than PCs proactively to launch into the AIOT industry with its strength in images and power supply, in order to seek more operating revenue and profit. With respect to PCs, Chicony has ranked 1st place for the global market share of NB keyboards, image modules and power supplies. Benefiting from the significant increasing demand for NB caused by the epidemic globally, its operating revenue and profit from PC-related products keep growing, and even the operating revenue from products other than PCs accounts for more than 50% of the Company's gross operating revenue, among which the servers, video games, Esports and smart home products have the greatest growth potential. Meanwhile, in order to mitigate the business risk arising from the Sino-US Trade War, Chicony has used its best efforts to construct its manufacturing chain globally in 2019. First of all, it rented the factory premises in Thailand to provide services to smart home customers, in order to serve the immediate needs. At the same time, it constructed a new factory premises in Thailand. For the time being, the rented factory premises provide 75% of the production capacity of smart home. In Q4 of 2020, it has moved the machine and equipment from the rented factory premises to the new factory premises in Thailand successively. In the future, the new factory premises in Thailand will provide more spaces in response to the demand for production of smart home products and thereby become Chicony's production center in Southeast Asia.

In 2021, the management team of the Company will remain highly confident to actively face the rapid changes in the industry and external challenges and to integrate resources of the group. In addition to the research, development and sales of niche products like original keyboards, digital image, and power supply, non-PC products, such as gaming, server, game console, smart home and IoT, are able to enter markets with potential and application areas with high value-added as these products have stable growth. With the support of these high value-added products, the revenues and profits of the Company also shares a stable growth simultaneously. In addition to the market analysis made by the aforementioned major research institutions, the Company also takes production planning and the operating performance in the past into consideration based on the estimated demands of customers. It is estimated that the number of product sale for PC peripheral devices, digital image, consumer electronic products, and other electronic

products of the Company will be 235.9 million, and the number of PC peripheral devices, game consoles, and network communication and other electronic products of subsidiaries Chicony Power Technology and XAVi Technologies Corporation is 188.1 million and 4.5 million respectively.

(2) Business strategies

The Company will continue to uphold the faith of sustainable and integrity operation and the principle of “No Quality, No Sales,” to provide customers with satisfying services, and continue to fulfill the growth in Company revenues and profits in order to give back to our shareholders, employees and society. The operating strategies for products, production, marketing, research and development, human resources, and finance perspectives are described as follows:

a. Products:

- (1) Keep developing high gross-margin and differentiated products in keyboard, power supply, and smart home businesses.
- (2) Integrate unique technology advantages including image, Wi-Fi, power control, and software to develop higher value-added products.
- (3) Escalate Non-PC products revenue proportion including cloud computing and gaming power supply products, smart home products and smart building solution applications, and IOT-wearable devices.

b. Production:

- (1) Expand economics of scale in keyboard, image, and power supply products, escalate efficiency of productivity, and strictly control the quality of products.
- (2) Enhance the VMI (Vendor Managed Inventory) system with the information provided by EDI and ERP to react customer needs in time, so as to reduce storage cost and improve flexibility and efficiency of delivery and production.
- (3) Enhance bargain power by integrating Chicony group procurement resources and integrating common materials of the Group.
- (4) Purchase key components directly from the original suppliers to reduce raw material costs.
- (5) Keep finding more appropriate suppliers of key components, to create strategic vertical integration to enhance complement and expand economics of scale.
- (6) In addition to the existing factories in China, the new factory premises in Thailand will become Chicony’s production center in Southeast Asia. Meanwhile, it will introduce automated equipment to increase the automation ratio and upgrade the production efficiency effectively.

c. Marketing:

- (1) Provide customer “ONE STOP SHOPPING” menu by integrating Chicony group product lines so as to meet the product demands of customers and to create the greatest profits by the most efficient marketing resources.
- (2) Continue to extend the customer base and market share of keyboard, digital image (DV, IPC CAM and lens module) and power supply products.
- (3) Expand new products including smart home, IP CAM, IOT-wearable devices, and drones.
- (4) Create CFT (Customer Focus Team) so as to integrate Chicony group marketing resources and deeply cultivate crucial customers.

d. Research and Development:

- (1) Collaborate with crucial international hardware/software customers and suppliers so as to control key technologies and create valuable new products together.
  - (2) Create technology advantages by I.P. Know-How so as to set entry barriers.
  - (3) Keep developing VA/VE (value analysis/value engineering) and improve product design to increase productivity efficiency and reduce production cost.
  - (4) Provide “Chicony R&D scholarship” to encourage more excellent R&D talents for developing greater R&D ability and efficiency.
  - (5) New Product Business Division keeps developing new product opportunities so as to create more blue-ocean market for Chicony.
  - (6) Establish Intellectual Property Center to obtain and protect patents belongs to Chicony group as well as manage cross-licensing of patents.
- e. Human Resources:
- (1) Keep providing profession and management training courses to cultivate employees’ professional technique and self-development.
  - (2) Help employees develop stable self-career plan with position rotation and job deputy, and, there through, the work capacity and position experience can be continuously applied and inherited for eternal operation purpose.
  - (3) Promote corporate social responsibility activities and allocate certain ratio of the company’s profits to help disadvantaged minorities in the education and medical perspectives. Cooperate with known colleges to cultivate young talents for potential manpower cultivation to present the solid result of corporate social responsibility of the Company.
  - (4) Keep pace with HR development and policy trend globally and react in time to maintain mutual benefits for both employer and employee.
  - (5) Concern our employees thoroughly to inspire and keep excellent manpower with the profound retaining system and employee housing plans.
- f. Finance
- (1) Supervise budget control and carefully manage accounts receivable, inventory, and cash turnover.
  - (2) Strictly manage the tax-preserving materials and ensure the conduct of tax-preserving materials follow the legal regulation in other countries to make sure the company can benefit from the custom tax.
  - (3) Keep improve debt ratio, and enhance corporate governance, stock and finance affairs.
  - (4) Adequately hedge against fluctuations in exchange rates and raw material costs.
  - (5) Conduct the most appropriate tax planning for entire Chicony group by thorough study of relevant tax law and regulation in related countries.
  - (6) Minimize the interest cost and plan the middle and long term fund facility according to the trend of interest rate.
  - (7) Keep seeking companies with growth potential or complementary strengths as for investment object or future strategic alliance.
- (3) Important production and marketing policies
1. Focus on the top 10 global brands of manufacturers in personal computers, notebooks, and image products. By increasing our business shares among these growing companies, we are able to expand our global market shares and strengthen our position.
  2. Integrate our competitive advantages of multiple product lines, cross-selling, and collaborate material procurement resources.
  3. Establish in-time warehouses logistic system to shorten product delivery time and gain advantages compare to our competitors.

4. Review and adjust production process to the optimum status. Adopt automatic production to increase productivity efficiency.
  5. Establish VMI (Vendor Managed Inventory) system to enhance material delivery efficiency and reduce stocks of inventory.
  6. Enhance current ERP system and provide management index information. Establish Business Policy Making room with timely information for decision making.
  7. Accelerate the establishment of new manufacturing site in Thailand to satisfy customer demands and diversify risks.
3. Company development strategy and impact from external competition, laws and regulations, and the overall operating environment in the future:  
These subjects are covered in the 2021 Business Plan summary. In addition, the operation of the Company is handled in accordance with laws and regulations. The Company operation has not been affected by the amendments of laws and regulations.

We wish our shareholders  
Health and Good Luck

Chairman: Kent Hsu

General Manager: Roger Lu

Chief Accounting Officer: Molly Lin

## II. Company Profile

I. Date of Incorporation: February 22, 1983

II. Company history and development

- 1983 – The Company was found by Mr. Yi Jen Li, the former Vice Chairman and Mr. Wei Nan Lu, the former Vice General Manager, initiated the Company with registered capital of NT\$ 2,000,000 and engaged in the trade of computer peripheral products.
- 1985 – Mr. Kun Tai Hsu, the current Chairman, joined the Company and began to produce compatible product keyboards for APPLE and IBM.  
– In order to add equipment, the Company issued new shares to raise capital of NT\$14,000,000.  
– In 1985, the revenue reached NT\$39,000,000.
- 1986 – In 1986, the revenue reached NT\$293,000,000, which was about 7.5 times compared to 1985.
- 1987 – The Company established the portable PC computer project.  
– In order to add equipment, the Company issued new shares to raise capital of NT\$47,000,000.  
– The Company established the business unit (including the portable product and keyboard business unit).  
– The Company made a contract and purchased a HP-3000 computer to conduct computerization.  
– In 1987, revenue reached NT\$585,000,000, which was doubled compared to 1986.
- 1988 – The Company was selected as one of the five major manufacturers of computer keyboards in the world by PC CLONES MAGAZINE.  
– The Company got formal approval to invest in Chicony Electronics (Thailand) by the Department of International Cooperation, Ministry of Economic Affairs.  
– The Company made new shares to raise capital in cash and capitalization of retained earnings amounting to NT\$57,000,000.  
– The laptop computer LT3400 officially began mass production.  
– In 1988, the revenue reached \$801,000,000, which was an increase of 37% compared to 1987.
- 1989 – Keyboard KB-5581 (KEYBOARD WITH TRACKING BALL) was awarded the Good Design Award.  
– The factory of Thailand officially began to produce, and we created the first overseas products of the business unit.  
– The Company bought the Nankan Factory in Lujhu Township of Taoyuan City (Taoyuan Factory) that covers an area of 4,500 acres.  
– In response to the rapid growth of revenue, the Company issued new shares to raise capital of NT\$78,000,000 with the subsequent capitalization of NT\$198,000,000 for the demand for working capital.  
– The Company established the Motherboard Business Unit.  
– In 1989, the revenue reached NT\$1,585,470,000, which was doubled compared to 1988.

- The Ministry of Economic Affairs approved the Company to establish Chicony Overseas Inc. (COI), which operates PC products and peripheral equipment to strengthen foreign sales networks and customer services.
- 1990
- The Company established Hipro Electronics (TAIWAN) CO., LTD, which operate the Power Supply Unit.
  - Ranked among the Top 100 Taiwan Enterprises by the excellent performance of imports and exports.
  - Awarded with the Minister of the Ministry of Economic Affairs Prize of the Executive Yuan as a Company using the private brand of the trademark in overseas sales.
  - The Company established the completed overseas market sales network and production base through formally investing in Chicony Overseas Inc. (COI), holding 100% of its equity, and reinvested separately in the Company's distributors in the US and Europe, Chicony America Inc. (CAI), Chicony Electronics. GmbH (CEG) and Thailand's production base Chicony Electronics (Thailand) Co., Ltd. (CET).
  - The Nankan Factory in Lujhu Township of Taoyuan City began official operation.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company issued new shares to raise capital of NT\$802,000,000 with subsequent capitalization of NT\$1,000,000,000 and supplemental public issuance.
- 1991
- Mr. I Jen Li, the General Manager, was awarded the 45th National Outstanding Excellent Merchant of the Gold Merchant Awards of the Republic of China.
  - Mr. Mao Kuei Lin, Senior Vice General Manager was awarded the 9th Outstanding Production Manager of the Republic of China.
  - Office building groundbreaking in the Wugu industrial area began.
  - The Company made capitalization of retained earnings amounting to NT\$120,000,000.
- 1992
- The Company planned a Motherboard factory in Thailand.
  - Keyboard KB-5591 was awarded The National Product Image Award.
- 1993
- The head office was completed and opened in Wugu.
- 1994
- The keyboard factory officially opened and began mass production in China.
- 1995
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company issued new shares to raise capital of NT\$380,000,000 with subsequent capitalization of NT\$1,500,000,000.
- 1996
- The Company ended the Motherboard Business Unit.
  - The Company reduced capital and raised capital in cash, NT\$300,000,000 each.
  - Indirect investment in Chicony Electronics (UK) Ltd. through Chicony Overseas Inc. to operate keyboard sales.
- 1997
- Hipro Electronics (TAIWAN) CO., LTD. listed stocks in Thailand.
  - Keyboard KWD-601 was awarded The Best Product Award by the German version of Chip Magazine.
  - Mr. Yi Jen Li was elected as the Vice Chairman by the Board of Directors, and Mr. Mao Kuei Lin was promoted to General Manager from Executive Vice General Manager.

- 1998
- The monthly sales volume of keyboards reached 2.5 million units, and the performance jumped to number one in the world.
  - Indirect investment in Chicony Electronic (Dongguan) Co., Ltd. through Chicony Overseas, Inc. to operate keyboard production and sales.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled the capitalization of additional paid-in capital into new shares (including employee bonuses) and additional paid-in capital amounting to NT\$324,804,270 with subsequent capitalization of NT\$1,824,804,270.
- 1999
- On January 5, 1999, the stock was officially listed on the Taiwan Stock Exchange Corporation.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) and additional paid-in capital amounting to NT\$397,395,730 with subsequent capitalization of NT\$2,222,200,000.
- 2000
- The Company applied for Hipro Electronics (TAIWAN) CO., LTD stock to be delisted in Thailand, and the shareholding ratio increased from 32.29% to 75.33% through buyback by Chicony Overseas, Inc.
  - The Company established the Digital Image Business Unit.
  - The Company ended the Notebook Computer Business Unit.
- 2001
- Indirect investment in Chicony Electronic (SuChou) Co., Ltd. through Chicony Overseas, Inc. to operate computer keyboard production and sales and computer keyboard domestic sales in China.
- 2002
- The Company raised shares of stock to 99.8% for Hipro Electronics (TAIWAN) CO., LTD.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$273,250,000 with subsequent capitalization of NT\$2,495,450,000.
  - In order to expand to the European market, the Company established Chicony Electronics CEZ s.r.o.
- 2003
- Mr. Yi Jen Li resigned as the Vice Chairman, and Mr. Mao Kuei Lin was elected as the Vice Chairman and General Manager by the Board of Directors.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$492,320,000 with subsequent capitalization of NT\$2,987,770,000.
- 2004
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$747,230,000 with subsequent capitalization of NT\$3,735,000,000.
  - Unikey Electronics Co., Ltd, which indirectly invested in the production and sales of optical instruments through Newmax Technology Co., LTD, has an original shareholding of 28.31%.
- 2005
- Monthly production of keyboards of notebook computers exceeded 1 million units.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$415,000,000 with

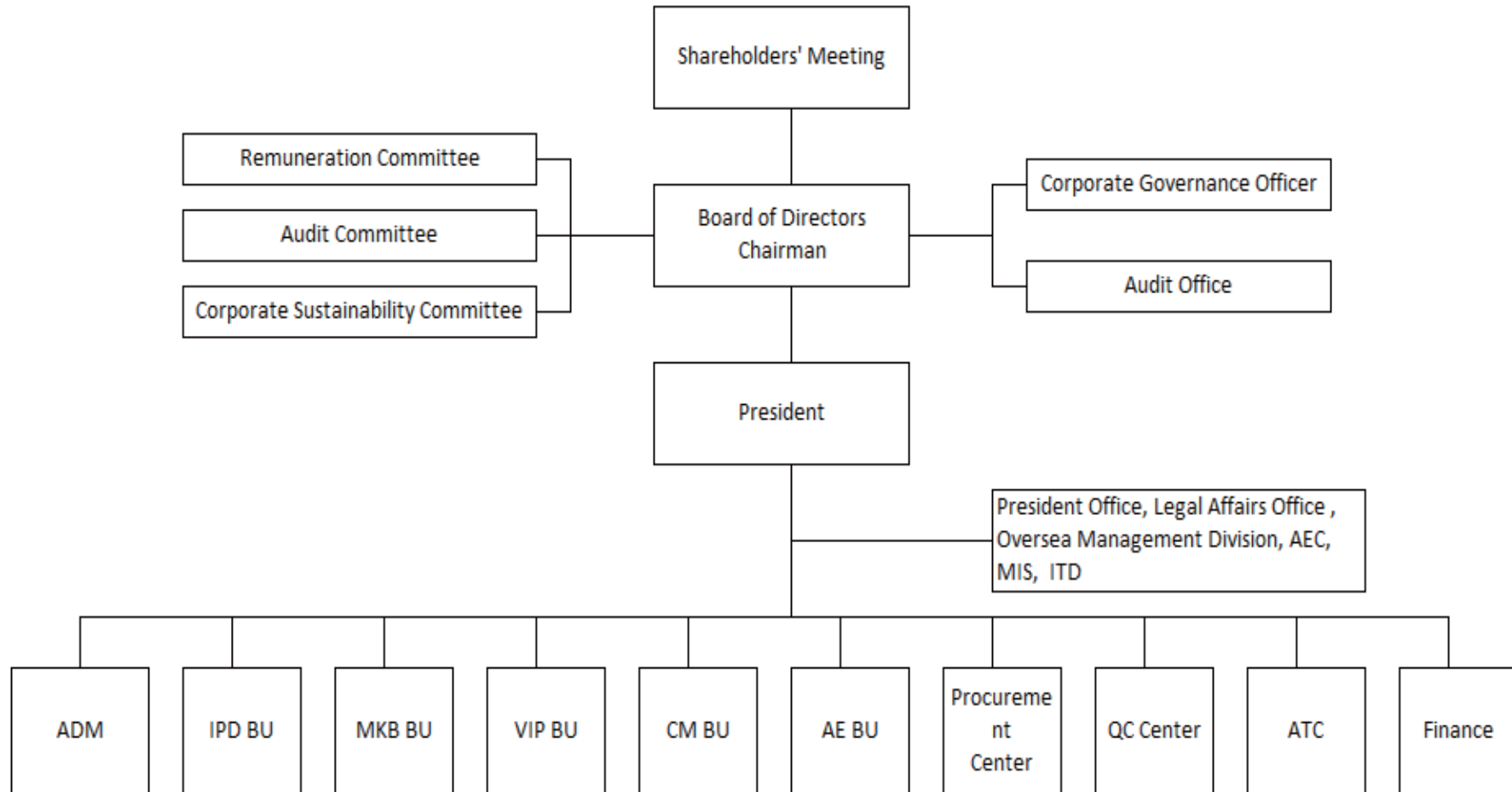
- subsequent capitalization of NT\$4,150,000,000.
- 2006
- Built-in camera modules and computer cameras performance jumped to the top in the world.
  - Monthly production of computer cameras exceeded 1 million units.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$275,500,000 with subsequent capitalization of NT\$4,425,500,000.
- 2007
- Monthly production of notebook computers exceeded 3 million units.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$583,500,000 with subsequent capitalization of NT\$5,009,000,000.
  - Indirect investment in Chicony Electronics (UK) Ltd went out of business.
- 2008
- Ranked 73th among the Top 100 in Global Technology selected by Business Week Magazine.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$561,000,000 with subsequent capitalization of NT\$5,570,000,000.
- 2009
- The Company stock was selected into the MSCI Taiwan Index.
  - In order to restructure of the organization, according to the Business Mergers and Acquisitions Act, HIPRO ELECTRONICS (TAIWAN) CO., LTD. that invests 100% in the Company transferred related business (including assets and liabilities) of the power supply business to Chicony Power Technology Co., Ltd. and simultaneously increased capital by NT\$2,081 billion so that the Company's direct and indirect shareholding reached 70.39%.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$342,778,320 with subsequent capitalization of NT\$5,912,778,320.
- 2010
- After approval of the change of registration by the Department of Commerce of the Ministry of Economic Affairs, the remaining treasury shares of stock swap of the 1st issue of domestic unsecured corporate bonds have been completed write-off and the reduction of capital of NT\$10,008,820 with subsequent capitalization of NT\$5,912,669,500.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$343,474,480 with subsequent capitalization of NT\$6,256,143,980.
  - Chicony Power Technology Co., Ltd. of the reinvestment company, which was recognized by the equity method, established the LED Business Unit.
  - Newmax Technology Co., LTD. of the indirect reinvestment company, which was recognized by the equity method, listed stock at the over-the-counter market.
- 2011
- Indirect investment in Chicony Electronics (Chongqing) Co., Ltd. through Chicony Overseas, Inc. to operate keyboard and digital imaging products production and sales.
  - Indirect investment in Chicony Electronics (Chongqing) Co., Ltd. through

- Chicony Power Technology Co., Ltd. to operate power supply and LED lamps production and sales.
- After approval of the change of registration by the Department of Commerce of the Ministry of Economic Affairs, the treasury shares completed write-off by the 8th buyback of 10,000 thousand and the reduction of capital of NT\$100,000,000 with subsequent capitalization of NT\$6,156,143,980.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$288,291,920 with subsequent capitalization of NT\$6,444,435,900.
- 2012
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$313,346,190 with subsequent capitalization of NT\$6,757,782,090.
- 2013
- Chicony Power Technology Co., Ltd. of the reinvestment company, which was recognized by the equity method, listed stocks on the emerging stock market on January 3rd and was listed on November 8th.  
Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$109,434,050 with subsequent capitalization of NT\$6,867,216,140.
- 2014
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$81,437,990 with subsequent capitalization of NT\$6,948,654,130.  
The Company was listed as component stocks on the “TWSE RAFIR Taiwan High Compensation 100 Index” by the Taiwan Stock Exchange.  
The Company established the research and development center of National Taipei University of Technology with National Taipei University of Technology.
- 2015
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$89,447,010 with subsequent capitalization of NT\$7,038,101,140.  
The Company was listed in the top 20% of the first corporate governance evaluation score by the Taiwan Stock Exchange.  
The Company was listed as component stocks on the “TWSE Corporate Governance 100 Index” by the Taiwan Stock Exchange.  
The industrial category of the Company was adjusted from “computer and peripheral equipment industry” to “electronic components industry” by the Taiwan Stock Exchange on July 1st.
- 2016
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$82,719,020 with subsequent capitalization of NT\$7,120,820,160.  
The Company was listed in the top 20% of the second corporate governance evaluation score by the Taiwan Stock Exchange.  
The headquarters building of Chicony Group was awarded the Diamond Green Building Mark by the Ministry of the Interior.

- The Company was relocated to the headquarters building of Chicony Group, Sanchung District, New Taipei City.
- 2017 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$85,230,960 with subsequent capitalization of NT\$7,206,051,120.  
 “Chicony Smart and Green Building” won the Platinum Award of Taiwan's Intelligent Green Building and the Diamond Award of Environmental Impact Assessment issued by the New Taipei City Government.
- 2018 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$97,747,620 with subsequent capitalization of NT\$7,303,798,740.
- 2019 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of employee bonuses amounting to NT\$41,176,470 with subsequent capitalization of NT\$7,344,975,210.  
 The construction of Chicony Thailand plant started.
- 2020 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of employee bonuses amounting to NT\$49,627,790 with subsequent capitalization of NT\$7,394,603,000.  
 The Company was listed as component stocks on the "Taiwan Market CSR Small /Mid-Cap Index" of the TAIEX.

### III. Corporate Governance Report

- 1. Organization system
  - (1) Organizational Structure of the Company



## (2) Job Functions of Major Departments

<u>Department</u>	<u>Primary Functions</u>
Input Device Department	The Department handles materials procurement, production management, marketing, business management, post-sales service, etc. of input device products and wearable products of the head office and subsidiaries.
Portable Keyboard Business Unit	The Department handles materials procurement, production management, marketing, business management, research and development, post-sales service, etc. of portable keyboard products of the head office and subsidiaries.
Video Image Business Unit	The Department handles production management, marketing, business management, and post-sales services of video image products of the head office and subsidiaries.
Image Module Business Unit	The Department handles production management, marketing, business management, and post-sales services of digital image module products of the head office and subsidiaries.
Automotive Electronics Business Unit	The Department handles production management, marketing, business management, and post-sales services of automotive electronics products of the head office and subsidiaries.
Unified Purchasing Center	The Department handles materials procurement of information peripheral products and digital image products of the head office and subsidiaries.
Quality Control Center	The Department handles post-sales services of quality control of the head office and subsidiaries.
Financial and Administrative Department	The Department handles financial, accounting, stock affairs, customs affairs, and import and export business of the head office, manages the financial and accounting business of the subsidiaries.
Administration Department	The Department handles human resources, general affairs, and corporate social responsibility business of the head office and assists the subsidiary's human resources, industrial safety, and health business.
Auditing Office	Audits and evaluates the internal control system and audits the implementation of various rules and regulations

of the head office and subsidiaries.

Investors Relations	Develop Company operation strategies and manage investors and media relationships.
New Product Development Center	The Center handles the development and research of new products and imports technological transfer to various business units of the head office and subsidiaries.
Intellectual Property Rights Center	The Center handles patent application, patent infringement, patent retrieval, and designing around and assists in handling patent litigation of the head office and subsidiaries.
Computer Center	The Center handles information business of the head office and assists in the planning of subsidiary information services.
Legal Affairs Division	The Division handles contract review, drafting, litigation and dispute cases, and other legal matters of the head office and affiliated enterprises.
Automation Engineering Center	The Center integrates and utilizes the Group's automation technology resources, and develops automation projects for each department, implements mass production by technology transfer to various business units, promotes business units to develop production automation, and has developed and accumulated automated production technology for a long time.

2. Profiles of the Directors, General Manager, Vice General Managers, Assistant Vice General Managers, Function Heads, and Branch Heads:

(1) Information on the Directors:

1. Information on the Directors (1):

4/13/2021 Units: share

Occupational Title	Nationality or Place of Registration	Name	Gender	Date of Election to Office	Tenure	Date of Election to Office for the First Time	Quantity of Shareholding at the Time of Election to Office		Quantity of Shareholding at Present		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouses of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Holding Other Positions of the Company and Other Companies	Other Executives, Directors, or Supervisors who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code.		
							Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares
Chairman	Republic of China	Hsu, Kun-Tai	Male	June 5, 2019	3 years	3.4.1985	81,615,782	11.11%	61,615,782	8.33%	4,021,401	0.54%	-	-	-	-	Provincial Taipei Institute of Technology Honorary Doctorate of National Taipei University of Technology Chairman of Clevo Co.	Chairman of Clevo Co., Ching Yuan, Hua Tai, Dong Ling, Hongwell Co., Ltd, Shanghai Hongwell, Changchun Hongwell, Taipei Twin Towers Co., Ltd Chairman (Legal Representative) of Hipro Electronics CO., Kuang Sheng Investment CO., Chun Ching Power Technology Co., Ltd, Hongwell Siyuan Co., Ltd, Hongwell New Taipei Co., Ltd, Hongwell Ruiguang Co., Ltd, Hongwell Cheng Co., Ltd Chairman of subsidiaries: Chicony Tungwan, Suchou, Chongqing, Xavi Su Cho. Director of subsidiaries: Chicony Overseas Inc., Chicony Overseas Hong Kong Ltd, Chicony Global Inc., America, Czech Republic, Thailand, Mao Feng, Jui Yang, Guang Mau, Chicony America Group Inc., HIPRO Overseas, XAVi Technologies Corporation, XAVi Overseas, Directmax, Systemax Director and General Manager of Mao Ray Director of Legal Representative of Unikey Electronics Co., Ltd.	-	-	-

Occupational Title	Nationality or Place of Registration	Name	Gender	Date of Election to Office	Tenure	Date of Election to Office for the First Time	Quantity of Shareholding at the Time of Election to Office		Quantity of Shareholding at Present		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouses of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Holding Other Positions of the Company and Other Companies	Other Executives, Directors, or Supervisors who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code.		
							Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Quantity of Shares	Proportion of Shareholding (note)	Occupational Title
Director	Republic of China	Lu, Chin-Chung	Male	June 5, 2019	3 years	5.18.2004	2,432,971	0.33%	3,094,729	0.42%	1,592,628	0.21%	-	-	589,971	0.08%	Department of Business Administration and MBA Program, National Chengchi University Chicony Electronic Co., Ltd. Business Supervisor, Manager, Director, Assistant General Manager, Vice General Manager	General Manager of the Company Chairman of Legal Representative of Chicony Power Technology Co., Ltd., XAVI Technologies Corporation, Unikey Electronics Co., Ltd. Director of Legal Representative of Hipro Electronics CO., Kuang Sheng Investment CO., Chun Ching Power Technology Co., Ltd. Director of subsidiaries: Chicony Overseas, Chicony Overseas Hong Kong Ltd., Czech Republic, Japan, Su Chou, Thailand, HIPRO Overseas, Jui Yang, Mao Feng, Kuang Hsin, Mau Chiun, Guang Mau, Chicony America Group Inc., Chicony Power Technology Hong Kong, Su Chou, Chung Ching, Dongguan, Thailand, Chicony Power America Holding, International, Tungwan Trading Company, Chicony Energy Shanghai, Guang Sheng Electronics Nan Chang, XAVI Overseas, XAVI Thailand XAVI Su Chou, Directmax, and Systemax. Director and Secretary of Chicony America Director and General Manager of Chicony Tungwan Director and Supervisor of Mao Ray Supervisor of Chicony Chongqing Director of Legal Representative of Shun On Electronics CO., LTD. and Newmax Technology Co., LTD.	-	-	-
Director	Republic of China	Tsai, Ming-Hsien	Male	June 5, 2019	3 years	5.30.2001	29,355	-	29,355	-	59,175	0.01%	-	-	-	-	Provincial Taipei Institute of Technology MBA program, National Chengchi University General Manager of Clevo Co.	Vice Chairman and General Manager of Clevo Co. Vice Chairman of Legal Representative of Taipei Twin Towers Co., Ltd	-	-	-
Director	Republic of China	Li, Cih-Jing	Female	June 5, 2019	3 years	6.05.2019	828,037	0.11%	7,780,730	1.04%	-	-	-	-	-	-	Provincial Taipei Institute of Business	Director of Chicony Power Technology Co., Ltd. Supervisor of XAVI Technologies Corporation	-	-	-

Occupational Title	Nationality or Place of Registration	Name	Gender	Date of Election to Office	Tenure	Date of Election to Office for the First Time	Quantity of Shareholding at the Time of Election to Office		Quantity of Shareholding at Present		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouses of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Holding Other Positions of the Company and Other Companies	Other Executives, Directors, or Supervisors who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code.		
							Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Quantity of Shares	Proportion of Shareholding (note)	Occupational Title
Director	Republic of China	Dong Ling Investment Co., Ltd.	Legal Person	June 5, 2019	3 years	5.18.2004	11,171,329	1.52%	11,171,329	1.50%	-	-	-	-	-	-	-	-	-	-	-
	Republic of China	Liu, Chia-Sheng	Male	June 5, 2019	3 years	5.30.2001	590,261	0.08%	590,261	0.08%	-	-	-	-	-	-	Provincial Taipei Institute of Technology Director of Kuo Fong Motors	Director of Legal Representative of Taipei Twin Towers Co., Ltd	-	-	-
Independent Director	Republic of China	Lee, Yen-Sung	Male	June 5, 2019	3 years	6.08.2016	-	-	-	-	-	-	-	-	-	-	Master's degree, Department of Accounting, Soochow University Director, Accounting Research and Development Foundation	Independent Director and Remuneration Committee Member of FamilyMart Co., LTD., Charoen Pokphand Enterprise Co., LTD., Co., LTD., Sincere Navigation Co., LTD.	-	-	-
Independent Director	Republic of China	Lin, Ming-Ji	Male	June 5, 2019	3 years	6.08.2016	21,433	-	21,433	-	-	-	-	-	-	-	Doctorate in Business Administration, National Chengchi University Department Chairman of Business Administration, National Central University	Independent Director member and Remuneration Committee Member and Audit Committee Member of GMI Technology Inc. and CSUN Co., LTD.	-	-	-
Independent Director	Republic of China	Chu, Jia-Siang	Male	June 5, 2019	3 years	6.05.2019	-	-	-	-	-	-	-	-	-	-	Graduated from the department of Electrical Engineering of National Tsing Hua University Chairman of WK Technology Fund IX	Chairman of WK Technology IX and WK Innovation Ltd. Independent Director of QT Hong Kong	-	-	-

Note: The shareholding ratio is equal to the number of holding shares/the total number of issued shares.

Note: Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers) : None.

Table 1: Directors are corporate shareholder representatives and the major shareholders of corporate shareholders.

Name of Corporate Shareholder	Main Shareholders (Name and shareholding of the Top 10 shareholders of the corporate)
Dong Ling Investment Co., Ltd.	Hsu, Kun-Tai(82%); Kang, Min-Chen (10.2%); Hongwell Co., Ltd (5.4%);Lin, Feng-Chu (1.8%); Hsu, Wen-Hsin (0.6%)

Table 2: Directors are corporate shareholder representatives and the major shareholders of corporate shareholders

Name of Corporate Shareholder	Main Shareholders (Name and shareholding of the Top 10 shareholders of the corporate)
Hongwell Co., Ltd	Hsu, Kun-Tai(63.8%); Hua Tai Investment Co., Ltd. (14.3%); Dong Ling Investment Co., Ltd.(9.1%); Ching Yuan Investment Co., Ltd. (6.9%); Kang, Min-Chen (4.8%); Hsu, Wen-Hsin (1%) ; Lin, Feng-Chu (0.1 %)

1. Information on the Professionalism and Independence of Directors (2):

Name	Condition	Do they have more than 5 years of work experience and met the professional qualifications specified below?			Conform to the status of independence ( note ) .												Number of public companies that the Independent Director also holds the position as independent director in.
		In the capacity of a tutor or above in a public or private school of higher education in the disciplines of commerce, law, finance, accounting, or any other areas of specialization required for the business operation of the Company.	A professional or technician who has passed the national examination for professionals like court judge, prosecutor, lawyer, certified public accountant, or any other expertise required for the business operation of the Company with the issuance of a certificate of completion.	Work experience in commerce, law, finance, accounting, or a specialization required by the business operation of the Company.	1	2	3	4	5	6	7	8	9	10	11	12	
Chairman: Hsu, Kun-Tai				✓				✓		✓			✓	✓	✓	✓	0
Director and General Manager: Lu, Chin-Chung				✓			✓	✓		✓			✓	✓	✓	✓	0
Director: Tsai, Min-Hsien				✓			✓	✓	✓	✓			✓	✓	✓	✓	0
Director: Dong Ling Investment Co., Ltd. Legal Representative: Liu, Jia-Sheng				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director: Li, Cih-Jing				✓	✓	✓		✓	✓	✓			✓	✓	✓	✓	0
Independent Director: Li, Yan-Song	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Independent Director: Lin, Ming-Chieh	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director: Chu, Jia-Siang				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: If the Directors and Supervisors met the following conditions in the period of 2 years prior to the assumption of office and within the term of office, put a “✓” in the appropriate box representing the specific condition.

(1) Not an employee of the Company or an affiliate.

- (2) Not a director or supervisor of the Company or its affiliates. (This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
- (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 manager in (1). Or not a spouse, kin at the second tier under the Civil Code, or a lineal blood relative within the third tier under the Civil Code as specified in (2) and (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. (This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
- (6) Not a director, supervisor or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights. (This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
- (7) Not a director, supervisor or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
- (8) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relationship with the Company. (Not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the company's outstanding shares, and is an independent director of the Company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
- (9) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that audited or provides business, legal, financial and accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the Company or its affiliates or a spouse to the persons. This does not apply to members of the Remuneration Committee, Public Tender Offer Reviews Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.
- (10) Not a spouse to or kin at the second tier under the Civil Code to any other director.
- (11) Not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act.
- (12) No Government Apparatus agency, juristic person or its representative is elected under Article 27 of the Company Act.

(2) Manager Information

4/13/2021 Units: share

Occupational Title	Nationality	Name	Gender	Inauguration Date	Shareholding number		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouse' of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager		
					Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation
General Manager	Republic of China	Lu, Chin-Chung	Male	12.1.2016	3,094,729	0.42%	1,592,628	0.21%	-	-	589,971	0.08%	Department of Business Administration and MBA Program, National Chengchi University Business Supervisor, Manager, Director, Assistant General Manager, Vice General Manager of Chicony Electronic Corporate	General Manager of the Company Chairman of Legal Representative of Chicony Power Technology Co., Ltd., XAVI Technologies Corporation, Unikey Electronics Co., Ltd. Director of Legal Representative of Hipro Electronics CO., Kuang Sheng Investment CO., Chun Ching Power Technology Co., Ltd. Director of subsidiaries: Chicony Overseas, Chicony Overseas Hong Kong Ltd., Czech Republic, Japan, Su Chou, Thailand, HIPRO Overseas, Jui Yang, Mao Feng, Kuang Hsin, Mau Chiun, Guang Mau, Chicony America Group Inc., Chicony Power Technology Hong Kong, Su Chou, Chung Ching, Dongguan, Thailand, Chicony Power America Holding, International, Tungwan Trading Company, Chicony Energy Shanghai, Guang Sheng Electronics Nan Chang, XAVI Overseas, XAVI Thailand, XAVI Su Chou, Directmax, and Systemax. Director and Secretary of Chicony America Director and General Manager of Chicony Tungwan Director and Supervisor of Mao Ray Supervisor of Chicony Chongqing Director of Legal Representative of Shun On Electronics CO., LTD. and Newmax Technology Co., LTD.	-	-	-
Chicony America Company General Manager	Republic of China	Chang, Yao-Ching	Male	10.17.1993	473,310	0.06%	-	-	-	-	7,500	-	Graduated from the Department of Law, National Chung Hsing University Chicony Electronic Corporate Business Director, Assistant General Manager, Vice General Manager	Director and CFO of Chicony America Director and Secretary of Chicony America Director of Chicony Power America Co., Ltd.	-	-	-
Special Assistant	Republic of China	Chen, Shao-Lung	Male	6.1.2011	1,568,875	0.21%	32,432	-	-	-	35,400	-	Graduated from the Department of Applied Mathematics, National Chiao Tung University Head of the Planning Department and Head of the Marketing Planning Department of LiteOn Co., Ltd. Business Manager, Purchasing Director of Chicony Co., Ltd. and General Manager of Chicony Thailand Co., Ltd. and Chicony Germany Co., Ltd.	Nil	-	-	-

Occupational Title	Nationality	Name	Gender	Inauguration Date	Shareholding number		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouse' of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager		
					Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation
General Manager of the IPD Business Unit	Republic of China	Huang, Chien-Yu	Male	10.26.2011	1,181,462	0.16%	178,288	0.02%	-	-	1,133,394	0.15%	Graduated from the Department of Electrical Engineering, Fu Jen Catholic University Vice General Manager of the IPD Development Division of Chicony Electronic Co., Ltd., General Manager of Chicony Dongguan Company, Acting General Manager of the Business unit	Chairman of Suchou Chunyang, Suchou Maochun, Mao Jui Director of the Subsidiaries: XAVI Technologies Corporation, Chicony Japan, Chicony Chongqing, Chicony Dongguan, Jui Yang Supervisor of Chicony Suchou	-	-	-
General Manager of the MKB Business Unit	Republic of China	Tsai, Chin-Cheng	Male	12.1.2016	232,596	0.03%	-	-	-	-	90,378	0.01%	MBA Master of Business Management, Da-Yeh University Assistant General Manager of the MKB Development Division of Chicony Electronics Co., Ltd.	Director of Chicony Suchou Supervisor of Suchou Chunyang Director and General Manager of Chicony Chongqing	-	-	-
General Manager of the VIP Business Unit	Republic of China	Tsai, Mei-I	Female	4.1.2010	302,140	0.04%	-	-	-	-	91,112	0.01%	Graduated from the EMBA Program, Department of International Business, National Taiwan University Executive Vice General Manager of Ho Hsun Digital Co., Ltd. and Assistant General Manager of the VIP Development Division of Chicony Electronics Co., Ltd.	Supervisor of XAVI Technologies Corporation	-	-	-
General Manager of the CM Business Unit	Republic of China	Dung, Yan-Liang	Male	8.1.2013	258,896	0.03%	-	-	-	-	74,603	0.01%	Graduated from the Department of Electronics, Hsin-pu Industrial and Technological Junior College Company Special Assistant of XAVI Technologies Corporation Senior Assistant General Manager of Hon Hai Precision Industry Co., Ltd.	Nil	-	-	-
General Manager of the AE Business Unit	Republic of China	Cheng, Wei-Hao	Male	3.1.2018	174,175	0.02%	-	-	-	-	59,370	0.01%	Graduated from the MBA Program, National Cheng Kung University General Manager of the Business Unit of Chicony Power Technology Co., Ltd.	Nil	-	-	-
General Manager of the Business Unit of Subsidiary Companies	Republic of China	Chou, Yung-Chang	Male	12.1.2016	392,198	0.05%	-	-	-	-	52,800	0.01%	National Taipei University of Business MBA Master's, California State University Business Manager of Super Company Business Manager, Director, Vice General Manager of the CM Business Division of Chicony Electronic Co., Ltd.	Director of XAVI Technologies Corporation	-	-	-
Acting General Manager of the MKB Business Unit	Republic of China	Hsu, Chieh-Hsiang	Male	2.1.2019	147,210	0.02%	-	-	-	-	87,406	0.01%	Department of Bio-Industrial Mechatronics Engineering, National Taiwan University Department of Mechanical and Electro-Mechanical Engineering, Tamkang University Vice General Manager of the MKB Business Unit of Chicony Electronic Co., Ltd.	Nil	-	-	-
Chief Purchasing Officer	Republic of China	Chang, Chao-Hsien	Male	8.1.2013	109,506	0.01%	-	-	-	-	68,724	0.01%	Graduated from the Department of Electrical Engineering, Ming Chi Industrial and Technological Junior College Vice General Manager of Compal Electronics, Inc. and Assistant General Manager of Taiwan Lu Pa Co., Ltd.	Nil	-	-	-

Occupational Title	Nationality	Name	Gender	Inauguration Date	Shareholding number		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouse' of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager		
					Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Quantity of Shares	Proportion of Shareholding (note)	Occupational Title
Vice General Manager of the CM Business Division	Republic of China	Li, Pei-Jan	Male	7.1.2011	541,433	0.07%	-	-	-	-	44,817	0.01%	Graduated from the Department of Shipping and Transportation Management, National Taiwan Ocean University Assistant General Manager of the Business Division of Chicony Electronics Co., Ltd.	Nil	-	-	-
Vice General Manager of the New Product Development Center	Republic of China	Huang, Kuang-Yu	Male	11.1.2006	1,115,438	0.15%	-	-	-	-	90,753	0.01%	Graduated from the Department of Business Mathematics, Soochow University Manager and Director of the IPD Development Division of Chicony Electronics Co., Ltd.	Nil	-	-	-
Senior Vice General Manager of the Financial and Administrative Department	Republic of China	Lin, Yu-Ling	Female	12.1.2016	407,794	0.05%	-	-	-	-	-	-	Graduated from the Department of Finance, National Taiwan University Master of Accounting, George Washington University CPA of Chiun Ye Accountancy Firm Accounting Manager and Director of Chicony Electronic Co., Ltd.	Director of Chicony Czech Republic, Chicony Thailand Supervisor of Subsidiaries: Chicony Japan, XAVI Technologies Corporation Director of the Legal Representative of WK Technology Fund Co., Ltd, Mai Shish Erh Hao Fund Co., Ltd., Laster Tech Co., Ltd., Alcor Micro Co., Ltd., Cheng Ting Fund Co., Ltd., Pei Ke Chih Hsing Fund Co., Ltd., Sheng-Da Venture Capital Legal Representative Supervisor of Top Taiwan Venture Capital Co., Ltd.	-	-	-
Vice General Manager of the IPD Business Division	Republic of China	Tu, Ku-Chin	Male	08.06.2013	281,242	0.04%	-	-	-	-	51,680	0.01%	Graduated from the Department of Engineering Economics Management, University of Oxford, UK Director of the Business Division of Chicony Electronic Co., Ltd.	Nil	-	-	-
Chief Human Resources Officer	Republic of China	Hsiao, Huan-Wen	Male	12.01.2016	230,396	0.03%	30	-	-	-	39,900	0.01%	Graduated from Newport International University Assistant General Manager of the Human Resources Division of Chicony Electronics Co., Ltd	Nil	-	-	-
Vice General Manager of the Automation Engineering Center	Republic of China	Tseng, Chin-Cheng	Male	4.1.2010	215,743	0.03%	-	-	-	-	67,865	0.01%	Graduated from the Institute of Mechanical Engineering, National Taiwan University Manager of Hao Shih Technology Co., Ltd. Assistant General Manager of ASKEY Computer CO., Ltd.	Nil	-	-	-
Assistant General Manager of the Overseas Business Management Division	Republic of China	Chuang, Ting-Shan	Male	02.01.2006	28,816	-	-	-	-	-	25,200	-	Graduated from the Department of Business Administration, Feng Chia University Director of the Overseas Business Management Division of Chicony Electronic Co., Ltd.	Nil	-	-	-
Assistant General Manager of the MKB Development Department	Republic of China	Chen, Tsung-Ming	Male	08.06.2013	235,774	0.03%	199,050	0.03%	-	-	71,215	0.01%	Graduated from the Department of Machinery, National Chiayi Institute of Agriculture Director of the Development Division of Chicony Electronics Co., Ltd.	Nil	-	-	-

Occupational Title	Nationality	Name	Gender	Inauguration Date	Shareholding number		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouse' of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager		
					Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Quantity of Shares	Proportion of Shareholding (note)	Occupational Title
Assistant General Manager of MKB PM	Republic of China	Yang, Ching-Wu	Male	07.04.2014	165,667	0.02%	10,417	-	-	-	8,039	-	Graduated from the Department of Electronics and Information, Tamsui Industrial and Technological Junior College Vice General Manager of Sysgration Co., Ltd.	Nil	-	-	-
Chief Information Officer	Republic of China	Chang, Yu-Yun	Male	12.01.2014	182,293	0.02%	-	-	-	-	48,398	0.01%	Graduated from Pittsburgh University Vice General Manager of Inventec Co., Ltd.	Nil	-	-	-
Special Assistant	Republic of China	Chen, Chiu-Mei	Female	09.01.2017	84,006	0.01%	-	-	-	-	85,608	0.01%	Master of Pennsylvania State University Training Manager of Hung Chang Information Company	Nil	-	-	-
Deputy Director of the Audit Division	Republic of China	Chao, Yuan-Hung	Male	04.01.2020	9,003	-	-	-	-	-	4,200	-	Master of University of Glasgow Senior Assistant Manager of Inventec Corporation	Nil	-	-	-

Note: The shareholding ratio is equal to the number of holding shares/the total number of issued shares.

Note: Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers) : None.

(3) Remuneration to the Directors, General Manager, and Vice General Managers

1. Remuneration Paid to Directors (Including Independent Directors) in 2020

Units: NTD Thousands

Occupational Title	Name	Remuneration of Directors								Relevant Remuneration of Part-time Personnel								Percent of A, B, C, D, E, F, and G to Net Profit After Tax		Any remuneration from other direct investments other than the subsidiaries		
		Remuneration		Severance Payment and Pension		Remuneration to Directors Note 1		Business Subsidy		Percent of A, B, C, and D to Net Profit After Tax		Salaries, Bonuses, and Special Accounts Note 2		Severance Payment and Pension		Remuneration to Employees Note 1						
		(A)		(B)		(C)		(D)				(E)		(F)		(G)						
		The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company		All Companies Included in the Financial Statements		The Company	All Companies Included in the Financial Statements	
																Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
Chairman	Hsu, Kun-Tai	5,804	7,273	-	-	45,156	53,672	-	-	0.93	1.11	2,778	37,901	56	56	-	40,526	-	40,526	1.72	2.55	-
Director	Lu, Chin-Chung																					
Director	Tsai, Ming-Hsien																					
Director	Li, Cih-Jing																					
Director	Dong Ling Investment Co., Ltd. Legal Representative: Liu, Chia-Sheng																					
Independent Director	Lee, Yen-Sung	-	-	-	-	7,500	7,500	-	-	0.14	0.14	-	-	-	-	-	-	-	-	0.14	0.14	-
Independent Director	Lin, Ming-Ji																					
Independent Director	Chu, Jia-Siang																					

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration :  
For the remuneration of the independent directors of the Company, the Remuneration Committee shall follow Article 18 of the Articles of Association, with reference to the extent of each director's participation in the operation of the Company and the value of contribution, and draft in the directors' remuneration proposal the amount and the principle of payment, for submitting it to the board of directors for resolution.

2. Further to the disclosure in the above Table, the remuneration received by the Director who performed service to all companies included in the financial statements in the most recent year (such as a consultant): Nil.

Note 1: Remuneration of Directors, employees, and any remuneration from other invested businesses apart from subsidiaries proposed for distribution this year.

Note 2: Remuneration should be disclosed by accrual basis.

Table of Salary Scale: Directors and Independent Directors

Bracket of Payment to Each Director of the Company	Names of Directors and Independent Directors			
	Total amount of remuneration of the sum of these 4 items (A+B+C+D).		The total amount of remuneration of the sum of these 7 items (A+B+C+D+E+F+G).	
	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements
Less than NT\$1,000,000	-	-	-	-
NT\$1,000,000 - NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 - NT\$3,500,000 (exclusive)	Lee, Yen-Sung /Lin, Ming-Ji /Chu, Jia-Siang	Lee, Yen-Sung /Lin, Ming-Ji /Chu, Jia-Siang	Lee, Yen-Sung /Lin, Ming-Ji /Chu, Jia-Siang	Lee, Yen-Sung /Lin, Ming-Ji /Chu, Jia-Siang
NT\$3,500,000 - NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 - NT\$10,000,000 (exclusive)	Tsai, Ming-Hsien/ Dong Ling Investment Co., Ltd Legal Representative:Liu, Chia-Sheng	Tsai, Ming-Hsien/ Dong Ling Investment Co., Ltd Legal Representative:Liu, Chia-Sheng	Tsai, Ming-Hsien/ Dong Ling Investment Co., Ltd Legal Representative:Liu, Chia-Sheng	Tsai, Ming-Hsien/ Dong Ling Investment Co., Ltd Legal Representative:Liu, Chia-Sheng
NT\$10,000,000 - NT\$15,000,000 (exclusive)	Lu, Chun-Chung/Li, Cih-Jing	Li, Cih-Jing	Lu, Chun-Chung/Li, Cih-Jing	Li, Cih-Jing
NT\$15,000,000- NT\$30,000,000 (exclusive)	Hsu, Kun-Tai	Hsu, Kun-Tai / Lu, Chun-Chung	Hsu, Kun-Tai	Hsu, Kun-Tai
NT\$30,000,000- NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 - NT\$100,000,000 (exclusive)	-	-	-	Lu, Chun-Chung
More than NT\$ 100,000,000	-	-	-	-
Total	8	8	8	8

Note : Remuneration to employees used the proposed distribution for this year to estimate the amount that has not been paid yet, therefore the Bracket of Remuneration did not include the Remuneration to Employees.

2. Remuneration Paid to the General Manager and Vice General Manager in 2020

Units: NTD Thousands

Occupational Title	Name	Salary (Note 2) (A)		Severance Payment and Pension (B)		Bonus and Special Account (Note 3) (C)		Amount of Remuneration to Employees (Note 1) (D)				The sum of A, B, C, and D in proportion to net income (%).		Any remuneration from other direct investments other than the subsidiaries.
		The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company		All Companies Included in the Financial Statements		The Company	All Companies Included in the Financial Statements	
								Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
General Manager	Lu, Chin-Chung	31,392	48,285	1,689	2,138	5,925	78,273	-	134,649	-	134,649	3.18	4.82	-
Subsidiary General Manager	Chang, Yao-Ching													
Special Assistant	Chen, Shao-Lung													
General Manager of the IPD Business Unit	Huang, Chien-Yu													
General Manager of the MKB Business Unit	Tsai, Chin-Cheng													
General Manager of the VIP Business Unit	Tsai, Mei-I													
General Manager of the CM Business Unit	Dung, Yan-Liang													
General Manager of the AE Business Unit	Cheng, Wei-Hao													
General Manager of the Business Unit of the Subsidiary Company	Chou, Yung- Chang													
Acting General Manager of the CM Business Unit	Hsu, Chieh- Hsiang													
Senior Vice General Manager	Lin, Yu-Ling													
Chief Purchasing Officer	Chang, Chao- Hsien													
Vice General Manager	Li, Pei-Jan													
Vice General Manager	Tu, Ku-Chin													
Vice General Manager	Huang, Kuang-Yu													
Chief Human Resources Officer	Hsiao, Huan-Wen													

Note 1: Remuneration of Directors, employees, and any remuneration from other invested businesses apart from subsidiaries proposed for distribution this year.

Note 2: Remuneration should be disclosed by accrual basis.

Table of Salary Scale: General Manager and Vice General Manager

Bracket of Payment to Each General Manager and Vice General Manager of the Company	Names of the General Manager and Vice General Managers	
	The Company	All Companies Included in the Financial Statements
Less than NT\$1,000,000	-	-
NT\$1,000,000 - NT\$2,000,000 (exclusive)	Huang, Chien-Yu/Tsai, Chin- Cheng/Tsai, Mei-I Chen, Wei-Hao/ Hsu, Chieh-Hsiang/Li, Pei-Jan/Lin, Yu-Ling/ Hsiao, Huan-Wen	-
NT\$2,000,000 - NT\$3,500,000 (exclusive)	Lu, Chin-Chung/Chen, Shao- Lung / Dung, Yan-Liang/Chou, Yung-Chang/Tu, Ku-Chin/ Huang, Kuang-Yu	Chen, Shao- Lung / Dung, Yan-Liang/ Chen, Wei-Hao/ Li, Pei-Jan/ Huang, Kuang-Yu / Hsiao, Huan-Wen
NT\$3,500,000 - NT\$5,000,000 (exclusive)	Chang, Yao-Ching /Chang, Chao-Hsien	Huang, Chien-Yu/Chang, Chao-Hsien
NT\$5,000,000 - NT\$10,000,000 (exclusive)	-	Tsai, Mei-I / Hsu, Chieh-Hsiang/ Tu, Ku-Chin/ Lin, Yu-Ling
NT\$10,000,000 - NT\$15,000,000 (exclusive)	-	Chang, Yao-Ching / Tsai, Chin- Cheng/ Chou, Yung-Chang
NT\$15,000,000- NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000- NT\$50,000,000 (exclusive)	-	Lu, Chin-Chung
NT\$50,000,000 - NT\$100,000,000 (exclusive)	-	-
More than NT\$ 100,000,000	-	-
Total	16	16

Note: Remuneration to employees used the proposed for distribution this year to estimate the amount that has not been paid yet, therefore the Bracket of Remuneration did not include the Remuneration to Employees.

Note: 1. After-tax loss occurring in individual or respective financial reports in the last three years: None.

2. Where the results of the corporate governance evaluation of a listed and OTC company in the most recent year fall in the last level, or the trading method has been changed, trading has been suspended, listing has been terminated, or other facts where the Corporate Governance Evaluation Committee passed the resolution that the Company shall not be evaluated in the most recent year and up to the date of printing of the annual report: None.

3. Where a listed or OTC company has any of the preceding circumstances, it shall disclose the remuneration of the top five directors separately: The Company does not have the circumstances in 1 and 2 above.

### 3. Names of Managers and the Distribution of Remuneration to Employees in 2020

Unit: NTD 1,000

	Occupational Title	Name	Amount in Stock	Total Amount in Proportion the Net Income
Manager	General Manager	Lu, Chin-Chung	153,763	2.81%
	General Manager of Chicony America Corporation	Chang, Yao-Ching		
	Special Assistant	Chen, Shao-Lung		
	General Manager of the IPD Business Unit	Huang, Chien-Yu		
	General Manager of the MKB Business Unit	Tsai, Chin-Cheng		
	General Manager of the VIP Business Unit	Tsai, Mei-I		
	General Manager of the CM Business Unit	Tung, Yen-Liang		
	General Manager of the AE Business Unit	Cheng, Wei-Hao		
	General Manager of the Business Unit of the Subsidiary Company	Chou, Yung-Chang		
	Acting General Manager of the MKB Business Unit	Hsu, Chieh- Hsiang		
	Senior Vice General Manager of the Financial and Administrative Department	Lin, Yu-Ling		
	Chief Purchasing Officer	Chang, Chao-Hsien		
	Vice General Manager of the CM Business Department	Li, Pei-Jan		
	Vice General Manager of the IPD Business Division	Tu, Ku-Chin		
	Vice General Manager of the New Product Development Division	Huang, Kuang-Yu		
	Acting Vice General Manager of the Automation Engineering Center	Tseng, Chin-Cheng		
	Assistant General Manager of the Overseas Business Management Division	Chuang, Ting-Shan		
	Assistant General Manager of the MKB Development Division	Chen, Tsung-Min		
	Assistant General Manager of the MKB PM	Yang, Ching-Wu		
	Chief Information Officer	Chang, Yu-Yun		
Chief Human Resources Officer	Hsiao, Huan-Wen			
Special Assistant	Chen, Chiu-Mei			
Chief Auditing Officer	Chao, Yuan-Hung			

Note: According to the amendment, employees can allocate amounts to the proposed remuneration of employees.

(4) The Company and all companies included in the Consolidated Financial Statements to the Directors, Supervisors, General Manager, and Vice General Manager in proportion to the net income of the Separate Financial Statements in the last two years, with analysis of the remuneration policy, standard and combination, procedure for setting the remuneration, the association with operation performance, and risks in the future:

1. The following table is of remuneration paid to directors, supervisors, general managers, and Vice General managers in proportion to the net income of 2020 and 2019 Financial Statements.

Unit: NT\$ 1,000

	Total Amount of Remuneration				Total Amount in Proportion to the Net Income(%)			
	2020		2019		2020		2019	
	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements
Remuneration to Directors	52,656	61,172	53,855	60,322	0.96	1.12	0.92	1.03
Remuneration to the Supervisor	-	-	4,019	4,019	-	-	0.07	0.07
Remuneration to the General Manager and the Vice General Managers	173,655	263,345	170,862	276,387	3.18	4.82	2.93	4.73

2. The remuneration policy, standard and combination, and the procedure for setting the remuneration:

- (1) The remuneration of directors (including independent directors) of the Company, including compensation and distribution of income remuneration to directors. In the compensation part, it is reported to the Board of Directors after discussion by the Remuneration Committee; in respect of the remuneration of the distribution of income to directors, before the Board of Directors decides to pay the amount, the Remuneration Committee complies with the provisions of Article 18 of the Articles of Incorporation of the Company, within the limit of not more than 1% of the annual profit, and considers the value of the degree and contribution of the directors to the operation of the Company, and discusses the suggestion of remuneration of the Board of Directors and the principle of payment.
- (2) The remuneration paid to general managers and Vice General managers are salaries, bonuses, staff compensation, and retirement pension according to regulations. The salary and bonus portion shall be considered by the Remuneration Committee to take into account annual revenue, profit performance, and the status of manager's performance target. After reviewing the peers performance and salary level, then decisions are made through the Board of Directors; the portion of remuneration to employees is subject to the provisions of the Articles of Incorporation of the Company and takes into account annual revenue, profit performance, and the performance target of the Manager, and the amount is proposed by the Remuneration Committee, and then the Board of Directors should make a corresponding resolution and pay it.

If the Company is appointed as a Legal Representative Director or supervisor of the direct investment company, and the Company will pay the directors and managers of the directors by salary way that received from the direct investment company.

3. Association with the operation performance, and risks in the future:

- (1) The revenue and profitability of the Company were maintained, so the relative risk is low.
- (2) For the performance assessment of directors and managers, in addition to the reference to the peers' level of salary payment, considering the operating results and their contribution to the Company, comprehensive consideration of the remuneration, payment method, and the future risks matters of the Company that were highly correlated with the Company's operational responsibilities and overall performance were considered.

### 3. Corporate Governance in action

#### (1) Status on Implementation of Board of Directors (1)

The Board convened 4 times (A) in 2020. The attendance of the Directors is specified below:

Occupational Title	Name (Legal persons should disclose the name of the shareholder and its representative)	Actual Number of Attendances B	Attendances by Proxy	Actual Attendance Rate [B/A (number of meetings during the period of employment)]	Remarks (Date of Departure, Formerly or Newly Elected to Office, or Re-elected to Office, and Date of Election)
Chairman	Hsu, Kun-Tai	4	0	100%	
Director	Lu, Chin-Chung	4	0	100%	
Director	Tsai, Ming-Hsien	4	0	100%	
Director	Li, Cih-Jing	4	0	100%	
Director	Dong Ling Investment Co., Ltd. Legal Representative: Liu, Chia-Sheng	4	0	100%	
Independent Director	Lee, Yen-Sung	4	0	100%	
Independent Director	Lin, Ming-Ji	4	0	100%	
Independent Director	Chu, Jia-Siang	4	0	100%	

#### Additional Information:

I. If any of the following occurs to the operation of the Board, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

(I) The particulars exhibited in Article 14-3 of the Securities and Exchange Act:

The company has established an audit committee, which does not apply to the provisions of Article 14-3 of the Securities and Exchange Act. For relevant information, please refer to the operation of the audit committee.

(II) Further to the aforementioned matters, any adverse opinion or qualified opinion of the Independent Directors against the resolutions of the Board: Nil.

II. The recusal of the Directors from motions involving the interest of the names of the Directors concerned, the content of the motions, the reason for recusal for the avoidance of conflict of interest, and the participation in voting:

Board date	Director's name	The content of the motions	The reason for recusal	Participation in voting
2020/5/6 The 6th session of the 13th term of board	Lu, Chin-Chung	Discuss the release the Prohibition on managers of company from competitive business	Concurrently serves as a manager of the Company.	Did not participate in the discussion and voting
2021/1/29 The 9th session of the 13th term of board	Hsu, Kun-Tai	Discuss the joint land development project with Hongwell Co., Ltd.	Have interests in this case	Did not participate in the discussion and voting

III. Implementation of Performance Evaluation by the Company's Board of Directors: As followed.

IV. The objective of the Board in fortifying its function in the recent and present year (such as the establishment of the Auditing Committee, and enhancement of transparency) and assessment of the attainment:

1. In 2020 and up to March 31, 2021, the content and procedure of the Board of Directors and the self-discipline of the directors implemented in accordance with the procedures of the Board of Directors.

2. The Company has completed the 2020 performance evaluation of the board of directors and functional

committees, and submitted the summary results of the performance evaluation to the board of directors on March 10, 2021 to strengthen the functions of the board of directors.

3.The Company has set up an Audit Committee and the Remuneration Committee to assist the board of directors in performing its supervision duties.

The attendance of independent directors of each Board of Directors Meeting in 2020 was specified below:

◎ Actual Attendance, ☆ Attended by Proxy, \* Non-attendance

Date \ Name	3/10	5/6	8/10	11/5
Lee, Yen-Sung	◎	◎	◎	◎
Lin, Ming-Ji	◎	◎	◎	◎
Chu, Jia-Siang	◎	◎	◎	◎

Status of the evaluation of the board of directors and functional committees: (2)

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
The performance evaluation of the board of directors and functional committees shall be carried out at least once a year.	The evaluation is carried out on the performance of the board of directors and functional committees from January 1, 2020 to December 31, 2020.	The scope covers the performance evaluation of the whole board of directors, individual directors and functional committees.	The evaluation methods include internal self-evaluation of the board of directors, self-evaluation of the members of the board of directors, and internal self-evaluation of the functional committees.	<p>The performance evaluation items of the board of directors and functional committees cover the following aspects:</p> <p>I.Degree of participation in the operation of the Company.</p> <p>II.Functional Committees' recognition of their responsibilities.</p> <p>III.Improving the decision-making quality of the board of directors (functional committees).</p> <p>IV.Composition, structure and election of members of the board of directors (functional committees).</p> <p>V.Election and continuing education of directors.</p> <p>VI.Internal control.</p> <p>The items of directors' performance evaluation cover the following aspects:</p> <p>VII.I. Mastery of the Company's objectives and tasks.</p> <p>VIII.II. Directors' recognition of their responsibilities.</p> <p>IX.III. Degree of participation in the operation of the Company.</p> <p>X.IV. Internal relationship management and communication.</p> <p>XI.V. Professional and continuing education of director.</p> <p>XII.VI. Internal control.</p> <p>The scoring criteria can be modified and adjusted according to the needs of the Company, and the scoring can also be done in a proportion weighted manner according to each measurement aspect.</p>

(2) Status on Operation of Audit Committee Participation in the Operation of the Board of Directors

1. Status on Operation of Audit Committee

On June 5, 2019, the Company elected three independent directors at the general shareholders' meeting, and set up the Audit Committee to replace the supervisor in accordance with the Securities and Exchange Act.

The Board convened 4 times (A) in 2020. The attendance of the Independent Directors is specified below:

Occupational Title	Name	Actual Attendance (B)	Attended by Proxy	Actual Attendance Rate [B/A (Number of meetings during the period of employment)]	Remarks (Date of Departure, Former or Newly Elected to Office, or Reelected to Office, and Date of Election)
Convener	Lee, Yen-Sung	4	0	100%	
Member	Lin, Ming-Ji	4	0	100%	
Member	Chu, Jia-Siang	4	0	100%	

Additional Information:

- I. In case of any of the following circumstances in the operation of the Audit Committee, the date and session of the board of directors' meeting, the contents of the proposal, the resolution results of the Audit Committee and the Company's handling of the Audit Committee's opinions shall be stated.
  - (I) Items listed in Article 14-5 of the Securities and Exchange Act: See Table 1 for details.
  - (II) Other matters not approved by the Audit Committee but agreed by more than two-thirds of all directors, except those mentioned above: None.
- II. For the implementation of the independent directors' avoidance of proposals due to personal interests involved, please state the name of the independent director, the content of the proposal, the reason for the avoidance of personal interest and the voting result: None.
- III. The communication between the independent directors and the internal audit director and the independent auditor (including the communication on significant matters, methods and results of the Company's financial and business status).
  - (I) The company's internal audit supervisor regularly reports to independent directors on the status of audit implementation and internal control operations, And communicates and responds in person. In the event of major abnormalities, independent directors will also convene meetings at any time or directly discuss with the audit supervisor by telephone. There was no such special situation in 2020, and communication was good.
  - (II) The company's CPA regularly explain to independent directors the results of the quarterly financial report review or other communications required by relevant laws and regulations to report, Whether there are major adjustment entries or legal amendments that affect the accounting situation; In the event of abnormal events, Independent directors will also convene meetings at any time. And they can communicate with CPA in written form, the scope of which includes accountants' independence, related responsibilities, audit planning and major findings (including adjustment entries and significant deficiencies in internal control) and other matters. There was no such special situation in 2020, and communication was good
  - (III) Communication and results: See Table 2 for details.

The Audit Committee of the Company aims to assist the board of directors in fulfilling its supervision of the quality and integrity of the Company's accounting, audit and financial reporting processes and financial control.

The terms of reference of the Audit Committee are as follows:

- I. Establishment of or amendment to the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- II. Assessment of the effectiveness of the internal control system.
- III. Establishment of or amendment to the procedures for the handling of material financial business activities, such as acquiring or disposing of assets, engaging in derivatives transactions, loans to others and endorsement guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
- IV. Matters concerning the interests of the directors themselves.
- V. Significant asset or derivative transactions.
- VI. Major loans, endorsements or guarantees provided.
- VII. Offering, issuing or private placement of equity securities.
- VIII. Appointment, dismissal and remuneration of independent auditors.
- IX. Appointment and dismissal of the head of finance, accounting or internal audit.
- X. Annual financial report, business report and proposal on earnings distribution or loss compensation.
- XI. Other significant matters prescribed by the Company or the competent authority.

Table 1

Date of Meeting	Details of Agenda	Opinions of all Audit Committee Member	Dealing with the Opinion from the Audit Committee
2020/3/10 3rd session of the 1st term Audit Committee	<ol style="list-style-type: none"> <li>1、 Internal audit business report.</li> <li>2、 The Company's 2019 business report and consolidated and individual financial statements.</li> <li>3、 The Company's 2020 business project.</li> <li>4、 2019 earnings distribution.</li> <li>5、 Amendment to the Company's "Procedures for Loans to Others".</li> <li>6、 Amendment to the Company's "Organizational Procedures of the Audit Committee".</li> <li>7、 Adopted the proposal of regular assessment of the independence of the independent auditor.</li> <li>8、 Chief Auditing Officer Change.</li> <li>9、 Reviewed and adopted the 2019 internal control system statement.</li> </ol>	Approved by all members present	Not applicable since all members present approved
2020/5/6 4th session of the 1st term Audit Committee	<ol style="list-style-type: none"> <li>1、 Consolidated financial report of the Company for the first quarter of 2020</li> <li>2、 Internal audit business report</li> <li>3、 Increase Chicony Electronics(Thailand) Ltd. budget for building new factory</li> <li>4、 Ratified the Company's acquisition of the securities for above NT\$300 million.</li> </ol>	Approved by all members present	Not applicable since all members present approved

Date of Meeting	Details of Agenda	Opinions of all Audit Committee Member	Dealing with the Opinion from the Audit Committee
2020/8/10 5th session of the 1st term Audit Committee	1、Consolidated financial report of the Company for the second quarter of 2020 2、Internal audit business report 3、Loans to subsidiaries 4、Amendment to subsidiary's the "Procedures for Derivative Transaction Processing", "Procedures for Loans to Others" and "Procedures for Acquisition or Disposal of Assets" and "Regulations Governing Endorsement and Guarantees" 5、Ratified the Company's acquisition of the securities for above NT\$300 million.	Approved by all members present	Not applicable since all members present approved
2020/11/5 6th session of the 1st term Audit Committee	1、Consolidated financial report of the Company for the third quarter of 2020 2、Internal audit business report 3、The Company's application for credit facilities from financial institutions 4、The Company's provision of letter of support to financial institutions for subsidiaries 5、The Company's endorsement guarantee for subsidiaries 6、Ratified the Company's acquisition of the securities for above NT\$300 million 7、Internal audit plan for 2021 8、Amendment to company's the "Property Management Measures"	Approved by all members present	Not applicable since all members present approved

Table 2

1. Summary of communication between independent directors and internal audit supervisor in 2020

Date	Communication content	Communication result
2020/3/10	Tracking improvement of the audit business in the fourth quarter of 2019	Upon the discussion and communication, no objection was raised by the independent directors against the matters communicated with internal audit supervisor.
2020/5/6	Tracking improvement of the audit business in the first quarter of 2020	Upon the discussion and communication, no objection was raised by the independent directors against the matters communicated with internal audit supervisor.
2020/8/10	Tracking improvement of the audit business in the second quarter of 2020	Upon the discussion and communication, no objection was raised by the independent directors against the matters communicated with internal audit supervisor.
2020/11/5	Tracking improvement of the audit business in the third quarter of 2020	Upon the discussion and communication, no objection was raised by the independent directors against the matters communicated with internal audit supervisor.

## 2.Summary of communication between independent directors and CPA in 2020

Date	Communication content	Communication result
2020/3/10	Explain to independent directors the responsibility, independence, key audit matters, report type, overview of finance and income, and updates in important laws & regulations related to the audit report 2019 at the Audit Committee meeting, and discuss and communicate on the questions raised by the participants.	Upon the discussion and communication, no objection was raised by the independent directors against the matters communicated with the CPA
2020/5/6	Explain to independent directors the responsibility, independence, key audit matters, report type, overview of finance and income, and updates in important laws & regulations related to the 1Q audit report 2020 at the Audit Committee meeting, and discuss and communicate on the questions raised by the participants.	Upon the discussion and communication, no objection was raised by the independent directors against the matters communicated with the CPA
2020/8/10	Explain to independent directors the responsibility, independence, key audit matters, report type, overview of finance and income, and updates in important laws & regulations related to the 2Q audit report 2020 at the Audit Committee meeting, and discuss and communicate on the questions raised by the participants.	Upon the discussion and communication, no objection was raised by the independent directors against the matters communicated with the CPA
2020/11/5	Explain to independent directors the responsibility, independence, key audit matters, report type, overview of finance and income, and updates in important laws & regulations related to the 3Q audit report 2020 at the Audit Committee meeting, and discuss and communicate on the questions raised by the participants.	Upon the discussion and communication, no objection was raised by the independent directors against the matters communicated with the CPA

(3) The difference Between the Corporate Governance Implementation and the Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
I. Has the Company instituted its own corporate governance best practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies” and made disclosure?	✓		The Company has set a Corporate Governance Code of Practice. The 13th Session of the 8th Board of Directors passed amendments to the Corporate Governance Code of Practice and set up a chief corporate governance officer as the highest director in charge of corporate governance-related matters. The current practice is based on the Corporate Governance Code of Practice and is disclosed in the Market Observation Post System and the Company's website (investor relations → corporate governance).	No Difference
II. The Equity Structure and Shareholders Equity of the Company				
(I) Has the Company established its internal operation procedure for responding to the suggestions, queries, disputes, and legal actions of the shareholders in accordance with the procedure?	✓		(I) In accordance with the “Management Measures for Stock Operations” of the Company, and appointed the CTBC Stock Agency to handle related operations, the Company also has a spokesperson, acting spokespersons, and investor relations department to deal with shareholder suggestions or doubts. We also have a dedicated mailbox on the Company's website (Investor Relations → Investor Relations Contact → Contact Us) and dedicated personnel to deal with shareholders' comments.	(1) No Difference
(II) Has the Company kept the list of the dominant shareholders that exercise de facto control of the Company and the parties that exercise ultimate control of these dominant shareholders under control?	✓		(II) The majority of the Company's major shareholders are the management team and long-term shareholders. The Company's directors and supervisors, managers, and shareholders holding more than 10% of the shares are required to report their shareholding changes to the Company on a monthly basis. During the two days after the day after the ex-rights (dividends) book	(2) No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
(III) Has the Company established and exercised risk control and firewall mechanisms with its affiliates?	✓		close date, the Company's stock agency will be able to obtain the stock transfer books from the Company through the Taiwan Depository and Clearing Corporation, and provide the shareholding information of the major shareholders to the senior management.  (III) The Company and its affiliated enterprise are independent in production, sales, research and development, personnel, and finance. The relationships with the Company are handled in accordance with the “Regulations on the Operation of Financial Businesses Related to Enterprises” set by the competent authority and the Company; In accordance with the “Endorsement Guarantee Measures” of the Company, the enterprises can only provide endorsement and guarantee for subsidiaries that have invested more than 50% of their shares.	(3) No Difference
(IV) Has the Company instituted internal rules and regulations prohibiting insiders from using undisclosed information in the market for the trading of securities?	✓		(IV) The “Internal Material Information Processing Operations and Regulations Governing the Prohibition of Insider Trading” has been established and to disclose it on the Company's website (investor relations → corporate governance → important internal rules). 1. The related educational promotion provided to directors and managers on October 12, 2020 included the “procedure for prevention of insider trading”, the “TWSE Listed Companies’ Insider Equity Trading Q&A Promotional Manual”, and related laws & regulations. 2. In order to prevent the insiders from violations of Article 22-2 and Article 25 of the Securities and Exchange Act and administrative fines imposed by the competent authority therefor, the common violations listed in TWSE’s letter were conveyed to	(4) No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
			<p>the insiders as a reminder.</p> <p>3. The Company's Administration Department also posted the “Operating Procedures for Handling Internal Material Information and Preventing Insider Trading” on the Company's e-bulletin, accessible by the Company’s related personnel for compliance.</p>	
<p>III. The Organization and Function of the Board</p> <p>(I) Has the Board developed its policies in diversity relevant to the composition of the members and has it properly pursued these policies?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) According to Article 20 of “the Corporate Governance Code of Practice”, members of the Board of Directors of the Company must have the knowledge, ability, and competency to perform their duties, in addition to the basic conditions of gender, age, nationality, and culture.</p> <p>1. To set up Board Members, the Company will consider the diversity of Board Members in many aspects. At present, the 13th Board of Directors of the Company has a total of 8 members (including 3 independent directors), and all of them fulfill the third condition of Article 20 of the Corporate Governance Code of Practice as shown in Table 1.</p> <p>2. According to the list of the 13th board of director: 12.5% of the directors have employee status, 37.5% are independent directors, and 12.5% are female directors.( Achieve 1 seat goal)</p>	(1) No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
<p>(II) Has the Company voluntarily established other functional committees further to the establishment of a remuneration committee and auditing committee?</p> <p>(III) Has the Company established the rules and regulations and the methods for the evaluation of Board performance, has it conducted performance evaluation at regular intervals of each year, and will the results of performance evaluation be reported to the board of directors, and applied as a reference for salary and remuneration of individual directors and nomination for re-election ?</p> <p>(IV) Has the Company assessed the independence status of the CPAs at regular intervals?</p>	✓		<p>(II) 2021/5/6 The 11th meeting of the 13th Board of Directors approved to set up ESG committee ( Chairman : Hsu, Kun-Tai / Vice chairman : Lu, Chin-Chung/ Chief corporate governance officer and three Independent Directors are the members) in charge for Environment 、 Social and Governance related topics.</p> <p>(III) On August 10, 2020, the board of directors amended "Measures for Performance Evaluation of the Board of Directors and Functional Committees". Performance evaluation is conducted for the entire board of directors, individual directors and functional committees at least once a year. The scoring for the board of directors, individual directors and the Audit and Remuneration Committee 2020 has been conducted according to specific evaluation indicators, and the performance evaluation report has been completed according to the evaluation results; the report has submitted to the board of directors on Jan 29, 2021 The evaluation measures and the results of the 2020 evaluation have been disclosed on the Company's website (Investor Relations - →Corporate Governance→ - Board of Directors). Article 7 of the Measures provides that the results of the performance evaluation of the board of directors shall be an important reference for the selection or nomination of directors.</p> <p>(IV) The Company completed the 2019 annual assessment of the independence of the CPA through the 13th Session of the 10th Board of Directors.</p> <p>1. PwC Taiwan CPA firm has issued a “Communication Letter with the Governance Body”: Engagement Partner and Responsibilities Statement, and Statement of Independence of the CPA.</p>	<p>(2) No Difference</p> <p>(3) No Difference</p> <p>(4) No Difference</p>

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
			2. The Company regularly assesses the independence of the CPA through the stock unit and confirms that the CPA does not hold any shareholding and any position in the Company and completed the “the Board of Directors is to assess the CPA and the accounting firm of independent checklist”.	
IV. Does the listed or OTC company have competent and appropriate number of corporate governance personnel, and have designated the corporate governance director to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to carry out business, assisting directors and supervisors on legal compliance, handling related matters of the board of directors’ meeting and shareholders’ meeting in accordance with the law, taking minutes of the board of directors’ meeting and shareholders’ meeting, etc.)?	✓		<p>The 13th Session of the 9th Board of Directors approved senior Vice General Manager Lin, Yu-Ling to be the chief corporate governance officer and take responsible for corporate governance-related matters. Corporate governance-related matters include the following:</p> <p>I. Deal with related affairs according to the regulations of the Board of Directors and the Shareholders Meeting. (A total of 4 meetings for the Board of Directors and 1 Annual General Meeting were held in 2020.)</p> <p>II. Compilation of the minutes of Meetings of the Board and Shareholders Meeting on record. (A total of four meeting minutes for the Board of Directors and one Shareholders Meeting minutes were completed in 2020.)</p> <p>III. Assisting the directors to engage in their job and continue to learn. (On November 5, 2020, the Company arranged a six-hour course for the directors at the Taiwan Corporate Governance Association.</p> <p>IV. Providing the information required by the directors to perform their business.</p> <p>V. Assisting directors to comply with the related laws. Revised the Company's“Corporate Governance Best Practice Principles” and "Measures for Performance Evaluation of the Board</p>	No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either "Yes" or "No" in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
			of Directors and Functional Committees"; and "Procedures for Loans to Others" and "Procedures for Acquisition or Disposal of Procedures for Acquisition or Disposal of Assets" VI. Other items are established in accordance with the Articles of Incorporation of the Company or contract. The new chief corporate governance officer has completed twelve hour course for the directors at the Taiwan Corporate Governance Association	
V. Has the Company established channels for the communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	✓		V. The Company has set up a website in both Chinese and English, and an area dedicated to the corporate social responsibility of Chicony Group, including the company policy and statement, corporate social responsibility commitment and policy, supplier management policy, employee care and stakeholder areas, and the contact method of the Social Responsibility Group of Chicony Group, in order to respond to the concerns of stakeholders on corporate social responsibility issues in a timely manner.	No Difference
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	✓		The Company's Stock Operation Department is handled by the professional stock agency - the agency department of CTBC bank, and they are responsible for the Company's affairs of Shareholders' Meetings.	No Difference
VII. Disclosure of Information (I) Has the Company installed a website for the disclosure of information on	✓		(I) The Company's Chinese and English websites have been established, and the website is <a href="http://www.chicony.com.tw/">http://www.chicony.com.tw/</a> : And set up an investor relationship zone, which includes: 1. Investor	(1) No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
<p>financial position and operation, as well as corporate governance?</p> <p>(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of a spokesman system, and videotaping institutional investor conferences)?</p> <p>(III) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and the operation of each month ahead of the required time limit?</p>	<p>✓</p>		<p>Information: Quarterly Report, Material Information, Stock Price Information, Dividend Distribution Calendar, Dividend Policy 2. Shareholders' Column: Shareholder Service, Notice of Meeting, Proposal Manual, Annual Report of Shareholders' Meeting, every cases Result, Proceedings 3. Financial Information: Financial Statements, Monthly Consolidated Revenue 4. Corporate Governance: Board of Directors, Important Internal Rules 5. Investor Contact Window.</p> <p>(II) In addition to the establishment of the Spokesperson and acting spokesperson system, the Company has set up an Investor Relations Department to appoint personnel to be responsible for the collection and disclosure of Company information. It also provides financial and business information of the Company to investors by the Market Observation Post System, institutional investors conference, the Company's website, and newspapers and magazines.</p> <p>(III) The Company always announces and reports financial reports before the specified deadline.</p>	<p>(2) No Difference</p> <p>(3) No Difference</p>
VIII. Is there any other essential information that would help us to understand the pursuit of corporate governance	✓		(I) The Company pays attention to the health of colleagues. In addition to setting up a medical office, it hires professional doctors and nurses to conduct various health consultations, regular staff	No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
(including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of the Directors and Supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the Directors and Supervisors)?			<p>health, examination, tracking the top ten abnormal results and the brand new “Chicony Smart Green Building” has moved to the district of Sanchong District, New Taipei City. In addition to providing a better workplace, the Smart Green Building of the group also provides a swimming pool, fitness center, and other facilities to enable employees to have more convenient sports and leisure spaces. It also responds to government policies, promotes work-life balance projects, takes the initiative to pay attention to the work situation of colleagues, sets up a multi-type society, and family day and other activities are held on regular holidays to encourage employees to take part in the activities with their families after work, so as to balance the development of work and life.; set up a nursing room in the work environment, and constructed a child care union mechanism to allow employees to take care of their families while they are working. The Company has established an Employee Welfare Committee to provide holiday bonus, travel, birthday, and labor festivals, etc., and also provides excellent “fertility bonus” that rewards for active employees. The Human Resources Department also organizes training activities covering various professional and management courses. It encourages employees to take on-the-job training, and also organize health lectures and environmental safety training for employees to pay attention to physical, mental, and environmental health. In 2020, a total of 152 training events and lectures were held. The Industrial Safety and Health Department obtained ISO 14001/45001/TOSHMS 15506 Certification in 2018. The</p>	

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
			<p>certification shows the Company's focus on the green environment and occupational safety and health. The Company actively makes an environment that meets the peace of mind and healthy living requirements of employees and promises to give a reasonable and warm space for care, study, and growth to employees, and creates the highest employee centripetal force. The Company was listed as component stocks on the "Taiwan HC 100 Index" by the Taiwan Stock Exchange. The company pay attention to employee compensation and fulfills its corporate social responsibility</p> <p>(II) The Company senior management has always operated on the principles of perseverance, integrity, and profitability, creating long-term and stable interests for shareholders, and creating multi-wins by working with customers, suppliers, and correspondents. In 2020, the Company was re-selected as a constituent of the “FTSE4Good TIP Taiwan ESG Index” of the TAIEX, and was listed as component stocks on "Taiwan Market CSR Small /Mid-Cap Index" by the Taiwan Stock Exchange. Representing that outsiders recognize the Company responsibilities for sustainable development.</p> <p>(III) Both the Company and its affiliated enterprises are only allowed to provide endorsement guarantees and fund loans to subsidiaries identified in accordance with the International Financial Reporting Standards. The distinction between responsibility and accountability of personnel, assets, and finances between the Company and affiliated enterprises are clearly defined and a firewall should be properly established. Business dealings with</p>	

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
			<p>affiliated enterprises should be based on the principle of fairness and reasonableness and set written specifications for related finance and business by themselves, and transfer of interests is prohibited and Non-arm's Length Transactions are prevented.</p> <p>(IV) Directors' Further Education: 2020/11/5 the company invited Taiwan Corporate Governance Association training on "The impact of the latest tax law changes on business operations and responses “to all directors.; In addition, the Company has dedicated personnel to collect relevant laws and regulations and information, and submit a summary to the directors for reference.</p> <p>(V) The Company has purchased liability insurance for the Directors and Supervisors: Since August 2002, the Company has purchased liability insurance for the protection of the Directors and Supervisors every year.</p>	
<p>IX. The state of corrective action taken in response to the corporate governance evaluation result announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the issues requiring special effort for improvement and related measures.</p> <p>The 13th Session of the 9th Board of Directors approved senior Vice General Manager Lin, Yu-Ling to be the chief corporate governance Officer.</p>				

Table 1 : The diversity of the Board of Directors of the Company is as follows:

Names of Directors	Gender	Operation Judgment Capacity	Accounting and Financial Analysis Capacity	Corporate Management Capacity	Crisis Management Capacity	Industry Knowledge	Understanding of International Market	Leadership and Decision-making
Hsu, Kun-Tai	Male	✓	✓	✓	✓	✓	✓	✓
Lu, Chin-Chung	Male	✓	✓	✓	✓	✓	✓	✓
Tsai, Ming-Hsien	Male	✓	✓	✓	✓	✓	✓	✓
Dong Ling Investment Co., Ltd. Legal Representative: Liu, Chia-Sheng	Male	✓	✓	✓	✓	✓	✓	✓
Li, Cih-Jing	Female		✓	✓	✓		✓	✓
Lee, Yen-Sung	Male	✓	✓	✓	✓	✓	✓	✓
Lin, Ming-Ji	Male	✓	✓	✓	✓	✓	✓	✓
Chu, Jia-Siang	Male	✓	✓	✓	✓	✓	✓	✓

(4) Remuneration Committee, Disclose its Organization, Function, and Operation

1. Profiles of the Members of the Remuneration Committee

Identity (Note 1)	Name	Condition	Do they have more than 5 years of work experience and met the professional qualifications specified below?			Conform to the status of independence (Note 2).										The number of public companies where the person also holds positions in their remuneration committees.	Remarks	
			A lecturer or at a higher position at a public or private school of higher education in the disciplines of commerce, law, finance, accounting, or other specializations required by the business of the Company.	A professional or technician who has passed the national examination for professionals like court judge, prosecutor, lawyer, certified public accountant, or any other expertise required for the business operation of the Company with the issuance of a certificate of completion.	Work experience in commerce, law, finance, accounting, or others required by the business of the Company.	1	2	3	4	5	6	7	8	9	10			
Independent Director	Lin, Ming-Ji	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	-
Independent Director	Lee, Yen-Sung		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	-
Independent Director	Chu, Jia-Siang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note 1: For identity, fill in Director, Supervisor, or others.

Note 2: If the members meet the following conditions in the period of 2 years before the assumption of office or within the term of office, put a “✓” in the appropriate boxes.

- (1) Not employed by the company or any of its affiliated companies.
- (2) Not a director or supervisor of the company or any of its affiliates. This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company, which have been appointed in accordance with local laws or laws of the registered country.
- (3) Does not hold more than 1% of the company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the company.
- (4) Not a manager in (1). Or not a spouse, kin at the second tier under the Civil Code, or a lineal blood relative within the third tier under the Civil Code as specified in (2) and (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. (This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
- (6) Not a director, supervisor or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights. (This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
- (7) Not a director, supervisor or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (This restriction does not apply to independent director positions in the company, its

parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)

- (8) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relationship with the Company. (Not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the company's outstanding shares, and is an independent director of the Company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
- (9) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that audited or provides business, legal, financial and accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the Company or its affiliates or a spouse to the persons. This does not apply to members of the Remuneration Committee, Public Tender Offer Reviews Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.
- (10) Falling beyond the scope of particulars inscribed in Article 30 of the Company Act.

## 2. Responsibilities of the Remuneration Committee

- (1) The Committee shall faithfully perform the following authority with the attention of a good manager and submit the recommendations to the Board of Directors for discussion.
  - A. To regularly review the Company “Remuneration Committee Organization Rules” and to propose amendments to it.
  - B. To establish and regularly review the annual and long-term performance objectives and remuneration policies, systems, standards, and structures of the directors and managers of the Company.
  - C. To determine the content and amount of their individual salary remuneration by regularly assessing the achievement of the performance targets of the Company directors and managers.
- (2) When the committee performs the previous authority, it shall be based on the following principles:
  - A. Ensure that the Company remuneration meets relevant laws and regulations and is sufficient to attract talent.
  - B. The performance assessment and remuneration of directors and managers should refer to the peers’ level of salary payment, and consider the time spent by the individual, the responsibilities, the achievement of personal targets, the performance of other positions, and the Company's recent compensation for the same position. The remuneration of employees, and the achievement of the Company's short-term and long-term business objectives, the Company's financial status, etc., assesses the relevance of individual performance to the Company's operating performance, and future risks.
  - C. The ratio of dividends of the short-term performance of directors and managers and the payment time of variable remuneration should be determined by considering the characteristics of the industry and the nature of the business.
  - D. Members of this Committee cannot participate in discussions and voting on their personal remuneration decisions.
- (3) The remuneration referred to in the preceding two items, including cash remuneration, stock options, dividend participation, retirement benefits or separation payments, various allowances, and other measures with substantial rewards; the records of remuneration of the directors and managers' remuneration shall be consistent with the Annual Report of the public offering company.
- (4) If the remuneration of the company of subsidiary directors and managers base on the company of subsidiary is responsible for decision-making matters, they must be approved by the Board of Directors of the Company, and should be submitted to the Board of Directors for discussion after the Committee has made recommendations.

## 3. Information on the Operation of the Remuneration Committee

- (1) The Remuneration Committee of the Company consists of three members.
- (2) Current Term: From June 5, 2019 to June 4, 2022.
- (3) The Compensation Committee held three meetings in 2020 (A), the qualifications and attendance of the Committee are shown as follows:

Occupational Title	Name	Actual Number of Attendances (B)	Attendances by Proxy	Actual Attendance Rate (%) [B/A (Number of meetings during the period of employment)]	Remarks (Date of Departure, Former or Newly Elected to Office, or Re-elected to Office, and Date of Election)
Convener	Lin, Ming-Ji	3	0	100	Re-elected on June 5, 2019
Committee Member	Lee, Yen-Sung	3	0	100	
Committee Member	Chu, Jia-Siang	3	0	100	
Additional Information:					
<p>I. If the Board declines to accept or revise the recommendations of the Remuneration Committee, specify the meeting date, the session, the content of the motion, the resolutions of the Board, and the response of the Company to the opinions of the Remuneration Committee (if the Board resolved a higher level of remuneration than the recommendation of the Remuneration Committee, specify the difference and the reason for the difference):</p> <p>None ( Schedule 1 )</p> <p>II. If a specific member of the Remuneration Committee has adverse or qualified opinions on the resolutions of the Remuneration Committee on record or in written declaration, specify the meeting date, the session, the content of the motion, the opinions of all members, and the response to the opinions of the members:</p> <p>None</p>					

Schedule 1:

Date of Meeting	Details of Agenda	Opinions of All Remuneration Committee Members	Dealing with the Opinion from the Remuneration Committee
March 10, 2020 The 3th session of the 4rd term	(I) Revised “Remuneration Committee Charter “ (II) Discussion on the distribution of the remuneration of employees and directors for 2019. (III) Discussion on the bonus payments to managers on Dragon Boat Festival and Mid-Autumn Festival in 2020.	Approved by all members of the Committee	Proposed to the board of directors, and approved by all directors present
August 10, 2020 The 4th session of the 4th term	(I) Discussion on the salary and remuneration of newly appointed managers (II) Revised “Remuneration Committee Charter “ (III) Revised “ Evaluation of the Board of Directors and functional committees” (IV) Discussion on the evaluation of directors’, and managers’ achievement of performance objectives in 2019 and the actual payment of salary and remuneration.	Approved by all members of the Committee	Proposed to the board of directors, and approved by all directors present
November 5, 2020 The 5th session of the 4th term	(I) Discussion on the 2020 bonus payments to managers. (II) Discussion on the managers’ remuneration in 2020	Approved by all members of the Committee	Proposed to the board of directors, and approved by all directors present

(5) Fulfillment of Corporate Social Responsibility. Differences from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons from the differences :

Assessment Items	State of Implementation		Difference from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	
I. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality?	✓		<p>I. Accord to “Corporate Social Responsibility Best Practice Principles for Chicony Group” examine the business environment , social responsibility, corporate governance, and established relevant policies and systems.The “Corporate Social Responsibility Code of Conduct of Chicony” is established based on the major five factors under the RBA and applied to the major six factors of the CSR Committee, namely corporate governance, customer relations and supplier management, green products, environmental protection, care for employees, and social welfare, in the hopes of effectively controlling and responding to the risk and result of operating activities via the management system.</p> <p>1. Environmental protection: For a long time, the Company has been actively promoting energy conservation and carbon reduction, strengthening employees' environmental awareness, and continuously promoting and passing various environmental management certification (such as ISO14001 Environmental management 、ISO14064-1 Greenhouse Gas Inventory and ISO50001 Energy management).</p> <p>2. Social responsibility: The Company attaches great importance to talents and caring for employees, maintains a good labor-employment relationship, actively cooperates with universities to jointly promote industry- university cooperation and the internship plan, assists in the development of students' professional capabilities to enhance their future employment ability, and continuously promotes and passes various occupational safety and health management certification (such as ISO45001, TOSHMS and CNS 45001.</p>

Assessment Items	State of Implementation			Difference from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
<p>II. Does the Company establish specific (or part-time) units in charge of promote CSR and have the senior management authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?</p>	✓		<p>3. Corporate governance: The Company abides by various laws and regulations, strictly keeps business secrets and implements internal control system, implements ethical corporate management and code of ethical behavior, and promotes and passes various management systems (such as ISO 27001 Information Security Management Certification, ISO 9001 Quality Management, and C-TPAT Anti-terrorism Certification).</p> <p>II. 11th meeting of the 13th Board of Directors approved to set up ESG committee ( Chairman : Hsu, Kun-Tai / Duty chairman : Lu, Chin-Chung/ chief corporate governance officer and three Independent Directors are the members) for Environment 、 Social and Governance related topics.</p> <p>2020/8/10 Board of Director report on implementation of corporate social responsibility and integrity operating work</p>	II. No difference
<p>III.Environment Issues</p> <p>1.Dose the Company establish the environmental management policies suitable for the Company's industry characteristics?</p>	✓		<p>1. The Company establishes the applicable environmental management system subject to the industry characteristics. Each of its factories has acquired the ISO 1400 environmental management license and OHSAS 18001 occupational safety and health management license, and practices the ISO environmental management regulations strictly.</p>	1. No difference

Assessment Items	State of Implementation		Difference from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	
2. Does the Company commit itself to upgrade the efficient use of various resources and adopt renewable materials posing low impact to the environment?	✓		2. The Company commits itself to upgrading the efficient use of various resources and adopts the renewable materials posing low impact to the environment, including solar power generation, recycling of production line energy and classification and recycling of waste. The recyclable kitchen waste may be disposed of by professional service suppliers who hold the relevant license, Industrial wastewater has been added a wastewater recycling system to save water resources, while the other domestic waste may be disposed of by the local government’s environmental protection unit. By way of this, the Company expects to increase the efficient use of all resources and gradually reduce the burden the environment suffers.
3. Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures related to climate issues?	✓		3. The Company will answer the Carbon Disclosure Project (CDP) questionnaire each year, in order to respond to the international investors’ concerns about the climate governance by Chicony Electronics Co., Ltd. In 2020, the Company implemented the Task force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) to assess the impact and opportunity posed by the climate transformation faced by us, and built the indicators and management by objectives based on the assessment results, and then control and mitigate the potential impact posed by the climate transformation to the business. Meanwhile, in order to mitigate the impact posed by the emission of GHG to the external environment, in 2020, the Company estimated the carbon reduction responsibility to be borne by Chicony Electronics, establish the reduction strategy, and respond to the science based target (SBT), under the stimulated scenario assuming the global temperature raising by 2°C as developed by the International Energy Agency (IEA).

Assessment Items	State of Implementation		Difference from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons	
	Yes	No		Summary
4. Does the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of the waste in the past 2 years and establish policies for energy saving, carbon reduction, reduction of greenhouse gas emission, and water consumption or other waste management.	✓		<p>For the Company's major climate risk and opportunity assessment result and countermeasures 2020, please refer to the Chicony Corporate Social Responsibility Report 2020 and Schedule 1.</p> <p>4.The company formulate policies and objectives for energy conservation and carbon reduction, greenhouse gas reduction and water consumption reduction, and continue to promote environmental management through propaganda, training, continuous promotion of equipment efficiency improvement, energy conservation measures, and audit and improvement tracking to improve environmental management. All staff are required to save energy and carbon, including water, electricity and paper, to avoid unnecessary waste, and the effect of energy saving and carbon reduction is included in the semi-annual performance evaluation index.</p> <p>Continue to promote rainwater recycling and water conservation measures.</p> <p>Strengthen garbage classification and recycling, develop green products, and recycle packaging materials.</p> <p>The past 2 years statistics of greenhouse gas emissions (verified by third party), water consumption and total weight of waste and future goal (Please refer to CSR report and company website )</p> <p>In 2020, the water consumption of the headquarters and all plants(excluding Thai factory) is 1,359.73 thousand tons, which is 14.194 thousand tons, or 1.03% less than 1,373.924 thousand tons in 2019(excluding Thai factory).</p>	4.No difference

Assessment Items	State of Implementation		Difference from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	
<p>IV.Social Issues</p> <p>1.Dose the Company formulate appropriate management policy and procedure in accordance with relevant regulations, laws and the International Bill of Human Rights?</p> <p>2. Does the Company establish and implement proper employee benefit measures (including the salary, holidays, and other benefits) and appropriately reflect the corporate business performance or achievements in the employee remuneration?</p>	<p>✓</p> <p>✓</p>	<p>1. The Company fully complies with relevant labor laws and regulations and protects labor human rights to ensure that employment, salary, welfare, health, safety, and employees’ legal rights and interests are protected, and are not differentiated by gender, ethnicity, religion, etc. In order to manage and continuously improve Company social responsibility, the social responsibility management system has been set in accordance with the requirements of the RBA Corporate Responsibility Alliance.</p> <p>2. The Company has formulated various employee welfare measures in accordance with the Labor Standards Act and relevant laws and regulations, and provides competitive salaries as well as grants and bonuses to employees to share earnings with them. (Please refer to 5.5)</p>	<p>1. No difference</p> <p>2. No difference</p>

Assessment Items	State of Implementation			Difference from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
3. Dose the Company provide a safe and healthy working environment, and provide employees with regular safety and health education?	✓		3. The Company pays attention to the health of its employees. The headquarters and all plants have passed the certification of ISO45001、TOSHMS/CNS 45001 occupational safety and health management system. The Company regularly carries out health examinations of its employees and entrusts a qualified testing agency to carry out the verification of the working environment every year. Training on fire safety and firefighting, AED + CPR first aid training and evacuation drills are also held every year, and special training on chemical safety, electrical safety, machinery and equipment safety and fire safety are carried out as well. In September 2019, the employees of the Taipei headquarters participated in the activities and course of the Occupational Safety and Health Hazard Prevention Tour among Enterprises (Group Work Safety Week) which was organized by the Institute of Labor and Occupational Safety and Health, Ministry of Labor. In addition to the annual fire safety and evacuation drills, SCBA, European style fire-fighting clothing and other fire-fighting equipment are purchased for the Group’s headquarters building. The Chicony Fire Fighting Response Team is also established and personnel are sent to participate in advanced training every year. A safety officer audit team is also set up in the Group to implement audit/scoring and improvement on a regular basis, and distribute bonus to outstanding units.	3. No Difference
4. Dose the Company set up effective career development and training programs for its employees?	✓		4. In order to improve the Company human quality, the Company has a full-time staff responsible for establishing a talent pool, carrying out manpower inventory planning, and regularly organizing various educational and training activities.	4. No Difference

Assessment Items	State of Implementation			Difference from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
5.Does the Company comply with relevant laws and international standards with regards to the customer’s health, safety and privacy, marketing, and labeling in relation to the products and services and establish relevant policies and complaint procedure to protect the right of the customers?	✓		5. The Company fully implements and abides by the laws and regulations on the protection of consumers' rights and interests, and makes customer satisfaction one of the Company's important strategies. In addition to the business contact window, the Company has a CEO direct grievance mailbox management method, and has contact information under Investor Relations and Corporate Social Responsibility of the Company's website for questions, suggestions and complaints. The Company properly handles and gives feedback in good faith in order to protect the rights and interests of customers.	5. No difference
6.Does the Company establish the supplier management policy to require the supplier to comply with relevant regulations on issues of environmental protection, occupational safety and health or labor rights and provide its status of implementation?	✓		6. The Company conducts supplier management in accordance with the RBA code of conduct. Suppliers shall fill in the self-assessment form based on the five major evaluation items of the RBA criteria, in order to enable the Company to understand the suppliers' current self-assessed status, and further audit the suppliers' performance of social responsibility according to the RBA criteria, so as to achieve the management, supervision and guidance of suppliers through the requirements of consistent criteria.	6. No difference

Assessment Items	State of Implementation		Difference from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	
V. Does the Company refer to the international criteria or instructions on the preparation of reports to prepare reports disclosing the non-financial information of the Company, such as the corporate social responsibility report? Does the report mentioned above have been assured, verified, or certified by a third party?	✓		V. Each year, the Company prepares the Chicony Electronics Corporate Social Responsibility Report with reference to the GRI international reporting specifications and guidelines, and discloses the specific implementation results of the Company's corporate social responsibility on MOPS and the Company's website. The aforementioned 2019 report will be certified by a third party as required and is disclosed in this report.
VI.If the Company has instituted the corporate social responsibility best practice principles in accordance with the “Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX-listed Companies”, specify the implementation of these principles and the variation with the Corporate Social Responsibility Best Practice Principles for the TWSE/TPEX-listed Companies: No Difference The Company established a code of conduct for corporate social responsibilities within the Company based on the “Corporate Social Responsibility Best Practice Principles for TWSE-Listed Companies” and the “Electronics Industry Citizenship Coalition Code of Conduct”, and announced that the Company should comply with it; the Company is still following the RBA Code of Conduct 6.0 and simultaneously updating the Company internal corporate social responsibilities code of conduct. In order to promote corporate governance, develop a sustainable environment, and maintain social welfare, the supervisors and colleagues of all units actively follow this code. To disclose information on various corporate social responsibilities, the Company is also planning to disclose it in the biennial report of Corporate Social Responsibilities, and publish relevant documents on the Company website. As mentioned above, the operation and achievements of the Company corporate social responsibilities are in line with the spirit and requirements of the Code of Conduct.			

Assessment Items	State of Implementation		Summary	Difference from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No		
<p>VII. Other Important Information That Helps us to Understand the Operation of Corporate Social Responsibilities (such as the Company adopted systems, measures, and performance in environmental protection, community participation, social contribution, social services, social welfare, consumer rights, human rights, safety and health, and other social activities):</p> <p>Important information about the operation of CSR (including the co-prosperity and communication of interested parties, the use of the “Conflict Minerals” policy for supplier management policies, etc.) will be disclosed on the Company website (website: <a href="http://www.chicony.com.tw/">http://www.chicony.com.tw/</a>) under the corporate social responsibilities or refer to the Company Corporate Social Responsibilities Report.</p> <p>The company ranks among the top 10% of global ESG companies evaluated by the "Indicators".</p>				

Schedule 1

Climate Risk	Descriptions about the issue	Time	Impact Pathway	Countermeasures
Transformation Risk – Changes of Customers' Behavior	The climate changes or increasing climate transformation awareness causes changes of the customers' preference for products/services, e.g. use of eco-friendly materials and renewable energy.	Short term	Increase in operating costs (raw materials and supplies, R&D)	<ul style="list-style-type: none"> <li>✓ Increase in investment in R&amp;D</li> <li>✓ Change of product designing</li> <li>✓ Development of eco-friendly materials</li> </ul>
Transformation risk – Transition of consumers'/customers'/investors' preference	In the recent years, the performance of ESG practices has become one of the important factors that investors would take into account when making investments. The outsiders' concern about the relevant ratings, ESG-related performance, and communication might be critical to investors' willingness.	Mid-term	Impair goodwill and image (Stock price decline)	<ul style="list-style-type: none"> <li>✓ Implementation of TCFD, SBT, and ICP (Internal Carbon Pricing)</li> <li>✓ Set up the TCFD taskforce to draft the climate countermeasures.</li> </ul>
Transformation risk – Existing requirements and controls over products and services	The increasing climate transition awareness triggered the changes of policies adopted by the governments at the production locations, including the compliance of product energy efficiency, water consumption efficiency, and controlled substance with the relevant requirements.	Short term	Decrease in operating revenue (Decrease in purchase orders)	<ul style="list-style-type: none"> <li>✓ Adjust the supplier procurement strategy</li> <li>✓ Strengthen cooperative relations with customers</li> <li>✓ Adjust the product pricing strategy</li> </ul>

Climate Opportunity	Descriptions about the issue	Time	Impact Pathway	Countermeasure
Market – launch into a new market	Research and develop the product lines able to mitigate the impact posed by climate transition, and expand the new applications of existing products to satisfy and respond to the new market and new customer needs under the climate policy.	Mid-term	Increase in operating revenue (Increase in purchase orders)	<ul style="list-style-type: none"> <li>✓ Increase in investment in R&amp;D</li> <li>✓ Concern about the market trend</li> <li>✓ Acquire low-carbon certification</li> </ul>
Recycling efficiency – Adopt more efficient production and delivery procedures	Automated and smart emerging technological application, improve the yield rate, reduce the use of materials and generation of waste, cut operating costs and improve production capacity	Mid-term	Increase in operating revenue (Increase in purchase orders)	<ul style="list-style-type: none"> <li>✓ Increase in the investment in automated equipment</li> <li>✓ Setting of automated objectives</li> <li>✓ Establishment of the QC plan</li> </ul>
Recycling efficiency – Re-adoption of more efficient buildings	Adopt the green building design for new construction projects, and reduce utilization of resources and emission of pollutants, in order to cut operating costs and increase the value of assets.	Mid-term	Decrease in operating costs (Energy)	<ul style="list-style-type: none"> <li>✓ Increase in investment in R&amp;D</li> <li>✓ Expand the application of smart control technology</li> <li>✓ Implement the smart control system step by step</li> </ul>

(6) The company's performance of ethical corporate management and the difference from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for the difference:

Assessment Items	State of Implementation		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
<p>I.Enactment of ethical management policy and program</p> <p>1.Whether the Company formulates the ethical management policy approved by the board of directors The Company has the ethical business policy expressed explicitly in the Company's regulations and external documents, as well as the active implementation committed by the board of directors and management.</p>	✓		<p>1.No Difference</p>

Assessment Items	State of Implementation		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
2.Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly with the inclusion of the prevention measures against each behavior specified in Article7 Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?	✓	2、In accordance with the business philosophy and policies of the Company's "Ethical Corporate Management Best Practice Principles", the Company has formulated its "Operation Procedures and Behavior Guidelines for Ethical Corporate Management". In Articles 6 to 15 of the Behavior Guidelines, the Company has prescribed the preventive measures and operations for the conducts under paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", In order to prevent conflicts of interest between employees and their related parties, the Company's Administration Department particularly established the “Anti-Collusion and Conflict of Interest Management Regulations”. Meanwhile, the employees who have actual or potential conflicts of interest with the Company have already filed the “Letter of Commitment to be Incorruptible” and “Employee Conflict of Interest Declaration Form” with the Administration Department in December 2020. The same will be filed pursuant to the Regulations periodically/from time to time.	2.No Difference

Assessment Items	State of Implementation		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons	
	Yes	No		Summary
3.Does the Company specify the operating procedures, behavior guidelines, discipline of violation and complaint system in the prevention program for unethical conduct, and implement the program accordingly? Does the Company regular review and modify the program mentioned above?"?	✓		3、In 2014, the Company formulated its "Operation Procedures and Behavior Guidelines for Ethical Corporate Management" and stipulated the operation procedures and behavior guidelines for the prevention of unethical conducts, and designated the Administrative Department as the responsible unit, which reviewed and revised the "Operation Procedures and Behavior Guidelines for Ethical Corporate Management" in March 2019.	3.No Difference
II.Implementation of ethical business 1.Evaluation of individuals that have a record of unethical behavior and regulation of the ethical code of conduct in the business contract.	✓		1、In addition to complying with the Company "Integrity of Operating Procedures and Behavior Guidelines", And through training and supplier conferences, clearly declare and implement the principle of integrity. In order to prevent the risk of possible bribery, the Company has signed a "Completion of Integrity Letter of Commitment" with the manufacturer. When signing a commercial contract with others, in addition to fully understanding each other's integrity management, the contract will be performed in good faith management spirit; if necessary, before the signing of the contract, the integrity management spirit will be included in the contract depending on the type of contract.	1.No Difference

Assessment Items	State of Implementation		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
2.Does the Company establish a specific unit subject to Board of Directors to promote corporate ethical business and regularly (at least once a year) report the ethical management policy, prevention program of unethical conduct and implementation status of supervision to Board of Directors?.	✓	2、The designated Administrative Department of the Company is a dedicated unit responsible for the revision, implementation, interpretation, consulting services, and notification of content registration and other related operations and supervision of the “Integrity of Operation Procedures and Behavior Guidelines”, and reports to the Board of Directors on a regular basis every year. On August 10, 2020, the summary of the implementation is as follows: i. In June 2020, the Corporate Social Responsibilities Report (2019) of Chicony Electronics was issued and published on the Company website and Market Observation Post System. ii. In August 2020, the Corporate Social Responsibilities Report (2019) of Chicony Group was issued in Chinese and English. iii. The Company is working on the Chicony Electronics Corporate Social Responsibility Report (2020) in accordance with the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, and expects it to be issued by the end of June 2021. iv. The implementation of public welfare activities is as follows: 1、Education promotion: Donations to National Taipei University of Technology	2. No Difference

Assessment Items	State of Implementation		Summary	Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No		
3.Has the Company made policies for the prevention of the conflict of interest, and provided the channels for expressions, and has it properly implemented this system?	✓		<p>2、Care for the vulnerable group: Donations to Academic Foundation for Prevention and Treatment of Liver Disease, National Health Foundation, and Charity Social Welfare Foundation, Taipei Great Pacific Rotary Club.</p> <p>3、Local giveback: onation to Hsianse Temple.</p> <p>4、Environmental protection: In response to global climate change and water resources protection, the Company sets up annual energy conservation, carbon reduction goals, and discloses the data of CDP (greenhouse gas emissions) and water resources every year to protect the environment.</p> <p>3、The Company has formulated the “Code of Ethical Conduct”, and has stipulated in the “Rules of Procedure of the Board of Directors’ Meeting” and the ”Operation Procedures and Behavior Guidelines for Ethical Corporate Management" that the directors shall exercise a high degree of self-discipline; if a director or the legal person he represents has a personal interest in a proposal discussed in the board of directors’ meeting, he shall explain the important content of his personal interest in the current board of directors’ meeting. If the said interest is harmful to the interests of the Company, the director shall not join in the discussion and voting, and shall withdraw from the discussion and voting sessions; neither shall he exercise voting rights on behalf of other directors. Meanwhile, in order to strengthen the report on conflict of interest under the “Procedures for Ethical Management and Guidelines for Conduct”, the Company has established the “Anti-Collusion and Conflict of Interest Management Regulations”, so that it may control any actual or potential conflict of interest existing in the Company via the employees’ report on conflict of interest. The Administrative Department shall also be responsible for following up and maintaining the data as filed and reported.</p>	3. No Difference

Assessment Items	State of Implementation		Summary	Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No		
4. Does the Company establish effective accounting system and internal control system to implement ethical business and draft relevant audit plans by the internal audit unit based on the risk assessment results of the unethical conduct? Does the compliance of prevention program for the unethical conduct audited accordingly by the audit office or committed accountants?	✓		4. The Company has incorporated into the relevant internal control systems the plan for prevention of unethical conducts. The Internal Audit prepares the annual audit plan based on the risk assessment results, and carries out the audit of various internal control systems. If unethical conducts are found, an audit report will be made and submitted to the board of directors.	4. No Difference
5. Periodic education and training of ethical business	✓		5. Any new employee's on-board date in each month, the Company will provide the related orientation training program (the teaching materials including the Company's ethical management philosophy), and take advantage of the annual employee conference to promote it again, and post the "Anti-Collusion and Conflict of Interest Management Regulations" on the Company's e-bulletin. Any new employee shall execute the "Employee Conflict of Interest Declaration Form" and "Letter of Commitment to be Incorruptible" separately on his/her on-board date. The Company will also organize the anti-trust law & regulations conference internally to enable all executive officers, sales, and legal personnel to better know that no misconduct should be performed by them to seek or maintain profit when they are performing job duties. Further, the internal auditors will attend the training courses organized by external professional organizations, and use the best effort to prevent any unethical conduct inside the Company through different management practices, and case studies and applications. In 2020, the plants in China (including those in Mao Rui, Dongguan, Suzhou and Chong Qing) organized the ethical management promotion conference. The information about attendees are described as the statistics shown in Schedule 1.	5. No Difference

Assessment Items	State of Implementation		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
<p>III.The operation of reporting system</p> <p>1.Specific reporting and reward systems, reporter friendly channels and representative assigned to deal with the reporting issues</p> <p>2. Dose the company establish standard procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after complaint investigation?</p>	✓		<p>III.No Difference</p>
		<p>III .</p> <p>1.The whistle-blowing and complaining channels set up by the Company are primarily intended to improve the Company's ethical management via the management system and build the comprehensive communication platforms inside/outside the Company, in order to control and feed back to the suggestions, whistle-blowing and complaints from employees in a timely manner, construct the satisfactory two-way communication channel between the management and employees, and strengthen the promotion of various labor issues and ethical conducts.</p> <p>1. “CEO mailbox”: The Audit Office is responsible for investigation and review as the responsible unit.</p> <p>2. “Management Procedures for Prevention of Performance of Duty from Infringement”: The HR Department is primarily responsible for reviewing and processing cases as the responsible unit.</p> <p>3. “Regulations Governing Sexual Harassment Prevention Policy, Complaints and Punishment in Workplaces”: The HR Department is primarily responsible for accepting, investigation, and reviewing the complaints as the responsible unit.</p> <p>4. “Annual Employee Conference”: All employees and senior management attend the two-way communication. The Administration Department shall act as the responsible unit and the other related units shall provide assistance.</p> <p>2.The management regulations and procedures herein all have defined the relevant responsible investigation unit and standard operating procedures to ensure that the identity of all whistle-blowers or complainants, whistle-blown contents, and</p>	

Assessment Items	State of Implementation		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
			data under investigation will be kept in confidence strictly.
<p>3.Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>IV.Enhancing Information Disclosure of ethical business principals and implementation results on its website or TWSE “MOPS”</p>	✓		<p>3. In order to protect any whistle-blowing in good faith and prevent whistle-blowers from retaliation as a result of the whistle-blowing or complaint, the Company precisely executes the related whistle-blowers’ protection and keeps the investigation in confidence in accordance with various management procedures and regulations established by it. Upon verification of the whistle-blowing details, any further whistle-blowing and complaint in good faith raised internally or externally will be encouraged to help fulfill the ethical management policy, pursuant to the procedures and regulations established by the Company.</p> <p>IV.The Company has set up a website. The link is <a href="http://www.chicony.com.tw">http://www.chicony.com.tw</a>. In the investor relationship section, we disclose information about corporate governance and integrity management.</p> <p>IV.No Difference</p>
<p>v. If the Company Develops its Own Integrity Operation Rules According to the “Integrity Operation Best Practice Principles for TWSE/GTSM-Listed Companies”, Please State the Differences:  The “Integrity Operation Principles” has been established and the Audit Committee has been set up by the Company. On March 7, 2019, the 12th Session of the 17th Board of Directors passed the amendment of the “Integrity Operation Principles” and reported to the Shareholders' Meeting. Based on the Company “Integrity Operation Principles” business philosophy and policies set out in the “Integrity Operation Procedures and Behavior Guidelines”, and cooperating with the Company to set up the Audit Committee and refer to the “○○ Co., Ltd. Integrity Operation Procedures and Behavior Guidelines”. Amend the Company's “Integrity Operation Procedures and Conduct Guidelines” and report to the Shareholders' Meeting, and check the implementation effectiveness and continuous improvement at any time to ensure the implementation of the integrity management policy.</p>			

Assessment Items	State of Implementation			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
VI. Other information material to the understanding of ethical business operation (e.g., the discussion and amendment to the ethical business best practice principles defined by the Company): In 2020 the Company was re-selected as a constituent of the “FTSE4Good TIP Taiwan ESG Index” and “Taiwan HC 100 Index” of the TAIEX, and new listed as component stocks on the "Taiwan Market CSR Small /Mid-Cap Index" of the TAIEX. Representing that outsiders recognize the Company responsibilities for sustainable development.				

(7) How to find the corporate governance rules, related rules and regulations.

In order to ensure the consistency and correctness of the Company's published information and strengthen the management of the prevention of internal transactions, and to establish a good internal information processing and disclosure mechanisms of the Company to prevent information leakage, the Company established the “Internal Material Information Processing Operations and Prevention of Internal Transactions Management Procedures”. For details, please refer to the important internal rules of the Company's website <https://www.chicony.com.tw/chicony/tw/investors/corporate/Organizational>

(8) Other important information to increase understanding of corporate governance operations:

The Company website has “Social Responsibilities” and “Investor Relations” (including corporate governance, financial information, and stock affairs information) and other areas for inquiries.

Schedule 1.

Plant	Sessions & People	Sessions			People		
		Internal staff	External vendor	Total	Internal staff	External vendor	Total
Maorui Plant		4	5	9	180	97	277
Dongguan Plant		6	6	12	380	216	596
Suzhou Plant		5	2	7	119	70	189
Chong Qing Plant		3	1	4	350	76	426
Total		18	14	32	1029	459	1488

- (9) Status of Implementation of Internal control system (including statement of internal control and audit report of CPA)

1. Statement of Internal Control System:

Chicony Electronics CO., Ltd.  
Declaration of Internal Control System

Date: 3/10/2021

The Company internal control system for 2020 is based on the results of its own assessment and is stated as follows:

- I. The Company's Board of Directors and management team understand their responsibilities of developing, implementing, and maintaining the Company's internal control system, and such a system has been established. The purpose of establishing the internal control system is to reasonably assure the following objectives: (a) The effectiveness and efficiency of business operation (including earnings, operation performance, and the safeguard of Company assets); (b) Achieve the reliability, timeliness, transparency, and compliance objectives according to the relevant laws and regulations in order to provide reasonable assurances.
- II. Due to the innate limitation in designing a faultless internal control system, this system can only assure that the reasonableness of the above three objectives have been fairly achieved. In addition, the effectiveness of the internal control system can be altered over time due to the change of business environment or situation. Since the Company's internal control system has included self-examination capabilities, the Company will make immediate corrections when errors are detected.
- III. The evaluation of the effectiveness of the internal control system design and implementation is made in accordance with the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (hereafter referred to as "the Guidelines"). The Guidelines are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each factor also includes several items. Details of each factor can be found in the Guidelines.
- IV. The Company has examined the effectiveness of each respective factor in the internal control system based on the Guidelines.
- V. The examination result indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2020 has effectively assured that the following objectives have been reasonably achieved during the assessing period: (a) The degree that effectiveness and efficiency of business operation; (b) The reliability of the financial and related reports; (c) The compliance of the relevant laws/regulations and Company policies.
- VI. This Statement is a significant part of the Company's Annual Report and prospectus available to the general public. If it contains false information or omits any material

content, the Company is in violation of Article 20, Article 32, Article 171, and Article 174 set forth in Taiwan's Security and Exchange Act.

VII. The Company hereby declares that this statement had been approved by the Board of Directors on March 10, 2021. Among the 8 attending Directors, no one raised any objection to the contents of this statement.

Chicony Electronics CO., Ltd.

Chairman: Hsu, Kun-Tai

General Manager: Lu, Chin-Tsung

2. Authorized Accountant to Audit the Company's Internal Control System and Disclose the Audit Report Made by Accountants: None

(10) The Punishment Inflicted on the Company or Its Internal Personnel, or Any Disciplinary Penalty by The Company Against Its Internal Personnel for Violation of The Internal Control System:  
 From 2020 to March 31, 2021, there is no punishment inflicted on the Company’s employees, nor is the disciplinary action taken by the Company against its employees for violating internal regulations.

(11) Important Resolutions Made by the Shareholders’ Meeting and Board Meeting:

1. Shareholder’s Meeting on June 10, 2020:

NO	Important resolutions	Implementation Status
1.	Proposals for acknowledgement of 2019 Business Report and Consolidated Financial Statements and Individual Financial Statements	Recognize the business report, consolidated financial report and individual financial report of 2019. The company’s 2019 consolidated revenue reached NTD \$92,552,325 thousands, Net profit amount is NTD \$5,838,817 thousands , Earnings Per Share is NTD \$8.45 ; The resolution is approved by Shareholder’s Meeting and announced on the Market Observation Post System.
2.	Acknowledgement of the 2019 Earnings Distribution	The Earnings distribution statement is announced on the Market Observation Post System. The cash dividend per share is approved to be NT\$5.9 by the Board Meeting of 10 March 2020. And April 16, 2020 is set as the ex-dividend date, and dividends will be issued on May 12, 2020.
3.	Proposal for amendment to the “Procedures for Loaning of Funds”	To be handled in accordance with the amendment.

2. From 2020 to March 31, 2021, important resolutions of the Board Meeting:

Date	Important Resolutions
<p>March 10, 2020 5th meeting of the 13th Board of Directors</p>	<p>I. 2019 performance evaluation report of the board of directors and functional committees.            II. Planning report for the Company's improvement in its ability to prepare its own financial report.            III. Internal audit business report: 49 audit items listed in the 2019 audit plan were completed, and no significant abnormal design or implementation of the internal control system was found.            IV. Adopted the proposal to hold the general shareholders' meeting of the Company for 2020 at 9:00 a.m. on June 10, 2020.            V. Adopted the Company's 2019 business report, consolidated financial report and individual financial report.            VI. Adopted the proposal of the 3rd-session, 4th-term Remuneration Committee meeting to make a provision of NT\$838,112,364 for employees' remuneration and NT\$52,069,960 for directors' remuneration. Cash will be paid for directors' remuneration, and it is proposed to pay NT\$438,112,377 in cash and issue new shares of NT\$399,999, 987 for employees' remuneration; calculated by the closing price of NT\$80.6 per share on the day before the resolution of the board of directors to issue new shares, a total of 4,962,779 new shares will be issued.            VII. 2019 earnings distribution: According to the Company's 2019 financial statements audited and certified by the independent auditor, there is a net profit of NT\$5,838,816,879 after tax. According to the law, the Company shall first provide a legal reserve of NT\$583,881,688 and a special reserve of NT\$185,423,601; plus the adjusted undistributed earnings of NT\$3,531,840,847, the total amount available for distribution is NT\$ 8,601,352,437. It is planned to distribute cash dividends of NT\$4,362,815,770, at NT\$5.9 per share. The unit of cash dividend payment is NT\$1 (rounded off below NT\$ 1), and the total of the amounts after the decimal point will be included in the Company's other income.            VIII. Amendment to the Company's "Procedures for Loans to Others" and "Organizational Procedures of the Audit Committee".            IX. Adopted the proposal of regular assessment of the independence of the independent auditor.            X. Ratified the Company's 2019 remuneration to directors, managers above the senior manager level and the directors of finance and accounting.            XI. Adopted the proposal that Mr. Yuan-Hong Chao, the current deputy director of the Audit Office be promoted to replace Mr. Tzu-Jun Wang, the former audit director of the Company who applied for retirement.            XII. Reviewed and adopted the 2019 internal control system statement.</p>
<p>May 6, 2020 6th meeting of the 13th Board of Directors</p>	<p>I. The company has completed the registration of changes in the capital amount of 4,962,779 shares issued for employee compensation and the new shares has issued on 2020/5/8.            II. The company completed the distribution of NT \$ 4,362,815,770 in cash dividends for the year 2019 on 2020/5/12.            III. The company has completed the payment of NT\$52,069,960 to directors' remuneration for the year 2019 on 2020/3/20.            IV. Submission of the Company's consolidated financial statements Q1 of 2020.            V. The authorization to the Chairman is approved to handle matters related to the contract works, payment terms, contract content and signing of the additional project of the Thai factory building within a limit of no more than 488.14 million baht.            VI. Adopted the loan cases of USD\$40 million to the Thailand subsidiary (CET).            VII. Ratified the Company's acquisition of the securities of Chicony Power for above NT\$300 million.            VIII. Adopted the lifting of the non-competition restriction on the Company's managers.</p>

Date	Important Resolutions
August 10, 2020 7th meeting of the 13th Board of Directors	<p>I. The Company's Consolidated Financial Report for the first half of the year 2020.</p> <p>II. The Company has purchased US\$20,000 thousand liability insurance for the duration of one year for the Directors and important employees starting from July 31, 2020 to July 31, 2021.</p> <p>III. Implementation of the report of corporate social responsibility and integrity operating work.</p> <p>IV. Adopted the loan cases of NT\$1.5 billion to Unikey Electronics Co., Ltd., NT\$650 million to Guangsheng investment Co., Ltd., NT\$200 million to Chunjing Investment Co., Ltd., NT\$500 million to Hipro electronics Co., Ltd.,</p> <p>V. Reviewed and adopted the proposal of the Remuneration Committee amend to the the company's "Measures for Performance Evaluation of the Board of Directors and Functional Committees" and "Remuneration Committee Charter".</p> <p>VI. Adopted formulation "Procedures for Derivative Transaction Processing", "Procedures for Loans to Others" and "Procedures for Acquisition or Disposal of Assets" by Thailand subsidiary (CET), and the revision of the "Procedures for Loans to Others" by other subsidiaries.</p> <p>VII. Ratified the Company's disposal of the private placement securities of Fuhua Digital Economic Fund,, with a disposal benefit of about NT\$33 million.</p>
November 5, 2020 8th meeting of the 13th Board of Directors	<p>I. The Company's consolidated financial report for the third quarter of 2020.</p> <p>II. The report of implementation and management plan of Intellectual Property operating work.</p> <p>III. Adopted the endorsement of US\$6 million to the subsidiary CEZ.</p> <p>IV. Reviewed and adopted the proposal of the Company's 4th-session, 5th-term Remuneration Committee meeting on the proposal on the payment of 2020 bonus and employee remuneration to managers.</p> <p>V. Ratified the Company's disposal of the private placement securities of Fuhua New performance Fund. And subsidiary Chicony Overseas Inc. disposed the private placement securities of Saga-China Management Co., Ltd.</p> <p>VI. Adopted the amendment of company's "Regulations of Property Management".</p> <p>VII. Adopted the amendment of company's "Corporate Governance Best Practice Principles".</p> <p>VIII. Adopted company's audit plan of 2021.</p>
January 29 2021 9th meeting of the 13th Board of Directors	<p>I. 2020 performance evaluation report of the board of directors and functional committees.</p> <p>II. Adopted the joint evaluation land development with Hongwell Co., Ltd and work together for Urban renewal cases.</p> <p>III. Adopted the amendment of company's "Procedures for Loans to Others".</p> <p>IV. Adopted the amendment of company's "Procedures for Acquisition or Disposal of Assets"</p> <p>V. Adopted senior Vice General Manager Lin, Yu-Ling of finance department o be the fist session of chief corporate governance officer.</p> <p>VI. Adopted subsidiary Chicony Overseas Inc. investment in WRVI CAPITAL IV, L.P. within a USD 10 million</p>

Date	Important Resolutions
March 10, 2021 10th meeting of the 13th Board of Directors	<p>I. Internal audit business report: 53 audit items listed in the 2021 audit plan were completed, and no significant abnormal design or implementation of the internal control system was found.</p> <p>II. Adopted the proposal to hold the general shareholders' meeting of the Company for 2021 at 9:00 a.m. on June 11, 2021.</p> <p>III. Adopted the Company's 2021 business report, consolidated financial report and individual financial report.</p> <p>IV. Adopted the proposal of the 6th-session, 4th-term Remuneration Committee meeting to make a provision of NT\$847,551,083 for employees' remuneration and NT\$52,656,365 for directors' remuneration. Cash will be paid for directors' remuneration, and it is proposed to pay NT\$297,551,142 in cash and issue new shares of NT\$549,999, 941 for employees' remuneration; calculated by the closing price of NT\$94.3 per share on the day before the resolution of the board of directors to issue new shares, a total of 5,832,449 new shares will be issued.</p> <p>V. 2020 earnings distribution: According to the Company's 2020 financial statements audited and certified by the independent auditor, there is a net profit of NT\$5,466,764,455 after tax. According to the law, the Company shall first provide a legal reserve of NT\$542,707,959 and a special reserve of NT\$961,745,062; plus the adjusted undistributed earnings of NT\$4,198,851,797, the total amount available for distribution is NT\$ 8,161,163,231. It is planned to distribute cash dividends of NT\$4,099,110,119, at NT\$5.5 per share. The unit of cash dividend payment is NT\$1 (rounded off below NT\$ 1), and the total of the amounts after the decimal point will be included in the Company's other income.</p> <p>VI. Amendment to the Company's " Rules of Procedure for Shareholders Meetings".</p> <p>VII. Adopted the proposal of regular assessment of the independence of the independent auditor.</p> <p>VIII. Cancelled the endorsement of US\$6 million to the subsidiary CEZ.</p> <p>IX. Ratified the Company's 2020 remuneration to directors, managers above the senior manager level and the directors of finance and accounting.</p> <p>X. Adopted the subsidiary's formulation of or amendment to its "Procedures for Derivative Transaction Processing", "Procedures for Loans to Others", "Procedures for Acquisition or Disposal of Assets" and "Measures for the Implementation of Endorsements and Guarantees".</p> <p>XI. Reviewed and adopted the 2020 internal control system statement.</p>

(12) The Main Contents of Important Resolutions Passed by the Board of Directors Regarding in which Directors have Voiced Differing Opinions on the Record or in Writing in 2020 to March 31, 2021: None.

(13) Summary of Resignation or Dismissal of Personnel (including the Chairman of Board, President, Financial Manager, Accounting Manager, Internal Audit Manager, Chief corporate governance officer and R&D Manager, etc.): None.

Title	Name	Date of Appointment	Date Discharged	Reasons for Resignation or Discharge
Audit Director	Mr. Tzu-Jun Wang	May 1, 2003	March 31, 2020	Retirement

(14) Certification of employees whose jobs are related to the company's financial information:

The Company's Financial and Administrative Department has three qualification employees for obtaining CPA licenses from the US, six employees obtaining CPA accountants licenses from the Republic of China, and two employee obtaining the Chinese Certified Tax Agent (CTA) license. and two employee obtaining CPA accountants licenses from China.

4. Auditing fees for the CPAs:

(I) Auditing fees for the CPAs:

Auditing fees for the CPAs

Unit: NTD1,000

Name of CPA Firm (List and explain the reasons separately when replacing)	Name of CPA	Auditing Fee	Non-auditing Fee (note)					Examination Period of the CPA	Remarks Field (specify the content of the service)
			System Design	Industrial and Commercial Registration	Human Resources	Others	Subtotal		
PwC Taiwan	Chen, Chin-Chang	7,000	0	90	0	3,322	3,412	1.1.2020 - 12.31.2020	Non-audit Fee Refer to Note
	Weng, Shih-Jung								

1. Where the non-audit fees paid to the certified public accountant, the firm to which the certified public accountant belongs and its affiliated enterprises account for more than a quarter of the audit fees, the amount of audit and non-audit fees (as shown in the table above) and the content of non-audit services shall be disclosed as followed:

Business registration NT\$90 thousand, Transfer pricing report, special review and country reports NT\$1,600 thousand, Audit of direct deduction method for business tax of concurrent business operators NT\$100 thousand, and R&D investment deduction counseling NT\$1,622 thousand.

2. Altering of the CPA firm and the audit fee in the altering year is less than that in the previous year: None.

3. The audit fee is reduced by over 10% compared with the previous year: None

5 Replacement of the CPA: (Alteration of the CPA of the financial report in the recent two years and up to the date of printing of this Annual Report) : None

6. The Company's Chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise: None

7. The transfer of equity shares or change in the pledge of shares under lien by the Directors, Supervisors, Managers, and shareholders holding more than 10% of the shares:

(I) The difference of shareholding changes between directors, managers, and major shareholders holding more than 10% of shares:

Occupational Title	Name	2020		From January 1 to April 13, 2021	
		Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity	Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity
Chairman	Hsu, Kun-Tai	-	-	-	-
Director and General Manager	Lu, Chin-Chung (Note 1)	646,671	-	429,758	-
Director	Li, Cih-Jing	-	-	6,952,693	-
Director	Tsai, Ming-Hsien	-	-	-	-
Director	Dong Ling Investment Co., Ltd. Legal Representative: Liu, Chia-Sheng	-	-	-	-
Independent Director	Lee, Yen-Sung	-	-	-	-
Independent Director	Lin, Ming-Ji	-	-	-	-
Independent Director	Chu, Jia-Siang	-	-	-	-
General Manager of Chicony America Corporation	Chang, Yao-Ching (Note 1)	(15,281)	-	-	-
Special Assistant	Chen, Shao-Lung (Note 1)	30,477	-	(36,533)	-
General Manager of the IPD Business Unit	Huang, Chien-Yu (Note 1)	163,994	-	206,086	-
General Manager of the MKB Business Unit	Tsai, Chin-Cheng (Note 1)	105,378	-	71,178	-
General Manager of VIP	Tsai, Mei-I (Note 1)	65,512	-	(12,893)	-
General Manager of the CM Business Unit	Tung, Yen-Liang (Note 1)	38,947	-	95,227	-
General Manager of the AE Business Unit	Cheng, Wei-Hao (Note 1)	4,670	-	19,380	-
General Manager of the Business Unit of the Subsidiary Company	Chou, Yung-Chang (Note 1)	52,800	-	113,607	-
Acting General Manager of the MKB Business Unit	Hsu, Chieh-Hsiang (Note 1)	46,656	-	37,659	-
Senior Vice General Manager of Financial and Administrative Department	Lin, Yu-Ling (Note 1)	-	-	(10,000)	-
Vice General Manager of the CM Business Division	Li, Pei-Jan (Note 1)	35,217	-	(17,155)	-
Vice General Manager of the IPD Business Division	Tu, Ku-Chin (Note 1)	(7,920)	-	27,102	-
Vice General Manager of the New Product Development Center	Huang, Kuang-Yu (Note 1)	(713)	-	68,162	-
Chief Purchasing Officer	Chang, Chao-Hsien (Note 1)	87,324	-	71,333	-
Chief Human Resources Officer	Hsiao, Huan-Wen (Note 1)	64,769	-	43,971	-
Acting Vice General Manager of the Automation Engineering Center	Tseng, Chin-Cheng (Note 1)	39,812	-	39,336	-
Assistant General Manager of the Overseas Business Management Division	Chang, Ting-Shan (Note 1)	6,693	-	27,620	-

Occupational Title	Name	2020		From January 1 to April 13, 2021	
		Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity	Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity
Assistant General Manager of the MKB Development Division	Chen, Tsung-Min (Note 1)	43,059	-	44,145	-
Assistant General Manager of MKB PM	Yang, Ching-Wu (Note 1)	5,339	-	(12,029)	-
Chief Information Officer	Chang, Yu-Yun (Note 1)	38,798	-	37,752	-
Special Assistant	Chen, Chiu-Mei (Note 1)	11,554	-	(15,037)	-
Deputy Director of the Audit Division	Chao, Yuan-Hung (Note 2)	-	-	5,910	-

Note 1: The number of shares held by individuals includes the number of retained discretion over use of trust shares.

Note 2: Mr. Chao, Yuan-Hung took office on April 1, 2020, so the difference in the above table is from April 1, 2020 to December 31, 2020.

(II) The counterparties of equity transfer are related parties:

Name (Note 1)	Reason for Transfer of Shares (Note 2)	Transaction Date	Counterparties of Transactions	Relation between the counterparties of transactions and Directors, Managers, of the Company and shareholders holding more than 10% of the shares issued by the Company.	Quantity of Shares	Transaction Price
Li, Cih-Jing	Inherit	3.17.2021	Lin, Mao-gui	Couple	423, 658	Not Applicable
Li, Cih-Jing	Inherit	1.27.2021	Lin, Mao-gui	Couple	6, 529, 035	Not Applicable
Chen, Shao-Lung	Gift	3.12. 2020	Chen, Yun-Tieh	Father and Daughter	26, 000	Not Applicable
Chen, Shao-Lung	Gift	1.7. 2021	Chen, Yun-Tieh	Father and Daughter	25, 000	Not Applicable
Chen, Shao-Lung	Gift	1.7. 2021	Yeh, Hui-juan	Couple	50, 000	Not Applicable
Chuang, Ting Shan	Gift	9.10.2020	Chuang Yuan-kai	Father and Son	20, 000	Not Applicable

Note: Fill in the names of the Directors, Managers, and shareholders of the Company holding more than 10% of the shares issued by the Company.

(III) The counterparties of share pledges are related parties: None

The counterparties of share pledges are not related parties, so it is not needed to list the related information.

8. Information on relationships among the top ten shareholders:

4/13/2021 Units: share; %

Name	In Person Quantity of Shareholding (note 1)		Shares Held by Spouse and/or Children who are Minors		Total Shareholding of Shares in the Name of a Third Party		The titles or names and relations of the top 10 Shareholders who are related parties or spouses, or kindred within the 2nd tier under the Civil Code to one another:		Remarks
	Quantity of Shares	Proportion of Shareholding % (Note 2)	Quantity of Shares	Proportion of Shareholding % (Note 2)	Quantity of Shares	Proportion of Shareholding % (Note 2)	Title or name	Relation	
Hsu, Kun-Tai	61,615,782	8.27	4,021,401	0.54	-	-	Unikey Electronics Co., Ltd. Hongwell Co., Ltd. Hipro Electronics CO., LTD. Dong Ling Investment Co., Ltd. Ching Yuan Investment Co., Ltd.	Director of the Legal Representative of the Company Chairman of the Company Chairman (Legal Representative) of the Company Chairman of the Company Chairman of the Company	※
Yuanta Taiwan High Dividend Fund Account	26,106,804	3.50							
Unikey Electronics Co., Ltd.	21,174,298	2.84	-	-	-	-		The Company invests 100% of the investment company.	
							Hsu, Kun-Tai	Director of the Legal Representative of the Company	
Principal: Lu, Chin-Chung							Hipro Electronics CO., LTD.	Director of the Legal Representative of the Company	
Hongwell Co., Ltd.	17,591,340	2.36	-	-	-	-	Hsu, Kun-Tai	Chairman of the Company	
							Hipro Electronics CO., LTD.	The Chairman is the same person	
							Dong Ling Investment Co., Ltd.	The Chairman is the same person	
							Ching Yuan Investment Co., Ltd.	The Chairman is the same person	
Principal: Kun Tai Hsu							As above	As above	※
Citibank (Taiwan) Commercial Bank Hosting Government of Singapore Investment Account	17,197,918	2.31	-	-	-	-	-	-	
Hipro Electronics CO., LTD.	16,188,935	2.17	-	-	-	-	Hsu, Kun-Tai	The Company invests 100% of the investment company. Chairman of the Company (Legal Representative)	

								Hongwell CO., LTD. Dong Ling Investment Co., Ltd. Ching Yuan Investment Co., Ltd.	The Chairman is the same person The Chairman is the same person The Chairman is the same person	
Principal: Kun Tai Hsu								As above	As above	※
JP Morgan Commercial Bank Taipei Branch Hosting Robeco Capital Growth Fund Investment Account	11,335,914	1.52								
Dong Ling Investment Co., Ltd.	11,171,329	1.50	-	-	-	-	-	Hsu, Kun-Tai  Hongwell Co., Ltd. Hipro Electronics CO., LTD. Ching Yuan Investment Co., Ltd.	Chairman of the Company  The Chairman is the same person The Chairman is the same person The Chairman is the same person	
Principal: Hsu, Kun Tai								As above	As above	※
Ching Yuan Investment Co., Ltd.	10,908,945	1.46	-	-	-	-	-	Hsu, Kun-Tai	Chairman of the Company	
								Hongwell Co., Ltd.	The Chairman is the same person	
								Hipro Electronics CO., LTD.	The Chairman is the same person	
								Dong Ling Investment Co., Ltd.	The Chairman is the same person	
Principal: Hsu, Kun Tai								As above	As above	※
Citibank (Taiwan) Commercial Bank Hosting Norges Bank Investment Account	10,186,754	1.37	-	-	-	-	-	-	-	

Note 1: The shares held in this table do not include the person or the spouse retained discretion over use of trust shares.

Note 2: The shareholding ratio is Shareholding shares/Outstanding shares 745, 292, 749 shares.

9. Comprehensive shareholding ratio:

3/31/2021 Units: share; %

Shift in Investment	Investment by the Company		Investment by the Directors, Supervisors, Managers, or investee Company with direct or indirect control.(Note 2)		Combined Investment	
	Quantity of Shares	Proportion of Shareholding %	Quantity of Shares	Proportion of Shareholding %	Quantity of Shares	Proportion of Shareholding %
Chicony Overseas Inc.	1,000	100	-	-	1,000	100
Chicony Global Inc.	1,000,000	100	-	-	1,000,000	100
Chicony Electronics (Thailand) Co., Ltd.	4,843,377	73.02	1,789,148	26.98	6,632,525	100
Chicony Power Technology Co. Ltd. (Note 2)	200,751,594	51.19	30,480,925	7.77	231,232,519	58.96
Hipro Overseas (BVI) Inc.	12,560,000	100	-	-	12,560,000	100
Hipro Electronics CO., LTD.	4,660,000	100	-	-	4,660,000	100
Unikey Electronics Co., Ltd.	90,000,000	100	-	-	90,000,000	100
XAVi Technologies Corporation (Note 3)	32,428,440	46.63	11,181,879	16.08	43,610,319	62.71

Note 1: The Company adopts the equity method of investment.

Note 2: The book closure date of Chicony Power Co., Ltd, was April 12, 2021.

Note 3: The book closure date of XAVi Technologies Corporation was April 11, 2021

## IV. Status of financing

### 1. Capital and Shares

#### (1) Sources of Equity Capital

Unit: Share/NTD\$

YYYYMM	Offering Price	Authorized Capital		Paid-in Capital		Remarks					
		Quantity of Shares	Amount	Quantity of Shares	Amount	Sources of Equity Capital				The use of assets other than cash for equity investment	Other
						Raising New capital	Capital Increase by Earnings or Remuneration of Employees	Capitalization of Additional Paid-in Capital Into New Shares	Total		
June 2012	10	700,000,000	7,000,000,000	675,778,209	6,757,782,090	-	31,334,619	-	31,334,619	Nil	Note 1
June 2013	10	700,000,000	7,000,000,000	686,721,614	6,867,216,140	-	10,943,405	-	10,943,405	Nil	Note 2
June 2014	10	700,000,000	7,000,000,000	694,865,413	6,948,654,130	-	8,143,799	-	8,143,799	Nil	Note 3
July 2015	10	800,000,000	8,000,000,000	703,810,114	7,038,101,140	-	8,944,701	-	8,944,701	Nil	Note 4
August 2016	10	800,000,000	8,000,000,000	712,082,016	7,120,820,160	-	8,271,902	-	8,271,902	Nil	Note 5
April 2017	10	800,000,000	8,000,000,000	717,033,872	7,170,338,720	-	4,951,856	-	4,951,856	Nil	Note 6
August 2017	10	800,000,000	8,000,000,000	720,605,112	7,206,051,120	-	3,571,240	-	3,571,240	Nil	Note 7
April 2018	10	800,000,000	8,000,000,000	726,760,003	7,267,600,030	-	6,154,891	-	6,154,891	Nil	Note 8
August 2018	10	800,000,000	8,000,000,000	730,379,874	7,303,798,740	-	3,619,871	-	3,619,871	Nil	Note 9
April 2019	10	800,000,000	8,000,000,000	734,497,521	7,344,975,210	-	4,117,647	-	4,117,647	Nil	Note 10
April 2020	10	800,000,000	8,000,000,000	739,460,300	7,394,603,000	-	4,962,779	-	4,962,779	Nil	Note 11
April 2021	10	800,000,000	8,000,000,000	745,292,749	7,452,927,490	-	5,832,449	-	5,832,449	Nil	Note 12

Note 1: The Financial Supervisory Commission (FSC) approved JGZFZ No. 1010027651 on June 22, 2012.

Note 2: The Financial Supervisory Commission (FSC) approved JGZFZ No. 1020024198 on June 21, 2013.

Note 3: The Financial Supervisory Commission (FSC) approved JGZFZ No. 1030023361 on June 19, 2014.

Note 4: The Financial Supervisory Commission (FSC) approved JGZFZ No. 1040027783 on July 22, 2015.

Note 5: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10501189550 on August 11, 2016.

Note 6: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10601052890 on April 28, 2017.

Note 7: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10601109560 on August 4, 2017.

Note 8: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10701041640 on April 25, 2018.

Note 9: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10701097250 on August 8, 2018.

Note 10: The Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 10801045710 on April 24, 2019.

Note 11: The Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 10901060730 on April 21, 2020.

Note 12: The Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 11001064990 on April 23, 2021

4/13/2021

Units: share

Type of Shares	Authorized Capital Stock			Remarks
	Outstanding Shares (note)	Unissued Shares	Total	
Common Shares	745,292,749	54,707,251	800,000,000	Shares are Listed on the TWSE

Information on Shelf Registration System: None.

## (2) Structure of shareholders

4/13/2021

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Foreign Institutional Shareholders and Individuals	Individuals	Treasury Stock	Total
Number of Persons	1	37	130	854	18,596	0	19,618
Shareholding number	115	61,555,347	163,720,327	355,086,398	164,930,562	0	745,292,749
Proportion of Shareholding (note 1)	0.00%	8.26%	21.97%	47.64%	22.13%	0.00%	100.00%

Note 1: The shareholding ratio is Shareholding shares/Outstanding shares 745,292,749 shares.

Note 2: Companies listed on the TWSE (TPEX) and emerging stock market for the first time should disclose the proportion of capital from Mainland China in shareholding: Capital from Mainland China refers to companies invested in by the people, institutions, organizations, other institutions, or in a third region as stated in Article 3 of the Measures Governing Investment Permit to the People of the Mainland Area: The Company Not Applicable.

## (3)Dispersion of equity shares

4/13/2021

Shareholding Along the Scale of Share Quantity	Number of Shareholders	Shareholding number	Proportion of Shareholding (%)
1 to 999	9,177	1,276,852	0.17%
1,000 to 5,000	7,514	13,997,141	1.88%
5,001 to 10,000	1,070	7,723,447	1.04%
10,001 to 15,000	397	4,751,977	0.64%
15,001 to 20,000	239	4,193,854	0.56%
20,001 to 30,000	217	5,322,943	0.71%
30,001 to 40,000	120	4,236,901	0.57%
40,001 to 50,000	84	3,764,756	0.51%
50,001 to 100,000	233	16,057,316	2.15%
100,001 to 200,000	171	24,631,632	3.30%
200,001 to 400,000	131	36,003,419	4.83%
400,001 to 600,000	82	39,846,014	5.35%
600,001 to 800,000	28	19,852,867	2.66%
800,001 to 1,000,000	24	22,293,036	2.99%
More than NT\$ 1,000,001	131	541,340,594	72.64%
Total	19,618	745,292,749	100.00%

Note: The shareholding ratio is equal to the number of holding shares/the total number of issued shares 745,292,749 shares.

(4)List of Major Shareholders: Holding more than 5% of the total shares or shareholders among the top 10 by shareholding ratio.

4/12/2020

Names of Dominant Shareholders	Shares	Shareholding number (note 2)	Proportion of Shareholding (%) (Note 1)
Hsu, Kun-Tai		61,615,782	8.27%
Yuanta Taiwan High Dividend Fund Account		26,106,804	3.50%
Unikey Electronics Co., Ltd.		21,174,298	2.84%
Hongwell Co., Ltd.		17,591,340	2.36%
Citibank (Taiwan) Commercial Bank Hosting Government of Singapore Investment Account		17,197,918	2.31%
Hipro Electronics CO., LTD.		16,188,935	2.17%
JP Morgan Commercial Bank Taipei Branch Hosting Robeco Capital Growth Fund Investment Account		11,335,914	1.52%
Dong Ling Investment Co., Ltd.		11,171,329	1.50%
Ching Yuan Investment Co., Ltd.		10,908,945	1.46%
Citibank (Taiwan) Commercial Bank Hosting Norges Bank Investment Account		10,186,754	1.37%

Note 1: The shareholding ratio is equal to the number of holding shares/the total number of issued shares 745,292,749 shares.

Note 2: The table does not include retained discretion over use of trust shares.

(5)Market price, net value, earnings, and dividends per share and related information:

Item	Year		2019	2020	1.1.2021 to 3.31.2021
	Market Price per Share	High		100.50	95.20
	Low		62.40	67.80	85.00
	Average		80.34	84.70	92.46
Net Value per Share	Cum-dividend		39.11	39.55	36.94
	Ex-dividend		33.21	34.05	Note4
Earnings per Share	Weighted Average of Outstanding Shares (thousand shares)		691,107	701,161	703,523
	Earnings per Share	Before Adjustment	8.45	7.80	2.23
		After Adjustment	8.45	7.80	Note 4
Dividend per Share	Cash Dividend (Note 4)		5.90	5.50	Note 4
	Stock Dividend	0	0	0	Note 4
		0	0	0	Note 4
	Accumulated Undistributed Dividend (no issuance of equity securities)		0	0	Note 4
Analysis of ROI	P/E Ratio (Note 1)		9.51	10.86	N/A
	P/P Ratio (Note 2)		13.62	15.40	Note 4
	Cash Dividend Yield (Note 3)		7.34%	6.49%	Note 4

Note 1: P/E Ratio = The average closing price per share of the year/earnings per share (before adjustment).

Note 2: P/P Ratio = The average closing price per share of the year/cash dividend per share.

Note 3: Cash Dividend Yield = Cash dividend per share/the average closing price per share of

the year.

Note 4: The distribution of cash dividend was resolved by the board meeting; in the first quarter of 2021, there was no resolution in the Board Meeting or Shareholders Meeting.

(6) Dividend Policy and Distribution of Stock Dividends at This Shareholders' Meeting:

1. Dividend Policy:

To match the long-term financial planning of the Company and the target of sustainable management, Article 19 of the Articles of Incorporation specifies the future dividend policy as follows:

“The Company is currently at the development period of the electronic industry, so the dividend policy shall meet the goals of meeting the fund demand for new products and increasing the return on investment of shareholders. Therefore, the total dividend distributed shall not be higher than 90% of total earnings that is distributable as shareholders' dividends, and the cash dividend shall not be less than 10 % of total amount of distributed dividends.

Where the par value of distributable dividends is less than \$0.5 per share, it shall be exempted from the preceding paragraph.”

2. Allocation of Dividends Proposed at the Shareholders' Meeting :

According to Company's Articles of Incorporation, the Board approved to pay cash dividend of NT\$5.5 per share, a total of 4,099,110,119 from undistributed earnings.

3. Note to anticipated significant change in the dividend policy: Not Applicable.

(7) The effect of the proposal for paying stock dividends in the current session of the Shareholders Meeting on the operation performance, and earnings per share of the Company:

This Shareholders Meeting did not make capital increase by earnings to issue new shares, so it is not applicable.

(8) Remuneration to the employees, Directors:

1. The distribution was made in accordance with Article 18 of the Company's Article of Incorporation “The Company shall distribute no less than 11% of current pre-tax earnings before deducting the employee compensation and Directors and Supervisors' remuneration as the employee compensation and no more than 1% of such earnings as the remuneration for Directors and Supervisors. When the Company has accumulated losses (including adjusted retained earnings), the profits shall be used to offset accumulated losses first, and then the balance of which may be allocated to employees and Directors and supervisors in accordance with the aforesaid percentage.” The board of directors shall make a resolution on the distribution of employees' remuneration and directors' remuneration, and submit a report to the shareholders' meeting.

2. The Company earned NT\$7,213,200,710 in 2020. After deliberation of the 6th Session of the 4th Remuneration Committee and the 10th Session of the 13th Board of Directors on March 10, 2021, employee remuneration of NT\$847,551,083 (11.75%) and director remuneration NT\$52,656,365 (0.73%) was paid. The employee's remuneration is intended to be issued in cash of NT\$297,551,142 and new shares of NT\$549,999,941.( The calculated price was NT\$94.3 per share, the closing price the day before the new shares being issued by the Board of Directors, and a total of 5,832,449 new shares were issued.)

The Board of Directors plans to pay NT\$900,207,44 to employees, directors, and as remuneration, which is the same as the estimated amount of the Financial Report in 2020; After considering the payment for employees and directors as remuneration, the calculated earnings per share is NT\$ 7.80.

The Remuneration Committee of the Company regularly reviews the performance targets of the directors, supervisors, and managers based on Article 7 of the "Registration Rules of the Remuneration Committee" and sets the content and amount of its individual remuneration. In the 2020 Financial Statement audited by the CPA, revenue grew 3%, and net income was NTD\$5.47 Billion. After a comprehensive evaluation on the performance of revenue growth, profitability, actual payment to the directors and peer performance comparison, and salary levels in 2020, the remuneration to directors are not unreasonable.

3. In 2020, the actual remuneration paid to the directors and employees of annual earnings distribution in 2019 was as follows:

(1) The actual remuneration of the directors was NT\$52,069,960, and the remuneration of employees was NT\$838,112,364, which was the same as the distribution passed by the Board of Directors originally. Among the remuneration to employees, the amount issued in shares was NT\$399,999,987, and 4,962,779 new shares were issued. The cash amount was NT\$438,112,37, which was distributed to employees and employees of the companies whose shares are held by the Company by more than 50%.

(2) The Shareholders Meeting resolved to pay NT\$890,182,324 as remuneration to employees, directors, and supervisors, which is the same as the estimated amount in the Financial Report in 2019.

(9) The repurchase of Company shares by the Company:

1-1. Implemented : No such situation.

1-2. Under implementation: No such situation.

2. Information of Corporate Bonds: None

3. Information of Preferred Shares: None

4. Issuance of Overseas Depository Receipts: None

5. Issuance of ESO: None

6. Issuance of New Restricted Stocks: None

7. Merger and Acquisition, or Acceptance of Shares From Assignment of Other Issuers: None

8. The implementation of the fund utilization plan:

(I) Up to March 31, 2021, the previous issue or private placement of securities that has not yet been completed or has already been completed in the most recent three years and the plan benefits have not yet appeared: None

(II) Analysis of the Implementation of the Plans for the Previous Items and Comparison to the Original Expected Benefits: None

## V. Operational Highlights

### 1. Business Overview

#### (1) Business Scope

##### 1. Major Content of Business Activities:

- (1) Design, development, manufacturing, and trading of input device products such as desktop keyboards, portable computer keyboards, mice, and computer cameras.
- (2) Design, development, manufacturing, and trading of digital imaging products such as digital cameras, notebook computer built-in camera modules, mobile phone camera modules, and sports digital cameras.
- (3) Sales for the proxy of domestic and foreign manufacturers of projectors, large image output machines, driving recorders, security control, and other technology product and consumer products.
- (4) Switching power supply, research and development, manufacturing, and trading of various electronic components and equipment, lighting, and intelligent building system business.
- (5) Smart home and networking products.

##### 2. Operational Proportion:

2020 Unit: NTD 1,000

Product Items	Amount	Product Proportion %
Electronic Parts and Components	53,329,615	56.09
Consumer and Other Electronic Products	41,214,646	43.35
Others	537,966	0.56
<b>Total</b>	<b>95,082,227</b>	<b>100.00</b>

##### 3. Current Products and Services

- (1) Desk Top PC Keyboard, Gaming Keyboard, Ergonomic Keyboard, and Analog Gaming Keyboard, Programmable Keyboard, Smart Card Keyboard, Biometric Input Keyboard and Mouse, Wireless Portable Bluetooth iPad, Tablet PC Keyboard, Wireless Portable Bluetooth Phone Keyboard, Mechanical/ Bluetooth Dual Mode Wired/Wireless Multi-Color LED Backlight Keyboard and Mouse, Wireless Keyboard/Mouse and Wireless Charging Mouse Pad, Tablet leather case keyboard set, 2.4G Touch/Optical/Laser Mouse, Multifunctional and Colorful Game Mouse Pad
- (2) Low Energy Notebook Keyboard, Antibacterial Medical Notebook Keyboard, Backlight Notebook Keyboard, Wireless Portable Bluetooth iPad, Tablet PC Keyboard, Wireless Portable Bluetooth Phone Keyboard, Multi-function Notebook Keyboard Combined with Network and Communication, Tracker Multi-function Pedometer, NFC TAG Bluetooth Matching Module, Stylus Pen, Magnetic Digital Board, Click Pad for Notebook, Gaming Notebook Keyboard
- (3) Computer Video Camera, Wi-Fi Sports Digital Camera/ Pet Feeder/AI Smart Baby Video Recorder, LTE Wi-Fi IP Cam Digital Wireless Camera/Floodlight Surveillance Cam/ Doorbell Cam, Wireless Driving Recorder, 360 Degree Panoramic Camera, Drone Wireless Camera
- (4) Notebook Camera built-in Module (incl. narrow border and facial recognition products), AIO PC built-in Camera Module, Video/TV Camera Module (incl. finished product), PC Webcam, 3D Image/Sensing Module, UAV Dedicated Image and Obstacle Avoidance Module
- (5) Desktop PC Power Supply, E-sports Personal Computer Power, Game Console

Power Supply, Notebook Computer Power Supply, Set-top Box Power Supply, Cloud Server Power System (Communication Power, Server Modular Design Power Supply, Storage Device Power), Laser Printer Power Supply, Inkjet Printer Power Supply, Internet of Things (IOT), Battery Charging Device, Power Supply for Smart Home Devices, Intranet PoE Power supply

- (6) LED Vehicle Lighting and Modules
- (7) Smart Building System, Environmental Control Integrated System, Light Control System, Energy management system, Image Recognition System, Smart HVAC System, To provide intelligent building system engineering consulting, planning, design, system integration, procurement, construction, and maintenance operations.

#### 4. New Products to be developed

- (1) Bluetooth Folding Ultra-thin Keyboard, Water-proof, and Dust-proof Keyboard, Contactless (NFC) inductive card reading commercial wireless keyboard, Special keyboard for wireless entertainment SVOD, Wi-Fi Gaming Keyboard, Mouse, Mouse Pad, Super Thin/ Commercial Portable Mouse, Portable Gaming Keyboard/Controller, Special keyboard, mouse and controller for cloud game platform, Smart Internet TV Remote Control (with voice input and output), IOT and Smart Home Controller, AR/VR/MR Somatosensory Remote Control, High Power Charger, Multi-Function Charger, Smartphone Gaming Board, Briefing pen with the ability of synchronous display of notes, High-Precision GPS Positioning bundled with Smartphone Device Application, Indoor/Outdoor Tracker
- (2) Convertible Icon Type Notebook Keyboard, Touch Computer Keyboard, Water-proof Mechanical Keyboard, USI Stylus Pen, Light-Weight/Slim Type Notebook Keyboard Module, Multi-Touch/ Large Size Traditional Clickpad for Notebook, Mini LED Back-Light Keyboard
- (3) Internet of Vehicle Wireless AI Smart Driving Recorder, LTE IP Cam and Driving Recorder, Multi-Lens Driving Recorder with Advanced Driving Assistance System (ADAS), IP Cam with IOT Sensor, Wireless Camera and IP Cam, HD Webcam, AI Video Conference Recorder, Smart Doorbell Cam, Long distance low power transmission camera, Floodlight super wide angle camera
- (4) Medical Endoscope Camera Module, Sensing Device for Smart Home Appliances
- (5) Titanium High-Efficiency Power Supply for Desktop PCs and Workstation, Power Supply for Gaming Consoles with High Power/High Switching Frequency, Power Supply for Notebook PCs with Ultra-Low Standby Power Consumption/Ultra-Thin or Ultra-Compact, 5G telecom IT infrastructure power system supporting high-temperature and high-humidity server room, High-end AI servers and hyper-scale cloud data center power system, Power Supply for IoT Devices, Various battery charging devices, Various battery charging devices for high-end drone charging stations, chargers for electric motorcycles, and electric bicycle charger, Embedded power supply for industrial panel PC, power supply for personal gaming computer with high power density and full digitalization, Standard power supply rack and power module for the Open Compute Project of the information center, High efficiency fanless PoE power supply with natural cooling
- (6) Development of the LED adaptive driving beam module and laser high beam module.

## (2) Industry Overview

### (1) The Outlook:

The Company's main products are keyboard applications (NB, DT, tablet plug-in, etc.), image related products (NB camera module, video conference camera module, digital health, etc.), power supply related products (PC, NB, server, game console, etc.) and smart home applications products (incl. smart speaker, smart doorbell, wireless video recorder). The company has a global leading position in notebook keyboard, image camera module, and power supply products. In response to the outbreak of COVID-19 in 2020, various countries have successively adopted the social distancing policy. Benefiting from the demand for work from home and distance learning, the output volume of NB has grown significantly. The PC products also benefited from the increasingly booming demand for eSports/games, and drove the entire PC sales performance. Though certain jurisdictions have started the vaccination successively, it still impossible to stop the spreading of COVID-19 completely. Therefore, the office equipment required by work from home and distance learning will become more and more normal. Besides this, the demand for large-scale education tender offers, homeboy economy and home entertainment boosted in various countries still stayed strong. Therefore, the Company worked hard to increase operating earnings and profit derived from the Company's PC-related products, and the products other than PC (servers/video games/eSports/smart home) benefited relatively.

In recent years, the Company has kept striving for the market share of PC-related products ranking 1st place in the world, and also used its best efforts to develop non-PC products. With the strengthening in imaging and power supply, the Company launched into the AIoT application market. Among other things, the smart home application products have grown most significantly. According to a research institution's survey, combination with the new-generation Wi-Fi6 with more rapid speed, stronger capacity, and access available to tens of smart home devices would be more helpful for the Company's rapid growth in the smart home market. According to the forecast, the global smart home market is expected to grow by the compound growth rate of 21% from 2020 to 2025. The smart home products consist of the three major types, namely smart TV, smart speaker and network CCTV camera. Among them, the market price of the CCTV camera primarily marketed by the Company is so reasonable that more people are able and willing to buy additional insurance for their home. Therefore, the operating revenue from smart home-related products has increased as 34% of the Company's total operating revenue.

The subsidiary, Chicony Power Technology Co. Ltd. ("Chicony Power Technology"), is the largest NB power supplier all over the world. As the persistent epidemic drove the demand for NB for purposes of education and gaming, the operating revenue from the power supply of Type-C NB and NB for game sports has been growing significantly since 2020, thus resulting in Chicony's remarkable gross profit margin. In the future, the server power supply wattage will skip from the current 800 watts to 1,300 watts and 2,000 watts in the future. For the time being, the operating revenue from server power supplies accounts for no more than 10% of the Company's total operating revenue. Notwithstanding, the sales are expected to grow significantly, driven by the output volume of the new products with large wattage. Further, with respect to the smart building products which Chicony has developed for five or six years, Chicony now provides the software and algorithms needed by the smart buildings, such as air conditioners, elevators, lighting controls, power management, license plate recognition at parking lots and collection management. Meanwhile, all were researched and developed internally in the Company. The Company is expected to demonstrate the power of operating revenue from smart buildings within the next two years, benefiting from low-interest, return of capital, recovering property sales, and increasing urban renewal construction projects.

Upon completion of Chicony’s new plant construction in Thailand, the orders placed by smart home customers will be transferred to the new plant in Thailand for mass production. The production capacity of the plant in Thailand is expected to account for 15 % of Chicony’s operations. This can make Thailand Chicony’s production center in Southeast Asia, disperse the risk over tariff barriers effectively and also help respond to customers’ needs, allocate the global production capacity and disperse the production risk. Upon activation of the Suzhou Wujiang plant’s production capacity in Mainland China, the production line automation would increase from 70% currently to 80%, and thereby improve the product quality, flexibility and production efficiency, and largely upgrade the Company’s competitiveness and long-term earnings.

The Power Supply Unit (PSU) is responsible for converting from the unstable power of the external supply to the stable power supply which is required for electronic products by the stable voltage and converter technique. Direct Current (referred to as DC), is used by most of the electronic products. However, the power supply provided by the power company can only use high-voltage Alternating Current (AC) because of the physical limitation of power generation and power transmission. Therefore, electronic products must pass through the power supply device to convert the alternating current into direct current, and to adjust the voltage to within the scope of the operation of the product, so the product can operate smoothly. In addition, electronic components have become more sophisticated, but they are also vulnerable to unstable currents. Therefore, a stable power supply is not only the key to the normal operation of the product, but also affects the service life of the product. It is the heart of the electronic product.

The power supply is distinguished by the functions and basic structure. It can be mainly divided into the Linear Power Supply (LPS), the Switch Power Supply (SPS), and the Uninterruptible Power System (UPS), in which the switch power supply is the mainstream of current products, so the following power supply industry introduction mostly uses switch power supply as the main axis.

According to the characteristics of input/output, the power supply can be divided into AC/DC (Alternating Current to Direct Current), DC/DC (Direct Current to Direct Current), AC/AC (Alternating Current to Alternating Current), DC/AC (Direct Current to Alternating Current), etc. The power supply design is different depending on the requirements of the electronic product or instrument. AC/DC power supply is the most common type. The main purpose is to convert the mains into DC power that meets the operating voltage of the product. The products include SPS, adapters, etc., and are applied to PC, NB, electrical appliances, and network equipment, etc. DC/DC conversion power supply is mainly used for communication or extremely low voltage, or extremely high current. It converts the DC power that has been converted by the AC/DC power supply unit into various special voltages that are usually used when an extremely stable power supply is required or equipment that requires special operating voltage, such as computer chips, etc. AC/AC is mainly used in UPS (Uninterruptible Power System), DC/AC for solar power conversion, and so on. The detailed classification and use of the power supply can be found in the table below.

#### **Main Classification of Power Supply**

Input/ Output Type	Category	Major Products
AC/DC	PC Power Supply	The most common type of power supply and the main features are high efficiency, iron shell protection, and power between 50W - 2,000W.

AC/DC	Open Frame	Power supply built-in network communication products, industrial computers, industrial machinery, and displays have no iron shell protection and have a high degree of freedom in design. It can be customized based on space and power requirements.
AC/DC	Adapter	The common type of external power supply is covered by a plastic case, and is mostly used in notebook computers and various consumer electronic products.
DC/DC	Converter	DC power supply is used for buck-boost by AC/DC devices, and it is used in electronic products that require precise voltage.
AC/AC	UPS	UPS is an abbreviation for the uninterruptible power system. It is usually connected to AC for charging. When the power is off, AC power can be provided to electronic products such as computers.

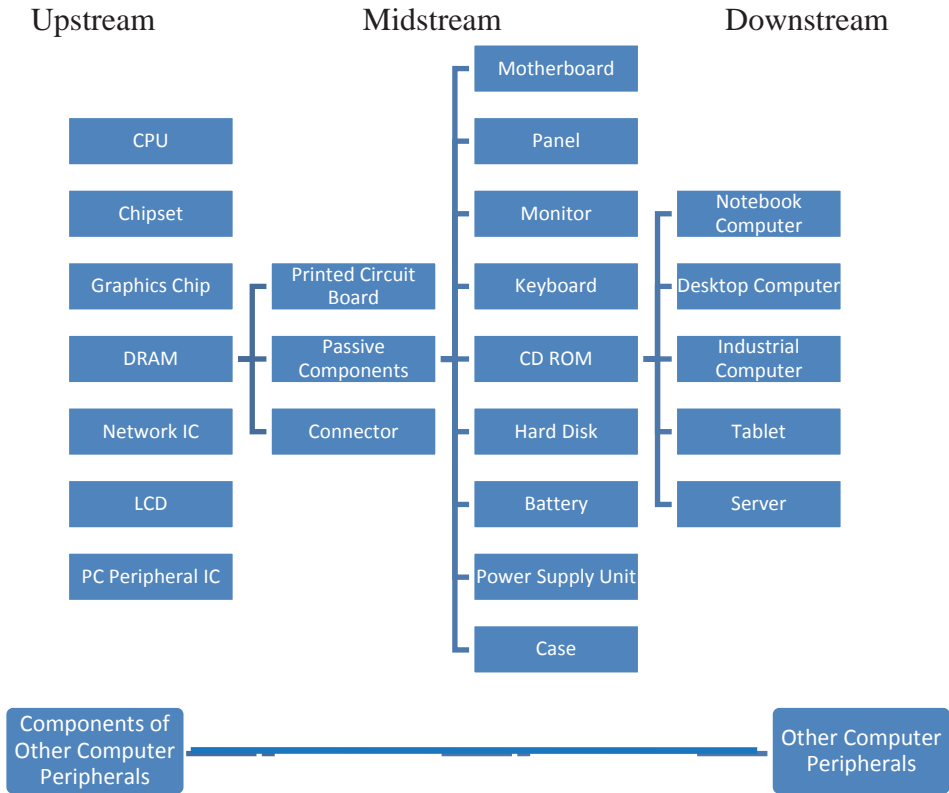
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In recent years, the concept of environmental awareness and energy conservation and carbon reduction has gradually become popular. How to improve the conversion efficiency of power supply and reduce standby power consumption in line with national energy conservation regulations and environmental protection laws and regulations will become the research and development focus of various manufacturers. Therefore, energy-saving products such as LCD TVs and LED lighting appliances are also becoming new markets for the industry; in order to develop revenue sources, manufacturers have taken advantage of power technology to gradually cut into other required high-power power converters, and other products,

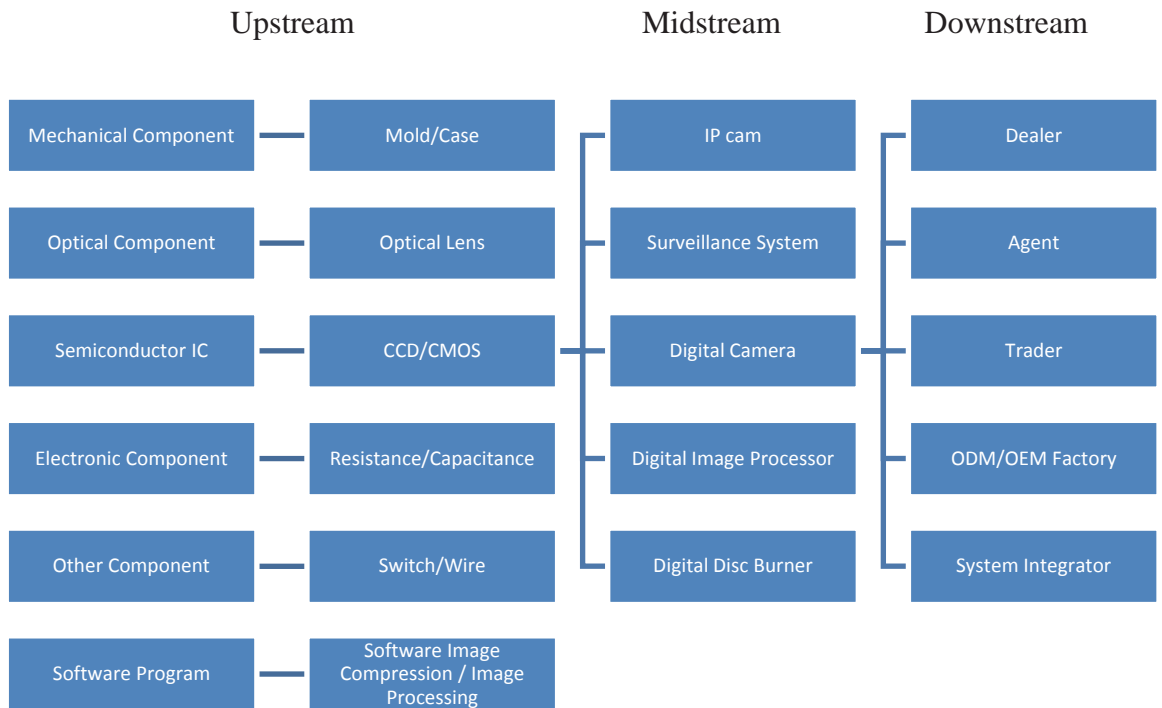
The new USB TYPE C's identifiable system power supply has been gradually applied to the power supply by the new generation of PCs and mobile phones, and the TYPE C's USB interface connector may also become part of the standardization of mobile phones.

(2) Association Among the Upstream, Midstream, and Downstream Operations

1. Keyboard

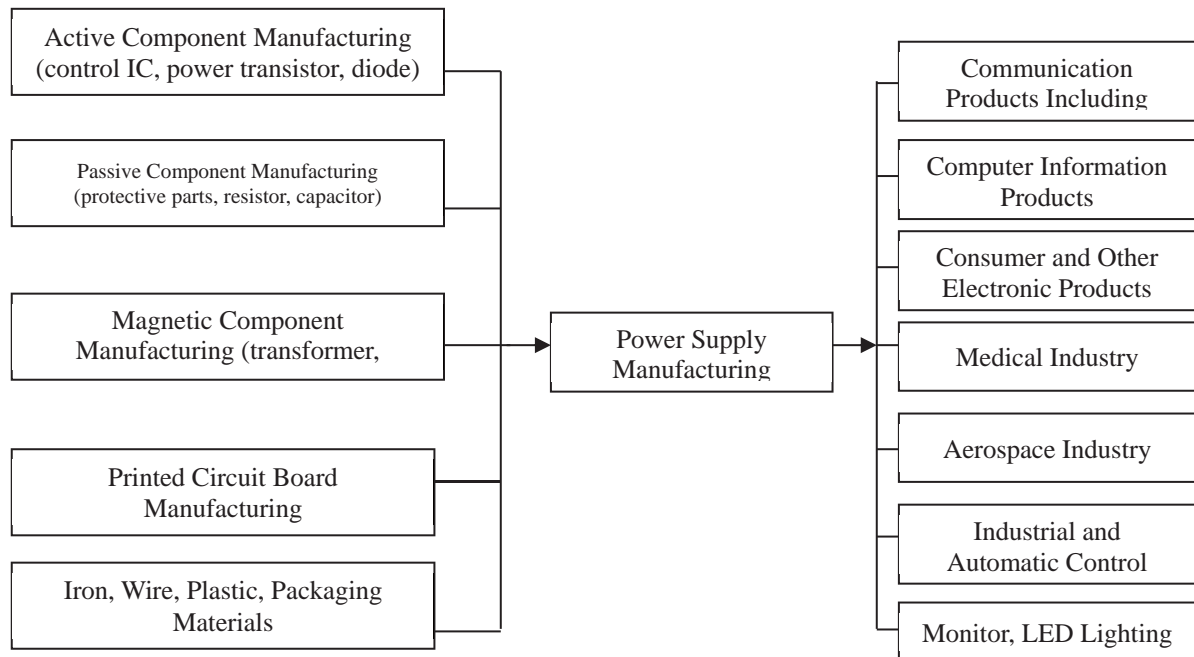


2. Digital Camera



### 3. Power Supply and LED Light Source Products

#### Related Upstream, Midstream, and Downstream Chart for Power Supply Manufacturing Industry



In the power supply market, Taiwanese companies are more focused on AC/DC and DC/DC products. Under normal circumstances, AC/DC applications are widely used, and DC/DC can be used as internal components of electronic products. Mostly used for high-end industrial power supply, the product technology level is relatively high. From the upstream, midstream, and downstream structures of the power supply industry, in the control IC part (components) of the “upstream raw materials” industry, it can be found that except for a small part of Taiwan that relies on foreign imports, most of the remaining components have good self-manufacturing capabilities. In the “downstream application industry” part, the Taiwanese information industry is mature and the industry chain is complete. It is highly competitive for PC-related, consumer electronics, Netcom, and industrial machinery.

#### Development Trend in Power Supply

##### (1) Product is Oriented towards Being Small and Beautiful

The power supply is a key component of electronic products, and its functional requirements are closely related to the characteristics of the application products. In recent years, electronic products have begun to develop into small size, beautiful appearance, lightweight, stackable, low energy consumption, etc. In response to this demand, it is necessary to reduce the size of the module, beautify it, and increase the energy conversion efficiency.

##### (2) Product Quality and Technical Upgrade

As the standard products of power supply suppliers are becoming more and more mature, the main products of domestic manufacturers are mainly supporting information applications, and more and more competitors are involved, so the price competition is fierce. In the case that the downstream application product gross profit is becoming lower and lower, the Company must enter the new application market, and power supply manufacturers must not only improve their technology and quality, control costs and expand their own industrial economic scale, but also must strengthen the

development and design of high value-added products.

(3) Safety Regulations are Becoming Stricter

Due to the increase in energy prices and consumer environmental awareness, the future development trend is to develop environmental protection and energy-saving products. In order to protect consumer safety, each country's safety requirements for electronic products are becoming stricter. In order to comply with the related regulations on energy conservation, the products and manufacturers that can provide solutions in technical design will have competitive advantages and market opportunities.

(4) Assembly Line and Key Components with Automated Production

In response to the shortage of manpower and rising wages, automated production can solve the delay in delivery and overall cost increase caused by manpower, and can also maintain product quality and reduce the quality problems caused by human negligence.

Competition of Power Supply

Since the power supply industry needs economies of scale or production technology, and some high-end or environmental power supplies need to be patented or certified, and the technical requirements of high-end products are relatively high and the research and development costs are high, so the entry threshold is relatively high. The future trend is that large companies will become bigger and bigger.

Taiwan is a major producer of global information products. Driven by downstream industries, power supply shipments have remained high, and competitors in the power supply industry are mainly Taiwanese manufacturers. Due to the wide range of applications of power supplies, and the fact that most companies focus on specific power ranges or applications, and each competitor has its own advantages, few companies on the market are eliminated, and they can find their own positioning in the market.

(3) R&D and Technology Overview

1. Research and Development Expenses for the Most Recent Year and the First Quarter of 2021

Unit: NT\$ 1,000

Year	2020	2021 Q1
	Consolidated Financial Report	Consolidated Financial Report
R&D Expenses	3,515,726	851,511
Operating Revenue (Net)	95,082,227	25,137,047
R&D Expenses to Revenue %	3.70%	3.39%

2. Research and Development Achievements

(1) Keyboard, Mouse, Camera, Camera Module and other peripheral products

The Company has been actively applying for patents in various countries. In recent years, the Company has obtained nearly 500 approved patents in various countries, with nearly 300 applications being under review. The Company has been listed among the top 100 companies in patent application and certification by the Intellectual

Property Office of the Ministry of Economic Affairs in recent years. In 2020, we obtained 51 patents in Taiwan, including the patents for its keyboard, mouse, image device, lens module and other related technologies.

(2) Power Supply

R&D Results	R&D Technology
• Built-in PSU for PC, 150W~850W	• LLC Technology
• External PSU for notebooks, 30W~ 330W	• Flyback • Half-bridge LLC architecture
• High-power smart DC power module for communications	• Half-bridge resonant • Digital monitoring design • Support for the redundancy function
• Miniaturized 30/40/60 W adapter with wall-mount design	• Active clamp Flyback + GaNFET
• New charging platform of Tablet/ Smart Phone	• Type C PD, PPS & QC
• Power supply for multi-function 300W/400W Laser printers	• LLC+AC Module
• New 700~2500W server PSU	• Full digital control LLC architecture
• USB Type C PD adapter with multiple outputs, 26W / 30W /45W /65W/90W	• Designed in accordance with the USB PD Spec and ASIC
• Large and small charging device for lithium batteries, up to 1200W	• LLC+ charging circuit
• IoT-related PSU 7W~30W	• Flyback+networked
• PSU platform for gaming consoles, 50W~850W	• Flyback + high-frequency LLC architecture
• PSU for inkjet printers, 15 W~50W	• Flyback architecture and plastic casing
• Direct AC lighting module and Smart Lighting module, 10 W~150W	• AC directly controlled LED light source • Zigbee network architecture
• External high efficiency PSU for gaming PCs, 120W~330W	• LLC architecture
• Parallel module for drone charging stations, 1200W~2000W	• LLC architecture + charging auto control system
• Desktop gaming PSU, 550W~850W	• LLC architecture + Flyback + Buck
• Industrial Tablet PC embedded power supply, 50W~350W	• Active Clamp Forward • APFC • LLC architecture
• LED daylight and positioning lamp module • LED low beam module • LED high beam module • LED high/low beam module • LED fog lamp module • LED daylight and turn signal lamp module • LED combination tail lamp module • LED high mounted stop lamp module • LED interior lamp module	• Optical design for the LED high/low beam module • Light-guide type LED daylight and turn signal lamp design • Thick-wall type LED daylight and turn signal lamp design • Temperature protection design • Optical design for the LED low beam module

3. Future Research and Development Plans for the Coming Year

(1) Keyboard, Mouse, Camera, Camera Module and other peripheral products

Apart from environmental protection and energy saving, the Company continues to study

the application of environmental protection materials and develop low-power products, and also continues to develop new technologies and products for customers. In the future, we will focus on the development of smart wearables human/machine interface and motion-sensing BIO application, emphasize the application technology of products and enhance the applications of traceability (IOT) and intelligent loss prevention (AI) functions of wireless devices.

The Company will combine ADAS and DMS, and utilize the strengths in hardware deep learning Edge Computing and 5G bandwidth, develop multi-purpose smart driving recorders, and help users gain a safer driving experience. Meanwhile, the Company will develop the technology integrating Radar and Thermal Image, and utilize the non-imaging technological analysis and counseling in response to the hardware AI, in order to strengthen the smartness of the video-related products, seek the balance between safety and privacy, and obtain more important messages more precisely.

In response to the increasing demand for solution of images by AI or 3D measurement, such as facial recognition and human activity analysis, the personal video products developed by the Company and smart sensors boosted by the Company became one of the Company's R&D focuses.

## (2) Power Supply Products and LED Lighting Equipment

### A. Office Automation and PC Power Products:

In recent years, various industries have gradually listed energy conservation, carbon reduction, and green energy as requirements. In all types of power products, there are relevant international organizations that define future performance standards. Power products must move toward more efficient R&D. Focus on the future efficiency trend, adhere to the principle of innovation, and the Company invested a lot of resources to develop power products beyond the Platinum brand.

### B. Entertainment Input Device:

Due to the advent of the cloud era, network streaming has gradually replaced traditional hardware. The mainstream trend of new hardware input devices will be various Set-Top Boxes. Both the in-line power strip and the external thin power adapter are the future trend.

### C. Smart Building System:

Smart systems have related abilities that are networking, computing, control, and learning capabilities, and provide a full range of intelligent solutions for lighting, air conditioning, power, security, human-vehicle detection, human-computer interaction, and widely used in residential, office, shopping malls, parks, and the city will be the core of the integrated management system of the future smart city.

### D. PSU products for cloud information equipment and data center:

In the future, in the design and development of cloud equipment power supply, it is especially necessary to increase the proportion of software design applications, and focus on the power supply monitoring unit and digital power control, such as the power supply of the home security monitoring system. In the face of cloud service technology needs, the Company's power management solutions will continue to be launched, and challenges of future power supply design will be dealt with.

### E. Chargers for Hand Tools and Garden Tools:

The hand tools with the digital intelligence have driven the growth of the hand tool industry. Petroleum and diesel garden tools are the main stream now. For the environmental protection and convenient use, more and more people want electric-powered tools, driving the demands of medium-power charging devices.

F. Development of 30-65W miniaturized chargers with high-density in response to the increasing power demand for mobile device chargers

G. Power supply products for image display

Provide power supply products with customized design to meet the demand of high resolution for the high-end 4K and 8K OLED image displays and support the demand of the acoustic multi-audio processing.

H. Automotive LED Headlight:

Automobile LED adaptive headlight module: In response to the development of the automobile electronics, the use of LED headlights is a natural trend. To improve the driving safety and driver's comfort, the Company continues to perform the development of the LED adaptive driving beam (ADB) module. The ADB is designed to change the lighting pattern by detecting the external surroundings, to reduce glare coming from the opposite direction and change the lighting pattern based on the road conditions.

Laser high beam module: A more compact high beam module can be designed by using the laser alignment. This also gives the automobile manufacturers more flexibility to design cars. Moreover, the laser can meet the projection of 400~600m, which gives the driver enough time to respond for better safety.

#### (4) Long and Short-term Business Development Plans

##### 1. Short-term Business Development Plan

- (1) Continue to expand worldwide number one market share in NB keyboards, camera modules and power supply products.
- (2) With the strengths in imaging and power supply, the Company launched into the AIoT market to increase the Company's operating revenue.
- (3) The Company also increased the penetration rate and sales of high-unit-price and high-added value products, and the Company's gross profit margin by optimizing products.
- (4) The Company's direct investment of Chicony Power Co., Ltd, actively develops new businesses such as high wattage server power and smart building service.
- (5) In order to meet the needs of customers' products and maximize the Company's benefits, and continue to integrate the Group's marketing and global operations resources, ONE STOP SHOPPING is adopted for customers.

##### 2. Long-term Business Development Plan

- (1) In order to maintain the Company's competitiveness, the Company continues to look for talents and strengthen its marketing, research and development, production, and global operations capabilities.
- (2) To develop actively non-traditional PC products such as e-sports, servers, game consoles, AI technology, smart homes, and the Internet of Things.
- (3) To expand the original international sales locations in the US and Japan.

#### 2. Marketing, production, and sales overview

##### (1) Market Analysis

## 1. Sales Market for Primary Products

Distribution of Primary Products and Services in Major Markets and Distribution Methods:

Purpose of	Primary Market	Distribution Method
Electronical Parts and Components, Consumer and Other Electronic Products, etc.	America, Europe, Asia, Domestic	Domestic Sales, Export Sales, Indirect Sales

## 2. Market Share of Product

The Company sells many computer information peripheral products, including keyboards, digital cameras, mobile phone camera modules, notebook computer built-in camera modules, smart home related products, and power supply products from subsidiary company of Chicony Power and the networking products from subsidiary company of Xavi Technologies Corporation. According to internal estimates and information from customers, Chicony Group is ranked worldwide number 1 in NB keyboards, camera modules, and power supply products.

## 3. The Supply, Demand, and Growth in the Market of the Future

The Company's current major products, such as keyboards (NB, DT, Tablet), image devices (NB camera modules, video conference camera module, and digital health), and power supplies (PC, NB, server, game console), are highly-related to the global PC, NB, game console, and consumer electronics market such as smart home. In the PC market, The effect posed by the epidemic has driven the increasing demand for work from home and distance learning, thus causing the PC market to keep booming. Additionally, the demand for eSport NB for large-scale education projects and home entertainment in various territories also make the NB market, which grew sluggishly at the very beginning, turn to grow at the compound growth rate by 0.9% from 2020 to 2025. Besides this, as a leading manufacturer of keyboards in the world, Chicony maintained the sales of its PC/NB keyboard products. Meanwhile, benefiting from the penetration rate of keyboard backlighting with higher gross profit increasing to 37%–38% and the remarkable sales performance of high-unit price gaming keyboards, the Company's overall operating revenue and profit from the keyboards were both growing. In terms of supply, the primary manufacturers of keyboard modules, computer cameras, and notebook computer built-in camera modules are around 2-3.

The smart home application products, such as smart doorbell and wireless CCTV camera produced by the Company, and software and algorithms for the smart buildings which the subsidiary, Chicony Power Technology, has developed permanently, including air conditioners, elevators, lighting controls, power management, license plate recognition at parking lots and collection management, were all researched and developed by the Company independently. According to the data from the survey research institution, the popularization of AI, IoT and 5G further drove the demand for smart home products; therefore, the demand is expected to grow at the compound growth rate of 21% significantly from 2020 to 2025. Meanwhile, various countries turn to boost the smart city 4.0 outlook in electronic and intellectualized manners all over the world. This could benefit the smart home/building products which the Company has developed for many years. For the time being, there are only 2–3 suppliers in this field.

The main growth momentum of power supplies in 2020 is related to the sales of PC and NB which have grown against the trend as a result of the epidemic in the world, and the growing output volume of Type-C, gaming NB and new video game power supplies. Further, after the Company's server power supply has launched into the data center market in Mainland China successfully, the Company plans to strive for the business opportunities derived from the wattage of server power supply increasing from 800 watts to 1,300 watts and 2,000 watts. The sales of server power supply

manufactured by Chicony Power Technology are expected to grow by 25%. For the time being, there are only 2–3 leading power supply manufacturers in Taiwan.

#### 4. Competitive Niche and the Impact of Favorable Factors and Unfavorable Factors on the Future Development of the Company

##### (1) Competitive Niche and Favorable Factors

###### A. Economies of Scale Benefit

The Group's NB keyboards, camera modules, and power supply products all reach number one in the global markets. The group has built an economy of scale and leading market position for these products. With continuous sales growth, the Group takes the advantage of having greater economy of scale and further builds it as the entry barrier for this industry.

###### B. Great Product Manufacturing Experience in ODM/OEM

In addition to the three primary production factories of Suzhou, Dongguan, and Chongqing in China, we have accumulated more than 30 years of experience in ODM/OEM product manufacturing and quality control, and have continued to increase the level of automation and develop new manufacturing process to increase manufacturing efficiency. To use the information provided by EDI and ERP systems, the VMI system (supplier managed inventory system) has been strengthened. Then, we built the system of global immediate delivery with customers that help us to reduce inventory costs and increase the flexibility of delivery, preparation, and production, speed, and the customer are also satisfied with the current situation. Since 2019, the Company has used its best effort to lay out its global supply chain to mitigate the business risk derived from the Sino-US Trade War. Upon completion and activation of the new plant in Thailand, the plant will become Chicony's new production center in Southeast Asia, which may help the Company respond to customers' needs, allocate the global production capacity and disperse the production risk.

###### C. Strong Customers

The primary customer base of keyboard and notebook computer built-in camera module products and power supply sold by the Company and Chicony Power Co., Ltd. are the top ten computer factories in the world, and we are also the designated assembly plant. Famous computer and system vendors are also our primary customers; sales to customers account for more than 50% of the total operating income, which can stabilize the Company's operating income and profit sources, and help to upgrade the product development level.

###### D. New High Value-added Products are Constantly Being Launched

In addition to continually maintaining good relationships with global electronics manufacturers, it is also committed to the development of high value-added products, and in response to the development trend of the future technology industry, the Group will integrate key technology in image, WIFI, power control, and software technology, and actively develop new products such as smart home, security control, smart speakers, AI, and the Internet of Things. In order to keep the performance and profitability of the Company continually growing, except to expand the original international sales base in the United States and Japan and also expand the domestic market for each product line in China.

###### E. Provide Customers for One Stop Shopping Service

The keyboards, computer cameras, and NB CAM products of the Company have the same primary customers as Chicony Power Co., Ltd. (indirect investment company). In order to save purchasing cost for customers and improve efficiency, the Company provides the One Stop Shopping service, and at the same time it

can also increase operating revenue.

#### F. Complete Global Logistics and Supply System

In order to play the role of a complete global logistics planning system and closely maintain our relationships with customers, from 1996, the Company has installed quick delivery warehouses in the US and Europe to meet customers' needs. Because customers of ODM/OEM are increasing more and more, the Company has built many factories around the world.

#### G. Strong Management Team

The management team of the Company has completed academic and practical experience, focusing on the industry, the stable operation style, and have an average of more than 15 years of experience in the Company. The composition includes managers with more than 20 years of relevant experience in manufacturing, sales, management, research and development, and accounting.

#### H. Research and Development Center of Industry-Academia Cooperation

The Company established the "Chicony R&D Scholarship" and cooperates with the Taipei University of Technology and responds to the government-sponsored policy of integrating industry and education, and established the Taipei University of Technology R&D Center at the Taipei University of Technology. The Company cooperates with the students of the Department of Electrical Engineering and Automation by appointing engineers. Divided into a few groups, the group has the power group, electronic research group, automation and vision research group, software development group, etc., they jointly develop, and share research resources and results with each other. In order to allow outstanding talents to join the Company, and to create a model of Taiwan's industry-university upgrades and respond to the government-sponsored industry-university policy, we participated in the ranks of the first P-TECH school of the junior college of the Ministry of Education.

#### (2) Unfavorable Factors and Response Strategies:

- A. The sales prices of computer and digital imaging industry products have fallen because of rapid market changes, fierce competition, and falling prices.
- B. China's electronic component industry has a local advantage, and Chinese companies continue to upgrade technology and accelerate the construction of the supply chain.
- C. The persistent epidemic is driving the booming homeboy economy. The supply of NB cannot afford to satisfy the demand thereof. The problem about short supplies in the supply chain appears to be severe.
- D. The traditional PC (including NB) market is already saturated with limited growth.

#### Response Strategies:

- To develop new technologies, new design abilities, and seek cooperation with more suppliers. In addition to continuously integrating the materials in the Group for common purchase, and also expanding cooperation with China suppliers to reduce the purchasing materials cost.
- In order to maintain revenue and profit, the Company continued to develop high added value products, and increased sales proportion by ourselves, and continuously expanded market share.
- In order to deal with the pressure of rising labor costs per year in China and effectively improve production efficiency, the Company has increased the automation ratio and developed new processes.

- In order to stabilize the source of supply and increase the gross profit margin, and strengthen vertical integration and to increase the ratio of self-made major components.
- The Company continues to expand its operations to maximize economies of scale.
- In order to obtain more outstanding R&D talents and enhance R&D strength, we have established a “Chicony R&D Excellence Scholarship” at the school.
- In order to reduce the impact on production, we have established a good relationship with suppliers, maintaining at least 2 or 3 suppliers for each raw material, and have made strategic procurement of major components to reduce the impact of component shortage.
- In order to reduce the debt ratio of the Company's consolidated statements, save interest expenses, and increase the Company's cash flow, it is necessary to strictly control the inventory and reduce the accounts receivable and fixed assets of capital expenditure.
- To expand non-PC industry products such as game consoles, sports cameras, and camera modules for smartphones, and to actively develop the Internet of Things (IOT and virtual reality (VR)-related products, and Blue Ocean market products for the Smart Home. In order to effectively create new customers and develop more business opportunities in the Blue Ocean market, the ratio of new products in the non-PC industry has surpassed the ratio of PC products.
- In order to make production more flexible, deliver quickly and with quality control that can meet the customer's demand, the Company strengthens the supplier management system and the customer's immediate shipping system.

(2) Primary Purpose of the Products and Production Process

**1. Primary Use:**

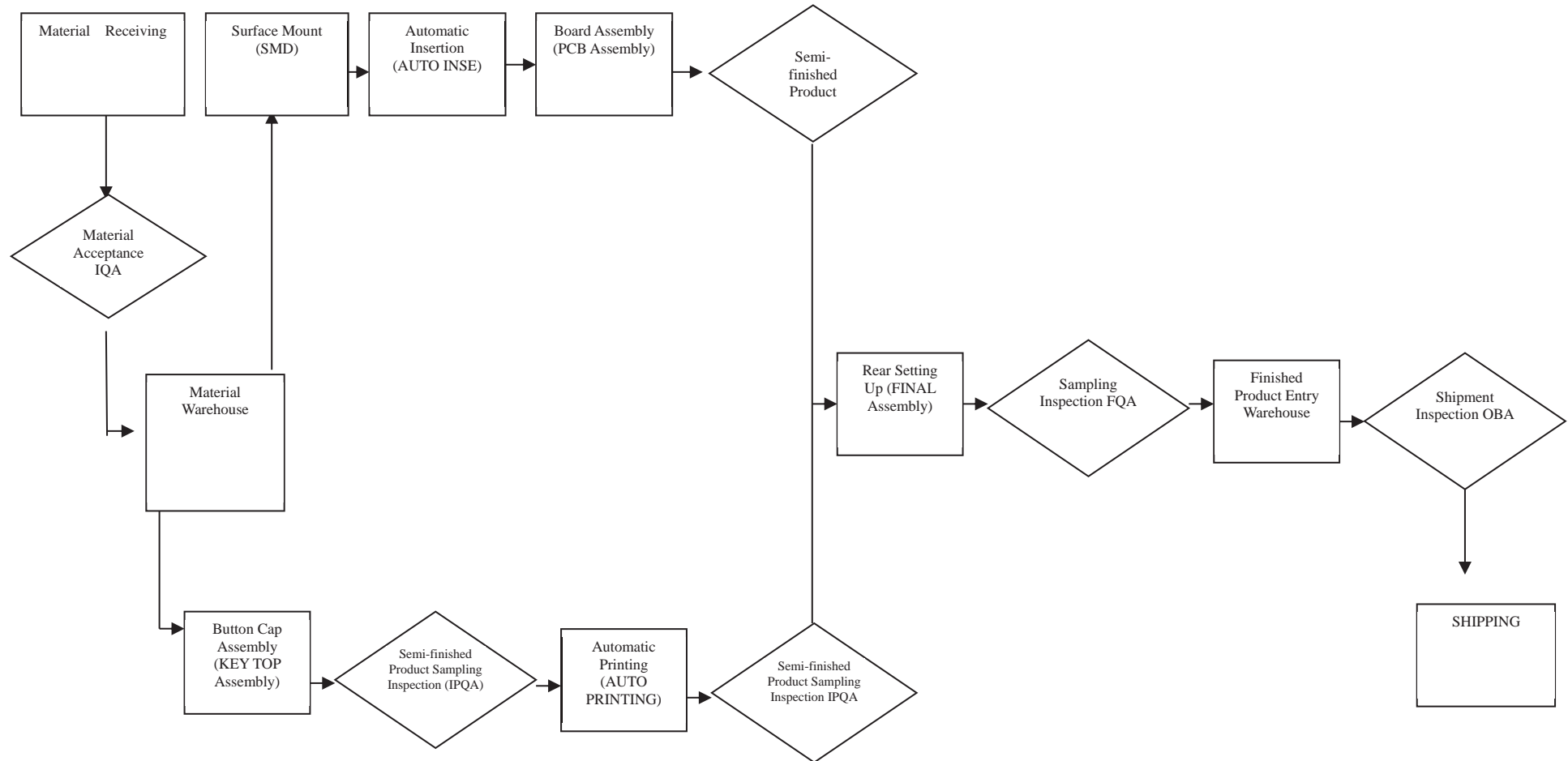
- (1) Keyboard: The keyboard is an indispensable input device, and it is also the most important interface tool for people to communicate with the computer system. It is also a personal computer, a computer workstation, a test device word processor, a Chinese computer, etc.
- (2) Digital Camera, Computer Camera, and Camera Module: Capture scenes and record images.
- (3) Smart Home: Uses smart phones and other connected devices to enter the home market, such as smart doorbells, smart speakers, smart lights, etc.
- (4) Power Supply and LED Lighting Equipment:

Product	Function	Usage
PSU for desktop PCs (Desktop PC Power)	AC is a full-range 90 ~ 265 VAC voltage, converted into single or multiple sets of output, the main power outputs include 180 W, 200 W, 250 W, 300 W, 350W, 550W, 650W, 750W and 850W.	Used for desktop personal computers.
PSU for notebook computer (Adapter and PSU for gaming PC)	AC is full-range 90~265 VAC voltage, main output is 19V, 20V and greater than 75W. It includes power factor correction circuit and the output ranges from 30W to 400W etc.	Used on general notebook computers and AIO PC; those with output greater than 150W are used for notebook workstations.
PSU for game consoles	AC is full-range 90~265VAC voltage, main output is 12V. It includes power factor correction circuit and the output ranges from 100W to 500W etc.	Mainly used for game consoles.
PSU for set-top-box	Divided into built-in and external (Adapter) forms; to make it easier for repairs, they have gradually changed to the external (Adapter) in recent years. The AC is full range or 115 ranges, and the output is made according to the requirement of the set-top-box; usually under 60W.	Used on various set-top-boxes.
PSU for LED drive	AC is between 85VAC to 265VAC, or between 180VAC to 265VAC. It also provides constant power to work with the demands of numbers and brightness of LED. The new technology that AC directly drives the LED module.	Provided for use with large amounts of indoor light bulbs, linear light, ceiling light, spot lamps and outdoor streetlights and patio lights.
Inkjet printer and laser printer power system	AC is between 85VAC to 135VAC or 180VAC to 265VAC; all outputs are made according to printer requirements and they all have laser engine drivers.	Used for large laser printers with different functions.
Cloud server power system and data power system	Ultra-high power density full digital control (N+1 / N+N) redundant power system. It can be used for monitoring of input AC/output DC, which is the output of 500W~several KW. Communication PSU generally has a 48V output whereas storage/AI servers usually have 12V or 54.5V single/multiple sets of output monitoring systems.	Used for communication systems, storage devices and servers.

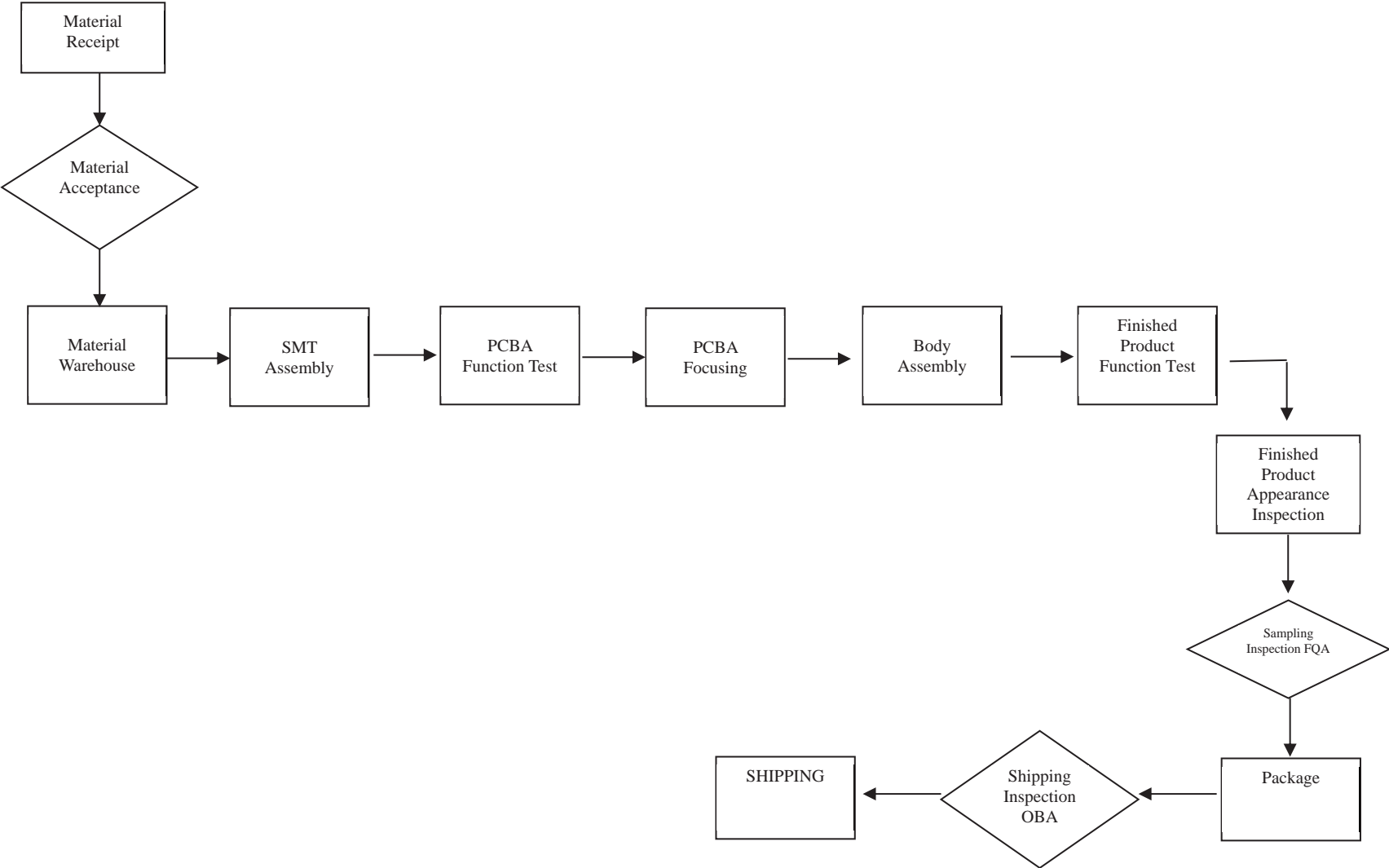
Product	Function	Usage
Charging device IOT PSU USB Type C power adapter	Charges lithium compound batteries.	Used to charge various tablet computers. Drone charging stations and charging devices for electric cars.
Industrial Tablet PC embedded power supply	AC is the full-range 85~265VAC voltage or DC is 18~32VDC voltage, the main output is 12V, 24V isolated power supply. The output power varies from 50W to 450W.	Provide various sizes of industrial touch panel computers.

## 2. Production Process:

### (1) Keyboard

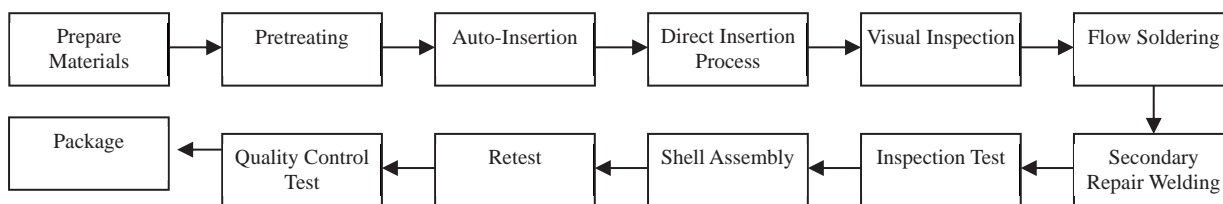


(2) Digital Camera, Computer Camera, and Camera Module:

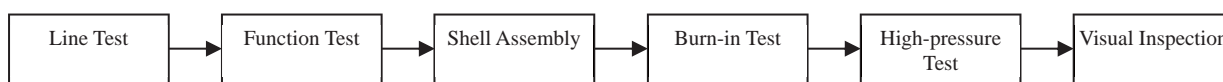


(3) Switching Power Supply (including LED drive power):

a. Production Process



b. Test Process



(3) Supply of Key Materials

In order to reduce production costs, keyboards, computer cameras, mobile phone camera modules, NB built-in camera modules, digital cameras, and cloud cameras are made by Chicony Power (Tungwan) Co., Ltd, Chicony Power (Suzhou) Co., Ltd, Mao Ray Co., Ltd. (Tungwan), and Chicony Power (Chongqing) Co., Ltd., which are the 100% indirect investment of our Company. Primary raw materials required [Keyboard: KEY TOP keycap, membrane switch rubber button, and IC integrated circuit, etc.; Digital Camera, Computer Camera, Camera Module: sensor, DSP/ASIC digital processor, LCD screen, lens, DDR memory, and flash memory, etc.] and purchase price, etc. are set up by our Unified Purchasing Center, then subsidiaries make the order by themselves. Due to long-term strategic cooperation with our primary suppliers, we have established a good relationship with suppliers. Since most of the material manufacturers have more than two, if there is any supply and demand imbalance in the market there is no impact to our operation. It is beneficial development to the long-term of our Company.

The primary raw materials of the power supply are power lines, capacitors, fans, heat sinks, semiconductors, transformers, molded cases, printed circuit boards, insulating sheets, and sockets. In order to reduce production costs, Chicony Power (Dongguan) Co., Ltd, Chicony Power (Suzhou) Co., Ltd, and Chicony Power (Chongqing) Co., Ltd, Chicony Power (Thailand) Co., Ltd which are the indirect investment of our Company are responsible for the production of primary materials for us, and the purchasing price is set up by the Company strategic procurement department, then Chicony Power International Inc. and subsidiaries make the order by themselves. Since there are more than two material manufacturers for most of the materials, and we have a good relationship with suppliers, and the source and quality are stable, so there is no impact to our operation.

(4) The names of the customers accounting for more than 10% of the total purchase (sales) in any of the last two years, and the amount of purchase (sale) in proportion to total purchase (sales), and the reasons for the changes, if applicable:

1. Key Supplier Information

Key Supplier Information in the Consolidated Financial Reports (names of the customers accounting for more than 10% of the total purchase in any of the last two years):

None

2. Key Customers Information

Key Customers Information in the Consolidated Financial Reports (names of the customers accounting for more than 10% of the total net sale in any of the last two years)

Unit : Thousand NT\$

Item	2019				2020				1Q 2021			
	Name	Amount	Ratio of net sales of the whole year (%)	Relationship with the issuer	Name	Amount	Ratio of net sales of the whole year (%)	Relationship with the issuer	Name	Amount	Ratio of net sales of the whole year (%)	Relationship with the issuer
1	Client C (Note 1)	10,440,897	11		Client A (Note 2)	9,560,678	10	None	Client A (Note 2)	2,821,238	11	None
2	Others	82,111,428	89		Others	85,521,549	90		Client B (Note 2)	2,590,703	10	None
3									Others	19,725,106	79	
Total	Net Sales	92,552,325	100		Net Sales	95,082,227	100		Net Sales	25,137,047	100	

Note : Explanation of the reason of the changes for trade debtors

1. The changes of sales revenue and ratio were due to the changing product demand of clients.
2. It met the market demand to have more higher-value added products for client A,B so the amount of sales from client A,B increased.

## (5) Production Volume Table

Unit: Thousand Unit/NT\$ 1,000

Year	2019					2020				
Production Volume and Value	Production Capacity	Production Volume	Production Value	Purchasing Volume	Purchasing Value	Production Capacity	Production Volume	Production Value	Purchasing Volume	Purchasing Value
Premium Products										
Electronic Parts and Components	348,529	270,231	43,701,147	-	-	392,193	307,564	45,399,689	-	-
Consumer and Other Electronic Products	140,873	134,451	48,346,597	3,457	2,054,184	130,014	91,592	45,199,064	2,459	1,857,551
Others	32	235	148,738	-		1	0	182,884	-	
Total			92,196,482		2,054,184			90,781,637		1,857,551

## (6) Sales Volume Table

Unit: Thousand Unit/ NT\$ 1,000

Year	2019 (Note 1)				2020 (Note 2)			
Sales Volume and Value	Domestic Sale		Export Sales		Domestic Sale		Export Sales	
Premium Products	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Electronic Parts and Components	15,199	3,917,870	157,626	42,389,925	21,158	4,922,468	196,052	48,407,147
Consumer and Other Electronic Products	5,324	3,251,017	80,462	42,764,219	4,031	2,905,911	79,604	38,308,735
Other	0	45,964	3	183,330	20	132,462	10	405,504
Total		7,214,851		85,337,474		7,960,841		87,121,386

Note 1: The consolidated operating revenue for 2019 is NT\$ 92,552,325 thousand.

2: The consolidated operating revenue for 2020 is NT\$ 95,082,227 thousand.

## 3. Number of Employees, Average Years of Service, Average Age, and Education Distribution Taiwan Employee Data During the Past Two Years and Up to March 31, 2021 [Consolidation]

Year		2019	2020	3/31/2021
Number of Employees	Direct Staff	22,123	29,682	29,411
	Indirect Staff	5,474	5,723	5,678
	Total	27,597	35,405	35,089
Average Age		30.01	32.94	32.44
Average Years of Service		3.31	3.88	3.48
Education Distribution (%)	PhD	0.06	0.04	0.04
	Master's Degree	2.47	2.13	2.19
	University	13.01	10.89	10.28
	Senior High School	23.59	28.27	26.21
	Senior High School and Below	60.86	58.67	61.27

#### 4. Information on environmental protection spending

(I) Losses Caused by Environmental Pollution in recent 2 years and up to the date of printing of this Annual Report: None.

(II) Response Strategies:

The Company's primary products are the research and development, manufacturing, and sales of computer peripherals. Therefore, there is no pollution problem. The overseas production location has purchased inspection equipment for ICP-inspectable materials, perform related personnel training, and have acquired the local government certification, so the Company has complied with the Restriction of Hazardous Substances (RoHS) by EU since July 2006. The Company has also imported related control software systems to ensure related control operations.

As of March 31, 2021, the raw materials required for the manufacture of our products have adopted the international environmental standards and to meet customer requirements.

Our Company thinks the maintenance of environmental quality, and the implementation of safety and sanitation work in various production factories are very important, and continues to strengthen the environmental quality and protection of employee's health. In the spirit of entrepreneurial social responsibility, the Company focuses on environmental protection. In order to improve the overall image of the Company, the Suzhou factory has a dedicated unit responsible for the project, and promoting the product process wastewater recycling system.

(III) Sizable Expenditures for Environmental Protection Expected in the Future: None.

#### 5. Labor Relations

(I) Employee Benefit Policy:

1. In addition to the labor law and related laws and regulations, the Company's employee welfare includes group insurance (including life insurance, medical insurance, anti-cancer insurance, accident medical insurance, and accident insurance), regular health checks, education and training subsidies, and emergency counseling. Because of the above welfare, employees will commit more for the Company.
2. The Company established the Employee Welfare Committee based on the employee welfare law. The Company regularly holds domestic and foreign travel, community activities, and birthday parties, it regularly issues birthday and annual vouchers, and urgent for employees, work-related injury, marriage, funeral, sickness, and birth allowances are also given.
3. In order to adjust the employees' condition in mind and body and establish the employees' centripetal force to the Company, we regularly hold various employee networking activities.
4. The Company provides related training in the profession, management, and languages, etc. for employees.

(II) Continuing Education and Training for the Employees:

In order to develop the working ability of employees, the Company cultivates professional knowledge and skills for employees and increases work efficiency by establishing management methods. The methods can also allow employees to ensure the quality of work and to achieve the Company's goal of sustainable business and development. In addition to new staff education and training, newcomers can quickly integrate into the organization team. The department heads and employees can also organize whole Company departmental training courses, seminars, etc. to meet the needs of the Company's internal and external environmental trends, and to strengthen and

enhance the professional competence and core competitiveness of employees by training and study channels.

(III) Retirement System and Implementation Status:

1. The Company appropriates 2% of the total salary as pension and stores it in the Taiwan Bank Labor Retirement Reserve account of the Company, and the Company recognizes pension expenses as the net refund cost base on the actuary assessment report every month; In July 2005, the Company performed and compiled the "Labor Pension Act", and the Company appropriates 6% to the personal accounts of the employees supervised by the Labor Insurance Bureau based on the employees choice new system.
2. The standard of pension application and the method of payment shall be processed in accordance with the provisions of the Law on Labor and the new system of retiring.

(IV) Important Agreement Between Labor and Management:

The rights and obligations of both employers and employees are processed based on the Company's working rules and personnel administrative rules and regulations. (The work rules of the Company and the personnel administrative rules and regulations are based on the labor law and related laws and regulations, and the work rules have been reported to the local authorities.),The employees may communicate with the Company about the Company's systems and working environment via the labor-management meeting, Employee Welfare Committee meetings and employee conference, in order to maintain the fair interaction between the management and employees.

(V) Status of Various Employees Rights of Maintenance Measures:

The Company has established relevant management measures and systems, and clearly defined employee rights, obligations, and welfare items, and regularly reviews and revises relevant measures and systems to maintain the rights and benefits for all employees.

(VI) Since the establishment of the Company on February 22, 1983, the Company has maintained a harmonious relationship with employees, so there is no loss caused by labor disputes. In order to maintain a harmonious relationship with employees, the management of the Company is very concerned with the smooth communication between the employer and the employee, and implements a humanized management system. The Company performs the concept of respect, trust, quality, and innovation, and implements the advancement of quality, and the development of new products. The Company's team is fully committed to achieving the organization's and the Company's operational goals to create a better future.

(VII) Net Losses Suffered, estimated amount and countermeasures by the Company (including affiliated enterprises) due to Labor Disputes from 2020 to March 31, 2021, and that it May Suffer in the Future (Including any violations of the Labor Standards Act found in the labor inspection, the disposition dates, disposition reference numbers, the articles of law violated, contents of the law violated, and the content of the dispositions shall all be listed.): None.

6. Vital contracts

“Material contingent liabilities and unrecognized commitments” are disclosed in the consolidated financial reports as attachment 1

Number	Nature of the Contracts	Contracting Parties	Term of the Contracts	Principal Content	Restriction Clause
1	Bank Credit Contract	E.SUN.BANK Co., Ltd.	11/1/2018-11/1/2023 5-year Period	NT\$2 Billion Medium-term Guarantee Loan Quota	The collateral is set as 14F-25F., No. 69, Sec. 2, Kuangfu Rd., Sanchung Dist., New Taipei City (Chicony Headquarters Building).
2	Bank Credit Contract	LAND BANK OF TAIWAN CO., LTD.	From December 28, 2018 to December 28, 2023 5-year Period	NT\$1 Billion Medium-term Guarantee Loan Quota	The collateral is set as 8F-13F., No.69, Sec. 2, Kuangfu Rd., Sanchung Dist., New Taipei City (Chicony Headquarters Building).
3	Bank Credit Contract	HUN NAN BANK CO., LTD.	From December 28, 2018 to December 28, 2023 5-year Period	NT\$1 Billion Medium-term Guarantee Loan Quota	The collateral is set as 2F-7F., No.69, Sec. 2, Kuangfu Rd., Sanchung Dist., New Taipei City (Chicony Headquarters Building).
4	Sales Contract (Note)	Company A	This contract is effective for the Company from June 1, 2009. This contract remains in continual effect if one party fails to notify the other party in writing of the termination of the contract by 90 days before the scheduled termination date.	The requirements and details of the purchase of the Company's products are listed in the contract and in the attachment.	Contract Content Confidential by Contract
5	Independent Contractor (Note)	Suzhou Weiye Group Construction Development Co., Ltd.	12.28.2018 - End of Warranty Responsibility	Regarding engineering-related rights and obligations, the Company signed this contract, and performed related projects by handing over the “New Construction Project of Wujiang Economic Development Zone in Suzhou City, Jiangsu Province” to Suzhou Weiye Group Construction Development Co., Ltd.	-

Note: Contracts 5 were signed by Chicony Power Technology Co., Ltd. [stock code 6412], which is a direct investment of 51.19% by the Company.

## VI. Financial Highlights

### 1. Most Recent 5-Year Concise Financial Information

#### (I) 1. Concise Consolidated Balance Sheet

Unit: NT\$ 1,000

Year		Most Recent 5-Year Concise Financial Information (Note 1)					Financial information from the Current Year to March 31, 2021
		2016	2017	2018	2019	2020	
Current Assets		39,822,492	43,470,794	46,422,143	47,180,486	51,379,996	55,163,559
Property, Plant, and Equipment (Note 2)		13,495,266	13,554,882	12,371,429	12,821,680	14,281,482	14,524,405
Intangible Assets		255,143	249,404	233,688	142,341	101,094	106,728
Other Assets (Note 3)		10,724,875	10,179,300	9,904,648	11,299,750	9,679,424	9,797,310
Total Assets		64,297,776	67,454,380	68,931,908	71,444,257	75,441,996	79,592,002
Current Liabilities	Before Distribution	33,064,768	36,873,474	39,182,202	38,242,738	41,625,550	48,076,84
	After Distribution	36,100,321	40,095,158	41,949,060	42,605,554	45,724,660	(Note 4)
Non-current Liabilities		2,708,075	2,305,511	1,568,182	1,307,492	1,144,764	1,061,668
Total Liabilities	Before Distribution	35,772,843	39,178,985	40,750,384	39,550,230	42,770,314	49,138,509
	After Distribution	38,808,396	42,400,669	43,517,242	43,913,046	46,869,424	(Note 4)
Shareholders Equity Attributable to the Parent Company		24,159,007	23,793,637	24,078,155	27,268,375	27,771,243	25,938,590
Capital Stock		7,120,820	7,206,051	7,303,799	7,344,975	7,394,603	7,394,603
Additional Paid-in Capital		4,629,152	5,136,660	5,633,933	6,114,005	6,412,535	6,623,472
Retained Earnings	Before Distribution	12,862,540	13,792,778	14,934,034	17,452,333	18,516,596	15,989,577
	After Distribution	9,791,275	10,534,895	12,167,176	13,089,517	14,417,486	(Note 4)
Other Equity		63,660	(1,824,687)	(3,065,027)	(3,331,661)	(4,241,214)	(3,757,785)
Treasure Shares		(517,165)	(517,165)	(728,584)	(311,277)	(311,277)	(311,277)
Uncontrolled Equity		4,365,926	4,481,758	4,103,369	4,625,652	4,900,439	4,514,903
Total Equity	Before Distribution	28,524,933	28,275,395	28,181,524	31,894,027	32,671,682	30,453,493
	After Distribution	25,453,668	25,017,512	25,414,666	27,531,211	28,572,572	(Note 4)

Note 1: The financial information of each of the above years is audited by the CPA; the first quarter of 2021 is the reviewed amount by the CPA.

Note 2: The asset revaluation has not been processed in each of the above years.

Note 3: From 2016 to 2020: Investment Property is recognized by the acquisition cost, and the subsequent measurement uses the fair value model. The gains or losses from changes in the fair value of the investment property are recognized in profit or loss in the period in which they happen.

Note 4: For the above-mentioned distribution figures, from 2016 to 2018 they are in turn filled in according to the resolutions of the annual shareholders' meeting; the 2019~2020 cash dividend distribution is filled in according to the resolution of the board of directors in the following years; there is no earnings distribution plan adopted by the board of directors or the shareholders' meeting in the first quarter of 2021.

## (I) 2. Separate Condensed Balance Sheet:

Unit: NT\$ 1,000

Year		Most Recent 5-Year Concise Financial Information (Note 1)				
		2016	2017	2018	2019	2020
Current Assets		10,607,153	10,621,312	10,612,030	11,924,370	14,455,607
Property, Plant, and Equipment (Note 2)		3,062,806	3,298,479	1,968,170	1,930,484	1,928,304
Intangible Assets		21,474	21,027	18,179	14,676	15,640
Other Assets (Note 3)		36,416,022	35,369,493	39,819,737	43,316,287	41,804,760
Total Assets		50,107,455	49,310,311	52,418,116	57,185,817	58,204,311
Current Liabilities	Before Distribution	23,965,858	24,230,229	27,348,158	28,710,117	29,191,589
	After Distribution	27,001,411	27,451,913	30,115,016	33,072,933	33,290,699
Non-current Liabilities		1,982,590	1,286,445	991,803	1,207,325	1,241,479
Total Liabilities	Before Distribution	25,948,448	25,516,674	28,339,961	29,917,442	30,433,068
	After Distribution	28,984,001	28,738,358	31,106,819	34,280,258	34,532,178
Shareholders Equity Attributable to the Parent Company		24,159,007	23,793,637	24,078,155	27,268,375	27,771,243
Capital Stock		7,120,820	7,206,051	7,303,799	7,344,975	7,394,603
Additional Paid-in Capital		4,629,152	5,136,660	5,633,933	6,114,005	6,412,535
Retained Earnings	Before Distribution	12,862,540	13,792,778	14,934,034	17,452,333	18,516,596
	After Distribution	9,791,275	10,534,895	12,167,176	13,089,517	14,417,486
Other Equity		63,660	(1,824,687)	(3,065,027)	(3,331,661)	(4,241,214)
Treasure Shares		(517,165)	(517,165)	(728,584)	(311,277)	(311,277)
Uncontrolled Equity		-	-	-	-	-
Total Equity	Before Distribution	24,159,007	23,793,637	24,078,155	27,268,375	27,771,243
	After Distribution	21,087,742	20,535,754	21,311,297	22,905,559	23,672,133

Note 1: The financial information of each of the above years is audited by the CPA.

Note 2: The asset revaluation has not been processed in each of the above years.

Note 3: From 2016 to 2020: Investment Property is recognized by the acquisition cost and the subsequent measurement uses the fair value model. The gains or losses arising from changes in the fair value of investment property are recognized as losses or benefits in the period when it happens.

Note 4: For the above-mentioned distribution figures, from 2016 to 2018 they are in turn filled in according to the resolutions of the annual shareholders' meeting; the 2019~2020 cash dividend distribution is filled in according to the resolution of the board of directors of next year.

## (II) 1. Concise Consolidated Comprehensive Income Statement

Unit: NT\$ 1,000 (Except for the unit of earnings per share, which is “dollars”)

Year Item	Most Recent 5-Year Financial Information (Note) [reasons and conditions of correction or restatement must be described]					Financial information from the Current Year to March 31, 2021
	2016	2017	2018	2019	2020	
Operating Revenue	77,018,060	78,155,686	87,260,406	92,552,325	95,082,227	25,137,047
Gross Profit	13,517,449	13,454,337	12,616,764	16,281,488	17,775,629	4,395,896
Operating Income	5,028,077	4,569,330	4,649,536	6,269,465	7,662,700	1,848,934
Non-operating Income and Expenses	331,284	1,520,689	385,936	1,919,271	555,490	503,599
Earnings Before Taxation	5,359,361	6,090,019	5,035,472	8,188,736	8,218,190	2,352,533
Net Income of Continued Operations	5,359,361	6,090,019	5,035,472	8,188,736	8,218,190	2,352,533
Loss From Discontinued Operations (value after deducting income tax)	-	-	-	-	-	-
Net Income (loss) in Current Period	4,309,071	4,872,216	3,978,909	6,802,752	6,567,771	1,888,072
Other Comprehensive Income in Current Period (net income)	979,506	(2,403,270)	(517,092)	(886,943)	(964,503)	495,647
Total Comprehensive Income in Current Period	5,288,577	2,468,946	3,461,817	5,915,809	5,603,268	2,383,719
Net Income Attributable to Shareholders of the Parent Company	3,531,068	4,021,529	3,590,711	5,838,817	5,466,764	1,568,935
Net Income Attributable to Uncontrolled Equity	778,003	850,687	388,198	963,935	1,101,007	319,137
Total Comprehensive Income Attributable to the Parent Company	4,526,727	2,113,156	3,203,987	5,018,523	4,517,525	2,055,520
Comprehensive Income Attributable to Uncontrolled Equity	761,850	355,790	257,830	897,286	1,085,743	328,199
Earnings per Share	5.21	5.89	5.22	8.45	7.80	2.23

Note: The above annual financial information is audited by the CPA; the first quarter of 2021 is the reviewed amounts of the CPA.

## (II) 2. Separate Condensed Comprehensive Income Statement

Unit: NT\$ 1,000 (Except for the unit of earnings per share, which is “dollars”)

Year Item	Most Recent 5-Year Financial Information (Note) [reasons and conditions of correction or restatement must be described]				
	2016	2017	2018	2019	2020
Operating Revenue	24,819,362	23,309,518	24,501,048	28,369,842	36,581,549
Gross Profit	4,317,560	4,136,135	4,172,651	5,344,693	6,138,950
Operating Income	1,488,756	1,147,835	1,011,352	1,600,928	2,628,855
Non-operating Income and Expenses	2,326,485	3,387,272	2,729,615	4,650,814	3,684,138
Earnings Before Taxation	3,815,241	4,535,107	3,740,967	6,251,742	6,312,993
Net Income of Continued Operations	3,815,241	4,535,107	3,740,967	6,251,742	6,312,993
Discontinued Operation Loss (value after deducting income tax)	-	-	-	-	-
Net Income (loss) in Current Period	3,531,068	4,021,529	3,590,711	5,838,817	5,466,764
Other Comprehensive Income in Current Period (net income)	995,659	(1,908,373)	(386,724)	(820,294)	(949,239)
Total Comprehensive Income in Current Period	4,526,727	2,113,156	3,203,987	5,018,523	4,517,525
Net Income Attributable to Shareholders of the Parent Company	3,531,068	4,021,529	3,590,711	5,838,817	5,466,764
Net Income Attributable to Uncontrolled Equity	-	-	-	-	-
Total Comprehensive Income Attributable to the Parent Company	4,526,727	2,113,156	3,203,987	5,018,523	4,517,525
Comprehensive Income Attributable to Uncontrolled Equity	-	-	-	-	-
Earnings per Share	5.21	5.89	5.22	8.45	7.80

Note 1: The financial information of each of the above years is audited by the CPA.

## (III) Audit Situation for the CPA

## Name of the CPA and Audit Comments in the Past Five Years

Year	Name of CPA	Audit Opinions
2016	Wang, Hui-Hsien/Lin, Chun-Yao	Unqualified Opinions
2017	Lin, Chun-Yao/Weng, Shih-Jung	Unqualified Opinions
2018	Weng, Shih-Jung/Chen, Chin-Chang	Unqualified Opinions
2019	Weng, Shih-Jung/Chen, Chin-Chang	Unqualified Opinions
2020	Weng, Shih-Jung/Chen, Chin-Chang	Unqualified Opinions

## Change of the CPA in the Most Recent Five Years:

Due to internal organization restructuring in PricewaterhouseCoopers Accounting Firm, the Firm has replaced Chun Yao Lin CPA and Hui Hsien Wang CPA with Chin Chang Chen CPA and Weng Shirong CPA for fiscal year 2017; For fiscal year 2018, the Firm replaced Chun Yao Lin CPA and Shih Jung Weng CPA with Shih Jung Weng CPA and Chin Chang Chen CPA.

## 2. Financial Analysis of the Recent 5 years

(1) 1. The Financial Ratio Analysis of Consolidated Financial Statements (if there is a stand-alone financial report, the financial ratio analysis of stand-alone financial statement should be edited)

Year Analytical Item		Most Recent 5-Year Financial Analysis (Note 1) (one season before the date of printing)							As of this year of March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	Change in 2020 Compared to 2019 %	Description of Reason	
Financial Structure	Liabilities to Assets Ratio (%)	55.64	58.08	59.12	55.36	56.69	2.41		61.74
	Long-term Capital to Property, Plant and Equipment Ratio (%)	199.09	192.54	207.30	222.87	202.47	-9.15		185.90
Ability to Repay Debts	Current Ratio (%)	120.44	117.89	118.48	123.37	123.43	0.05		114.74
	Quick Ratio (%)	85.03	80.16	70.94	83.34	81.15	-2.64		76.91
	Debt Service Coverage Ratio	69.72	59.17	36.20	67.50	122.49	81.46	1	230.07
Utility	A/R Turnover (times)	4.04	4.04	4.68	4.77	4.30	-9.90		4.25
	Average Days of Payment Collection	90	90	78	77	85	10.99		86
	Inventory Turnover (times) (Note 9)	5.70	5.09	4.90	4.84	4.80	-0.80		4.71
	A/P Turnover (Times)	3.16	3.05	3.35	3.23	3.09	-4.53		77
	Average Days of Sale	64	72	75	75	76	0.81		3.16
	Property, Plants, and Equipment Turnover (times)	5.31	5.77	6.72	7.33	7.00	-4.50		6.95
	Total Assets Turnover (times)	1.25	1.18	1.28	1.32	1.29	-1.81		1.29
Profitability	ROA (%)	5.83	6.24	5.43	8.46	7.52	-11.14		8.14
	ROE (%)	15.21	16.77	15.00	22.74	19.86	-12.65		23.37
	EBIT to Paid-in Capital Ratio (%) (note 7)	75.26	84.51	68.94	111.49	111.14	-0.31		127.26
	Net Profit Margin (%)	4.58	5.15	4.11	6.31	5.75	-8.86		6.24
	Earnings per Share (NTD)	5.21	5.89	5.22	8.45	7.80	-7.71		2.23
Cash Flows	Cash Flow Ratio (%)	23.60	17.19	16.67	28.92	20.25	-29.96	2	N/A
	Cash Flow Adequacy Ratio (%)	115.77	110.74	101.31	114.32	110.10	-3.69		N/A
	Cash Reinvestment Ratio (%)	14.00	9.80	9.73	21.79	9.90	-54.58	3	N/A
Leverage	Operational Leverage	3.63	3.84	3.90	3.28	3.11	-5.02		3.28
	Financial Leverage	1.02	1.02	1.03	1.02	1.01	-1.09		1.01

Please describe the reasons for the changes in the financial ratios in the recent two years.  
(Exempt from analysis if the increase or decrease of change is less than 20%)

In 2020, the increase or decrease from 2019 was more than 20%, as described below:

1. The decrease in interest expense is mainly due to an increase in net profit before tax and a decrease in average loan amount in the current period.
2. The main reason is less cash flow from operating activities than that of the previous period, resulting in a lower cash flow ratio than that of the same period last year.
3. The main reason is less cash flow from operating activities than that of the previous period, resulting in a lower cash reinvestment ratio than that of the same period last year.

Note 1: The financial information of each of the above years is audited by the CPA; the first quarter of 2021 is the reviewed amount by the CPA.

Note 2: The calculated formula of the important financial ratios in the above table: same as (I) 2. Note 2.

Note 3: The calculated formula of the earnings per share mentioned above should be specially considered when measuring the use of this formula: same as (II) 2. Note 3.

Note 4: The special considerations for measuring the use of cash flow analysis are as follows: same as (I) 2. Note 4.

(1) 2. The Financial Ratio Analysis of Stand-alone Financial Statements (if there is a stand-alone financial report, the financial ratio analysis of stand-alone financial statement should be edited)

Year		Most Recent 5-Year Financial Analysis (Note 1)						
		2016	2017	2018	2019	2020	Change in 2020 Compared to 2019 %	Description of Reason
Analytical Item								
Financial Structure	Liabilities to Assets Ratio (%)	51.79	51.75	54.07	52.32	52.29	-0.06	
	Long-term Capital to Property, Plant and Equipment Ratio (%)	853.52	760.35	1,273.77	1,475.05	1,504.57	2.00	
Ability to Repay Debts	Current Ratio (%)	44.26	43.83	38.80	41.53	49.52	19.23	
	Quick Ratio (%)	39.13	38.74	32.89	35.87	45.35	26.43	1
	Debt Service Coverage Ratio	552.02	163.95	88.51	161.32	108.08	-33.01	2
Utility	A/R Turnover (times)	4.61	4.57	6.12	7.41	5.67	-23.47	3
	Average Days of Payment Collection	79	80	60	49	64	30.67	4
	Inventory Turnover (times) (Note 9)	14.84	15.00	14.13	14.41	21.62	50.08	5
	A/P Turnover (Times)	1.14	1.07	1.08	1.06	1.55	46.58	6
	Average Days of Sale	25	24	26	25	17	-33.37	7
	Property, Plants, and Equipment Turnover (times)	5.67	7.11	8.89	14.12	18.06	27.87	8
	Total Assets Turnover (times)	0.50	0.46	0.46	0.50	0.60	20.22	9
Profitability	ROA (%)	7.28	8.14	7.13	10.71	9.56	-10.78	
	ROE (%)	15.21	16.77	15.00	22.74	19.86	-12.65	
	EBIT to Paid-in Capital Ratio (%)	53.58	62.93	51.22	85.12	85.37	0.30	
	Net Profit Margin (%)	14.64	17.78	14.66	20.58	14.94	-27.39	10
	Earnings per Share (NTD)	5.21	5.89	5.22	8.45	7.80	-7.71	
Cash Flows	Cash Flow Ratio (%)	10.63	8.87	19.08	18.96	-15.07	-179.47	11
	Cash Flow Adequacy Ratio (%)	106.07	89.89	93.81	111.41	58.37	-47.61	12
	Cash Reinvestment Ratio (%)	-2.57	-4.99	12.41	14.06	-39.74	-382.62	13
Leverage	Operational Leverage	1.61	1.70	2.04	1.91	1.58	-17.09	
	Financial Leverage	1.00	1.02	1.04	1.02	1.02	-0.20	

Please describe the reasons for the changes in the financial ratios in the recent two years. (Exempt from analysis if the increase or decrease of change is less than 20%)

In 2020, the increase or decrease from 2019 was more than 20%, as described below:

1. The accounts receive increased compared to that of previous year, leading to an increase of quick ratio
2. The main reason is an increase of interest expense due to an increase of the average loaning amount for related parties in the current period
3. The decrease of A/R turnover was due to an increase of accounts receivable in the year-end compared to that in the previous year
4. The average days of payment collection increased due to an increase of accounts receivable in the year-end compared to that in the previous year
5. The amount of inventory decreased compared to that in previous year due to the very good planning of sales and production, so the inventory turnover increased compared to that in previous year
6. The increase of A/P turnover was due to less accounts payable in the year-end compared to that in the previous year
7. The amount of inventory decreased compared to that in previous year due to the very good planning of sales and production, so the average days of sales decreased compared to that in previous year
8. Due to an increase of sales revenue, the efficiency of fixed assest usage increased, leading to an increase of Property, Plants, and Equipment Turnover
9. Due to an increase of sales revenue
10. Net profit margin decreased due to an increase of sales revenue and a decrease of net profit
11. Due to less cash flow from operating activities compared to that in the previous period, the cash flow ratio decreased
12. Due to less cash flow from operating activities compared to that in the previous period, the cash flow adequacy ratio decreased
13. Due to less cash flow from operating activities compared to that in the previous period, the Cash Reinvestment Ratio decreased

Note 1: The financial information of each of the above years is audited by the CPA.

Note 2: The calculated formula of the important financial ratios in the above table, listed below:

1. Financial Structure

- (1) Liabilities 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. Ability to Repay Debts

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets – inventory – prepayments)/current liabilities.
- (3) Debt service coverage ratio = EBIT/interest expense in current period.

3. Utility

- (1) Receivables turnover (including account receivables and note receivables from operation) = net sale/the balance of average receivables in each period including account receivables and note receivables from operation.
- (2) Average days of payment collection = 365/receivable turnover.
- (3) Inventory turnover = cost of goods sold/average inventory.
- (4) Payables turnover (including account payables and note payables from operation) = net sale/the balance of average payables in each period including account payables and note payables from operation.
- (5) Average days of sale = 365/inventory turnover.
- (6) Property, plant, and equipment turnover = net sale/net average property, plant, and equipment.
- (7) Total assets turnover = net sale/total average assets.

4. Profitability

- (1) Return on Assets (ROA) = [net income + interest expense x (1 – tax rate)]/average total assets.
- (2) Return on Equity (ROE) = net income/total average equity.
- (3) Net profit rate = net income/net sales.
- (4) Earnings per share = (income attributable to the shareholders of the parent company – dividend of preferred shares)/weighted average quantity of outstanding shares. (Note 3)

5. Cash Flows

- (1) Cash flow ratio = net cash flows from operation/current liabilities.
- (2) Net cash flow adequacy ratio = net cash flow from operation in the last 5 years/(capital expenditures + increase in inventory + cash dividend) in the last 5 years.
- (3) Cash reinvestment ration = (net cash flow from operation – cash dividend)/(gross property, plant, and equipment + long-term investment + other non-current assets + working capital). (Note 4)

6. Leverage:

- (1) Operational leverage = (net operating income – variable operating cost and expense)/operating income (Note 5).
- (2) Financial leverage = operating income/(operating income – interest expenses).

Note 3: Pay attention to the following in measurement with the aforementioned equation of the earnings per share in the calculation:

1. Based on the weighted average quantity of common shares, not the outstanding quantity of shares at the end of the year.
2. Consider the period of circulation for transactions with the offering of new shares for raising capital or repurchase of treasury shares in the calculation of the weighted average quantity

of outstanding shares.

3. If there is capitalization of retained earnings or capitalization of additional paid-in capital into new shares, make adjustment in the calculation of earnings per share of the previous year and on semi-annual basis in retrospect of the increase in the size of capital irrespective of the period of capitalization.
4. If the preferred shares are unconvertible accumulative preferred shares, the dividend of the year (released or not) shall be deducted from net income, or added to net loss after tax. If the preferred shares are not accumulative, and there is the net income, dividends for preferred shares shall be deducted from net income. If there is net loss, no adjustment is necessary.

Note 4: Pay attention to the following in the measurement of cash flow in the analysis:

1. Net cash flow from operation is the net cash inflow from operation as presented in the statement of cash flows.
2. Capital expenditure shall be the cash outflow from annual capital investment.
3. The increase of inventory is only included in the calculation when the balance at the ending of the period is greater than the balance at the beginning of the period. If there is a decrease of inventory at year end, calculate on the basis of zero.
4. Cash dividends include the cash dividends for common shares and preferred shares.
5. Gross property, plant, and equipment are the total property, plant, and equipment before accumulated depreciations.

Note 5: Issuers shall classify operating costs and expenses by purpose of use as fixed or variable. If estimation or subjective judgment is involved, make sure it is rational and consistent.

Note 6: If the stock issued by the Company bears no face value, or the face value is not NT\$10/share, the calculation of the aforementioned ratio to paid-in capital shall be based on the ratio of the equity attributable to the parent company of the balance sheet.

3. The Audit Committee's Review Report

**Chicony Electronics CO., Ltd.**

**The Audit Committee's Review Report**

We hereby confirm

The Board of Directors of Chicony Electronics Co., Ltd prepared and presented the 2020 business report, consolidated financial statements and individual financial statements, and the statement of retained earnings. The financial statements were audited by the PwC Taiwan, appointed by Board, and an independent auditor's report was issued by it.

The Audit Committee has audited the above-mentioned reports that were composed and presented by the Board of Directors. They have been audited and it is concluded the reports are presented fairly according to Corporate Law and other related regulation; therefore, a Supervisor's Report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Company Law Article 219.

For your review

To

Shareholders' Meeting 2021

Convener of the Audit Committee: Lee, Yen-Sung

March 10, 2021

4. Consolidated Financial Statements with Subsidiaries Audited by the CPA: Please refer to attachment 1
5. Parent company only Financial Statements Audited by the CPA: Please refer to attachment 2
6. Whether Financial Difficulty of the Company and Affiliated Enterprises Occurred, and the Impact on the Company's Financial Position: None

## VII. Review and Analysis of Financial Position and Financial Performance and Risks

### 1. Financial Position

#### (I) Table of Analytical Changes in Consolidated Assets, Liabilities, and Shareholders' Equity in the Last Two Years

Unit: NT\$ thousands

Item	Year		Different Amount		Analytical Description of the Increase and Decrease Ratio (Note)
	2020	2019	Amount	%	
Current Assets	51,379,996	47,180,486	4,199,510	8.9	
Financial Asset and Investment	2,784,263	2,869,857	(85,594)	(3.0)	
Property, Plant, and Equipment	14,281,482	12,821,680	1,459,802	11.4	
Right-of-Use Asset	855,634	891,285	(35,651)	(4.0)	
Net Investment Property	3,972,974	6,447,876	(2,474,902)	(38.4)	Details (II)1
Intangible Assets	101,094	142,341	(41,247)	(29.0)	Details(II)2
Deferred Income Tax Assets	232,271	152,339	79,932	52.5	Details (II)3
Other Non-current Assets	1,834,282	938,393	895,889	95.5	Details (II)4
Total Assets	75,441,996	71,444,257	3,997,739	5.6	
Current Liabilities	41,625,550	38,242,738	3,382,812	8.8	
Long-term Debts Payable	0	100,000	(100,000)	(100.0)	Details (II)5
Provisions - Non-current	512,215	583,333	(71,118)	(12.2)	
Deferred Income Tax Liabilities	339,007	365,703	(26,696)	(7.3)	
Other Non-current Liabilities	293,542	258,456	35,086	13.6	
Total Liabilities	42,770,314	39,550,230	3,220,084	8.1	
Capital Stock	7,394,603	7,344,975	49,628	0.7	
Additional Paid-in Capital	6,412,535	6,114,005	298,530	4.9	
Retained Earnings	18,516,596	17,452,333	1,064,263	6.1	
Other Equity	(4,241,214)	(3,331,661)	(909,553)	27.3	Details (II)6
Treasure Shares	(311,277)	(311,277)	0	0.0	
Uncontrolled Equity	4,900,439	4,625,652	274,787	5.9	
Shareholder Equity	32,671,682	31,894,027	777,655	2.4	

#### (II) Change Description of Material Items (increase/decrease in ratio reaches 20% or exceeds NT\$10,000 thousand):

1. Due to the sale of investment property in this year
2. The main reason is the impairment loss of goodwill recognized in this year
3. The main reason is an increase in deferred income tax assets due to unrealized expenses payable and inventory falling price loss
4. The pre-paid amount for equipment increased due to the increase of the manufacturing scale of subsidiary company
5. Re-classified the current portion of long-term payable under current liabilities
6. Due to the decrease of the fair value of the financial assets at fair value through profit or loss and US dollar depreciation, the unrealized loss of financial assets and the exchange loss on translation of foreign financial statements increased

The differences mentioned above have no significant impacts on the Company's financial position.

2. Financial Performance:

(I) Comparative Analysis of Consolidated Financial Performance in the Recent Two Years

Unit: NT\$ thousands

Item	Year		Amount Changed	Change Percentage (%)	Analytical Description of the Increase and Decrease Ratio (Note)
	2020	2019			
Operating Revenue	95,082,227	92,552,325	2,529,902	2.7	
Operating Costs	(77,306,598)	(76,270,837)	1,035,761	1.4	
Gross Profit	17,775,629	16,281,488	1,494,141	9.2	
Selling Expenses	(3,862,736)	(3,708,989)	153,747	4.1	
Administrative Expenses	(2,729,786)	(2,970,822)	(241,036)	(8.1)	
Research and Development Expenses	(3,515,726)	(3,369,287)	146,439	4.3	
Expected Credit Impairment Loss (Gain)	(4,681)	37,075	41,756	(112.6)	Details (II)1
Total Administrative Expenses	(10,112,929)	(10,012,023)	100,906	1.0	
Operating Income	7,662,700	6,269,465	1,393,235	22.2	Details (II)2
Other Revenue	891,088	706,268	184,820	26.2	Details (II)3
Other Gains and Losses	(256,878)	1,321,223	(1,578,101)	(119.4)	Details (II)4
Financial Costs	(67,643)	(123,131)	(55,488)	(45.1)	Details (II)5
Investment Gain(Loss) Recognized Under Equity Method	(11,077)	14,911	(25,988)	(174.3)	Details (II)6
Total Non-operating Revenue and Expenses	555,490	1,919,271	(1,363,781)	(71.1)	Details (II)7
Earnings Before Taxation	8,218,190	8,188,736	29,454	0.4	
Income Tax Expenses	(1,650,419)	(1,385,984)	264,435	19.1	
Net Income in Current Period	6,567,771	6,802,752	(234,981)	(3.5)	

(II) Change Description of Material Items (increase/decrease in ratio reaches 20% or exceeds NT\$ 10,000 thousand):

1. The main reason is an impairment loss of accounts receivable recognized this year
2. The main reason is an increase in sales revenue this year
3. Due to an increase of interest income from amortized cost financial assets this year
4. The main reason is a decrease in investment evaluation benefits and no disposal of non-current assets this year
5. The interest expense decreased this year mainly due to a decrease of average amount of loan
6. Due to an increase of the loss of share of income from associates accounted for using equity method this year compared with that in the previous year
7. The main reason is a decrease in other interests and losses this year compared with the previous year.

The differences mentioned above have no significant impacts on the Company's financial position

(III) Expected Sales Quantity and its Basis:

1. The Company estimated that the sales volume of computer peripherals, digital video images, consumer electronics products, and other electronic products of the Company will be approximately 235.9 million units in the coming year and the subsidiaries Chicony Power and Xavi Technologies estimated that the sales volume of computer peripherals, game console products, and Netcom and other electronics will be approximately 188.1 million units and 4.5 million units.
2. In order to estimate the annual sales volume, in addition to the Company referring the market analysis of primary research institutions, it is based on the expected demand and considers the capacity planning and past operating performance.

(I) Possible Impacts and Response Plans of the Company on Future Finances and Business: None.

3. Cash flows

(I) Recent Annual Cash Flow Analysis:

Unit: NT\$ thousands

Cash Balance at Beginning of the Period ①	Net Cash Flow From Operating Activities for the Whole Year ②	Net Cash Flow of Investment and Financing Activities for the Whole Year (including the impact of the exchange rate) ③	Cash Remaining Amount ①+②+③	Remedies for Cash Shortages	
				Investment Plan	Financial Plan
4,136,522	8,430,192	(8,815,363)	3,751,351	—	—
<p>1. Analysis of Cash Flow in the Current Year:</p> <p>(1) Operating Activities: Because of the before income tax for the year plus the depreciation number that has not yet generated cash outflows.</p> <p>(2) Investment and financing activities: Mainly due to distribution of cash dividends and purchase of property, plant and equipment</p> <p>(3) Remedies for Cash Shortages: No cash shortage condition.</p>					

(II) Analysis of Cash Flows in the Year Ahead:

Unit: NT\$ thousands

Cash Balance at Beginning of the Period ①	Estimated Net Cash Flow From Operating Activities for the Whole Year ②	Estimated Net Cash Flow of Investment and Financing Activities for the Whole Year (including the impact of the exchange rate) ③	Estimated Cash Remaining Amount ① + ② + ③	Remedies for Cash Shortages	
				Investment Plan	Financial Plan
3,751,351	9,000,000	(8,751,351)	4,000,000	—	—
<p>1. Analysis of Cash Flow in the Current Year:</p> <p>(1) Operating Activities: In order to increase profitability and generate net cash inflows, we have invested much effort in high value-added products and new products.</p> <p>(2) Investment and financing activities: It was expected to build a new plant and distribute cash dividends, resulting in a net cash outflow.</p> <p>(3) Expected Remedies for Cash Shortages: None.</p>					

4. Major Capital Expenditure and their effect on the financial position and Operation of the Company

Effect of Significant Capital Expenditure on the Financial and Operation Performance of the Company: None.

5. Direct Investment Policy and the main cause of profit or loss, remedial plan, and investment plan for the year ahead.

(1) Direct Investment Policy

The direct investment policy of the Company has the following three items:

1. In order to reduce production costs and provide the service closely for customers and enjoy tax incentives of consideration, we will invest in subsidiaries around the world and set up production locations and sales services.
2. In order to ensure the primary supply of the sources, the Company directly invests in the primary material supplier under the principle of minimum capital.
3. In order to increase the Company's overall competitiveness and create maximum interest, the Company strategically invests in related products that can create a synergistic effect under controllable risks.

(2) Direct Investment Policy in the Most Recent Year, the Primary Cause of Profit or Loss, and Remedy, and the Investment Plan in the Year Ahead

Unit: NT\$ thousands

Name of Direct Investment Company	Investment Amount (Note 1)	Investment Target	2020 Investment (Loss) Gain	Primary Reason for Gain or Loss	Improvement Plan	Future Investment Plan
Chicony Overseas Inc.	265,326	Holding Company	981,748	Direct Investment Company Profit, Gain on Disposal of Short-term Investment	Nil.	Nil
Chicony Global Inc.	33,027	Increase Sales Locations	266,534	Increase the sales ratio of niche products and new products	Nil.	Nil
Chicony Power Technologies Co. Ltd.	2,352,241	increase Items and Increase Overall Profit	1,130,517	Increase the proportion of niche products and new products, expand the scale of business, and improve R&D design ability and production efficiency.	Nil.	Nil
Hipro Overseas (BVI) Inc.	412,003	Holding Company and Increase Product Items, Increase Overall Profit	34,153	Interest revenue	Nil.	Nil
Hipro Electronics CO., LTD.	2,330	Holding Company	16,392	Disposal of Short-term Investment and Foreign Exchange Gain	Nil.	Nil
Unikey Electronics Co., Ltd.	150,000	Holding Company	(742,725)	Short-term investment valuation loss	Nil.	Nil
Chicony Elec. (Thailand) Co., Ltd.	489,232	Increase production base	276,320	Enlarge the scale of operations and increase manufacturing efficiency	Nil.	Construction of a new plant with the Company's own land
XAVi Technologies Corporation	125,122	Increase Items and Increase Overall Profit	74,064	Increase the sales proportion of niche products, and effectively control costs and expenses.	Nil	Nil

Note: 1. The above investment amount is a total of direct and indirect investment companies. When the investment amount is US dollars, it is converted based on the original investment cost exchange rate.

2. The above table only shows direct investment companies, the investment indirectly in the direct investment company with the gain or loss condition. Please refer to the attached "Table 8" of the Financial Report of the Company audited by the accountant. Please refer to the "Affiliates Consolidated Financial Statement Announcements" for the items listed in this Annual Report for the relevant information of the investment items, the amount of capital, and the proportion of the investment of the Company.

## 6. Analysis and Assessment of Risk Issues

### (1) The effect of fluctuation of interest rate, exchange rate, and inflation on the income position of the Company, and remedy

#### 1. Interest Rate Change

At the end of 2020, the amount of consolidated bank loans of the Company decreased by approximately NT\$ 0.91 billion compared with the end of 2019. The net consolidated interest expense in 2020 decreased by approximately NT\$72,536 thousand compared with 2019, and the average bank loan interest rate of 2020 was 0.97%, a decrease of approximately 0.23% from 2019. The average interest rate of consolidated loans in the first quarter of 2021 decreased by approximately 0.57% compared with the first quarter of 2020. The annual interest rate of loans increased or decreased by 0.25%, based on the balance of consolidated bank loans of NT\$608,178 thousand, as of March 31, 2021. The total annual interest expense of the Company impact is NT\$ 1,520 thousand.

The Company will continually track the market interest rate exchange rate trend information, and adjust the loan portfolio of each currency, to obtain the best loan interest rate conditions from the bank, and control the overall accounts receivable, inventory, accounts payable, and fixed asset turnover rate of the Company, in order to increase the cash flow of the Company, and minimize the impact of interest rate increases on the Company.

#### 2. Fluctuation in Foreign Currency Exchange Rate

To ensure that the gross margin is not subject to excessive exchange rate fluctuations, the products of the Company and its subsidiaries adapt mainly to the US dollar for export sales. The purchases are mainly based on the recent changes in the international currency situation and adapt mainly to the US dollar. The Company and its subsidiaries will focus on the international economic condition, reference for bank analysis reports, and use the hedging method to reduce the impact of exchange rate fluctuations, such as borrowing US dollars, operation forward foreign exchange, options, exchange trading, or directly selling US dollar. The consolidated exchange gains were NT\$137,880 thousand in 2020, and the consolidated exchange losses for the first quarter of 2021 were approximately NT\$151,455 thousand.

#### 3. Inflation

Most of the products of the Company and its subsidiaries are exported, so the impact of domestic inflation on the gain or loss of the Company is low. However, if inflation occurs in the global market, it will affect the purchasing ability and willingness of consumers and decrease the demand for consumer products. The gain or loss of the Company will have a negative impact, but the impact of international inflation is comprehensive, and it is not only individual companies but also governments that will respond to this issue; However, the Company will pay attention to the research and development and sales of niche products, reduce the production cost, and maintain the revenue of the Company by the price of products that can stimulate consumers' demand, and reduce the negative impact of inflation on the gain and loss of the Company.

### (2) The policy of engagement in high risk and high leverage investment, loaning to a third party, undertaking of endorsements/guarantees in favor of a third party, and derivative trade, and the main cause of profit or loss and remedy in the future

1. In the case of short-term investments, the Company and its subsidiaries have carefully evaluated and performed related rules, based on the "Acquisition or Disposal of Assets Processing Procedures" and related authority rules, and the

investment details and their gain and loss status are reviewed at least once a month. The Company will stop related matters if there is an abnormal situation. In 2020 and the first quarter of 2021, the Company's consolidated gain (loss) on disposal of investments were NT\$ 9,853 thousand and NT\$115,393 thousand.

2. The Company and its subsidiaries have engaged in fund lending with others and endorsement guarantors. All of them have set the "Funding Loan Operation Procedures" and "Endorsement Guarantee Measures" and proceeded according to them. When the subsidiary company needs funds required for operational needs, it is not easy to obtain the loan amount from the bank itself, and then the Company or the subsidiary company shall pay the loan or endorsement guarantee. As of March 31, 2021, the Company and its subsidiaries do not have any losses in fund loans to other people and endorsement guarantees.
3. The policies of the Company and its subsidiaries engaged in the trading of derivative goods are limited to hedging transactions. In the future, the Company and its subsidiaries will take into account the bank analysis report, appropriately perform the forward foreign exchange rate, options, and futures to avoid hedging, and reduce the impact of the exchange rate and raw material fluctuations by depending on foreign exchange site inventory, flow, and purchase of raw materials demand.

(3) R&D plan in the future, and projected commitment of R&D expenses

In order to respond to the market demand, in addition to the continuous investment of current business, such as keyboards, digital images, camera modules for smartphones, power supplies, and ultra-high-speed fiber-optic terminal Netcom devices, the Internet of Things is the future development trend of the technology industry and the Company is focused on these products, such as Net-based drones, electric vehicles, smart homes with smart networking capabilities, and smart buildings, etc. are all emerging products; it is estimated that the whole investment in research and development costs will account for about 2% to 3% of consolidated operating revenue.

(4) The effect of changes in important policies and the regulatory environment at home and overseas on the financial and operation performance of the Company and the remedy

In the most recent year and up to the printing date of the annual report, significant domestic and foreign policy and legal changes have no significant impact on the Company's financial business.

(5) The effect of changes in the technological and industrial environment on the financial and operation performance of the Company and the remedy

In 2018 and as of March 31, 2019, the finances and business of the Company will not be significantly affected by technological changes; because the overall industry has quickly changed the market, a lack of labor in China, rising labor costs, the PC market being close to saturation, high growth is difficult, and other unfavorable factors, there are low industrial profits and adjustment of the price is difficult. This affects the profit of the Company. In order to minimize these negative effects to maintain profitability, in addition to continually focusing on research and development and sales of niche products, reducing production costs, rationalizing procedures, automating production, and vertically integrating for primary suppliers, the Company is actively expanding non-PC industries such as servers, game consoles, smart speakers, smart homes, and the Internet of Things emerging product businesses.

(6) The effect of changes in corporate image on crisis management of the enterprise and remedy

In the Most Recent Year and up to the Date of Printing of this Annual Report, the

- Company did not have a corporate image change or a corporate crisis.
- (7) Expected results and possible risks from mergers and acquisitions, and the remedy  
 In the Most Recent Year and up to the Date of Printing of this Annual Report, the Company did not have any plan for mergers and acquisitions. It is not applicable.
- (8) Expected results and possible risks from capacity expansion, and the remedy  
 Upon completion of Chicony's new plant construction in Thailand, the orders placed by smart home customers will be transferred to the new plant in Thailand for mass production. The production capacity of the plant in Thailand is expected to account for 15% of Chicony's operations. This can make Thailand Chicony's production center in Southeast Asia, disperse the risk over tariff barriers effectively and also help respond to customers' needs, allocate the global production capacity and disperse the production risk.
- (9) Risks deriving from concentration of purchase or sale, and the remedy  
 The Company produces and sells diversified products. In the Most Recent Year and up to the Date of Printing of this Annual Report, there is no case where a certain product sold to a certain customer accounted for more than 10% of the global consolidated operating revenue; The Company has more than two suppliers of each raw material required for various product, and no single supplier accounts for more than 10% of the total consolidated purchases in the world.
- (10) Effect and risks of sizable transfers or swaps of equity shares by Directors, Supervisors, and dominant shareholders holding more than 10% of the stake of the Company, and the remedy: None
- (11) Effect and risks from the changing of hands in management and the remedy  
 In the Most Recent Year and up to the Date of Printing of this Annual Report, the Company's condition does not have any change in management.
- (12) Litigation or Non-litigation Incidents and Responding Measures:
1. Material Litigation, Non-litigation, or Administrative Dispute Incidents the Company is Currently Performing: None.
  2. Directors, Supervisors, General Manager, the De Facto Owner, and Shareholders Holding More than 10% of the Stakes, or Major Legal Proceeds, Non-contentious Matters, or Administrative Actions Still in Proceeding in 2018 and as of March 31, 2019, the Result of Which May Significantly Affect Shareholders Equity or the Stock Price of the Company: None.
- (13) Other Major Risks and their Remedy:
1. Description of Information Security Risk Assessment Analysis and Responding Measures:  
 Description of Information Security Risk Assessment Analysis and Responding Measures:  
 In the Internet age, third-party illegal intrusion attacks have become more and more difficult, and security protection has become increasingly difficult. Therefore, in addition to establishing a complete network and computer security protection system, such as firewalls and anti-virus software, the Company has regular updates. It depends on the process of information security education, training, and promotion. If it is necessary to conduct information business outsourcing operations, it is necessary to study and propose information security requirements in advance and require manufacturers to obey the information security responsibilities and confidentiality.  
 Regarding the information security risk management structure, information security policy, and detailed management projects of the Company, please refer

to the website of the Company.

2. Other Important Risks and Responding Measures: None.

7. Other Materiality: None

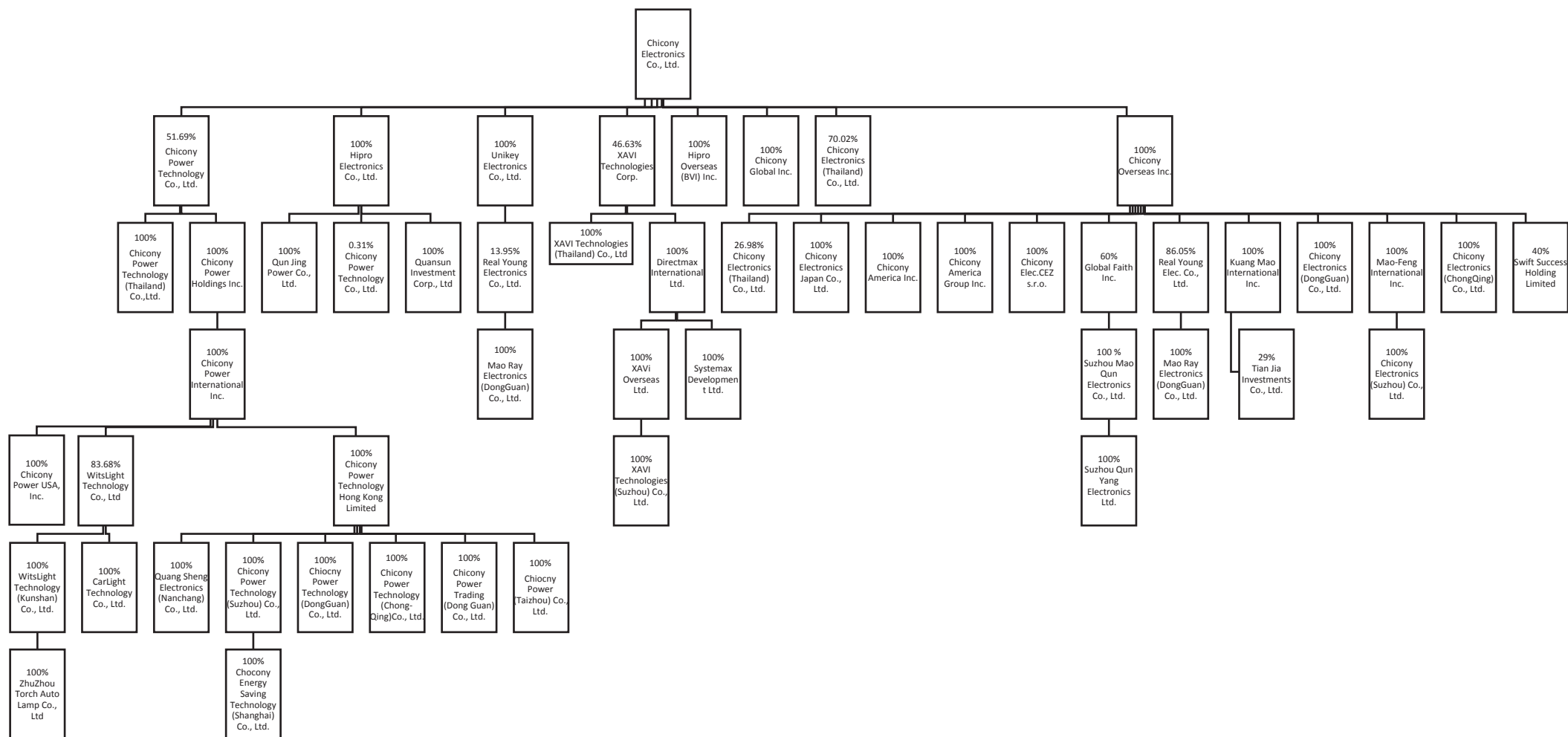
## VIII. Additional Information

### 1. Affiliates Consolidated Business Reports

#### I. Overview of affiliates

#### (1) Organizational Structure of Affiliate:

##### 1. Organizational Charts of Affiliates:



2.Pursuant to Article 369-3 of the Company Act, entities that have a controlling interest and affiliation: None

3.Pursuant to Paragraph 2, Article 369-2 of the Company Act, affiliates in which the Company has direct or indirect control of personnel, finance or business operations: None.

(2)Basic Information on the Affiliates

Name of corporation	Date of Incorporation	Address	Paid-in Capital	Main business line
Chicony Overseas Inc.	1989.4.14	P.O. Box 3152, Road Town,Tortola, British Virgin Islands	US\$ 10,000,000	1.Sale of computer peripheral components. 2.Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Unikey Electronics Co., Ltd.	1994.3.16	22F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$900,000,000	Production and sale of computer peripheral components.
Hipro Overseas (BVI) Inc.	1998.9.17	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI	US\$ 12,560,000	1. Sale of power supply devices and related electronic products. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Hipro Electronics CO., LTD.	1990.10.5	30F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$ 46,600,000	Import and export of power supply devices and related electronic products.
XAVi Technologies Corporation	1997.10.17	22F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$695,466,200	R&D, manufacturing, and sale of network connectivity products.
Chicony Elec. (Thailand) Co., Ltd.	1989.12.28	82 Mu 4, Takhan Bangpakong, Chachoengsao 24130, Thailand	THB 663,252,500	Production and sale of computer peripheral components.
Chicony Global Inc.	2006.9.11	Level 15(A1) Main Office Tower, Financial ParkLabuan, 87000 Labuan Ft, Malaysia	US\$1,000,000	Sale of computer peripheral components.
Chicony Power Technology Co. Ltd.	2008.12.05	30F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$ 3,887,510,370	Production and sale of computer peripheral components.
Chicony America Inc.	1989.12.19	53 Parker Irvine,CA 92618, U.S.A.	US\$3,250,000	Sale of computer peripheral components.
Chicony Electronics (Dongguan) CO., Ltd.	1998.7.1	Chicony Electronics Manufacturing Plant, SanZhong District, QingXi, DongGuan City, GuangZhou, Mainland China	US\$ 9,760,000	Production and sale of computer peripheral components.

Name of corporation	Date of Incorporation	Address	Paid-in Capital	Main business line
Mao-Feng International Inc.	1999.4.16	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands	US\$2,294,000	1. Sale of computer peripheral components. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Chicony Electronics (SuChou) Co., Ltd.	2001.10.26	2379, ZhongShanBei Road, SongLing, WuJiang City, JiangSu, Mainland China	US\$ 30,778,269 (RMB224,440,430)	Production and sale of computer peripheral components.
Chicony Electronics CEZ s.r.o.	2002.11.25	Tovarni 1553, 535 01Prelouc,Czech Republic	US\$6,555 (CZK200,000)	Sale of computer peripheral components.
Global Faith Inc. (KwangShin)	2004.6.10	Scotia Centre 4th Floor P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	US\$3,850,000	1. Sale of computer peripheral components. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Suzhou Mao-Qun Electronics Co., Ltd.	2004.4.4	No. 345, HuXinXi Road, WuJiang Economics & Technology Development District	US\$ 3,850,000	Production of electronic components, keyboards, and plastic products.
Suzhou Qun-Yang Electronics Co., Ltd.	2012.1.9	No. 345, HuXinXi Road, WuJiang Economics & Technology Development District	RMB 1,000,000	Production of electronic components, keyboards, and plastic products.
Chicony Electronics Japan Co., Ltd.	2008.11	4B Iwasaki.,3-11-15 Mizonzkuchi,Takatsu-ku, Kawasaki-shi,Kanagawa-ken 2-3-0001	JPY10,000,000	Sale of computer peripheral components.
Kuang Mao International Inc.	2001.12.11	P.O. Box 217. Apia, Samoa	US\$ 2,284,142	1. Sale of computer peripheral components. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Chicony America Group Inc.	2000.9.1	53 Parker 2nd Floor Irvine, CA 92618, U.S.A.	US\$ 6,200,000	Ecommerce software services.
Chicony Electronic (Chongqing) Co., Ltd.	2011.4.12	No. 18, JiuJiang Avenue, XuangFu Road Office, JiangJing District, ChongQing	US\$15,000,000	Production and sale of computer peripheral components.
Real Young Elec. Co., Ltd.	2000.5.25	P.O. Box 3152, Road Town, Tortola British Virgin Islands	US\$ 9,139,780	1.Design, manufacture, repair, and import/export of computer peripheral equipment and electronic products. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.

Name of corporation	Date of Incorporation	Address	Paid-in Capital	Main business line
Mao Ray Electronics (DongGuan) Co., Ltd.	2000.10.23	HuoLianShu Management District, NiuShan Foreign Business Industrial Park, DongGuan	US\$ 8,445,283	Production of electronics components, keyboard, and plastic products.
Quansun Investment Corp., Ltd.	2003.4.24	30F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$80,000,000	General investment.
Chun Ching Power Technology Co., Ltd.	2008.8.26	30F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$ 1,000,000	Wholesale and retail sale of computers and consumer equipment.
Chicony Power Holdings Inc.	2009.7	Portcullis Chambers, 4th Floor, Ellen Skelton Building 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	US\$10,000,000	General investment.
Chicony Power Technology (Thailand) Co., Ltd.	2019.10.1	82 Mu 4, Ta Kham Sub-District, Bangpakong District, Chachoengsao Province 24130, Thailand	THB\$ 250,000,000	Sale and production of power supply devices and related electronic products.
Chicony Power International, Inc.	2009.7	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman, KY1-1208, Cayman Islands	US\$10,000,000	Sale of power supplies and related electronic products and investment holding
Chicony Power Technology Hong Kong Limited (CPHK)	2002.4.24	3RD Floor, Building 9,NO.5 Science Park West Avenue, Shatin, New Territories.Hong Kong	HK\$46,800,000 (US\$ 6,000,000)	R&D center and investment holdings.
Chicony Power USA, Inc.	2003.11.21	723 S.Casino Center Blvd. 2nd Floor Las Vegas U.S.A.	US\$ 1,500,000	Sale of power supplies and related electronic products.
WitsLight Technology Co., Ltd.	2009.12.11	2nd Floor, Building B, SNPF Plaza, Savalalo, Apia, Samoa	US\$12,800,000	Design, research, and manufacture of LED lighting modules.
WitsLight Technology (KunShan) Co., Ltd.	2010.7.6	Room 1810, No. 18,Weiye Road, Development District, Kunshan City , Jiangsu, P.R.C.	USD10,500,000 (RMB66,710,247)	Manufacture and sale of LED lighting modules.
Zhuzhou Torch Auto Lamp Co., Ltd.	2002.3.22	Building D1 & D2 ,5th Xinma Power Innovation Park, No. 899,Xianyue Ring Road, Tianyuan District, Zhuzhou City, Hunan, P.R.C	RMB46,000,000	Production and sale of automotive and motorcycle components, electric machines and device, decorative lighting, and plastic products.
CarLight Technology Co., Ltd.	2016.6.24	24F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$ 3,000,000	Design, research, and international trade of lamps and related components for automotive and electric vehicles.
Chicony Power Technology (Dongguan) Co. Ltd.	1998.12.7	LiaoBu XinChen Technology Industrial Park, DongGuan, GuangDong	US\$20,750,000 (RMB 157,684,105)	Production and sale of power supplies and related electronic products.
Chicony Power Technology (SuChou) Co. Ltd.	2002.12.11	No. 2589, Tongjin Boulevard, Jingji Technology Development Area, Wujiang, JiangSu	US\$42,100,000 (RMB 283,008,569)	Production and sale of electronic equipment (high performance power supply, power modules, and voltage transformer) and LED lighting equipment.
Quang Sheng Electronics	2006.7.1	NanChang GaoXin District, HuoJuEr Road North	US\$ 4,000,000	Production and sale of electronic equipment

Name of corporation	Date of Incorporation	Address	Paid-in Capital	Main business line
(Nanchang) Co., Ltd. Chicony Power Technology (Chongqing) Co. Ltd.	2011.4.25	18 JiuJiang Avenue, ShuangFu Office, JiangJing, ChongQing	(RMB31,170,839) US\$10,000,000	(magnetic elements, circuit boards, keyboards) and voltage transformers. Production and sale of electronic equipment (high performance power supply, power modules, and voltage transformers) and LED lighting equipment.
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	2011.5.25	Room 706, Floor 7, Building 3, No. 1308, Lianhua Road, Minxing District, Shanghai City	RMB10,000,000	Inquiry services, development, and transfer of energy-saving technology. Sale and installation of energy saving lighting equipment, and smart building system related business
DongGuan Chicony Power Energy Trading Co., Ltd.	2013.1.11	LiaoBu XinChen Technology Industrial Park, DongGuan, GuangDong	US\$ 350,000	Wholesale and import/export of power supply devices and other parts, LED lighting equipment, digital products, office supplies, computers, and other electronic parts.
Chicony Power Technology (Taizhou) Co., Ltd.	2019.6.11	Zhenqian Road, Shan Houpan Village, Hengjie Town, Luqiao District, Taizhou City, Zhejiang Province	US\$ 3,000,000	Electric machinery, frequency converter and R&D, production, sales, installation, after-sales and technology consulting service for industrial automatic equipment; electrical machinery and accessories and the production and sales of machinery accessories; import/export business of goods or technology.
Directmax International Ltd.	2002.7.2	P.O.Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 7,750,000	Investment holdings and transfer.
XAVi Overseas Ltd.	2002.1.18	P.O.Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 7,500,000	Investment holdings and transfer.
Systemax Development, Ltd.	2002.7.12	P.O.Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 250,000	Sale of networking products
XAVi Technologies (Suzhou) Co., Ltd.	2002.12.25	No. 108, HuaHong Road, WuJiang Economics and Technology Development District, JiangSu, Mainland China	US\$10,000,000 (RMB68,820,935)	Production and sale of DSL bridges and routers.
XAVI Technologies (Thailand) Co., Ltd.	2020.2.26	82 Moo 4, Bangpakong Industrial Park, Thakham, Bangpakong, Chachoengsao 24130 Thailand	THB 50,000,000	Production and sales of networking products

(3) Presumed to have similar shareholder's data as in an affiliation or with controlling interest: Not Applicable

(4) In regards to the overall scope of business of affiliates, the scope of business of the Company and its subsidiaries includes: Manufacturing, trading, and management services.

(5) Profiles of the Directors, Supervisors, and General Managers of the affiliates

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Overseas Inc.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
Unikey Electronics Co., Ltd.	Chairman (Legal Representative)	Lu, Chin-Tsung	—	—
	Director of the Legal Representative	Hsu, Kun-Tai	—	—
	Director of the Legal Representative	(Vacancy)	—	—
	Supervisor of the Legal Representative	(Vacancy)	—	—
	Legal Representative: Chicony Electronics Co., Ltd.		90,000,000	100%
Hipro Overseas (BVI) Inc.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
Chicony Electronics (Thailand) Co., Ltd.	Director	Hsu, Kun-Tai	5	—
	Director	Lu, Chin-Tsung	1	—
	Director	Lin, Yu-Ling	—	—
	Director & CEO (Chief Executive Officer)	Lu ShuJun	1	—
Hipro Electronics CO., LTD.	Chairman (Legal Representative)	Hsu, Kun-Tai	—	—
	Director of the Legal Representative	(Vacancy)	—	—
	Director of the Legal Representative	Lu, Chin-Tsung	—	—
	Supervisor of the Legal Representative	Hsu Yue Yuan	—	—
	Legal Representative: Chicony Electronics Co., Ltd.		4,660,000	100%
XAVI Technologies Corporation	Chairman (Legal Representative)	Lu, Chin-Tsung	444,136	0.64%
	Legal Representative: Chicony Electronics Co., Ltd.		32,428,440	46.63%
	Director	Hsu, Kun-Tai	3,598,812	5.17%
	Director	Chen, Chiu-Lung	868,591	1.25%
	Director	Huang, Chien-Yu	92,437	0.13%
	Director	Chou, Yung-Chang	48,988	0.07%
	Director	Hsu, Chen-Yao	414,011	0.60%
	Director	Li, Hui-Chin	929,035	1.34%
	Supervisor	Li, Cih-Jing	5,238,798	7.53%
	Supervisor	Lin, Yu-Ling	242,141	0.35%
	Supervisor	Tsai, Mei-I	89,812	0.13%

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Power Technology Co., Ltd.	Chairman (Legal Representative)	Lu, Chin-Tsung	-	-
	Legal Representative: Chicony Electronics Co., Ltd.		200,751,594	51.19%
	Director & CEO	Tseng, Kuo-Hua	4,074,434	1.04%
	Director	Huang, Chung-Ming	2,223,064	0.57%
	Director	Li, Cih-Jing	24,362,547	6.21%
	Independent Director	Tsai, Duh-Kung	-	-
	Independent Director	Fu, Yow-Shiuan	-	-
Independent Director	Chiu, Te-Chen	-	-	
Chicony Global Inc.	Director	Hsu, Kun-Tai	—	—
Chicony America Inc.	Director	Hsu, Kun-Tai	—	—
	Director & CEO (Chief Executive Officer) and Secretary	Lu, Chin-Tsung	—	—
	Director and CFO	Chang, Yao Ching	—	—
Chicony Electronics (Dongguan) CO., Ltd.	Chairman	Hsu, Kun-Tai	—	—
	Director and General Manager	Lu, Chin-Tsung	—	—
	Director	Huang, Chien-Yu	—	—
Mao-Feng International Inc.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
Chicony Electronic (SuChou) Co., Ltd.	Chairman	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Tsai, Chin Cheng	—	—
	Director and General Manager	Wang, Hui-Kai	—	—
	Supervisor	Huang, Chien-Yu	—	—
Chicony Electronics CEZ s.r.o	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Cheng, YuHua	—	—
	Director	Lin, Yu Ling	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Global Faith Inc.	Director	Lu, Chin-Tsung	—	—
Suzhou Mao-Qun Electronics Co., Ltd.	Chairman	Huang, Chien-Yu	—	—
	Director & GM	Wang, Hui-Kai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Chen, LaiZhu	—	—
	Supervisor	Wei, Chuan-Pin	—	—
Suzhou Qun-Yang Electronics Co., Ltd.	Chairman	Huang, Chien-Yu	—	—
	Director and General Manager	Wang, Hui-Kai	—	—
	Director	Chen, LaiZhu	—	—
	Supervisor	Tsai, Chin Cheng	—	—
Chicony Electronics Japan, Inc.	Chairman	Huang, WenBin	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chien-Yu	—	—
	Supervisor	Lin, Yu Ling	—	—
Kuang Mao International, Inc.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
Chicony America Group Inc.	Director	Hsu, Kun-Tai	—	—
	Director & CEO(Chief Executive Officer)	Lu, Chin-Tsung	—	—
	Director and Secretary	Chang, Yao Ching	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Electronic (Chongqing) Co., Ltd.	Chairman	Hsu, Kun-Tai	—	—
	Director	Huang, Chien-Yu	—	—
	Director and General Manager	Tsai, Chin Cheng	—	—
	Supervisor	Lu, Chin-Tsung	—	—
Real Young Electronics. Co., Ltd.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chien-Yu	—	—
Mao Ray Electronics (DongGuan) Co., Ltd.	Chairman	Huang, Chien-Yu	—	—
	Director and General Manager	Hsu, Kun-Tai	—	—
	Director and Supervisor	Lu, Chin-Tsung	—	—
Quansun Investment Corp., Ltd.	Chairman (Legal Representative)	Hsu, Kun-Tai	—	—
	Director of the Legal Representative	(Vacancy)	—	—
	Director of the Legal Representative	Lu, Chin-Tsung	—	—
	Supervisor of the Legal Representative	(Vacancy)	—	—
	Legal Representative: Hipro Electronics Co., Ltd.		8,000,000	100%
Chun Ching Power Technology Co., Ltd.	Chairman (Legal Representative)	Hsu, Kun-Tai	—	—
	Director of the Legal Representative	(Vacancy)	—	—
	Director of the Legal Representative	Lu, Chin-Tsung	—	—
	Supervisor of the Legal Representative	(Vacancy)	—	—
	Legal Representative: Hipro Electronics Co., Ltd.		100,000	100%
Chicony Power Holdings Inc.	Director	Lu, Chin-Tsung	—	—
	Director	Tseng, Kuo-Hua	—	—
Chicony Power International, Inc.	Director	Lu, Chin-Tsung	—	—
	Director	Tseng, Kuo-Hua	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Power Technology Hong Kong Limited	Director	Lu, Chin-Tsung	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Huang, Chung-Ming	—	—
	Director	Li, Tsu-Yu	—	—
Chicony Power USA, Inc.	Director	Lu, Chin-Tsung	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Chang, Yao Ching	—	—
Chicony Power Technology (SuChou) Co. Ltd.	Chairman and General Manager	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chung-Ming	—	—
	Director	Huang, Chien-Yu	—	—
	Supervisor	Wang, Hui-Kai	—	—
Chicony Power Technology (Dongguan) Co. Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chung-Ming	—	—
	Supervisor	Huang, Chien-Yu	—	—
Quang Sheng Electronics (Nanchang) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chung-Ming	—	—
	Director and General Manager	Li, Tsu-Yu	—	—
	Supervisor	Huang, Chien-Yu	—	—
Chicony Power Technology (Chongqing) Co. Ltd.	Chairman and General Manager	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chien-Yu	—	—
	Supervisor	Huang, Chung-Ming	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director and General Manager	Huang, Chung-Ming	—	—
	Supervisor	Huang, Ming-Hui	—	—
DongGuan Chicony Power Energy Trading Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director and General Manager	Huang, Chien-Yu	—	—
	Supervisor	Huang, Chung-Ming	—	—
Chicony Power Technology (Taizhou) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director and General Manager	Huang, Chung-Ming	—	—
	Director	Chen, Hsueh-Yi	—	—
	Supervisor	Huang, Chien-Yu	—	—
Chicony Power Technology (Thailand) Co., Ltd.	Director	Lu, Chin-Tsung	1	—
	Director	Tseng, Kuo-Hua	1	—
	Director	Huang, Chien-Yu	1	—
Directmax International Ltd.	Director	Hsu, Kun-Tai	—	—
	Director	Li, Hui-Chin	—	—
	Director	Lu, Chin-Tsung	—	—
XAVi Overseas Ltd.	Director	Hsu, Kun-Tai	—	—
	Director	Li, Hui-Chin	—	—
	Director	Lu, Chin-Tsung	—	—
Systemax Development, Ltd.	Director	Hsu, Kun-Tai	—	—
	Director	Li, Hui-Chin	—	—
	Director	Lu, Chin-Tsung	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
XAVi Technologies (Suzhou) Co., Ltd.	Chairman	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Wang, Hui-Kai	—	—
	Supervisor	Li, Hui-Chin	—	—
	General Manager	Chen, Chiu-Lung	—	—
WitsLight Technology Co., Ltd	Director	Tseng, Kuo-Hua	—	—
	Director	Tsai, Chih-Chieh	2,089,500	16.32%
	Director	Chen, Hsueh-Yi	—	—
	Director	Huang, Ming-Hui	—	—
	General Manager	Huang, Huan-Hsiang	—	—
WitsLight Technology (Kunshan) Co., Ltd.	Chairman	Chen, Hsueh-Yi	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director and General Manager	Huang, Huan-Hsiang	—	—
	Director	Huang, Ming-Hui	—	—
	Supervisor	Tsai, Chih-Chieh	—	—
ZhuZhou Torch Auto Lamp Co., Ltd.	Chairman	Chen, Hsueh-Yi	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Huang, Huan-Hsiang	—	—
	Director	Huang, Ming-Hui	—	—
	Supervisor	Tsai, Chih-Chieh	—	—
CarLight Technology Co., Ltd.	Chairman (Legal Representative)	Chen, Hsueh-Yi	—	—
	Director of the Legal Representative	Huang, Huan-Hsiang	—	—
	Director of the Legal Representative	Tseng, Kuo-Hua	—	—
	Director of the Legal Representative	Huang, Ming-Hui	—	—
	Supervisor of the Legal Representative	Tsai, Chih-Chieh	—	—
	Legal Representative: WitsLight Technology Corporation Limited		300,000	100%

Note 1: Information pertaining to the above directors, supervisors, and general managers and their shareholdings have been updated as at April 15, 2021.

Note 2: Shares held includes the number of shares held in trust where the individual has the right of use.

2. The Company's business operating status, financial status, and business operations of each affiliate are denominated in thousands of NTD.

Enterprise Name	Authorized Capital (dollar)	Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Operating Income Note 2	Operating Income Note 2	Income in Current Period (after taxation) Note 2	Earnings per Share (NTD) (after taxation)
Chicony Overseas Inc.	US\$ 10,000,000	\$ 23,585,498	\$ 181,091	\$23,404,407	\$ -	\$ 8,969	\$ 982,172	\$ 982,172
Unikey Electronics Co., Ltd.	NT\$ 900,000,000	3,438,539	1,135,114	2,303,425	-	(212)	(617,796)	(6.86)
Hipro Overseas (BVI) Inc.	US\$ 12,560,000	2,593,190	-	2,593,190	-	(118)	34,153	2.72
Hipro Electronics CO., LTD.	NT\$ 46,600,000	1,429,741	446,119	983,622	-	(1,059)	111,906	24.01
XAVi Technologies Corporation	NT\$ 695,466,200	1,656,164	824,529	831,635	2,808,988	118,113	149,738	1.57
Chicony Electronics (Thailand) Co., Ltd.	THB 663,252,500	4,646,390	3,901,060	745,330	8,502,558	346,295	390,364	5,885.60
Chicony Global Inc.	US\$ 1,000,000	13,056,700	9,732,937	3,323,763	20,611,457	(47,487)	216,297	216.30
Chicony Power Technology Co., Ltd	NT\$ 3,887,510,370	21,969,496	12,455,691	9,513,805	33,067,413	1,609,509	2,136,627	5.52
Chicony America Inc.	US\$ 3,250,000	475,121	390,239	84,882	628,319	(48,027)	862	0.27
Chicony Electronics (Dongguan) CO., Ltd.	US\$ 9,760,000	8,409,377	4,409,820	3,999,557	10,474,760	304,679	82,519	-
Chicony Electronic (SuChou) Co., Ltd.	US\$ 30,778,269 (RMB 224,440,430)	16,531,498	7,890,423	8,641,075	22,162,413	509,740	231,021	-
Chicony Electronics CEZ s.r.o	US\$ 6,555 (CZK 200,000)	253,538	18,381	235,157	540,004	(12,674)	(19,722)	-
Global Faith, Inc.	US\$ 3,850,000	(281,165)	35,976	(317,141)	-	(3,294)	(7,041)	(1.83)
Suzhou Mao-Qun Electronics Co., Ltd.	US\$ 3,850,000	(47,670)	233,535	(281,205)	6,883	3,928	(5,567)	-

Enterprise Name	Authorized Capital (dollar)		Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Operating Income Note 2	Operating Income Note 2	Income in Current Period (after taxation) Note 2	Earnings per Share (NTD) (after taxation)
Suzhou Qun-Yang Electronics Co., Ltd.	RMB	1,000,000	\$44,214	\$ 125,592	\$ (81,378)	\$ 105,113	\$ (6,843)	\$ (7,727)	\$ -
Chicony Electronics Japan, Inc.	JPY	10,000,000	14,173	2,630	11,543	32,085	1,528	766	-
Kuang Mao International, Inc.	US\$	2,284,142	7,902	197,385	(189,483)	-	(33)	(12,919)	(5.66)
Chicony America Group Inc.	US\$	6,200,000	11	2,272	(2,261)	-	(47)	(47)	-
Chicony Electronic (Chongqing) Co., Ltd.	US\$	15,000,000	4,941,286	2,058,022	2,883,264	5,740,976	626,993	423,844	-
Real Young Elec. Co., Ltd.	US\$	9,139,780	1,519,852	618,587	901,265	15	2,580	75,182	8.23
Mao-Feng International Inc.	US\$	2,294,000	10,640,748	303,212	10,337,536	-	9,321	266,702	116.26
Mao Ray Electronics (DongGuan) Co., Ltd.	US\$	8,445,283	4,797,325	3,584,202	1,213,123	6,192,258	137,043	73,796	-
Quansun Investment Corp., Ltd.	NT\$	80,000,000	359,725	606,015	(246,290)	-	(217)	1,862	0.23
Chun Ching Power Technology Co., Ltd.	NT\$	1,000,000	64,564	194,626	(130,062)	-	(85)	(1,047)	(10.47)
Chicony Power Holdings Inc.	US\$	10,000,000	6,419,688	-	6,419,688	-	-	762,192	76.22
Chicony Power Technology (Thailand) Co., Ltd.	THB	250,000,000	297,626	105,568	192,058	63,299	(39,154)	(41,789)	(1.67)
Chicony Power International, Inc.	US\$	10,000,000	6,426,207	6,559	6,419,648	-	(170)	762,192	76.22
Chicony Power USA, Inc.	US\$	1,500,000	548,136	524,098	24,038	983,134	24,373	(22,651)	(15.10)
WitsLight Technology Co., Ltd.	US\$	12,800,000	136,155	33,411	102,744	-	(297)	(55,020)	(4.30)
CarLight Technology Co., Ltd.	NT\$	3,000,000	5,106	52,330	(47,224)	-	(15,429)	(16,024)	(53.41)

Enterprise Name	Authorized Capital (dollar)		Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Operating Income Note 2	Operating Income Note 2	Income in Current Period (after taxation) Note 2	Earnings per Share (NTD) (after taxation)
WitsLight Technology (KunShan) Co., Ltd.	US\$ (RMB	10,500,000 66,710,247)	\$ 232,990	\$ 35,990	\$ 197,000	\$ -	(\$ 117,472)	\$ (38,158)	\$ -
ZhuZhou Torch Auto Lamp Co., Ltd.	RMB	46,000,000	911,309	733,851	177,458	793,757	(7,975)	1,843	-
Chicony Power Technology Hong Kong Limited	HK\$ (US\$	46,800,000 6,000,000)	6,122,544	1,309,676	4,812,868	123,046	(18,698)	779,502	16.66
Chicony Power Technology (DongGuan) Co., Ltd.	US\$ (RMB	20,750,000 157,684,105)	4,601,081	3,362,894	1,238,187	7,851,923	162,789	77,225	-
Chicony Power Technology (SuChou) Co. Ltd.	US\$ (RMB	42,100,000 283,008,569)	9,153,974	6,321,802	2,832,172	14,745,542	577,435	354,742	-
Quang Sheng Electronics (Nanchang) Co., Ltd.	US\$ (RMB	4,000,000 31,170,839)	601,735	361,299	240,436	773,498	(99)	7,088	-
Chicony Power Technology (Chongqing) Co. Ltd.	US\$	10,000,000	4,462,710	2,830,044	1,632,666	7,494,488	610,003	421,382	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	RMB	10,000,000	65,452	19,642	45,810	36,300	1,047	1,285	-
DongGuan Chicony Power Energy Trading Co., Ltd.	US\$	350,000	3,758	3,852	(94)	844	256	267	-
Chicony Power Technology (Taizhou) Co., Ltd.	RM	3,000,000	156,106	118,156	37,950	3,271	(44,501)	(46,742)	-
Directmax International Ltd.	US\$	7,750,000	401,692	-	401,692	-	-	(6,842)	(0.88)
XAVi Overseas Ltd.	US\$	7,500,000	111,243	1,836	109,407	-	-	(8,104)	(1.08)
Systemax Development, Ltd.	US\$	250,000	\$218,647	\$ 11,067	\$ 207,580	\$ (153,545)	\$ 1,274	\$ 1,262	\$ 5.05
XAVi Technologies (Suzhou) Co., Ltd.	US\$ (RMB	10,000,000 68,820,935)	879,059	767,866	111,193	2,050,495	(23,507)	(8,104)	-
XAVi Technologies (Thailand) Co., Ltd.	THB	50,000,000	196,503	125,287	71,216	180,557	28,678	24,103	0.48

Enterprise Name	Authorized Capital (dollar)	Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Operating Income Note 2	Operating Income Note 2	Income in Current Period (after taxation) Note 2	Earnings per Share (NTD) (after taxation)
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Note 1: Hua Nan Bank's median exchange rate as of December 31, 2020.

Note 2: Hua Nan Bank's 2020 average exchange rate.

2. Processed Condition of the Private Placement Securities:

In the Most Recent Year and up to the Date of Printing of this Annual Report, the Company did not deal with private placement securities.

3. In the Most Recent Year and up to the Date of Printing of this Annual Report, status of subsidiary companies holding or disposal of the company's stock

Unit: NT\$1,000; Share; %

Subsidiary Name	Paid-in Capital	Sources of Capital	Proportion of Shareholding by the Company	Date of Acquisition or Disposition	Quantity and Amount of Shares Acquired (Note 1)		Quantity and Amount of Shares Disposed		Capital Gains/Losses From Investment	Number and Amount of Shares Held by the End of the Year or the Date of Printing		Pledge Under Lien	The Company Undertakes Endorsements/Guarantees in Favor of Subsidiaries	The Company Lent the Amount to the Subsidiary
					Quantity of Shares	Amount	Quantity of Shares	Amount		Quantity of Shares	Amount			
Unikey Electronics Co., Ltd.	900,000	Owned Capital	100%	2019	—	—	—	—	—	21,174,298	205,795	Note 1	—	1,251,500
				2020	—	—	—	—	—	21,174,298	205,795	Note 1	—	1,132,000
				3/31/2021	—	—	—	—	—	21,174,298	205,795	Note 2	—	1,131,000
Hipro Electronics CO., LTD.	46,600	Owned Capital	100%	2019	—	—	—	—	—	16,188,935	105,482	Note 3	—	—
				2020	—	—	—	—	—	16,188,935	105,482	Note 3	—	435,000
				3/31/2021	—	—	—	—	—	16,188,935	105,482	Note 3	—	435,000

Note 1: On December 31, 2019 and December 31, 2020, Unikey Electronics Co., Ltd. held 7,200,000 shares of the Company's shares and pledged them to the bank

Note 2: On March 31, 2021, Unikey Electronics Co., Ltd. held 6,200,000 shares of the Company's shares and pledged them to the bank

Note 3: On December 31, 2019, December 31, 2020 and March 31, 2021, Hipro Electronics CO., LTD. held 12,600,000 shares of the Company's shares and pledged them to the bank.

Note 4: The impact of the subsidiary's holding or disposition of the Company's stock on the financial performance of the Company: From January 1, 2019 to March 31, 2021, the subsidiary did not sell the Company's stock, but received cash dividends from the Company, so it can reduce the debt ratio of the Company's consolidated statements.

4. Other supplementary information: None.

IX. Matters According to Article 36.3.2 of the Securities and Exchange Act of Taiwan in the Most Recent Year and up to the Date of Printing of this Annual Report Which Have Significant Impact to Shareholders' Equity or Stock Price: None.

**CHICONY ELECTRONICS CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT ACCOUNTANTS  
DECEMBER 31, 2020 AND 2019**

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For the convenience of readers and for information purpose only, the report of independent accountants and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language report of independent accountants and financial statements shall prevail.

## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHICONY ELECTRONICS CO., LTD.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Chicony Electronics Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and reports of other auditors, 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 judgement, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

### **Appropriateness of warehouse operating revenue cut-off**

#### Description

Refer to Notes 4(32) and 6(23) for policies on revenue recognition and details of revenue.

The Group's revenue arises from sales of goods, consisting mainly of factory direct shipment and warehouse sales revenue. Warehouse sales revenue is recognised when the goods are dispatched from the warehouses (transfer of control of products) and it is based on the reports and other relevant information provided by the warehouse custodians. The Group's warehouses are located in multiple countries, and the revenue recognition process involves several manual operations. Thus, we determine the warehouse sales revenue cut off as one of the key areas of focus for this fiscal year's audit.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Evaluated the internal controls for regular reconciliation between the Group and its warehouse custodians.
2. Performed the revenue recognition cut-off tests, including obtaining sufficient appropriate audit evidences from the warehouse custodians and reviewing the reconciliations of the Group's accounting records.
3. Conducted warehouse inventory audit by using confirmation letters to validate inventory balances with the warehouse custodians.

## **Valuation of inventory**

### Description

Refer to Notes 4(12), 5(2) and 6(6) for the description of accounting policy, critical accounting estimates, uncertainty of assumptions and details of accounts.

The Group's main inventories are keyboard, power supplies, camera modules and other electronic products. The prices of such inventories are affected by market demand and the rapid technological changes. Therefore, there is higher risk of market decline. As the assessment of net realisable value of inventories is subject to management judgement, we consider the valuation of inventory as a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed whether the Group's accounting policies comply with the relevant standards and the Group's industry practice and the reasonableness of management's evaluation process, including the determination of net realisable value of inventories, the sales expenses and the judgement of obsolete inventories. Checked whether the provision policies were consistently adopted in the reporting periods.
2. Obtained net realisable value statement of inventories to confirm whether the calculation logic was adopted consistently, and tested the data sources of selected samples which includes inventory price or purchase price to verify whether the net realisable value used by the management was in compliance with its policies, and recalculated the accuracy of allowance for inventory valuation losses.

### ***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain subsidiaries and investments accounted for using equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. Total assets of these subsidiaries and the balances of these investments accounted for using equity method amounted to NT\$4,731,772 thousand and NT\$1,605,559 thousand, constituting 6.27% and 2.25% of the consolidated total assets as at December 31, 2020 and 2019, respectively, and the net operating revenue amounted to NT\$2,149,318 thousand and

NT\$2,763,206 thousand, constituting 2.26% and 2.99% of the consolidated total operating revenue for the years then ended, respectively.

### ***Other matter - Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Chicony Electronics Co., Ltd. as at and for the years ended December 31, 2020 and 2019.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

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

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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chen, Chin-Chang      Weng, Shih-Jung  
For and on behalf of PricewaterhouseCoopers, Taiwan  
March 10, 2021

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020	December 31, 2019
<b>Current assets</b>			
1100	Cash and cash equivalents 6(1)	\$ 3,751,351	\$ 4,136,522
1110	Financial assets at fair value through profit or loss - current 6(2)	3,415,825	3,922,064
1120	Financial assets at fair value through other comprehensive income - current 6(3)	2,612,532	2,983,854
1150	Notes receivable, net 6(5)	155,605	153,736
1170	Accounts receivable, net 6(5)	23,304,935	20,184,038
1180	Accounts receivable - related parties 7	253,227	332,350
1200	Other receivables	283,945	160,242
130X	Inventories, net 6(6)	15,691,852	13,847,346
1410	Prepayments	1,908,985	1,453,360
1470	Other current assets	1,739	6,974
11XX	<b>Total current assets</b>	<u>51,379,996</u>	<u>47,180,486</u>
<b>Non-current assets</b>			
1510	Financial assets at fair value through profit or loss - non-current 6(2)	1,712,704	1,658,144
1517	Financial assets at fair value through other comprehensive income - non-current 6(3)	425,161	523,618
1535	Financial assets at amortised cost - non-current 6(4)	454,030	482,573
1550	Investments accounted for using equity method 6(7)	192,368	205,522
1600	Property, plant and equipment, net 6(8) and 8	14,281,482	12,821,680
1755	Right-of-use assets 6(9)	855,634	891,285
1760	Investment property, net 6(10) and 8	3,972,974	6,447,876
1780	Intangible assets 6(11)	101,094	142,341
1840	Deferred income tax assets 6(30)	232,271	152,339
1900	Other non-current assets 6(12) and 8	1,834,282	938,393
15XX	<b>Total non-current assets</b>	<u>24,062,000</u>	<u>24,263,771</u>
1XXX	<b>Total assets</b>	<u>\$ 75,441,996</u>	<u>\$ 71,444,257</u>

(Continued)

**CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020	December 31, 2019
<b>Current liabilities</b>				
2100	Short-term borrowings	6(13) and 8	\$ 88,168	\$ 895,000
2120	Financial liabilities at fair value through profit or loss - current	6(2)	390,711	550,620
2130	Contract liabilities - current	6(23)	185,731	147,815
2150	Notes payable		21,392	26,342
2170	Accounts payable	6(14)	25,139,279	23,736,390
2180	Accounts payable - related parties	7	485,964	415,577
2200	Other payables	6(15)	12,817,050	10,871,450
2230	Income tax liabilities		2,060,162	1,207,284
2280	Lease liabilities - current		136,230	117,066
2300	Other current liabilities	6(16)	300,863	275,194
21XX	<b>Total current liabilities</b>		<u>41,625,550</u>	<u>38,242,738</u>
<b>Non-current liabilities</b>				
2540	Long-term borrowings	6(16) and 8	-	100,000
2570	Deferred income tax liabilities	6(30)	512,215	583,333
2580	Lease liabilities - non-current		339,007	365,703
2600	Other non-current liabilities	6(17)	293,542	258,456
25XX	<b>Total non-current liabilities</b>		<u>1,144,764</u>	<u>1,307,492</u>
2XXX	<b>Total liabilities</b>		<u>42,770,314</u>	<u>39,550,230</u>
<b>Equity attributable to owners of parent</b>				
<b>Share capital</b>				
3110	Share capital - common stock	6(19)	7,394,603	7,344,975
<b>Capital surplus</b>				
3200	Capital surplus	6(20)	6,412,535	6,114,005
<b>Retained earnings</b>				
3310	Legal reserve	6(21)	5,560,152	4,976,270
3320	Special reserve		3,290,829	3,105,405
3350	Unappropriated retained earnings		9,665,615	9,370,658
<b>Other equity interest</b>				
3400	Other equity interest	6(22)	( 4,241,214)	( 3,331,661)
3500	Treasury stocks	6(19) and 8	( 311,277)	( 311,277)
31XX	<b>Equity attributable to owners of the parent</b>		<u>27,771,243</u>	<u>27,268,375</u>
36XX	<b>Non-controlling interest</b>	4(3)	<u>4,900,439</u>	<u>4,625,652</u>
3XXX	<b>Total equity</b>		<u>32,671,682</u>	<u>31,894,027</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>				
<b>Significant events after the balance sheet date</b>				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 75,441,996</u>	<u>\$ 71,444,257</u>

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

**CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Years ended December 31	
		2020	2019
4000 <b>Sales revenue</b>	6(23) and 7	\$ 95,082,227	\$ 92,552,325
5000 <b>Operating costs</b>	6(6)(28)(29) and 7	( 77,306,598)	( 76,270,837)
5900 <b>Net operating margin</b>		<u>17,775,629</u>	<u>16,281,488</u>
<b>Operating expenses</b>	6(28)(29)		
6100 Selling expenses		( 3,862,736)	( 3,708,989)
6200 General and administrative expenses		( 2,729,786)	( 2,970,822)
6300 Research and development expenses		( 3,515,726)	( 3,369,287)
6450 Impairment (loss) gain determined in accordance with IFRS 9	12(2)	( 4,681)	37,075
6000 <b>Total operating expenses</b>		<u>( 10,112,929)</u>	<u>( 10,012,023)</u>
6900 <b>Operating profit</b>		<u>7,662,700</u>	<u>6,269,465</u>
<b>Non-operating income and expenses</b>			
7100 Interest income	6(24)	142,360	62,299
7010 Other income	6(25)	748,728	643,969
7020 Other gains and losses	6(26)	( 256,878)	1,321,223
7050 Finance costs	6(27)	( 67,643)	( 123,131)
7060 Share of loss or profit of associates and joint ventures accounted for using equity method	6(7)	( 11,077)	14,911
7000 <b>Total non-operating revenue and expenses</b>		<u>555,490</u>	<u>1,919,271</u>
7900 <b>Profit before income tax</b>		8,218,190	8,188,736
7950 Income tax expense	6(30)	( 1,650,419)	( 1,385,984)
8200 <b>Profit for the year</b>		<u>\$ 6,567,771</u>	<u>\$ 6,802,752</u>

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Years ended December 31	
		2020	2019
<b>Other comprehensive income</b>			
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>			
8311	Actuarial loss on defined benefit plan 6(17)	(\$ 635)	(\$ 15,311)
8316	Unrealised gain or loss on equity instruments at fair value through other comprehensive income 6(3)	( 266,733)	368,798
8310	<b>Other comprehensive (loss) income that will not be reclassified to profit or loss</b>	( 267,368)	353,487
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Financial statements translation differences of foreign operations	( 695,057)	( 1,232,704)
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method 6(7)	( 2,078)	( 7,726)
8360	<b>Other comprehensive loss that will be reclassified to profit or loss</b>	( 697,135)	( 1,240,430)
8300	<b>Total other comprehensive loss for the year</b>	( \$ 964,503)	( \$ 886,943)
8500	<b>Total comprehensive income for the year</b>	\$ 5,603,268	\$ 5,915,809
<b>Profit attributable to:</b>			
8610	Owners of the parent	\$ 5,466,764	\$ 5,838,817
8620	Non-controlling interest	\$ 1,101,007	\$ 963,935
<b>Comprehensive income attributable to:</b>			
8710	Owners of the parent	\$ 4,517,525	\$ 5,018,523
8720	Non-controlling interest	\$ 1,085,743	\$ 897,286
<b>Earnings per share (in NTD dollars)</b>			
9750	<b>Basic earnings per share</b> 6(31)	\$ 7.80	\$ 8.45
9850	<b>Diluted earnings per share</b> 6(31)	\$ 7.68	\$ 8.33

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

**CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
	Retained Earnings					Other equity interest						
		Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Asset revaluation increment	Treasury stocks	Total	Non-controlling interest	Total equity
Notes	Share capital - common stock											
<b>Year ended December 31, 2019</b>												
	\$ 7,303,799	\$ 5,633,933	\$ 4,617,199	\$ 1,861,304	\$ 8,455,531	(\$ 985,814)	(\$ 3,460,880)	\$ 1,381,667	(\$ 728,584)	\$ 24,078,155	\$ 4,103,369	\$ 28,181,524
	-	-	-	-	5,838,817	-	-	-	-	5,838,817	963,935	6,802,752
	-	-	-	-	(13,143)	(1,129,577)	322,426	-	-	(820,294)	(66,649)	(886,943)
	-	-	-	-	5,825,674	(1,129,577)	322,426	-	-	5,018,523	897,286	5,915,809
<b>Appropriations of 2018 earnings</b>												
	-	-	359,071	-	(359,071)	-	-	-	-	-	-	-
	-	-	-	1,244,101	(1,244,101)	-	-	-	-	-	-	-
	-	-	-	-	(2,766,858)	-	-	-	-	(2,766,858)	-	(2,766,858)
	41,176	238,824	-	-	-	-	-	-	-	280,000	-	280,000
	-	164,322	-	-	-	-	-	-	417,307	581,629	-	581,629
	-	141,980	-	-	-	-	-	-	-	141,980	-	141,980
<b>Adjustments to share of changes in equity of associates and joint ventures</b>												
	-	46,544	-	-	-	-	-	-	-	46,544	136,805	183,349
	-	(111,598)	-	-	-	-	-	-	-	(111,598)	111,598	-
<b>Cash dividends distributed by subsidiaries</b>												
	-	-	-	-	-	-	-	-	-	-	(389,496)	(389,496)
<b>Disposal of investments in equity instruments at fair value through other comprehensive income</b>												
	-	-	-	-	(540,517)	-	540,517	-	-	-	-	-
<b>Non-controlling interest adjustment</b>												
	-	-	-	-	-	-	-	-	-	-	(233,910)	(233,910)
	<u>\$ 7,344,975</u>	<u>\$ 6,114,005</u>	<u>\$ 4,976,270</u>	<u>\$ 3,105,405</u>	<u>\$ 9,370,658</u>	<u>(\$ 2,115,391)</u>	<u>(\$ 2,597,937)</u>	<u>\$ 1,381,667</u>	<u>(\$ 311,277)</u>	<u>\$ 27,268,375</u>	<u>\$ 4,625,652</u>	<u>\$ 31,894,027</u>
<b>Year ended December 31, 2020</b>												
	\$ 7,344,975	\$ 6,114,005	\$ 4,976,270	\$ 3,105,405	\$ 9,370,658	(\$ 2,115,391)	(\$ 2,597,937)	\$ 1,381,667	(\$ 311,277)	\$ 27,268,375	\$ 4,625,652	\$ 31,894,027
	-	-	-	-	5,466,764	-	-	-	-	5,466,764	1,101,007	6,567,771
	-	-	-	-	(298)	(687,358)	(261,583)	-	-	(949,239)	(15,264)	(964,503)
	-	-	-	-	5,466,466	(687,358)	(261,583)	-	-	4,517,525	1,085,743	5,603,268
<b>Appropriations of 2019 earnings</b>												
	-	-	583,882	-	(583,882)	-	-	-	-	-	-	-
	-	-	-	185,424	(185,424)	-	-	-	-	-	-	-
	-	-	-	-	(4,362,815)	-	-	-	-	(4,362,815)	-	(4,362,815)
	49,628	350,372	-	-	-	-	-	-	-	400,000	-	400,000
	-	220,443	-	-	-	-	-	-	-	220,443	-	220,443
<b>Adjustments to share of changes in equity of associates and joint ventures</b>												
	-	105,827	-	-	-	-	-	-	-	105,827	218,507	324,334
	-	(378,112)	-	-	-	-	-	-	-	(378,112)	378,112	-
<b>Cash dividends distributed by subsidiaries</b>												
	-	-	-	-	-	-	-	-	-	-	(606,428)	(606,428)
<b>Disposal of investments in equity instruments at fair value through other comprehensive income</b>												
	-	-	-	-	(44,132)	-	44,132	-	-	-	-	-
<b>Disposal of investment property</b>												
	-	-	-	-	4,744	-	-	(4,744)	-	-	-	-
<b>Non-controlling interest adjustment</b>												
	-	-	-	-	-	-	-	-	-	-	(801,147)	(801,147)
	<u>\$ 7,394,603</u>	<u>\$ 6,412,535</u>	<u>\$ 5,560,152</u>	<u>\$ 3,290,829</u>	<u>\$ 9,665,615</u>	<u>(\$ 2,802,749)</u>	<u>(\$ 2,815,388)</u>	<u>\$ 1,376,923</u>	<u>(\$ 311,277)</u>	<u>\$ 27,771,243</u>	<u>\$ 4,900,439</u>	<u>\$ 32,671,682</u>

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 8,218,190	\$ 8,188,736
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(28)	2,437,434	2,251,870
Amortisation	6(11)(28)	73,033	74,166
Other non-current assets recognised as expenses	6(28)	61,028	106,070
Impairment loss (gain) determined in accordance with IFRS 9	12(2)	4,681	(34,119)
Share-based payments	6(18)	17,813	173,052
Interest income	6(24)	(142,360)	(62,299)
Dividend income	6(25)	(243,213)	(214,688)
Interest expense	6(27)	67,643	123,131
Net (gain) loss on financial assets and liabilities at fair value - derivative instruments	6(2)(26)	(325,691)	529,054
Net loss (gain) on financial assets and liabilities at fair value - other	6(26)	578,743	(1,181,949)
Share of loss (profit) of associates accounted for using equity method	6(7)	11,077	(14,911)
Gain arising from lease modifications	6(9)	(225)	-
Gain on disposal of investments	6(26)	-	(73,665)
Loss on disposal of property, plant and equipment	6(26)	34,439	39,982
Gain on disposals of investment property	6(26)	(222,225)	-
Gain on disposal of non-current assets held for sale	6(26)	-	(645,713)
Impairment loss of non-financial assets	6(11)(26)	54,819	71,299
Gain on fair value adjustment of investment property	6(10)	(51,943)	(64,552)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		(515,076)	237,721
Notes receivable		(1,869)	207,260
Accounts receivable		(3,125,578)	(2,534,104)
Accounts receivable - related parties		79,123	(18,168)
Other receivables		7,196	156,949
Inventories		(1,844,506)	1,231,122
Prepayments		(455,625)	137,641
Other current assets		5,235	5,481
Changes in operating liabilities			
Contract liabilities - current		37,915	2,572
Notes payable		(4,950)	24,622
Accounts payable		1,402,889	1,022,630
Accounts payable - related parties		70,387	115,074
Other payables		2,431,781	2,520,751
Other current liabilities		166,247	(9,369)
Other non-current liabilities		35,086	(5,948)
Cash inflow generated from operations		8,861,498	12,359,698
Interest received		61,131	59,616
Dividend received		242,463	214,688
Interest paid		(69,107)	(137,890)
Income tax paid		(665,793)	(1,437,305)
Net cash flows from operating activities		8,430,192	11,058,807

(Continued)

**CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets and liabilities at fair value through profit or loss - other		( \$ 1,378,757 )	( \$ 771,302 )
Disposal of financial assets and liabilities at fair value through profit or loss - other		1,869,590	2,367,268
Acquisition of financial assets at fair value through other comprehensive income		-	( 71,867 )
Proceeds from disposal of financial assets at fair value through other comprehensive income		135,108	721,025
Acquisition of financial assets at amortised cost		-	( 498,303 )
Acquisition of investments accounted for using equity method		-	( 166,582 )
Acquisition of property, plant and equipment	6(33)	( 3,406,962 )	( 2,981,326 )
Proceeds from disposal of property, plant and equipment		171,625	220,953
Acquisition of investment property		-	( 376,095 )
Proceeds from disposal of investment property		2,394,737	-
Proceeds from disposal of investment property received in advance		-	192,802
Proceeds from disposal of non-current assets held for sale		-	2,605,512
Acquisition of intangible assets	6(11)	( 82,432 )	( 64,363 )
Increase in other non-current assets		( 1,359,233 )	( 312,045 )
Decrease (increase) in refundable deposits		27,600	( 15,145 )
Net cash flows (used in) from investing activities		( 1,628,724 )	850,532
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in short-term borrowings		( 806,832 )	( 4,752,915 )
Increase in long-term borrowings		200,000	100,000
Decrease in long-term borrowings		( 200,000 )	( 1,443,449 )
Repayment of lease liabilities	6(34)	( 130,178 )	( 93,320 )
Payments of cash dividends		( 4,142,372 )	( 2,624,878 )
Cash dividend distributed by subsidiaries		( 606,428 )	( 389,496 )
Treasury stock transferred to employees		38,487	408,578
Change in non-controlling interests	6(32)	( 801,147 )	( 233,910 )
Net cash flows used in financing activities		( 6,448,470 )	( 9,029,390 )
Effect of exchange rate changes		( 738,169 )	( 695,866 )
Net (decrease) increase in cash and cash equivalents		( 385,171 )	2,184,083
Cash and cash equivalents at beginning of year	6(1)	4,136,522	1,952,439
Cash and cash equivalents at end of year	6(1)	\$ 3,751,351	\$ 4,136,522

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars,  
except as otherwise indicated)

1. HISTORY AND ORGANISATION

Chicony Electronics Co., Ltd. (the “Company”) was incorporated in 1983 as a company limited by shares under the provisions of the Company Law of the Republic of China. The Company has been a listed company since 1999. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the manufacturing and sales of keyboards and other computer peripheral components.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 10, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

##### (2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
Chicony Electronics Co., Ltd. (CEC)	Chicony Overseas Inc. (COI)	Sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	
"	Unikey Electronics Co., Ltd. (UNIKEY)	Manufacturing and sales of computers and computer peripherals	100%	100%	
"	Hipro Overseas (BVI) Inc. (HOI)	Sales of switching power supplies and other electronic parts and management of overseas acquisitions and investments	100%	100%	
"	Hipro Electronics Ltd. (HEC)	Sales of switching power supplies and other electronic parts	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
CEC	XAVi Technology Corp. (XAVi)	Researching, manufacturing and sales of DSL bridges and routers	46.63%	45.94%	Note A Note F
"	Chicony Electronics (Thailand) Co., Ltd. (CET)	Manufacturing and sales of computer peripherals	100%	100%	
"	Chicony Global Inc. (CGI)	Sales of computer peripherals	100%	100%	
"	Chicony Power Technology Co., Ltd. (CP)	Manufacturing and sales of plastic goods	52.00%	49.59%	Note A
COI	Chicony America Inc. (CAI)	Sales of computer peripherals	100%	100%	
"	Chicony Electronics (Dong Guan) Co., Ltd. (CEM2)	Manufacturing and sales of computers and computer peripherals	100%	100%	
"	Mao-Feng International Inc. (Mao-Feng)	Sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	
"	Chicony Electronics (Suzhou) Co., Ltd. (CEM3)	Manufacturing and sales of computers and computer peripherals	100%	100%	
"	Global Faith Inc. (GFI)	Sales of computer peripherals and management of overseas acquisitions and investments	60%	60%	
"	Real Young Electronics Co., Ltd. (Real Young)	Design and sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	
"	Mao-Ray Electronics (DongGuan) Co., Ltd. (Mao-Ray)	Manufacturing of electronic parts, keyboards and plastic products	100%	100%	
"	Suzhou Mao-Qun Electronics Co., Ltd. (Mao-Qun)	Manufacturing of electronic parts, keyboards and plastic products	60%	60%	
"	Chicony Electronics CEZ s.r.o. (CEZ)	Sales of computer peripherals	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
COI	Suzhou Qun-Yang Electronics Co., Ltd. (Qun-Yang)	Manufacturing and sales of electronic parts, keyboard and plastic products	60%	60%	
"	Chicony Electronics Japan Co., Ltd. (CEJ)	Sales of computer peripherals	100%	100%	
"	Kuang Mao International Inc. (Kuang Mao)	Sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	
"	Chicony America Group Inc. (CAGI)	Internet solution for E-Commerce solution	100%	100%	
"	Chicony Electronics (Chong-Qing) Co., Ltd. (CEM5)	Manufacturing and sales of computer peripherals	100%	100%	
HEC	Quansun Investment Corp. Ltd. (Quansun)	Investment holdings	100%	100%	
"	Qun-Jing Power Co., Ltd. (Qun-Jing)	Sales of computer peripherals and consumer equipment	100%	100%	
CP	Chicony Power Holdings Inc. (CPH)	Investment holdings	100%	100%	
"	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	Note B
"	Chicony Power International Inc. (CPI)	Investment holdings	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
CP	Chicony Power USA Inc. (CPUS)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	
"	Chicony Power Technology HongKong Limited (CPHK)	Research and development centre and investment holdings	100%	100%	
"	WitsLight Technology Co., Ltd. (WTS)	Design, researching and developing of LED lighting modules and investment holdings	83.68%	78.125%	Note E
WTS	WitsLight Technology (Kunshan) Co., Ltd. (WTK)	international trade sales of LED lighting modules	100%	100%	
"	Zhuzhou Torch Auto Lamp CO., Ltd. (Zhuzhou Torch)	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	100%	100%	
"	Carlight Technology Co., Ltd. (CT)	Design, researching and developing and sales of automotive and motorcycle lamps and other components	100%	100%	
CPHK	Chicony Power Technology (DongGuan) Co., Ltd. (CPDG) (Formerly Hipro Electronics (Dong Guan) Co., Ltd.)(HDG)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
CPHK	Chicony Power Technology (Suzhou) Co., Ltd. (CPSZ)	Production and sales of electronic equipment (high-performance power supply, power module and voltage transformer) and LED lighting equipment	100%	100%	
"	Quang Sheng Electronics (Nanchang) Co., Ltd. (GSE)	Production and sales of electronic equipment (magnetic element, circuit board and keyboard) and voltage transformer	100%	100%	
"	Chicony Power Technology (Chong-Qing) Co., Ltd. (CPCQ)	Production and sales of electronic equipment (high-performance power supply, power module and voltage transformer) and LED lighting equipment	100%	100%	
"	Chicony Energy Saving Technology (Shanghai) Co., Ltd. (CPSH)	Consultation, development, transfer and service of energy-saving technology, energy management and sales and installation of energy-saving lighting equipment	100%	100%	
"	Chicony Power Technology Trading (Dong Guan) Co., Ltd. (CPDGT)	Importing and exporting of switching power supplies, LED lighting equipment, and other electronics	100%	100%	
"	Chicony Power Technology (Taizhou) Co., Ltd. (CPTZ)	Researching and developing, manufacturing, sales, installation, after-sale, and technology advisory services of electric machinery, electric frequency device and industry automation equipment; manufacturing and sales of electrical machinery and components; import and export of goods and technology	100%	100%	Note C

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
XAVi	Directmax International Ltd. (Directmax)	Management of overseas acquisitions and investments	100%	100%	
"	XAVi Technologies (Thailand) Co., Ltd. (XAVi Thailand)	Manufacturing, processing and sales of communication products	100%	-	Note D
"	XAVi Overseas Ltd. (XAVi Overseas)	Management of overseas acquisitions and investments	100%	100%	
"	Systemax Development Ltd. (Systemax)	Sales of DSL bridges and routers	100%	100%	
"	XAVi Technologies (Suzhou) Co., Ltd.	Manufacturing and sales of DSL bridges and routers	100%	100%	

Note A: Although the Company holds less than 50% of the voting shares directly or indirectly, the remaining shares of these companies are extremely dispersed. The participation of other shareholders in the previous shareholders meeting indicates that the Company has the current ability to direct the relevant activities of these companies and there is no sign that there is a collective decision-making agreement made among other shareholders. Under the assessment, the Company has control over the entity which was included in the consolidated financial statements.

Note B: On November 4, 2019, the Board of Directors of CP resolved to invest THB 38,000 thousand to establish CPTH, and the procedure was completed in the fourth quarter of 2019.

Note C: On May 6, 2019, the Board of Directors of CP resolved to invest USD 3 million through CPHK, a company in the third area, to establish CPTZ, and the procedure was completed in June 2019.

Note D: XAVi had completed the new establishment of Xavi Thailand in the amount of THB 50,000 thousand in the first quarter of 2020.

Note E: CP purchased shares from the original shareholder, WTS, on July 31, 2020 and held 83.68% of shares in WTS after the purchase.

Note F: XAVi decreased its capital on November 10, 2020. The ratio of capital reduction was approximately 30%. Please refer to Note 6(32) for details.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2020 and 2019, the non-controlling interest amounted to \$4,900,439 and \$4,625,652, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2020		December 31, 2019	
		Amount	Ownership (%)	Amount	Ownership (%)
Chicony Power Technology Co., Ltd.	Taiwan	\$ 4,566,626	48.00%	\$ 4,175,810	50.41%

Summarised financial information of the subsidiaries:

Balance sheets

	Chicony Power Technology Co., Ltd.	
	December 31, 2020	December 31, 2019
Current assets	\$ 18,701,568	\$ 17,201,000
Non-current assets	6,469,523	4,572,024
Current liabilities	( 15,347,884)	( 13,141,403)
Non-current liabilities	( 292,576)	( 314,209)
Total net assets	\$ 9,530,631	\$ 8,317,412

Statements of comprehensive income

	Chicony Power Technology Co., Ltd.	
	Years ended December 31,	
	2020	2019
Revenue	\$ 34,863,027	\$ 34,415,370
Profit before income tax	2,721,457	2,219,807
Income tax expense	( 594,237)	( 501,917)
Profit for the year	2,127,220	1,717,890
Other comprehensive income (loss), net of tax	10,693	( 158,999)
Total comprehensive income for the year	\$ 2,137,913	\$ 1,558,891
Comprehensive income attributable to non-controlling interest	\$ 1,021,550	\$ 783,647
Dividends paid to non-controlling interest	\$ 606,428	\$ 389,496

## Statements of cash flows

	Chicony Power Technology Co., Ltd.	
	Years ended December 31,	
	2020	2019
Net cash provided by operating activities	\$ 3,086,269	\$ 3,582,738
Net cash used in investing activities	( 1,980,943)	( 903,711)
Net cash used in financing activities	( 1,472,823)	( 1,901,432)
Effect of exchange rates	( 6,532)	( 95,072)
(Decrease) increase in cash and cash equivalents	( 374,029)	682,523
Cash and cash equivalents, beginning of year	1,387,541	705,018
Cash and cash equivalents, end of year	\$ 1,013,512	\$ 1,387,541

### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

#### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

## B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - (i) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - (iii) All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

## (5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets and liabilities at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value.

(9) Accounts receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; and the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Leasing arrangements (lessor) - lease receivables / operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives are 20~55 years for buildings and structures, 1~10 years for machinery and testing equipment, 1~5 years for molding equipment and 1~20 years for other equipment.

(16) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
  - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(18) Intangible assets

A. Trademarks and licenses

Separately acquired trademarks and licenses are stated at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 1~10 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1~10 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

D. Other intangible assets are mainly technical skill and amortised on a straight-line basis over its estimated useful life of 2~14 years.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for an investment property is measured subsequently using the fair value model.

(21) Borrowings

A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(22) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(23) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these

financial liabilities are recognised in profit or loss.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(27) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.
- B. Restricted stocks:
  - (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
  - (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

- (c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem at no consideration and retire those stocks.

(29) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employees' training costs and equity investments to the extent that it is possible that future taxable profit will

be available against which the unused tax credits can be utilised.

(30) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(31) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's shareholders or when the Board of Directors with attendance of at least two thirds of total directors and approval by a majority of the directors present. Stock dividends are recorded as stock dividends to be distributed in the Company's financial statements in the period in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance..

(32) Revenue recognition

A. Sales of goods

- (a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) According to the contracts with customers, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

#### (33) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related assets as reduced depreciation expense.

#### (34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

### 5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

#### (1) Critical accounting judgements - Evaluation of investment property

The Group follows the guidance of IAS 40 "Investment property" to determine the assets to be measured at fair value. Unless in extreme circumstances that there is a definite evidence that the fair value of investment property cannot be reliably measured on an ongoing basis, the investment property of the Group is measured at fair value after the initial recognition.

#### (2) Critical accounting estimates and assumptions

##### A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including

identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Evaluation of investment property

The Group's investment properties are measured at fair value. The fair value is evaluated using the income approach by an external appraiser. It involves critical assumptions including occupancy rate, rent growth rate, discount rate, etc.. Those assumptions may be affected by the economic conditions, market needs, etc. that may change.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 11,628	\$ 11,540
Checking accounts and demand deposits	3,454,907	3,563,547
Time deposits	<u>284,816</u>	<u>561,435</u>
	<u>\$ 3,751,351</u>	<u>\$ 4,136,522</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of cash and cash equivalents pledged as collateral are provided in Note 8.

(2) Financial assets and liabilities at fair value through profit or loss

Items	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 3,078,914	\$ 3,223,483
Emerging stocks	-	15,444
Unlisted stocks	20,809	20,809
Beneficiary certificates	-	200,078
Corporate bonds	22,770	264,017
Non-hedging derivatives		
Forward exchange contracts	732,449	63,320
Exchange rate swaps	53	-
	<u>3,854,995</u>	<u>3,787,151</u>
Valuation adjustment	( 439,170)	134,913
	<u>\$ 3,415,825</u>	<u>\$ 3,922,064</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	\$ 387,581	\$ 546,310
Exchange rate swaps	3,130	4,310
	<u>\$ 390,711</u>	<u>\$ 550,620</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 747,663	\$ 786,810
Beneficiary certificates	1,089,083	955,016
	<u>1,836,746</u>	<u>1,741,826</u>
Valuation adjustment	( 124,042)	( 83,682)
	<u>\$ 1,712,704</u>	<u>\$ 1,658,144</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	December 31, 2020	December 31, 2019
Equity instruments	(\$ 613,468)	\$ 1,057,828
Debt instruments	8,560	3,164
Beneficiary certificates	26,165	120,957
Derivatives	325,691	( 529,054)
	<u>(\$ 253,052)</u>	<u>\$ 652,895</u>

B. The Group entered into contracts relating to derivative financial assets and liabilities which were

not accounted for under hedge accounting. The information is listed below:

December 31, 2020			
Derivative instruments	Contract amount (Notional Principal) (In thousands)		Due Date
Forward foreign exchange contracts			
-SELL NTD/BUY USD	USD	415,000	2021.01.07~2021.02.26
-SELL RMB/BUY USD	USD	78,567	2021.01.04~2021.04.07
-SELL USD/BUY RMB	USD	437,500	2021.01.04~2021.12.01
-SELL USD/BUY NTD	USD	60,000	2021.01.15~2021.02.23
-SELL THB/BUY NTD	USD	75,000	2021.01.15~2021.02.10
Exchange rate swaps			
-SELL USD/BUY NTD	USD	21,600	2021.02.22~2021.03.18
December 31, 2019			
Derivative instruments	Contract amount (Notional Principal) (In thousands)		Due Date
Forward foreign exchange contracts			
-SELL NTD/BUY USD	USD	625,000	2020.01.07~2020.12.16
-SELL RMB/BUY USD	USD	105,116	2020.01.22~2020.07.02
-SELL USD/BUY RMB	USD	240,500	2020.01.06~2020.12.07
-SELL USD/BUY NTD	USD	20,000	2020.01.02~2020.06.22
Exchange rate swaps			
-SELL NTD/BUY USD	USD	47,000	2020.01.02~2020.01.03

Forward foreign exchange contracts / Foreign exchange swap contracts

The Group entered into forward foreign exchange contracts and foreign exchange swap contracts to buy (sell) foreign exchange swap and interest rate swap to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts and foreign exchange swap contracts are not accounted for under hedge accounting.

- C. The Group has no financial assets and liabilities at fair value through profit or loss pledged to others.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2020	December 31, 2019
<b>Current items:</b>		
Listed stocks	\$ 4,275,431	\$ 4,473,491
Unlisted stocks	74,607	79,297
	<u>4,350,038</u>	<u>4,552,788</u>
Valuation adjustment	( 1,737,506)	( 1,568,934)
	<u>\$ 2,612,532</u>	<u>\$ 2,983,854</u>
<b>Non-current items:</b>		
Listed stocks	\$ 1,281,850	\$ 1,281,850
Unlisted stocks	589,881	664,748
	<u>1,871,731</u>	<u>1,946,598</u>
Valuation adjustment	( 1,446,570)	( 1,422,980)
	<u>\$ 425,161</u>	<u>\$ 523,618</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income - current and financial assets at fair value through other comprehensive income - non-current. The fair value of such investments on December 31, 2020 and 2019 was equivalent to their carrying amount.
- B. The Group sold \$135,108 and \$721,025 equity investments at fair value which resulted in cumulative losses on disposal of \$74,571 and \$849,728 and were transferred as a deduction item to unappropriated retained earnings during the years ended December 31, 2020 and 2019, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>266,733</u> )	\$ <u>368,798</u>
Cumulative losses reclassified to retained earnings due to derecognition	\$ <u>74,571</u>	\$ <u>849,728</u>
Dividend income recognised in profit or loss held at end of year	\$ <u>45,360</u>	\$ <u>120,541</u>

- D. The Group has no financial assets at fair value through other comprehensive income pledged to others.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2020	December 31, 2019
Non-current items:		
Corporate bond	\$ 454,030	\$ 482,573

- A. Interest income from financial assets measured at amortised cost for the year ended December 31, 2020 amounted to \$85,279.
- B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	\$ 155,605	\$ 153,736
Accounts receivable	\$ 23,484,278	\$ 20,360,815
Less: Allowance for uncollectible accounts	( 179,343)	( 176,777)
	\$ 23,304,935	\$ 20,184,038

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2020		December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 22,809,755	\$ 155,605	\$ 19,684,560	\$ 153,736
1 to 30 days	321,327	-	323,535	-
31 to 120 days	162,567	-	309,054	-
121 to 215 days	46,337	-	268	-
Over 365 days	144,292	-	43,398	-
	\$ 23,484,278	\$ 155,605	\$ 20,360,815	\$ 153,736

The above ageing analysis was based on past due date.

- B. As of December 31, 2020 and 2019, the balances of accounts and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to \$18,205,435.
- C. The Group has no notes or accounts receivable pledged to others as collateral.
- D. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Group was equal to carrying amount.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,140,087	(\$ 431,482)	\$ 5,708,605
Work in progress	2,771,644	( 204,534)	2,567,110
Finished goods	8,107,536	( 691,399)	7,416,137
	<u>\$ 17,019,267</u>	<u>(\$ 1,327,415)</u>	<u>\$ 15,691,852</u>

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,386,555	(\$ 321,086)	\$ 4,065,469
Work in progress	2,178,881	( 164,060)	2,014,821
Finished goods	8,429,177	( 662,121)	7,767,056
	<u>\$ 14,994,613</u>	<u>(\$ 1,147,267)</u>	<u>\$ 13,847,346</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of goods sold	\$ 76,833,341	\$ 76,257,112
Loss on decline in market value	436,870	10,779
Others	36,387	2,946
	<u>\$ 77,306,598</u>	<u>\$ 76,270,837</u>

The other losses (gains) represent the loss (gain) on physical count and income from sale of scraps and wastes.

(7) Investments accounted for using equity method

A. Investments accounted for using the equity method were as follows:

	December 31, 2020	December 31, 2019
Associate:		
Sky-Fine Investment Limited (Sky-Fine)	\$ 7,708	\$ 21,264
Swift Success Holdings Limited (Swift Success)	184,660	184,258
	<u>\$ 192,368</u>	<u>\$ 205,522</u>

B. The share of profit (loss) of associates accounted for using equity method for the years ended December 31, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Associate:		
Sky-Fine Investment Limited (Sky-Fine)	(\$ 10,816)	(\$ 10,279)
Swift Success Holdings Limited (Swift Success)	( 261)	25,190
	<u>(\$ 11,077)</u>	<u>\$ 14,911</u>

The amount of profit or loss of associates and other comprehensive income or loss of Sky-Fine Investment Limited is evaluated based on its financial statements audited by auditors for the same reporting period.

C. Associates

As of December 31, 2020 and 2019, the carrying amount of the Group's individually immaterial associates amounted to \$192,368 and \$205,522, respectively. The Group's share of the operating results are summarised below:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
(Loss) profit for the year from continuing operations	(\$ 11,077)	\$ 14,911
Other comprehensive loss, net of tax	( 2,078)	( 7,726)
Total comprehensive (loss) income	<u>(\$ 13,155)</u>	<u>\$ 7,185</u>

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Tooling equipment</u>	<u>Testing equipment</u>	<u>Construction in progress</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>								
Cost	\$ 621,313	\$ 6,946,841	\$ 7,499,023	\$ 5,174,391	\$ 2,512,656	\$ 1,105,959	\$ 3,875,891	\$ 27,736,074
Accumulated depreciation and impairment	-	( 2,163,052)	( 4,134,800)	( 4,036,277)	( 1,793,002)	-	( 2,787,263)	( 14,914,394)
	<u>\$ 621,313</u>	<u>\$ 4,783,789</u>	<u>\$ 3,364,223</u>	<u>\$ 1,138,114</u>	<u>\$ 719,654</u>	<u>\$ 1,105,959</u>	<u>\$ 1,088,628</u>	<u>\$ 12,821,680</u>
<u>2020</u>								
Opening net book amount	\$ 621,313	\$ 4,783,789	\$ 3,364,223	\$ 1,138,114	\$ 719,654	\$ 1,105,959	\$ 1,088,628	\$ 12,821,680
Additions	100,029	87,567	592,311	312,159	642,814	1,441,730	346,041	3,522,651
Disposals	-	( 154)	( 139,152)	( 1,002)	( 28,796)	-	( 36,960)	( 206,064)
Reclassifications	38,180	1,663,892	111,613	106,621	109,942	( 1,735,411)	76,071	370,908
Depreciation	-	( 273,603)	( 705,870)	( 537,888)	( 339,391)	-	( 416,157)	( 2,272,909)
Net exchange differences	( 2,434)	37,256	8,427	8,098	9,023	( 15,454)	300	45,216
Closing net book amount	<u>\$ 757,088</u>	<u>\$ 6,298,747</u>	<u>\$ 3,231,552</u>	<u>\$ 1,026,102</u>	<u>\$ 1,113,246</u>	<u>\$ 796,824</u>	<u>\$ 1,057,923</u>	<u>\$ 14,281,482</u>
<u>At December 31, 2020</u>								
Cost	\$ 757,088	\$ 8,749,116	\$ 7,543,061	\$ 5,554,341	\$ 3,214,319	\$ 796,824	\$ 4,072,471	\$ 30,687,220
Accumulated depreciation and impairment	-	( 2,450,369)	( 4,311,509)	( 4,528,239)	( 2,101,073)	-	( 3,014,548)	( 16,405,738)
	<u>\$ 757,088</u>	<u>\$ 6,298,747</u>	<u>\$ 3,231,552</u>	<u>\$ 1,026,102</u>	<u>\$ 1,113,246</u>	<u>\$ 796,824</u>	<u>\$ 1,057,923</u>	<u>\$ 14,281,482</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Tooling equipment</u>	<u>Testing equipment</u>	<u>Construction in progress</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2019</u>								
Cost	\$ 621,070	\$ 7,098,611	\$ 7,590,657	\$ 5,243,730	\$ 2,234,291	\$ 91,193	\$ 4,169,865	\$ 27,049,417
Accumulated depreciation and impairment	-	( 2,025,842)	( 3,894,255)	( 4,126,256)	( 1,698,221)	-	( 2,933,414)	( 14,677,988)
	<u>\$ 621,070</u>	<u>\$ 5,072,769</u>	<u>\$ 3,696,402</u>	<u>\$ 1,117,474</u>	<u>\$ 536,070</u>	<u>\$ 91,193</u>	<u>\$ 1,236,451</u>	<u>\$ 12,371,429</u>
<u>2019</u>								
Opening net book amount	\$ 621,070	\$ 5,072,769	\$ 3,696,402	\$ 1,117,474	\$ 536,070	\$ 91,193	\$ 1,236,451	\$ 12,371,429
Additions	-	68,524	587,612	491,015	386,244	1,171,495	324,226	3,029,116
Disposals	-	( 3,437)	( 157,187)	( 73,714)	( 7,246)	-	( 19,351)	( 260,935)
Reclassifications	-	( 1,556)	84,271	120,879	53,182	( 86,054)	91,383	262,105
Depreciation	-	( 271,136)	( 672,671)	( 489,620)	( 227,883)	-	( 473,288)	( 2,134,598)
Net exchange differences	243	( 81,375)	( 174,204)	( 27,920)	( 20,713)	( 70,675)	( 70,793)	( 445,437)
Closing net book amount	<u>\$ 621,313</u>	<u>\$ 4,783,789</u>	<u>\$ 3,364,223</u>	<u>\$ 1,138,114</u>	<u>\$ 719,654</u>	<u>\$ 1,105,959</u>	<u>\$ 1,088,628</u>	<u>\$ 12,821,680</u>
<u>At December 31, 2019</u>								
Cost	\$ 621,313	\$ 6,946,841	\$ 7,499,023	\$ 5,174,391	\$ 2,512,656	\$ 1,105,959	\$ 3,875,891	\$ 27,736,074
Accumulated depreciation and impairment	-	( 2,163,052)	( 4,134,800)	( 4,036,277)	( 1,793,002)	-	( 2,787,263)	( 14,914,394)
	<u>\$ 621,313</u>	<u>\$ 4,783,789</u>	<u>\$ 3,364,223</u>	<u>\$ 1,138,114</u>	<u>\$ 719,654</u>	<u>\$ 1,105,959</u>	<u>\$ 1,088,628</u>	<u>\$ 12,821,680</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows: None.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land use right, buildings, machinery and equipment, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. Short-term leases with a lease term of 12 months or less comprise multifunction printers, low-value assets comprise warehouses, offices and business vehicles. Those were not included in right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Years ended December 31,	
	2020	2019
	<u>Book value</u>	<u>Book value</u>
Buildings and structures	\$ 446,237	\$ 474,510
Land use right	409,397	416,775
	<u>\$ 855,634</u>	<u>\$ 891,285</u>
	Years ended December 31,	
	2020	2019
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings and structures	\$ 154,269	\$ 106,541
Land use right	10,256	10,731
	<u>\$ 164,525</u>	<u>\$ 117,272</u>

- D. As of December 31, 2020, the Group signed a land use right contract with Bureau of Land Resources for use of the land in the municipality of Chongqing, Wujiang City of Jiangsu Province and Dongguan City of Guangdong Province with term of 50 years. All rentals had been paid on the contract date, shown as 'Long-term prepaid rents - Land use right'. The grants received from the local government, as a reward for the local investment, were deducted from the cost of land use right.
- E. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets (including changes in foreign exchange rate) were \$127,049 and \$121,169, respectively.

F. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 23,610	\$ 16,616
Expense on short-term lease contracts	90,613	57,258
Expense on leases of low-value assets	2,255	2,237
Gain on lease modification	225	-

G. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were \$246,656 and \$169,431, respectively.

H. The Group has no right-of-use assets pledged to others.

(10) Investment property

	Years ended December 31,	
	2020	2019
At January 1	\$ 6,447,876	\$ 5,537,730
Additions – from subsequent expenditures	-	839,561
Disposal	( 2,479,067)	-
Reclassifications – transfer in	-	6,033
Reclassifications – transfer out	( 47,778)	-
Gain on fair value adjustment	51,943	64,552
At December 31	<u>\$ 3,972,974</u>	<u>\$ 6,447,876</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2020	2019
Rental income from investment property	<u>\$ 66,293</u>	<u>\$ 61,835</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 13,863</u>	<u>\$ 15,777</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	<u>\$ 19,264</u>	<u>\$ 24,231</u>

B. Basis of investment property at fair value:

The Group's investment properties are land and buildings of office building. Office buildings are located in Sanchong District and Wugu District in New Taipei City. They mainly earn from rental revenue with rental periods ranging from 1 to 10 years. The assumptions used for the years ended December 31, 2020 and 2019 are as follows:

(a) Details of the Group's investment property are as follows:

	December 31, 2020		
	<u>CEC Headquarter</u>	<u>Wugu Building</u>	<u>Residential Compound Building</u>
The subject			
Location	Sanchong District, New Taipei City	Wugu District, New Taipei City	Sanchong District, New Taipei City
Valuation method	Income approach	Income approach	Income approach
Valuation firm	Panasia	Panasia	Panasia
Valuer	Min An, Yang	Shao You, Chung	Min An, Yang
Evaluation basis date	December 15, 2020 (Note)	December 15, 2020 (Note)	December 31, 2020
	December 31, 2019		
	<u>CEC Headquarter</u>	<u>Wugu Building</u>	<u>Residential Compound Building</u>
The subject			
Location	Sanchong District, New Taipei City	Wugu District, New Taipei City	Sanchong District, New Taipei City
Valuation method	Income approach	Income approach	Income approach
Valuation firm	Panasia	Panasia	Panasia
Valuer	Shao You, Chung	Wei Yuan, Cheng	Shao You, Chung
Evaluation basis date	December 16, 2019 (Note)	December 16, 2019 (Note)	December 16, 2019 (Note)

Note: We obtained effective statements of appraisal report on December 31, 2020 and 2019 from appraiser.

(b) The fair value of the Company's properties (including buildings and car parks) was evaluated using the discounted cash flow analysis of income approach.

The estimation process of the valuation method involves differentiating between rented and not yet rented. The former is calculated by contract rent and the latter is calculated by market price. It also considers comparative rent information of similar properties to determine annual growth range of rent; including idle loss, decoration offset loss, and the closing balance of disposal value of that property to calculate future cash inflow, then discounted by an appropriated discount rate accumulated until the valuation date. Future cash outflow which consists of expenses directly related to operations, i.e. land tax, house tax, insurance fee, management fee, maintenance fee, replacement allocation, amortization of agent fee, etc., is estimated based on the actual expenses incurred in the current year, considering the Company's current operating results and changes which may occur in the future.

- (c) The rent, occupancy rate and income of past year of the Group's properties (including buildings and car parks) and comparative rent information of similar properties are as follows:

Year ended	Estimated rent (\$/3.3m <sup>2</sup> /month)	Similar comparative subject in local or market	Occupancy rate	Income of past year
<u>December 31, 2020</u>				
CEC Headquarter	\$898~\$968	Equivalent to estimated rent	38.32%	\$ 44,253
Wugu Building	\$282~\$737	Equivalent to estimated rent	100%	22,040
Residential Compound Building	\$840~\$962	Equivalent to estimated rent	-	-
<u>December 31, 2019</u>				
CEC Headquarter	\$887~\$957	Equivalent to estimated rent	36.03%	\$ 39,795
Wugu Building	\$277~\$725	Equivalent to estimated rent	100%	22,040
Residential Compound Building	\$822~\$984	Equivalent to estimated rent	-	-

- (d) Rent growth rate is evaluated by considering the lease contract and actual market situation. Discount rate is evaluated by risk premium approach which takes the return rate on investment of the most general goods as standard, adopted the floating interest rate on a 2-year time deposits of a small amount, as posted by the Chunghwa Post Co., Ltd. plus 0.75 percentage points; and explore the liquidity, risk level, value-added level and the ease of management of the subject. The rent growth rates and discount rates are as follows:

	<u>December 31, 2020</u>		
	<u>CEC Headquarter</u>	<u>Wugu Building</u>	<u>Residential Compound Building</u>
Rent growth rate	1.00%	1.00%	1.00%
Discount rate	2.23%	2.90%	2.12%
	<u>December 31, 2019</u>		
	<u>CEC Headquarter</u>	<u>Wugu Building</u>	<u>Residential Compound Building</u>
Rent growth rate	1.00%	1.00%	1.00%
Discount rate	2.40%	3.05%	2.22%

C. The fair value information about the investment property is provided in Note 12(3).

- D. Impairment of investment property: None.
- E. Information about the investment property that was pledged to others as collateral is provided in Note 8.
- F. The maturity analysis of the lease payments receivables under the operating leases is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
2020	\$ -	\$ 54,255
2021	52,080	36,492
2022	43,086	30,659
2023	34,898	25,260
2024	34,211	24,720
After 2025	76,608	67,980
	<u>\$ 240,883</u>	<u>\$ 239,366</u>

- G. Amount of borrowing costs capitalised as part of investment property and the range of the interest rates for such capitalisation are as follows:

	<u>2020</u>	<u>2019</u>
Amount capitalised	\$ -	\$ 10,054
Range of the interest rates for capitalisation	-	0.48%~1.44%

(11) Intangible assets

	<u>Trademarks and patents</u>	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>					
Cost	\$ 72,616	\$ 320,372	\$ 132,795	\$ 31,634	\$ 557,417
Accumulated amortisation and impairment	( 53,032)	( 264,786)	( 69,085)	( 28,173)	( 415,076)
	<u>\$ 19,584</u>	<u>\$ 55,586</u>	<u>\$ 63,710</u>	<u>\$ 3,461</u>	<u>\$ 142,341</u>
<u>2020</u>					
Opening net book amount	\$ 19,584	\$ 55,586	\$ 63,710	\$ 3,461	\$ 142,341
Additions	19,424	63,008	-	-	82,432
Reclassifications	-	3,788	-	-	3,788
Amortisation	( 18,208)	( 54,035)	-	( 790)	( 73,033)
Impairment loss	-	-	( 54,819)	-	( 54,819)
Net exchange differences	-	384	( 12)	13	385
Closing net book amount	<u>\$ 20,800</u>	<u>\$ 68,731</u>	<u>\$ 8,879</u>	<u>\$ 2,684</u>	<u>\$ 101,094</u>
<u>At December 31, 2020</u>					
Cost	\$ 92,040	\$ 386,769	\$ 129,529	\$ 29,896	\$ 638,234
Accumulated amortisation and impairment	( 71,240)	( 318,038)	( 120,650)	( 27,212)	( 537,140)
	<u>\$ 20,800</u>	<u>\$ 68,731</u>	<u>\$ 8,879</u>	<u>\$ 2,684</u>	<u>\$ 101,094</u>

	<u>Trademarks and patents</u>	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2019</u>					
Cost	\$ 54,183	\$ 272,703	\$ 136,953	\$ 67,720	\$ 531,559
Accumulated amortisation and impairment	( 37,475)	( 211,855)	-	( 48,541)	( 297,871)
	<u>\$ 16,708</u>	<u>\$ 60,848</u>	<u>\$ 136,953</u>	<u>\$ 19,179</u>	<u>\$ 233,688</u>
<u>2019</u>					
Opening net book amount	\$ 16,708	\$ 60,848	\$ 136,953	\$ 19,179	\$ 233,688
Additions	18,433	44,276	-	1,654	64,363
Reclassifications	-	4,678	-	-	4,678
Amortisation	( 15,557)	( 53,629)	-	( 4,980)	( 74,166)
Proceeds from disposal of subsidiaries	-	-	-	( 12,328)	( 12,328)
Impairment loss	-	-	( 71,299)	-	( 71,299)
Net exchange differences	-	( 587)	( 1,944)	( 64)	( 2,595)
Closing net book amount	<u>\$ 19,584</u>	<u>\$ 55,586</u>	<u>\$ 63,710</u>	<u>\$ 3,461</u>	<u>\$ 142,341</u>
<u>At December 31, 2019</u>					
Cost	\$ 72,616	\$ 320,372	\$ 132,795	\$ 31,634	\$ 557,417
Accumulated amortisation and impairment	( 53,032)	( 264,786)	( 69,085)	( 28,173)	( 415,076)
	<u>\$ 19,584</u>	<u>\$ 55,586</u>	<u>\$ 63,710</u>	<u>\$ 3,461</u>	<u>\$ 142,341</u>

A. Details of amortisation on intangible assets are as follows:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Operating costs	\$ 3,641	\$ 3,186
Selling expenses	1,432	6,819
Administrative expenses	14,809	12,685
Research and development expenses	53,151	51,476
	<u>\$ 73,033</u>	<u>\$ 74,166</u>

B. Goodwill is allocated to the Group's cash-generating units identified according to operating segment as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Asia	\$ -	\$ 54,274
America	8,879	9,436
	<u>\$ 8,879</u>	<u>\$ 63,710</u>

- C. Goodwill of the Group's Asia segment is allocated to the cash-generating units identified by Zhuzhou Torch Auto Lamp Co., Ltd. (TORCH). The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. The key assumptions used for value-in-use calculations are as follows: The value-in-use was discounted at the weighted average cost of capital's discount rate of 3.84% and 4.48%, respectively for the years ended December 31, 2020 and 2019, to reflect the specific risks relating to the relevant cash-generating units. For the years ended December 31, 2020 and 2019, based on WT's assessment that its future operating profit will not be as expected, an impairment loss of \$54,819 and \$15,456, respectively (listed under 'other gains and losses' in the statement of comprehensive income) was recognised for the goodwill of Asia segment due to the recoverable amount is less than the carrying amount.
- D. Goodwill of the Group's America segment is allocated to the cash-generating units identified by WitsLight Technology Co., Ltd. (WT). The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. The key assumptions used for value-in-use calculations are as follows: The value-in-use was discounted at the weighted average cost of capital's discount rate of 3.33% for the year ended December 31, 2019, to reflect the specific risks relating to the relevant cash-generating units. Due to the fact that WT has incurred continued losses for years, the actual growth of operating revenue is not as expected. For the year ended December 31, 2019, based on WT's assessment, an impairment loss of \$55,843 (listed under 'other gains and losses' in the statement of comprehensive income) was recognised for the goodwill due to the recoverable amount is less than the carrying amount.

(12) Other non-current assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Guarantee deposits paid	\$ 87,778	\$ 115,378
Prepayments for business facilities	1,577,231	585,315
Others	169,273	237,700
	<u>\$ 1,834,282</u>	<u>\$ 938,393</u>

Information on other non-current assets that were pledged to others as collateral is provided in Note 8.

(13) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank unsecured borrowings	\$ 50,000	0.89%~0.90%	None
Secured borrowings	38,168	2.80%~3.07%	Notes Receivable
	<u>\$ 88,168</u>		
<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank unsecured borrowings	\$ 895,000	0.80%~1.05%	None

- A. As of December 31, 2020, the Group had issued promissory notes as guarantee for the short-term loans. Please see Note 9(1).
- B. Information about the collateral that the Company provided for the short-term borrowings is provided in Note 8.

C. The Group has signed an agreement to offset financial assets and liabilities with financial institutions. The agreement meets the offsetting criteria of IAS 32, the financial assets and liabilities are offset and reported in the net amount in the balance sheet. Details of the offset as of December 31, 2020 and 2019 are as follows:

December 31, 2020			
Description	Gross amounts of recognised financial assets/liabilities	Gross amounts of recognised financial assets/liabilities set off in the balance sheet	Net amounts presented in the balance sheet
Bank deposit/ Bank borrowings	USD118,500 (In thousands)	USD118,500 (In thousands)	\$ -

December 31, 2019			
Description	Gross amounts of recognised financial assets/liabilities	Gross amounts of recognised financial assets/liabilities set off in the balance sheet	Net amounts presented in the balance sheet
Bank deposit/ Bank borrowings	USD 40,000 (In thousands)	USD 40,000 (In thousands)	\$ -

(14) Accounts payable

	December 31, 2020	December 31, 2019
Accounts payable	\$ 18,705,999	\$ 18,373,426
Estimated accounts payable	6,433,280	5,362,964
	<u>\$ 25,139,279</u>	<u>\$ 23,736,390</u>

(15) Other payables

	December 31, 2020	December 31, 2019
Marketing allowance payable	\$ 3,798,421	\$ 3,061,128
Salary payable and annual bonus	2,742,115	1,991,518
Employees' dividends and directors' and supervisors' remuneration payable	1,280,963	1,186,566
Construction and equipment expense payable	750,717	931,518
Miscellaneous purchase payable	705,411	424,416
Processing expense payable	685,100	769,189
Others	2,854,323	2,507,115
	<u>\$ 12,817,050</u>	<u>\$ 10,871,450</u>

(16) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Long-term bank borrowings				
TCB	Borrowing period is from November 4, 2020 to January 20, 2021; interest is repayable until maturity of the principal	1.797%	None	\$ 100,000
Less: Current portion (shown as other current liabilities)				( <u>100,000</u> )
				<u>\$ -</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Long-term bank borrowings				
TCB	Borrowing period is from November 4, 2019 to February 4, 2020; interest is repayable until maturity of the principal (Note)	1.797%	None	<u>\$ 100,000</u>

Note: Revolving credit for five years starting from the first drawdown (January, 2016), each credit period is limited to 90 to 180 days.

- A. As of December 31, 2020 and 2019, the Group's Chairman had issued promissory notes to guarantee the long-term loans. Please see Note 9(1).
- B. Information about the long-term borrowings that were pledged to others as collateral is provided in Note 8.
- C. In the fourth quarter of 2018, the Group had signed individual credit contracts with E. Sun Commercial Bank, Land Bank of Taiwan and Hua Nan Commercial Bank for long-term operating use. The contract period is five years, and the loan facilities are \$2,000,000, \$1,000,000 and \$1,000,000, respectively. For the loan facility mentioned above, the Group had pledged partial floors of the headquarters building. For the information on pledged assets, please refer to Note 8.
- D. As of December 31, 2020, a long-term syndicated loan facility amounting to \$3,600,000 (can be drawdown in United States Dollars or New Taiwan Dollars and redrawn within the total credit facility) for five years was signed by the Company, with Taiwan Cooperative Bank as the lead bank in October 2015. It is to be used for the operations.

The main contents of the contract are as follows:

- (a) CP's annual consolidated financial statements should maintain financial ratios as follows:
- Current ratio is above 100%,

- ii. Financial liabilities divided by net tangible assets after subtracting cash and cash equivalents is under 250%,
- iii. Time interest earned is above 300%, and
- iv. Net tangible assets are above \$4,000,000.

The above financial ratios are based on the annual financial statements. If the Company does not conform to the contract, the Company should increase capital by cash or by other means. From the next day of the managing bank's notification until the next interest payment date after the Company conforms to the contract, the lending rates will be increase by 0.125% of the used but unsettled amount of this contract, and it will not be considered a breach of contract. If CP could not adjust the financial ratios by next inspection day (subjected to the consolidated financial statements audited by auditors), the borrower is considered to have violated the contract.

- (b) CP should maintain appropriate accounts receivable ratio, which means the total of qualified accounts receivable balance and the compensation accounts balance divided by the remainder of undrawn balance should be above 50%. The remainder of undrawn balance is CP's expected drawdown amounts plus the remainder of undrawn amounts. If the ratio cannot be maintained appropriately, CP should choose any of the following actions to make the accounts receivable ratio comply with the contract within seven days after the managing bank's notification:
  - i. Provide other qualified accounts receivable which was certified by the managing bank, or,
  - ii. Repay the loan before maturity, or,
  - iii. Repay or deposit in compensation accounts to maintain appropriate accounts receivable ratio above (or equal to) 50%.
- (c) As part of the contract, the commitment fee should be calculated every three months, which begins six months after CP drawdowns the credit for the first time. During the commitment fee calculation period, if the average drawdown amounts are less than 60% of the total loan facility, the commitment fee should be calculated quarterly, using the difference of actual drawdown amounts and 50% of the total loan facility, multiplied by 0.1%, the annual fee rate, and then pay the managing bank every three months.
- (d) As of December 31, 2020, CP has not violated the abovementioned financial ratios.

#### (17) Pensions

##### A. Defined benefit plans: Employee contributions

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries

and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	(\$ 407,542)	(\$ 398,989)
Fair value of plan assets	<u>190,503</u>	<u>176,945</u>
Net defined benefit liability	<u>(\$ 217,039)</u>	<u>(\$ 222,044)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2020</u>			
Balance at January 1	(\$ 398,989)	\$ 176,945	(\$ 222,044)
Current service cost	( 2,065)	-	( 2,065)
Interest (expense) income	( 2,983)	1,353	( 1,630)
	<u>( 404,037)</u>	<u>178,298</u>	<u>( 225,739)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	6,206	6,206
Change in demographic assumptions	( 1,199)	-	( 1,199)
Change in financial assumptions	( 12,130)	-	( 12,130)
Experience adjustments	<u>6,488</u>	<u>-</u>	<u>6,488</u>
	<u>( 6,841)</u>	<u>6,206</u>	<u>( 635)</u>
Pension fund contribution	-	9,242	9,242
Paid pension	<u>3,336</u>	<u>( 3,243)</u>	<u>93</u>
Balance at December 31	<u>(\$ 407,542)</u>	<u>\$ 190,503</u>	<u>(\$ 217,039)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2019</u>			
Balance at January 1	(\$ 394,170)	\$ 187,285	(\$ 206,885)
Current service cost	( 2,482)	-	( 2,482)
Interest (expense) income	( 4,039)	1,952	( 2,087)
Past service cost	( 5,288)	-	( 5,288)
	<u>( 405,979)</u>	<u>189,237</u>	<u>( 216,742)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	6,476	6,476
Change in demographic assumptions	( 1,540)	-	( 1,540)
Change in financial assumptions	( 10,577)	-	( 10,577)
Experience adjustments	( 9,670)	-	( 9,670)
	<u>( 21,787)</u>	<u>6,476</u>	<u>( 15,311)</u>
Pension fund contribution	-	10,009	10,009
Paid pension	28,777	( 28,777)	-
Balance at December 31	<u><u>(\$ 398,989)</u></u>	<u><u>\$ 176,945</u></u>	<u><u>(\$ 222,044)</u></u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2020	2019
Discount rate	0.300%~0.500%	0.700%~0.750%
Future salary increases	2.500%~3.000%	2.500%~3.000%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 8,979)	\$ 9,303	\$ 8,930	(\$ 8,667)
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 9,395)	\$ 9,745	\$ 9,391	(\$ 9,103)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis during 2020 and 2019 are the same.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$9,589.
- (g) As of December 31, 2020, the weighted average duration of the retirement plan is 8.4~10.2 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	25,091
1-2 year(s)		31,273
2-5 years		80,381
Over 5 years		121,395
	\$	<u>258,140</u>

#### B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees'

monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The overseas subsidiaries of the Company have defined contribution plans.
- (c) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were \$665,606 and \$845,897, respectively.

(18) Share-based payment

A. For the year ended December 31, 2020, CP's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Treasury stock transferred to employees	March 2, 2020	948 thousand shares	-	Vested immediately

(a) Details of treasury stock transferred to employees are as follows:

	<u>2020</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at January 1	-	\$ -
Options granted	948	40.72
Options exercised	( 948)	40.72
Options outstanding at December 31	-	-
Options exercisable at December 31	-	-

- (b) For the year ended December 31, 2020, the weighted average stock price of options on the exercise date was NT\$55.55 (in dollars).
- (c) CP's fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Expected price volatility</u>	<u>Expected option life</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Treasury stock transferred to employees	March 2, 2020	\$59.50	\$40.72	27.34% (Note)	15 days	-	0.45%	\$18.79

Note: Expected price volatility rate is estimated based on the average annualised standard deviation by using the daily rates of returns from the grant date back to 6 months ago as the hypothesised value.

(d) Expenses incurred on share-based payment transactions are shown below:

	<u>Year ended December 31, 2020</u>
Equity-settled	<u>\$ 17,813</u>

No such transaction in occurred 2019.

B. For the year ended December 31, 2019, Company's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Treasury stock transferred to employees	September 27, 2019	6,377 thousand shares	-	Vested immediately

(a) Details of treasury stock transferred to employees are as follows:

	<u>2019</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at January 1	-	\$ -
Options granted	6,377	64.26
Options exercised	( 6,377)	64.26
Options outstanding at December 31	<u>-</u>	-
Options exercisable at December 31	<u>-</u>	-

(b) For the year ended December 31, 2019, the weighted average stock price of options on the exercise date was NT\$92.19 (in dollars).

(c) The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Expected price volatility</u>	<u>Expected option life</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Treasury stock transferred to employees	September 27, 2019	\$ 91.40	\$ 64.26	26.09% (Note)	19 days	-	0.44%	\$ 27.15

Note: Expected price volatility rate is estimated based on the average annualised standard deviation by using the daily rates of returns from the grant date back to 6 months ago as the hypothesised value.

(d) Expenses incurred on share-based payment transactions are shown below:

	<u>Year ended December 31, 2019</u>
Equity-settled	<u>\$ 173,052</u>

The aforementioned options were all exercised on October 30, 2019.

(19) Share capital

A. As of December 31, 2020, the Company's authorised capital was \$8,000,000, and the paid-in capital was \$7,394,603 with a par value of \$10 (in dollars) per share, and the outstanding common stock was 800 million shares.

Movements in the number of the Company's ordinary shares outstanding are as follows (shares in thousands):

	<u>2020</u>	<u>2019</u>
At January 1	697,135	686,640
Employee share compensation	4,963	4,118
Treasury stock transferred to employees	-	6,377
At December 31	<u>702,098</u>	<u>697,135</u>

B. On March 10, 2020, the Company's Board of Directors approved the employees' stock bonus amounting to \$400,000 at the previous closing price of \$80.6 (in dollars) before the day of the Board of Directors' meeting, issuing 4,963 thousand shares. The Company has obtained a letter of approval from the appropriate authorities. The issue date was set on April 8, 2020, and the Company had completed the related registration on April 21, 2020.

C. On March 7, 2019, the Company's Board of Directors approved the employees' stock bonus amounting to \$280,000 at the previous closing price of \$68 (in dollars) before the day of the Board of Directors' meeting, issuing 4,118 thousand shares. The Company has obtained a letter of approval from the appropriate authorities. The issue date was set on April 3, 2019, and the Company had completed the related registration on April 24, 2019.

D. Treasury stock

(a) Reason for stocks reacquisition and movements in the number of the Company's treasury stocks are as follows:

		<u>December 31, 2020</u>		
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares (in thousands)</u>	<u>Carrying amount</u>	<u>Fair value (in dollars) (per share)</u>
UNIKEY	For investment	21,174	\$ 205,795	\$ 86.20
HEC	For investment	16,189	105,482	86.20
		<u>37,363</u>	<u>\$ 311,277</u>	

		December 31, 2019		
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount	Fair value (in dollars) (per share)
UNIKEY	For investment	21,174	\$ 205,795	\$ 89.00
HEC	For investment	16,189	105,482	89.00
		<u>37,363</u>	<u>\$ 311,277</u>	

- (b) Pursuant to the R.O.C. Securities and Exchange Law, the number of stocks bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding stocks and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

A summary of the Company's capital surplus as of December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
Share premium	\$ 3,877,882	\$ 3,527,510
Treasury share transactions	1,810,278	1,589,835
Difference between consideration and carrying amount of subsidiaries acquired or disposed	43,876	421,988
Changes in ownership interests in subsidiaries	679,328	573,501
Others	1,171	1,171
	<u>\$ 6,412,535</u>	<u>\$ 6,114,005</u>

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, if any; and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance and as special reserve in accordance to relevant regulations when necessary; and the remainder, if any, to be appropriated shall be presented by the Board of Directors and resolved by the stockholders at the stockholders' meeting. Since June 5, 2019, the Board of Directors can

distribute all or part of the distributable dividends and bonus, legal reserve and capital surplus in the form of cash as resolved by a majority vote at their meeting attended by two-thirds of the total number of directors and report to the shareholders which the aforementioned regulation of requiring resolution from the shareholders is not applicable.

- B. The Company's dividend policy is summarised below: the Company is in the development stage of the electronics industry. The dividend policy should be formulated by considering the capital requirements of the new products and promoting the return on equity simultaneously. Therefore, the total amounts of stockholders' dividends should not exceed 90% of the total distributable earnings, and then the cash dividends should not be less than 10% of the total amounts of stockholders' dividends. The restrictions above mentioned will not to be applicable if total amounts of stockholders' dividends are less than \$0.5 (in dollars) per share.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with other No. Financial – Supervisory – Securities – Corporate - 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. The Company elected to reclassify the unrealised revaluation increment and cumulative translation adjustment to unappropriated earnings and accrue special reserve by \$433,524 on initial application of IFRSs.
- E. The appropriations of 2019 and 2018 earnings had been resolved at the shareholders' meeting on June 10, 2020 and June 5, 2019, respectively, and the details are summarised below:

	Years ended December 31,			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 583,882		\$ 359,071	
Special reserve	185,424		1,244,101	
Cash dividends	4,362,815	\$ 5.90	2,766,858	\$ 3.80

F. Subsequent events: The appropriations of 2020 earnings had been proposed at the Board of Directors' meeting on March 10, 2021, and the details are summarised below:

	<u>Year ended December 31, 2020</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 542,708	
Special reserve	961,745	
Cash dividends	4,099,110	\$ 5.50

For the appropriations of 2020 earnings, aside from the cash dividends which have been resolved by the Board of Directors and shall only be reported to the shareholders, the remaining appropriations have not yet been resolved by the shareholders as of March 20, 2021.

(22) Other equity interest

	<u>2020</u>			
	<u>Currency translation</u>	<u>Unrealised gains (losses) on valuation</u>	<u>Revaluation increment</u>	<u>Total</u>
At January 1	(\$ 2,115,391)	(\$ 2,597,937)	\$ 1,381,667	(\$ 3,331,661)
Revaluation				
-Group	-	( 261,583)	-	( 261,583)
-Transfer	-	44,132	-	44,132
Currency translation differences:				
-Group	( 685,280)	-	-	( 685,280)
-Associates	( 2,078)	-	-	( 2,078)
Revaluation increment				
-Transfer	-	-	( 4,744)	( 4,744)
At December 31	<u>(\$ 2,802,749)</u>	<u>(\$ 2,815,388)</u>	<u>\$ 1,376,923</u>	<u>(\$ 4,241,214)</u>
	<u>2019</u>			
	<u>Currency translation</u>	<u>Unrealised gains (losses) on valuation</u>	<u>Revaluation increment</u>	<u>Total</u>
At January 1	(\$ 985,814)	(\$ 3,460,880)	\$ 1,381,667	(\$ 3,065,027)
Revaluation				
-Group	-	322,426	-	322,426
-Transfer	-	540,517	-	540,517
Currency translation differences:				
-Group	( 1,121,851)	-	-	( 1,121,851)
-Associates	( 7,726)	-	-	( 7,726)
At December 31	<u>(\$ 2,115,391)</u>	<u>(\$ 2,597,937)</u>	<u>\$ 1,381,667</u>	<u>(\$ 3,331,661)</u>

(23) Operating revenue

A. Disaggregation of revenue from contracts with customers

<u>Year ended December 31, 2020</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Europe</u>	<u>Total</u>
Revenue from contracts with customers					
Electronic component product	\$ 32,275,278	\$ 20,371,854	\$ 682,132	\$ 351	\$ 53,329,615
Consumer electronic product	34,091,113	5,664,597	929,456	529,480	41,214,646
Others	318,991	217,747	101	1,127	537,966
	<u>\$ 66,685,382</u>	<u>\$ 26,254,198</u>	<u>\$ 1,611,689</u>	<u>\$ 530,958</u>	<u>\$ 95,082,227</u>
<u>Year ended December 31, 2019</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Europe</u>	<u>Total</u>
Revenue from contracts with customers					
Electronic component product	\$ 29,628,437	\$ 15,830,323	\$ 848,791	\$ 244	\$ 46,307,795
Consumer electronic product	28,939,447	15,167,507	1,224,949	683,333	46,015,236
Others	118,252	107,301	1,872	1,869	229,294
	<u>\$ 58,686,136</u>	<u>\$ 31,105,131</u>	<u>\$ 2,075,612</u>	<u>\$ 685,446</u>	<u>\$ 92,552,325</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Contract liabilities	<u>\$ 185,731</u>	<u>\$ 147,815</u>	<u>\$ 145,243</u>

C. Contract liability balance at the beginning of 2020 and 2019 was all included in the operating revenue.

(24) Interest income

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	\$ 57,081	\$ 62,299
Interest income from financial assets measured at amortised cost	85,279	-
	<u>\$ 142,360</u>	<u>\$ 62,299</u>

(25) Other income

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Rental revenue	\$ 66,461	\$ 62,634
Dividend income	243,213	214,688
Others	439,054	366,647
	<u>\$ 748,728</u>	<u>\$ 643,969</u>

(26) Other gains and losses

	Years ended December 31,	
	2020	2019
Net gain (loss) on financial assets and liabilities at fair value through profit or loss - derivative instruments	\$ 325,691	(\$ 529,054)
Net (loss) gain on financial assets and liabilities at fair value through profit or loss - others	( 578,743)	1,181,949
Net currency exchange (loss) gain	( 187,811)	277,489
Loss on disposal of property, plant and equipment	( 34,439)	( 39,982)
Gain on disposal of investment property	222,225	-
Gain on disposal of investments	-	73,665
Gain on disposal of non-current assets held for sale (Note)	-	645,713
Impairment on non-financial assets	( 54,819)	( 71,299)
Gain on fair value adjustment of investment property	51,943	64,552
Other gains and losses	( 925)	( 281,810)
	<u>(\$ 256,878)</u>	<u>\$ 1,321,223</u>

Note: On December 26, 2018, the Group determined to sell investment property held by Hikari in line with future business plans under the resolution of the Board of Directors. The asset was then reclassified as held for sale. The transaction was completed in the first quarter of 2019 for the price of JPY 9,500 million.

(27) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 44,033	\$ 116,569
Lease liability	23,610	16,616
Less: Capitalisation of qualifying assets	-	( 10,054)
	<u>\$ 67,643</u>	<u>\$ 123,131</u>

(28) Expenses by nature

	Year ended December 31, 2020		
	Cost of revenue	Operating expense	Total
Employee benefit expense	\$ 8,814,173	\$ 5,241,583	\$ 14,055,756
Depreciation	2,065,997	371,437	2,437,434
Amortisation on intangible assets	3,641	69,392	73,033
Other assets transferred to expense	29,822	31,206	61,028

	Year ended December 31, 2019		
	<u>Cost of revenue</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expense	\$ 7,927,560	\$ 4,804,439	\$ 12,731,999
Depreciation	1,862,233	389,637	2,251,870
Amortisation on intangible assets	3,186	70,980	74,166
Other assets transferred to expense	40,843	65,227	106,070

(29) Employee benefit expense

	Year ended December 31, 2020		
	<u>Cost of revenue</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 7,587,102	\$ 4,715,987	\$ 12,303,089
Labor and health insurance fees	78,101	191,368	269,469
Pension costs	507,822	161,479	669,301
Other personnel expenses	642,996	172,881	815,877
	<u>\$ 8,816,021</u>	<u>\$ 5,241,715</u>	<u>\$ 14,057,736</u>

	Year ended December 31, 2019		
	<u>Cost of revenue</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 6,740,424	\$ 4,308,037	\$ 11,048,461
Labor and health insurance fees	85,942	174,927	260,869
Pension costs	683,558	172,196	855,754
Other personnel expenses	417,636	149,279	566,915
	<u>\$ 7,927,560</u>	<u>\$ 4,804,439</u>	<u>\$ 12,731,999</u>

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 11% for employees' compensation and shall not be higher than 1% for directors' remuneration.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$847,551 and \$838,112, respectively; directors' remuneration was accrued at \$52,656 and \$52,070, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 11.75% and 0.73% of distributable profit of current year for the year ended December 31, 2020, respectively. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$847,551 and \$52,656, respectively, and the employees' compensation will be distributed in the form of shares.

C. Employees' compensation of \$838,112 and directors' remuneration of \$52,070 for 2019 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2019 financial statements. For the year ended December 31, 2019, 4,963 thousand shares of stock were issued as employee compensation, and the number of shares were calculated based on the closing price of \$80.6 (in dollars) on the day before the Board of Directors' meeting.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 1,870,325	\$ 1,161,713
Tax on undistributed earnings	15,161	1,455
Prior year income tax over estimation	( 84,017)	( 8,582)
Total current tax	1,801,469	1,154,586
Deferred tax:		
Origination and reversal of temporary differences	( 151,050)	231,398
Total deferred tax	( 151,050)	231,398
Income tax expense	<u>\$ 1,650,419</u>	<u>\$ 1,385,984</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 1,812,368	\$ 1,560,851
Effect from items adjusted in accordance with tax regulation	( 8,093)	( 157,740)
Effect from investment tax credits	( 85,000)	( 10,000)
Prior year income tax overestimation	( 84,017)	( 8,582)
Undistributed earnings	15,161	1,455
Income tax expense	<u>\$ 1,650,419</u>	<u>\$ 1,385,984</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2020		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Unrealised exchange loss	\$ -	\$ 18,480	\$ 18,480
Provision for inventory price decline	41,993	21,401	63,394
Allowance for doubtful accounts in excess of tax limit	-	471	471
Unrealised accrued expenses	52,439	22,446	74,885
Unrealised compensation revenue	43,489	( 540)	42,949
Others	14,418	17,674	32,092
	<u>\$ 152,339</u>	<u>\$ 79,932</u>	<u>\$ 232,271</u>
Temporary differences:			
-Deferred tax liabilities:			
Fair value adjustment of investment property	(\$ 394,251)	\$ 160,499	(\$ 233,752)
Unrealised exchange gain	( 97,096)	( 88,921)	( 197,469)
Unrealised financial asset evaluation gain	( 11,452)	( 29,873)	( 41,325)
Gain on long-term equity investment	-	( 253)	( 253)
Temporary differences of fixed assets for tax and financial purposes	( 2,138)	159	( 1,979)
Unrealised pension contribution	-	( 436)	( 436)
Others	( 78,396)	70	( 78,326)
	<u>(\$ 583,333)</u>	<u>\$ 71,118</u>	<u>(\$ 512,215)</u>

	2019		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Provision for inventory price decline	\$ 24,741	\$ 17,252	\$ 41,993
Unrealised accrued expenses	21,699	30,740	52,439
Unrealised compensation revenue	42,940	549	43,489
Others	8,578	5,840	14,418
	<u>\$ 97,958</u>	<u>\$ 54,381</u>	<u>\$ 152,339</u>
Temporary differences:			
-Deferred tax liabilities:			
Fair value adjustment of investment property	(\$ 284,860)	(\$ 109,391)	(\$ 394,251)
Unrealised exchange gain	( 10,003)	( 98,545)	( 108,548)
Temporary differences of fixed assets for tax and financial purposes	( 2,241)	103	( 2,138)
Others	( 450)	( 77,946)	( 78,396)
	<u>(\$ 297,554)</u>	<u>(\$ 285,779)</u>	<u>(\$ 583,333)</u>

D. As of December 31, 2020 and 2019, the amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	<u>\$ 1,012,295</u>	<u>\$ 1,057,760</u>

- E. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.
- F. According to the Preferential Tax Policy Issues concerning Further Implementation of the Development of Western China regulated by the "Law of the People's Republic of China on Enterprise Income Tax" and the State Taxation Administration, Ministry of Finance, industrial items that CEM5 and CPCQ set in the western region as specified in the "Catalogue of encouraging industries in Western China" were supervisory business. The enterprises whose main business income accounted for more than 70% of the total enterprise income in the current year are entitled to a 10% tax exemption before and in 2020 and extend the Preferential Tax Policy Issues concerning the Development of Western China after applying and obtaining approval from the competent tax authority. The enterprises whose main business income accounted for more than 60% of the total enterprise income in the current year are also entitled to a 10% of tax exemption from 2021 to 2030 after applying and obtaining approval from the competent tax authority. The tax rate is 15%.

(31) Earnings per share

Year ended December 31, 2020			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,466,764	701,161	\$ <u>7.80</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	<u>10,686</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,466,764</u>	<u>711,847</u>	\$ <u>7.68</u>

Year ended December 31, 2019			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,838,817	691,107	\$ <u>8.45</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	<u>10,149</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,838,817</u>	<u>701,256</u>	\$ <u>8.33</u>

(32) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

- (a) For the year ended December 31, 2020, the Group acquired an additional 2.41% of shares of its subsidiary-CP for a total cash consideration of \$635,120. The carrying amount of non-controlling interest in CP was \$4,515,654 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$256,841 and a decrease in the equity attributable to owners of the parent by \$378,279. The effect of changes in interests in CP on the equity attributable to owners of the parent for the year ended December 31, 2020 is shown below:

	Years ended December 31,	
	2020	2019
Carrying amount of non-controlling interest acquired	\$ 256,841	\$ 91,385
Consideration paid to non-controlling interest		
Capital surplus	( 635,120)	( 202,361)
- difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	(\$ 378,279)	(\$ 110,976)

- (b) For the year ended December 31, 2020, the Group acquired an additional 0.69% of shares of its subsidiary-XAVi for a total cash consideration of \$6,949. The carrying amount of non-controlling interest in XAVi was \$587,098 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$7,116 and an increase in the equity attributable to owners of the parent by \$167. The effect of changes in interests in XAVi on the equity attributable to owners of the parent for the year ended December 31, 2020 is shown below:

	Years ended December 31,	
	2020	2019
Carrying amount of non-controlling interest acquired	\$ 7,116	\$ 15,104
Consideration paid to non-controlling interest		
Capital surplus	( 6,949)	( 15,726)
- difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	\$ 167	(\$ 622)

B. Disposal of equity interest in a subsidiary (that did not result in a loss of control)

XAVi decreased its capital on November 10, 2020 in the amount of \$298,057, of which included \$138,979 pertains to proceeds for shares returned to the parent company and \$159,078 pertains to proceeds for shares returned to the non-controlling interest. This transaction did not affect the shareholding ratio. The effect on the equity attributable to owners of the parent for the year ended December 31, 2020 is shown below:

	Year ended December 31, 2020
Carrying amount decreased because of capital reduction	(\$ 138,984)
Proceeds from capital reduction	<u>138,979</u>
Capital surplus	
- recognition of changes in ownership interest in subsidiaries	<u><u>(\$ 5)</u></u>

C. Changes in ownership interest in subsidiaries

(a) The subsidiary-CP, distributed employee share compensation and transferred treasury stock to employees for the year ended December 31, 2020. This transaction resulted in an increase in the non-controlling interest by \$218,502 and an increase in the equity attributable to owners of the parent by \$105,832 which totally increased shareholders' equity by \$324,334 (shown as 'capital surplus - recognition of changes in ownership interest in subsidiaries').

(b) The subsidiary-CP, distributed employee share compensation for the year ended December 31, 2019. This transaction resulted in an increase in the non-controlling interest by \$136,805 and an increase in the equity attributable to owners of the parent by \$46,544 which totally increased shareholders' equity by \$183,349 (shown as 'capital surplus - recognition of changes in ownership interest in subsidiaries').

(33) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2020	2019
Purchase of property, plant and equipment	\$ 3,522,651	\$ 3,029,116
Add: Opening balance of payable on equipment	468,052	420,262
Less: Ending balance of payable on equipment	( 583,741)	( 468,052)
Cash paid during the year	<u>\$ 3,406,962</u>	<u>\$ 2,981,326</u>

(34) Changes in liabilities from financing activities

	2020			
	Short-term borrowings	Long-term borrowings (Note)	Lease liability	Total
At January 1	\$ 895,000	\$ 100,000	\$ 482,769	\$ 1,477,769
Changes in cash flow from financing activities	( 806,832)	-	( 130,178)	( 937,010)
Impact of changes in foreign exchange rate	-	-	( 6,445)	( 6,445)
Changes in other non-cash items	-	-	129,092	129,092
At December 31	<u>\$ 88,168</u>	<u>\$ 100,000</u>	<u>\$ 475,238</u>	<u>\$ 663,406</u>
	2019			
	Short-term borrowings	Long-term borrowings (Note)	Lease liability	Total
At January 1	\$ 5,643,630	\$ 1,423,180	\$ 470,130	\$ 7,536,940
Changes in cash flow from financing activities	( 4,752,915)	( 1,343,449)	( 93,320)	( 6,189,684)
Impact of changes in foreign exchange rate	4,285	20,269	( 7,550)	17,004
Changes in other non-cash items	-	-	113,509	113,509
At December 31	<u>\$ 895,000</u>	<u>\$ 100,000</u>	<u>\$ 482,769</u>	<u>\$ 1,477,769</u>

Note: Including current portion

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Newmax Technology Co., Ltd.	Other related party
Clevo Co.	Other related party
Hongwell	Other related party
Chicony Square	Other related party
Kapok Computer (Kunshan) Co., Ltd.	Other related party
Buynow Group (including Loyang, Anshan, Quanzhou, Zhengzhou, etc)	Other related party
Hon Hui Co., Ltd. (including Shanghai, New Taipei, Ruiguang, etc)	Other related party
Far Win (Kunshan) Co., Ltd.	Other related party
Far Win (Dong guan) Co., Ltd.	Other related party
ShunOn Electronic Co.	Other related party
Jiaying Chunxiang Electronic Technology Co., Ltd.	Other related party
Chongqing Chunxiang Electronic Technology Co., Ltd.	Other related party
Jim Yu Plastic Electronic (Wujiang) Co., Ltd.	Other related party
Cheung Shun (Wujiang) Plastic Processing Technology Co., Ltd.	Other related party
Key management personnel	Other related party

### (2) Significant related party transactions

#### A. Operating revenue:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Sales of goods:		
Other related parties	\$ 934,711	\$ 926,516

The terms of the sales to related parties were the same as those to third parties.

#### B. Purchases:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Purchases of goods:		
Other related parties	\$ 2,037,162	\$ 1,625,025

The terms of the purchases from related parties were the same as those to third parties.

#### C. Receivables from related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable:		
Other related parties	\$ 253,227	\$ 332,350

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. There was no allowance for doubtful accounts pertaining to accounts receivable from related parties.

D. Payables to related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable:		
Other related parties	\$ <u>485,964</u>	\$ <u>415,577</u>

The payables from related parties arise mainly from purchase transactions. The payables are unsecured in nature and bear no interest.

E. Property transactions – acquisition of other assets:

		<u>Years ended December 31,</u>	
		<u>2020</u>	<u>2019</u>
	<u>Accounts</u>	<u>Consideration</u>	<u>Consideration</u>
Other related parties	Investments accounted for using equity method	\$ <u>-</u>	\$ <u>166,582</u>

The consideration of \$166,582 paid for acquiring 40% shares in Swift Success Holdings Limited was determined by reference to the entity's appraisal report.

F. Lease transactions – lessor:

(a) As of December 31, 2020, the main lease contracts between the Group and related parties are as follows:

<u>Lessee</u>	<u>Leased object</u>	<u>Lease payment</u>	<u>Lease term</u>
Other related parties	Buildings and structures	\$ 213/ month	2020.09.01~2022.08.31

(b) The Group's rental income during the year derived from leasing offices to related parties is as follows:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties	\$ <u>854</u>	<u>-</u>

G. Dividend income:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties	\$ <u>26,070</u>	\$ <u>65,188</u>

H. Disposal of investment property:

	<u>Year ended December 31, 2020</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
	<u>(before tax)</u>	
Key management personnel	\$ <u>61,512</u>	\$ <u>8,041</u>

(3) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	\$ 207,407	\$ 192,184
Termination benefits	2,138	2,143
Share-based payments	122,756	146,502
	<u>\$ 332,301</u>	<u>\$ 340,829</u>

8. PLEDGED ASSETS

(1) The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2020	December 31, 2019	
Refundable deposits (shown as other non-current assets)	\$ 87,778	\$ 115,378	Deposits and guarantee for plant and operating leases
Property, plant and equipment	1,177,020	1,092,657	Long-term borrowings and short-term borrowings
Investment property	3,132,753	3,076,801	Long-term borrowings and short-term borrowings
Notes receivable	38,168	-	Discounted bank financing
	<u>\$ 4,397,551</u>	<u>\$ 4,284,836</u>	

(2) As of December 31, 2020 and 2019, UNIKEY has pledged the Company's common stock (shown as "treasury stock") amounting to 7,200,000 shares, as collateral for loans.

(3) As of December 31, 2020 and 2019, HEC has pledged the Company's common stock (shown as "treasury stock") amounting to 12,600,000 shares, as collateral for loans.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of December 31, 2020, for bank loans, financing forward exchange contracts, bill purchased and accounts receivable factoring purposes, the Group provided standby promissory notes totaling \$42,500,125 as security.

(2) On December 27, 2018, the subsidiaries, Chicony Power Technology (Suzhou) Co., Ltd. and Suzhou Weiye Group Co., Ltd., signed a construction contract amounting to RMB 261,675 thousand (\$1,117,395) and the subcontract work will follow the construction schedule. As of December 31, 2020, capital expenditures for the contract but not yet incurred amounted to RMB 13,084 thousand (\$55,870).

- (3) On November 8, 2019, the subsidiaries, CET, signed a construction contract with JWS construction Co., Ltd. and other companies amounting to THB 1,246,210 thousand (\$1,174,054) and the subcontract work will follow the construction schedule. As of December 31, 2020, capital expenditures for the contract but not yet incurred amounted to THB 522,256 thousand (\$492,017).
- (4) Apart from item (2), (3) above, the amounts of unpaid payment for construction in progress and acquisition of machinery and equipment are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	\$ 74,476	\$ 482,846

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please see Notes 6(21) and 6(29) for the details on appropriation of the 2020 earnings.

#### 12. OTHERS

##### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 5,128,529	\$ 5,580,208
Financial assets at fair value through other comprehensive income - designation of equity instrument	3,037,693	3,507,472
Financial assets at amortised cost		
Cash and cash equivalents	3,751,351	4,136,522
Financial assets at amortised cost	454,030	482,573
Notes receivable	155,605	153,736
Accounts receivable (including related parties)	23,558,162	20,516,388
Other receivables	283,945	160,242
Guarantee deposits paid	87,778	115,378
	<u>\$ 36,457,093</u>	<u>\$ 34,652,519</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss	\$ 390,711	\$ 550,620
Financial liabilities at amortised cost		
Short-term borrowings	88,168	895,000
Notes payable	21,392	26,342
Accounts payable (including related parties)	25,625,243	24,151,967
Other accounts payable	12,817,050	10,871,450
Long-term borrowings (including current portion)	100,000	100,000
Lease liability	475,237	482,769
	<u>\$ 39,517,801</u>	<u>\$ 37,078,148</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange contracts and foreign exchange swap contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides

written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group hedges exchange rate risk by foreign exchange rate and foreign exchange swap rate. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020			Year ended December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD	702,612	28.2350	\$ 19,968,602	1%	\$ 199,686 \$ -
USD:RMB (Note)	USD	1,025,879	6.5249	28,965,694	1%	289,657 -
USD:THB (Note)	USD	43,694	30.0371	1,233,700	1%	12,337 -
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD	1,264,347	28.2350	\$ 35,829,255	1%	\$ 358,293 \$ -
USD:RMB (Note)	USD	624,545	6.5249	17,634,028	1%	176,340 -
USD:THB (Note)	USD	124,796	30.0371	3,523,615	1%	35,236 -
	December 31, 2019			Year ended December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD	568,676	30.0100	\$ 17,065,967	1%	\$ 170,660 \$ -
USD:RMB (Note)	USD	1,226,574	6.9693	36,809,486	1%	368,095 -
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD	1,195,664	30.0100	\$ 35,881,877	1%	\$ 358,819 \$ -
USD:RMB (Note)	USD	742,917	6.9693	22,294,939	1%	222,949 -
USD:THB (Note)	JPY	33,422	29.9500	1,002,994	1%	10,030 -

Note: The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD have to be taken into consideration.

Total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019, amounted to (\$187,811) and \$277,489, respectively.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$43,731 and \$52,539, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$30,377 and \$35,075, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2020 and 2019, the Group's borrowings at variable rate were denominated in the NTD, USD and JPY. At December 31, 2020 and 2019, if market interest rates had been 25bp higher with all other variables held constant, other comprehensive income for the years ended December 31, 2020 and 2019 would have been \$250 and \$419 higher, respectively.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through profit or loss.
- ii. According to the Group's internal management policy, the Group only trades with banks with good credit. According to the credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with customer types. The Group applies the simplified approach using a provision matrix, based on the loss rate methodology to estimate expected credit loss.
- v. According to the Group's internal management policy, the default occurs when the contract payments are past due over 360 days.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable (including related parties). On December 31, 2020 and 2019, the provision matrix is as follows:

<u>December 31, 2020</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.6%	\$ 23,062,982	\$ 22,482
1-30 days past due	2%~18%	321,327	2,535
31-120 days past due	3%~30%	162,567	1,297
121-125 days past due	20%~30%	46,337	8,737
Over 360 days past due	100%	144,292	144,292
		<u>\$ 23,737,505</u>	<u>\$ 179,343</u>
<u>December 31, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.6%	\$ 20,016,910	\$ 28,433
1-30 days past due	2%~18%	323,535	1,276
31-120 days past due	3%~30%	309,054	103,590
121-125 days past due	20%~30%	268	80
Over 360 days past due	100%	43,398	43,398
		<u>\$ 20,693,165</u>	<u>\$ 176,777</u>

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2020</u>	<u>2019</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 176,777	\$ 228,624
Provision for impairment	10,459	-
Reversal of impairment	( 5,778)	( 37,075)
Effect of foreign exchange	( 2,115)	( 14,772)
At December 31	<u>\$ 179,343</u>	<u>\$ 176,777</u>

ix. Movements in loss allowance for investments in debt instruments carried at amortised cost are as follows:

	<u>December 31, 2020</u>			
		<u>Lifetime</u>		
	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	<u>Total</u>
Financial assets at amortised cost	<u>\$ 454,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,030</u>
	<u>December 31, 2019</u>			
		<u>Lifetime</u>		
	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	<u>Total</u>
Financial assets at amortised cost	<u>\$ 482,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 482,573</u>

The financial assets at amortised cost held by the Group were corporate bonds. As their expected loss rates were remote under the assessment, there was no loss allowance on December 31, 2020 and 2019.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2020 and 2019, the Group held money market position of \$9,035,578 and \$10,967,580, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Expiring within one year	\$ 31,214,465	\$ 26,105,280
Expiring beyond one year	4,000,000	7,950,000
	<u>\$ 35,214,465</u>	<u>\$ 34,055,280</u>

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2020		
<u>Non-derivative financial liabilities</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 88,327	\$ -
Notes payable	21,392	-
Accounts payable (including related parties)	25,625,243	-
Other payables	12,817,050	-
Lease liability	154,096	363,247
Long-term borrowings (including current portion)	100,098	-
<u>Derivative financial liabilities:</u>		
Financial liabilities at fair value through profit or loss	\$ 390,711	\$ -

December 31, 2019

<u>Non-derivative financial liabilities</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 895,591	\$ -
Notes payable	26,342	-
Accounts payable (including related parties)	24,151,967	-
Other payables	10,871,450	-
Lease liability	134,013	396,820
Long-term borrowings (including current portion)	-	100,172
<u>Derivative financial liabilities:</u>		
Financial liabilities at fair value through profit or loss	\$ 550,620	\$ -

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks (including emerging stocks), beneficiary certificates and convertible bonds, is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain stock instruments, beneficiary certificates and investment property is included in Level 3.

B. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, short-term borrowings, accounts payable (including related parties) and other payables are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2020 and 2019 are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2020				
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 2,660,425	\$ -	\$ -	\$ 2,660,425
Debt securities	22,898	-	-	22,898
Non-hedging derivatives				
Forward exchange contracts	-	732,449	-	732,449
Exchange rate swaps	-	53	-	53
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	763,390	763,390
Beneficiary certificates	36,180	-	913,134	949,314
Financial assets at fair value through other comprehensive income - current				
Equity securities	2,612,532	-	-	2,612,532
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	16,005	409,156	425,161
Investment property (Note)	-	-	3,972,974	3,972,974
	<u>\$ 5,332,035</u>	<u>\$ 748,507</u>	<u>\$ 6,058,654</u>	<u>\$ 12,139,196</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ -	\$ 387,581	\$ -	\$ 387,581
Exchange rate swaps	-	3,130	-	3,130
	<u>\$ -</u>	<u>\$ 390,711</u>	<u>\$ -</u>	<u>\$ 390,711</u>

December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 3,375,279	\$ -	\$ -	\$ 3,375,279
Debt securities	263,000	-	-	263,000
Beneficiary certificates	220,465	-	-	220,465
Non-hedging derivatives				
Forward exchange contracts	-	63,320	-	63,320
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	862,505	862,505
Beneficiary certificates	57,240	-	738,399	795,639
Financial assets at fair value through other comprehensive income - current				
Equity securities	2,983,854	-	-	2,983,854
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	18,735	504,883	523,618
Investment property (Note)	-	-	6,447,876	6,447,876
	<u>\$ 6,899,838</u>	<u>\$ 82,055</u>	<u>\$ 8,553,663</u>	<u>\$ 15,535,556</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ -	\$ 546,310	\$ -	\$ 546,310
Exchange rate swaps	-	4,310	-	4,310
	<u>\$ -</u>	<u>\$ 550,620</u>	<u>\$ -</u>	<u>\$ 550,620</u>

Note: Investment property measured at fair value.

(b) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Emerging stock	Open-end fund	Convertible bond
Market quoted price	Closing price	Average trades price	Net asset value	Closing

D. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	2020		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 738,399	\$ 1,367,388	\$ 2,105,787
Acquired in the period	227,985	-	227,985
Sold in the period	( 63,368)	( 97,128)	( 160,496)
Recognised in profit or loss	21,515	( 42,229)	( 20,714)
Recognised in other comprehensive income	-	( 20,860)	( 20,860)
Effect of exchange rate changes	( 11,397)	( 34,625)	( 46,022)
At December 31	\$ 913,134	\$ 1,172,546	\$ 2,085,680
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2020 (Recorded as non-operating income and expense)	\$ 21,515	(\$ 42,229)	(\$ 20,714)

	2019		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 757,702	\$ 1,466,038	\$ 2,223,740
Acquired in the period	17,489	151,164	168,653
Sold in the period	-	( 312,954)	( 312,954)
Recognised in profit or loss	( 25,981)	72,729	46,748
Recognised in other comprehensive income	-	( 19,467)	( 19,467)
Effect of exchange rate changes	( 10,811)	9,878	( 933)
At December 31	<u>\$ 738,399</u>	<u>\$ 1,367,388</u>	<u>\$ 2,105,787</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2019 (Recorded as non-operating income and expense)	<u>(\$ 25,981)</u>	<u>\$ 72,729</u>	<u>\$ 46,748</u>

Information about the movements of the investment property in Level 3 is provided in Note 6(10).

- F. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.
- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 146,349	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
"	1,026,197	Net asset value	N/A	-	N/A
Private equity fund investment	913,134	Net asset value	N/A	-	N/A
Investment property	3,972,974	Income approach	Revenue growth rate, discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 177,890	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
"	1,189,498	Net asset value	N/A	-	N/A
Private equity fund investment	738,399	Net asset value	N/A	-	N/A
Investment property	6,447,876	Income approach	Revenue growth rate, discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2020				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets						
Equity instrument	Market approach, Net asset value	±1%	\$ 7,634	(\$ 7,634)	\$ 4,092	(\$ 4,092)
Beneficiary certificates	Net asset value	±1%	9,131	( 9,131)	-	-
			<u>\$ 16,765</u>	<u>(\$ 16,765)</u>	<u>\$ 4,092</u>	<u>(\$ 4,092)</u>
		December 31, 2019				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets						
Equity instrument	Market approach, Net asset value	±1%	\$ 8,625	(\$ 8,625)	\$ 5,049	(\$ 5,049)
Beneficiary certificates	Net asset value	±1%	7,384	( 7,384)	-	-
			<u>\$ 16,009</u>	<u>(\$ 16,009)</u>	<u>\$ 5,049</u>	<u>(\$ 5,049)</u>

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 6.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 8.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 10.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 11.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 13(1).

#### (4) Major shareholders information

Major shareholders information: Please refer to table 12.

### 14. SEGMENT INFORMATION

#### (1) General information

The Group operates business from a geographic perspective; geographically, the Group currently focuses on wholesale in Taiwan, Mainland China, America, and Europe.

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on a measure of adjusted EBITDA. Interest income and expense are not allocated to operating segments, as this type of activity is driven by the Group central treasury, which manages the cash position of the group. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Taiwan	Asia	America	Europe	Reconciliation and elimination	Total
<u>Year ended December 31, 2020</u>						
Revenue from external customers	\$ 66,685,382	\$ 26,254,198	\$ 1,611,689	\$ 530,958	\$ -	\$ 95,082,227
Inter-segment revenue	2,698,811	80,650,860	16	2,264	( 83,351,951)	-
Segment revenue	<u>\$ 69,384,193</u>	<u>\$ 106,905,058</u>	<u>\$ 1,611,705</u>	<u>\$ 533,222</u>	<u>(\$ 83,351,951)</u>	<u>\$ 95,082,227</u>
Segment profit	<u>\$ 4,554,291</u>	<u>\$ 5,471,159</u>	<u>(\$ 32,757)</u>	<u>(\$ 12,194)</u>	<u>\$ 253,696</u>	<u>\$ 10,234,195</u>
<u>Year ended December 31, 2019</u>						
Revenue from external customers	\$ 58,686,136	\$ 31,105,131	\$ 2,075,612	\$ 685,446	\$ -	\$ 92,552,325
Inter-segment revenue	1,906,773	96,385,866	15,355,982	4,351	( 113,652,972)	-
Segment revenue	<u>\$ 60,592,909</u>	<u>\$ 127,490,997</u>	<u>\$ 17,431,594</u>	<u>\$ 689,797</u>	<u>(\$ 113,652,972)</u>	<u>\$ 92,552,325</u>
Segment profit	<u>\$ 2,394,160</u>	<u>\$ 5,143,541</u>	<u>\$ 612,683</u>	<u>\$ 7,938</u>	<u>\$ 543,249</u>	<u>\$ 8,701,571</u>

(4) Reconciliation for segment income

The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the years ended December 31, 2020 and 2019 is provided as follows:

	Years ended December 31,	
	2020	2019
Reportable segments income	\$ 10,234,195	\$ 8,701,571
Related loss not yet classified	( 2,571,495)	( 2,432,106)
Total non-operating income and expenses	555,490	1,919,271
Income before tax from continuing operations	<u>\$ 8,218,190</u>	<u>\$ 8,188,736</u>

(5) Information on products and services

Revenue from third parties is mainly derived from the sale of computer peripheral products, consumer electronic products and other electronic products as follows:

	Years ended December 31,	
	2020	2019
Electrical components products	\$ 53,329,615	\$ 46,307,795
Consumer Electrical products and other electronic products	41,214,646	46,015,236
Others	537,966	229,294
	<u>\$ 95,082,227</u>	<u>\$ 92,552,325</u>

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 66,685,382	\$ 3,439,927	\$ 58,686,136	\$ 3,462,185
Asia	26,254,198	13,497,193	31,105,131	11,163,877
America	1,611,689	46,760	2,075,612	51,398
Europe	530,958	834	685,446	861
	<u>\$ 95,082,227</u>	<u>\$ 16,984,714</u>	<u>\$ 92,552,325</u>	<u>\$ 14,678,321</u>

The Group's geographical revenue information is determined based on the area collecting the accounts receivable.

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, but excluding financial assets and deferred income tax assets.

(7) Major customer information

For the year ended December 31, 2020, details of revenue from which customers accounted for at least 10% of operating revenues in the consolidated comprehensive income statement are as follows:

	<u>Year ended December 31, 2020</u>		<u>Year ended December 31, 2019</u>	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
A customer	\$ 9,560,678	Asia	\$ 8,432,668	Asia

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CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					(Note 4)	(Note 5)						Item	Value			
0	The Company	Qun-Jing	Other receivables	Yes	\$ 400,000	\$ 200,000	\$ 194,000	0.8-1%	2	\$ -	Working capital	\$ -	\$ -	\$ 8,331,373	\$ 11,108,497	-
0	The Company	Quansun	"	"	1,300,000	650,000	604,000	0.8-1%	2	-	"	-	-	\$ 8,331,373	\$ 11,108,497	-
0	The Company	UNIKEY	"	"	3,100,000	1,500,000	1,132,000	0.8-1%	2	-	"	-	-	\$ 8,331,373	\$ 11,108,497	-
0	The Company	CET	"	"	1,801,200	1,129,400	-	1.00%	2	-	"	-	-	\$ 8,331,373	\$ 11,108,497	-
					(USD 60,000)	(USD 40,000)										
0	The Company	HEC	"	"	500,000	500,000	435,000	0.80%	2	-	"	-	-	\$ 8,331,373	\$ 11,108,497	-
1	CGI	The Company	"	"	3,281,715	3,134,085	2,391,505	1%-2.6%	2	-	"	-	-	US\$ 117,718	US\$ 117,718	-
					(USD 111,000)	(USD 111,000)	(USD 84,700)									
2	COI	The Company	"	"	3,695,625	3,529,375	3,389,329	1.00%	2	-	"	-	-	US\$ 828,915	US\$ 828,915	-
					(USD 125,000)	(USD 125,000)	(USD 120,040)									
2	COI	CGI	"	"	3,778,750	423,525	-	0.8%-1.7%	2	-	"	-	-	US\$ 828,915	US\$ 828,915	-
					(USD 125,000)	(USD 15,000)										
2	COI	CET	"	"	60,570	-	-	1.50%	2	-	"	-	-	US\$ 331,566	US\$ 331,566	-
					(USD 2,000)											
2	COI	KUM	"	"	242,280	225,880	195,104	1.00%	2	-	"	-	-	US\$ 828,915	US\$ 828,915	-
					(USD 8,000)	(USD 8,000)	(USD 6,910)									
3	Mao-Feng	The Company	"	"	2,175,000	2,117,625	1,987,462	0.8-1%	2	-	"	-	-	US\$ 366,125	US\$ 366,125	-
					(USD 75,000)	(USD 75,000)	(USD 70,390)									
3	Mao-Feng	CGI	"	"	969,120	-	-	1.2%-1.3%	2	-	"	-	-	US\$ 366,125	US\$ 366,125	-
					(USD 32,000)											
4	CEM3	Mao-Qun	"	"	173,600	173,480	173,480	2.00%	2	-	"	-	-	RMB 1,992,456	RMB 1,992,456	-
					(RMB 40,000)	(RMB 40,000)	(RMB 40,000)									
5	CEM5	CEM2	"	"	520,800	520,440	520,440	1.5%-1.7%	2	-	"	-	-	RMB 664,822	RMB 664,822	-
					(RMB 120,000)	(RMB 120,000)	(RMB 120,000)									
5	CEM5	CEM3	"	"	282,100	281,905	281,905	1.50%	2	-	"	-	-	RMB 664,822	RMB 664,822	-
					(RMB 65,000)	(RMB 65,000)	(RMB 65,000)									
5	CEM5	XAVi Suzhou	"	"	164,464	-	-	2.00%	2	-	"	-	-	RMB 265,929	RMB 265,929	-
					(RMB 38,000)											
6	HOI	CGI	"	"	2,073,341	1,932,996	1,932,996	1%-2%	2	-	"	-	-	US\$ 91,843	US\$ 91,843	-
					(USD 68,461)	(USD 68,461)	(USD 68,461)									
6	HOI	RealYoung	"	"	102,969	95,999	95,999	1.00%	2	-	"	-	-	US\$ 91,843	US\$ 91,843	-
					(USD 3,400)	(USD 3,400)	(USD 3,400)									
6	HOI	HEC	"	"	505,760	-	-	1.20%	2	-	"	-	-	US\$ 36,737	US\$ 36,737	-
					(USD 16,700)											
6	HOI	The Company	"	"	522,000	508,230	508,230	0.80%	2	-	"	-	-	US\$ 91,843	US\$ 91,843	-
					(USD 18,000)	(USD 18,000)	(USD 18,000)									
7	CP	CPUS	"	"	181,710	169,410	146,822	1.5%-1.7%	2	-	"	-	-	\$ 3,805,522	\$ 3,805,522	-
					(USD 6,000)	(USD 6,000)	(USD 5,200)									
7	CP	CPHK	"	"	1,453,680	1,355,280	1,244,034	1.5%-1.7%	2	-	"	-	-	\$ 3,805,522	\$ 3,805,522	-
					(USD 48,000)	(USD 48,000)	(USD 44,060)									

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					(Note 4)	(Note 5)						Item	Value			
7	CP	CPTH	Other receivables	Yes	\$ 90,855 (USD 3,000)	\$ 84,705 (USD 3,000)	\$ 16,941 (USD 600)	1-1.7%	2	-	Working capital	-	-	\$ 3,805,522	\$ 3,805,522	-
7	CP	WTS	"	"	60,570 (USD 2,000)	56,470 (USD 2,000)	33,091 (USD 1,172)	1.5%-1.7%	2	-	"	-	-	\$ 3,805,522	\$ 3,805,522	-
7	CP	CT	"	"	45,000	45,000	44,760	1.5%-1.7%	2	-	"	-	-	\$ 3,805,522	\$ 3,805,522	-
8	CPSZ	CPTZ	"	"	91,140 (RMB 21,000)	91,077 (RMB 21,000)	91,077 (RMB 21,000)	1.60%	2	-	"	-	-	RMB 652,985	RMB 652,985	-
9	CPDG	Zhuzhou Torch Auto Lamp Co., Ltd.	"	"	246,696 (RMB 55,200)	239,402 (RMB 55,200)	239,402 (RMB 55,200)	1.60%	2	-	"	-	-	RMB 114,190	RMB 114,190	-
9	CPDG	WTK	"	"	19,237 (RMB 4,600)	9,975 (RMB 2,300)	4,337 (RMB 1,000)	1.60%	2	-	"	-	-	RMB 114,190	RMB 114,190	-
10	CPI	CP	"	"	1,406,500 (USD 48,500)	1,369,398 (USD 48,500)	1,352,457 (USD 47,900)	0.00%	2	-	"	-	-	US\$ 227,365	US\$ 227,365	-
11	Directmax	Xavi	"	"	85,680 (USD 3,000)	84,705 (USD 3,000)	84,705 (USD 3,000)	0.00%	2	-	"	-	-	US\$ 14,227	US\$ 14,227	-
12	Systemax	Xavi	"	"	228,480 (USD 8,000)	225,880 (USD 8,000)	224,875 (USD 7,964)	0.00%	2	-	"	-	-	US\$ 7,352	US\$ 7,352	Note 6

Note 1: In accordance with the financing procedures of the Company, total financing amount should not exceed 40% of the Company's stockholders' equity and

- the total financing amount to any individual party should not exceed 30% of the Company's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.
- the total financing amount to any individual party should not exceed 30% of the Company's stockholders' equity for the purpose of loan.
- for the purpose of loan between the Company's foreign subsidiaries or from foreign subsidiaries to the Company, for which the Company both have 100% shares directly or indirectly, the total financing amount should not exceed the borrower's stockholders' equity, and the lending period may not exceed 3 years; and the financing amount to single company shall be subject to the following restrictions:
  - the total financing amount should not exceed the borrower's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.
  - the total financing amount should not exceed the borrower's stockholders' equity for the purpose of loan.
- except for c., the financing period should not exceed one year.

Note 2: In accordance with the financing procedures of the subsidiary, total financing amount should not exceed the subsidiary's stockholders' equity audited or reviewed by CPA and

- the total financing amount to any individual party should not exceed 40% of the subsidiary's stockholders' equity for the purpose of short-term financing.
- the total financing amount to any individual party should not exceed 50% of the subsidiary's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.
- the limit on the loans to granted between the subsidiary – CP's foreign subsidiaries or from foreign subsidiaries to the Company for which the subsidiary – CP directly or indirectly holds 100% of its voting shares is the borrower's net asset based on the latest audited or reviewed consolidated
  - the total financing amount should not exceed the borrower's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.
  - the total financing amount should not exceed the borrower's stockholders' equity for the purpose of loan.
- except for c., the financing period should not exceed one year.

Note 3: The numbers filled in the column of 'Nature of loan are as follows:

- The business transaction is '1'.
- The short-term financing is '2'.

Note 4: The maximum balance is the maximum outstanding balance during the year ended December 31, 2020.

Note 5: The ending balance had been approved at the Board of Directors' meeting.

Note 6: Limit on loans granted had been adjusted to meet the ceiling at the Board of Directors' meeting on February, 2021.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Provision of endorsements and guarantees to others  
Year ended December 31, 2020

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
			Relationship with the endorser/ guarantor	(Note 1)											
0	The Company	CEZ	2	\$ 6,942,811	\$ 363,420 (USD 12,000)	\$ 338,820 (USD 12,000)	\$ 138,908 (EUR 4,000)	-	1.22%	\$ 13,885,622	Y	N	N	-	

Note 1 : Relationship between the endorser/guarantor and the party being endorsed/guaranteed is as follows:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (4) Between the endorser/guarantor parent company both owns directly or indirectly more than 90% voting shares of the endorsed/guaranteed subsidiaries.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Performance guarantees for pre-sales sales contracts under the Consumer Protection Act.

Note 2: In accordance with the guarantee procedure of the Company, the total guarantee amount is limited to 50% of the Company's capital. The Company's guarantee to each entity is limited to 50% of the total guarantee amount.

The grand total guarantee amount of the Group is limited to 50% of the Company's capital, and other restrictions are as follows:

- a. the total guarantee amount, except the above mentioned restriction, to any individual party should not exceed the higher amount of sales/purchase during the year for the purpose of business.
- b. the total guarantee amount is limited to the Company's stockholders' equity when the Company takes guarantee procedure to the entity whose stockholders' equity is lower than 50% of its paid-in capital.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

		As of December 31, 2020							
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote	
The Company	Common stock	Laster Tech Corporation Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	4,922,604	\$ 241,454	6.14%	\$ 241,454	-
The Company	Common stock	Newmax Technology Co., Ltd.	"	"	1,243,607	64,916	0.67%	64,916	-
The Company	Common stock	ZILLTEK TECHNOLOGY CORP.	-	"	245,000	51,695	0.59%	51,695	-
The Company	Common stock	JHL Biotech Inc. Taiwan	-	"	290,000	12,760	0.13%	12,760	-
The Company	Common stock	MOSA INDUSTRIAL CORPORATION	-	"	485,000	14,550	0.27%	14,550	-
The Company	Common stock	ALLIED CIRCUIT CO.,LTD	-	"	255,000	30,855	0.51%	30,855	-
The Company	Common stock	Wiwynn Corporation	-	"	118,000	83,072	0.07%	83,072	-
The Company	Common stock	ASLAN Pharmaceuticals Limited	-	"	220,000	11,430	0.58%	11,430	-
The Company	Common stock	WK Venture Capital XI	Corporate director	Financial assets at fair value through profit or loss - non-current	15,380,000	271,938	15.38%	271,938	-
The Company	Common stock	Top Taiwan Venture Capital Group	"	"	7,500,000	72,205	9.38%	72,205	-
The Company	Common stock	Chengding Venture Capital Group	"	"	10,000,000	111,934	7.41%	111,934	-
The Company	Common stock	Sheng Da Venture Capital Group	"	"	3,000,000	33,000	10.71%	33,000	-
The Company	Preferred stock	Magi Capital Venture Co., Ltd	-	"	362,888	43,547	9.14%	43,547	-
The Company	Beneficiary certificate	Fuh Hwa Smart Energy Securities Investment Trust Fund	-	"	9,000,000	77,850	—	77,850	-
The Company	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	"	9,000,000	18,090	—	18,090	-
The Company	Beneficiary certificate	Fuh Hwa New Energy Efficient Securities Investment Trust Fund	-	"	8,700,000	86,217	—	86,217	-
The Company	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	13,100,608	394,327	1.96%	394,327	-
The Company	Common stock	Genesis Photonics Inc.	-	"	304,350	1,129	0.43%	1,129	-
The Company	Common stock	AcBel Polytech Inc.	-	"	3,727,000	107,897	0.72%	107,897	-
The Company	Common stock	ShunOn Electronic Co.	Corporate director	"	11,698,254	457,987	7.90%	457,987	-
The Company	Common stock	Alcor Micro,Corp.	"	"	1,396,000	29,456	1.97%	29,456	-
The Company	Private equity	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	4,224,458	10,899	6.03%	10,899	-
The Company	Common stock	Taipei Tech innoFund	Corporate director	"	3,500,000	47,250	11.67%	47,250	-
The Company	Common stock	Maxima Ventures I, Inc.	-	"	13,125	131	2.35%	131	-
The Company	Common stock	Maxima Ventures II, Inc.	-	"	3,000,000	4,647	8.21%	4,647	-
The Company	Common stock	Taiwan Cultural and Creative Co., Ltd.	-	"	1,600,000	1,151	5.78%	1,151	-
The Company	Common stock	MKD Technology Inc.	-	"	1,600,000	6,725	6.66%	6,725	-
CP	Common stock	Newmax Technology Co., Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	2,810,983	146,733	1.52%	146,733	-
CP	Common stock	Laster Tech Corporation Ltd.	"	"	412,252	20,221	0.51%	20,221	-
CP	Common stock	Powertech Technology Inc.	An independent director of CP is the company's chairman	"	250,000	23,725	0.03%	23,725	-
CP	Common stock	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	300,000	159,000	—	159,000	-
CP	Common stock	SYNCMOLD ENTERPRISE CORP.	-	"	150,000	13,020	0.12%	13,020	-
CP	Common stock	Pegatron Corporation	-	"	450,000	30,285	0.02%	30,285	-

		As of December 31, 2020							
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote	
CP	Common stock	WK Venture Capital XI	Corporate director	Financial assets at fair value through profit or loss - non-current	1,000,000	\$ 17,681	1.00%	\$ 17,681	-
CP	Common stock	Top Taiwan Venture Capital Group	"	"	7,500,000	72,206	9.38%	72,206	-
CP	Common stock	Chengding Venture Capital Group	"	"	10,000,000	111,934	7.41%	111,934	-
CP	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current	6,000,000	12,060	-	12,060	-
CP	Beneficiary certificate	Fuh Hwa Smart Energy Securities Investment Trust Fund	-	"	21,000,000	181,650	-	181,650	-
CP	Beneficiary certificate	Fuh Hwa New Energy Efficient Securities Investment Trust Fund	-	"	5,800,000	57,478	-	57,478	-
CP	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	4,538,000	136,594	0.68%	136,594	-
CP	Common stock	Genesis Photonics Inc.	"	"	1,749,392	6,490	2.50%	6,490	-
CP	Private equity	Genesis Photonics Inc.	"	Financial assets at fair value through other comprehensive income - non-current	1,979,291	5,106	2.83%	5,106	-
CP	Common stock	Taipei Tech innoFund	Corporate director	"	1,500,000	20,250	5.00%	20,250	-
HEC	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	11,370,823	342,262	1.70%	342,262	-
HEC	Common stock	The Company	The Company	"	16,188,935	1,395,486	2.19%	1,395,486	Note 2
UNIKEY	Common stock	Newmax Technology Co., Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	18,825,998	982,717	10.18%	982,717	-
UNIKEY	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	16,730,000	503,573	2.50%	503,573	-
UNIKEY	Common stock	The Company	The Company	"	21,174,298	1,825,224	2.86%	1,825,224	Note 3
CGI	Preferred stock	PRP CE1 BC1 Inc.	-	Financial assets at fair value through profit or loss - non-current	122,487	28,945	-	28,945	-
CGI	Bond	PRP CE1 BC1	-	Financial assets at amortised cost - non-current	-	454,030	-	454,030	-
COI	Common stock	Laster Tech Corporation Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	2,212,000	108,499	2.76%	108,499	-
COI	Common stock	GOMAJI Corp., LTD	-	"	10,000	672	0.06%	672	-
COI	Common stock	Q Technology (Group) Company Limited	-	"	8,747,000	418,599	0.75%	418,599	-
COI	Common stock	Uber Technologies Inc.	-	"	20,378	29,344	-	29,344	-
COI	Beneficiary certificate	WRV II, L.P	-	Financial assets at fair value through profit or loss - non-current	6,708,945	220,834	-	220,834	-
COI	Beneficiary certificate	MagiCapital Fund II, L.P.	-	"	4,619,900	150,453	-	150,453	-
COI	Beneficiary certificate	Wealth Guard Ventures Limited	-	"	602,373	28,235	-	28,235	-
COI	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	10,104,000	304,131	1.51%	304,131	-
COI	Common stock	Alpha Professional Holdings Limited	-	"	248,500	905	0.08%	905	-
COI	Common stock	CTBC Securities Co., Ltd.	-	"	270,000	34,426	-	34,426	-
COI	Common stock	Merrimack Pharmaceuticals, Inc.	-	"	84,482	16,435	0.63%	16,435	-
COI	Preferred stock	SAGA-CHINA	-	Financial assets at fair value through other comprehensive income - non-current	8,375,119	189,378	-	189,378	-
CPI	Common stock	Q Technology (Group) Company Limited	-	Financial assets at fair value through profit or loss - current	700,000	33,499	0.06%	33,499	-
CPI	Beneficiary certificate	WRV II, L.P	-	Financial assets at fair value through profit or loss - non-current	3,354,473	110,417	-	110,417	-
CPI	Common stock	Anxin-China Holdings Limited	-	Financial assets at fair value through other comprehensive income - current	8,300,000	-	0.27%	-	-
Quansun	Common stock	New Hung Kuan Enterprise Co., Ltd	-	Financial assets at fair value through other comprehensive income - non-current	8,140,000	139,624	21.71%	139,624	Note 4
Quansun	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	7,100,000	213,710	1.06%	213,710	-
Qun-Jing	Common stock	Clevo Co.	"	"	2,100,000	63,210	0.31%	63,210	-
XAVi	Common stock	Chicony Power Technology Co., Ltd.	Affiliated company	Financial assets at fair value through profit or loss - current	1,877,160	132,527	0.48%	132,527	-
XAVi	Common stock	Laster Tech Corporation Ltd.	Corporate director	"	1,036,738	50,852	1.29%	50,852	-
XAVi	Bond	Yeong Guan Energy Technology Group Co., Ltd. The third unsecured convertible bonds	-	"	213,000	22,898	-	22,898	-
XAVi	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current	3,000,000	6,030	-	6,030	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: Provided 12,600,000 shares pledged for short-term loan.

Note 3: Provided 7,200,000 shares pledged for short-term loan.

Note 4: The Company holds over 20% ownership interest of the entity, however, based on objectives indicators; the Company has no significant influence on the entity.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2020

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2020		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2020 (Note 4)		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	Chicony Power Technology Co., Ltd.	Investments accounted for using equity method	External person and external cooperate person	Subsidiary	188,409,594	\$ 1,717,121	12,058,000	\$ 635,120	-	\$ -	\$ -	\$ -	200,467,594	\$ 2,352,241
The Company	Globalwafers. Co., Ltd.	Financial assets at fair value through profit or loss - current			-	-	755,000	300,559	755,000	325,684	300,559	25,125	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: It is applicable to disclosure information when marketable securities were recognized as "investments accounted for using equity method".

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NTS300 million or 20% of paid-in capital or more.

Note 4: It refers to the initial costs without considering the amortisation or valuation of exchange rate at the end of the year.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more  
Year ended December 31, 2020

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
CET	Construction in process	2019/11/8 (Date of contract signing)	\$ 1,174,054 (THB 1,246,210 thousand)	\$ 682,037	JWS Construction Co., Ltd., etc.	None	-	-	-	\$ -	Contract	Plant (For the Purpose of Conducting Business)	None
CPSZ	Construction in process	2018/12/27 (Date of contract signing)	1,117,395 (RMB 261,675 thousand)	1,061,525	Suzhou Weiye Group Co., Ltd.	None	-	-	-	-	Contract	Plant (For the Purpose of Conducting Business)	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Disposal of real estate reaching NTS\$300 million or 20% of paid-in capital or more  
Year ended December 31, 2020

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
The Company	Investment property	From December 24, 2019 to November 11, 2020 (as of December 31, 2020, certain investment properties were not yet transferred)	2016/2/25	\$ 2,543,151	\$ 2,608,662	\$ 2,472,800	\$ 65,511 (Estimated)	Employees of the Group and the associates and unintended audience	Employees of the Group and the associates and unintended audience	Employees' housing purchased by the employees	Valuation agency: Pansia Limited Valuation amount: NTD 2,500,708,582	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NTS\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

Year ended December 31, 2020

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty (Note 3)	Purchases (sales)	Transaction		Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)		Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	CEM2	Subsidiary owned by COI	Purchases	\$ 6,539,090	22	60~180 days	Note 1	60~180 days	(\$ 5,025,106)	31	-
CEM2	The Company	The parent company of COI	Sales	( 6,539,090)	62	60~180 days	Note 2	60~180 days	5,025,106	90	-
The Company	CEM3	Subsidiary owned by Mao-Feng	Purchases	10,251,441	34	60~180 days	Note 1	60~180 days	( 6,793,433)	42	-
CEM3	The Company	The parent company of COI	Sales	( 10,251,441)	46	60~180 days	Note 2	60~180 days	6,793,433	74	-
The Company	CEM5	Subsidiary owned by COI	Purchases	293,856	1	60~180 days	Note 1	60~180 days	( 98,100)	1	-
CEM5	The Company	The parent company of COI	Sales	( 293,856)	5	60~180 days	Note 2	60~180 days	98,100	4	-
The Company	Mao-Ray	Subsidiary owned by Real Young	Purchases	4,354,564	14	60~180 days	Note 1	60~180 days	( 2,997,522)	18	-
Mao-Ray	The Company	The parent company of COI	Sales	( 4,354,564)	70	60~180 days	Note 2	60~180 days	2,997,522	92	-
The Company	CET	Subsidiary owned by COI	Purchases	6,832,902	23	30~60 days	Note 1	30~60 days	( 1,023,161)	6	-
CET	The Company	The parent company of COI	Sales	( 6,832,902)	80	30~60 days	Note 2	30~60 days	1,023,161	44	-
CEM2	CET	Affiliated company	Sales	( 413,245)	4	30~60 days	Note 2	30~60 days	424,866	8	-
CET	CEM2	Affiliated company	Purchases	413,245	5	30~60 days	Note 1	30~60 days	( 424,866)	13	-
CGI	CEM2	Affiliated company	Sales	( 138,983)	1	60~90 days	Note 2	60~90 days	-	-	-
CEM2	CGI	Affiliated company	Purchases	138,983	1	60~90 days	Note 1	60~90 days	-	-	-
CGI	CAI	Affiliated company	Sales	( 642,330)	3	60~90 days	Note 2	60~90 days	328,832	6	-
CAI	CGI	Affiliated company	Purchases	642,330	100	60~90 days	Note 1	60~90 days	( 328,832)	100	-
CGI	CEZ	Affiliated company	Sales	( 301,400)	1	60~90 days	Note 2	60~90 days	4,326	-	-
CEZ	CGI	Affiliated company	Purchases	301,400	70	60~90 days	Note 1	60~90 days	( 4,326)	46	-
CEM2	CGI	Affiliated company	Sales	( 3,358,594)	32	60~180 days	Note 2	60~180 days	-	-	-
CGI	CEM2	Affiliated company	Purchases	3,358,594	17	60~180 days	Note 1	60~180 days	-	-	-
Mao-Ray	CGI	Affiliated company	Sales	( 1,412,938)	23	60~180 days	Note 2	60~180 days	-	-	-
CGI	Mao-Ray	Affiliated company	Purchases	1,412,938	7	60~180 days	Note 1	60~180 days	-	-	-
CEM3	CGI	Affiliated company	Sales	( 8,027,732)	36	60~180 days	Note 2	60~180 days	1,032,088	11	-
CGI	CEM3	Affiliated company	Purchases	8,027,732	41	60~180 days	Note 1	60~180 days	( 1,032,088)	35	-
CEM5	CGI	Affiliated company	Sales	( 3,933,552)	69	60~180 days	Note 2	60~180 days	1,956,146	74	-
CGI	CEM5	Affiliated company	Purchases	3,933,552	20	60~180 days	Note 1	60~180 days	( 1,956,146)	65	-

Purchaser/seller	Counterparty	Relationship with the counterparty (Note 3)	Transaction		Differences in transaction terms compared to third party transactions				Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
CET	CGI	Affiliated company	Sales	(\$ 1,232,367)	15	60~90 days	Note 2	60~90 days	\$ -	-	-
CGI	CET	Affiliated company	Purchases	1,232,367	6	60~90 days	Note 1	60~90 days	-	-	-
CET	XAVi	Affiliated company	Sales	( 485,974)	6	45~180 days	Note 2	45~180 days	132,991	6	-
XAVi	CET	Affiliated company	Purchases	485,974	20	45~180 days	Note 1	45~180 days	( 132,991)	78	-
Mao-Ray	CEM2	Affiliated company	Sales	( 185,998)	1	60~90 days	Note 2	60~90 days	80,005	2	-
CEM2	Mao-Ray	Affiliated company	Purchases	185,998	20	60~90 days	Note 1	60~90 days	( 80,005)	11	-
CEM3	CEM5	Affiliated company	Sales	( 199,085)	1	60~90 days	Note 2	60~90 days	92,323	1	-
CEM5	CEM3	Affiliated company	Purchases	199,085	4	60~90 days	Note 1	60~90 days	( 92,323)	6	-
Qun-Yang	CEM3	Affiliated company	Sales	( 103,289)	100	60~90 days	Note 2	60~90 days	30,929	100	-
CEM3	Qun-Yang	Affiliated company	Purchases	103,289	-	60~90 days	Note 1	60~90 days	( 30,929)	-	-
CPSZ	CEM3	Affiliated company	Sales	( 612,615)	4	90 days	Note 2	90 days	255,149	7	-
CEM3	CPSZ	Affiliated company	Purchases	612,615	3	90 days	Note 1	90 days	( 255,149)	4	-
CP	CEM3	Affiliated company	Sales	( 1,318,978)	4	90 days	Note 2	90 days	441,404	5	-
CEM3	CP	Affiliated company	Purchases	1,318,978	6	90 days	Note 1	90 days	( 441,404)	7	-
CP	CEM2	Affiliated company	Sales	( 275,304)	1	90 days	Note 2	90 days	70,756	1	-
CEM2	CP	Affiliated company	Purchases	275,304	3	90 days	Note 1	90 days	( 70,756)	3	-
CP	CEM5	Affiliated company	Sales	( 709,578)	2	90 days	Note 2	90 days	227,964	3	-
CEM5	CP	Affiliated company	Purchases	709,578	14	90 days	Note 1	90 days	( 227,964)	15	-
CP	Mao-Ray	Affiliated company	Sales	( 166,856)	1	90 days	Note 2	90 days	73,970	1	-
Mao-Ray	CP	Affiliated company	Purchases	166,856	3	90 days	Note 1	90 days	( 73,970)	2	-
CP	CET	Affiliated company	Sales	( 195,326)	1	90 days	Note 2	90 days	39,723	-	-
CET	CP	Affiliated company	Purchases	195,326	2	90 days	Note 1	90 days	( 39,723)	1	-
CP	CPUS	Affiliated company	Sales	( 883,336)	3	45 days	Note 2	45 days	369,200	4	-
CPUS	CP	Affiliated company	Purchases	883,336	100	45 days	Note 1	45 days	( 369,200)	100	-
CP	CEZ	Affiliated company	Sales	( 125,972)	-	90 days	Note 2	90 days	3,392	-	-
CEZ	CP	Affiliated company	Purchases	125,972	29	90 days	Note 1	90 days	( 3,392)	36	-
CPDG	CP	Affiliated company	Sales	( 7,520,705)	96	45 days	Note 2	45 days	2,030,921	91	-
CP	CPDG	Affiliated company	Purchases	7,520,705	27	45 days	Note 1	45 days	( 2,030,921)	24	-
CPSZ	CP	Affiliated company	Sales	( 14,014,716)	95	45 days	Note 2	45 days	3,381,511	92	-
CP	CPSZ	Affiliated company	Purchases	14,014,716	49	45 days	Note 1	45 days	( 3,381,511)	41	-
CPCQ	CP	Affiliated company	Sales	( 6,590,191)	87	45 days	Note 2	45 days	2,829,414	90	-
CP	CPCQ	Affiliated company	Purchases	6,590,191	23	45 days	Note 1	45 days	( 2,829,414)	34	-

Table 7 page 2

Purchaser/seller	Counterparty	Relationship with the counterparty (Note 3)	Transaction		Differences in transaction terms compared to third party transactions				Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
CPCQ	CPSZ	Affiliated company	Sales	(\$ 877,342)	12	60 days	Note 2	60 days	\$ 271,277	9	-
CPSZ	CPCQ	Affiliated company	Purchases	877,342	6	60 days	Note 1	60 days	( 271,277)	5	-
GSE	CPSZ	Affiliated company	Sales	( 275,995)	36	60 days	Note 2	60 days	119,441	36	-
CPSZ	GSE	Affiliated company	Purchases	275,995	2	60 days	Note 1	60 days	( 119,441)	2	-
GSE	CPDG	Affiliated company	Sales	( 231,369)	30	60 days	Note 2	60 days	108,726	33	-
CPDG	GSE	Affiliated company	Purchases	231,369	3	60 days	Note 1	60 days	( 108,726)	3	-
CPDG	Zhuzhou Torch	Affiliated company	Sales	( 146,258)	2	60 days	Note 2	60 days	122,367	5	-
Zhuzhou Torch	CPDG	Affiliated company	Purchases	146,258	19	60 days	Note 1	60 days	( 122,367)	32	-
XAVi Suzhou	XAVi	Affiliated company	Sales	( 1,712,250)	91	45~180 days	Note 2	45~180 days	-	-	-
XAVi	XAVi Suzhou	Affiliated company	Purchases	1,712,250	71	45~180 days	Note 1	45~180 days	-	-	-
XAVi Thailand	XAVi	Affiliated company	Sales	( 181,259)	100	45~180 days	Note 2	45~180 days	37,688	100	-
XAVi	XAVi Thailand	Affiliated company	Purchases	181,259	8	45~180 days	Note 1	45~180 days	( 37,688)	22	-
CEM3	Newmax	Associate	Purchases	254,728	1	60~90 days	Note 1	60~90 days	( 48,835)	1	-
CEM3	KAPOK	Other related party	Sales	( 538,189)	2	60 days	Note 2	60 days	190,394	2	-
CEM3	JiaXing ShunOn	Other related party	Purchases	232,682	1	60~90 days	Note 1	60~90 days	( 50,336)	1	-
CEM3	Far win (Kunshan) Co., Ltd.	Other related party	Purchases	399,865	2	60~90 days	Note 1	60~90 days	( 49,092)	1	-
CEM3	ShunOn Electronic Co.	Other related party	Purchases	335,893	2	60~90 days	Note 1	60~90 days	( 79,704)	3	-
CEM5	ShunOn Electronic Co.	Other related party	Purchases	464,417	9	60~90 days	Note 1	60~90 days	( 79,336)	5	-
CEM5	Far win (Kunshan) Co., Ltd.	Other related party	Purchases	143,020	3	60~90 days	Note 1	60~90 days	( 19,472)	1	-
CP	KAPOK	Other related party	Sales	( 343,216)	1	60 days	Note 2	60 days	56,777	1	-

Note 1: Purchases from related parties were basically the same as those from third parties.

Note 2: Sales to related parties were basically the same as those to third parties.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
December 31, 2020

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
<u>Accounts receivable</u>								
CEM2	The Company	The parent company of COI	\$ 5,025,106	0.70	\$ -	-	\$ -	\$ -
Mao-Ray	The Company	The parent company of COI	2,997,522	1.36	-	-	-	-
CEM3	The Company	The parent company of COI	6,793,433	1.65	-	-	-	-
CEM3	KAPOK	Other related party	190,394	2.71	-	-	-	-
CEM3	CGI	Affiliated company	1,032,088	7.40	-	-	-	-
CEM2	CET	Affiliated company	424,866	1.64	-	-	-	-
CGI	CAI	Affiliated company	328,832	1.76	-	-	-	-
CET	The Company	Affiliated company	1,023,161	13.34	-	-	-	-
CET	XAVi	Affiliated company	132,991	6.01	-	-	-	-
CEM5	CGI	Affiliated company	1,956,146	2.62	-	-	-	-
CP	CEM3	Affiliated company	441,404	2.85	-	-	-	-
CP	CEM5	Affiliated company	227,964	3.31	-	-	-	-
CPSZ	CEM3	Affiliated company	255,149	2.24	-	-	-	-
CP	CPUS	Affiliated company	369,200	2.27	-	-	-	-
CPDG	CP	Affiliated company	2,030,921	3.41	-	-	-	-
CPDG	Zhuzhou Torch	Affiliated company	122,367	1.99	-	-	-	-
CPSZ	CP	Affiliated company	3,381,511	3.54	-	-	-	-
CPCQ	CP	Affiliated company	2,829,414	2.76	-	-	-	-
CPCQ	CPSZ	Affiliated company	271,277	3.29	-	-	-	-
GSE	CPSZ	Affiliated company	119,441	2.68	-	-	-	-
GSE	CPDG	Affiliated company	108,726	2.02	-	-	-	-
<u>Other receivable</u>								
The Company	UNIKEY	Subsidiary owned by the Company	\$ 1,135,029	-	\$ -	-	\$ -	\$ -
The Company	HEC	Subsidiary owned by the Company	436,189	-	-	-	-	-
The Company	Qun-Jing	Subsidiary owned by HEC	194,519	-	-	-	-	-
The Company	Quansun	Subsidiary owned by HEC	605,615	-	-	-	-	-
The Company	Real Young	Subsidiary owned by COI	505,318	-	-	-	-	-
The Company	CGI	Subsidiary owned by the Company	574,219	-	-	-	-	-
COI	The Company	The Company	3,407,927	-	-	-	-	-
COI	KUM	Affiliated company	197,385	-	-	-	-	-
CGI	The Company	The Company	2,405,140	-	-	-	-	-
CGI	CEM2	Affiliated company	797,203	-	-	-	-	-
CGI	Mao-Ray	Affiliated company	854,141	-	-	-	-	-
CGI	CET	Affiliated company	1,043,712	-	-	-	-	-
Mao-Feng	The Company	The Company	1,996,254	-	-	-	-	-
Real Young	Mao-Ray	Affiliated company	288,701	-	-	-	-	-
CEM2	CET	Affiliated company	274,781	-	-	-	-	-
CEM3	Mao-Qun	Affiliated company	174,584	-	-	-	-	-
CEM5	CEM2	Affiliated company	525,570	-	-	-	-	-
CEM5	CEM3	Affiliated company	285,592	-	-	-	-	-
CP	CPHK	Affiliated company	1,256,047	-	-	-	-	-
CP	CPUS	Affiliated company	148,217	-	-	-	-	-
CPDG	Zhuzhou Torch	Affiliated company	241,381	-	-	-	-	-
CPI	CP	Affiliated company	1,352,457	-	-	-	-	-
HOI	CGI	Affiliated company	1,983,306	-	-	-	-	-
HOI	The Company	The Company	509,585	-	-	-	-	-
Systemax	XAVi	Affiliated company	224,875	-	-	-	-	-

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
 Significant inter-company transactions during the reporting period  
 Year ended December 31, 2020

Table 9

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	UNIKEY	1	Other receivables-related party	\$ 1,135,029	Note 5	1.50
1	CGI	The Company	2	Other receivables-related party	2,405,140	Note 5	3.19
2	COI	The Company	2	Other receivables-related party	3,407,927	Note 5	4.52
3	CET	The Company	2	Accounts receivable-related party	1,023,161	Note 4	1.36
"	CET	The Company	2	Sales	6,832,902	Note 4	7.19
"	CET	CGI	3	Sales	1,232,367	Note 4	1.30
4	CEM2	The Company	2	Sales	6,539,090	Note 4	6.88
"	CEM2	The Company	2	Accounts receivable-related party	5,025,106	Note 4	6.66
"	CEM2	CGI	3	Sales	3,358,594	Note 4	3.53
5	CEM3	The Company	2	Sales	10,251,441	Note 4	10.78
"	CEM3	The Company	2	Accounts receivable-related party	6,793,433	Note 4	9.00
"	CEM3	CGI	3	Sales	8,027,732	Note 4	8.44
"	CEM3	CGI	3	Accounts receivable-related party	1,032,088	Note 4	1.37
6	CEM5	CGI	3	Sales	3,933,552	Note 4	4.14
"	CEM5	CGI	3	Accounts receivable-related party	1,956,146	Note 4	2.59
7	Mao-Ray	The Company	2	Sales	4,354,564	Note 4	4.58
"	Mao-Ray	The Company	2	Accounts receivable-related party	2,997,522	Note 4	3.97
"	Mao-Ray	CGI	3	Sales	1,412,938	Note 4	1.49
8	Mao-Feng	The Company	2	Other receivables-related party	1,996,254	Note 5	2.65

Transaction							Percentage of consolidated total operating revenues or total assets
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	(Note 3)
9	CP	CEM3	3	Sales	1,318,978	Note 4	1.39
"	CP	CPHK	3	Other receivables-related party	1,256,047	Note 5	1.66
10	HOI	CGI	3	Other receivables-related party	1,983,306	Note 5	2.63
11	CPSZ	CP	3	Sales	14,014,716	Note 4	14.74
"	CPSZ	CP	3	Accounts receivable-related party	3,381,511	Note 4	4.48
12	CPCQ	CP	3	Sales	6,590,191	Note 4	6.93
"	CPCQ	CP	3	Accounts receivable-related party	2,829,414	Note 4	3.75
13	CPDG	CP	3	Sales	7,520,705	Note 4	7.91
"	CPDG	CP	3	Accounts receivable-related party	2,030,921	Note 4	2.69
14	CPI	CP	3	Other receivables-related party	1,352,457	Note 5	1.79
15	XAVi-Suzhou	XAVi	3	Sales	1,712,250	Note 4	1.80

Other transactions between the parent company and subsidiaries not exceeding 1% of the consolidated total revenue or total assets are not disclosed. Those transactions are shown in other assets and revenue.

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Sales to related parties were basically the same as those to third parties, with consideration of transaction quantities and market situation, the payment terms were basically the same as third parties .

Note 5: The terms of related party loans depends on both parties' operation situation.

Note 6: Receivables from advances and service charges of related parties.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Information on investees (not including investees in Mainland China)  
Year ended December 31, 2020

Table 10

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020					Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	
The Company	COI	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	\$ 265,326	\$ 265,326	1,000	100.00%	\$ 23,470,611	\$ 982,172	\$ 2,616,094	Subsidiary
	CET	Thailand	Manufacturing and sales of computer peripherals	489,232	441,408	4,843,384	73.02%	544,240	390,364	( 38,838)	Subsidiary
	UNIKEY	Taiwan R.O.C.	Manufacturing and sales of computer peripherals	150,000	150,000	90,000,000	100.00%	478,201	( 617,796)	498,738	Subsidiary
	HOI	BVI	(1) Sales of switching power supplies and other electronic parts (2) Management of overseas acquisitions & investments	412,003	412,003	12,560,000	100.00%	2,593,190	34,153	38,031	Subsidiary
	HEC	Taiwan R.O.C.	Sales of switching power supplies and other electronic parts	2,330	2,330	4,660,000	100.00%	( 443,310)	111,906	17,340	Subsidiary
	XAVi	Taiwan R.O.C.	Researching, manufacturing and selling the DSL bridges and routers	125,122	257,153	32,428,442	46.63%	291,398	149,738	80,479	Subsidiary
	CGI	Malaysia	Sales of computer peripherals	33,027	33,027	1,000,000	100.00%	3,048,916	216,297	( 291,753)	Subsidiary
	CP	Taiwan R.O.C.	(1) Research, manufacture and sales of switching power supply, other electronic parts and equipment, and lamps (2) Smart building system business	2,352,241	1,717,121	200,467,594	51.69%	4,015,643	2,136,627	833,695	Subsidiary
UNIKEY	Real Young	BVI	(1) Design and sales of computer peripherals (2) Management of overseas acquisitions & investments	41,490	41,490	1,275,000	13.95%	125,726	75,182	-	Sub-subsidiary
COI	CAI	U.S.A	Sales of computer peripherals	91,764	91,764	3,250,000	100.00%	84,882	862	-	Sub-subsidiary
	CAGI	U.S.A	Internet solution for E-Commerce solution	(USD 3,250) 87,670	(USD 3,250) 87,670	12,400,000	100.00%	( 1,224)	( 47)	-	Sub-subsidiary
	Mao-Feng	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	(USD 3,105) 64,771	(USD 3,105) 64,771	2,294,000	100.00%	10,337,536	266,702	-	Sub-subsidiary
	CET	Thailand	Manufacturing and sales of computer peripherals	(USD 2,294) 220,882	(USD 2,294) 220,882	1,789,141	26.98%	201,292	390,364	-	Sub-subsidiary
	KUM	Samoa	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	(USD 7,823) 64,122	(USD 7,823) 64,122	2,284,142	100.00%	( 189,483)	( 12,919)	-	Sub-subsidiary
	CEZ	Czech Republic	Sales of computer peripherals	(USD 2,271) 198	(USD 2,271) 198	-	100.00%	235,157	( 19,722)	-	Sub-subsidiary
	GFI	Cayman Islands	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	(USD 7) 67,538	(USD 7) 67,538	2,310,000	60.00%	( 190,285)	( 7,041)	-	Sub-subsidiary
	Real Young	BVI	(1) Design and sales of computer peripherals (2) Management of overseas acquisitions & investments	(USD 2,392) 227,913 (USD 8,072)	(USD 2,392) 227,913 (USD 8,072)	7,864,780	86.05%	783,380	75,182	-	Sub-subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020					Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	
COI	CEJ	Japan	Sales of computer peripherals	\$ 2,682 (USD 95)	\$ 2,682 (USD 95)	-	100.00%	\$ 11,543	\$ 766	\$ -	Sub-subsidiary
	Swift Success Holdings limited	Samoa	Investment holdings	151,396 (USD 5,362)	151,396 (USD 5,362)	-	40.00%	184,660	( 651)	-	Investments accounted for using equity method
CP	CPH	BVI	Investment holdings	326,350	326,350	10,000,000	100.00%	6,121,112	762,192	-	Sub-subsidiary
CP	CPTH	Thailand	Sales of switching power supplies and other electronic parts	237,744 (THB 250,000)	38,171 (THB 38,000)	25,000,000	100.00%	192,058	( 41,789)	-	Sub-subsidiary
CPH	CPI	Cayman Islands	Investment holdings	282,350 (USD 10,000)	282,350 (USD 10,000)	10,000,000	100.00%	6,419,648	762,192	-	Sub-subsidiary
CPI	CPUS	U.S.A	Sales of switching power supplies and other electronic parts	37,185 (USD 1,317)	37,185 (USD 1,317)	1,500,000	100.00%	24,038	( 22,651)	-	Sub-subsidiary
	CPHK	Hong Kong	Research and development center	312,511 (HKD 85,800)	312,511 (HKD 85,800)	46,800,000	100.00%	4,812,868	779,502	-	Sub-subsidiary
	WitsLight Technology	Samoa	Design, research and development, manufacturing and sales of LED lighting modules and investment holdings	261,738 (USD 9,270)	254,115 (USD 9,000)	10,710,500	83.68%	86,275	( 55,020)	-	Sub-subsidiary
WTS	CT	Taiwan R.O.C.	Design, researching and developing and sales of automotive and motorcycle lamps and other components	3,000	3,000	300,000	100.00%	( 39,517)	( 16,024)	-	Sub-subsidiary
Kuang Mao	Sky-Fine	Samoa	Sales of computer peripherals	70,390 (USD 2,493)	70,390 (USD 2,493)	310,423	29.00%	7,708	( 37,296)	-	Investments accounted for using equity method
HEC	Quansun	Taiwan R.O.C.	Investment holdings	80,000	80,000	8,000,000	100.00%	( 246,290)	1,862	-	Sub-subsidiary
	Qun-Jung	Taiwan R.O.C.	Manufacturing and sales of computer peripherals	1,000	1,000	100,000	100.00%	( 130,062)	( 1,047)	-	Sub-subsidiary
	CP	Taiwan R.O.C.	(1) Research, manufacture and sales of switching power supply, other electronic parts and equipment, and lamps (2) Smart building system business	54,811	54,811	1,200,000	0.31%	60,939	2,136,627	-	Subsidiary
XAVi	Directmax	BVI	Management of overseas acquisitions and investments	332,791 (USD 10,250)	332,791 (USD 10,250)	7,750,000	100.00%	401,692	( 6,842)	-	Sub-subsidiary
	Xavi Technologies (Thailand) Co., Ltd.	Thailand	Manufacturing, processing and sales of communication products	49,065 (THB 49,000)	-	4,999,997	100.00%	71,216	24,103	-	Sub-subsidiary
Directmax	XAVi Overseas	BVI	Management of overseas acquisitions and investments	324,942 (USD 10,000)	324,942 (USD 10,000)	7,500,000	100.00%	109,407	( 8,104)	-	Sub-subsidiary
	Systemax	BVI	Sales of DSL bridges and routers	7,849 (USD 250)	7,849 (USD 250)	250,000	100.00%	207,580	1,262	-	Sub-subsidiary

Note: The amount of NTD exchanged from foreign currency in the table were exchanged with the exchange rate at financial reporting date except profit or loss was exchanged with the average exchange rate from January 1, 2020 to December 31, 2020.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Information on investments in Mainland China  
Year ended December 31, 2020

Table 11

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
			(Note 1)							(Note 2) (Note 4)			
Chicony Electronics (Dong Guan) Co., Ltd.	Manufacturing and sales of computer peripherals	\$ 322,150	(2)A	\$ 317,555	\$ -	\$ -	\$ 317,555	\$ 82,519	100%	\$ 82,519 (2)B	\$ 3,999,557	\$ -	-
Chicony Electronics (Suzhou) Co., Ltd.	Manufacturing and sales of computer peripherals	967,558	(2)C	329,424	-	-	329,424	231,021	100%	231,021 (2)B	8,641,075	-	-
Chicony Electronics (Chong-Qing) Co., Ltd.	Manufacturing and sales of computer peripherals	435,788	(2)A	-	-	-	-	423,844	100%	423,844 (2)B	2,883,264	-	-
Mao-Ray Electronics (Dong Guan) Co., Ltd.	Manufacturing of electronic parts, keyboards and plastic products	277,530	(2)B	236,374	-	-	236,374	73,796	100%	73,796 (2)B	1,213,123	-	-
Suzhou Mao-Qun Electronics Co., Ltd.	Manufacturing of electronic parts, keyboards and plastic products	124,911	(2)D	93,661	-	-	93,661	( 5,567)	60%	( 3,340) (2)B	( 281,205)	-	-
Suzhou Qun-Yang Electronics Co., Ltd.	Manufacturing of electronic parts, keyboards and plastic products	4,804	(2)D	-	-	-	-	( 7,727)	60%	( 4,636) (2)B	( 81,378)	-	-
XAVi Technology (Suzhou) Co., Ltd.	Manufacturing and sales of DSL bridges	324,942	(2)F	324,942	-	-	324,942	( 8,104)	46.63%	( 3,779) (2)B	111,193	-	-
Chicony Power Technology (Dong Guan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronic parts	593,135	(2)E	286,935	-	-	286,935	77,225	52.00%	40,157 (2)B	1,238,187	-	-
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of switching power supplies and LED lighting equipment	1,297,467	(2)E	194,245	-	-	194,245	354,742	52.00%	184,466 (2)B	2,832,172	-	-
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing of switching power supplies and other electronics parts	131,175	(2)E	97,602	-	-	97,602	7,088	52.00%	4,393 (2)B	235,331	-	-

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan							
			(Note 1)						(Note 2) (Note 4)				
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of switching power supplies and LED lighting equipment	\$ 301,744	(2)E	\$ -	\$ -	\$ -	\$ -	\$ 421,382	52.00%	\$ 219,119 (2)B	\$ 1,632,666	\$ -	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Sales of LED lighting equipment	44,379	(2)E	-	-	-	-	1,285	52.00%	668 (2)B	45,810	-	-
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of switching power supplies, LED lighting equipment, and other electronic parts and smart building system business	10,491	(2)E	-	-	-	-	267	52.00%	139 (2)B (	94)	-	-
Chicony Power Technology Trading (Taizhou) Co., Ltd.	Researching and developing, manufacturing, sales, installation, aftersale, and advisory services of electric machinery, electric frequency device and industry automation equipment; manufacturing and sales of electrical machinery and components; import and export of goods and technique	90,030	(2)E	-	-	-	-	( 46,742)	52.00%	( 24,306) (2)B	37,950	-	-
WitsLight Technology (Kunshan) Co., Ltd.	Manufacturing and sales of LED lighting modules	331,859	(2)G	-	-	-	-	( 38,158)	43.51%	( 16,672) (2)B	164,850	-	-
Zhuzhou Torch Auto Lamp Co., Ltd.	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	228,654	(2)G	-	-	-	-	1,843	43.51%	992 (2)B	206,879	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The company	\$ 2,096,844 (USD 74,264 thousand)	\$ 3,125,953 (USD 110,712 thousand)	\$ 16,662,746

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China, the investing companies includes:
  - A. Chicony Overseas Inc.
  - B. Real Young Elec. Co., Ltd.
  - C. Mao-Feng International Inc.
  - D. Global Faith Inc.
  - E. Chicony Power Technology Hong Kong Limited(CPHK)
  - F. XAVi Overseas Ltd.
  - G. WitsLight Technology Co., Ltd..
- (3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A.The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B.The financial statements were audited and attested by R.O.C. parent company's CPA.
  - C.Others

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Calculated based on the Company's ending combined shareholding ratio.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2020

Table 12

Expressed in thousands of NTD  
(Except as otherwise indicated)

Name of major shareholders	Shares		Ownership (%)
	Number of shares held (common shares)	Number of shares held (preference shares)	
Hsu, Kun-Tai	61,615,782	-	8.33%

Note 1: (1) The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may differ from the actual number of shares in dematerialised form due to the difference in calculation basis.  
(2) If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.

**CHICONY ELECTRONICS CO., LTD.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND REPORT OF INDEPENDENT**  
**ACCOUNTANTS**  
**DECEMBER 31, 2020 AND 2019**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHICONY ELECTRONICS CO., LTD.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Chicony Electronics Co., Ltd. (the “Company”) as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019 and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, 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 Company’s 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2020 parent company only financial statements are stated as follows:

### ***Valuation of inventory***

#### Description

Refer to Notes 4(10), 5(2) and 6(5) for the description of accounting policy, critical accounting estimates, uncertainty of assumptions and details of accounts.

The Company's main inventories are keyboard, camera modules and other electronic products. The prices of such inventories are affected by market demand and the rapid technological changes. Therefore, there is a higher risk of market decline. As the assessment of net realisable value of inventories is subject to management judgement, we consider the valuation of inventory as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed whether the Company's accounting policies comply with the relevant standards and the Company's industry practice and the reasonableness of management's evaluation process, including the determination of net realisable value of inventories, the sales expenses and the judgement of obsolete inventories. Checked whether the provision policies were consistently adopted in the reporting periods.
2. Obtained net realisable value statement of inventories to confirm whether the calculation logic was adopted consistently, and tested the data sources of selected samples which includes inventory price or purchase price to verify whether the net realisable value used by the management was in compliance with its policies, and recalculated the accuracy of allowance for inventory valuation losses.

### ***Appropriateness of warehouse operating revenue cut-off***

#### Description

Refer to Notes 4(32) and 6(23) for the accounting policies on revenue recognition, critical accounting assumptions and the details of revenue of the investments accounted for using equity method of the Company – Chicony Power Technology Co., Ltd., and its subsidiaries (the "CP Group").

The CP Group's revenue arises from sales of goods, consisting mainly of factory direct shipment and warehouse sales income. Warehouse sales revenue is recognised when the goods are dispatched from the warehouses (transfer of control of products) and it is based on the reports and other relevant information provided by the warehouse custodians. The CP Group's warehouses are located in multiple countries, and the revenue recognition process involves several manual operations. Thus, we determine the warehouse sales income cut-off as one of the key areas of focus for this fiscal year's audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. We evaluated the internal controls for regular reconciliation between the CP Group and its warehouse custodians.
2. We performed the revenue recognition cut-off tests, including obtaining sufficient appropriate audit evidences from the warehouse custodians and reviewing the reconciliations of the Group's accounting records.
3. We conducted warehouse inventory audit by using physical counts or using confirmation letters to validate inventory balances with the warehouse custodians.

***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain investments accounted for using equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for using equity method amounted to NT\$1,086,070 thousand and NT\$391,199 thousand, constituting 1.87% and 0.68% of the total assets as at December 31, 2020 and 2019, respectively, and the comprehensive income (including the share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method and share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method) amounted to NT\$345,983 thousand and NT\$1,300 thousand, constituting 7.66% and 0.03% of the total comprehensive income for the years then ended, respectively.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

***Auditors' responsibilities for the audit of the parent company only financial statements***

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. 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 charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with supervisors all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Chen, Ching Chang      Weng, Shih-Jung  
For and on behalf of PricewaterhouseCoopers, Taiwan  
March 10, 2021

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHICONY ELECTRONICS CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020	December 31, 2019
<b>Current assets</b>			
1100	Cash and cash equivalents	6(1) \$ 666,415	\$ 731,671
1110	Financial assets at fair value through profit or loss - current	6(2) 510,732	562,837
1120	Financial assets at fair value through other comprehensive income - current	6(3) 990,796	955,070
1150	Notes receivable, net	6(4) 10,162	11,312
1170	Accounts receivable, net	6(4) 7,431,063	4,767,780
1180	Accounts receivable - related parties	7 98,185	207,537
1200	Other receivables	59,113	19,447
1210	Other receivables - related parties	7 3,471,579	3,042,035
130X	Inventories, net	6(5) 1,121,834	1,481,580
1410	Prepayments	95,728	145,101
11XX	<b>Total current Assets</b>	<u>14,455,607</u>	<u>11,924,370</u>
<b>Non-current assets</b>			
1510	Financial assets at fair value through profit or loss - non-current	6(2) 714,781	630,998
1517	Financial assets at fair value through other comprehensive income - non-current	6(3) 70,803	93,252
1550	Investments accounted for using equity method	6(6) 34,442,199	33,448,710
1600	Property, plant and equipment, net	6(7) and 8 1,928,304	1,930,484
1755	Right-of-use assets	6(8) 98,895	118,350
1760	Investment property, net	6(9) and 8 6,459,644	8,961,010
1780	Intangible assets	15,640	14,676
1900	Other non-current assets	8 18,438	63,967
15XX	<b>Total non-current assets</b>	<u>43,748,704</u>	<u>45,261,447</u>
1XXX	<b>Total assets</b>	<u>\$ 58,204,311</u>	<u>\$ 57,185,817</u>

(Continued)

CHICONY ELECTRONICS CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020	December 31, 2019
<b>Current liabilities</b>			
2100	Short-term borrowings	\$ -	\$ 600,000
2150	Notes payable	3,663	3,663
2170	Accounts payable	273,124	339,224
2180	Accounts payable - related parties	15,945,736	22,764,220
2200	Other payables	3,268,688	2,871,159
2220	Other payables - related parties	8,541,111	1,483,765
2230	Income tax liabilities	1,014,419	423,460
2280	Lease liabilities - current	19,249	19,058
2300	Other current liabilities	125,599	205,568
21XX	<b>Total current Liabilities</b>	<u>29,191,589</u>	<u>28,710,117</u>
<b>Non-current liabilities</b>			
2570	Deferred income tax liabilities	532,416	600,137
2580	Lease liabilities - non-current	80,629	99,878
2640	Accrued pension liabilities	166,381	167,496
2670	Other non-current liabilities	462,053	339,814
25XX	<b>Total non-current liabilities</b>	<u>1,241,479</u>	<u>1,207,325</u>
2XXX	<b>Total Liabilities</b>	<u>30,433,068</u>	<u>29,917,442</u>
<b>Equity</b>			
<b>Share capital</b>			
3110	Share capital - common stock	7,394,603	7,344,975
<b>Capital surplus</b>			
3200	Capital surplus	6,412,535	6,114,005
<b>Retained earnings</b>			
3310	Legal reserve	5,560,152	4,976,270
3320	Special reserve	3,290,829	3,105,405
3350	Unappropriated retained earnings	9,665,615	9,370,658
<b>Other equity interest</b>			
3400	Other equity interest	( 4,241,214)	( 3,331,661)
3500	<b>Treasury stocks</b>	( 311,277)	( 311,277)
3XXX	<b>Total equity</b>	<u>27,771,243</u>	<u>27,268,375</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>			
<b>Significant events after the balance sheet date</b>			
3X2X	<b>Total liabilities and equity</b>	<u>\$ 58,204,311</u>	<u>\$ 57,185,817</u>

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY ELECTRONICS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Years ended December 31		
		2020	2019	
4000	<b>Sales revenue</b>	6(19) and 7	\$ 36,581,549	\$ 28,369,842
5000	<b>Operating costs</b>	6(5) and 7	( 30,442,599)	( 23,025,149)
5950	<b>Net operating margin</b>		<u>6,138,950</u>	<u>5,344,693</u>
	<b>Operating expenses</b>	6(23)(24) and 7		
6100	Selling expenses		( 1,169,047)	( 1,474,127)
6200	General & administrative expenses		( 1,091,177)	( 1,011,759)
6300	Research and development expenses		( 1,248,962)	( 1,260,835)
6450	Impairment (loss) gain determined in accordance with IFRS 9	12(2)	( 909)	( 2,956)
6000	<b>Total operating expenses</b>		<u>( 3,510,095)</u>	<u>( 3,743,765)</u>
6900	<b>Operating profit</b>		<u>2,628,855</u>	<u>1,600,928</u>
	<b>Non-operating income and expenses</b>			
7100	Interest income	6(20)	24,063	22,771
7010	Other income	6(21)	289,681	320,217
7020	Other gains and losses	6(22)	1,392,349	593,035
7050	Finance costs	6(25)	( 58,958)	( 38,995)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	<u>2,037,003</u>	<u>3,753,786</u>
7000	<b>Total non-operating revenue and expenses</b>		<u>3,684,138</u>	<u>4,650,814</u>
7900	<b>Profit before income tax</b>		<u>6,312,993</u>	<u>6,251,742</u>
7950	Income tax expense	6(26)	( 846,229)	( 412,925)
8200	<b>Profit for the year</b>		<u>\$ 5,466,764</u>	<u>\$ 5,838,817</u>
	<b>Other comprehensive income</b>			
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
8311	Actuarial gains (losses) on defined benefit plans	6(13)	\$ 75	(\$ 10,988)
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		13,835	( 403,682)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method		( 275,791)	<u>723,953</u>
8310	<b>Other comprehensive (loss) income that will not be reclassified to profit or loss</b>		<u>( 261,881)</u>	<u>309,283</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Exchange differences on translation of foreign operations		( 685,280)	( 1,121,851)
8380	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		( 2,078)	( 7,726)
8360	<b>Other comprehensive loss that will be reclassified to profit or loss</b>		<u>( 687,358)</u>	<u>( 1,129,577)</u>
8300	<b>Other comprehensive loss for the year</b>		<u>( \$ 949,239)</u>	<u>( \$ 820,294)</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 4,517,525</u>	<u>\$ 5,018,523</u>
	<b>Earnings per share (in NT dollars)</b>	6(27)		
9750	<b>Basic earnings per share</b>		<u>\$ 7.80</u>	<u>\$ 8.45</u>
9850	<b>Diluted earnings per share</b>		<u>\$ 7.68</u>	<u>\$ 8.33</u>

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY ELECTRONICS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings					Other Equity Interest				Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Asset revaluation increment	Treasury stocks	
<u>Year ended December 31, 2019</u>											
Balance at January 1, 2019		\$ 7,303,799	\$ 5,633,933	\$ 4,617,199	\$ 1,861,304	\$ 8,455,531	(\$ 985,814)	(\$ 3,460,880)	\$ 1,381,667	(\$ 728,584)	\$ 24,078,155
Profit for 2019		-	-	-	-	5,838,817	-	-	-	-	5,838,817
Other comprehensive income (loss) for 2019	6(18)	-	-	-	-	( 13,143)	( 1,129,577)	322,426	-	-	( 820,294)
Total comprehensive income		-	-	-	-	5,825,674	( 1,129,577)	322,426	-	-	5,018,523
Appropriations of 2018 earnings	6(17)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	359,071	-	( 359,071)	-	-	-	-	-
Special reserve		-	-	-	1,244,101	( 1,244,101)	-	-	-	-	-
Cash dividends		-	-	-	-	( 2,766,858)	-	-	-	-	( 2,766,858)
Employees' stock dividends	6(15)	41,176	238,824	-	-	-	-	-	-	-	280,000
Treasury stock transferred to employees		-	164,322	-	-	-	-	-	-	417,307	581,629
Cash dividends paid to the subsidiaries		-	141,980	-	-	-	-	-	-	-	141,980
Adjustments to share of changes in equity of associates and joint ventures		-	46,544	-	-	-	-	-	-	-	46,544
Difference between proceeds from addition and disposal of subsidiary and book value		-	( 111,598)	-	-	-	-	-	-	-	( 111,598)
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	( 540,517)	-	540,517	-	-	-
Balance at December 31, 2019		\$ 7,344,975	\$ 6,114,005	\$ 4,976,270	\$ 3,105,405	\$ 9,370,658	(\$ 2,115,391)	(\$ 2,597,937)	\$ 1,381,667	(\$ 311,277)	\$ 27,268,375
<u>Year ended December 31, 2020</u>											
Balance at January 1, 2020		\$ 7,344,975	\$ 6,114,005	\$ 4,976,270	\$ 3,105,405	\$ 9,370,658	(\$ 2,115,391)	(\$ 2,597,937)	\$ 1,381,667	(\$ 311,277)	\$ 27,268,375
Profit for 2020		-	-	-	-	5,466,764	-	-	-	-	5,466,764
Other comprehensive loss for 2020	6(18)	-	-	-	-	( 298)	( 687,358)	( 261,583)	-	-	( 949,239)
Total comprehensive income		-	-	-	-	5,466,466	( 687,358)	( 261,583)	-	-	4,517,525
Appropriations of 2019 earnings	6(17)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	583,882	-	( 583,882)	-	-	-	-	-
Special reserve		-	-	-	185,424	( 185,424)	-	-	-	-	-
Cash dividends		-	-	-	-	( 4,362,815)	-	-	-	-	( 4,362,815)
Employees' stock dividends	6(15)	49,628	350,372	-	-	-	-	-	-	-	400,000
Cash dividends paid to the subsidiaries		-	220,443	-	-	-	-	-	-	-	220,443
Adjustments to share of changes in equity of associates and joint ventures		-	105,827	-	-	-	-	-	-	-	105,827
Difference between proceeds from addition and disposal of subsidiary and book value		-	( 378,112)	-	-	-	-	-	-	-	( 378,112)
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	( 44,132)	-	44,132	-	-	-
Disposal of investment property		-	-	-	-	4,744	-	-	( 4,744)	-	-
Balance at December 31, 2020		\$ 7,394,603	\$ 6,412,535	\$ 5,560,152	\$ 3,290,829	\$ 9,665,615	(\$ 2,802,749)	(\$ 2,815,388)	\$ 1,376,923	(\$ 311,277)	\$ 27,771,243

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY ELECTRONICS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 6,312,993	\$ 6,251,742
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(23)	81,465	78,081
Amortisation	6(23)	16,519	13,123
Impairment loss (gain) determined in accordance with IFRS 9	12(2)	909	( 2,956 )
Share-based payments	6(14)	-	173,052
Interest income	6(20)	( 24,063 )	( 22,771 )
Dividend income	6(21)	( 30,589 )	( 59,378 )
Interest expense	6(25)	58,958	38,995
Net gain on financial assets and liabilities at fair value through profit or loss	6(22)	( 113,857 )	( 134,595 )
Share of profit of associates accounted for using equity method	6(6)	( 2,037,003 )	( 3,753,786 )
Gain on disposal of property, plant and equipment	6(22)	( 285 )	( 105 )
Gain on disposal of investment property	6(22)	( 222,225 )	-
Gain on fair value adjustment of investment property	6(22)	( 25,479 )	( 67,593 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		1,150	40,570
Accounts receivable		( 2,664,192 )	( 2,239,155 )
Accounts receivable - related parties		109,352	110,373
Other receivables		9,254	19,381
Other receivables - related parties		( 261,094 )	1,269,427
Inventories, net		359,746	( 1,653 )
Prepayments		49,373	( 8,709 )
Changes in operating liabilities			
Notes payable		-	3,663
Accounts payable		( 66,100 )	105,756
Accounts payable - related parties		( 6,818,484 )	2,441,795
Contract liabilities - current		-	( 2,696 )
Other payables		786,619	855,556
Other payables - related parties		( 489,937 )	( 89,073 )
Other current liabilities		( 1,906 )	1,003
Defined benefit obligation - non-current		( 1,040 )	4,833
Cash (outflow) inflow generated from operations		( 4,969,916 )	5,024,880
Interest received		24,063	22,771
Dividends received		731,285	702,915
Interest paid		( 58,320 )	( 43,249 )
Income tax paid		( 125,303 )	( 264,009 )
Net cash flows (used in) from operating activities		( 4,398,191 )	5,443,308

(Continued)

CHICONY ELECTRONICS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets and liabilities at fair value through profit or loss		(\$ 857,534 )	(\$ 175,984 )
Proceeds from disposal of financial assets and liabilities at fair value through profit or loss		939,713	1,123,722
Acquisition of financial assets through other comprehensive income		-	( 71,867 )
Proceeds from disposal of financial assets and liabilities at fair value through other comprehensive income		558	64,152
Acquisition of investments accounted for using equity method		( 689,894 )	( 625,574 )
Return of capital from investments accounted for using equity method		138,979	-
Increase in other receivables - related parties		( 168,450 )	( 252,020 )
Acquisition of property, plant and equipment	6(28)	( 19,590 )	( 135,865 )
Disposal of property, plant and equipment		427	309
Acquisition of investment property		-	( 376,095 )
Proceeds from disposal of investment property received in advance		-	192,801
Acquisition of intangible assets		( 17,483 )	( 9,620 )
(Increase) decrease in refundable deposits		38,484	( 38,493 )
Disposal of investment property		2,394,737	-
Decrease in other non-current assets		6,597	2,932
Net cash flows from (used in) investing activities		<u>1,766,544</u>	<u>( 301,602 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Decrease in short-term borrowings		( 600,000 )	( 2,530,000 )
Increase in other payables - related parties		7,547,283	371,413
Payment of cash dividends	6(17)	( 4,362,815 )	( 2,766,858 )
Increase in guarantee deposits received		981	3,827
Repayment of lease liabilities		( 19,058 )	( 18,869 )
Treasury stock transferred to employees		-	408,578
Net cash flows from (used in) financing activities		<u>2,566,391</u>	<u>( 4,531,909 )</u>
Net (decrease) increase in cash and cash equivalents		( 65,256 )	609,797
Cash and cash equivalents at beginning of year	6(1)	<u>731,671</u>	<u>121,874</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 666,415</u>	<u>\$ 731,671</u>

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY ELECTRONICS CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Chicony Electronics Co., Ltd. (the “Company”) was incorporated in 1983 as a company limited by shares under the provisions of the Company Law of the Republic of China. The Company has been a listed company since 1999. The Company is engaged in the manufacturing and sales of keyboards and other computer peripheral components.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 10, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

##### (2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

##### (3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Company’s presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet

date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

#### B. Translation of foreign operations

- (a) The operating results and financial position of all the entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (iii) All resulting exchange differences are recognised in other comprehensive income.

- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.

- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

#### (4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Account receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Company's operating pattern of accounts receivable that are expected to be factored is for the

purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(8) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; and the Company has not retained control of the financial asset.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for using equity method / subsidiaries, associates and joint ventures

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using equity method and are initially recognised at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- M. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. Except for buildings and structures which have a useful life of 55 years, the estimated useful lives of other fixed assets are 2~7 years.

(13) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
  - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1~3 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable

that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the

currency and term of the employment benefit obligations.

- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier.

Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are

expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

- (a) Sales revenue of the Company are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- (b) According to the contracts with customers, as the time interval between the transfer of the committed goods or services and payment by the customer does not exceeds one year. The Company will not adjust the transaction prices for the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical accounting judgements – Evaluation of investment property

The Company follows the guidance of IAS 40 'Investment property' to determine the assets to be measured at fair value. Unless in extreme circumstances, there is a definite evidence that fair value of investment property cannot be reliably measured on an ongoing basis, all the investment property of the Company is measured at fair value after the initial recognition.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates.

Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. Evaluation of investment property

The Company's investment properties are measured at fair value. The fair value is evaluated using the income approach by an external appraiser. It involves critical assumptions including occupancy rate, rent growth rate, discount rate, etc.. Those assumptions may be affected by the economic conditions, market needs, etc. that may change.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 348	\$ 298
Checking accounts and demand deposits	<u>666,067</u>	<u>731,373</u>
	<u>\$ 666,415</u>	<u>\$ 731,671</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 781,128	\$ 851,749
Emerging stocks	-	28,399
Beneficiary certificates	20,809	98,140
Corporate bond	<u>-</u>	<u>3,015</u>
	801,937	981,303
Valuation adjustment	( 291,205)	( 418,466)
	<u>\$ 510,732</u>	<u>\$ 562,837</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 394,390	\$ 403,354
Beneficiary certificates	<u>267,000</u>	<u>180,000</u>
	661,390	583,354
Valuation adjustment	<u>53,391</u>	<u>47,644</u>
	<u>\$ 714,781</u>	<u>\$ 630,998</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Equity instruments	\$ 123,701	\$ 49,093
Debt instruments	-	263
Beneficiary certificates	( 9,844)	85,239
Derivatives	<u>-</u>	<u>( 1,210)</u>
	<u>\$ 113,857</u>	<u>\$ 133,385</u>

B. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2020	December 31, 2019
Current items:		
Listed stocks	\$ 1,065,503	\$ 1,066,113
Valuation adjustment	( 74,707)	( 111,043)
	<u>\$ 990,796</u>	<u>\$ 955,070</u>
Non-current items:		
Listed stocks	\$ 859,750	\$ 859,750
Unlisted stocks	129,131	129,131
	988,881	988,881
Valuation adjustment	( 918,078)	( 895,629)
	<u>\$ 70,803</u>	<u>\$ 93,252</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments or have steady dividend income as financial assets at fair value through other comprehensive income - current and financial assets at fair value through other comprehensive income - non-current. The fair value of such investments on December 31, 2020 and 2019 was equivalent to their carrying amount.

B. The Company sold \$558 and \$64,152 of equity investments at fair value which resulted in cumulative losses on disposal of \$52 and \$104,528 and were transferred as a deduction item to unappropriated retained earnings during the years ended December 31, 2020 and 2019, respectively.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2020	2019
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	\$ 13,835	(\$ 403,682)
Cumulative losses reclassified to retained earnings due to derecognition	\$ 52	\$ 104,528
Dividend income recognised in profit or loss held at end of year	\$ 14,813	\$ 24,274

D. The Company has no financial assets at fair value through other comprehensive income pledged to others.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	\$ 10,162	\$ 11,312
Accounts receivable	\$ 7,464,938	\$ 4,800,746
Less: Allowance for uncollectible accounts	( 33,875)	( 32,966)
	<u>\$ 7,431,063</u>	<u>\$ 4,767,780</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 7,034,770	\$ 10,162	\$ 4,426,239	\$ 11,312
1 to 30 days	241,656	-	214,178	-
31 to 120 days	147,126	-	127,975	-
121 to 215 days	9,032	-	-	-
Over 365 days	32,354	-	32,354	-
	<u>\$ 7,464,938</u>	<u>\$ 10,162</u>	<u>\$ 4,800,746</u>	<u>\$ 11,312</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019, the balances of accounts and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to \$2,617,650.

C. The Company has no notes and accounts receivable pledged to others as collateral.

D. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were equivalent to the carrying amount.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

		December 31, 2020		
		Cost	Allowance for valuation loss	Book value
Finished goods	\$	856,252	(\$ 82,955)	\$ 773,297
Merchandise inventory		373,647	( 25,110)	348,537
	\$	<u>1,229,899</u>	<u>(\$ 108,065)</u>	<u>\$ 1,121,834</u>

		December 31, 2019		
		Cost	Allowance for valuation loss	Book value
Raw materials	\$	3,916	\$ -	\$ 3,916
Finished goods		1,093,428	( 83,907)	1,009,521
Merchandise inventory		488,603	( 20,460)	468,143
	\$	<u>1,585,947</u>	<u>(\$ 104,367)</u>	<u>\$ 1,481,580</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of goods sold	\$ 30,438,901	\$ 23,055,982
Loss on (gain on reversal of) decline in market value	3,698 ( 30,833)	
	<u>\$ 30,442,599</u>	<u>\$ 23,025,149</u>

The Company reversed a previous inventory allowance for loss on decline in market value which was accounted for as reduction of cost of goods sold because of the clearance of inventories in 2019.

(6) Investments accounted for using equity method

A. Investments accounted for using the equity method were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Shown as investments accounted for using equity method</u>		
<u>Subsidiaries</u>		
Chicony Overseas Inc.	\$ 23,470,611	\$ 22,800,344
Chicony Electronics (Thailand) Co., Ltd.	544,240	230,756
Hipro Overseas (BVI) Inc.	2,593,190	2,721,424
XAVi Technology Corp.	291,398	358,188
Chicony Power Technology Co., Ltd.	4,015,643	3,146,608
Chicony Global Inc.	3,048,916	2,987,312
Unikey Electronics Co., Ltd.	478,201	1,204,078
	<u>\$ 34,442,199</u>	<u>\$ 33,448,710</u>
<u>Shown as other non-current liabilities</u>		
<u>Subsidiaries</u>		
Hipro Electronics Ltd.	<u>\$ 443,310</u>	<u>\$ 322,053</u>

B. The share of profit (loss) of subsidiaries and associates accounted for using equity method for the years ended December 31, 2020 and 2019 are as follows:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Subsidiaries</u>		
Chicony Overseas Inc.	\$ 981,748	\$ 2,616,094
Chicony Electronics (Thailand) Co., Ltd.	276,320	( 38,838)
Hipro Overseas (BVI) Inc.	34,153	38,031
XAVi Technology Corp.	74,064	80,479
Chicony Power Technology Co., Ltd.	1,130,517	833,695
Chicony Global Inc.	266,534	( 291,753)
Hipro Electronics Ltd.	16,392	17,340
Unikey Electronics Co., Ltd.	( 742,725)	498,738
	<u>\$ 2,037,003</u>	<u>\$ 3,753,786</u>

C. For the information about subsidiaries, refer to Note 4(3) of consolidated financial statements for the year ended December 31, 2020.

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Testing equipment</u>	<u>Construction in progress</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>						
Cost	\$ 327,859	\$ 1,591,225	\$ 73,971	\$ 1,978	\$ 195,239	\$ 2,190,272
Accumulated depreciation and impairment	-	( 83,278)	( 51,205)	-	( 125,305)	( 259,788)
	<u>\$ 327,859</u>	<u>\$ 1,507,947</u>	<u>\$ 22,766</u>	<u>\$ 1,978</u>	<u>\$ 69,934</u>	<u>\$ 1,930,484</u>
<u>2020</u>						
Opening net book amount as at January 1	\$ 327,859	\$ 1,507,947	\$ 22,766	\$ 1,978	\$ 69,934	\$ 1,930,484
Additions	-	-	10,059	-	4,234	14,293
Disposals	-	-	( 1)	-	( 141)	( 142)
Reclassifications	13,174	32,475	-	( 395)	425	45,679
Depreciation	-	( 28,452)	( 9,690)	-	( 23,868)	( 62,010)
Closing net book amount as at December 31	<u>\$ 341,033</u>	<u>\$ 1,511,970</u>	<u>\$ 23,134</u>	<u>\$ 1,583</u>	<u>\$ 50,584</u>	<u>\$ 1,928,304</u>
<u>At December 31, 2020</u>						
Cost	\$ 341,033	\$ 1,623,699	\$ 83,498	\$ 1,583	\$ 174,037	\$ 2,223,850
Accumulated depreciation and impairment	-	( 111,729)	( 60,364)	-	( 123,453)	( 295,546)
	<u>\$ 341,033</u>	<u>\$ 1,511,970</u>	<u>\$ 23,134</u>	<u>\$ 1,583</u>	<u>\$ 50,584</u>	<u>\$ 1,928,304</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Testing equipment</u>	<u>Construction in progress</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2019</u>						
Cost	\$ 327,859	\$ 1,592,780	\$ 60,009	\$ 36,770	\$ 154,127	\$ 2,171,545
Accumulated depreciation and impairment	-	( 54,825)	( 45,518)	-	( 103,032)	( 203,375)
	<u>\$ 327,859</u>	<u>\$ 1,537,955</u>	<u>\$ 14,491</u>	<u>\$ 36,770</u>	<u>\$ 51,095</u>	<u>\$ 1,968,170</u>
<u>2019</u>						
Opening net book amount as at January 1	\$ 327,859	\$ 1,537,955	\$ 14,491	\$ 36,770	\$ 51,095	\$ 1,968,170
Additions	-	-	14,730	1,730	6,240	22,700
Disposals	-	-	-	-	( 204)	( 204)
Reclassifications	-	( 1,556)	-	( 36,522)	36,522	( 1,556)
Depreciation	-	( 28,452)	( 6,455)	-	( 23,719)	( 58,626)
Closing net book amount as at December 31	<u>\$ 327,859</u>	<u>\$ 1,507,947</u>	<u>\$ 22,766</u>	<u>\$ 1,978</u>	<u>\$ 69,934</u>	<u>\$ 1,930,484</u>
<u>At December 31, 2019</u>						
Cost	\$ 327,859	\$ 1,591,225	\$ 73,971	\$ 1,978	\$ 195,239	\$ 2,190,272
Accumulated depreciation and impairment	-	( 83,278)	( 51,205)	-	( 125,305)	( 259,788)
	<u>\$ 327,859</u>	<u>\$ 1,507,947</u>	<u>\$ 22,766</u>	<u>\$ 1,978</u>	<u>\$ 69,934</u>	<u>\$ 1,930,484</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows: None.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Notes 6(12) and 8.

(8) Leasing arrangements - lessee

- A. The Company leases various assets including buildings, business vehicles and multifunction printers. Rental contracts are typically made for periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. Short-term leases with a lease term of 12 months or less comprise multifunction printers, low-value assets comprise certain offices and business vehicles. Those were not included in right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	Book value	Book value
Buildings and structures	\$ 98,895	\$ 118,350
	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings and structures	\$ 19,455	\$ 19,455

- D. For the years ended December 31, 2020 and 2019, the Company has no additions to right-of-use assets.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,102	\$ 1,292
Expense on short-term lease contracts	1,271	1,984
Expense on leases of low-value assets	1,006	920

- F. For the year ended December 31, 2020 and 2019, the Company's total cash outflow for leases were \$22,437 and \$23,065, respectively.

(9) Investment property

	<u>2020</u>	<u>2019</u>
At January 1	\$ 8,961,010	\$ 8,047,823
Additions – from subsequent expenditures	-	839,561
Disposal	( 2,479,067)	-
Reclassifications	( 47,778)	6,033
Gain on fair value adjustment	25,479	67,593
At December 31	<u>\$ 6,459,644</u>	<u>\$ 8,961,010</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Rental income from investment property	<u>\$ 128,702</u>	<u>\$ 121,761</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 35,103</u>	<u>\$ 41,772</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	<u>\$ 19,264</u>	<u>\$ 24,231</u>

B. Basis of investment property at fair value:

The Company's investment properties are land and buildings of office building and residential compound building. Office buildings are located in Sanchong District and Wugu District in New Taipei City. They mainly earn from rental revenue with rental period ranging from 1 to 7 years. Residential compound building is located in Sanchong District in New Taipei City. The main purpose is for sale.

The assumptions used for the years ended December 31, 2020 and 2019 are as follows:

(a) Details of the Company's investment property are as follows:

December 31, 2020				
The subject			Chicony	Residential
	CEC Headquarter	Wugu Building	Laboratory	Compound Building
Location	Sanchong District, New Taipei City	Wugu District, New Taipei City	Sanchong District, New Taipei City	Sanchong District, New Taipei City
Valuation method	Income approach	Income approach	Income approach	Income approach
Valuation firm	Panasia	Panasia	Panasia	Panasia
Appraiser	Min An, Yang	Shao You, Chung	Shao You, Chung	Min An, Yang
Evaluation basis date	December 15, 2020 (Note)	December 15, 2020 (Note)	December 15, 2020 (Note)	December 31, 2020
December 31, 2019				
The subject			Chicony	Residential
	CEC Headquarter	Wugu Building	Laboratory	Compound Building
Location	Sanchong District, New Taipei City	Wugu District, New Taipei City	Sanchong District, New Taipei City	Sanchong District, New Taipei City
Valuation method	Income approach	Income approach	Income approach	Income approach
Valuation firm	Panasia	Panasia	Panasia	Panasia
Appraiser	Shao You, Chung	Wei Yuan, Cheng	Wei Yuan, Cheng	Shao You, Chung
Evaluation basis date	December 16, 2019 (Note)	December 16, 2019 (Note)	December 16, 2019 (Note)	December 16, 2019 (Note)

Note: We obtained validity statements of appraisal report as of December 31, 2020 and 2019 from appraiser.

- (b) The Company's office buildings' (including car parks) fair value was evaluated using the discounted cash flow analysis of income approach.

The estimation process of the valuation method involves differentiating between rented and not yet rented. The former is calculated by contract rent and the latter is calculated by market price. It also considers comparative rent information of similar properties to determine annual growth range of rent; includes idle loss, decoration offset loss, and the closing balance of disposal value of that property to calculate future cash inflow, then discounted by an appropriated discount rate accumulated until the valuation date. Future cash outflow which consists of expenses directly related to operations, i.e. land tax, house tax, insurance fee, management fee, maintenance fee, replacement allocation, amortisation of agent fee and etc., is estimated based on the actual expenses incurred in the current year, taking into consideration the Company's current operating results and changes which may occur in the future.

- (c) The rent, occupancy rate and income of the Company's office buildings (including car parks) and comparative rent information of similar properties are as follows:

<u>The subject</u>	<u>Estimated rent (\$/3.3m<sup>2</sup>/month)</u>	<u>Similar comparative subject in local or market</u>	<u>Occupancy rate</u>	<u>Income of past year</u>
Year ended				
<u>December 31, 2020</u>				
CEC Headquarter	\$898~\$1,012	Equivalent to estimated rent	63.42%	\$ 105,827
Wugu Building	\$282~\$737	Equivalent to estimated rent	100%	22,040
Chicony Laboratory	\$730	Equivalent to estimated rent	100%	835
Residential				
Compound Building	\$840~\$962	Equivalent to estimated rent	-	-
<u>The subject</u>	<u>Estimated rent (\$/3.3m<sup>2</sup>/month)</u>	<u>Similar comparative subject in local or market</u>	<u>Occupancy rate</u>	<u>Income of past year</u>
Year ended				
<u>December 31, 2019</u>				
CEC Headquarter	\$887~\$1,001	Equivalent to estimated rent	62.07%	\$ 98,886
Wugu Building	\$277~\$725	Equivalent to estimated rent	100%	22,040
Chicony Laboratory	\$720	Equivalent to estimated rent	100%	835
Residential				
Compound Building	\$822~\$984	Equivalent to estimated rent	-	-

- (d) Rent growth rate is evaluated by considering the lease contract and actual market situation. Discount rate is evaluated by risk premium approach which takes the return rate on investment of the most general goods as standard, adopted the floating interest rate on a 2-year time deposits of a small amount, as posted by the Chunghwa Post Co., Ltd. plus 0.75 percentage points; and explore the liquidity, risk level, value-added level and the ease of management of the subject. The range of rent growth rate and discount rate are as follows:

December 31, 2020				
	CEC		Chicony	Residential
	Headquarter	Wugu Building	Laboratory	Compound Building
Rent growth rate	1.00%	1.00%	1.00%	1.00%
Discount rate	2.23%	2.90%	2.40%	2.12%

December 31, 2019				
	CEC		Chicony	Residential
	Headquarter	Wugu Building	Laboratory	Compound Building
Rent growth rate	1.00%	0.50%	1.00%	1.00%
Discount rate	2.40%	3.05%	2.55%	2.22%

- C. The fair value information about the investment property is provided in Note 12(3).  
D. Information about the investment property that was pledged to others as collateral is provided in Notes 6(12) and 8.  
E. Amount of borrowing costs capitalised as part of investment property and the range of the interest rates for such capitalisation are as follows:

	2020	2019
Amount capitalised	\$ -	\$ 10,054
Range of the interest rates for capitalisation	-	0.48%~1.44%

(10) Short-term borrowings

- A. The Company had no short-term borrowings on December 31, 2020.  
B. The related information on the Company's short-term borrowings on December 31, 2019 is as follows:

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank unsecured borrowings	\$ 600,000	0.8%~0.85%	None

- C. As of December 31, 2020 and 2019, the Company had issued guarantee notes for the short-term borrowings amounting to \$14,203,340 and \$13,852,580, respectively.

(11) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salary payable and annual bonus	\$ 1,076,295	\$ 689,329
Employees' compensation and directors' and supervisors' remuneration payable	895,434	892,847
Marketing allowance payable	678,581	545,079
Construction and equipment expense payable	170,490	472,277
Storage charge payable	93,728	72,771
Freight charges and customs clearing fee payable	46,758	41,973
Insurance expense payable	46,012	37,688
Others	261,390	119,195
	<u>\$ 3,268,688</u>	<u>\$ 2,871,159</u>

(12) Long-term borrowings

As of December 31, 2020 and 2019, the Company had no long-term borrowings while issued guarantee notes for the long-term borrowings amounted to \$2,000,000 and \$2,000,000, respectively.

In the fourth quarter of 2018, the Company had signed individual credit contracts with E. Sun Commercial Bank, Land Bank of Taiwan and Hua Nan Commercial Bank for long-term operating use. The contract period is 5 years, and the revolving loan facilities are \$2,000,000, \$1,000,000 and \$1,000,000, respectively. For the credit lines mentioned above, the Company has pledged partial floors of the headquarters building as described in Note 8. As of December 31, 2020, the Company has not drawn the credit line.

(13) Pensions

A. Defined benefit plan: Employee contributions

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	(\$ 288,749)	(\$ 284,256)
Fair value of plan assets	<u>122,368</u>	<u>116,760</u>
Net accrued pension liability	<u>(\$ 166,381)</u>	<u>(\$ 167,496)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2020</u>			
Balance at January 1	(\$ 284,256)	\$ 116,760	(\$ 167,496)
Current service cost	( 1,444)	-	( 1,444)
Interest (expense) income	( 2,132)	<u>890</u>	<u>( 1,242)</u>
	<u>(\$ 287,832)</u>	<u>\$ 117,650</u>	<u>(\$ 170,182)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,235	4,235
Change in demographic assumptions	( 55)	-	( 55)
Change in financial assumptions	( 9,025)	-	( 9,025)
Experience adjustments	<u>4,920</u>	<u>-</u>	<u>4,920</u>
	<u>( 4,160)</u>	<u>4,235</u>	<u>75</u>
Pension fund contribution	-	3,726	3,726
Paid pension	<u>3,243</u>	<u>( 3,243)</u>	<u>-</u>
Balance at December 31	<u>(\$ 288,749)</u>	<u>\$ 122,368</u>	<u>(\$ 166,381)</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2019</u>			
Balance at January 1	(\$ 286,990)	\$ 135,315	(\$ 151,675)
Current service cost	( 1,878)	-	( 1,878)
Interest (expense) income	( 2,870)	1,373	( 1,497)
Past service cost	( 5,288)	-	( 5,288)
	<u>(\$ 297,026)</u>	<u>\$ 136,688</u>	<u>(\$ 160,338)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,702	4,702
Change in demographic assumptions	( 208)	-	( 208)
Change in financial assumptions	( 6,397)	-	( 6,397)
Experience adjustments	( 9,085)	-	( 9,085)
	<u>( 15,690)</u>	<u>4,702</u>	<u>( 10,988)</u>
Pension fund contribution	-	3,830	3,830
Paid pension	28,460	( 28,460)	-
Balance at December 31	<u>(\$ 284,256)</u>	<u>\$ 116,760</u>	<u>(\$ 167,496)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	<u>0.375%</u>	<u>0.750%</u>
Future salary increases	<u>2.500%</u>	<u>2.500%</u>

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ <u>6,067</u> )	<u>\$ 6,273</u>	<u>\$ 6,039</u>	(\$ <u>5,873</u> )
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ <u>6,397</u> )	<u>\$ 6,623</u>	<u>\$ 6,401</u>	(\$ <u>6,216</u> )

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis during 2020 and 2019 are the same.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to \$3,797.
- (g) As of December 31, 2020, the weighted average duration of the retirement plan is 8.4 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 6,303
1-2 year(s)	29,621
2-5 years	64,371
Over 5 years	<u>95,412</u>
	<u>\$ 195,707</u>

B. Defined contribution plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2020 and 2019 were \$43,355 and \$42,908, respectively.

(14) Share-based payment

For the year ended December 31, 2019, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Treasury stock transferred to employees	2019.9.27	6,377 thousand shares	-	Vested immediately

A. Details of treasury stock transferred to employees are as follows:

	<u>2019</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at January 1	-	\$ -
Options granted	6,377	64.26
Options exercised	( 6,377)	64.26
Options outstanding at December 31	-	-
Options exercisable at December 31	-	-

B. For the year ended December 31, 2019, the weighted average stock price of options on the exercise date was NT\$92.19 (in dollars).

- C. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Treasury stock transferred to employees	2019.09.27	\$ 91.40	\$ 64.26	26.09% (Note)	19 days	-	0.44%	\$ 27.15

Note: Expected price volatility rate is estimated based on the average annualized standard deviation by using the daily rates of returns from the grant date back to 6 months ago as the hypothesised value.

- D. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2019
Equity-settled	\$ 173,052

The aforementioned options were all exercised on October 30, 2019.

(15) Share capital

- A. As of December 31, 2020, the Company's authorised capital was \$8,000,000, consisting of 800,000 thousand shares of ordinary stock and the paid-in capital was \$7,394,603 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (shares in thousands):

	2020	2019
At January 1	697,135	686,640
Employee share compensation	4,963	4,118
Treasury stock transferred to employees	-	6,377
At December 31	<u>702,098</u>	<u>697,135</u>

- B. On March 10, 2020, the Company's Board of Directors approved the employees' stock bonus amounting to \$400,000 at the previous closing price of \$80.6 (in dollars) before the day of the Board of Directors' meeting (March 9, 2020), issuing 4,963 thousand shares. The Company has obtained a letter of approval from the appropriate authorities. The issue date was set on April 8, 2020, and the Company had completed the related registration on April 21, 2020.
- C. On March 7, 2019, the Company's Board of Directors approved the employees' stock bonus amounting to \$280,000 at the previous closing price of \$68 (in dollars) before the day of the Board of Directors' meeting (March 6, 2019), issuing 4,118 thousand shares. The Company has obtained a letter of approval from the appropriate authorities. The issue date was set on April 3, 2019, and the Company had completed the related registration on April 24, 2019.

#### D. Treasury stock

- (a) Reason for stocks reacquisition and movements in the number of the Company's treasury stocks are as follows:

		December 31, 2020		
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount	Fair value (in dollars) (per share)
UNIKEY	For investment	21,174	\$ 205,795	\$ 86.20
HEC	For investment	16,189	105,482	86.20
		<u>37,363</u>	<u>\$ 311,277</u>	

		December 31, 2019		
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount	Fair value (in dollars) (per share)
UNIKEY	For investment	21,174	\$ 205,795	\$ 89.00
HEC	For investment	16,189	105,482	89.00
		<u>37,363</u>	<u>\$ 311,277</u>	

- (b) Pursuant to the R.O.C. Securities and Exchange Law, the number of stocks bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding stocks and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (e) Details of treasury stock transferred to employees are provided in Note 6(14).

#### (16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

A summary of the Company's capital surplus as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Share premium	\$ 3,877,882	\$ 3,527,510
Treasury share transactions	1,810,278	1,589,835
Difference between consideration and carrying amount of subsidiaries acquired or disposed	43,876	421,988
Changes in ownership interests in subsidiaries	679,328	573,501
Others	1,171	1,171
	<u>\$ 6,412,535</u>	<u>\$ 6,114,005</u>

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, if any; and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance and as special reserve in accordance with relevant regulations when necessary; and the remainder, if any, to be appropriated shall be proposed by the Board of Directors and resolved by the stockholders at the stockholders' meeting.
- B. The Company's dividend policy is summarised below: As the Company is belongs to the continually evolving electronics industry, the dividend policy takes into consideration the capital requirement for new products as well as increase the return on shareholders' investment. Therefore, the total amounts of stockholders' dividends should not exceed 90% of the total distributable earnings, and then the cash dividend should not be less than 10% of the total amounts of stockholders' dividends. The above mentioned restrictions will not to be applicable if total amounts of stockholders' dividends are less than \$0.5 (in dollars) per share.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.  
 (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. The Company elected to reclassify the unrealised revaluation increment and cumulative translation adjustment to unappropriated earnings and accrue special reserve by \$433,524 on initial application of IFRSs.
- E. The appropriations of 2019 and 2018 earnings had been resolved at the shareholders' meeting on June 10, 2020 and June 5, 2019, respectively, and the details are summarised below:

	Years ended December 31,			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 583,882		\$ 359,071	
Special reserve	185,424		1,244,101	
Cash dividends	4,362,815	\$ 5.90	2,766,858	\$ 3.80

F. Subsequent events: The appropriations of 2020 earnings had been proposed at the Board of Directors' meeting on March 10, 2021, and the details are summarised below:

	Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)
	Legal reserve	\$ 542,708
Special reserve	961,745	
Cash dividends	4,099,110	\$ 5.50

For the appropriations of 2020 earnings, aside from the cash dividends which have been resolved by the Board of Directors and shall only be reported to the shareholders. The remaining appropriations have not yet been resolved by the shareholders as of March 20, 2021.

(18) Other equity interest

	2020			
	<u>Currency translation</u>	<u>Unrealised gains (losses) on valuation</u>	<u>Revaluation increment</u>	<u>Total</u>
At January 1	(\$ 2,115,391)	(\$ 2,597,937)	\$ 1,381,667	(\$ 3,331,661)
Revaluation				
- Company	-	13,835	-	13,835
- Subsidiary	-	( 275,418)	-	( 275,418)
- Transfer out	-	44,132	-	44,132
Currency translation differences:				
- Company	( 685,280)	-	-	( 685,280)
- Associates	( 2,078)	-	-	( 2,078)
Revaluation increment				
- Transfer out	-	-	( 4,744)	( 4,744)
At December 31	<u>(\$ 2,802,749)</u>	<u>(\$ 2,815,388)</u>	<u>\$ 1,381,667</u>	<u>(\$ 4,236,470)</u>
	2019			
	<u>Currency translation</u>	<u>Unrealised gains (losses) on valuation</u>	<u>Revaluation increment</u>	<u>Total</u>
At January 1	(\$ 985,814)	(\$ 3,460,880)	\$ 1,381,667	(\$ 3,065,027)
Revaluation				
- Company	-	( 403,682)	-	( 403,682)
- Subsidiary	-	726,108	-	726,108
- Transfer out	-	540,517	-	540,517
Currency translation differences:				
- Company	( 1,121,851)	-	-	( 1,121,851)
- Associates	( 7,726)	-	-	( 7,726)
At December 31	<u>(\$ 2,115,391)</u>	<u>(\$ 2,597,937)</u>	<u>\$ 1,381,667</u>	<u>(\$ 3,331,661)</u>

(19) Operating revenue

A. Disaggregation of revenue from contracts with customers

	Years ended December 31,	
	2020	2019
Revenue from contracts with customers		
Electronic components products	\$ 8,686,552	\$ 7,305,403
Consumer electronic products and other electronic products	26,143,785	20,208,431
Others	1,751,212	856,008
	<u>\$ 36,581,549</u>	<u>\$ 28,369,842</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,696</u>

C. Contract liability balance at the beginning of 2019 was all included in the operating revenue.

(20) Interest income

	Years ended December 31,	
	2020	2019
Interest income from bank deposits	\$ 269	\$ 2,434
Other interest income	23,794	20,337
	<u>\$ 24,063</u>	<u>\$ 22,771</u>

(21) Other income

	Years ended December 31,	
	2020	2019
Rental revenue	\$ 128,702	\$ 121,761
Dividend income	30,589	59,378
Others	130,390	139,078
	<u>\$ 289,681</u>	<u>\$ 320,217</u>

(22) Other gains and losses

	Years ended December 31,	
	2020	2019
Net loss on financial assets and liabilities at fair value through profit or loss - derivatives instruments	\$ -	(\$ 1,210)
Net gain on financial assets and liabilities at fair value through profit or loss - other	113,857	134,595
Net currency exchange gain	1,035,063	399,545
Gain on disposal of property, plant and equipment	285	105
Gain on disposal of investment property	222,225	-
Gain on fair value adjustment of investment property	25,479	67,593
Others	(4,560)	(7,593)
	<u>\$ 1,392,349</u>	<u>\$ 593,035</u>

(23) Expenses by nature

	Years ended December 31,	
	2020	2019
Employee benefit expense	\$ 2,326,528	\$ 2,282,200
Depreciation charges on property, plant and equipment and right-of-use asset	81,465	78,081
Amortisation on intangible assets	16,519	13,123

(24) Employee benefit expense

	Years ended December 31,	
	2020	2019
Wages and salaries	\$ 2,085,402	\$ 2,055,283
Labor and health insurance fees	89,475	81,856
Pension costs	46,041	51,571
Directors' and supervisors' remuneration	52,656	48,051
Other personnel expenses	52,954	45,439
	<u>\$ 2,326,528</u>	<u>\$ 2,282,200</u>

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 11% for employees' compensation and shall not be higher than 1% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$847,551 and \$838,112, respectively; directors' and supervisors' remuneration was accrued at \$52,656 and \$52,070, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 11.75% and 0.73% of distributable profit of current year for the year ended December 31, 2020, respectively. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$847,551 and \$52,656, respectively, and the employees' compensation will be distributed in the form of cash and shares.

C. Employees' compensation of \$838,112 and directors' and supervisors' remuneration of \$52,070 for 2019 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2019 financial statements. For the year ended December 31, 2019, 4,963 thousand shares of stock were issued as employee compensation, and the number of shares were calculated based on the price of \$80.6 (in dollars).

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

D. As of December 31, 2020 and 2019, the Company had 858 and 797 employees, respectively. There were both 6 directors who have not served as employees as of December 31, 2020 and 2019.

E. (a) Average employee benefit expense in 2020 and 2019 was \$2,650 and \$2,824, respectively.

(b) Average employee salaries in 2020 and 2019 were \$2,431 and \$2,598, respectively.

(c) Adjustment of average employee salaries was (6%).

(d) Directors who have not served as employees were not included in the calculation of the abovementioned average employee benefit expense and employee salaries.

(e) The Company has no supervisors' remuneration as it has set up an audit committee.

F. The Company's remuneration policy is as follows:

Remuneration of directors (including independent directors) includes rewards and directors' remuneration from earnings distribution. The remuneration is determined by the remuneration committee after considering directors' participation in the operation of the Company and the value of their contribution to the Company. Remuneration of general manager and vice general manager includes salaries, bonuses, employees' compensation and pensions contributed under regulations. The remuneration is determined by the remuneration committee after considering the Company's annual operating revenue, profit performance and the achievement of the managers' performance goals and referring to the performance and the general pay levels of the industry.

Remuneration of employees includes monthly salaries, bonuses and employees' compensation. The salary standard of the employees is determined based on the position, education and experience background, professional knowledge and market value. The employees' compensation will be distributed in the form of shares or cash as resolved by the Board of Directors. The

Company appraises performance of its employees regularly every year to make sure it knows well about its employees' working performance and uses the appraisal as basis for promotion, training development and remuneration distribution.

Remuneration of directors and managers as well as employees' compensation are reported to the Board of Directors for resolution after being discussed by the remuneration committee.

(25) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense		
Bank loan	\$ 14,704	\$ 44,563
Lease liability	1,102	1,292
Others	43,152	3,194
Less: Capitalisation of qualifying assets	-	(10,054)
	<u>\$ 58,958</u>	<u>\$ 38,995</u>

(26) Income tax

A. Income tax expense

	Years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 981,353	\$ 187,463
Tax on undistributed earnings	7,652	1,455
Prior year income tax overestimation	(75,055)	-
Income tax expense	<u>913,950</u>	<u>188,918</u>
Deferred tax:		
Origination and reversal of temporary differences	(67,721)	224,007
Income tax expense	<u>\$ 846,229</u>	<u>\$ 412,925</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	\$ 1,262,599	\$ 1,250,348
Prior year income tax overestimation	(75,055)	-
Tax on undistributed earnings	7,652	1,455
Effect from items adjusted in accordance with tax regulation	(348,967)	(838,878)
Income tax expense	<u>\$ 846,229</u>	<u>\$ 412,925</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and investment tax credits are as follows:

	2020		
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>December 31</u>
Temporary differences:			
- Deferred tax liabilities:			
Fair value adjustment of investment property	(\$ 503,041)	\$ 126,769	(\$ 376,272)
Unrealised exchange gain	( 97,096)	( 59,048)	( 156,144)
	<u>(\$ 600,137)</u>	<u>\$ 67,721</u>	<u>(\$ 532,416)</u>
	2019		
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>December 31</u>
Temporary differences:			
- Deferred tax liabilities:			
Fair value adjustment of investment property	(\$ 376,130)	(\$ 126,911)	(\$ 503,041)
Unrealised exchange gain	-	( 97,096)	( 97,096)
	<u>(\$ 376,130)</u>	<u>(\$ 224,007)</u>	<u>(\$ 600,137)</u>

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Deductible temporary differences	<u>\$ 990,302</u>	<u>\$ 986,603</u>

E. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(27) Earnings per share

	<u>Year ended December 31, 2020</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 5,466,764	701,161	\$ <u>7.80</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	<u>-</u>	<u>10,767</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ <u>5,466,764</u>	<u>711,928</u>	\$ <u>7.68</u>
	<u>Year ended December 31, 2019</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 5,838,817	691,107	\$ <u>8.45</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	<u>-</u>	<u>10,149</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ <u>5,838,817</u>	<u>701,256</u>	\$ <u>8.33</u>

(28) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2020	2019
Purchase of property, plant and equipment	\$ 14,293	\$ 22,700
Add: Opening balance of payable on equipment	8,811	121,976
Less: Ending balance of payable on equipment	( 3,514)	( 8,811)
Cash paid during the year	<u>\$ 19,590</u>	<u>\$ 135,865</u>

(29) Changes in liabilities from financing activities

	2020			
	Short-term borrowings	Lease liability	Other payables - related parties	Total
At January 1	\$ 600,000	\$ 118,936	\$ 729,243	\$ 1,448,179
Changes in cash flow from financing activities	( 600,000)	( 19,058)	7,547,283	6,928,225
At December 31	<u>\$ -</u>	<u>\$ 99,878</u>	<u>\$ 8,276,526</u>	<u>\$ 8,376,404</u>

	2019			
	Short-term borrowings	Lease liability	Other payables - related parties	Total
At January 1	\$ 3,130,000	\$ 137,805	\$ 357,830	\$ 3,625,635
Changes in cash flow from financing activities	( 2,530,000)	( 18,869)	371,413	( 2,177,456)
At December 31	<u>\$ 600,000</u>	<u>\$ 118,936</u>	<u>\$ 729,243</u>	<u>\$ 1,448,179</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Chicony Electronics (DongGuan) Co., Ltd.	Subsidiary
Chicony Electronics (Suzhou) Co., Ltd.	Subsidiary
Chicony Electronics (Chong-Qing) Co., Ltd.	Subsidiary
Mao-Ray Electronics (DongGuan) Co., Ltd.	Subsidiary
Unikey Electronics Co., Ltd.	Subsidiary
Hipro Electronics Ltd.	Subsidiary
Quansun Investment Corp. Ltd.	Subsidiary
Chicony Electronics (Thailand) Co., Ltd	Subsidiary
Chicony Global Inc.	Subsidiary
Chicony Overseas Inc.	Subsidiary
Mao-Feng International Inc.	Subsidiary
Real Young Electronics Co., Ltd	Subsidiary
ShunOn Electronic Co.	Other related party
Clevo Co.	Other related party
Hongwell	Other related party

Note: For the rest of the names of and relationship with related parties, please refer to Note 4(3) of consolidated financial statements.

### (2) Significant related party transactions

#### A. Operating revenue:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Sales of goods:		
- Subsidiaries	\$ 4,862	\$ 6,363
- Other related parties	2,196	2,337
Sales of services:		
- Chicony Global Inc.	1,639,600	642,802
- Chicony Electronics (Suzhou) Co., Ltd.	28,824	131,628
- Other subsidiaries	74,484	68,227
	<u>\$ 1,749,966</u>	<u>\$ 851,357</u>

The price, terms of the sale and related contracts with related parties were the same with those to third parties, with reasonable rebates. In general, the collection periods ranged from 60 to 90 days. However, extension is given depending on the financial situation of related parties.

B. Purchases:

	Years ended December 31,	
	2020	2019
Purchases of goods:		
- Chicony Electronics (Suzhou) Co., Ltd.	\$ 10,251,441	\$ 7,585,918
- Chicony Electronics (Thailand) Co., Ltd.	6,832,902	988
- Chicony Electronics (DongGuan) Co., Ltd.	6,539,090	8,907,899
- Mao-Ray Electronics (DongGuan) Co., Ltd.	4,354,564	4,517,159
- Other subsidiaries	298,240	293,406
	<u>\$ 28,276,237</u>	<u>\$ 21,305,370</u>

The terms of the purchases from related parties were the same as those to third parties.

C. Receivables from related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable:		
- Chicony Electronics (Chong-Qing) Co., Ltd.	\$ 71,185	\$ 66,930
- Chicony Electronics (Suzhou) Co., Ltd.	26,943	138,588
- Other subsidiaries	7	29
- Other related parties	50	1,990
	<u>98,185</u>	<u>207,537</u>
Other receivables		
- Chicony Global Inc.	574,219	233,937
- Real Young Electronics Co., Ltd	505,318	582,932
- Other subsidiaries	27,042	28,515
- Other related parties	-	101
	<u>1,106,579</u>	<u>845,485</u>
	<u>\$ 1,204,764</u>	<u>\$ 1,053,022</u>

- (a) The receivables from related parties arise mainly from sale transactions and providing marketing services. The credit term is limited from 60 to 90 days after the date of transaction. However, extension is given depending on the financial situation of related parties. The receivables are unsecured in nature and bear no interest. There was no allowance for doubtful accounts receivable from related parties.
- (b) Other non-operating receivables due from related parties mainly arose from payments on behalf of others, management consulting service income, office rental income (no interest charged) and interest receivables from loans to related parties.

D. Payables to related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable:		
- Chicony Electronics (Suzhou) Co., Ltd.	\$ 6,793,433	\$ 5,625,590
- Chicony Electronics (DongGuan) Co., Ltd.	5,025,106	13,665,270
- Mao-Ray Electronics (DongGuan) Co., Ltd.	2,997,522	3,398,726
- Chicony Electronics (Thailand) Co., Ltd	1,023,161	973
- Other subsidiaries	106,502	73,661
- Other related parties	<u>12</u>	<u>-</u>
	<u>15,945,736</u>	<u>22,764,220</u>
Other payables:		
- Other subsidiaries	255,793	53,324
- Mao-Feng International Inc.	8,792	699,543
- Other related parties	<u>-</u>	<u>1,655</u>
	<u>264,585</u>	<u>754,522</u>
	<u>\$ 16,210,321</u>	<u>\$ 23,518,742</u>

(a) The payables from related parties arise mainly from purchase transactions. The credit term is limited from 60 to 180 days after the date of transaction. The payables are unsecured in nature and bear no interest.

(b) Other accounts payable to related parties mainly arose from service expense, collection of payments on behalf of others, payments on behalf of related parties and interest payable on loans.

E. Service purchase – commission, maintenance and repair services and marketing service expense

	<u>Years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	<u>\$ 35,538</u>	<u>\$ 29,004</u>

F. Lease transactions - lessor

(a) As of December 31, 2020, the main lease contracts between the Company and related parties are as follows:

<u>Lessee</u>	<u>Leased object</u>	<u>Lease payment</u>	<u>Lease term</u>
Subsidiaries	Buildings and structures	\$ 4,018/ month	Less than one year
Subsidiaries	Buildings and structures	\$ 714/ month	2018.01.01~2024.01.01
Subsidiaries	Buildings and structures	\$ 452/ month	2019.10.01~2020.09.30
Subsidiaries	Buildings and structures	\$ 428/ month	2020.10.01~2023.09.30
Subsidiaries	Buildings and structures	\$ 99/ month	2016.10.01~2020.09.30
Subsidiaries	Buildings and structures	\$ 99/ month	2020.10.01~2023.09.30
Other related parties	Buildings and structures	\$ 213/ month	2020.09.01~2022.08.31

(b) The Company's rental income during the year derived from leasing offices to related parties is as follows:

	<u>Years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 62,409	\$ 59,926
Other related parties	854	-
	<u>\$ 63,263</u>	<u>\$ 59,926</u>

G. Management consulting service income (shown as 'Miscellaneous income - others')

	<u>Years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 22,143	\$ 25,725

H. Dividend income

	<u>Years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries (shown as deductions from 'Investments accounted for using equity method')	\$ 700,696	\$ 643,537
Other related parties (shown as 'Other income')	5,240	12,141
	<u>\$ 705,936</u>	<u>\$ 655,678</u>

I. Dividend expenditure

	Years ended December 31	
	2020	2019
Subsidiaries (shown as ‘Addition to investments accounted for using equity method’)	\$ 220,443	\$ 141,980

J. Financing

(a) Loans to related parties:

i. Outstanding balance:

	December 31, 2020	December 31, 2019
Unikey Electronics Co., Ltd.	\$ 1,132,000	\$ 1,251,500
Quansun Investment Corp. Ltd.	604,000	603,000
Hipro Electronics Ltd.	435,000	-
Other subsidiaries	194,000	342,050
	<u>\$ 2,365,000</u>	<u>\$ 2,196,550</u>

ii. Interest income:

	Years ended December 31,	
	2020	2019
Unikey Electronics Co., Ltd.	\$ 11,013	\$ 11,743
Quansun Investment Corp. Ltd.	5,646	6,072
Hipro Electronics Ltd.	1,163	-
Other subsidiaries	5,972	2,522
	<u>\$ 23,794</u>	<u>\$ 20,337</u>

(b) Loans from related parties:

i. Outstanding balance:

	December 31, 2020	December 31, 2019
Chicony Overseas Inc.	\$ 3,389,329	\$ -
Chicony Global Inc.	2,391,505	729,243
Mao-Feng International Inc.	1,987,462	-
Other subsidiaries	508,230	-
	<u>\$ 8,276,526</u>	<u>\$ 729,243</u>

ii. Interest income:

	Years ended December 31,	
	2020	2019
Chicony Overseas Inc.	\$ 18,597	\$ -
Chicony Global Inc.	14,407	2,587
Mao-Feng International Inc.	8,792	-
Other subsidiaries	1,356	-
	<u>\$ 43,152</u>	<u>\$ 2,587</u>

K. Endorsements and guarantees and commitments

As of December 31, 2020 and 2019, the credit guarantee provided by the Company to subsidiaries' borrowings are as follows:

Subsidiaries	Years ended December 31,	
	2020	2019
	<u>\$ 338,820</u>	<u>\$ 360,120</u>

(3) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	\$ 95,778	\$ 96,933
Termination benefits	1,689	1,684
Share-based payments	122,756	130,121
	<u>\$ 220,223</u>	<u>\$ 228,738</u>

8. PLEGDED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2020	December 31, 2019	
Refundable deposits (shown as "Other non-current assets")	\$ 6,326	\$ 44,809	Bid bond and margin for operating lease
Property, plant and equipment	523,726	436,703	Long-term borrowings
Investment property	4,320,404	4,278,523	Long-term borrowings
	<u>\$ 4,850,456</u>	<u>\$ 4,760,035</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to the information in Notes 6(10) and 6(12), more information on significant commitments and contingencies is disclosed as follows:

- (1) As of December 31, 2020, for bank loans, financing forward exchange contracts, bill purchased and commercial paper issuance, the Company provided standby promissory notes payable totaling \$18,442,575 as security.
- (2) As of December 31, 2020, the capital expenditures that have not yet been incurred amounted to \$53,550.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 10, 2021, the Board of Directors during its meeting resolved the distribution of 2020 earnings and proposed the distribution of employees' compensation and directors' and supervisors' remuneration. The information is provided in Notes 6(17) and 6(24).

## 12. OTHERS

### (1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss - current	\$ 510,732	\$ 562,837
Financial assets at fair value through other comprehensive income - current	990,796	955,070
Financial assets mandatorily measured at fair value through profit or loss - non-current	714,781	630,998
Financial assets at fair value through other comprehensive income - non-current	70,803	93,252
Financial assets at amortised cost		
Cash and cash equivalents	666,415	731,671
Notes receivable	10,162	11,312
Accounts receivable (including related parties)	7,529,248	4,975,317
Other receivables (including related parties)	3,530,692	3,061,482
Guarantee deposits paid	6,326	44,809
	<u>\$ 14,029,955</u>	<u>\$ 11,066,748</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ -	\$ 600,000
Notes payable	3,663	3,663
Accounts payable (including related parties)	16,218,860	23,103,444
Other payables (including related parties)	11,809,799	4,354,924
Lease liability	99,878	118,936
	<u>\$ 28,132,200</u>	<u>\$ 28,180,967</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency swap contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- C. Significant financial risks and degrees of financial risks
- (a) Market risk
- Foreign exchange risk
- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
  - ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
  - iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020			Year ended December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD 290,397	28.235	\$ 8,199,359	1%	\$ 81,994	\$ -
<u>Non-Monetary items</u>						
USD:NTD	USD 1,038,476	28.235	\$ 29,321,360	1%	\$ -	\$ 293,214
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD 883,405	28.235	\$ 24,942,940	1%	\$ 249,429	\$ -
	December 31, 2019			Year ended December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD 208,766	30.010	\$ 6,301,927	1%	\$ 63,019	\$ -
<u>Non-Monetary items</u>						
USD:NTD	USD 958,611	30.010	\$ 28,767,926	1%	\$ -	\$ 287,679
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD 825,584	30.010	\$ 24,775,775	1%	\$ 247,758	\$ -

Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019, amounted to \$1,035,063 and \$399,545, respectively.

#### Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$12,255 and \$11,908, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$10,616 and \$10,483, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2020 and 2019, the Company's borrowings at variable rate were denominated in the NTD, USD and JPY.

At December 31, 2020 and 2019, if market interest rates had been 25bp higher with all other variables held constant, other comprehensive income for the years ended December 31, 2020 and 2019 would have been \$0 and \$252 higher, respectively.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms and the contract cash flows of debt instruments stated at amortised cost and fair value through profit or loss.

- ii. According to the Company's internal management policy, the Company only trade with the good credit bank. According to the credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company classifies customer's accounts receivable, contract assets and rents receivable in accordance with customer types. The Company applies the simplified approach using the provision matrix to estimate expected credit loss.
- v. According to the Company's internal management policy, the default occurs when the contract payments are past due over 360 days.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On December 31, 2020 and 2019, the provision matrix is as follows:

	Expected loss rate	Total book value	Loss allowance
<u>December 31, 2020</u>			
Not past due	0%~0.3%	\$ 7,132,955	\$ -
1 to 30 days past due	2%~5%	241,656	243
31 to 120 days past due	3%~10%	147,126	375
121 to 125 days past due	10%~20%	9,032	903
Over 360 days past due	100%	32,354	32,354
		<u>\$ 7,563,123</u>	<u>\$ 33,875</u>

	Expected loss rate	Total book value	Loss allowance
<u>December 31, 2019</u>			
Not past due	0%~0.3%	\$ 4,633,776	\$ -
1 to 30 days past due	2%~5%	214,178	304
31 to 120 days past due	3%~10%	127,975	308
121 to 125 days past due	20%~30%	-	-
Over 360 days past due	100%	32,354	32,354
		<u>\$ 5,008,283</u>	<u>\$ 32,966</u>

viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2020</u>	<u>2019</u>
	Accounts receivable	Accounts receivable
At January 1	\$ 32,966	\$ 40,099
Provision for (reversal of) impairment	909	( 2,956)
Write-offs	-	( 4,177)
At December 31	<u>\$ 33,875</u>	<u>\$ 32,966</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.
- ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2020 and 2019, the Company held money market position of \$2,167,943 and \$2,249,280, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Expiring within one year	\$ 14,203,340	\$ 13,252,580
Expiring beyond one year	4,000,000	4,000,000
	<u>\$ 18,203,340</u>	<u>\$ 17,252,580</u>

iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2020

<u>Non-derivative financial liabilities:</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Accounts payable (including related parties)	\$ 16,218,860	\$ -
Other payables (including related parties)	11,809,799	-
Lease liability	20,160	82,320

December 31, 2019

<u>Non-derivative financial liabilities:</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 600,172	\$ -
Accounts payable (including related parties)	23,103,444	-
Other payables (including related parties)	4,354,924	-
Lease liability	20,160	102,480

### (3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks (including emerging stocks), beneficiary certificates and convertible bonds, is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in certain derivative instruments and investment property is included in Level 3.

B. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, notes payable, accounts payable and other payables (including related parties) are approximate to their fair values.

C. The related information on financial instruments were at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 510,732	\$ -	\$ -	\$ 510,732
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	532,624	532,624
Beneficiary certificates	18,090	-	164,067	182,157
Financial assets measured at fair value through other comprehensive income - current				
Equity securities	990,796	-	-	990,796
Financial assets measured at fair value through other comprehensive income - non-current				
Equity securities	-	10,899	59,904	70,803
Investment property (Note)	-	-	6,459,644	6,459,644
	<u>\$ 1,519,618</u>	<u>\$ 10,899</u>	<u>\$ 7,216,239</u>	<u>\$ 8,746,756</u>

December 31, 2019	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 451,697	\$ -	\$ -	\$ 451,697
Debt securities	3,000	-	-	3,000
Beneficiary certificates	108,140	-	-	108,140
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	518,318	518,318
Beneficiary certificates	28,620	-	84,060	112,680
Financial assets measured at fair value through other comprehensive income - current				
Equity securities	955,070	-	-	955,070
Financial assets measured at fair value through other comprehensive income - non-current				
Equity securities	-	12,758	80,494	93,252
Investment property (Note)	-	-	8,961,010	8,961,010
	<u>\$ 1,546,527</u>	<u>\$ 12,758</u>	<u>\$ 9,643,882</u>	<u>\$ 11,203,167</u>

Note: Investment property measured at fair value.

(b) The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Emerging shares</u>	<u>Open-end fund</u>	<u>Convertible bond</u>
Market quoted price	Closing price	Average trade price	Net asset value	Closing

D. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	2020		
	Beneficiary certificates	Equity securities	Total
At January 1	\$ 84,060	\$ 598,812	\$ 682,872
Acquired in the year	87,000	-	87,000
Sold in the year	-	( 23,473)	( 23,473)
(Losses) gains recognised in profit or loss	( 6,993)	37,779	30,786
Gains recognised in other comprehensive income	-	( 20,590)	( 20,590)
At December 31	<u>\$ 164,067</u>	<u>\$ 592,528</u>	<u>\$ 756,595</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2020 (Recorded under other gains and losses)	<u>(\$ 6,993)</u>	<u>\$ 37,779</u>	<u>\$ 30,786</u>
	2019		
	Beneficiary certificates	Equity securities	Total
At January 1	\$ 87,750	\$ 519,160	\$ 606,910
Acquired in the year	-	30,000	30,000
Sold in the year	-	( 15,407)	( 15,407)
(Losses) gains recognised in profit or loss	( 3,690)	78,392	74,702
Gains recognised in other comprehensive income	-	( 13,333)	( 13,333)
At December 31	<u>\$ 84,060</u>	<u>\$ 598,812</u>	<u>\$ 682,872</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2019 (Recorded under other gains and losses)	<u>(\$ 3,690)</u>	<u>\$ 78,392</u>	<u>\$ 74,702</u>

For the information on investment property movement in level 3, please refer to Note 6(9).

F. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 6,725	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
"	585,803	Net asset value	N/A	-	N/A
Venture capital shares	164,067	Net asset value	N/A	-	N/A
Private equity fund investment					
Investment property	6,459,644	Income approach	Revenue growth rate, discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value
	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 11,790	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
"	587,022	Net asset value	N/A	-	N/A
Venture capital shares	84,060	Net asset value	N/A	-	N/A
Private equity fund investment					
Investment property	8,961,010	Income approach	Revenue growth rate, discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Market approach,	±1%	\$ 5,326	(\$ 5,326)	\$ 599	(\$ 599)
Beneficiary certificates	Net asset value	±1%	1,641	( 1,641)	-	-
			<u>\$ 6,967</u>	<u>(\$ 6,967)</u>	<u>\$ 599</u>	<u>(\$ 599)</u>
			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Market approach,	±1%	\$ 5,183	(\$ 5,183)	\$ 805	(\$ 805)
Beneficiary certificates	Net asset value	±1%	841	( 841)	-	-
			<u>\$ 6,024</u>	<u>(\$ 6,024)</u>	<u>\$ 805</u>	<u>(\$ 805)</u>

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 6.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more:  
Please refer to table 8.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 6(22) in the consolidated financial statements.

J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 10.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 13(1).

(4) Major shareholders information

Major shareholders information: Please refer to table 12.

14. SEGMENT INFORMATION

Not applicable.

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF CASH AND CASH EQUIVALENTS  
December 31, 2020  
(In thousands of New Taiwan dollars)

Items	Summary	Amount
Cash on hand and revolving funds		\$ 187
Foreign currency on hand	USD 5.7 @ 28.235	161
Foreign currency deposits	USD 15,932 @ 28.235	449,718
Checking accounts and demand deposits		216,349
		<u>\$ 666,415</u>

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT  
Year ended December 31, 2020  
(In thousands of New Taiwan dollars)

<u>Name of financial instrument</u>	<u>Summary</u>	<u>No. of shares/sheets/ units (Note)</u>	<u>Face value</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Acquisition Cost</u>	<u>Fair value</u>	
							<u>Unit price</u>	<u>Amount</u>
<u>Listed stocks</u>								
Laster Tech Corporation Ltd.		4,923				\$ 449,675	\$ 49.05	\$ 241,454
MOSA INDUSTRIAL CORPORATION		485				28,054	30.00	14,550
Newmax Technology Co., Ltd.		1,244				82,332	52.20	64,916
Wiwynn Corporation		118				81,290	704.00	83,072
ZILLTEK TECHNOLOGY CORP.		245				49,270	211.00	51,695
ALLIED CIRCUIT CO., LTD.		255				38,266	121.00	30,855
ASLAN Pharmaceuticals Limited		220				52,241	51.67	11,430
						<u>781,128</u>		<u>497,972</u>
<u>Unlisted stocks</u>								
JHL Biotech Inc. Taiwan		290				\$ 20,809	44.00	\$ 12,760
						<u>\$ 801,937</u>		<u>\$ 510,732</u>

Note: In thousand shares/thousand sheet/thousand units

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – CURRENT  
Year ended December 31, 2020  
(In thousands of New Taiwan dollars)

Name of financial instrument	Summary	No. of shares/sheets/ units (Note)	Face value	Amount	Interest rate	Acquisition	Fair value	
						Cost	Unit price	Amount
<u>Listed stocks</u>								
Clevo Co.		13,101				\$ 564,539	\$ 30.10	\$ 394,327
Genesis Photonics Inc.		304				21,350	3.71	1,129
AcBel Polytech Inc.		3,727				172,043	28.95	107,897
ShunOn Electronic Co.		11,698				252,638	39.15	457,987
Alcor Micro Corp.		1,396				54,933	21.10	29,456
						<u>\$ 1,065,503</u>		<u>\$ 990,796</u>

Note: In thousand shares/thousand sheet/thousand units

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF ACCOUNTS RECEIVABLE  
December 31, 2020  
(In thousands of New Taiwan dollars)

Client Name	Summary	Amount	Remark
<u>Client</u>			
A Company		\$ 1,585,635	
B Company		928,155	
C Company		806,382	
D Company		800,088	
E Company		475,237	
Others		<u>2,869,441</u>	Amount past due over one year is \$32,354
		7,464,938	Each individual customer balance did not exceed 5% of the account balance.
Less: Allowance for doubtful accounts		( <u>33,875</u> )	
		<u>\$ 7,431,063</u>	
<u>Related parties</u>			
Chicony Electronics (Chong-Qing) Co., Ltd.		\$ 71,185	
Chicony Electronics (Suzhou) Co., Ltd.		26,943	
Others		<u>57</u>	
		<u>\$ 98,185</u>	

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF OTHER RECEIVABLES – RELATED PARTY  
December 31, 2020  
(In thousands of New Taiwan dollars)

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Unikey Electronics Co., Ltd.	\$	1,135,029	
Quansun Investment Corp. Ltd.		605,615	
Chicony Global Inc.		574,219	
Real Young Electronics Co., Ltd.		505,318	
Hipro Electronics Ltd.		436,189	
Qun-Jing Power Co., Ltd.		194,519	
Others		20,690	
	\$	<u>3,471,579</u>	

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF INVENTORIES  
December 31, 2020  
(In thousands of New Taiwan dollars)

<u>Items</u>	<u>Summary</u>	<u>Amount</u>		<u>Remark</u>
		<u>Costs</u>	<u>Net realisable value</u>	
Work in progress		\$ 856,252	\$ 856,954	
Finished goods		373,647	466,823	
Less: Allowance for valuation loss		( 108,065)	-	
		<u>\$ 1,121,834</u>	<u>\$ 1,323,777</u>	

**CHICONY ELECTRONICS CO., LTD.**  
**DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – NON-CURRENT**  
**Year ended December 31, 2020**  
(In thousands of New Taiwan dollars)

Name and type		At January 1		Additions for the year		Decrease for the year		At December 31	
		Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value
WK Venture Capital Management Co., Ltd.	Stock	15,380	\$ 246,080	-	\$ 25,858	-	\$ -	15,380	\$ 271,938
Top Taiwan Venture Capital Management Co., Ltd.	"	7,500	68,672	-	3,533	-	-	7,500	72,205
Chen Ding Venture Capital Management Co., Ltd.	"	10,000	107,820	-	4,114	-	-	10,000	111,934
Sheng Da Venture Capital Management Co., Ltd.	"	3,000	30,000	-	3,000	-	-	3,000	33,000
Magi Capital Venture Co., Ltd.	Preferred stock	454	65,746	-	1,274 (	( 91) (	23,473)	363	43,547
Fuh Hwa Smart Energy Securities Investment Trust Fund	Beneficiary certificates	9,000	84,060	-	-	- (	6,210)	9,000	77,850
Fuh Hwa Securities Investment Trust Fund	"	-	-	8,700	87,000	- (	783)	8,700	86,217
Fuh Hwa New Oriental Securities Investment Trust Fund	"	9,000	28,620	-	-	- (	10,530)	9,000	18,090
			<u>\$ 630,998</u>		<u>\$ 124,779</u>		<u>(\$ 40,996)</u>		<u>\$ 714,781</u>

**CHICONY ELECTRONICS CO., LTD.**  
**DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT**  
**Year ended December 31, 2020**  
(In thousands of New Taiwan dollars)

Name and type	At January 1		Additions for the year		Decrease for the year		At December 31		
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value	
TAIPEI TECH Venture Capital Co., Ltd.	Stock	3,500	\$ 46,427	-	\$ 823	-	\$ -	3,500	\$ 47,250
Maxima Ventures I, Inc.	"	13	131	-	-	-	-	13	131
Maxima Ventures II, Inc.	"	3,000	18,777	-	-	-	( 14,130)	3,000	4,647
Taiwan Cultural and Creative Co., Ltd.	"	1,600	3,369	-	-	-	( 2,218)	1,600	1,151
MKD Technology Inc.	"	1,600	11,790	-	-	-	( 5,065)	1,600	6,725
Genesis Photonics Inc.	Private stock	4,225	12,758	-	-	-	( 1,859)	4,225	10,899
			<u>\$ 93,252</u>		<u>\$ 823</u>		<u>(\$ 23,272)</u>		<u>\$ 70,803</u>

Note: The reason for additions and decreases in financial assets at fair value through other comprehensive income - non-current was fair value valuation.

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
(INCLUDING OTHER NONCURRENT LIABILITIES – OTHER)  
Year ended December 31, 2020  
(In thousands of New Taiwan dollars)

Name	Balance at January 1		Additions for the year		Reductions for the year		Transfers for the year		Balance at December 31			Fair value or net assets value			Remark
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Ownership	Amount	Unit price	Total amount	Collateral	
<u>Shown as investments accounted for using equity method</u>															
Chicony Overseas Inc.	1,000	\$ 22,800,344	-	\$ 998,257	-	(\$ 327,990)	-	\$ -	1,000	100%	\$ 23,470,611	-	\$ 23,405,214	None	
Chicony Electronics (Thailand) Co., Ltd.	4,323,384	230,756	520,000	326,657	-	( 13,173)	-	-	4,843,384	73.02%	544,240	-	544,240	"	
Hipro Overseas (BVI) Inc.	12,560,000	2,721,424	-	34,153	-	( 162,387)	-	-	12,560,000	100%	2,593,190	-	2,593,190	"	
Chicony Power Technology Co.,	188,409,594	3,146,608	12,058,000	1,807,373	-	( 938,338)	-	-	200,467,594	51.69%	4,015,643	-	4,917,685	"	
XAVi Electronics Ltd.	45,642,273	358,188	-	81,214	( 13,213,831)	( 148,004)	-	-	32,428,442	46.63%	291,398	-	387,792	"	
Chicony Global Inc.	1,000,000	2,987,312	-	266,534	-	( 204,930)	-	-	1,000,000	100%	3,048,916	-	3,323,763	"	
Unikey Electronics Co., Ltd.	90,000,000	1,204,078	-	128,938	-	( 854,815)	-	-	90,000,000	100%	478,201	-	2,303,425	"	
<u>Shown as other non-current liabilities - other</u>															
Hipro Electronics Ltd.	4,660,000	( 322,053)	-	112,974	-	( 234,231)	-	-	4,660,000	100%	( 443,310)	-	952,177	None	
		<u>\$ 33,126,657</u>		<u>\$ 3,756,100</u>		<u>(\$ 2,883,868)</u>		<u>\$ -</u>			<u>\$ 33,998,889</u>				

Note 1: The reason of additions in investment accounted for using equity method was increasing in share of profit of associates and joint ventures accounted for using equity method, financial statements translation differences of foreign operations under equity method, unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income under equity method, and cash dividends paid to the subsidiaries.

Note 2: The reason of decrease in investment accounted for using equity method was disposal of investments, increasing in share of loss of associates and joint ventures accounted for using equity method, financial statements translation differences of foreign operations under equity method, unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income under equity method, adjustments to share of changes in equity of associates and joint ventures, and cash dividends received from the subsidiaries.

Note 3: The reason of differences between the balance at December 31 and the net assets value of investments was unrealised gross profit and subsidiaries holding the Copmany's stock which treated as treasury stock writing off investments accounted for using equity method.

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF PROPERTY, PLANT AND EQUIPMENT  
Year ended December 31, 2020  
(In thousands of New Taiwan dollars)

Please refer to Note 6(7) Property, plant and equipment.

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF RIGHT-OF-USE ASSET  
Year ended December 31, 2020  
(In thousands of New Taiwan dollars)

Items	Balance at January 1	Additions for the year	Decrease for the year	Depreciation expense	Balance at December 31	Collateral	Remark
Buildings and structures	\$ 118,350	\$ -	\$ -	(\$ 19,455)	\$ 98,895	None	

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF ACCOUNTS PAYABLE  
December 31, 2020  
(In thousands of New Taiwan dollars)

Client Name	Summary	Amount	Remark
<u>Client</u>			
A Company		\$ 66,323	
B Company		55,585	
C Company		28,989	
D Company		23,828	
E Company		14,102	
Others		84,297	Each individual customer balance did
		<u>\$ 273,124</u>	not exceed 5% of the account balance.
<u>Related parties</u>			
Chicony Electronics (Suzhou) Co., Ltd.		\$ 6,793,433	
Chicony Electronics (DongGuan) Co., Ltd.		5,025,106	
Mao-Ray Electronics (DongGuan) Co., Ltd.		2,997,522	
Chicony Electronics (Thailand) Co., Ltd		1,023,161	
Others		106,514	
		<u>\$ 15,945,736</u>	

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF OTHER PAYABLES  
December 31, 2020  
(In thousands of New Taiwan dollars)

Please refer to Note 6(11) Other payables.

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF LEASE LIABILITIES  
December 31, 2020  
(In thousands of New Taiwan dollars)

Items	Lease term	Discount rate	Balance at December 31	Remark
Buildings and structures	February 1, 2018 to January 31, 2026	1%	\$ <u>99,878</u>	

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF SALES REVENUE  
Year ended December 31, 2020  
(In thousands of New Taiwan dollars)

<u>Items</u>	<u>Shipments</u>	<u>Amount</u>	<u>Remark</u>
Electronic component products	40,880 pieces	\$ 8,686,552	
Consumer electronic products and other electronic products	49,656 pieces	26,143,785	
Others		1,751,212	
		<u>\$ 36,581,549</u>	

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF OPERATING COSTS  
Year ended December 31, 2020  
(In thousands of New Taiwan dollars)

Items	Amount
Materials at January 1	\$ 3,916
Add: Purchases	918
Less: Materials at December 31	-
Cost of materials sold	( 4,764)
Transfer to operating expenses	( 70)
Materials used during the year	-
Direct labor	-
Manufacturing expenses	-
Manufacturing cost	-
Add: Finished goods inventory at January 1	1,582,031
Purchases	7,966,903
Less: Finished goods inventory at December 31	( 1,229,899)
Transfer to operating expenses	( 1,717)
Cost of goods sold of triangular trade	21,976,859
Cost of materials sold	4,764
Loss on decline in market value	3,698
Others	139,960
Operating cost	\$ 30,442,599

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF OPERATING EXPENSES  
Year ended December 31, 2020  
(In thousands of New Taiwan dollars)

Items	Selling expenses	General and administrative expenses	Reserch and development expenses	Total
Wages and salaries	\$ 330,953	\$ 804,900	\$ 1,002,205	\$ 2,138,058
Pension costs	8,151	14,400	23,490	46,041
Rental expenses	989	696	592	2,277
Travelling expenses	3,535	7,620	15,545	26,700
Shipment expenses	130,650	-	-	130,650
Postage and phone expenses	2,650	5,318	936	8,904
Repair and maintenance expenses	8,960	9,468	1,098	19,526
Advertising expenses	22,250	9	-	22,259
Utilities	1,271	7,732	2,873	11,876
Insurance expenses	24,312	35,400	48,174	107,886
Entertainment	4,343	960	499	5,802
Food stipend	4,683	7,041	12,229	23,953
Taxes	9,131	42,407	5,930	57,468
Depreciation	21,390	41,507	18,568	81,465
Amortisation	629	5,225	10,665	16,519
Employee benefits	3,583	4,494	9,590	17,667
Commission	472,117	-	-	472,117
Export charge fees	66,384	1,022	9	67,415
Donations	-	7,480	-	7,480
Service fees	7,341	26,659	12,004	46,004
Inspection fees	22,032	2,316	4,645	28,993
Research material expenses	80	84	24,088	24,252
Others	23,613	66,439	55,822	145,874
	<u>\$ 1,169,047</u>	<u>\$ 1,091,177</u>	<u>\$ 1,248,962</u>	<u>\$ 3,509,186</u>

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION  
Year ended December 31, 2020  
(In thousands of New Taiwan dollars)

Please refer to Note 6(23) Personnel expenses, depreciation and amortisation and  
Note 6(24) Employee benefit expenses

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					(Note 4)	(Note 5)						Item	Value			
0	The Company	Qun-Jing	Other receivables	Yes	\$ 400,000	\$ 200,000	\$ 194,000	0.8-1%	2	\$ -	Working capital	\$ -	\$ -	\$ 8,331,373	\$ 11,108,497	-
0	The Company	Quansun	"	"	1,300,000	650,000	604,000	0.8-1%	2	-	"	-	-	\$ 8,331,373	\$ 11,108,497	-
0	The Company	UNIKEY	"	"	3,100,000	1,500,000	1,132,000	0.8-1%	2	-	"	-	-	\$ 8,331,373	\$ 11,108,497	-
0	The Company	CET	"	"	1,801,200	1,129,400	-	1.00%	2	-	"	-	-	\$ 8,331,373	\$ 11,108,497	-
					(USD 60,000)	(USD 40,000)										
0	The Company	HEC	"	"	500,000	500,000	435,000	0.80%	2	-	"	-	-	\$ 8,331,373	\$ 11,108,497	-
1	CGI	The Company	"	"	3,281,715	3,134,085	2,391,505	1%-2.6%	2	-	"	-	-	US\$ 117,718	US\$ 117,718	-
					(USD 111,000)	(USD 111,000)	(USD 84,700)									
2	COI	The Company	"	"	3,695,625	3,529,375	3,389,329	1.00%	2	-	"	-	-	US\$ 828,915	US\$ 828,915	-
					(USD 125,000)	(USD 125,000)	(USD 120,040)									
2	COI	CGI	"	"	3,778,750	423,525	-	0.8%-1.7%	2	-	"	-	-	US\$ 828,915	US\$ 828,915	-
					(USD 125,000)	(USD 15,000)										
2	COI	CET	"	"	60,570	-	-	1.50%	2	-	"	-	-	US\$ 331,566	US\$ 331,566	-
					(USD 2,000)											
2	COI	KUM	"	"	242,280	225,880	195,104	1.00%	2	-	"	-	-	US\$ 828,915	US\$ 828,915	-
					(USD 8,000)	(USD 8,000)	(USD 6,910)									
3	Mao-Feng	The Company	"	"	2,175,000	2,117,625	1,987,462	0.8-1%	2	-	"	-	-	US\$ 366,125	US\$ 366,125	-
					(USD 75,000)	(USD 75,000)	(USD 70,390)									
3	Mao-Feng	CGI	"	"	969,120	-	-	1.2%-1.3%	2	-	"	-	-	US\$ 366,125	US\$ 366,125	-
					(USD 32,000)											
4	CEM3	Mao-Qun	"	"	173,600	173,480	173,480	2.00%	2	-	"	-	-	RMB 1,992,456	RMB 1,992,456	-
					(RMB 40,000)	(RMB 40,000)	(RMB 40,000)									
5	CEM5	CEM2	"	"	520,800	520,440	520,440	1.5%-1.7%	2	-	"	-	-	RMB 664,822	RMB 664,822	-
					(RMB 120,000)	(RMB 120,000)	(RMB 120,000)									
5	CEM5	CEM3	"	"	282,100	281,905	281,905	1.50%	2	-	"	-	-	RMB 664,822	RMB 664,822	-
					(RMB 65,000)	(RMB 65,000)	(RMB 65,000)									
5	CEM5	XAVi Suzhou	"	"	164,464	-	-	2.00%	2	-	"	-	-	RMB 265,929	RMB 265,929	-
					(RMB 38,000)											
6	HOI	CGI	"	"	2,073,341	1,932,996	1,932,996	1%-2%	2	-	"	-	-	US\$ 91,843	US\$ 91,843	-
					(USD 68,461)	(USD 68,461)	(USD 68,461)									
6	HOI	RealYoung	"	"	102,969	95,999	95,999	1.00%	2	-	"	-	-	US\$ 91,843	US\$ 91,843	-
					(USD 3,400)	(USD 3,400)	(USD 3,400)									
6	HOI	HEC	"	"	505,760	-	-	1.20%	2	-	"	-	-	US\$ 36,737	US\$ 36,737	-
					(USD 16,700)											
6	HOI	The Company	"	"	522,000	508,230	508,230	0.80%	2	-	"	-	-	US\$ 91,843	US\$ 91,843	-
					(USD 18,000)	(USD 18,000)	(USD 18,000)									
7	CP	CPUS	"	"	181,710	169,410	146,822	1.5%-1.7%	2	-	"	-	-	\$ 3,805,522	\$ 3,805,522	-
					(USD 6,000)	(USD 6,000)	(USD 5,200)									
7	CP	CPHK	"	"	1,453,680	1,355,280	1,244,034	1.5%-1.7%	2	-	"	-	-	\$ 3,805,522	\$ 3,805,522	-
					(USD 48,000)	(USD 48,000)	(USD 44,060)									

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					(Note 4)	(Note 5)						Item	Value			
7	CP	CPTH	Other receivables	Yes	\$ 90,855 (USD 3,000)	\$ 84,705 (USD 3,000)	\$ 16,941 (USD 600)	1-1.7%	2	-	Working capital	-	-	\$ 3,805,522	\$ 3,805,522	-
7	CP	WTS	"	"	60,570 (USD 2,000)	56,470 (USD 2,000)	33,091 (USD 1,172)	1.5%-1.7%	2	-	"	-	-	\$ 3,805,522	\$ 3,805,522	-
7	CP	CT	"	"	45,000	45,000	44,760	1.5%-1.7%	2	-	"	-	-	\$ 3,805,522	\$ 3,805,522	-
8	CPSZ	CPTZ	"	"	91,140 (RMB 21,000)	91,077 (RMB 21,000)	91,077 (RMB 21,000)	1.60%	2	-	"	-	-	RMB 652,985	RMB 652,985	-
9	CPDG	Zhuzhou Torch Auto Lamp Co., Ltd.	"	"	246,696 (RMB 55,200)	239,402 (RMB 55,200)	239,402 (RMB 55,200)	1.60%	2	-	"	-	-	RMB 114,190	RMB 114,190	-
9	CPDG	WTK	"	"	19,237 (RMB 4,600)	9,975 (RMB 2,300)	4,337 (RMB 1,000)	1.60%	2	-	"	-	-	RMB 114,190	RMB 114,190	-
10	CPI	CP	"	"	1,406,500 (USD 48,500)	1,369,398 (USD 48,500)	1,352,457 (USD 47,900)	0.00%	2	-	"	-	-	US\$ 227,365	US\$ 227,365	-
11	Directmax	Xavi	"	"	85,680 (USD 3,000)	84,705 (USD 3,000)	84,705 (USD 3,000)	0.00%	2	-	"	-	-	US\$ 14,227	US\$ 14,227	-
12	Systemax	Xavi	"	"	228,480 (USD 8,000)	225,880 (USD 8,000)	224,875 (USD 7,964)	0.00%	2	-	"	-	-	US\$ 7,352	US\$ 7,352	Note 6

Note 1: In accordance with the financing procedures of the Company, total financing amount should not exceed 40% of the Company's stockholders' equity and

- the total financing amount to any individual party should not exceed 30% of the Company's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.
- the total financing amount to any individual party should not exceed 30% of the Company's stockholders' equity for the purpose of loan.
- for the purpose of loan between the Company's foreign subsidiaries or from foreign subsidiaries to the Company, for which the Company both have 100% shares directly or indirectly, the total financing amount should not exceed the borrower's stockholders' equity, and the lending period may not exceed 3 years; and the financing amount to single company shall be subject to the following restrictions:
  - the total financing amount should not exceed the borrower's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.
  - the total financing amount should not exceed the borrower's stockholders' equity for the purpose of loan.
- except for c., the financing period should not exceed one year.

Note 2: In accordance with the financing procedures of the subsidiary, total financing amount should not exceed the subsidiary's stockholders' equity audited or reviewed by CPA and

- the total financing amount to any individual party should not exceed 40% of the subsidiary's stockholders' equity for the purpose of short-term financing.
- the total financing amount to any individual party should not exceed 50% of the subsidiary's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.
- the limit on the loans to granted between the subsidiary – CP's foreign subsidiaries or from foreign subsidiaries to the Company for which the subsidiary – CP directly or indirectly holds 100% of its voting shares is the borrower's net asset based on the latest audited or reviewed consolidated
  - the total financing amount should not exceed the borrower's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.
  - the total financing amount should not exceed the borrower's stockholders' equity for the purpose of loan.
- except for c., the financing period should not exceed one year.

Note 3: The numbers filled in the column of 'Nature of loan are as follows:

- The business transaction is '1'.
- The short-term financing is '2'.

Note 4: The maximum balance is the maximum outstanding balance during the year ended December 31, 2020.

Note 5: The ending balance had been approved at the Board of Directors' meeting.

Note 6: Limit on loans granted had been adjusted to meet the ceiling at the Board of Directors' meeting on February, 2021.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Provision of endorsements and guarantees to others  
Year ended December 31, 2020

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
			Relationship with the endorser/ guarantor	(Note 1)											
0	The Company	CEZ	2	\$ 6,942,811	\$ 363,420 (USD 12,000)	\$ 338,820 (USD 12,000)	\$ 138,908 (EUR 4,000)	-	1.22%	\$ 13,885,622	Y	N	N	-	

Note 1 : Relationship between the endorser/guarantor and the party being endorsed/guaranteed is as follows:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (4) Between the endorser/guarantor parent company both owns directly or indirectly more than 90% voting shares of the endorsed/guaranteed subsidiaries.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Performance guarantees for pre-sales sales contracts under the Consumer Protection Act.

Note 2: In accordance with the guarantee procedure of the Company, the total guarantee amount is limited to 50% of the Company's capital. The Company's guarantee to each entity is limited to 50% of the total guarantee amount.

The grand total guarantee amount of the Group is limited to 50% of the Company's capital, and other restrictions are as follows:

- a. the total guarantee amount, except the above mentioned restriction, to any individual party should not exceed the higher amount of sales/purchase during the year for the purpose of business.
- b. the total guarantee amount is limited to the Company's stockholders' equity when the Company takes guarantee procedure to the entity whose stockholders' equity is lower than 50% of its paid-in capital.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

		As of December 31, 2020							
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote	
The Company	Common stock	Laster Tech Corporation Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	4,922,604	\$ 241,454	6.14%	\$ 241,454	-
The Company	Common stock	Newmax Technology Co., Ltd.	"	"	1,243,607	64,916	0.67%	64,916	-
The Company	Common stock	ZILLTEK TECHNOLOGY CORP.	-	"	245,000	51,695	0.59%	51,695	-
The Company	Common stock	JHL Biotech Inc. Taiwan	-	"	290,000	12,760	0.13%	12,760	-
The Company	Common stock	MOSA INDUSTRIAL CORPORATION	-	"	485,000	14,550	0.27%	14,550	-
The Company	Common stock	ALLIED CIRCUIT CO.,LTD	-	"	255,000	30,855	0.51%	30,855	-
The Company	Common stock	Wiwynn Corporation	-	"	118,000	83,072	0.07%	83,072	-
The Company	Common stock	ASLAN Pharmaceuticals Limited	-	"	220,000	11,430	0.58%	11,430	-
The Company	Common stock	WK Venture Capital XI	Corporate director	Financial assets at fair value through profit or loss - non-current	15,380,000	271,938	15.38%	271,938	-
The Company	Common stock	Top Taiwan Venture Capital Group	"	"	7,500,000	72,205	9.38%	72,205	-
The Company	Common stock	Chengding Venture Capital Group	"	"	10,000,000	111,934	7.41%	111,934	-
The Company	Common stock	Sheng Da Venture Capital Group	"	"	3,000,000	33,000	10.71%	33,000	-
The Company	Preferred stock	Magi Capital Venture Co., Ltd	-	"	362,888	43,547	9.14%	43,547	-
The Company	Beneficiary certificate	Fuh Hwa Smart Energy Securities Investment Trust Fund	-	"	9,000,000	77,850	—	77,850	-
The Company	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	"	9,000,000	18,090	—	18,090	-
The Company	Beneficiary certificate	Fuh Hwa New Energy Efficient Securities Investment Trust Fund	-	"	8,700,000	86,217	—	86,217	-
The Company	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	13,100,608	394,327	1.96%	394,327	-
The Company	Common stock	Genesis Photonics Inc.	-	"	304,350	1,129	0.43%	1,129	-
The Company	Common stock	AcBel Polytech Inc.	-	"	3,727,000	107,897	0.72%	107,897	-
The Company	Common stock	ShunOn Electronic Co.	Corporate director	"	11,698,254	457,987	7.90%	457,987	-
The Company	Common stock	Alcor Micro,Corp.	"	"	1,396,000	29,456	1.97%	29,456	-
The Company	Private equity	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	4,224,458	10,899	6.03%	10,899	-
The Company	Common stock	Taipei Tech innoFund	Corporate director	"	3,500,000	47,250	11.67%	47,250	-
The Company	Common stock	Maxima Ventures I, Inc.	-	"	13,125	131	2.35%	131	-
The Company	Common stock	Maxima Ventures II, Inc.	-	"	3,000,000	4,647	8.21%	4,647	-
The Company	Common stock	Taiwan Cultural and Creative Co., Ltd.	-	"	1,600,000	1,151	5.78%	1,151	-
The Company	Common stock	MKD Technology Inc.	-	"	1,600,000	6,725	6.66%	6,725	-
CP	Common stock	Newmax Technology Co., Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	2,810,983	146,733	1.52%	146,733	-
CP	Common stock	Laster Tech Corporation Ltd.	"	"	412,252	20,221	0.51%	20,221	-
CP	Common stock	Powertech Technology Inc.	An independent director of CP is the company's chairman	"	250,000	23,725	0.03%	23,725	-
CP	Common stock	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	300,000	159,000	—	159,000	-
CP	Common stock	SYNCMOLD ENTERPRISE CORP.	-	"	150,000	13,020	0.12%	13,020	-
CP	Common stock	Pegatron Corporation	-	"	450,000	30,285	0.02%	30,285	-

		As of December 31, 2020							
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote	
CP	Common stock	WK Venture Capital XI	Corporate director	Financial assets at fair value through profit or loss - non-current	1,000,000	\$ 17,681	1.00%	\$ 17,681	-
CP	Common stock	Top Taiwan Venture Capital Group	"	"	7,500,000	72,206	9.38%	72,206	-
CP	Common stock	Chengding Venture Capital Group	"	"	10,000,000	111,934	7.41%	111,934	-
CP	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current	6,000,000	12,060	—	12,060	-
CP	Beneficiary certificate	Fuh Hwa Smart Energy Securities Investment Trust Fund	-	"	21,000,000	181,650	—	181,650	-
CP	Beneficiary certificate	Fuh Hwa New Energy Efficient Securities Investment Trust Fund	-	"	5,800,000	57,478	—	57,478	-
CP	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	4,538,000	136,594	0.68%	136,594	-
CP	Common stock	Genesis Photonics Inc.	"	"	1,749,392	6,490	2.50%	6,490	-
CP	Private equity	Genesis Photonics Inc.	"	Financial assets at fair value through other comprehensive income - non-current	1,979,291	5,106	2.83%	5,106	-
CP	Common stock	Taipei Tech innoFund	Corporate director	"	1,500,000	20,250	5.00%	20,250	-
HEC	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	11,370,823	342,262	1.70%	342,262	-
HEC	Common stock	The Company	The Company	"	16,188,935	1,395,486	2.19%	1,395,486	Note 2
UNIKEY	Common stock	Newmax Technology Co., Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	18,825,998	982,717	10.18%	982,717	-
UNIKEY	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	16,730,000	503,573	2.50%	503,573	-
UNIKEY	Common stock	The Company	The Company	"	21,174,298	1,825,224	2.86%	1,825,224	Note 3
CGI	Preferred stock	PRP CE1 BC1 Inc.	-	Financial assets at fair value through profit or loss - non-current	122,487	28,945	—	28,945	-
CGI	Bond	PRP CE1 BC1	-	Financial assets at amortised cost - non-current	-	454,030	—	454,030	-
COI	Common stock	Laster Tech Corporation Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	2,212,000	108,499	2.76%	108,499	-
COI	Common stock	GOMAJI Corp., LTD	-	"	10,000	672	0.06%	672	-
COI	Common stock	Q Technology (Group) Company Limited	-	"	8,747,000	418,599	0.75%	418,599	-
COI	Common stock	Uber Technologies Inc.	-	"	20,378	29,344	—	29,344	-
COI	Beneficiary certificate	WRV II, L.P	-	Financial assets at fair value through profit or loss - non-current	6,708,945	220,834	—	220,834	-
COI	Beneficiary certificate	MagiCapital Fund II, L.P.	-	"	4,619,900	150,453	—	150,453	-
COI	Beneficiary certificate	Wealth Guard Ventures Limited	-	"	602,373	28,235	—	28,235	-
COI	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	10,104,000	304,131	1.51%	304,131	-
COI	Common stock	Alpha Professional Holdings Limited	-	"	248,500	905	0.08%	905	-
COI	Common stock	CTBC Securities Co., Ltd.	-	"	270,000	34,426	—	34,426	-
COI	Common stock	Merrimack Pharmaceuticals, Inc.	-	"	84,482	16,435	0.63%	16,435	-
COI	Preferred stock	SAGA-CHINA	-	Financial assets at fair value through other comprehensive income - non-current	8,375,119	189,378	—	189,378	-
CPI	Common stock	Q Technology (Group) Company Limited	-	Financial assets at fair value through profit or loss - current	700,000	33,499	0.06%	33,499	-
CPI	Beneficiary certificate	WRV II, L.P	-	Financial assets at fair value through profit or loss - non-current	3,354,473	110,417	—	110,417	-
CPI	Common stock	Anxin-China Holdings Limited	-	Financial assets at fair value through other comprehensive income - current	8,300,000	-	0.27%	-	-
Quansun	Common stock	New Hung Kuan Enterprise Co., Ltd	-	Financial assets at fair value through other comprehensive income - non-current	8,140,000	139,624	21.71%	139,624	Note 4
Quansun	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	7,100,000	213,710	1.06%	213,710	-
Qun-Jing	Common stock	Clevo Co.	"	"	2,100,000	63,210	0.31%	63,210	-
XAVi	Common stock	Chicony Power Technology Co., Ltd.	Affiliated company	Financial assets at fair value through profit or loss - current	1,877,160	132,527	0.48%	132,527	-
XAVi	Common stock	Laster Tech Corporation Ltd.	Corporate director	"	1,036,738	50,852	1.29%	50,852	-
XAVi	Bond	Yeong Guan Energy Technology Group Co., Ltd. The third unsecured convertible bonds	-	"	213,000	22,898	—	22,898	-
XAVi	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current	3,000,000	6,030	—	6,030	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: Provided 12,600,000 shares pledged for short-term loan.

Note 3: Provided 7,200,000 shares pledged for short-term loan.

Note 4: The Company holds over 20% ownership interest of the entity, however, based on objectives indicators; the Company has no significant influence on the entity.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2020

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2020		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2020 (Note 4)		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	Chicony Power Technology Co., Ltd.	Investments accounted for using equity method	External person and external cooperate person	Subsidiary	188,409,594	\$ 1,717,121	12,058,000	\$ 635,120	-	\$ -	\$ -	\$ -	200,467,594	\$ 2,352,241
The Company	Globalwafers. Co., Ltd.	Financial assets at fair value through profit or loss - current			-	-	755,000	300,559	755,000	325,684	300,559	25,125	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: It is applicable to disclosure information when marketable securities were recognized as "investments accounted for using equity method".

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NTS300 million or 20% of paid-in capital or more.

Note 4: It refers to the initial costs without considering the amortisation or valuation of exchange rate at the end of the year.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more  
Year ended December 31, 2020

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
CET	Construction in process	2019/11/8 (Date of contract signing)	\$ 1,174,054 (THB 1,246,210 thousand)	\$ 682,037	JWS Construction Co., Ltd., etc.	None	-	-	-	\$ -	Contract	Plant (For the Purpose of Conducting Business)	None
CPSZ	Construction in process	2018/12/27 (Date of contract signing)	1,117,395 (RMB 261,675 thousand)	1,061,525	Suzhou Weiye Group Co., Ltd.	None	-	-	-	-	Contract	Plant (For the Purpose of Conducting Business)	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Disposal of real estate reaching NTS\$300 million or 20% of paid-in capital or more  
Year ended December 31, 2020

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
The Company	Investment property	From December 24, 2019 to November 11, 2020 (as of December 31, 2020, certain investment properties were not yet transferred)	2016/2/25	\$ 2,543,151	\$ 2,608,662	\$ 2,472,800	\$ 65,511 (Estimated)	Employees of the Group and the associates and unintended audience	Employees of the Group and the associates and unintended audience	Employees' housing purchased by the employees	Valuation agency: Pansia Limited Valuation amount: NTD 2,500,708,582	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NTS\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

Year ended December 31, 2020

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty (Note 3)	Purchases (sales)	Transaction		Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)		Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	CEM2	Subsidiary owned by COI	Purchases	\$ 6,539,090	22	60~180 days	Note 1	60~180 days	(\$ 5,025,106)	31	-
CEM2	The Company	The parent company of COI	Sales	( 6,539,090)	62	60~180 days	Note 2	60~180 days	5,025,106	90	-
The Company	CEM3	Subsidiary owned by Mao-Feng	Purchases	10,251,441	34	60~180 days	Note 1	60~180 days	( 6,793,433)	42	-
CEM3	The Company	The parent company of COI	Sales	( 10,251,441)	46	60~180 days	Note 2	60~180 days	6,793,433	74	-
The Company	CEM5	Subsidiary owned by COI	Purchases	293,856	1	60~180 days	Note 1	60~180 days	( 98,100)	1	-
CEM5	The Company	The parent company of COI	Sales	( 293,856)	5	60~180 days	Note 2	60~180 days	98,100	4	-
The Company	Mao-Ray	Subsidiary owned by Real Young	Purchases	4,354,564	14	60~180 days	Note 1	60~180 days	( 2,997,522)	18	-
Mao-Ray	The Company	The parent company of COI	Sales	( 4,354,564)	70	60~180 days	Note 2	60~180 days	2,997,522	92	-
The Company	CET	Subsidiary owned by COI	Purchases	6,832,902	23	30~60 days	Note 1	30~60 days	( 1,023,161)	6	-
CET	The Company	The parent company of COI	Sales	( 6,832,902)	80	30~60 days	Note 2	30~60 days	1,023,161	44	-
CEM2	CET	Affiliated company	Sales	( 413,245)	4	30~60 days	Note 2	30~60 days	424,866	8	-
CET	CEM2	Affiliated company	Purchases	413,245	5	30~60 days	Note 1	30~60 days	( 424,866)	13	-
CGI	CEM2	Affiliated company	Sales	( 138,983)	1	60~90 days	Note 2	60~90 days	-	-	-
CEM2	CGI	Affiliated company	Purchases	138,983	1	60~90 days	Note 1	60~90 days	-	-	-
CGI	CAI	Affiliated company	Sales	( 642,330)	3	60~90 days	Note 2	60~90 days	328,832	6	-
CAI	CGI	Affiliated company	Purchases	642,330	100	60~90 days	Note 1	60~90 days	( 328,832)	100	-
CGI	CEZ	Affiliated company	Sales	( 301,400)	1	60~90 days	Note 2	60~90 days	4,326	-	-
CEZ	CGI	Affiliated company	Purchases	301,400	70	60~90 days	Note 1	60~90 days	( 4,326)	46	-
CEM2	CGI	Affiliated company	Sales	( 3,358,594)	32	60~180 days	Note 2	60~180 days	-	-	-
CGI	CEM2	Affiliated company	Purchases	3,358,594	17	60~180 days	Note 1	60~180 days	-	-	-
Mao-Ray	CGI	Affiliated company	Sales	( 1,412,938)	23	60~180 days	Note 2	60~180 days	-	-	-
CGI	Mao-Ray	Affiliated company	Purchases	1,412,938	7	60~180 days	Note 1	60~180 days	-	-	-
CEM3	CGI	Affiliated company	Sales	( 8,027,732)	36	60~180 days	Note 2	60~180 days	1,032,088	11	-
CGI	CEM3	Affiliated company	Purchases	8,027,732	41	60~180 days	Note 1	60~180 days	( 1,032,088)	35	-
CEM5	CGI	Affiliated company	Sales	( 3,933,552)	69	60~180 days	Note 2	60~180 days	1,956,146	74	-
CGI	CEM5	Affiliated company	Purchases	3,933,552	20	60~180 days	Note 1	60~180 days	( 1,956,146)	65	-

Purchaser/seller	Counterparty	Relationship with the counterparty (Note 3)	Transaction		Differences in transaction terms compared to third party transactions				Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
CET	CGI	Affiliated company	Sales	(\$ 1,232,367)	15	60~90 days	Note 2	60~90 days	\$ -	-	-
CGI	CET	Affiliated company	Purchases	1,232,367	6	60~90 days	Note 1	60~90 days	-	-	-
CET	XAVi	Affiliated company	Sales	( 485,974)	6	45~180 days	Note 2	45~180 days	132,991	6	-
XAVi	CET	Affiliated company	Purchases	485,974	20	45~180 days	Note 1	45~180 days	( 132,991)	78	-
Mao-Ray	CEM2	Affiliated company	Sales	( 185,998)	1	60~90 days	Note 2	60~90 days	80,005	2	-
CEM2	Mao-Ray	Affiliated company	Purchases	185,998	20	60~90 days	Note 1	60~90 days	( 80,005)	11	-
CEM3	CEM5	Affiliated company	Sales	( 199,085)	1	60~90 days	Note 2	60~90 days	92,323	1	-
CEM5	CEM3	Affiliated company	Purchases	199,085	4	60~90 days	Note 1	60~90 days	( 92,323)	6	-
Qun-Yang	CEM3	Affiliated company	Sales	( 103,289)	100	60~90 days	Note 2	60~90 days	30,929	100	-
CEM3	Qun-Yang	Affiliated company	Purchases	103,289	-	60~90 days	Note 1	60~90 days	( 30,929)	-	-
CPSZ	CEM3	Affiliated company	Sales	( 612,615)	4	90 days	Note 2	90 days	255,149	7	-
CEM3	CPSZ	Affiliated company	Purchases	612,615	3	90 days	Note 1	90 days	( 255,149)	4	-
CP	CEM3	Affiliated company	Sales	( 1,318,978)	4	90 days	Note 2	90 days	441,404	5	-
CEM3	CP	Affiliated company	Purchases	1,318,978	6	90 days	Note 1	90 days	( 441,404)	7	-
CP	CEM2	Affiliated company	Sales	( 275,304)	1	90 days	Note 2	90 days	70,756	1	-
CEM2	CP	Affiliated company	Purchases	275,304	3	90 days	Note 1	90 days	( 70,756)	3	-
CP	CEM5	Affiliated company	Sales	( 709,578)	2	90 days	Note 2	90 days	227,964	3	-
CEM5	CP	Affiliated company	Purchases	709,578	14	90 days	Note 1	90 days	( 227,964)	15	-
CP	Mao-Ray	Affiliated company	Sales	( 166,856)	1	90 days	Note 2	90 days	73,970	1	-
Mao-Ray	CP	Affiliated company	Purchases	166,856	3	90 days	Note 1	90 days	( 73,970)	2	-
CP	CET	Affiliated company	Sales	( 195,326)	1	90 days	Note 2	90 days	39,723	-	-
CET	CP	Affiliated company	Purchases	195,326	2	90 days	Note 1	90 days	( 39,723)	1	-
CP	CPUS	Affiliated company	Sales	( 883,336)	3	45 days	Note 2	45 days	369,200	4	-
CPUS	CP	Affiliated company	Purchases	883,336	100	45 days	Note 1	45 days	( 369,200)	100	-
CP	CEZ	Affiliated company	Sales	( 125,972)	-	90 days	Note 2	90 days	3,392	-	-
CEZ	CP	Affiliated company	Purchases	125,972	29	90 days	Note 1	90 days	( 3,392)	36	-
CPDG	CP	Affiliated company	Sales	( 7,520,705)	96	45 days	Note 2	45 days	2,030,921	91	-
CP	CPDG	Affiliated company	Purchases	7,520,705	27	45 days	Note 1	45 days	( 2,030,921)	24	-
CPSZ	CP	Affiliated company	Sales	( 14,014,716)	95	45 days	Note 2	45 days	3,381,511	92	-
CP	CPSZ	Affiliated company	Purchases	14,014,716	49	45 days	Note 1	45 days	( 3,381,511)	41	-
CPCQ	CP	Affiliated company	Sales	( 6,590,191)	87	45 days	Note 2	45 days	2,829,414	90	-
CP	CPCQ	Affiliated company	Purchases	6,590,191	23	45 days	Note 1	45 days	( 2,829,414)	34	-

Table 7 page 2

Purchaser/seller	Counterparty	Relationship with the counterparty (Note 3)	Transaction		Differences in transaction terms compared to third party transactions				Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
CPCQ	CPSZ	Affiliated company	Sales	(\$ 877,342)	12	60 days	Note 2	60 days	\$ 271,277	9	-
CPSZ	CPCQ	Affiliated company	Purchases	877,342	6	60 days	Note 1	60 days	( 271,277)	5	-
GSE	CPSZ	Affiliated company	Sales	( 275,995)	36	60 days	Note 2	60 days	119,441	36	-
CPSZ	GSE	Affiliated company	Purchases	275,995	2	60 days	Note 1	60 days	( 119,441)	2	-
GSE	CPDG	Affiliated company	Sales	( 231,369)	30	60 days	Note 2	60 days	108,726	33	-
CPDG	GSE	Affiliated company	Purchases	231,369	3	60 days	Note 1	60 days	( 108,726)	3	-
CPDG	Zhuzhou Torch	Affiliated company	Sales	( 146,258)	2	60 days	Note 2	60 days	122,367	5	-
Zhuzhou Torch	CPDG	Affiliated company	Purchases	146,258	19	60 days	Note 1	60 days	( 122,367)	32	-
XAVi Suzhou	XAVi	Affiliated company	Sales	( 1,712,250)	91	45~180 days	Note 2	45~180 days	-	-	-
XAVi	XAVi Suzhou	Affiliated company	Purchases	1,712,250	71	45~180 days	Note 1	45~180 days	-	-	-
XAVi Thailand	XAVi	Affiliated company	Sales	( 181,259)	100	45~180 days	Note 2	45~180 days	37,688	100	-
XAVi	XAVi Thailand	Affiliated company	Purchases	181,259	8	45~180 days	Note 1	45~180 days	( 37,688)	22	-
CEM3	Newmax	Associate	Purchases	254,728	1	60~90 days	Note 1	60~90 days	( 48,835)	1	-
CEM3	KAPOK	Other related party	Sales	( 538,189)	2	60 days	Note 2	60 days	190,394	2	-
CEM3	JiaXing ShunOn	Other related party	Purchases	232,682	1	60~90 days	Note 1	60~90 days	( 50,336)	1	-
CEM3	Far win (Kunshan) Co., Ltd.	Other related party	Purchases	399,865	2	60~90 days	Note 1	60~90 days	( 49,092)	1	-
CEM3	ShunOn Electronic Co.	Other related party	Purchases	335,893	2	60~90 days	Note 1	60~90 days	( 79,704)	3	-
CEM5	ShunOn Electronic Co.	Other related party	Purchases	464,417	9	60~90 days	Note 1	60~90 days	( 79,336)	5	-
CEM5	Far win (Kunshan) Co., Ltd.	Other related party	Purchases	143,020	3	60~90 days	Note 1	60~90 days	( 19,472)	1	-
CP	KAPOK	Other related party	Sales	( 343,216)	1	60 days	Note 2	60 days	56,777	1	-

Note 1: Purchases from related parties were basically the same as those from third parties.

Note 2: Sales to related parties were basically the same as those to third parties.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
December 31, 2020

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
<u>Accounts receivable</u>								
CEM2	The Company	The parent company of COI	\$ 5,025,106	0.70	\$ -	-	\$ -	\$ -
Mao-Ray	The Company	The parent company of COI	2,997,522	1.36	-	-	-	-
CEM3	The Company	The parent company of COI	6,793,433	1.65	-	-	-	-
CEM3	KAPOK	Other related party	190,394	2.71	-	-	-	-
CEM3	CGI	Affiliated company	1,032,088	7.40	-	-	-	-
CEM2	CET	Affiliated company	424,866	1.64	-	-	-	-
CGI	CAI	Affiliated company	328,832	1.76	-	-	-	-
CET	The Company	Affiliated company	1,023,161	13.34	-	-	-	-
CET	XAVi	Affiliated company	132,991	6.01	-	-	-	-
CEM5	CGI	Affiliated company	1,956,146	2.62	-	-	-	-
CP	CEM3	Affiliated company	441,404	2.85	-	-	-	-
CP	CEM5	Affiliated company	227,964	3.31	-	-	-	-
CPSZ	CEM3	Affiliated company	255,149	2.24	-	-	-	-
CP	CPUS	Affiliated company	369,200	2.27	-	-	-	-
CPDG	CP	Affiliated company	2,030,921	3.41	-	-	-	-
CPDG	Zhuzhou Torch	Affiliated company	122,367	1.99	-	-	-	-
CPSZ	CP	Affiliated company	3,381,511	3.54	-	-	-	-
CPCQ	CP	Affiliated company	2,829,414	2.76	-	-	-	-
CPCQ	CPSZ	Affiliated company	271,277	3.29	-	-	-	-
GSE	CPSZ	Affiliated company	119,441	2.68	-	-	-	-
GSE	CPDG	Affiliated company	108,726	2.02	-	-	-	-
<u>Other receivable</u>								
The Company	UNIKEY	Subsidiary owned by the Company	\$ 1,135,029	-	\$ -	-	\$ -	\$ -
The Company	HEC	Subsidiary owned by the Company	436,189	-	-	-	-	-
The Company	Qun-Jing	Subsidiary owned by HEC	194,519	-	-	-	-	-
The Company	Quansun	Subsidiary owned by HEC	605,615	-	-	-	-	-
The Company	Real Young	Subsidiary owned by COI	505,318	-	-	-	-	-
The Company	CGI	Subsidiary owned by the Company	574,219	-	-	-	-	-
COI	The Company	The Company	3,407,927	-	-	-	-	-
COI	KUM	Affiliated company	197,385	-	-	-	-	-
CGI	The Company	The Company	2,405,140	-	-	-	-	-
CGI	CEM2	Affiliated company	797,203	-	-	-	-	-
CGI	Mao-Ray	Affiliated company	854,141	-	-	-	-	-
CGI	CET	Affiliated company	1,043,712	-	-	-	-	-
Mao-Feng	The Company	The Company	1,996,254	-	-	-	-	-
Real Young	Mao-Ray	Affiliated company	288,701	-	-	-	-	-
CEM2	CET	Affiliated company	274,781	-	-	-	-	-
CEM3	Mao-Qun	Affiliated company	174,584	-	-	-	-	-
CEM5	CEM2	Affiliated company	525,570	-	-	-	-	-
CEM5	CEM3	Affiliated company	285,592	-	-	-	-	-
CP	CPHK	Affiliated company	1,256,047	-	-	-	-	-
CP	CPUS	Affiliated company	148,217	-	-	-	-	-
CPDG	Zhuzhou Torch	Affiliated company	241,381	-	-	-	-	-
CPI	CP	Affiliated company	1,352,457	-	-	-	-	-
HOI	CGI	Affiliated company	1,983,306	-	-	-	-	-
HOI	The Company	The Company	509,585	-	-	-	-	-
Systemax	XAVi	Affiliated company	224,875	-	-	-	-	-

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2020

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	UNIKEY	1	Other receivables-related party	\$ 1,135,029	Note 5	1.50
1	CGI	The Company	2	Other receivables-related party	2,405,140	Note 5	3.19
2	COI	The Company	2	Other receivables-related party	3,407,927	Note 5	4.52
3	CET	The Company	2	Accounts receivable-related party	1,023,161	Note 4	1.36
"	CET	The Company	2	Sales	6,832,902	Note 4	7.19
"	CET	CGI	3	Sales	1,232,367	Note 4	1.30
4	CEM2	The Company	2	Sales	6,539,090	Note 4	6.88
"	CEM2	The Company	2	Accounts receivable-related party	5,025,106	Note 4	6.66
"	CEM2	CGI	3	Sales	3,358,594	Note 4	3.53
5	CEM3	The Company	2	Sales	10,251,441	Note 4	10.78
"	CEM3	The Company	2	Accounts receivable-related party	6,793,433	Note 4	9.00
"	CEM3	CGI	3	Sales	8,027,732	Note 4	8.44
"	CEM3	CGI	3	Accounts receivable-related party	1,032,088	Note 4	1.37
6	CEM5	CGI	3	Sales	3,933,552	Note 4	4.14
"	CEM5	CGI	3	Accounts receivable-related party	1,956,146	Note 4	2.59
7	Mao-Ray	The Company	2	Sales	4,354,564	Note 4	4.58
"	Mao-Ray	The Company	2	Accounts receivable-related party	2,997,522	Note 4	3.97
"	Mao-Ray	CGI	3	Sales	1,412,938	Note 4	1.49
8	Mao-Feng	The Company	2	Other receivables-related party	1,996,254	Note 5	2.65

Transaction							Percentage of consolidated total operating revenues or total assets
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	(Note 3)
9	CP	CEM3	3	Sales	1,318,978	Note 4	1.39
"	CP	CPHK	3	Other receivables-related party	1,256,047	Note 5	1.66
10	HOI	CGI	3	Other receivables-related party	1,983,306	Note 5	2.63
11	CPSZ	CP	3	Sales	14,014,716	Note 4	14.74
"	CPSZ	CP	3	Accounts receivable-related party	3,381,511	Note 4	4.48
12	CPCQ	CP	3	Sales	6,590,191	Note 4	6.93
"	CPCQ	CP	3	Accounts receivable-related party	2,829,414	Note 4	3.75
13	CPDG	CP	3	Sales	7,520,705	Note 4	7.91
"	CPDG	CP	3	Accounts receivable-related party	2,030,921	Note 4	2.69
14	CPI	CP	3	Other receivables-related party	1,352,457	Note 5	1.79
15	XAVi-Suzhou	XAVi	3	Sales	1,712,250	Note 4	1.80

Other transactions between the parent company and subsidiaries not exceeding 1% of the consolidated total revenue or total assets are not disclosed. Those transactions are shown in other assets and revenue.

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Sales to related parties were basically the same as those to third parties, with consideration of transaction quantities and market situation, the payment terms were basically the same as third parties .

Note 5: The terms of related party loans depends on both parties' operation situation.

Note 6: Receivables from advances and service charges of related parties.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Information on investees (not including investees in Mainland China)  
Year ended December 31, 2020

Table 10

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020					Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	
The Company	COI	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	\$ 265,326	\$ 265,326	1,000	100.00%	\$ 23,470,611	\$ 982,172	\$ 2,616,094	Subsidiary
	CET	Thailand	Manufacturing and sales of computer peripherals	489,232	441,408	4,843,384	73.02%	544,240	390,364	( 38,838)	Subsidiary
	UNIKEY	Taiwan R.O.C.	Manufacturing and sales of computer peripherals	150,000	150,000	90,000,000	100.00%	478,201	( 617,796)	498,738	Subsidiary
	HOI	BVI	(1) Sales of switching power supplies and other electronic parts (2) Management of overseas acquisitions & investments	412,003	412,003	12,560,000	100.00%	2,593,190	34,153	38,031	Subsidiary
	HEC	Taiwan R.O.C.	Sales of switching power supplies and other electronic parts	2,330	2,330	4,660,000	100.00%	( 443,310)	111,906	17,340	Subsidiary
	XAVi	Taiwan R.O.C.	Researching, manufacturing and selling the DSL bridges and routers	125,122	257,153	32,428,442	46.63%	291,398	149,738	80,479	Subsidiary
	CGI	Malaysia	Sales of computer peripherals	33,027	33,027	1,000,000	100.00%	3,048,916	216,297	( 291,753)	Subsidiary
	CP	Taiwan R.O.C.	(1) Research, manufacture and sales of switching power supply, other electronic parts and equipment, and lamps (2) Smart building system business	2,352,241	1,717,121	200,467,594	51.69%	4,015,643	2,136,627	833,695	Subsidiary
UNIKEY	Real Young	BVI	(1) Design and sales of computer peripherals (2) Management of overseas acquisitions & investments	41,490	41,490	1,275,000	13.95%	125,726	75,182	-	Sub-subsidiary
COI	CAI	U.S.A	Sales of computer peripherals	91,764	91,764	3,250,000	100.00%	84,882	862	-	Sub-subsidiary
	CAGI	U.S.A	Internet solution for E-Commerce solution	(USD 3,250) 87,670	(USD 3,250) 87,670	12,400,000	100.00%	( 1,224)	( 47)	-	Sub-subsidiary
	Mao-Feng	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	(USD 3,105) 64,771	(USD 3,105) 64,771	2,294,000	100.00%	10,337,536	266,702	-	Sub-subsidiary
	CET	Thailand	Manufacturing and sales of computer peripherals	(USD 2,294) 220,882	(USD 2,294) 220,882	1,789,141	26.98%	201,292	390,364	-	Sub-subsidiary
	KUM	Samoa	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	(USD 7,823) 64,122	(USD 7,823) 64,122	2,284,142	100.00%	( 189,483)	( 12,919)	-	Sub-subsidiary
	CEZ	Czech Republic	Sales of computer peripherals	(USD 2,271) 198	(USD 2,271) 198	-	100.00%	235,157	( 19,722)	-	Sub-subsidiary
	GFI	Cayman Islands	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	(USD 7) 67,538	(USD 7) 67,538	2,310,000	60.00%	( 190,285)	( 7,041)	-	Sub-subsidiary
	Real Young	BVI	(1) Design and sales of computer peripherals (2) Management of overseas acquisitions & investments	(USD 2,392) 227,913 (USD 8,072)	(USD 2,392) 227,913 (USD 8,072)	7,864,780	86.05%	783,380	75,182	-	Sub-subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020					Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	
COI	CEJ	Japan	Sales of computer peripherals	\$ 2,682 (USD 95)	\$ 2,682 (USD 95)	-	100.00%	\$ 11,543	\$ 766	\$ -	Sub-subsidiary
	Swift Success Holdings limited	Samoa	Investment holdings	151,396 (USD 5,362)	151,396 (USD 5,362)	-	40.00%	184,660	( 651)	-	Investments accounted for using equity method
CP	CPH	BVI	Investment holdings	326,350	326,350	10,000,000	100.00%	6,121,112	762,192	-	Sub-subsidiary
CP	CPTH	Thailand	Sales of switching power supplies and other electronic parts	237,744 (THB 250,000)	38,171 (THB 38,000)	25,000,000	100.00%	192,058	( 41,789)	-	Sub-subsidiary
CPH	CPI	Cayman Islands	Investment holdings	282,350 (USD 10,000)	282,350 (USD 10,000)	10,000,000	100.00%	6,419,648	762,192	-	Sub-subsidiary
CPI	CPUS	U.S.A	Sales of switching power supplies and other electronic parts	37,185 (USD 1,317)	37,185 (USD 1,317)	1,500,000	100.00%	24,038	( 22,651)	-	Sub-subsidiary
	CPHK	Hong Kong	Research and development center	312,511 (HKD 85,800)	312,511 (HKD 85,800)	46,800,000	100.00%	4,812,868	779,502	-	Sub-subsidiary
	WitsLight Technology	Samoa	Design, research and development, manufacturing and sales of LED lighting modules and investment holdings	261,738 (USD 9,270)	254,115 (USD 9,000)	10,710,500	83.68%	86,275	( 55,020)	-	Sub-subsidiary
WTS	CT	Taiwan R.O.C.	Design, researching and developing and sales of automotive and motorcycle lamps and other components	3,000	3,000	300,000	100.00%	( 39,517)	( 16,024)	-	Sub-subsidiary
Kuang Mao	Sky-Fine	Samoa	Sales of computer peripherals	70,390 (USD 2,493)	70,390 (USD 2,493)	310,423	29.00%	7,708	( 37,296)	-	Investments accounted for using equity method
HEC	Quansun	Taiwan R.O.C.	Investment holdings	80,000	80,000	8,000,000	100.00%	( 246,290)	1,862	-	Sub-subsidiary
	Qun-Jung	Taiwan R.O.C.	Manufacturing and sales of computer peripherals	1,000	1,000	100,000	100.00%	( 130,062)	( 1,047)	-	Sub-subsidiary
	CP	Taiwan R.O.C.	(1) Research, manufacture and sales of switching power supply, other electronic parts and equipment, and lamps (2) Smart building system business	54,811	54,811	1,200,000	0.31%	60,939	2,136,627	-	Subsidiary
XAVi	Directmax	BVI	Management of overseas acquisitions and investments	332,791 (USD 10,250)	332,791 (USD 10,250)	7,750,000	100.00%	401,692	( 6,842)	-	Sub-subsidiary
	Xavi Technologies (Thailand) Co., Ltd.	Thailand	Manufacturing, processing and sales of communication products	49,065 (THB 49,000)	-	4,999,997	100.00%	71,216	24,103	-	Sub-subsidiary
Directmax	XAVi Overseas	BVI	Management of overseas acquisitions and investments	324,942 (USD 10,000)	324,942 (USD 10,000)	7,500,000	100.00%	109,407	( 8,104)	-	Sub-subsidiary
	Systemax	BVI	Sales of DSL bridges and routers	7,849 (USD 250)	7,849 (USD 250)	250,000	100.00%	207,580	1,262	-	Sub-subsidiary

Note: The amount of NTD exchanged from foreign currency in the table were exchanged with the exchange rate at financial reporting date except profit or loss was exchanged with the average exchange rate from January 1, 2020 to December 31, 2020.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Information on investments in Mainland China  
Year ended December 31, 2020

Table 11

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
			(Note 1)							(Note 2) (Note 4)			
Chicony Electronics (Dong Guan) Co., Ltd.	Manufacturing and sales of computer peripherals	\$ 322,150	(2)A	\$ 317,555	\$ -	\$ -	\$ 317,555	\$ 82,519	100%	\$ 82,519 (2)B	\$ 3,999,557	\$ -	-
Chicony Electronics (Suzhou) Co., Ltd.	Manufacturing and sales of computer peripherals	967,558	(2)C	329,424	-	-	329,424	231,021	100%	231,021 (2)B	8,641,075	-	-
Chicony Electronics (Chong-Qing) Co., Ltd.	Manufacturing and sales of computer peripherals	435,788	(2)A	-	-	-	-	423,844	100%	423,844 (2)B	2,883,264	-	-
Mao-Ray Electronics (Dong Guan) Co., Ltd.	Manufacturing of electronic parts, keyboards and plastic products	277,530	(2)B	236,374	-	-	236,374	73,796	100%	73,796 (2)B	1,213,123	-	-
Suzhou Mao-Qun Electronics Co., Ltd.	Manufacturing of electronic parts, keyboards and plastic products	124,911	(2)D	93,661	-	-	93,661	( 5,567)	60%	( 3,340) (2)B	( 281,205)	-	-
Suzhou Qun-Yang Electronics Co., Ltd.	Manufacturing of electronic parts, keyboards and plastic products	4,804	(2)D	-	-	-	-	( 7,727)	60%	( 4,636) (2)B	( 81,378)	-	-
XAVi Technology (Suzhou) Co., Ltd.	Manufacturing and sales of DSL bridges	324,942	(2)F	324,942	-	-	324,942	( 8,104)	46.63%	( 3,779) (2)B	111,193	-	-
Chicony Power Technology (Dong Guan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronic parts	593,135	(2)E	286,935	-	-	286,935	77,225	52.00%	40,157 (2)B	1,238,187	-	-
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of switching power supplies and LED lighting equipment	1,297,467	(2)E	194,245	-	-	194,245	354,742	52.00%	184,466 (2)B	2,832,172	-	-
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing of switching power supplies and other electronics parts	131,175	(2)E	97,602	-	-	97,602	7,088	52.00%	4,393 (2)B	235,331	-	-

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan							
			(Note 1)						(Note 2) (Note 4)				
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of switching power supplies and LED lighting equipment	\$ 301,744	(2)E	\$ -	\$ -	\$ -	\$ -	\$ 421,382	52.00%	\$ 219,119 (2)B	\$ 1,632,666	\$ -	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Sales of LED lighting equipment	44,379	(2)E	-	-	-	-	1,285	52.00%	668 (2)B	45,810	-	-
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of switching power supplies, LED lighting equipment, and other electronic parts and smart building system business	10,491	(2)E	-	-	-	-	267	52.00%	139 (2)B	( 94)	-	-
Chicony Power Technology Trading (Taizhou) Co., Ltd.	Researching and developing, manufacturing, sales, installation, aftersale, and advisory services of electric machinery, electric frequency device and industry automation equipment; manufacturing and sales of electrical machinery and components; import and export of goods and technique	90,030	(2)E	-	-	-	-	( 46,742)	52.00%	( 24,306) (2)B	37,950	-	-
WitsLight Technology (Kunshan) Co., Ltd.	Manufacturing and sales of LED lighting modules	331,859	(2)G	-	-	-	-	( 38,158)	43.51%	( 16,672) (2)B	164,850	-	-
Zhuzhou Torch Auto Lamp Co., Ltd.	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	228,654	(2)G	-	-	-	-	1,843	43.51%	992 (2)B	206,879	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The company	\$ 2,096,844 (USD 74,264 thousand)	\$ 3,125,953 (USD 110,712 thousand)	\$ 16,662,746

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China, the investing companies includes:
  - A. Chicony Overseas Inc.
  - B. Real Young Elec. Co., Ltd.
  - C. Mao-Feng International Inc.
  - D. Global Faith Inc.
  - E. Chicony Power Technology Hong Kong Limited(CPHK)
  - F. XAVi Overseas Ltd.
  - G. WitsLight Technology Co., Ltd..
- (3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A.The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B.The financial statements were audited and attested by R.O.C. parent company's CPA.
  - C.Others

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Calculated based on the Company's ending combined shareholding ratio.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2020

Table 12

Expressed in thousands of NTD

(Except as otherwise indicated)

Name of major shareholders	Shares		Ownership (%)
	Number of shares held (common shares)	Number of shares held (preference shares)	
Hsu, Kun-Tai	61,615,782	-	8.33%

Note 1: (1) The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may differ from the actual number of shares in dematerialised form due to the difference in calculation basis.

(2) If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.