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Chicony Power Technology Co., Ltd.

2020 Annual Report

Dated by May 5, 2021

1. The Company's Spokesman and Deputy Spokesman :

Spokesman

Name : Chen, Hsueh-Yi

Title : Financial Center Assistant VP

Tel : (02)6626-0678

E-mail : public@chiconypower.com

Deputy Spokesman

Name : Lin, Man-Yung

Title : Senior Director of Investor Relations Division

Tel : (02)6626-0678

E-mail : public@chiconypower.com

2. Headquarter, Branch Office, and Plants :

Headquarters

Address : 30F, No. 69, Sec. 2, Guangfu Rd., Sanchong Dist., New Taipei City,
Taiwan (R.O.C.)

Tel : (02)6626-0678

Branch Office : NA

Plants : NA

3. Stock Transfer Agency :

Name : Shareholders Service Dept. of Hua Nan Securities

Address : 4F., No. 54, Sec. 4, Minsheng E. Rd., Songshan Dist., Taipei City 105,
Taiwan (R.O.C.)

Website : <http://agency.entrust.com.tw/cgi-bin/index.php>

Tel : (02)2718-6425

4. The CPA for the Latest Financial Report :

Name of CPA : Chen, Chin-Chang
Weng, Shih-Jung

Name of Accounting Firm : PricewaterhouseCoopers, Taiwan

Address : 27F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan
(R.O.C.)

Website : <http://www.pwc.tw/>

Tel : (02)2729-6666

5. Name of overseas stock securities and method for accessing information on overseas negotiable securities : None.

6. Company Website : <https://www.chiconypower.com/>

Chicony Power Technology Co., Ltd.
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1. Letter to Shareholders

Dear Shareholders:

1.1. Business Performance in 2020

(I) Results Accomplished with the Business Operating Plan for 2020

With the joint efforts by the Company's managerial team and entire staff, in 2020, the Consolidated Sales Revenues were up to NT\$34,863,027,000, growing by 1% over 2019. The Net Profit after taxes came to NT\$2,136,627,000, increasing by 24% over 2019.

(II) Analyses on Financial Revenues and Expenditures and Profitability

1. Financial Revenues and Expenditures

Unit: NTD 1,000

Item	2020	2019	Increase (decrease) %
Operating profit	2,825,919	2,200,169	28.44%
Net earnings after tax	2,136,627	1,720,487	24.19%
Average total assets	23,472,058	21,824,371	7.55%
Average total shareholders' equity	8,898,749	7,792,701	14.19%

2. Profitability

Item	2020	2019
Average return on assets (%)	9.21	8.07
Average Return on shareholders' equity (%)	24.01	22.08
Operating profit accounting for the ratio of share capital at the end of the period (%)	72.69	56.89
Net profit margin (%)	6.13	5.00
Net income per share	5.52	4.51

(III) Performance in Research and Development

In 2020, the Company has invested a total of NT\$1,964,482,000 in R&D expenses to develop new products, strengthen automated production equipment, improve production process and upgrade R&D technicians' competency. Given the industrial environment, which evolves rapidly and involves intensive competition, the Company will actively control the development trend in the market, and continue to invest funds in the innovation of products and R&D of technology, especially in the new application areas, such as development of products including cloud smart related products, smart energy building control systems and environmental sensors, power supply of video games, power supply of gaming computers, LED car headlights, power supply systems of data center and server, etc., in order to keep intensifying the Company's competitiveness in the industry.

1.2. Business Operating Plan for 2021

(I) Business Targets and Forecast for 2021

Looking forward to 2021, COVID-19, which is rampant all over the world, has driven the increasing demand for work from home, distance learning, and home entertainment. In the future, the home will become a headquarters combining life and work. Zero-touch market opportunities will form the new lifestyle in the post-epidemic era. The technology industry's market is expected to expand globally. The electronic components industry still has the chance to get booming. Following the release of the COVID-19 vaccine, the vaccination appears to pose

some positive effect in stopping the epidemic from spreading. Besides, the leading countries in the world keep upholding the QE policy and, therefore, the global economic outlook is expected to recover optimistically.

Notwithstanding, the Company's management team will deal with various challenges derived from changes in the global economy and industrial environment carefully, by upholding its optimistic and vigorous visions. The Company will continue to be dedicated to the R&D and marketing of power supply-related products and also work hard to develop the business about products related to cloud smart, such as the power supply of Smart Speakers and other Smart Home Products in the ever-booming E-sports industry; as well as Power Supply Systems and AI trends for Big Databank Centers and Servers, and the relevant business of products in non-PC Industries. The Company will adhere to the "No Quality, No Sales" policy and strictly control the product quality and continue upgrading the efficiency of its customer service to increase the Company's overall operating revenue and earnings. Moreover, it will actively strengthen automated manufacturing and expand the plant to increase new production capacity to increase production flexibility and efficiency, and improve product quality in response to the increasing demand for manufacturing requirements. We anticipate that within the year, we shall sell an aggregate total of 188 million sets of electronic parts and components products, consumer electronic products, and other related products.

(II) The Business Operating Policies and Strategies of Future Development of the Company

For business operation policies and strategies of future development of the Company, we will focus on marketing, production, research and development, products, human resources and financial standing, as enumerated below:

1. Marketing

- (1) Upgrade the sale proportion of high value-added power supply products to increase the Company's earnings.
- (2) Actively develop the business for products related to cloud smart, power supply of e-sports computers, and power supply for data center servers, etc., in response to the industrial development trend.
- (3) Actively continue to expand the market share of power supply products and develop customers for new products.
- (4) Take firm trends of market development and boost customer service efficiency, with continuous profound cultivation of and contacts with customers to provide customers with services in the best real-time.

2. Production

- (1) Utilize the inter-group co-procurement and actively expand cooperation with suppliers in Mainland China to effectively reduce the procurement cost of raw materials.
- (2) Continuously increase automated production ratio, improve production efficiency and strengthen product quality to mitigate the pressure produced by increase in labor cost.
- (3) Continue to research, develop and improve the production process to upgrade the production efficiency and product quality.
- (4) Continuously boost the ratio of automated production and continue to develop new manufacturing processes to minimize production costs, enhance production efficiency and quality.
- (5) Preparing to expand the plant and plan the construction of the new Thailand factory to disperse the risk over production bases.

3. Research and Development

- (1) Continuously cooperate with heavyweight manufacturers, customers and suppliers throughout the world, make use of advanced key technology and development trends in the markets to create a technology advantage.
- (2) Continue to focus on research and development in innovation and technology of products

to upgrade the Company's position levels in the markets and in know-how.

- (3) Speed up quality certification of various products, domestic and overseas, to upgrade competitiveness of the products in international markets.
- (4) Continue to recruit excellent human resources and enhance employees' professional training to upgrade the Company's strength in R&D.

4. Products

- (1) Take the firm trends of market development and boost research and development of power supply products for new domains of application to increase product items and help the Company gain added profits.
- (2) Continue to develop the power supply products related to smart family and green buildings to be in line with the global smart energy trend.
- (3) Augment the power supply solution projects for server and huge information centers to develop upward to high-end products.
- (4) Continue to research and develop high-power supply products related to video games and gaming computers.

5. Human Resources

- (1) Work with colleges and universities and provide scholarships and fellowships to excellent students to recruit professional human resources.
- (2) Effectively utilize the system targets of all sorts of human resources to help all business divisions accomplish annual targets in profits.
- (3) Look into and make sure of the trends in human resources relevant policies at home and abroad, and regularly review the relevant practices and systems of the Company, to win over maximum possible benefits common for both labor and management.
- (4) Fulfill corporate social responsibility, practice corporate governance and value care for employees to achieve the enterprise's objectives for sustainable operations.

6. Financial Standing

- (1) Make maximum possible use of the derivative financial instruments and diversified, comprehensive, and multifaceted instruments in the capital markets to minimize potential fluctuations in foreign exchange and the risks in rising prices of raw materials.
- (2) Continuously strengthen control over accounts receivable, boost the turnover rate of a variety of assets to effectively control budgeting and implementation process.
- (3) Devise and work out optimum taxation planning for the Company and the subsidiaries pursuant to the requirements of taxation laws of the countries concerned.
- (4) Continuously minimize liability ratios.

(III) Key Production and Marketing Policies

1. Continuously team up with internationally renowned giant customers to expand the market shares of our products in line with the growth of customers' sales revenues and the rising ratios of our products sold to them.
2. Comprehensively promote the automated production and continuously develop new manufacturing processes to boost product efficiency and quality.
3. Continuously expand the domains of application for new products, raise the proportion of sales turnover of our products with added values to help gain added profits.
4. Continuously set up global warehouses for deliveries in real-time to strengthen flexibility of deliveries and enhance the close teamwork ties with customers.
5. Utilize the inter-group co-procurement and marketing strength to reduce the procurement cost of raw materials and increase the sales of products.
6. Enhance the performance of the existing ERP overall information system to boost operating efficiency of all business sectors.

1.3. The Impact Among the Environments of External Competitions, Legal Ambiance and Environment for Overall Business Operations:

In the business operations here in the Company, we have faithfully complied with the laws and regulations currently prevalent in the home country and the countries where our subsidiaries are located. Our entire managerial team members shall, as always, continuously stay watchful about the environmental changes that might have an impact upon our business operations. Meanwhile, we shall implement business policies and strategies in marketing, production, research and development, production, human resources and financial concern to continuously boost our overall business performance and to strive for the optimum values to our customers, shareholders and employees.

Chairman: Lu, Chin-Chung

President: Tseng, Kuo-Hua

Chief Finance Officer: Chen, Hsueh-Yi

2. Company Introduction

2.1. Date of Incorporation: December 24, 2008

2.2. Corporate Milestones

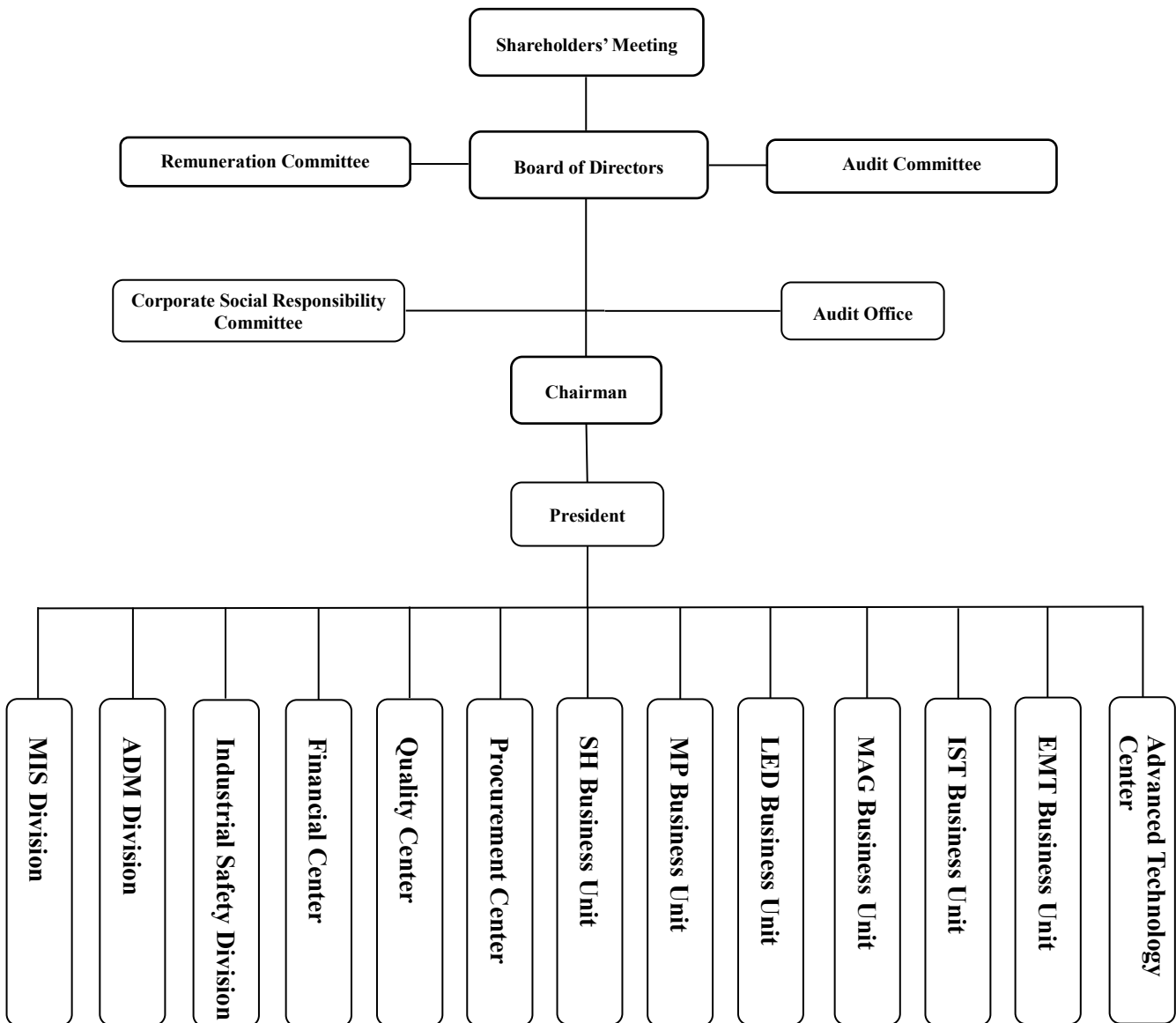
Year/Month	Descriptions
Dec. 2008	Chicony Power Technology Co., Ltd. (hereinafter referred to as “the Company” or “Chicony Power”) was invested and established by Hipro Electronics (Taiwan) Co., Ltd. (hereinafter referred to as “Hipro Electronics”) on December 2008. The Company’s registered paid-in capital is NTD 1 million and is mainly engaged in the business of producing and marketing of switching power supplies.
Feb. 2009	The Company issued common stocks to take over the power supply business segment from Hipro Electronics. Paid-in capital increased to NTD 81 million.
Apr. 2009	The Company increased its paid-in capital out of cash for NTD 2 billion. Paid-in capital increased to NTD 2.081 billion.
Jul. 2009	-The Company invested and set up a 100% owned holding company - Chicony Power Holdings Inc., and through this holding company the Company invested and owned indirectly 100% shares of Chicony Power International Inc. -Chicony Power International Inc. bought from Hipro Overseas (B.V.I.) Inc. the 100% shares of Hipro Technologies, Inc., and 100% shares of Hipro Hong Kong Ltd. By way of this the Company indirectly owns 100% shares of Hipro Electronics (Dongguan) Co., Ltd., 100% shares of Hipro Electronics (Suzhou) Co., Ltd., and 100% shares of Guang Sheng Electronics (Nanchang) Co., Ltd., respectively, and thus build a comprehensive network of overseas production bases.
Oct. 2009	The Company renamed its indirectly owned company - Hipro Technologies, Inc. as Chicony Power USA, Inc., and has it engaged in the business of selling power supply. The purpose is to enhance sales and serve customer in the United States.
Jan. 2010	Build up the LED Business Unit.
Aug. 2010	-The Company increased its paid-in capital out of capital reserves and earnings (including employee bonus) for NTD 334,868,320. Paid-in capital increased to NTD 2,415,868,320. -The Company renamed its indirectly invested company - Hipro Electronics (Suzhou) Co., Ltd., as Chicony Power Technology (Suzhou) Co., Ltd. -The Company set up the LED production lines in Chicony Power Technology (Suzhou) Co., Ltd.
Sep. 2010	The Company renamed its indirectly invested company - Hipro Hong Kong Ltd. as Chicony Power Technology Hong Kong Ltd.
May 2011	-The Company indirectly invested a 100% owned Chicony Energy Saving Technology (Shanghai) Co., Ltd. to engage in the business of selling LED lighting equipment. -The Company indirectly invested and set up Chicony Power Technology (Chong Qing) Co., Ltd. to engage in the business of selling power supply and LED lighting equipment.
Dec. 2011	The Company increased its paid-in capital out of capital reserves and earnings (including employee bonus) for NTD 345,971,100. Paid-in capital increased to NTD 2,761,839,420.
May 2012	The Company set up LED production line in Hipro Electronic (Dongguan) Co., Ltd.
Oct. 2012	The Company increased its paid-in capital out of capital reserves and earnings (including employee bonus) for NTD 496,129,920. Paid-in capital increased to NTD 3,257,969,340.
Nov. 2012	The Company was approved by the FSC for public issuance of stocks.
Jan. 2013	The Company was approved by the TPEx to have stocks listed and traded on the emerging market board.
Jan. 2013	The Company indirectly invested and set up Dongguan Chicony Power Trading Co., Ltd. to engage in the sales of power supply and LED lighting equipment.
Aug. 2013	The Company increased its paid-in capital out of earnings (include Employees Bonus) for NTD 35,817,110. Paid-in capital increased to NTD 3,293,786,450.
Nov. 2013	On November 8, the Company officially listed and had stocks traded on the Taiwan Stock Exchange (TWSE).
Nov. 2013	The company increased its paid in capital out of cash for NTD 240 million. Paid-in capital increased to NTD 3,533,786,450.
Jul. 2014	The Company owns 78.125% shares of Witslight Technology Co., Ltd., and indirectly owns 78.125% shares of Witslight Technology Group and Witslight Technology Group (Kunshan) and engages in designing, research and development, production and sales of LED lighting Module.
Aug. 2014	The Company increased its paid-in capital out of earnings (include Employees Bonus) for NTD 54,747,040. Paid-in capital increased to NTD 3,588,533,490.
Apr. 2015	The Company indirectly owns 78.125% shares of Zhu Zhou Torch Auto Lamp Co. Ltd., and engages in production and sales of automotive and motorcycle components, electric machine

Year/Month	Descriptions
	and device, lamps and plastic products.
Aug. 2015	The Company increased its paid-in capital out of earnings (include Employees Bonus) for NTD 54,577,840. Paid-in capital increased to NTD 3,643,111,330.
Sep. 2015	The Company increased its capital out of new restricted employee shares for NT 40,079,700. Paid-in capital increased to NTD 3,683,191,030.
Mar. 2016	The Company increased and decreased its paid-in capital out of revocation of new restricted employee shares for NTD 17,407,700. Paid-in capital increased to NTD 3,700,598,730.
Jun. 2016	-Revocation of new restricted employee shares for NTD 333,380. Paid-in capital after revocation decreased to NTD 3,700,265,350. -The Company indirectly owns 78.125% shares of Carlight Technology Co., Ltd., and engages in Design, researching and developing and foreign sales of automotive and motorcycle lamps and other components.
Aug. 2016	The Company increased its paid-in capital out of earnings (include Employees Remuneration) for NTD 57,431,050. Paid-in capital increased to NTD 3,757,696,400.
Sep. 2016	Revocation of new restricted employee shares for NTD 207,600. Paid-in capital after revocation decreased to NTD 3,757,488,800.
Nov. 2016	Revocation of new restricted employee shares for NTD 42,600. Paid-in capital after revocation decreased to NTD 3,757,446,200.
Jan. 2017	The Company renamed its indirectly invested company - Hipro Electronic (Dongguan) Co., Ltd., as Chicony Power Technology (Dongguan) Co., Ltd.
Apr. 2017	Revocation of new restricted employee shares for NTD 45,480. Paid-in capital after revocation decreased to NTD 3,757,400,720.
May 2017	The Company increased its paid-in capital out of employees' remuneration for NTD 47,216,490. Paid-in capital increased to NTD 3,804,617,210.
Jun. 2017	Revocation of new restricted employee shares for NTD 305,880. Paid-in capital after revocation decreased to NTD 3,804,311,330.
Aug. 2017	The Company increased its paid-in capital out of earnings for NTD 18,588,140. Paid-in capital increased to NTD 3,822,899,470.
Aug. 2017	Revocation of new restricted employee shares for NTD 123,930. Paid-in capital after revocation decreased to NTD 3,822,775,540.
Nov. 2017	Revocation of new restricted employee shares for NTD 52,830. Paid-in capital after revocation decreased to NTD 3,822,722,710.
May 2018	The Company increased its paid-in capital out of employees' remuneration for NTD 44,231,390. Paid-in capital increased to NTD 3,866,954,100.
Jul. 2018	Revocation of the treasury stocks and new restricted employee shares for NTD 7,088,220. Paid-in capital after revocation decreased to NTD 3,859,865,880.
Aug. 2018	The Company increased its paid-in capital out of earnings for NTD 18,937,130. Paid-in capital increased to NTD 3,878,803,010.
Nov. 2018	Revocation of the treasury stocks for NTD 47,390,000. Paid-in capital after revocation decreased to NTD 3,831,413,010.
Apr. 2019	The Company increased its paid-in capital out of employees' remuneration for NTD 35,740,740. Paid-in capital increased to NTD 3,867,151,750.
Oct. 2019	The Company invested and set up Chicony Power Technology (Thailand) Co., Ltd.
Apr. 2020	Revocation of the treasury stocks for NTD 25,150,000. Paid-in capital after revocation decreased to NTD 3,842,003,750.
May 2020	The Company increased its paid-in capital out of employees' remuneration for NTD 45,506,620. Paid-in capital increased to NTD 3,887,510,370.
Sep. 2020	Increased shareholding in Witslight Technology Co., Ltd. to 83.68%.
Apr. 2021	The Company increased its paid-in capital out of employees' remuneration for NTD 33,961,470. Paid-in capital increased to NTD 3,921,471,840.

3. Corporate Governance Report

3.1. Organization

3.1.1. Organization Chart



3.1.2. Functions of Major Divisions

Department	Functions
Server and High Power Business Unit (abbreviated as SH Business Unit)	Organize the R&D, business management, material purchasing, production management, and after sales services for high wattage products of the Company, such as the power supply for desktop computers, game consoles and workstations, servers, and storage devices.
Mini Power Business Unit (abbreviated as MP Business Unit)	Organize the R&D, business management, material purchasing, production management, and after sales services for low wattage products of the Company, such as the power supply for notebooks, printers, Set Top Boxes, and smart homes.
LED Business Unit	Organize the R&D, business management, material purchasing, production management and after sales services for LED lighting and backlight products of the Company.
MAG Business Unit	Organize the R&D, business management, material purchasing, production management and after sales services for the magnetic component products of the Company.
IST Business Unit	Organize the R&D, business management, material purchasing, construction management and after sales services for the smart buildings of the Company.
EMT Business Unit	Organize the R&D, business management, material purchasing, production management and after sales services for the motor products of the Company.
Procurement Center	Organize the purchase of materials for various products.
Quality Center	Organize the quality control, parts engineering, safety certification, and the customer management for after-sales service.
Advanced Technology Center	Integrate and make flexible use of the technology resource of the Company, assist each business unit for technology development and have the technology transferred to each unit. Long-term development of new technology to accumulate the technology capability.
Financial Center	Organize the finance, accounting, stock affairs, custom affairs and the import/export business.
Administration Management Division	Organize the human resource, general administration, ethical management and corporate social responsibilities business.
Industrial Safety Division	Discuss, plan, monitor and implement the industry safety and health management matters.
MIS Division	Organize MIS of the Company.
Audit Office	Audit and evaluate the internal control system of the Company, and the implementation of all regulations and systems.

3.2. Information Concerning the Directors, Presidents, Vice Presidents, Assistant Vice Presidents, and Department and Branch Managers

3.2.1. Information on Directors(1)

April 12, 2021 ; Unit: shares, %

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Duration	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Managers, Directors or Supervisors Who are Spouses or Within Second-degree Relative of Kinship to Each Other		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C	Chicony Electronics Co., Ltd.	-	Jun. 7, 2018	3 years	Jun. 26, 2009	178,764,747	46.23	200,751,594	51.19	-	-	-	-	-	Director and Supervisor : - Unikey Electronics Co., Ltd. - Hipro Electronics (Taiwan) Co., Ltd. Director : - Xavi Technologies Corporation - Shun On Electronic Co., Ltd., Newmax Technology Co., Ltd., Laster Tech Co., Ltd., Alcor Micro, Corp., - Cheng Ding Venture Capital Co., Ltd., Taipei Tech Developing Venture Capital Co., Ltd., Maxima Venture Capital II, WK Technology Fund IX, Top Taiwan Biotechnology Venture Capital Co., Ltd., Sheng-Ta Venture Capital Co., Ltd	-	-	-
	R.O.C	Legal Representative Lu, Chin-Chung	Male	Jun. 7, 2018	3 years	Jun. 7, 2018	-	-	-	-	20,100	0.01	-	-	Department of Business Administration, National ChengChi University MBA, National ChengChi University	Director / President : - Chicony Electronics Co., Ltd. - Chicony Electronics (Dongguan) Co., Ltd. Chairman (Legal Representative) : - Unikey Electronics Co., Ltd. - XAVI Technologies Corporation Director (Legal Representative) : - Hipro Electronics (Taiwan) Co., Ltd. - Guang Sheng Investment Co., Ltd. - Chun Chin Power Technology Co., Ltd. - Shun On Electronic Co., Ltd. - Newmax Technology Co., Ltd. Director / CEO / Secretary of Chicony America Inc. Director / CEO of Chicony America Group Inc. Director : - Subsidiaries of Chicony Electronics Co., Ltd. including Chicony Overseas Inc., Chicony Overseas Hong Kong Ltd., Chicony Electronics (Thailand) Co., Ltd., Chicony Electronics CEZ s.r.o., Chicony Electronics Japan Inc., Mao-Feng International Inc., Chicony Electronics (Suzhou) Co., Ltd., Global Faith Inc., Mao Qun Electronics Co., Ltd., Kuang Mao International Inc., Real Young Elec. Co., Ltd., Hipro Overseas (BVI) Inc. - Subsidiaries of XAVI Technologies Corporation including XAVI Overseas Ltd., XAVI Technologies (Thailand) Co., Ltd., XAVI (Suzhou) Co., Ltd., Directmax International Ltd., Systemax Development Ltd. - Subsidiaries of Chicony Power Technology Co., Ltd. including Chicony Power Holdings Inc., Chicony Power International Inc., Chicony Power Technology Hong Kong Ltd., Chicony Power Technology (Thailand) Co., Ltd., Chicony Power USA, Inc., Chicony Power Technology (Suzhou) Co., Ltd, Chicony Power Technology (Dongguan) Co., Ltd, Chicony Power Technology (Chong Qing) Co., Ltd, Guang Sheng Electronics (Nanchang) Co., Ltd., Chicony Energy Saving Technology (Shanghai) Co., Ltd., Dongguan Chicony Power Trading Co., Ltd. - Clevo Co. Director / Supervisor of Mao Rui Electronics Co., Ltd. Supervisor of Chicony Electronics (Chong Qing) Co., Ltd.	-	-	-

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Duration	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Managers, Directors or Supervisors Who are Spouses or Within Second-degree Relative of Kinship to Each Other		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C	Tseng, Kuo-Hua	Male	Jun. 7, 2018	3 years	Jun. 14, 2012	3,254,283	0.84	4,288,634 (Note 1)	1.09	-	-	-	-	National Taipei University of Technology Master of Institute of Industrial Management, Taipei University of Technology Lite-On Electronics Inc., Factory Director Li Shin International Enterprise Corp., President	President of the Company Chairman / President : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. Chairman : - Chicony Power Technology (Dongguan) Co., Ltd. - Chicony Power Technology (Taizhou) Co., Ltd. - Chicony Energy Saving Technology (Shanghai) Co., Ltd. - Dongguan Chicony Power Trading Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd. Director : - Subsidiaries of Chicony Power Technology Co., Ltd. including Chicony Power Holdings Inc., Chicony Power International Inc., Chicony Power Technology Hong Kong Ltd., Chicony Power Technology (Thailand) Co., Ltd., Chicony Power USA, Inc., Witslight Technology Corporation Limited (Samoa), Witslight Technology group (Kunshan), Zhu Zhou Torch Auto Lamp Co. Ltd. - National Taipei University of Technology Foundation Director (Legal Representative) : - Carlight Technology Co., Ltd. - Top Taiwan Biotechnology Venture Capital Co., Ltd. - Cheng Ding Venture Capital Co., Ltd. - Taipei Tech Developing Venture Capital Co., Ltd. The 6th President and 7th Executive Director of the Alumni Union of Industrial Engineering and Management Department of National Taipei University of Technology	-	-	-
Director	R.O.C	Huang, Chung-Ming	Male	Jun. 7, 2018	3 years	Jun. 15, 2015	1,961,568	0.51	2,319,364 (Note 1)	0.59	-	-	-	-	Department of Electrical Engineering, National Tsing Hua University Phoenixtec Power Co., Ltd., Manager Chang Lei Electronics Co., Ltd., Director Asian Power Devices, Inc., President	Advanced Technology Center of the Company, Chief Technology Officer and Senior Deputy GM Director / President : - Chicony Power Technology (Taizhou) Co., Ltd. - Chicony Energy Saving Technology (Shanghai) Co., Ltd. Director : - Chicony Power Technology Hong Kong Ltd. - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Dongguan) Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd. Supervisor : - Chicony Power Technology (Chong Qing) Co., Ltd. - Dongguan Chicony Power Trading Co., Ltd.	-	-	-
Director	R.O.C	Lee, Tse-Ching	Female	Jun. 6, 2019	2 years	Jun. 6, 2019	3,091,353	0.80	24,362,547	6.21	-	-	-	-	National Taipei University of Business Senior Accounting, Beitou Huanan Hotel Accounting Director, Taipei City Mingcheng Hotel	Director of Chicony Electronics Co., Ltd. Director of Tse-Kuei Hepatobiliary Medical Research Foundation Supervisor of XAVi Technologies Corporation	-	-	-
Independent Director	R.O.C	Fu, Yow-Shiuan	Male	Jun. 7, 2018	3 years	Jan. 22, 2013	-	-	-	-	-	-	-	-	Bachelor of Mechanical Engineering, Chung Yuan Christian University Master of Business Administration (MBA), West Coast University, USA WK Technology Fund, President WYSE Technology Taiwan Ltd., President Global Sciencetech INC., President	Remuneration and Audit Committee member of the Company Independent Director, Remuneration and Audit Committee member : - Penpower Technology Ltd. - Logan Technology Corp. - Test Research Inc.	-	-	-

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Duration	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Managers, Directors or Supervisors Who are Spouses or Within Second-degree Relative of Kinship to Each Other		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	R.O.C	Tsai, Duh-Kung	Male	Jun. 7, 2018	3 years	Jan. 22, 2013	-	-	-	-	-	-	-	-	Department of Industrial Engineering, National Taipei College of Technology Manager of Taiwan Electronic Computer Company Division Director of AMPEX Computer Co., Ltd. President of Taiwan Region of AST Computer Co., Ltd. Chairman of Kingston Technology Corporation	Remuneration and Audit Committee member of the Company Chairman : - Powertech Technology Inc. - Greatek Electronics Inc. - PTI Education Fundation Director : - Powertech Technology (Suzhou) Ltd. - Powertech Holding (B.V.I.) Inc. - PTI Technology (Singapore) Pte. Ltd. - Powertech Technology (Singapore) Pte. Ltd. - Powertech Technology Japan Ltd. - Powertech Technology Akita Ltd. - Tera Probe Inc. Independent Director, Remuneration and Audit Committee member of Compal Electronics, Inc.	-	-	-
Independent Director	R.O.C	Chiu, Te-Chen	Male	Jun. 7, 2018	3 years	Jan. 22, 2013	-	-	-	-	-	-	-	-	Bachelor of Nuclear Engineering, National Tsing Hua University Master of Business Administration (MBA), National Chengchih University	Remuneration and Audit Committee member of the Company Chairman / President : - Top Taiwan Venture Capital Co., Ltd. - Jiou Ding Venture Capital Co., Ltd. - Wen Ding Venture Capital Co., Ltd. - Cheng Ding venture capital Co., Ltd. - Top Taiwan Biotechnology Venture Capital Co., Ltd. - Top Taiwan Venture Capital Group Director / President : - Chi Ding Venture Capital Co., Ltd. - Hua Ding International Venture Capital Co., Ltd. - Yuan Ding Venture Capital Co., Ltd. Director (Legal Representative) : - Depo Auto Parts Industrial. Co., Ltd. - Sharehope Medicine Co., Ltd. - Amicom Electronics Corporation - Radbon Avionics Inc. - Shin Kong Financial Holding Co., Ltd. Director : - Elan Microelectronics Corp. - Sinbon Electronics Co. Ltd. - T-CONN Precision Corporation - Avatack Co. Ltd. Independent Director, Remuneration and Audit Committee member of Silitech Technology Corp. Vice Chairman of Shin Kong Life Insurance Co., Ltd	-	-	-

Note 1: Shares Holdings include shares in trust the grantor retains the power to decide the allocation.

Note 2: 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 that are legal representative of the corporate shareholders, and the Major shareholders of the corporate shareholders

Institutional Shareholder	Major Shareholders of Corporate Shareholders
Chicony Electronics Co., Ltd.	Hsu, Kun-Tai (8.27%), Yuanta Taiwan High Dividend Fund (3.50%), Unikey Electronics Co., Ltd. (2.84%), Epoque Corp. (2.36%), Citibank (Taiwan) Entrusted with Government of Singapore Investment Account (2.31%), Hipro Electronics (Taiwan) Co., Ltd (2.17%), JPMorgan Chase Bank N.A. Taipei Branch Entrusted with Robinco Capital Growth Fund Investment Account (1.52%), Tong Ling Machinery Co., Ltd. (1.50%), Chin Yuan Iron Works & Co., Ltd.(1.46%), Citibank (Taiwan) Entrusted with Norges Bank Investment Account (1.37%)

Table 2 : Directors that are Legal Representative of the Corporate Shareholders, and the Major Shareholders of the Corporate Shareholders

Institutional shareholder	Major Shareholders of Corporate Shareholders
Unikey Electronics Co., Ltd	Chicony Electronics Co., Ltd. (100%)
Epoque Corp.	Hsu, Kun-Tai (63.8%), Huatai Investment Co., Ltd. (14.3%), Tong Ling Machinery Co., Ltd. (9.1%), Chin Yuan Iron Works & Co., Ltd. (6.9%), Kang, Min-Chen (4.8%), Xu, Wen-Xin (1.0%), Lin, Feng-Zhu (0.1%)
Hipro Electronics (Taiwan) Co., Ltd	Chicony Electronics Co., Ltd. (100%)
Tong Ling Machinery Co., Ltd.	Hsu, Kun-Tai (82.0%), Kang, Min-Chen (10.2%), Epoque Corp. (5.4%), Lin Feng-Zhu (1.8%), Xu, Wen-Xin (0.6%)
Chin Yuan Iron Works & Co., Ltd.	Tong Ling Machinery Co., Ltd. (50.0%), Hsu, Kun-Tai (28.3%), Epoque Corp. (8.1%), Kang, Min-Chen (7.9%), Lin Feng-Zhu (5.0%), Xu, Wen-Xin (0.7%)

3.2.1. Independence and Expertise of the Directors (2)

April 11, 2020

Name	Conditions	Meet the Following Professional Qualification, Together with at Least 5 Years Work Experience			Compliance of independence (Note)												Number of Public Companies in which Concurrently serves as an Independent Director
		Lecturer or above in Commerce, Law, Finance, Accounting or Other Academic Department Related to the Business Needs of the company in a Public or Private College or University	Certified Judge, Attorney, Lawyer, Accountant, or Holder of Professional Qualification Relevant to the Company's Operations	Have Work Experiences in the Area of Commercial, Law, Financial, Accounting or Overview Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Director: Chicony Electronics Co., Ltd. Representative: Lu, Chin-Chung			✓				✓				✓		✓	✓	✓		-
Director: Tseng, Kuo-Hua			✓						✓	✓	✓	✓	✓	✓	✓	✓	-
Director: Huang, Chung-Ming			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Director Lee, Tse-Ching			✓	✓				✓	✓		✓		✓	✓	✓	✓	-
Independent Director: Fu, Yow-Shiuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Independent Director: Tsai, Duh-Kung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director: Chiu, Te-Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: A “✓” is marked in the space beneath a condition number when a Director has met that condition during the two years prior to election and during his or her period of service; the conditions are as follows:

- (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 Review 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.

3.2.2. Information on Managers

April 11, 2020 ; Unit: shares, %

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Managers		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C	Tseng, Kuo-Hua	Male	Feb. 2, 2009	4,288,634 (Note 1)	1.09	-	-	-	-	National Taipei University of Technology Master of Institute of Industrial Management, Taipei University of Technology Lite-On Electronics Inc., Factory Director Li Shin International Enterprise Corp., President	Director of the Company Chairman / President : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. Chairman : - Chicony Power Technology (Dongguan) Co., Ltd. - Chicony Power Technology (Taizhou) Co., Ltd. - Chicony Energy Saving Technology (Shanghai) Co., Ltd. - Dongguan Chicony Power Trading Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd. Director : - Subsidiaries of Chicony Power Technology Co., Ltd. including Chicony Power Holdings Inc., Chicony Power International Inc., Chicony Power Technology Hong Kong Ltd., Chicony Power Technology (Thailand) Co., Ltd., Chicony Power USA, Inc., Witslight Technology Corporation Limited (Samoa), Witslight Technology group (Kunshan), Zhu Zhou Torch Auto Lamp Co. Ltd. - National Taipei University of Technology Foundation Director (Legal Representative) : - Carlight Technology Co., Ltd. - Top Taiwan Biotechnology Venture Capital Co., Ltd. - Cheng Ding Venture Capital Co., Ltd. - Taipei Tech Developing Venture Capital Co., Ltd. The 6th President and 7th Executive Director of the Alumni Union of Industrial Engineering and Management Department of National Taipei University of Technology	-	-	-
Advanced Technology Center, Chief Technology Officer and Senior Deputy GM	R.O.C	Huang, Chung-Ming	Male	Jul. 1, 2012	2,319,364 (Note 1)	0.59	-	-	-	-	Department of Electrical Engineering, National Tsing Hua University Phoenixtec Power Co., Ltd., Manager Chang Lei Electronics Co., Ltd., Director Asian Power Devices, Inc., President	Director of the Company Director / President : - Chicony Power Technology (Taizhou) Co., Ltd. - Chicony Energy Saving Technology (Shanghai) Co., Ltd. Director : - Chicony Power Technology Hong Kong Ltd. - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Dongguan) Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd. Supervisor : - Chicony Power Technology (Chong Qing) Co., Ltd. - Dongguan Chicony Power Trading Co., Ltd.	-	-	-

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Managers		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
MP Business Unit, President	R.O.C	Huang, Chien-Yu	Male	Jan. 2, 2013	380,742 (Note 1)	0.10	372,000	0.09	-	-	Department of Physics, National Central University Lite-On Electronics Inc., Assistant VP Liangtai Enterprise Co., Ltd., Vice President	Director / President : - Dongguan Chicony Power Trading Co., Ltd., Director : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. - Chicony Power Technology (Thailand) Co., Ltd. Supervisor : - Chicony of Power Technology (Dongguan) Co., Ltd., - Chicony Power Technology (Taizhou) Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd.	-	-	-
SH Business Unit, President	R.O.C	Ku, Ming-Hui	Male	Oct. 8, 2018	268,031 (Note 1)	0.07	-	-	-	-	- National Taipei University of Technology Lockheed Martin Global, Inc., Taiwan, EE Leader IBM Taiwan Corporation, Engineer in Charge Delta Electronics, Inc., Vice President	None	-	-	-
Guang Sheng Factory, Senior Vice President	R.O.C	Li, Tsu-Yu	Male	Feb. 2, 2009	1,629,701 (Note 1)	0.42	-	-	-	-	- Department of Physics, National Central University Texas Instruments Incorporated, Supervisor Guang-Sheng Support Division, Hipro Electronics (Taiwan) Co., Ltd., Senior Vice President	Director : - Chicony Power Technology Hong Kong Ltd. Director / President : - Guang Sheng Electronics (Nanchang) Co., Ltd.	-	-	-
MAG Business Unit, Vice President (Note 2)	R.O.C	Lin, Che-Shih	Male	May 1, 2021	228,478 (Note 1)	0.06	-	-	-	-	- Department of Electronic Engineering, National Chin-Yi University of Technology Royal Roads University EMBA Hyperion Electronics Co. Ltd., Manager Li Shin International Enterprise Corp., Senior Director	None	-	-	-
SH Business Unit, Vice President (Note 2)	R.O.C	Huang, Shu-Fan	Male	May 1, 2021	229,039 (Note 1)	0.06	-	-	-	-	- Department of Industrial Engineering, Chung Yuan Christian University Master of Department of Industrial Engineering, Rutgers University Department of Materials, Lucent Technologies, Director Emerson Electric (Taiwan) Co, Ltd., Senior Director	None	-	-	-
MP R&D Office, Vice President (Note 2)	R.O.C	Wang, Yang	Male	May 1, 2021	115,090 (Note 1)	0.03	10	0.00	-	-	- Department of Electrical Engineering, National Taiwan University Graduated from EMBA, National Chengchi University Hipro Electronics (Taiwan) Co., Ltd., R & D Manager	None	-	-	-
Special Assistant to President and Procurement Chief	R.O.C	Huang, Ming-Hui	Male	Jan. 2, 2019	174,837 (Note 1)	0.04	46,000	0.01	-	-	- Department of Computer Science, National Chiao Tung University Master of Business Administration, National Cheng Kung University ASUSTeK Computer Inc., Procurement Manager Pegatron Corporation, Sales Director Pegatron Corporation, Deputy Procurement Manager	Director (Legal Representative) : - Carlight Technology Co., Ltd. Director : - Witslight Technology Group (Kunshan) - Zhu Zhou Torch Auto Lamp Co. Ltd. Supervisor : - Chicony Energy Saving Technology (Shanghai) Co., Ltd	-	-	-
SH Business Unit, Assistant VP	R.O.C	Huang, Tsui-Ling	Female	Mar. 9, 2011	184,239 (Note 1)	0.05	-	-	-	-	- Department of International Business, Tamkang University Master of Department of Finance, George Washington University Honeywell, Business Manager Emerson Electric (Taiwan) Co, Ltd., Business Director	None	-	-	-
MP Business Unit, Assistant VP	R.O.C	Pan, Sin-Jian	Male	May 3, 2019	72,718 (Note 1)	0.02	-	-	-	-	- Department of Industrial Engineering, Chung Yuan Christian University Ding-Chin computer Co., Ltd, Deputy Manager Hipro Electronics (Taiwan) Co., Ltd, Business Department Director	None	-	-	-

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Managers		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
MP Department of Quality Assurance Assistant VP	R.O.C	Chen, Chun-Jheng	Male	Oct. 16, 2019	23,396 (Note 1)	0.01	-	-	-	-	Department of Mechanical Engineering, National Tsing Hua University Master of Department of Power Mechanical Engineering, National Tsing Hua University Wistron NeWeb Corporation, Kunshan Factory Director Quality Assurance Department and Supplier Management of Kunshan factory ,Wistron Corporation, Director	None	-	-	-
Financial Center, Assistant VP	R.O.C	Chen, Hsueh-Yi	Male	Feb. 2, 2009	412,294 (Note 1)	0.11	-	-	-	-	- Department of Mechanical Engineering, Chiao Tung University New York University, MBA BES Engineering Corporation, Deputy Manager Financial Center of Hipro Electronics (Taiwan) Co., Ltd., Director	Chairman (Legal Representative) : - Carlight Technology Co., Ltd. Chairman : - Witslight Technology Group (Kunshan) - Zhu Zhou Torch Auto Lamp Co. Ltd. Director : - Chicony Power Technology (Taizhou) Co., Ltd	-	-	-
MAG Business Unit, Assistant VP (Note 2)	R.O.C	Huang, Ming-Ssu	Male	May 1, 2021	214,052 (Note 1)	0.05	-	-	-	-	- Department of Electronics, Hwa Hsia University of Technology National Taipei University of Technology EMBA Kentex Electronic Co., Ltd., Business Manager Li Shin International Enterprise Corp., Deputy Director of Materials	None	-	-	-
SH High Power Development Office, Assistant VP (Note 2)	R.O.C	Hsiao, Yung-Himg	Male	May 1, 2021	92,657 (Note 1)	0.02	-	-	-	-	- National Taiwan University of Science and Technology Platform Application Engineering Department of Intel Microelectronics Data Center, Senior Manager R&D Center, Flextronics Power Co., Ltd., Senior Manager,	None	-	-	-
Audit Office, Manager	R.O.C	Yu, Wen-Feng	Female	Sep. 5, 2013	184,199 (Note 1)	0.05	115	0.00	-	-	- Department of Industry and Business Management, Tamkang University Accounting Department, Chicony Electronics Co., Ltd., Supervisor Accounting Department, Hipro Electronics (Taiwan) Co., Ltd., Manager	None	-	-	-

Note 1: Shares Holdings include shares in trust the grantor retains control and use at his discretion.

Note 2: Lin, Che-Shih, Huang, Shu-Fan and Wang, Yang promoted incumbent position on May 1, 2021. Huang, Ming-Ssu and Hsiao, Yung-Him inaugurated incumbent position on May 1, 2021.

3.2.3. 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.

3.3. Remuneration to Directors, Supervisors, President, and Vice Presidents

3.3.1. Remuneration to General Directors and Independent Director in 2020

Unit: NTD 1,000

Title		Name	Remuneration to Directors						Ratio of Total Remuneration to Net Income (A+B+C+D) (%)		Remuneration from Concurrently Servings as Employees								Ratio of Total Compensation to Net Income (A+B+C+D+ E+F) (%)		Remuneration from Investments Other Than Subsidiaries or the Parent Company		
			Wage (A)		Pension upon Retirement (B)		Remuneration to Directors (C)				Service Expenses (D)		Wages, Bonuses, and Special Allowances, Etc. (E)		Pension upon Retirement (F)		Employee Remuneration (G)						
			The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities			
General Director	Chairman	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung	1,709	1,709	-	-	21,006	21,006	-	-	1.06	1.06	13,178	13,178	216	216	631	31,037	631	31,037	3.17	3.17	23,440
	Director	Tseng, Kuo-Hua																					
	Director	Huang, Chung-Ming																					
	Director	Lee, Tse-Ching																					
Independent Director	Independent Director	Fu, Yow-Shiuan	-	-	-	-	7,659	7,659	-	-	0.36	0.36	-	-	-	-	-	-	-	-	0.36	0.36	-
	Independent Director	Tsai, Duh-Kung																					
	Independent Director	Chiu, Te-Chen																					
<div>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 : The remuneration of independent directors of the company makes recommendations to the Board of Directors by the Remuneration Committee considers each director’s participation of the company’s operation and contributions to the Company in accordance with Article 24 of the Company’s Articles of Incorporation.</div> <div>2. In addition to the disclosures in the above Table, the remuneration of directors from providing services (e.g., as the consultant of non-employee) to all companies in financial statements in recent year: NTD 0.</div>																							

Note 1: Compensation of employees and directors is amounts proposed for distribution this year.

Note 2: Accrual basis is adopted to disclose information on remuneration.

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Directors			
	Aggregate of First Four Items of Remuneration (A+B+C+D)		Aggregate of First Seven Items of Remuneration (A+B+C+D+E+F+G)	
	The Company	All Consolidated Entities	The Company	From the Parent Company and All Re-investments Other Than Subsidiaries (Note)
Below NTD 1,000,000	-	-	-	-
NTD 1,000,000 (Inclusive) ~ NTD 2,000,000 (Exclusive)	-	-	-	-
NTD 2,000,000 (Inclusive) ~ NTD 3,500,000 (Exclusive)	Lee, Tse-Ching Fu, Yow Shiuan, Tsai, Duh Kung, Chiu, Te Chen	Lee, Tse-Ching Fu, Yow Shiuan, Tsai, Duh Kung, Chiu, Te Chen	Lee, Tse-Ching Fu, Yow Shiuan, Tsai, Duh Kung, Chiu, Te Chen	Fu, Yow Shiuan, Tsai, Duh Kung, Chiu, Te Chen
NTD 3,500,000 (Inclusive) ~ NTD 5,000,000 (Exclusive)	-	-	-	-
NTD 5,000,000 (Inclusive) ~ NTD 10,000,000 (Exclusive)	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung Tseng, Kuo-Hua, Huang, Chung-Ming	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung Tseng, Kuo-Hua, Huang, Chung-Ming	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung	-
NTD 10,000,000 (Inclusive) ~ NTD 15,000,000 (Exclusive)	-	-	-	Lee, Tse-Ching
NTD 15,000,000 (Inclusive) ~ NTD 30,000,000 (Exclusive)	-	-	Huang, Chung-Ming	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung , Huang, Chung-Ming
NTD 30,000,000 (Inclusive) ~ NTD 50,000,000 (Exclusive)	-	-	Tseng, Kuo-Hua	Tseng, Kuo-Hua
NTD 50,000,000 (Inclusive) ~ NTD 100,000,000 (Exclusive)	-	-	-	-
Over NTD 100,000,000	-	-	-	-
Total	7	7	7	7

Note: Because the amount of compensation of the parent company's employees is estimated based on the amount to be distributed this year, it has not been actually paid, so the amount of this remuneration does not include the amount of compensation of the parent company's employees.

3.3.2. Remuneration to Supervisor : N/A.

3.3.3. Remuneration to President and Vice Presidents in 2020

Unit: NTD 1,000

Title	Name	Wages (A)		Pension upon Retirement (B)		Bonuses and Special Allowances (C)		Employees Remuneration (D)				Ratio of Total Compensation to Net Income (A+B+C+D)(%)		Remuneration from Investments Other Than Subsidiaries of the Parent Company
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
								cash	shares	cash	shares			
President	Tseng, Kuo-Hua	19,160	19,160	927	927	12,228	12,228	1,362	55,437	1,362	55,437	4.17	4.17	
Advanced Technology Center, Chief Technology Officer and Senior Deputy GM	Huang, Chung-Ming													
MP Business Unit, President	Huang, Chien-Yu													
SH Business Unit, President	Ku, Ming-Hui													
Guang Sheng Factory, Senior Vice President	Li, Tsu-Yu													
LED Business Unit, Vice President	Hu, Wei-Ming (Note 1)													
Quality & Design Quality Assurance Center, Vice President	Yang, Hsi-Lung (Note 1)													

Note 1: Hu, Wei-Ming retired on October 29, 2020, Yang, Hsi-Lung resigned on July 22, 2020.

Note 2: Accrual basis is adopted to disclose information on remuneration.

Range of Remuneration

Range of Remuneration Paid to President and Vice President	President and Vice Presidents	
	The Company	All Consolidated Entities
Below NTD 1,000,000	-	-
1,000,000 (Inclusive) ~ 2,000,000 (Exclusive)	Hu, Wei-Ming Yang, Hsi-Lung	Hu, Wei-Ming Yang, Hsi-Lung
2,000,000 (Inclusive) ~ 3,500,000 (Exclusive)	-	-
NTD 3,500,000 (Inclusive) ~ NTD 5,000,000 (Exclusive)	-	-
NTD 5,000,000 (Inclusive) ~ NTD 10,000,000 (Exclusive)	Huang, Chung-Ming Li, Tsu-Yu	Huang, Chung-Ming Li, Tsu-Yu
NTD 10,000,000 (Inclusive) ~ NTD 15,000,000 (Exclusive)	Ku, Ming-Hui	Ku, Ming-Hui
NTD 15,000,000 (Inclusive) ~ NTD 30,000,000 (Exclusive)	Huang, Chien-Yu	Huang, Chien-Yu
NTD 30,000,000 (Inclusive) ~NTD 50,000,000 (Exclusive)	Tseng, Kuo-Hua-	Tseng, Kuo-Hua
NTD 50,000,000 (Inclusive) ~NTD 100,000,000 (Exclusive)	-	-
Over NTD 100,000,000	-	-
Total	7	7

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.

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.

3.3.4. Compensation of Employee Paid to Managerial Officers in 2020

December 31, 2020 ; Unit: NTD 1,000

	Title	Name	Amount Paid in Shares	Amount Paid in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	President	Tseng, Kuo-Hua	68,738	2,784	71,522	3.35
	Advanced Technology Center, Chief Technology Officer and Senior Deputy GM	Huang, Chung-Ming				
	MP Business Unit, President	Huang, Chien-Yu				
	SH Business Unit, President	Ku, Ming-Hui				
	Guang Sheng Factory, Senior Vice President	Li, Tsu-Yu				
	MAG Business Unit, Vice President (Note2)	Lin, Che-Shih				
	SH Business Unit, Vice President (Note2)	Huang, Shu-Fan				
	MP R&D Office, Vice President (Note2)	Wang, Yang				
	Special Assistant to President and Procurement Chief	Huang, Ming-Hui				
	SH Business Unit, Assistant VP	Huang, Tsui-Ling				
	MP Business Unit, Assistant VP	Pan, Sin-Jian				
	MP Department of Quality Assurance, Assistant VP	Chen, Chun-Jheng				
	Financial Center, Assistant VP	Chen, Hsueh-Yi				
	Audit Office, Manager	Yu, Wen-Feng				

Note 1: The amount of employee remuneration is proposed based on the amount that can be allocated to employees according to the Articles of Incorporation.

Note 2: Lin, Che-Shih, Huang, Shu-Fan and Wang, Yang were promoted incumbent position on May 1, 2021.

3.3.5. Analysis of the Proportion of the Total Remuneration Paid to Directors, Supervisors, President and Vice Presidents of the After-tax Net Profit on the Individual or Respective Financial Report of the Recent Two years, as well as the Policies, Standards, Combinations, Procedures of Determining the Remuneration, and the Relation to Business Performance and Future Risk.

- (1) Analysis of the Proportion of the Total Remuneration Paid to Directors, Supervisors, President and Vice Presidents of the After-tax Net Profit on the Individual or Respective Financial Report of the Recent Two years.

Unit: NTD 1,000

Title	Total remuneration				% to after-tax net profit			
	2020		2019		2020		2019	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Directors	30,374	30,374	23,638	23,879	1.42%	1.42%	1.37%	1.39%
Supervisors	-	-	-	-	-	-	-	-
President and Vice Presidents	89,114	89,114	80,644	83,433	4.17%	4.17%	4.69%	4.85%

Note: Remuneration to directors is the amount proposed for distribution this year.

- (2) The Policies, standards and Portfolios for the Payment of Remuneration, and Procedures for Determining Remuneration.

A. The remunerations to directors include wages and remuneration allocated from earnings. With respect to wages, it is subject to the discussion of the Remuneration Committees and then submitted to the Board of Directors for approval. With respect to remuneration of directors, the Remuneration Committee in pursuant to Article 24 of the Company's Articles of Incorporation with reference to their participation in the operations and contributions to the Company and the attendance at the board of directors. The amount shall be appropriated within 1% of the current pre-tax benefits before deduction of employee remuneration and director's remuneration.

B. The remuneration of managers such as President and Vice President includes salary, bonus, employee remuneration and pensions appropriated per regulations. Salaries of managers are based on the position, education and work experience, and relevant responsibility of the work with reference to remuneration of the same level of work paid by peers in the same industry. The bonuses and employee remuneration are based on the achievement of the managers' performance indicators, including financial indicators (such as the Company's annual sales revenue, profitability achievement rate) and non-financial indicators (such as personal performance appraisal, personnel management performance and other special contributions or major negative events), are two major parts.

The remuneration of directors and managers is discussed by the Remuneration Committee and submitted to the Board of Directors for resolution.

- (3) The Relation to Business Performance and Future Risk :

The evaluation on business performance of the Company's directors and managers will follow the typical pay level adopted by peer companies and also take into consideration the operating results and their contribution to the Company's business performance to consider the high relation between the amount of remuneration, payment method and future risk of the Company and the business liability and entire performance of the Company to be borne by them.

3.4. Status of Corporate Governance

3.4.1. Information Concerning the Board of Directors

(1) Information Concerning the Board of Directors

The Board of Directors held 4 meetings (A) during 2020. The attendance of Directors is summarized as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) [B/A]	Remarks
Chairman	Chicony Electronics Co., Ltd. Representative: Lu, Chin-Chung	4	0	100%	
Director	Tseng, Kuo-Hua	4	0	100%	
Director	Huang, Chung-Ming	3	0	75%	
Director	Lee, Tse-Ching	4	0	100%	
Independent Director	Fu, Yow-Shiuan	3	0	75%	
Independent Director	Tsai, Duh-Kung	4	0	100%	
Independent Director	Chiu, Te-Chen	4	0	100%	

Other matters required to be recorded:

1. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the company has responded to such opinions:
 - (1) Matters specified in Article 14-3 of Securities and Exchange Act:
The Company has established an Audit Committee; hence the Article 14-3 of Securities and Exchange Act shall not be applicable. Please refer to the chapter of Audit Committee in the Annual Report.
 - (2) Items in board resolutions regarding which independent directors have dissenting opinions or qualified opinions on the record or in writing: No above-mentioned so far.
2. Disclosure regarding avoidance of interest-conflicting agendas, including the names of directors concerned, the agendas, the nature of conflicting interests, and the voting process:
 - (1) 11th meeting of the 5th Board of Directors on March 2, 2020:
 - A. To discuss the motion proposed by the 4th meeting of the 3rd Remuneration Committee, when discussing about transfer the shares of buyback of the Company's shares to managers and director with employee status, Director Tseng, Kuo-Hua and Director Huang, Chung-Ming, as the stakeholder, recused themselves from the discussion and resolution voluntarily.
3. Measures taken to strengthen the functionality of the Board of Directors:
 - (1) In 2020 and up until May 5, 2021, all motions by the Board, as well as procedures of conducting meetings and the self-disciplined principle of Directors were executed in pursuance to the Rules of Procedure for Board of Directors Meetings.
 - (2) The Company has completed the 2020 evaluation on performance of the Board of Directors and functional committee in 2021, and submitted the Board of Directors' performance evaluation report to the 15th meeting of the 5th Board of Directors on March 3, 2021 to strengthen the functions of the Board of Directors.

The attendance of independent directors for each Board of Directors Meetings in 2020 summarized as follows:

√: Participate in person, ☆: Attendance by proxy, ✕: Absent

Date Name	Mar. 2	May 4	Aug. 6	Nov. 4
Fu, Yow-Shiuan	✕	√	√	√
Tsai, Duh-Kung	√	√	√	√
Chiu, Te-Chen	√	√	√	√

(2) Implementation of Performance Evaluation by the Company's Board of Directors

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Evaluation Items
Once a year	Jan.1 2020 to Dec. 31 2020	The board of directors as a whole, individual board members, functional committee	Self-Evaluation of Performance of the Board, Self-Evaluation of Performance of Board Members, Self-Evaluation of Performance of the Functional Committee	<ol style="list-style-type: none"> Evaluating the performance of the board of directors : <ol style="list-style-type: none"> (1) Participation in the operation of the company (2) The quality of the board of directors' decision making (3) Composition and structure of the board of directors (4) Election and continuing education of the directors (5) Internal control Evaluating the performance of the board members : <ol style="list-style-type: none"> (1) Alignment of the goals and missions of the company (2) Awareness of the duties of a director (3) Participation in the operation of the company (4) Management of internal relationship and communication (5) The director's professionalism and continuing education (6) Internal control Evaluating the performance of functional committees : <ol style="list-style-type: none"> (1) Participation in the operation of the company (2) Awareness of the duties of the functional committee (3) The quality of decisions made by the functional committee (4) Makeup of the functional committee and election of its members (5) Internal control

3.4.2. Operation Status of the Audit Committee or the Participation of Supervisors in the Operation of the Board Meeting

(1) Operation Status Concerning the Audit Committee

The Company elected 3 independent directors at the regular shareholders' meeting on June 7, 2018, and established the Audit Committee pursuant to the Securities and Exchange Act to replace supervisors.

The Audit Committee held 4 meetings (A) during 2020. The attendance of Independent Directors is summarized as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) [B/A]	Remarks
Convener	Fu, Yow-Shiuan	3	0	75%	
Member	Tsai, Duh-Kung	4	0	100%	
Member	Chiu, Te-Chen	4	0	100%	

Other matters required to be recorded:

- If the operation of audit committee has one of the following situations, the minutes shall clearly state the meeting date, period, content of the resolution, opinions of all audit committee members and the Company's handling of said opinions.
 - Matters specified in Article 14-5, Securities and Exchange Act: Please refer to Table 1
 - Resolution(s) not passed by the Audit Committee but receiving the consent of two thirds of the board of directors' members: None.
- In instances where an independent director recused himself/herself due to a conflict of interest, the minutes shall clearly state the independent director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts: None.
- Communication between independent director and internal auditing officers as well as CPAs on company finances and business situation (such as items discussed, means of communication and results, etc.):
 - The Company's internal auditing officers will be present at each meeting of Audit Committee to communicate with the Audit Committee members, and communicate with the Audit Committee members on the audit report periodically. The officers will also report any special condition to the Audit Committee immediately. Notwithstanding, no said special condition took place in 2020. Communication between the Audit Committee and internal auditing officers is in a good condition.
 - The Company's CPAs will communicate with the Audit Committee on the audit or review results about the financial statement of each quarter and any other requirements to be communicated as required by related laws. The CPAs will also report any special condition to the Audit Committee immediately. Notwithstanding, no said special condition took place in 2020. Communication between the Audit Committee and CAP is in a good condition.

The Company's Audit Committee aims to help the Board of Directors perform its duty to supervise the Company's quality and integrity in accounting, audit and financial reporting procedures and financial controls.

The main responsibilities during 2020 by the Audit Committee refer to review and processing of the following matters:

- Financial reports and accounting policies and procedures.
- Effectiveness of internal audit plan and internal control system.
- Amendment of Procedures for Lending Funds, Articles of Incorporation, Audit Committee Charter.
- A material asset or derivatives transaction.
- Lending funds to subsidiaries.
- Distribution of Earnings.
- Application for credit facility with the financial institution.
- To communicate with the CPA of the Company.
- Control over the Company's existing or potential risks.

Table 1:
Operation Status of This Year

Date of meeting	Details of agenda	Opinions of all Audit Committee members	Dealing with the opinion from the Audit Committee
9th meeting of the 1st Audit Committee on Mar. 2, 2020	(1) Discussion of the internal audit operation.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(2) Discussion of the performance for engaging in derivatives transactions from Oct. 26, 2019 to Feb. 21, 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(3) Discussion of the 2019 business report, the consolidated and individual financial statements.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(4) Discussion of the business operating plan of the Company for 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(5) Discussion of the proposed distribution of earnings of the Company for the 2019 Fiscal Year	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(6) Discussion of the proposal to amend the Company's "Articles of Incorporation".	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(7) Discussion of the proposal to amend the Company's "Procedures for Lending Funds".	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(8) Discussion of the issuance of the Company's 2019 Statement on Internal Control System.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(9) Discussion of the evaluation on the CPAs' independence.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(10) Discussion of the annulment of the Company's shares bought back for the 3rd time and determination of the record date for capital decrease.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(11) Ratification of the Company's derivatives transactions amounting to more than US\$10 million on Jan. 22, 2020, Jan. 23, 2020, and Jan. 27, 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
10th meeting of the 1st Audit Committee on May 4, 2020	(1) Discussion of the Company's consolidated financial statements for 2020 Q1.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(2) Discussion of internal audit operation.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(3) Discussion of the performance for engaging in derivatives transactions from Feb. 22, 2020 to Apr. 24, 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(4) Discussion on the modification of the audit plan of the Company for 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(5) Discussion of Lending funds to subsidiaries.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
11th meeting of the 1st Audit Committee on Aug. 6, 2020	(1) Discussion of the Company's consolidated financial statements for 2020 Q2.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(2) Discussion of internal audit operation.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(3) Discussion of the performance for engaging in derivatives transactions from Apr. 25, 2020 to July 29, 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(4) Discussion of the proposal to amend the Company's "Audit Committee Charter".	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(5) Discussion of the proposal to amend the Company's "Procedures for Lending Funds".	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(6) Discussion on the second modification of the audit plan of the Company for 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(7) Ratification of the capital increase of Chicony Power Technology (Thailand) Co., Ltd.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.

Date of meeting	Details of agenda	Opinions of all Audit Committee members	Dealing with the opinion from the Audit Committee
	(8) Ratification of the Company's derivatives transactions amounting to more than US\$10 million on May 12, 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
12th meeting of the 1st Audit Committee on Nov. 4, 2020	(1) Discussion of the Company's consolidated financial statements for 2020 Q3.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(2) Discussion of internal audit operation	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(3) Discussion of the performance for engaging in derivatives transactions from July 30, 2020 to Oct. 27, 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(4) Discussion of preparing the audit plan of the Company for 2021.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(5) Discussion of the company to apply for credit facility with the financial institution.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(6) Discussion of Lending funds to subsidiaries.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(7) Ratification of the investment of privately offered fund.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.

(2) Participation of Supervisors in the Operation of Board Meetings

Not be applicable.

The Company has established an Audit Committee on Jun. 7, 2018.

3.4.3. Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Items	Implementation States			Difference from Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
1. Dose the Company follow “the Corporate Governance Best Practice Principles” to establish and disclose its Corporate Governance Practice Principles?	✓		The Company established its “Corporate Governance Best Practice Principles” based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and subject to the Company’s actual operations, and disclosed the same on the MOPS and the Company's website.	No difference
2. Equity structure and shareholders' rights				
(1) Dose the Company establish internal procedures for suggestions, questions, disputes and litigation from shareholders?	✓		(1) The Company appoints the professional shareholders service agent to process the shareholders service affairs on behalf of the Company. The Company has set up the positions of spokesperson and Deputy Spokesperson and also designates personnel of the Financial Center to be in charge of the dealing with shareholders, their suggestions and disputes.	(1)No difference
(2) Dose the Company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	✓		(2) Within two days after the shareholders’ meeting or the ex-right, ex-dividend days which stocks stopped to be transferred, the Company is able to obtain name list of the shareholders, through the stock affairs institution, from the Taiwan Depository and Clearing Corporation and have the information of major shareholders summarized to report to senior management of the Company.	(2)No difference
(3) Dose the Company establish and implement the risk control mechanism and firewall between the Company and its affiliates?	✓		(3) Besides stipulating the “Method to conduct business dealing with the related parties, the related enterprises and specific companies” and the “Operating method for monitoring the subsidiaries”, the Company also urges its important subsidiaries to establish their own internal control systems, in order to implement proper risk control mechanism and fire wall, and remains independent, in terms of manufacturing, sales, research and development, HR, and finance, with its related parties.	(3)No difference
(4) Whether the Company established internal regulations prohibiting insider trading against non-public information?	✓		(4) The Company has established the ”Operating Procedures for Handling Internal Material Information and Preventing Insider Trading” to regulate the Company's directors, managers, employees, and persons who access the Company’s internal material information due to their identity, occupations or powers, prohibit any activities potentially involving insider trading, and engage in internal educational propagation throughout the Company in a timely manner.	(4)No difference
3. Composition and responsibilities of the Board of Directors				
(1) Dose the Board of Director establish and implement the guidelines for diversity of the composition of the board of directors?	✓		(1) According to the Company’s “Corporate Governance Best Practice Principles”, the composition of the Board of Directors shall be determined by taking into consideration such basic qualifications as gender, age, nationality and cultures, as well as the knowledge, skills and competency required by them to perform their duties. A. The Company will consider the diversity of the Board members in multiple aspects when electing the Board members, and formulate appropriate diversification policies for the company's operation and development needs. The Company has elected 7 directors, including 2 directors with employee status, account for 28%; 3 independent directors, account for 42%, and all of the independent directors have a tenure of less than 9 years. Furthermore, the company emphasizes gender equality in the composition of the Board of Directors. The goal of female director is to maintain at least one. At present, there is 1 female director, account for 14%. Each director has competent academic background and experience, and satisfies the requirements about work experience and expertise required by the Company’s business. In conclusion, the Company has practiced the board diversity policy. B. According to the name list of the Company’s 5th-term directors, all of the directors hold abundant industrial experience, including Lu, Ching-Tsung, Tseng, Kuo-Hua, Fu, Yow-Shiuan and Tsai, Duh-Kung, who are specialized in leadership, business judgment, business administration, crisis management and international market view, and Huang, Chung-Ming, who is specialized in technology and R&D, and Chiu, Te-Chen and Lee Tse-Ching, who are specialized in financial accounting, management and financial affairs. C. The Company’s Board diversity policy and status of diversity of individual Board members are disclosed on the Company's website. For the status of diversity of the Board members, please refer to Table 1.	(1)No difference

Assessment Items	Implementation States			Difference from Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(2) Dose the Company establish other functional committees other than a remuneration committee or audit committee required by laws?	✓		(2) The Company has established the Remuneration Committee and Audit Committee pursuant to laws, and also it's Corporate Social Responsibility Committee (CSR Committee), of which the Chairman of Board acts the Chairman, the President acts as the Commissioner, and business unit supervisors and senior management act as the members. The CSR Committee is responsible for establishing and reviewing the Company's corporate social responsibility policy, system or management measures, and reporting the implementation results on social responsibility to the Board of Directors each year.	(2)No difference
(3) Dose the Company establish standards and method for evaluating the performance of the Board of Directors, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?	✓		(3) The Company's Board of Directors has approved the establishment of the "Regulations Governing the Board of Directors and Functional Committee Performance Evaluation" to perform the evaluation once every year and submit the evaluation result to the Board of Directors. The scope of evaluation includes the entire Board of Directors, individual Board members, and the functional committee (the Audit Committee and the Remuneration Committee); the evaluation method includes the internal self-evaluation of the Board of Directors, Board members, and the functional committee members (the Audit and the Remuneration Committees); as for the evaluation procedure, the Financial Center collects the activity information of the Board of Directors, individual Board members, and the Audit and the Remuneration Committees to perform the internal self-evaluation of the Board of Directors based on the evaluation indexes of the method and distribute the self-evaluation questionnaire to the individual Board members and the Audit and the Remuneration Committees after the end of the year. The Financial Center collects the questionnaire and records the evaluation results; the evaluation results will serve as the reference for the candidate selection and nomination. The Company has completed the performance evaluation of the Board of Directors and Functional Committee in 2020 and submitted the summarized report to the director's meeting on March 3, 2021. The evaluation results "surpassed the standard	(3)No difference
(4) Dose the Company regularly evaluate the independence of the certified public accountants?	✓		(4) The Company's Board of Directors and Audit Committee have conducted an annual assessment the CPAs' independence accountants on March 3, 2021, as well as the "Checklist for Board of Directors' Assessment on Independence of CPAs and CPA Firms". A. Identified in the "Letter for Communication with Corporate Governance Unit" issued by PricewaterhouseCoopers: Statement of Chief Accountants' Roles and Responsibilities, and Statement of CPA's Independence. B. The Company conducted the investigation via its shareholders service unit and confirmed that the CPAs did not hold any shares of the Company or hold any position in the Company concurrently.	(4)No difference
4. Does the Company have a suitable number of competent corporate governance personnel and has appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to furnish information required for business execution by directors and supervisors, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings according to laws, produce minutes of board meetings and shareholders' meetings, etc.)?	✓		The Company's unit dedicated to corporate governance refers to the Financial Center, which is responsible for corporate governance-related matters. The Board of Directors approved the appointment of Chen, Hsueh-Yi, the Financial Center Assistant VP, as the corporate governance officer on March 3, 2021. In addition to assisting in providing information required by directors to perform their duties, which main responsibilities also is responsible for assisting directors to follow laws and regulations, taking office and continuing education, collecting the related motions proposed at directors' meetings and shareholders' meetings, and organization of the meetings, preparation of board meeting and shareholders' meeting minutes, and completion of company registration and change registration and public announcement and filing of information in line with the resolutions made by the directors' meetings and shareholders' meetings, in order to enhance the functions of the Board of Directors, upgrade the Company's information transparency, and protect shareholders' and stakeholders' interest and right. The corporate governance implementation of the Company in 2020 was as follows: (1) Propose and plan methods related to corporate governance and implement the compliance of laws and regulations. (2) Provide required information for directors to execute their business and assist them in legal compliance. (3) Inform the directors about the planning of the Board of Directors with sufficient meeting information at least 7 days prior to the meeting and give notice in advance for issues requiring avoidance of interest-conflicting; deliver the meeting minutes within 20 days after the meeting. (4) Register the date of the Shareholders Meeting in advance based on the laws, produce the meeting notice, Meeting Agenda Handbook and minutes within the statutory deadline and conduct amendment registration after amending the Company's Articles of Incorporation. (5) Assist the directors to complete the annual continuing education and maintain liability insurance for the directors and important employees. The corporate governance officer of the Company is newly appointment, and shall complete a minimum of 18 hours of education courses within 1 year from the date of the person's appointment to that position according to the law (before March 2, 2022). Up to the printing	No difference

Assessment Items	Implementation States			Difference from Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			date of the annual report the Company, the information on education courses of the corporate governance officer, please refer to Table 2.	
5. Does the Company establish communication channels and build a designated section on its websites for stakeholders (including but not limited to stakeholders, employees, customers, and suppliers), and properly response to stakeholders' concerns of corporate social responsibility?	✓		(1) The Company appoints the spokesman and deputy spokesman, and, posts the contact No. on the Company's website, in order to communicate with the stakeholders directly and enable them to verify the Company's overview of operation. (2) The Company has established corporate social responsibility and corporate governance sections in the website for the stakeholders to understand the implementation of the Company's corporate social responsibility and corporate governance. The Company also has a communication channel for the stakeholders to understand the concerned issues of the stakeholders and respond properly. The Company reports to the Board of Directors about the implementation of corporate social responsibility and the communication with the stakeholders every year. The implementation of corporate social responsibility and communication with the stakeholders in 2020 were submitted to the director's meetings on Nov. 4, 2020.	No difference
6. Dose the Company appointed a professional shareholder service agency for its Shareholders' Meetings?	✓		The Company appoints Shareholders Service Dept. of Hua Nan Securities to handle the shareholders service affairs on behalf of the Company.	No difference
7. Information disclosure (1) Dose the Company establish a corporate website to disclose information concerning financial affairs and corporate governance? (2) Dose the Company has other information disclosure channels (e.g., setting up an English website, appointing personnel to gather and disclose information, properly implementing the spokesman system, and posting the meetings minutes with institutional investors on websites)? (3) Dose the Company announce and report annual financial statements within two months after the end of the each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓ ✓ ✓		(1) The Company established a website in Chinese and English (http://www.chiconypower.com.tw) where relevant information on financial operations business and corporate governance can be inquired. (2) The Company has set up positions for Spokesperson and Deputy Spokesperson, and through market observation post system, investor conference, newspapers and magazines to disclose the financial and business information of the Company to the investing public. (3) The Company has publicly announced and filed the annual financial report, quarterly financial report and the operation status of each month according to relevant regulations: A. Within three months after the close of each fiscal year, the Company publicly announces and files the information of the annual financial report. B. Within 45 days after the end of the first, second, and third quarters of each fiscal year, the Company publicly announces and files the information of the quarterly financial report. C. The Company publicly announces and files the operating revenue of last month within the first 10 days of each month; announces and files the statistical table for each product's operating revenue in the previous month within the first 20 days of each month.	(1)No difference (2)No difference (3)No difference
8. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors, implementation of risk management policies and risk measurements, implementation of customer policy, and maintenance of liability insurance for the Company's directors and supervisors, etc.)?	✓		(1) Employee rights: The Company establishes and implements the labor benefit and safety & health policies which satisfy the laws, in order to protect the employee rights. (2) Employee care: The Company establishes the Employee Welfare Committee, which is dedicated to handling the employee welfare matters, and holding the labor-management meetings from time to time, in order to build the communication channel and achieve the win-win situation. (3) Investor relations: The Company establishes the spokesman and deputy spokesman system dedicated to processing the suggestions, questions and dispute posed by shareholders. Meanwhile, the Company completes the public announcement and filing of information per the competent authority's requirements, and provides the information which might affect the investors' decision making. (4) Supplier relations: The Company maintains the complete information about suppliers and keeps the communication channel with suppliers uninterrupted, in order to maintain the fair relations. (5) Stakeholders' interests: The Company establishes the spokesman and deputy spokesman system, which is dedicated to communicating with the stakeholders directly, and respects and maintains the legal interest and right deserved by the stakeholders. (6) Circumstances of directors' training:	No difference

Assessment Items	Implementation States		Difference from Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			Summary
			<p>1. Please refer to Table 2 Circumstances of Directors' and Corporate Governance Officer's Training.</p> <p>2. Disclosed in the Corporate Governance Area of MOPS.</p> <p>(7) Implementation of risk management policies and risk measurements: According to various laws & regulations and the internal control system, the Company manages and evaluates various risks.</p> <p>(8) Implementation of customer policy: The Company keeps the communication channel with customers uninterrupted, and cooperates with the key customers permanently, in order to maintain the fair relationship between each other.</p> <p>(9) Maintenance of liability insurance for the Company's directors: The Company has maintained the liability insurance valuing US\$20 million for its directors and managers, and reported the same to the directors' meeting on Aug. 6, 2020.</p>
<p>9. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies: In 2020, the Company ranked in the top 21%~35% among the companies in the 6th annual Corporate Governance Evaluation.</p> <p>1. The Board of Directors approved the appointment of the Company's the Financial Center Assistant VP as the corporate governance officer on March 3, 2021.</p> <p>2. Revised the "Human Resource Management Approval Authority Table" to specify that the appointment, dismissal, performance evaluation, promotion, and compensation of the company's internal auditors shall be signed by the internal auditing officer to the Chairman for approval.</p>			

Table 1. Status of Diversity of the Board Members

Core Elements of Diversity Name of Director	Gender	Management Administration	Leadership Decision	Industrial Knowledge	International Market Knowledge	Crisis Management Ability	Accounting & Finance
Lu, Chin-Chung	Male	V	V	V	V	V	V
Tseng, Kuo-Hua	Male	V	V	V	V	V	V
Huang, Chung-Ming	Male	V	V	V	V	V	
Lee, Tse-Ching	Female	V	V	V	V	V	V
Fu, Yow-Shiuan	Male	V	V	V	V	V	V
Tsai, Duh-Kung	Male	V	V	V	V	V	V
Chiu, Te-Chen	Male	V	V	V	V	V	V

Table 2. Circumstances of Directors' and Corporate Governance Officer's Training

Title	Name	Date	Host by	Course Name	Duration
Chairman	Lu, Chin-Chung	2020/11/5	Taiwan Corporation Governance Association	The impact of the latest tax law reform on business operations and its response (Part 1)	3
		2020/11/5	Taiwan Corporation Governance Association	The impact of the latest tax law reform on business operations and its response (Part 2)	3
Director	Tseng, Kuo-Hua	2020/11/5	Taiwan Corporation Governance Association	The impact of the latest tax law reform on business operations and its response (Part 1)	3
		2020/11/5	Taiwan Corporation Governance Association	The impact of the latest tax law reform on business operations and its response (Part 2)	3
Director	Lee, Tse-Ching	2020/11/5	Taiwan Corporation Governance Association	The impact of the latest tax law reform on business operations and its response (Part 1)	3
		2020/11/5	Taiwan Corporation Governance Association	The impact of the latest tax law reform on business operations and its response (Part 2)	3
Independent Director	Fu, Yow-Shiuan	2020/9/9	Accounting Research and Development Foundation	Discussion of legal liability of "Fake Foreign Investment Illegal Securities Trading" and case analysis.	3
		2020/9/9	Accounting Research and Development Foundation	The latest development trend of corporate responsibility (CSR) reports and analysis of relevant corporate governance practices.	3
Independent Director	Tsai, Duh-Kung	2020/11/5	Taiwan Corporation Governance Association	The impact of the latest tax law reform on business operations and its response (Part 1)	3
		2020/11/5	Taiwan Corporation Governance Association	The impact of the latest tax law reform on business operations and its response (Part 2)	3
Independent Director	Chiu, Te-Chen	2020/8/11	Taiwan Corporation Governance Association	The disclosure of material company information and the responsibilities of directors and supervisors.	3
		2020/8/11	Taiwan Corporation Governance Association	The impact of the new Company Act on directors, supervisors and shareholders.	3
		2021/3/24	Digital Governance Association	Digital governance strengthens risk and crisis management	3
		2021/3/30	Taiwan Academy of Banking and Finance	Corporate Governance Lecture-Financial Technology Series (Phase 2)	3
Corporate Governance Officer	Chen, Hsueh-Yi	2021/3/9	Taiwan Corporation Governance Association	Backstage driving force of corporate governance: the operational practices of corporate governance personnel.	3
		2021/03/19	Taiwan Corporation Governance Association	Give or not give information? On Directors' Information Rights.	3

3.4.4. Organization, Responsibilities and Operation Status of the Remuneration Committee

(1) Information about Remuneration Committee Members

Title (Note 1)	Qualifications Name	Meet the Following Professional Qualification, Together with at Least 5 Years Work Experience			Compliance of independence (Note 2)										Number of other public companies in which concurrently serves as Remuneration Committee member	Remarks
		Lecturer or above in Commerce, Law, Finance, Accounting or Other Academic Department Related to the Business Needs of the company in a Public or Private College or University	Certified Judge, Attorney, Lawyer, Accountant, or Holder of Professional Qualification Relevant to the Company's Operations	Have Work Experiences in the Area of Commercial, Law, Financial, Accounting or Overview Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Fu, Yow-Shiuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	-
Independent Director	Tsai, Duh-Kung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Independent Director	Chiu, Te-Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-

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

Note 2: A“✓” is marked in the space beneath a condition number when a member has met that condition during the two years prior to election and during his or her period of service; the conditions are as follows.

- (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 Review 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) Does not meet any of the conditions stated in Article 30 of The Company Act.

(2) Guidelines Governing Functions of Remuneration Committee

- A. The committee shall exercise the due care of a good administrator to faithfully perform the following duties, and to submit the suggestion for discussion to the Board of Directors.
 - (A) Periodically review the organization rules of “Remuneration Committee” of the Company and propose amendments.
 - (B) Set up and periodically review the yearly and long-term performance goal of the Directors and managers of the Company, and the policy, system, standard and structure of the remuneration.
 - (C) Periodically review the performance of the Directors and managers and the goals achieved, and set up content and amounts of the individual remuneration.
- B. When the committee exercises the above duties, it shall follow the guidelines as per below:
 - (A) Ensure the arrangement of the remuneration meets the requirement of relevant laws and regulations and is good enough to attract the best talent.
 - (B) The performance evaluation and remuneration of the Directors and managers shall refer to the ordinary level paid by peers of the same Industry, and taking into consideration factors such as the time devoted by the specific individual, the responsibility assumed, the goal achieved by the individual, the performance of the individual when assuming other position, the remuneration the Company paid to the same position in recent years, as well as the short term and long term business goal achieved by the Company, the financial position of the Company. All these shall be considered when evaluating the reasonableness and correlation of the individual’s performance, the Company’s performance, and the future risk.
 - (C) Directors and managers shall not to engage in behavior beyond the risk tolerance level of the Company for the purpose of pursuing remuneration.
 - (D) With respect to the time to distribute bonus in proportion with the short-term performance of Director and senior managers, or remuneration that is partially variable, the Company shall consider the characteristic of the Industry and the business nature to decide the proper time to pay.
 - (E) Members of the Committee shall not join the discussion and resolution of their own remuneration.

(3) Information concerning the Remuneration Committee

A. The Company's remuneration committee consists of 3 members.

B. Member's term of office: From June 7, 2018 to June 6, 2021; the committee held 2(A) meetings during 2020 and the attendance of the committee members is summarized as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) [B/A]	Remarks
Convener	Fu, Yow-Shiuan	1	0	50%	
Member	Tsai, Duh-Kung	2	0	100%	
Member	Chiu, Te-Chen	2	0	100%	
Other matters required to be recorded:					
1. If the Board of Directors does not adopt, or amends the remuneration committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the remuneration committee's opinions: Please refer to Table 1.					
2. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, and opinions of all members and the Company's handling of said opinions: None.					

Table 1:

Date of Meeting	Details of Agenda	Opinions of All Remuneration Committee Members	Dealing with the Opinion from the Remuneration Committee
4th meeting of the 3rd Remuneration Committee on Mar. 2 2020	(1) Discussion of the 3rd transfer of the treasury shares to managers.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(2) Discussion of the distribution of the Company's 2019 remuneration to employees and directors.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(3) Discussion of the plan for distribution of Dragon Boat Festival and Moon Festival bonus to managers in 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(4) Discussion of the amendments to the Company's "Remuneration Committee Charter".	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(5) Discussion of the amendments to the Company's directors' and managers' various remuneration project.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
5th meeting of the 3rd Remuneration Committee on Nov. 4 2020	(1) Discussion of the plan for distribution of year-end bonus to managers in 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(2) Discussion of the plan for distribution of employee remuneration to managers in 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(3) Discussion of the amendments to the Company's "Remuneration Committee Charter".	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(4) Discussion of the amendments to the Company's "Rules of Board of Directors and Functional Committees Performance Evaluation.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(5) Discussion of the target performance of directors and managers achieved, and evaluation on the actually distributed salary and remuneration in 2019.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.

3.4.5. Fulfillment of Corporate Social Responsibility

Assessment Items	Implementation States			Difference from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons														
	Yes	No	Summary															
1. 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?	✓		<div>The Company evaluate risk related to important issues according to corporate CSR materiality principle. Also the Company set relevant risk management policy according to risk evaluated as follow:</div> <table><tr><th>Important Issues</th><th>Issues in Risk Assessment</th><th>Risk Management Policy</th></tr><tr><td>Environment</td><td>Environmental Protection</td><td>The Company used best efforts to protect the environment and respond to green production. The Company promoted green products and reduces emissions of carbon in order to mitigate the impact posed to the environment. Meanwhile, the Company set forth the execution plan and program each year, and followed up and reviewed the progress of various targets to ensure achievement of the targets. The headquarter, and plants in China have also obtained ISO 14001 environmental management system certification.</td></tr><tr><td rowspan="2">Society</td><td>Occupational Safety</td><td>The headquarter in Taipei and plants in China have obtained ISO 45001/OHSAS 18001 Occupational Health and Safety Management System Certification. The Company implemented various occupational safety tour inspection operations, and organized the fire safety training and drill each year to train employees’ ability to respond to emergencies and manage their own safety.</td></tr><tr><td>Product Safety</td><td>The Company’s products complied with the government’s decrees and regulations and also satisfied the RoHS, free from any hazardous substance. In the meantime, the Company provided customers with stable product quality and maintained fair cooperative relations with customers through the strict quality management system, in order to lay the foundation for business sustainability.</td></tr><tr><td>Corporate Governance</td><td>Legal Compliance and Internal Control</td><td>The Company built the governance organization and practiced the internal control mechanism, in order to ensure that all of the Company’s personnel and operations strictly comply with various laws and regulations.</td></tr></table>	Important Issues	Issues in Risk Assessment	Risk Management Policy	Environment	Environmental Protection	The Company used best efforts to protect the environment and respond to green production. The Company promoted green products and reduces emissions of carbon in order to mitigate the impact posed to the environment. Meanwhile, the Company set forth the execution plan and program each year, and followed up and reviewed the progress of various targets to ensure achievement of the targets. The headquarter, and plants in China have also obtained ISO 14001 environmental management system certification.	Society	Occupational Safety	The headquarter in Taipei and plants in China have obtained ISO 45001/OHSAS 18001 Occupational Health and Safety Management System Certification. The Company implemented various occupational safety tour inspection operations, and organized the fire safety training and drill each year to train employees’ ability to respond to emergencies and manage their own safety.	Product Safety	The Company’s products complied with the government’s decrees and regulations and also satisfied the RoHS, free from any hazardous substance. In the meantime, the Company provided customers with stable product quality and maintained fair cooperative relations with customers through the strict quality management system, in order to lay the foundation for business sustainability.	Corporate Governance	Legal Compliance and Internal Control	The Company built the governance organization and practiced the internal control mechanism, in order to ensure that all of the Company’s personnel and operations strictly comply with various laws and regulations.	No difference
Important Issues	Issues in Risk Assessment	Risk Management Policy																
Environment	Environmental Protection	The Company used best efforts to protect the environment and respond to green production. The Company promoted green products and reduces emissions of carbon in order to mitigate the impact posed to the environment. Meanwhile, the Company set forth the execution plan and program each year, and followed up and reviewed the progress of various targets to ensure achievement of the targets. The headquarter, and plants in China have also obtained ISO 14001 environmental management system certification.																
Society	Occupational Safety	The headquarter in Taipei and plants in China have obtained ISO 45001/OHSAS 18001 Occupational Health and Safety Management System Certification. The Company implemented various occupational safety tour inspection operations, and organized the fire safety training and drill each year to train employees’ ability to respond to emergencies and manage their own safety.																
	Product Safety	The Company’s products complied with the government’s decrees and regulations and also satisfied the RoHS, free from any hazardous substance. In the meantime, the Company provided customers with stable product quality and maintained fair cooperative relations with customers through the strict quality management system, in order to lay the foundation for business sustainability.																
Corporate Governance	Legal Compliance and Internal Control	The Company built the governance organization and practiced the internal control mechanism, in order to ensure that all of the Company’s personnel and operations strictly comply with various laws and regulations.																

Assessment Items	Implementation States			Difference from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
2. Does the Company establish a specific (or part-time) unit 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?	✓		The Company has established its CSR Committee consisting of six teams. The Chairman of Board acts as the Committee Chairman. The President acts as the Commissioner, and business unit supervisors and senior management act as the members. The CSR Committee is responsible for establishing and reviewing the Company's corporate social responsibility policy, system or management measures, and reporting the implementation results on social responsibility to the Board of Directors each year.	No difference
3. Environment Issues				
(1) Does the Company establish the environmental management policies suitable for the Company's industry characteristics?	✓		(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.	(1) No difference
(2) Does the Company commits itself to upgrade the efficient use of various resources and adopts 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, 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.	(2) No difference
(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 potential risks of climate change in which the Company encounters are mainly in the environmental and operational aspects, such as the lack of resources, increase in raw material costs, instability of transportation requirement, and the threat to the safety of employees due to extreme weather. All of these may result in the direct/indirect impact on the business operation of the Company. In response to the impact posed by the emission of greenhouse gas to the global climate change and environment, the Company establishes the greenhouse gas management procedure and sets the greenhouse gas reduction target to keep improving the reduction of greenhouse gas emission and the management, recycling and reuse of the waste. Meanwhile, the Company checks the greenhouse gas emission and performs the verification by a third party each year. In the second half of 2020, the Company implemented the TCFD (Task Force on Climate-related Financial Disclosures) project to assess the potential risk and opportunity posed by the climate transformation to the Company now and in the future, and disclosed the risk and opportunity in the corporate social responsibility report. Further, the Company has installed massive solar power generation systems on the roofs of factory premises, warehouses and dormitory, and implemented installation of heat recovery devices in the burn-in room.	(3) No difference

Assessment Items	Implementation States			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>(4) To fulfill the responsibility as a global citizen and the corporate social responsibility, the Company gathers statistics of the greenhouse gas emission, water consumption and the gross weight of the waste every year and establishes policies and targets to save energy and reduce carbon, greenhouse gas emission and water consumption. The Company continues to promote the environment management affairs, including the enhancement of environment management by promotions, education training, energy saving measures, audits, and follow-up on improvements made. The Company asks all colleagues to save energy and reduce carbon, including water, electricity and paper consumption, in order to avoid any unnecessary waste, and also include the results of energy saving and carbon reduction into the semi-annual performance evaluation indicators.</p> <p>In 2020, the headquarters in Taipei emitted the greenhouse gas totaling 1,605.07 t-co2e, increasing by 116.63 t-co2e from 1,488.44 t-co2e in 2019, namely the increase by 7.84%. This is mainly due to the slight increase in power consumption caused by the increase of employees, machine and equipment. In 2021, the Company will continue to promote electricity saving, high power consumption equipment and timers. The greenhouse gas emission reduction goal is 1,589.02 t-co2e, namely the reduction by 1% from the previous year.</p> <p>In 2020, the water consumption is 6,733.3 tons, which is 281.5 tons, or 4.01% less than 7,014.8 tons in 2019. In 2021, the Company will continue to promote water conservation. The water consumption is estimated to be 6,598.63 tons, with an estimated reduction of 2%.</p> <p>In 2020, the total amount of waste is 36.71 tons, which is 4.61 tons or about 11.16% less than 41.32 tons in 2019. In 2021, the Company will strengthen the classified recycling of waste. The total amount of waste is estimated to be 35.61 tons, with an estimated reduction of 3%.</p>	(4)No difference
4. Social Issues				
(1)Dose the Company formulate appropriate management policy and procedure in accordance with relevant regulations, laws and the International Bill of Human Rights?	✓		(1)Fully comply with relevant labor laws and regulations to ensure the employees’ legitimate rights and interests in terms of salaries, benefits, health and safety are well protected. Promote the social responsibility management in pursuance with requirements by RBA, the Electronic Industry Citizenship Coalition, and manage the Company’s social responsibility.	(1)No difference
(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?	✓		(2)The Company establishes employee welfare measures in accordance with the Labor Standards Act and relevant regulations and provides competitive salaries with additional bonuses and employee bonus to share the earnings with the employees.	(2)No difference

Assessment Items	Implementation States			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) In order to provide a healthy and safe environment, the Company passed the certification of ISO 45001 the Occupational Safety and Health Management System. On a yearly basis, the , Company engages qualified testing institution, to perform hazardous factors test on the indoor working environment as required by laws and regulations, and hold training on fire control and first aid for at least once every six month.	(3) No difference
(4) Dose the Company set up effective career development and training programs for its employees?	✓		(4) The Company constructs the educational training system based on the core competence required by its operations, including leadership management training, professional technology training and various seminars, and sets the annual educational plan each year and organizes the educational training programs for employees periodically to train the employees' ability.	(4) No difference
(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) All the Company's products pass the international safety certification to protect consumers' safety, and the international standard certification, e.g., ISO 9001. The Company also practices the certification strictly to ensure that its products satisfy international standards. The Company pays attention to the opinion of the customer by providing product communication contact person and email address on the Company website in addition to the business contacts. Also, the Company establishes the “Stakeholder” section as a channel for customer inquiry, suggestions, and complaints. By upholding the principle of good faith, the Company manages and gives feedbacks to the customer properly to protect the right of the customer.	(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) Prior to engaging in commercial dealings with the supplier, the Company will assess whether there is any record of a supplier's impact on the environment and occupational safety and health, complete the supplier's social responsibility self-assessment list, and conduct the audit and counseling on the supplier pursuant to RBA. The audit of social responsibility of the supplier is to enhance their social responsibility. Currently most suppliers of the materials have completed the social responsibility self-evaluation forms. Currently, the orders of the Company and the supplier both require the supplier to comply with the RBA requirements concerning issues of the environmental protection, occupational safety and health or labor rights. The Company also audits the social responsibility norms of the main suppliers. Supplier management policy: Establish a supply chain that values social responsibility, environmental protection, labor rights, safety, health and sustainable development. Supplier assessment and audit: In order to be in line with international standards, suppliers are required to comply with the "RBA Code of Conduct", including labor rights, safety and health, environmental protection, integrity and ethics, and management systems. Formulate the "Supplier Audit Management Regulation", and conduct annual RBA standard audits of major suppliers. Suppliers whose scores are not up to the standard (70/100) will be provided with supplier RBA standard guidance. In 2020, a total of 48 suppliers undergoing RBA standard audits, and all suppliers have reached the audit scoring standards.	(6) No difference

Assessment Items	Implementation States			Difference from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
5. 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?	✓		The Company continues to pay attention to the disclosure of information with respect to the corporate social responsibilities. Besides publishing the social responsibility policy on the website, the Company also prepares the social responsibility report and discloses the implementation on the Company website for the general public. The 2019/2020 CSR Report will be verified by the third party organization, and will be issued and published on the Company's website in July 2021.	No difference
6. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: The Company has established the "Corporate Social Responsibility Best Practice Principles" to promote the implementation of each social responsibility. The actual implementation status is consistent with the principles of the Company.				
7. Other important information to facilitate better understanding of the Company's corporate social responsibility practices: (1) The Company's website provides the "CSR" section dedicated to disclosing the information about the Company's CSR policies and reports. Website: http://www.chiconypower.com.tw/ . (2) Participate in Public welfare activities in 2020: A. Donated NTD 2,200,000 to the National Taipei University of Technology to provide Chicony R&D Rookie Award scholarships to cultivate Taiwanese high-tech talents. B. The Company offers specific quota of trainees the internship opportunity each year. In 2020, it provided them to 8 trainees from the Department of Electrical Engineering, National Taipei University of Technology, in order to enable the students to know about the R&D practices, mitigate the skills and educational mismatch, and benefit their career development. C. The Company participated in the GOLF (Gap of Learning & Field), organized multiple digital courses and facilitated the connection with talents needed by school education and industries. D. In January, the Company initiated the "Tzih Huai Social Welfare Foundation Year-End Party and Tuition Fund-Raising Event" and donated NT\$173,300 to Tzih Huai Social Welfare Foundation. In March, the Company donated NT\$20,000 to Mennonite Social Welfare Foundation. In June, the Company donated NT\$106,500 and a batch of supplies to Taiwan Fund for Children and Families. In August, the Company donated NT\$102,200 and a batch of supplies to Taipei Orphan Welfare Foundation. E. In January, the Company organized the "Charity Subscription Activity" to subscribe for cup pads, red envelopes and banner pens. The Sunshine Social Welfare Foundation received the total subscription fund, NT\$3,150. Yi-Lan Social Welfare Fundraising Foundation received the total subscription fund, NT\$3,762. The Workshop with Happiness received the total subscription fund, NT\$8,550. F. The "Love Potted Plant Subscription Activity" was carried out in August. The total number of potted plants subscribed was 63 pots, and the total subscription amount was NTD 12,600. G. The "Raising caring materials" donation activity for clothes and shoes was carried out in September. H. The "Charitable Blood Donation Activity" was carried out in September. The total number of blood donation was 229 bags. The Company also ordered the charity bakery lunch boxes from Gofe Workshop and distributed them to the blood donors. I. The Company retained the visually impaired workers to provide massage service for the Company's staff each week, in order to improve the staff's physical and mental health and also provide the visually impaired workers with job opportunities.				

3.4.6. Status of Implementation of the Ethical Corporate Management

Assessment Items	Implementation States			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
1. Enactment of ethical management policy and program				
(1) Whether the Company formulates the ethical management policy approved by the board of directors and 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.	✓		(1) The Company has stipulated the "Ethical Corporate Management Best Practice Principles" approved by the Board of Directors and upholds the philosophy of being honest, incorruptible, transparent, and responsible to operate its business. Complying with the Company Act, Securities and Exchange Act, the Business Entity Accounting Act, and other laws and regulations related to TWSE and TPEx; the Company continues to implement the integrity-based policy. When performing their duties, the Board members and the senior management take the responsibility of supervision based on the integrity principle to create a business environment for sustainable development	(1) No difference
(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 Article 7 Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(2) The Company establishes the "Procedures for Ethical Management and Guidelines for Conduct" to engage in commercial activities following the principles of fairness, honesty, faithfulness, and transparency. The Procedures specifies the prohibition of unethical conduct, including bribery, offer or acceptance of improper benefits, providing or promising of facilitation fee, providing of illegal political donations, engagement in unfair competitive practices, improper charity donation or sponsoring, disclosure of trade secrets and damaging the rights of the stakeholders. The Company has implemented prevention measures and proceeded promotions to implement the ethical corporate management and prevent unethical conduct.	(2) No difference
(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) The Company engages in commercial activities based on the principles of honest and transparency. For operating activities within the scope of operations and with high risk of being conducted unethically, the Company has established effective accounting and internal control systems and has designated auditor to conduct regular review on the compliance of the relevant system. In addition, the Company has established the "Whistle-blowing Management Regulations" with whistle-blowing mailbox, email address and hotline as the whistle-blowing channels for unethical conduct. The Company has established various reporting channels and strictly keeps confidential the identity of the informers and content of the report. If an employee is reported to be involved with unethical behavior, the Company will immediately check on relevant facts. If violation of laws or of the ethical management policy and regulations is confirmed, the Company will immediately request the person conducting the unethical behavior to stop such behavior, and per significance of the issue, to proceed with the proper punishment. The Company will also review and modify the implementation results of the practices mentioned above.	(3) No difference

Assessment Items	Implementation States			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
2. 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) To implement the ethical corporate management system, before establishing business relationship with others, except for evaluating the legitimacy and ethical management policy of suppliers, customers or other business parties it deals with, the Company also demand to sign "Letter of Commitment to Incorruption" with suppliers, clearly indicating that all parties in the transactions shall adhere strictly to the rules of the Company with respect to Incorruption management and shall not receive rebates, commission, inappropriate gifts or any other illegal benefit.	(1) No difference
(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) To achieve sound ethical corporate management, an ethical corporate management team consisting of the Administrative Division, Financial Center and Audit Office were established to take responsibility of establishing and supervising the implementation of the ethical corporate management policies and prevention programs and report to the Board of Directors every year. The Company has established the "Whistle-blowing Management Regulations" and the whistle-blowing mailbox, email address, and hotline. The Company also promotes the ethical management and practices the whistle-blowing mechanism at the management meeting. Various factories also organize multiple meetings to promote the ethical management and whistle-blowing mechanism. The implementation status of ethical corporate management in 2020 has been submitted to the director's meetings on Nov. 4, 2020.	(2) No difference
(3) The implementation of the Company's prevention of interest conflict policy and the appropriate reporting channel	✓		(3) The Company has established the conflict of interest policy requiring that the Company's employees sign the service contract when they are hired, and providing the whistle-blowing and complaining channels to help whistleblowers and complainants with their accusation and complaint.	(3) No difference
(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) To implement the ethical corporate management policy, the Company has established effective accounting systems and internal control systems, and has the internal auditor conduct regular reviews of each unit for its compliance to the system.	(4) No difference
(5) Periodic education and training of ethical business	✓		(5) The Company establishes the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct." Besides the disclosure on the "Corporate Governance" section on the Company website, the Company also performs the ethical management promotion at the management meeting and conducts education training for new employee.	(5) No difference

Assessment Items	Implementation States			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
3. The operation of reporting system (1) Specific reporting and reward systems, reporter friendly channels and representative assigned to deal with the reporting issues	✓		(1) The Company has established its “Whistle-blowing Management Regulations” to provide the whistle-blowing channels, including: A. “Whistle-blowing mailbox” B. “Whistle-blowing email address” Hotline@chiconypower.com. The Administration supervisor is responsible for receiving and processing the mails, and strictly keeps confidential the identity of the informers and content of the report. If an employee is reported to be involved with unethical behavior, the Company will immediately check on relevant facts. If confirmed there is violation of laws or of the ethical management policy and regulations, the Company will immediately requested the person conducting the unethical behavior to stop such behavior, and per significance of the issue, to proceed with the investigation. And if necessary, the Company will claim damage through legal procedures to protect the reputation, rights and interest of the Company. Meanwhile, the Company establishes the specific reward system for whistle-blowing. For the reward criteria, please refer to the “Employee Reward & Punishment Regulations”.	(1) No difference
(2) Dose the company establish standard procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after completing investigation?	✓		(2) The Company has established the “Whistle-blowing Management Regulations” to expressly state the standard operating procedure for investigation on accepted whistle-blowing cases. The Administration supervisor is responsible for processing, investigating and responding to the cases, and keeps confidential the identity of the informers and content of the report strictly.	(2) No difference
(3) Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.	✓		(3) The Company has established the measures for protecting whistle-blowers. The Company will keep the whistle-blower’s identity and contents of report in confidence and prevent the whistle-blower from inappropriate disciplinary actions due to their whistle-blowing.	(3) No difference
4. Enhancing Information Disclosure Disclosure of ethical business principals and implementation results on its website or TWSE “MOPS”.	✓		The Company establishes a website to disclose relevant information The Company has disclosed information and conditions related to ethical management. Website: http://www.chiconypower.com.tw/ .	No difference
5. If the Company has established its own ethical business principles based on “Ethical Business Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the principles and their implementation: The Company has established the “Ethical Corporate Management Best Practice Principles” to create a corporate culture with ethical management and sound development. The actual implementation status is consistent with the principles of the Company.				
6. Other information material to the understanding of ethical business operation: None.				

3.4.7. For those have the Corporate Governance Rules and Relevant Regulations Stipulated, the Inquiry Method of the Corporate Governance Rules and Relevant Regulations

For inquiry, please visit the “Investor Events” on the Company’s website.

3.4.8. Other Important Information to Increase the Understanding of Corporate Governance

The Company’s website provides the “Investor Events” to provide the information about corporate governance, finance and shareholders service.

3.4.9. Implementation of the Internal Control System

(1) Statement of Internal Control System

Chicony Power Technology Co., Ltd.
Statement on Internal Control System

Date: March 3, 2021

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

1. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of the Directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting, and regulatory compliance.
2. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
3. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether the existing system continues to be effective. Criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for more details.
4. The Company has adopted the aforementioned criteria to validate the effectiveness of its internal control system design and execution.
5. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2020. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
6. This declaration constitutes part of the Company's Annual Report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. The Statement was passed unanimously without objection by all 7 directors present at the directors' meeting dated March 3, 2021.

Chicony Power Technology Co., Ltd.

Chairman: Lu, Chin-Chung

President: Tseng, Kuo-Hua

(2) Auditor's Report on Special Audit of Internal Control System: N/A.

3.4.10. The Most Recent Year and Up to the Printing Date of this Annual Report, 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, Where the Result of Such Penalty Could Have a Material Effect on Shareholder Equity or Securities Prices, the Main Shortcomings, and Condition of Improvement: None.

3.4.11. Shareholder's Meeting and Significant Board Resolutions in the Most Recent Year and Up to the Date of Printing of the Annual Report

(1) Shareholders' Meeting

Date	Important resolutions	Implementation status
Jun. 9, 2020, Regular Shareholders Meeting of 2020	(1) Acknowledgement on the Business Report and Financial Report of the Company for the 2019 fiscal year	To be disclosed on the MOPS as required, upon resolution by a general shareholders' meeting.
	(2) Acknowledgement on the Proposed Distribution of Earnings of the Company for the 2019 fiscal year	Upon resolution by the Regular Shareholders' Meeting, distributed a cash dividend of NT\$3.2 per share. Meanwhile, the record date for distribution of interest was set as of April 15, 2020. The date of payment of cash dividend was set as of May 14, 2020
	(3) Discussion of the proposal to amend the Company's Articles of Incorporation.	Registered upon approval by the competent authority on June 19, 2020.
	(4) Discussion of proposal to amend the Company's "Procedures for Lending Funds."	Completed according to the amended procedures.

(2) Board of Directors

Date	Important resolutions
Mar. 2, 2020 11th meeting of the 5th Board of Directors	(1) Report on the Company's Board of Directors and Functional Committees performance evaluation in 2019. (2) It is resolved to approve the Company's 2019 business report and consolidated and individual financial statements. (3) It is resolved to prepare the business operating plan of the Company for 2020. (4) It is resolved to complete the 3rd transfer of treasury shares to employees. (5) It is resolved to the distribution of remuneration to employees and directors for the 2019 fiscal year. (6) It is resolved to approve the distribution of earnings of the Company for the 2019 fiscal year. (7) It is resolved to approve the amendments to the Company's "Articles of Incorporation". (8) It is resolved to approve the amendments to the Company's "Procedures for Lending Funds". (9) It is resolved to issue the Company's 2019 Statement on Internal Control System. (10) It is resolved to organize the Company's 2020 Regular Shareholders' Meeting. (11) It is resolved to approve the evaluation on the CPAs' independence. (12) It is resolved to approve the annulment of the Company's shares bought back for the 3rd time and determination of the record date for capital decrease. (13) Ratification of the Company's derivatives transactions amounting to more than US\$10 million on Jan. 22, 2020, Jan. 23, 2020, and Jan. 27, 2020. (14) It is resolved to approve the amendments to the Company's "Remuneration Committee Charter". (15) It is resolved to approve the 3rd transfer the treasury shares to managers and directors with employee status, the distribution plan for remuneration to employees and directors, distribution plan for Dragon Boat Festival and Moon Festival bonus to managers at the 4th meeting of the 3rd Remuneration Committee.
May 4, 2020 12th meeting of the 5th Board of	(1) Submission of the Company's consolidated financial statements of 2020 Q1. (2) It is resolved to approve the amendments to the relevant matters of the Company's 2020 Regular Shareholders' Meeting.

Date	Important resolutions
Directors	(3) It is resolved to approve the modification of the audit plan of the Company for 2020. (4) It is resolved to approve the Company's fund lending to the subsidiary.
Aug. 6, 2020 13th meeting of the 5th Board of Directors	(1) Submission of the Company's consolidated financial statements of 2020 Q2. (2) It is resolved to approve the amendments to the Company's "Audit Committee Charter". (3) It is resolved to approve the amendments to the Company's "Procedures for Lending Funds". (4) It is resolved to approve the second modification of the audit plan of the Company for 2020. (5) Ratification of the capital increase of Chicony Power Technology (Thailand) Co., Ltd. (6) Ratification of the Company's derivatives transactions amounting to more than US\$10 million on May 12, 2020.
Nov. 4, 2020 14th meeting of the 5th Board of Directors	(1) Submission of the Company's consolidated financial statements of 2020 Q3. (2) Report on the status of the Company's corporate social responsibility, ethical management, and interested parties communication in 2020. (3) Report on the intellectual property management plan and implementation status in 2020. (4) It is resolved to prepare the audit plan of the Company for 2021. (5) It is resolved to approve the Company's application for credit facility with the financial institution. (6) It is resolved to approve the amendments to the Company's "Corporate Governance Best Practice Principles". (7) It is resolved to approve the Company's fund lending to the subsidiary. (8) Ratification of the Company's acquisition of private equity funds. (9) It is resolved to approve the amendments to the Company's "Rules of Board of Directors and Functional Committees Performance Evaluation". (10) It is resolved to approve the amendments to the Company's "Remuneration Committee Charter". (11) It is resolved to approve the distribution of year-end bonus and employee remuneration to managers as proposed at the 5th meeting of 3rd Remuneration Committee.
Mar. 3, 2021 15th meeting of the 5th Board of Directors	(1) Report on the Company's Board of Directors and Functional Committees performance evaluation in 2020. (2) It is resolved to approve the Company's 2020 business report and consolidated and individual financial statements. (3) It is resolved to prepare the business operating plan of the Company for 2021. (4) It is resolved to issue the Company's 2020 Statement on Internal Control System. (5) It is resolved to complete the 4th transfer of treasury shares to employees. (6) It is resolved to the distribution of remuneration to employees and directors for the 2020 fiscal year. (7) It is resolved to approve the distribution of earnings of the Company for the 2020 fiscal year. (8) It is resolved to approve the amendments to the Company's "Rules of Procedure for Shareholders Meetings". (9) It is resolved to approve the amendments to the Company's "Procedures for Lending Funds". (10) It is resolved to approve the amendments to the Company's "Regulations Governing the Acquisition and Disposal of Assets". (11) It is resolved to re-elect the Company's 6th term of Directors. (12) It is resolved to release the newly elected directors and their representative from non-competition restrictions. (13) It is resolved to approve the nomination of the Company's directors and independent director candidates. (14) It is resolved to organize the Company's 2021 Regular Shareholders' Meeting. (15) It is resolved to approve the compensation of CPA and the evaluation on the CPAs' independence. (16) It is resolved to approve the change of the Company's spokesperson and acting spokesperson. (17) It is resolved to approve the establishment of the Company's corporate governance officer. (18) It is resolved to participate government-led urban renewal plan with Epoque Corp. and Chicony Electronics Co., Ltd. (19) It is resolved to approve the Company's fund lending to the subsidiary. (20) It is resolved to approve the 4th transfer the treasury shares to managers and the distribution plan for remuneration to employees and directors at the 6th meeting of the 3rd Remuneration Committee.
May 4, 2021 16th meeting of	(1) Submission of the Company's consolidated financial statements of 2021 Q1. (2) It is resolved to approve the amendments to the Company's "Rules of Procedure for Board of

Date	Important resolutions
the 5th Board of Directors	<p>Directors Meetings”.</p> <p>(3) It is resolved to approve the amendments to the Company's “Procedures for Ethical Management and Guidelines for Conduct”.</p> <p>(4) It is resolved to approve the Company’s fund lending to the subsidiary.</p>

3.4.12. The Most Recent Year and Up to The Printing Date of this Annual Report, the Main Contents of Important Resolutions Passed by the Board of Directors Regarding in which Directors or Supervisors have Voiced Differing Opinions on the Record or in Writing: None.

3.4.13. The Most Recent Year and Up to The Printing Date of this Annual Report, Summary of Resignation or Dismissal of Personnel (including the Chairman of Board, President, Financial Manager, Accounting Manager, Internal Audit Manager and R&D Manager, etc.,) Who are involved with the Company’s Financial Statements:

May 5, 2021

Title	Name	Date of Appointment	Date Discharged	Reasons for Resignation or Discharge
-	-	-	-	-

3.5. Independent Auditor Fee Information

3.5.1. Independent Auditor Fee Information and Fee Table

Accounting Firm Name	Name of CPA		Audit Period	Remarks
PricewaterhouseCoopers Taiwan	Chen, Chin-Chang	Weng, Shih-Jung	Jan. 1, 2020 ~ Dec. 31, 2020	-

Unit: NTD 1,000

Amount Range \ Fee Item		Audit Fee	Non-audit Fee	Total
1	Under \$2,000		V	
2	\$2,000 (Inclusive) ~4,000	V		V
3	\$4,000 (Inclusive)~6,000			
4	\$6,000 (Inclusive)~8,000			
5	\$8,000 (Inclusive)~10,000			
6	Over \$10,000			

3.5.2. Independent Auditor Fee Information

- (1) If fees paid to a CPA or CPA firm or its affiliated company for non-audit services account for a proportion equal to one-quarter or more of the fees paid for the audit service, the fee for audit and non-audit services as well as the contents of the non-audit service shall be disclosed

Unit: NTD 1,000

Accounting Firm Name	Name of CPA	Audit Fee	Non-audit remuneration					CPA Audit period	Remarks
			System Design	Commercial and Industrial Registration	Human Resources	Others	Subtotal		
PricewaterhouseCoopers Taiwan	Chen, Chin-Chang	3,010	-	-	-	612	612	109/01/01 ~ 109/12/31	註
	Weng, Shih-Jung								

Note: The other elements constituting the non-audit fees include the transfer pricing report of NTD 500 thousand, new shares to employees as compensation of NTD 90 thousand, and cancellation treasury shares of 22 thousand.

- (2) Replacement of independent auditing firm and reduction in audit fees paid during the year of replacement compared with the previous year: None.
- (3) Reduction in audit fees by more than 10% compared with the previous year: None.

3.6. Information on the Replacement of CPA

Whether the Company changed its CPA firms in the recent two year and up to the printing date of this Annual Report:

3.6.1. Information Relating to the Former CPA

	2019			2020			For 2021 and up to the Date of Printing of the Annual Report		
Date of the Change	N/A			N/A			N/A		
Reason for the Replacement and Explanation	N/A			N/A			N/A		
Explain Whether the Appointor Terminates or CPA Refuse to Accept Appointment	Contracting Parties Condition	CPA	Appointor	Contracting Parties Condition	CPA	Appointor	Contracting Parties Condition	CPA	Appointor
	Appointment Terminated Automatically	N/A	N/A	Appointment Terminated Automatically	N/A	N/A	Appointment Terminated Automatically	N/A	N/A
	appointment rejected (Discontinued)	N/A	N/A	appointment rejected (Discontinued)	N/A	N/A	appointment rejected (Discontinued)	N/A	N/A
Suggestions and Reasons for Issuing Audit Reports other than Unqualified Opinions in the Recent Two Years	N/A			N/A			N/A		
Different Opinions With the Issuer	Yes	Accounting Principles or Practices	Yes	Accounting Principles or Practices	Yes	Accounting Principles or Practices	Yes	Accounting Principles or Practices	Yes
		Financial Report Disclosure		Financial Report Disclosure		Financial Report Disclosure		Financial Report Disclosure	
		Audit Scope or Process		Audit Scope or Process		Audit Scope or Process		Audit Scope or Process	
		Others		Others		Others		Others	
	No	V	No	V	No	V	No	V	No
	Descriptions: N/A			Descriptions: N/A			Descriptions: N/A		
Other Disclosures (Disclosures Specified in Article 10.6.1.4~7 of the Standard)	None			None			None		

3.6.2. Information Relating to the Succeeding CPA

	2019	2020	For 2021 and up to the Date of Printing of the Annual Report
Name of CPA Firm	N/A	N/A	N/A
Name of CPA	N/A	N/A	N/A
Date of Reappointment	N/A	N/A	N/A
Prior to Appointment, Accounting Treatments or Accounting Principles for Specific Transactions, and Possible Advisory Issues and Results for Financial Reports	N/A	N/A	N/A
The Written Opinion of the Different Opinions Between the Succeeding CPA and the Preceding CPA	N/A	N/A	N/A

3.6.3. The reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the standards: None.

3.7. The Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Was an Employee of the Accounting Firm, or Its Affiliates over the Past Year: None.

3.8. Transfer & Pledge of Stock Equity by Directors, Supervisors, Managerial Officers and Shareholders with 10% Shareholdings or More

3.8.1. Transfer & pledge of stock equity by Directors, Supervisors, managerial officers and holders of 10% or more of company shares:

Title	Name	2020		Ending Apr. 12 of 2021	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Directors and Major Shareholders	Chicony Electronics Co., Ltd.	12,058,000	-	284,000	-
Chairman (Representative)	Lu, Chin-Chung	-	-	-	-
Director and President	Tseng, Kuo-Hua (Note 1)	611,420	(750,000)	352,800	(750,000)
Director and Advanced Technology Center, Chief Technology Officer and Senior Deputy GM	Huang, Chung-Ming (Note 1)	126,301	-	44,096	-
Director	Lee, Tse-Ching	-	-	21,271,194	-
Independent Director	Fu, Yow-Shiuan	-	-	-	-
Independent Director	Tsai, Duh-Kung	-	-	-	-
Independent Director	Chiu, Te-Chen	-	-	-	-
MP Business Unit, President	Huang, Chien-Yu (Note 1)	108,410	-	(277,095)	-
SH Business Unit, President	Ku, Ming-Hui (Note 1)	122,284	-	109,429	-
Guang Sheng Factory, Senior VP	Li, Tsu-Yu (Note 1)	25,719	-	20,680	-
MAG Business Unit, VP	Lin, Che-Shih (Note 1)	37,916	-	(12,102)	-
SH Business Unit, VP	Huang, Shu-Fan (Note 1)	6,854	-	41,348	-
MP R&D Office, VP	Wang, Yang (Note 1)	15,871	-	36,286	-
Special Assistant to President and Procurement Chief	Huang, Ming-Hui (Note 1)	60,158	-	46,203	-
SH Business Unit, Assistant VP	Huang, Tsui-Ling (Note 1)	(65,835)	(100,000)	18,720	-
MP Business Unit, Assistant VP	Pan, Sin-Jian (Note 1)	(21,901)	-	35,977	-
MP Department of Quality Assurance, Assistant VP	Chen, Chun-Jheng (Note 1)	3,396	-	20,000	-
Financial Center, Assistant VP	Chen, Hsueh-Yi (Note 1)	(4,101)	-	32,140	-
MAG Business Unit, Assistant VP	Huang, Ming-Ssu (Note 2)	-	-	-	-
SH High Power Development Office, Assistant VP	Hsiao, Yung-Him (Note 2)	-	-	-	-
Audit Office, Manager	Yu, Wen-Feng (Note 1)	6,921	-	6,531	-

Note 1: Shares held include shares in trust the grantor retain the power to decide the allocation.

Note 2: Huang, Ming-Ssu and Hsiao, Yung-Him in inaugurated incumbent position on May 1, 2021. Therefore, it does not disclose the number of increase or decrease in its shareholding from 2020 to Apr. 12, 2021.

3.8.2. Information on the Counterparts of the Share Transferred, if the Counterparts are Related Party

Name	Reason of Transfer	Date of Transaction	Counterpart	Relationship Between the Counterpart and the Company, and Directors, Supervisors and Shareholders with more than 10% Ownership Interest	Shares	Transaction Price
Huang, Chien-Yu	Bestowment	Mar. 8, 2021	Chen, Si-Ru	Spouse	200,000	NA
		Mar. 8, 2021	Huang, Yu-Min	Father and Son	31,000	NA
		Mar. 15, 2021	Chen, Si-Ru	Spouse	200,000	NA

3.8.3. Information on the counterparts of the shares pledged, if the counterparts are related parties: None.

3.9. Information on Relation Among Top 10 Shareholders and Their Relationship

April 12, 2021 ; Unit: shares, %

Name	One Shareholding		Shareholdings of Spouse and Underage Children		Total Shareholding in Other's Name		Relationship Characterized as Spouse or Relative of Second Degree or Closer Among the Top 10 Shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Chicony Electronics Co., Ltd.	200,751,594	51.19	-	-	-	-	None	None	-
Representative: Hsu, Kun-Tai	-	-	-	-	-	-	None	None	-
Lee, Tse-Ching	24,362,547	6.21	-	-	-	-	Lin, Yen-Li	Mother and daughter	-
							Lin, Yi-Ching	Mother and daughter	-
Standard Chartered Bank Entrusted with Swedbank Robur Globalfond	9,000,000	2.29	-	-	-	-	None	None	-
Standard Chartered Bank Sales Department Entrusted with PineBridge Global Funds - PineBridge Asia Ex Japan Small Cap Equity Fund	8,247,181	2.10	-	-	-	-	None	None	-
Lin, Yen-Li	7,890,315	2.01	-	-	-	-	Taishin International Bank Entrusted with Trust Property Account - Lin, Yen-Li	Trust Account that the shareholder retains the power to decide the allocation.	-
							Lee, Tse-Ching	Mother and daughter	-
							Lin, Yi-Ching	Sister	-
Lin, Yi-Ching	7,883,324	2.01	-	-	-	-	Taishin International Bank Entrusted with Trust Property Account - Lin, Yi-Ching	Trust Account that the shareholder retains the power to decide the allocation.	-
							Lee, Tse-Ching	Mother and daughter	-
							Lin, Yen-Li	Sister	-
Taishin International Bank Entrusted with Trust Property Account - Lin, Yen-Li	5,000,000	1.27	-	-	-	-	Lin, Yen-Li	Trust Account that the shareholder retains the power to decide the allocation.	-
Taishin International Bank Entrusted with Trust Property Account - Lin, Yi-Ching	5,000,000	1.27	-	-	-	-	Lin, Yi-Ching	Trust Account that the shareholder retains the power to decide the allocation.	-
Di-Jia Investment Co., Ltd. Responsible Person: Huang, Yueh-Chao	4,105,273	1.04	-	-	-	-	None	None	-
	1,616,669	0.41	-	-	-	-	None	None	-
Tseng, Kuo-Hua	4,074,434	1.04	-	-	-	-	None	None	-

Note 1: The above table includes shares in trust the grantor and his spouse retain the power to decide the allocation.

Note 2: The Shareholding Ratio (%) is the shares held divided by the 392,147,184 shares of the Company.

3.10. Quantity of Shareholdings of the Same Investee by the Company and Its Directors, Supervisors, Managers Directly or Indirectly controlled, and the Combined Shareholdings

April 12, 2021 ; Unit: shares, %

Invested Enterprise	Invested by the Company		Held by Directors, Supervisors, Managers, and Directly or Indirectly Controlled Enterprises		Total Investment	
	Shares	%	Shares	%	Shares	%
Chicony Power Holdings Inc.	10,000,000	100.00	-	-	10,000,000	100.00
Chicony Power Technology (Thailand) Co., Ltd.	79,999,997	100.00	3	-	80,000,000	100.00

4. Capital Overview

4.1. Capital and Shares

4.1.1. Sources of Capital

(1) Capital Increase in Recent Years

Unit: NTD, shares

Month / Year	Issue price	Authorized Capital Stock		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital Sources	Offset by any property other than cash	Others
Dec. 2008	10	100,000	1,000,000	100,000	1,000,000	Paid-in Capital to start the Company	-	Ministry of Economic Affairs, Dec. 24, 2008, Jing-Shou-Zhong-Zi No. 09734238930
Feb. 2009	10	250,000,000	2,500,000,000	8,100,000	81,000,000	Relevant business assigned from the spinoff of the Power Supply Business Unit from Hipro Electronics (Taiwan) Co., Ltd.	Note 1	Ministry of Economic Affairs, Feb. 20, 2009, Jing-Shou-Zhong-Zi No. 09831746550
Apr. 2009	11	250,000,000	2,500,000,000	208,100,000	2,081,000,000	Capital increase in cash 2 billion by cash	-	Ministry of Economic Affairs, Apr. 8, 2009, Jing-Shou-Shang-Zi No. 09801067810
Aug. 2010	10	250,000,000	2,500,000,000	241,586,832	2,415,868,320	Capital increase for 203,765,320 by earnings Capital increase for 131,103,000 by capital reserve	-	Ministry of Economic Affairs, Aug. 9, 2010, Jing-Shou-Shang-Zi No. 09901180110
Dec. 2011	10	350,000,000	3,500,000,000	276,183,942	2,761,839,420	Capital increase for 345,971,100 by earnings	-	Ministry of Economic Affairs, Dec. 20, 2011, Jing-Shou-Shang-Zi No. 10001283310
Oct. 2012	10	350,000,000	3,500,000,000	325,796,934	3,257,969,340	Capital increase for 496,129,920 by earnings	-	Ministry of Economic Affairs, Oct. 8, 2012, Jing-Shou-Shang-Zi No. 10101207240
Aug. 2013	10	350,000,000	3,500,000,000	329,378,645	3,293,786,450	Capital increase for 35,817,110 by earnings	-	Ministry of Economic Affairs, Aug. 19, 2013, Jing-Shou-Shang-Zi No. 10201169370
Nov. 2013	41.6	400,000,000	4,000,000,000	353,378,645	3,533,786,450	Capital increase in cash 240,000,000 by cash	-	Ministry of Economic Affairs, Nov. 16, 2013, Jing-Shou-Shang-Zi No. 10201240200
Aug. 2014	10	400,000,000	4,000,000,000	358,853,349	3,588,533,490	Capital increase for 54,747,040 by earnings	-	Ministry of Economic Affairs, Aug. 12, 2014, Jing-Shou-Shang-Zi No. 10301161680
Aug. 2015	10	400,000,000	4,000,000,000	364,311,133	3,643,111,330	Capital increase for 54,577,840 by earnings	-	Ministry of Economic Affairs, Aug. 19, 2015, Jing-Shou-Shang-Zi No. 10401172760
Sep. 2015	10	400,000,000	4,000,000,000	368,319,103	3,683,191,030	New restricted employee shares 40,079,700	-	Ministry of Economic Affairs, Sep. 21, 2015, Jing-Shou-Shang-Zi No. 10401197910
Mar. 2016	10	400,000,000	4,000,000,000	370,059,873	3,700,598,730	Issuance and revocation of new restricted employee shares 17,407,700	-	Ministry of Economic Affairs, Mar. 30, 2016, Jing-Shou-Shang-Zi No. 10501059290
Jun. 2016	10	400,000,000	4,000,000,000	370,026,535	3,700,265,350	Revocation of new restricted employee shares 333,380	-	Ministry of Economic Affairs, Jun. 30, 2016, Jing-Shou-Shang-Zi No. 1050114137
Aug. 2016	10	400,000,000	4,000,000,000	375,769,640	3,757,696,400	Capital increase for 57,431,050 by earnings and employees remuneration	-	Ministry of Economic Affairs, Aug. 18, 2016, Jing-Shou-Shang-Zi No. 10501206540
Sep. 2016	10	400,000,000	4,000,000,000	375,748,880	3,757,488,800	Revocation of new restricted employee shares 207,600	-	Ministry of Economic Affairs, Sep. 9, 2016, Jing-Shou-Shang-Zi No. 10501223000
Nov. 2016	10	400,000,000	4,000,000,000	375,744,620	3,757,446,200	Revocation of new restricted employee shares 42,600	-	Ministry of Economic Affairs, Nov. 24, 2016, Jing-Shou-Shang-Zi No. 10501273340
Apr. 2017	10	400,000,000	4,000,000,000	375,740,072	3,757,400,720	Revocation of new restricted employee shares 45,480	-	Ministry of Economic Affairs, Apr. 26, 2017, Jing-Shou-Shang-Zi No. 10601048690
May 2017	10	400,000,000	4,000,000,000	380,461,721	3,804,617,210	Capital increase by employees remuneration 47,216,490	-	Ministry of Economic Affairs, May 3, 2017, Jing-Shou-Shang-Zi No. 10601052900
Jun. 2017	10	400,000,000	4,000,000,000	380,431,133	3,804,311,330	Revocation of new restricted employee shares 305,880	-	Ministry of Economic Affairs, June 1, 2017, Jing-Shou-Shang-Zi No. 10601069520
Aug. 2017	10	400,000,000	4,000,000,000	382,289,947	3,822,899,470	Capital increase by earnings 18,588,140	-	Ministry of Economic Affairs, Aug. 7, 2017, Jing-Shou-Shang-Zi No. 10601109550

Month / Year	Issue price	Authorized Capital Stock		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital Sources	Offset by any property other than cash	Others
Aug. 2017	10	400,000,000	4,000,000,000	382,277,554	3,822,775,540	Revocation of new restricted employee shares 123,930	-	Ministry of Economic Affairs, Aug. 25, 2017, Jing-Shou-Shang-Zi No. 10601120510
Nov. 2017	10	400,000,000	4,000,000,000	382,272,271	3,822,722,710	Revocation of new restricted employee shares 52,830	-	Ministry of Economic Affairs, Nov. 29, 2017, Jing-Shou-Shang-Zi No. 10601159690
May 2018	10	400,000,000	4,000,000,000	386,695,410	3,866,954,100	Capital increase by employees remuneration 44,231,390	-	Ministry of Economic Affairs, May 1, 2018, Jing-Shou-Shang-Zi No. 10701043870
Jul. 2018	10	400,000,000	4,000,000,000	385,986,588	3,859,865,880	Revocation of treasury stock and new restricted employee shares 7,088,220	-	Ministry of Economic Affairs, Jul. 31, 2018, Jing-Shou-Shang-Zi No. 10701093100
Aug. 2018	10	400,000,000	4,000,000,000	387,880,301	3,878,803,010	Capital increase for 18,937,130 by earnings	-	Ministry of Economic Affairs, Aug. 16, 2018, Jing-Shou-Shang-Zi No. 10701101820
Nov. 2018	10	400,000,000	4,000,000,000	383,141,301	3,831,413,010	Revocation of treasury stock 47,390,000	-	Ministry of Economic Affairs, Nov. 26, 2018, Jing-Shou-Shang-Zi No. 10701143780
Apr., 2019	10	400,000,000	4,000,000,000	386,715,375	3,867,153,750	Capital increase by employees remuneration 35,740,740	-	Ministry of Economic Affairs, Apr. 25, 2019, Jing-Shou-Shang-Zi No. 10801046920
Apr., 2020	10	500,000,000	5,000,000,000	384,200,375	3,842,003,750	Revocation of treasury stock 25,150,000	-	Ministry of Economic Affairs, Apr. 22, 2020, Jing-Shou-Shang-Zi No. 10901058150
May 2020	10	500,000,000	5,000,000,000	388,751,037	3,887,510,370	Capital increase by employees remuneration 45,506,620	-	Ministry of Economic Affairs, May 4, 2020, Jing-Shou-Shang-Zi No. 10901063430
Apr. 2021	10	500,000,000	5,000,000,000	392,147,184	3,921,471,840	Capital increase by employees remuneration 33,961,470	-	Ministry of Economic Affairs, Apr. 20, 2021, Jing-Shou-Shang-Zi No. 11001064980

Note 1: According to the relevant laws and regulations of "Business Mergers and Acquisitions Act" and "Company Act", the net value from being assigned the operations, assets and liabilities of Power Supply Business Unit of Hipro Electronics (Taiwan) Co., Ltd., from a spin off as a way to increase capital is NTD 80,000 thousand.

(2) The Types of Shares Issued as the Date the Annual Report is Published

Unit: shares

Type of Share	Authorized Capital Stock			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	392,147,184	107,852,816	500,000,000	Listed Company Shares

(3) Information about Offering and Issuance of Securities: None.

4.1.2. Composition of Shareholders

April 12, 2021 ; Unit: persons, shares, %

Composition of Shareholders Quantity	Government Agencies	Financial Institutions	Other Corporate Entities	Individuals	Foreign Institutions and Individuals	Treasury Stock	Total
Number of Shareholders	1	14	48	7,387	214	0	7,664
Shareholding	1,237,980	1,381,662	230,889,461	98,075,795	60,562,286	0	392,147,184
Percentage	0.32	0.35	58.88	25.01	15.44	0	100.00

Note: A TWSE/TPEx primary listed company and emerging stock company shall disclose the shareholdings by Mainland China investment of it. The Mainland China investment refers to the people, corporation, group or any other organization of the Mainland Area or the company invested by the Mainland China investment in a third territory defined under Article 3 of the Measures Governing Investment Permit to the People of the Mainland Area: N/A.

4.1.3. Distribution Profile of Share Ownership

April 12, 2021

Range of Shares	Number of Shareholders	Shares Held	Shareholding Percentage
1 to 999	2,888	226,666	0.06%
1,000 to 5,000	3,628	6,662,410	1.70%
5,001 to 10,000	424	3,080,044	0.79%
10,001 to 15,000	152	1,855,971	0.47%
15,001 to 20,000	84	1,497,093	0.38%
20,001 to 30,000	94	2,404,150	0.61%
30,001 to 50,000	99	3,963,319	1.01%
50,001 to 100,000	89	6,236,569	1.59%
100,001 to 200,000	77	11,033,364	2.81%
200,001 to 400,000	53	15,407,468	3.93%
400,001 to 600,000	30	14,899,068	3.80%
600,001 to 800,000	8	5,731,739	1.46%
800,001 to 1,000,000	6	5,155,851	1.31%
Over 1,000,001	32	313,993,472	80.07%
Total	7,664	392,147,184	100.00%

4.1.4. Major Shareholders

Shares held equal to or more than 5% of total shares issued or with equity ownership among the top 10 shareholders

April 12, 2021

Major Shareholder	Shares	Shares Held	Shareholding Percentage
Chicony Electronics Co., Ltd.		200,751,594	51.19%
Lee, Tse-Ching		24,362,547	6.21%
Standard Chartered Bank Entrusted with Swedbank Robur Globalfond		9,000,000	2.29%
Standard Chartered Bank Sales Department Entrusted with PineBridge Global Funds - PineBridge Asia Ex Japan Small Cap Equity Fund		8,247,181	2.10%
Lin, Yen-Li		7,890,315	2.01%
Lin, Yi-Ching		7,883,324	2.01%
Taishin International Bank Entrusted with Trust Property Account - Lin, Yi-Ching		5,000,000	1.27%
Taishin International Bank Entrusted with Trust Property Account - Lin, Yen-Li		5,000,000	1.27%
Di-Jia Investment Co., Ltd.		4,105,273	1.04%
Tseng, Kuo-Hua		4,074,434	1.04%

Note: Not including share in trust the grantor retains the power to decide the allocation.

4.1.5. Information on Market Price, Net Worth, Earnings, Dividends Per Share & Relevant Information

Unit: NTD, 1,000 shares

Item \ Year			2019	2020	As of Mar. 31 2021
Market Price Per Share	High		69.70	78.40	84.00
	Low		41.00	42.00	68.70
	Average		54.84	64.55	77.11
Net worth Per Share	Before dividend		21.67	24.53	22.16
	After dividend		18.47	20.53	22.16
Earnings Per Share	Weighted Average Shares		381,679	386,916	389,214
	Earnings Per Share	Originally Reported	4.51	5.52	1.49
		Retrospective Adjustment	4.51	5.52	1.49
Dividend Per Share	Cash Dividends		3.20	4.00	-
	Stock dividends	Out of earnings	-	-	-
		Stock dividend from paid-in capital	-	-	-
		Accumulated undistributed dividends (Note 1)	-	-	-
ROI Analysis	P/E Ratio (Note 2)		12.16	11.69	-
	P/D Ratio (Note 3)		17.14	16.14	-
	Cash Dividend Yield (Note 4)		5.8%	6.2%	-

Note 1: For securities issued with terms that entitle the holder to accumulate the unpaid dividend during the Current year, for receiving in an earning-generating fiscal year, the accumulated unpaid amount shall also be disclosed.

Note 2: P/E ratio = Average closing price per share for the year/earnings per share.

Note 3: P/D ratio = average closing price per share during the current fiscal year/cash dividend per share.

Note 4: Cash dividend yield = Cash dividend per share/average closing price per share for the current year.

4.1.6. Dividend Policy and Execution Status and Distribution of Dividends by this Shareholders' Meeting

(1) Dividend Policy by Articles of Incorporation

In order to fulfill long-term financial planning needs and operate as a sustainable business, the Company has in Article 25 of its Articles of Incorporation clearly stated its future dividend policy:

The Company is still in the development stage of the electronic industry, and shall consider the capital needs for new products and the addition of items for return on investment of the shareholders in the determination of its dividend policy. Accordingly, the distribution of stock dividends to shareholders shall not exceed 90% of the total income attributable to shareholders and cash dividends shall not fall below 10% of the stock dividends to shareholders for each fiscal year.

If the total income attributable to shareholders falls below NTD 0.5 per share, the aforementioned restrictions shall not be applicable.

(2) Allocation of Dividends Proposed at the Shareholders' Meeting

Pursuant to the financial statements of the Company for the 2020 fiscal year, the net profit after tax amounts to NTD 2,136,626,814. With the first appropriation of legal reserve amounting to NTD 200,374,330 and reverse special reserve amounting to NTD 74,284,421, plus unappropriated retained earnings at the beginning of the term in the amount of NTD 244,643,299, and deduction of the profit and/or loss in actuary in the fringe benefits plan counted into the retained earnings of NTD 790,400, disposal financial asset that measured at fair value through other comprehensive income NTD 63,270,875, and revocation of the treasury stocks NTD 68,822,244, the total amount available for distribution came to NTD 2,122,296,685.

According to the resolution passed by the 15th meeting of the 5th Board of Directors on March 3, 2021, the cash dividends was allocated amounting to NT\$1,568,588,736, to shareholders at NT\$4 per share, and the chairman was authorized to decide the ex-dividend

date, date of issuance. In case of a change in the dividends rate in the wake of a change in the number of outstanding shares due to a repurchase of the Company's shares, withdraw the restricted employees' rights new shares, or transfer, revocation of the treasury stocks, the chairman was authorized to bestow powers upon it to carry out the changes as appropriate.

The ex-dividend date is April 16, 2021, and the cash dividend issue date is May 14, 2021.

(3) Expected Material Changes in Dividend Policy: N/A.

4.1.7. Impact on the Company's Business Performance and EPS by the Proposed Distribution of Shares

The shareholders' meeting convened in the present event contains no issue with the Company's capital to be increased with earnings. This issue is not applicable.

4.1.8. Remuneration of Employees, Directors and Supervisors

(1) Percentage or scope of remuneration to employees and directors as stated in the Article 24 of the Company's Articles of Incorporation

Current pre-tax benefits before deducting employee remuneration and director's remuneration of the Company in the year, a minimum sum 10% shall be appropriated as remuneration to the employees and appropriate 1% maximum as remuneration to directors. Where the Company continues outstanding losses in accumulation (including adjustment of unappropriated retained earnings), the sum to make good the loss shall be first withheld before the sum to be allocated as remuneration to employees and to the directors at the aforementioned ratios.

Aforementioned employee remuneration can be allocated in either stocks or cash, which including the employees under the control or subsidiary firms of the Company who consistent with the certain conditions; aforementioned directors' remuneration can only be allocated in cash.

(2) The basis of estimating the amount of the remuneration of employees and directors for the current period, the basis for calculating the quantity of stock dividends to be allocated, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure thereof

A. The basis of estimating the amount of the remuneration of employees and directors for the current period: The percentage and scope from the earnings made by the Company for the year is estimated as stated in the Articles of Incorporation.

B. The basis for calculating the quantity of stock to be allocated: It is calculated with the closing price one day before the board of directors decided to issue new shares. Employee divided of less than one share shall be distributed in cash.

C. The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure thereof: When the discrepancy exists between the actual distributed amount and the estimated figure, it will be as profit or loss in the next year.

(3) Information about allocation of remuneration resolved by the Board of Directors

A. The resolution by the Company's Board of Directors on March 3, 2021 for the allocation of remuneration to employees and directors

(A) The remuneration distributed to employee in cash: NTD 52,411,768.

(B) The remuneration distributed to employee in stocks: NTD 265,578,749. The shares issued for remunerations to employees shall be calculated based on the Company's closing price of NTD 78.2 on the previous day when the board of directors decided to issue new shares, to issue a total of 3,396,147 new shares. The fraction of remunerations to employees of less than one share shall be allocated in cash at NTD 54.

(C) The remuneration distributed to directors: NTD 28,664,712. It shall be paid off in cash.

(D) The aggregate total of NTD 346,655,229 has no discrepancy between the estimated amounts recognized in the year of the expenses incurred.

- B. The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration

As officially resolved in the 15th meeting of the 5th Board of Directors on March 3, 2021, an amount of 317,990,517 shall be the remunerations to the employees with NTD 265,578,749 distributed in stocks. If the fraction of remunerations to employees of less than one share after deducting employee remuneration in stocks, it shall be allocated in cash at NTD 54. The actual amount of employee remuneration distributed in stocks is NTD 265,578,695, accounting for 12.43% of the income after tax, NTD 2,136,626,814, and 83.52% of the total remuneration to employees, as referred to in the 2020 entity financial statement.

- (4) The actual allocation of the remuneration to employee and directors in the previous year (including the number, amount and stock price of allocated shares), the deviation between the actual allocation and the estimated figures, if any, and cause and treatment
- A. The actual amount distributed to employee in cash: NTD 8.
- B. The actual remuneration distributed to employee in stocks: NTD 268,033,992. The shares issued for remunerations to employees shall be calculated based on the Company's closing price of NTD 58.9 on the previous day of March 2, 2020 when the board of directors decided to issue new shares, to issue a total of 4,550,662 new shares.
- C. The actual remuneration distributed to directors: NTD 22,298,202. It shall be paid off in cash.
- D. The aggregate total of actual remuneration allocated to employees and directors comes to NTD 290,332,202 exactly same as the amount anticipated in the Financial Statements 2019.

4.1.9. Repurchase of the Company's Shares

(1) Implemented

May 5, 2021

Number of Repurchases	The 3rd time	The 4th time
Purpose of Repurchases	Transfer of shares to employees	Transfer of shares to employees
The Period for the Repurchase	Nov. 8, 2016 to Dec. 19, 2016	Sep. 25, 2018 to Oct. 18, 2018
Price Range of Anticipated Repurchase	NT\$42-52	NT\$40-50
Categories and Quantities of Shares Actual Repurchased	2,515,000 common shares	1,864,000 common shares
Amount of Shares Actual Repurchased	NT\$124,125,568	NT\$75,678,728
Ratio of Quantity of Actual Repurchased that Quantity of Planed Repurchase (%)	25.15%	18.64%
Quantity of Cancelled and Transferred Stock Repurchased	2,515,000 share	1,864,000 share
Accumulated Quantity of the Company's Stock as Held	0 share	0 share
Accumulated Quantity of the Company's Stock as Held to the Total Quantity of the Company's Issued Stock (%)	0%	0%

(2) Under implementation : None.

4.2. Issuance of Corporate Bonds: None.

4.3. Issuance of Preferred Shares: None.

4.4. Issuance of Overseas Depository Receipts: None.

4.5. Issuance of Employee Stock Option Certificates: None.

4.6. Issuance of New Restricted Employee Shares: None.

4.7. Merger & Acquisition or Assigned Shares from Other Companies to Issue New Shares: None.

4.8. Implementation of Capital Utilization Plan:

4.8.1. The Company has Plans for Private Placement of Securities but Uncompleted or Completed within the Most Recent Three Years but with no Realized Benefit: None.

4.8.2. For the Implementation of Capital Utilization Plan, Analyze the Implementation Status and Compared with the Estimated Benefit of the Original Plan: None.

5. Overview of Operations

5.1. Business Activities

5.1.1. Scope of Business

(1) Main businesses of the Company include

The main business of the Company and subsidiaries includes switching power supplies, various other electronic components and equipment, R&D, manufacturing and trading of lighting and illumination equipment and Smart Building System.

(2) Business Breakdown

Unit: NTD 1,000

Product Category \ Year	2020	
	Operating Revenue	Percentage (%)
Electronic Components Products	27,708,029	79.48
Consumer Electronic Products and Other Electronic Products	6,700,552	19.22
Others	454,446	1.30
Total	34,863,027	100.00

(3) Current Products and Service Items of the Company

- A. Power supply for desktop PCs and workstation: Multiple and single output power supplies that comply with international power-saving, relevant safety regulations, different characteristics, and different Form Factor needs, and provide flat and miniaturized power supplies for use in All in One personal computer systems.
- B. Power supply for gaming PCs: Built-in, 150W~850W.
- C. Power supply for game consoles: Internal power supplies for new generation game consoles, and supports three-dimensional game console accessory power.
- D. Power supply for notebook PCs: 30W to 200W power supply for various size notebook PCs, (from 10-inch to 15-inch standard notebook PCs) and 150W to 500W power supplies for gaming notebook PCs.
- E. Power supply for set-top-boxes: Internet power supply for Internet service or program providers.
- F. Power systems for cloud servers: 500W to 2000W power systems.
 - (A) Power supply for communication: Small power supplies for routers, network and hubs to couple hundred watt power supplies for central networks in companies etc.
 - (B) Power supply with the server modular design: Provide 500W/800W/1000W/1200W/1600W/2000W CRPS standard power module with the ultra-high power density modular design, which supports for low-end and high-end AI servers and hyper-scale cloud data center (N+1/N+N) redundant power supply system.
 - (C) Power supply for storage devices: Highly reliable (N+1/N+N) redundant power supply that can ensure continual system operation under any power interruption or damaged power supply.
- G. Power supply for laser printers: Provides power supply for laser printers and laser engine drivers, including 110W, 400W power modules and 72W (Combo) etc.
- H. Power supply for inkjet printer: Provides the internal power supply ranging from 10W to 60W.
- I. Internet of Things (IoT): Power supply includes the accessory unit.
- J. Battery charging device: Power supply and charger for machine tools, drones, and mobile devices.
- K. Power supply for smart household devices: 5W to 60W power adapters and open frames are used for smart speakers, smart doorbells, smart temperature controller as well as

smoke detector, smart monitoring system as well as security system, smart switch as well as outlet, and smart mirror.

- L. Intranet PoE Power supply : 50W to 1000W system internal power.
- M. LED automobile lighting and module: Provide the design and product development services for a variety of automobile interior and exterior lighting of automobile manufacturers. We will design and produce various LED adaptive driving beam modules.
- N. Smart building system: Provide the smart building integration management platform, smart computing logic controller, wireless control module, wireless gateway, ambient sensor, and mobile device App.
- O. Environmental control integrated system: Provide the system control unit, wireless control module, human radar detector, ambient sensor, wireless gateway, and mobile device APP.
- P. Lighting control system: Provide the system control unit, lighting control gateway, dimming and lighting switch controller, wall control switch, and mobile device App.
- Q. Energy management system: Provide the system control unit, wired/wireless smart meter, and mobile device App.
- R. Image recognition system: Provide image recognition software for face recognition, people tracking, zone warning, and license plate recognition.
- S. Smart HVAC system: Provide smart AHU solution, IE4 permanent-magnet synchronous motor & plug fan, smart AHU controller, various types of sensors for air-conditioning systems and mobile device App.
- T. Engineer consultation, planning, design, system integration, purchase, construction, and maintenance operations provided for mechanical, light-current, and smart building systems.

(4) New Products and Services Planned for Development

- A. Power supply for desktop PCs and workstation: Continuously provide price-performance ratio high-efficient and high-power-density models and miniaturized All in One power supplies. At the same time, with the new ErP regulations, the development of titanium high-efficient power supply models with different power levels and Form Factor.
- B. Power supply for gaming consoles: Develop high power and miniaturized power supplies over 300W with high switching frequency for new generation gaming console products.
- C. Power supply for notebook PCs: Power supplies with ultra-low standby power consumption (approximately 20mW), and ultra-thin or ultra-compact multi-function/multi-output power supplies. They use the-state-of-the-art architecture and parts. (ACF+GaN) The new USB Type C PD EPR adapter with a variable output for more than 100W.
- D. Power supply modules and server adapters for sports equipment applications.
- E. 5G uses the telecom IT infrastructure power system: 500 ~ 1300W Series provide support for OTII (Open Telecom IT Infrastructure) high-temperature and high-humidity server room power system.
- F. High-end AI servers and hyper-scale cloud data center power system: The 3000 ~ 4400W high power density modular design power module provides support for high-end AI servers and hyper-scale cloud data center (N+1/N+N) redundant power supply system.
- G. Power supply for IoT devices includes new household devices such as smart switches, smart mirrors and wearable devices.
- H. Various battery charging devices for high-end drone charging stations, chargers for electric motorcycles, and electric bicycle charger.
- I. Embedded power supply for industrial panel PC: Provide the Industry 4.0 automatic panel PC system with 50W-450W power available for edge computing.
- J. Power supply for personal gaming computer: Provide platinum ATX 80 PLUS internal power supply which has high power density and full digitalization with multiple sets of output and variable voltage.
- K. Standard power supply rack and power module for the Open Compute Project of the information center: 18KW to 36KW power supply rack embedded with N+1 redundant power supply system.
- L. High efficiency fanless PoE power supply with natural cooling.

M. Development of the LED adaptive driving beam module and laser high beam module.

5.1.2. Industry Overview

The main products of the Company include various types of power supplies; the following is the analysis overview of the Company's main products in the industry:

(1) Industry status and development

The Power Supply Unit (PSU) can stabilize and convert unstable external power into stable power required within electronic products. The operations of most electronic products require direct current (DC), but due to the physical restrictions of generating and transmitting electricity, the power provided by the electrical company can only use high voltage alternating current (AC); therefore, electronic products require power supply devices to convert AC to DC and also adjust the voltage to within the range for product operation so that the product can operate smoothly. Also, as modern electronic components become more and more precise, they can get damaged more easily by unstable current; therefore, having a stable power supply unit not only is the key of whether the product can operate normally, but also affects the usage life of the product. The PSU can be described as the heart of electronic products.

PSUs are categorized by the amount of power supplied and their basic structures; they are mainly divided into Linear Power Supply (LPS), Switch Power Supply (SPS) and Uninterruptible Power Systems (UPS), in which the SPS is the mainstream for current products; the following introduction to the PSU industry is mostly about SPS.

If PSUs are categorized according to input/output features, they 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) and DC/AC (direct current to alternating current) etc.; the designs of the PSU varies according to the need of the electronic product or instrument. The AC/DC PSU is the most common type; it is mainly used to convert the main power into direct current that complies with the voltage for product operation. AC/DC PSU products include SPS and adapters etc., that are applied on PC, NB, electronic, appliances and network equipment etc. The DC/DC conversion PSUs are mainly used for communication, ultra-low voltage and ultra-high current needs; they covert the directly current already converted by the AC/DC power device into various special voltages, usually used on instruments and equipments that require extremely stable power or special operating voltages, such as computer chips etc. AC/AC is mainly applied on UPS (uninterruptible power system) and DC/AC is used on solar power conversion etc. Please refer to the following table for details on the categorization and usages of PSUs.

Main Category of PSU

Input/Output Current Type	Categories	Usage
AC/DC	PSU for PC	The most common PSU type; it is highly efficient and protected with iron casing. Its power is between 50W~2,000W.
AC/DC	Open Frame	Built-in PSU for network communication products, industrial computers, industrial machineries and monitors etc. It is not protected with iron casing and allows more freedom for design; it can be custom-made according to space and power needs.
AC/DC	Adapter	A common external PSU; covered with plastic casing and mostly applied on notebook computers and various consumer electronic products.
DC/DC	Converter	Increases or decreases the voltage of the DC converted by the AC/DC device; mostly applied on electronic products that require precise voltages.
AC/AC	UPS	UPS is the abbreviation of uninterruptible power system; usually it is connected to the city main AC for charging so that it can provide AC power to electronic products such as computers when there's power outage.

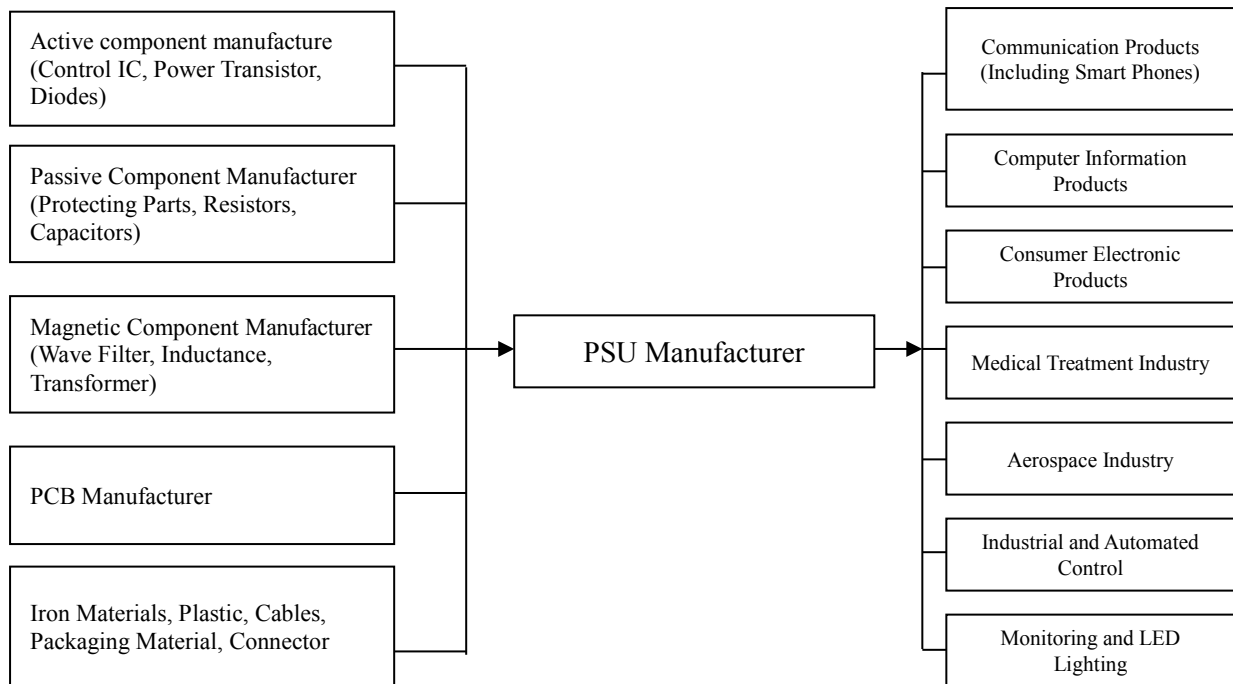
In addition, as people are becoming aware of concepts including environmental protection, energy-saving and carbon-reduction in recent years, how to increase the conversion efficiency and reduce the power consumption during standby of PSUs while complying with the energy-saving specifications and environmental protection laws of each country is becoming the focus of development for manufacturers. The power supply required for the energy-saving products, such as LCD TVs and LED lamps has become the new market of this industry; in order to develop revenue sources, manufacturers have already used their advantages in power technology to gradually cut onto other products requiring high power converters.

The power supply of USB TYPE C's identifiable system has become the one for the new-generation PC and mobile phone. The USB TYPE C connector may also become part of the phone standardization.

(2) Correlation between the upstream, midstream and downstream parts of the industry

PSU is usually formed by various active components (able to amplify, oscillate, and compute electrical signals; such as control IC, power transistors and diodes), passive components (will not change the basic characteristics of electrical signals; such as capacitors, resistors and protective components) and magnetic components (volatile filtering or increase/decrease voltage; such as transformers, inductance and wave filter); the components described above are assembled manually or automatically by machinery and fixed on a printed circuit board (PCB). If this PSU is not an Open Frame product, then a metal casing will be added for protection and electromagnetic shielding; finally, they are connected with external cables then packed and shipped. PSU can be sold individually or as a component for other electronic products; it has a wide range of uses. Taiwan manufacturers mainly produce PSUs required for communication products, computer information products and consumer electronic products. The correlation between the upstream, midstream and downstream parts of the overall PSU manufacturing industry is shown in the figure below.

Correlation Figure between the Upstream, Midstream and Downstream Parts of the PSU Manufacturing Industry



Most manufacturers in Taiwan focus on the AC/DC and DC/DC products in the PSU market; generally speaking, AC/DC products have a wider application range and DC/DC products are used as internal components of electronic products, and also applied by many high-end industrial power supplies, so it has a high product technology level. When we look at the structure of the upstream, midstream and downstream parts of the PSU industry, Taiwan companies have self-supply capabilities for most of the “upstream raw material” components for control IC (components), except a small part which are imported from foreign countries. As for the “downstream application industry”, the development of Taiwan’s information industry is very mature and the industrial chain is complete, so they have high competitiveness on the assorting of PC related products, consumer electronics, network communication and industrial machineries.

(3) Various product development trends

A. Products are developing towards miniaturized and beautified

PSU is a key component of electronic products; its function requirements are closely related to the features of the application product. As the development of electronic products gradually is trending toward becoming smaller, prettier, lighter, stackable and have lower power consumptions, the development of PSUs must also respond to these requirements and start having smaller module sizes, be more fashionable and have increased power conversion efficiency.

B. Product quality and technology upgrades

As standard PSU products become more and more mature, most of the main products of domestic manufacturers are for supporting information applications; plus with the rapid increase in competing companies, price competitions have become fierce. With the profit of downstream application products becoming lesser and lesser, not only do PSU manufacturers need to increase their own technology, quality, control cost and expand their own industrial economy scale, they must also enhance their development and designs for products with high added-values in order to strive for new application markets.

C. Safety specifications are becoming stricter and stricter

Consumer awareness for environment protection has been increasing as the prices of power increases; power-saving, environmental-friendly products have become the development trend for the future. Also, safety requirements for electronic products are stricter and stricter in various countries. In order to protect the safety of the users and also comply with the energy-saving specifications set by the government of different countries, products and manufacturers that can provide solutions for the technical designs will have competitive advantages and market opportunities.

D. Product line and automated production of key components as well as parts

In response to labor shortage and increased wage, the automated production can solve the issues of delayed delivery and increased overall costs caused by labor shortage, while maintaining the consistency of the product quality to reduce the quality problems caused by human errors.

(4) Product competitions

There are higher barriers to enter the PSU industry because the PSU industry requires economies of scale or production technologies, some high-end or environmentally-friendly PSUs require patent rights or certifications, plus the R&D cost is high because the technology level of high-end products is high; therefore the trend of larger manufactures getting larger is becoming more and more obvious.

Taiwan is a main production country for global information products; and because of the drive of downstream companies, the shipping amount of PSUs from Taiwan has always been among the top. This is why competitors in the PSU industry, mostly manufacturers from Taiwan, all have their own advantages, since the application range of PSUs is very wide and most manufacturers focus only on specific power ranges or application fields. This is also why very few mid-sized companies and above have died out and they are able to find a position in the market.

5.1.3. Technology and R&D Overview

(1) R&D Expenses of the Most Recent Year up to the Date of Publication of the Annual Report

Unit: NTD 1,000

Year	2019	2020	2021Q1
R&D Expenses	1,649,361	1,964,482	458,619
Net Sales	34,415,370	34,863,027	9,982,144
Proportion of Net Sales (%)	4.79	5.63	4.59

(2) Successively Developed Technology or Product of the Most Recent Year up to the Date of Publication of the Annual Report

R&D Outcomes	Developed 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 Annual Research and Development Plan

The development directions for the company's future products are as follows:

A. PSU Products for Office Automation and Personal Computers

Although the overall market scale of personal computers has declined due to the increasing number of tablet computers, all computers related products operate on power; the only difference is function requirements. Therefore, the overall power supply market still shows a growing trend.

In recent years, energy-saving, carbon-reduction and green power have become requirement demands for the industry; all power supply products have future performance demands defined by related international organizations, similar to the 80Plus standard for computer power supply units, and especially with the titanium gold brand where the efficiencies of the 10%, 20%, 50% and 100% loads are 90%, 94%, 96% and 91% respectively, the development of PSU products must march towards higher efficiency under this trend. By focusing on the future efficiency trend and upholding the innovation principle, the Company invested human and material resources to strive on developing PSU products that surpass the platinum brand. We focused on the standby and overall output efficiency for the development of notebook adapters and followed the design concept for the appearance of the system to create lightweight, compact and beautiful adapters. As for tablet PC products, although they have small output power, the appearance must be novel, lightweight and have regional plug switching functions, achieving generic PSU without boundaries.

The wireless network is a required function for the overall computer industry; the power supply required for the equipment plays a very important role. Among the output devices of these equipments, printer related equipment is the most important; therefore, the power supply requirements differ according to the different printing engines. In addition, the power supply requirements for laser engines are very complicated, so new technologies must be grasped in order to meet customer needs and extends to multi-function copiers in offices. In addition to the laser printer, we have also entered the market of the inkjet printer and become the one of the key suppliers for a large printer manufacturer.

B. Input Devices for Entertainment Purpose

With the coming of the cloud era, traditional playback mediums such as hardware DVD, Blue-ray players and game consoles etc., have been gradually replaced by network streaming, the mainstream trend for new hardware input devices will change into various types of set-top boxes such as: Apple TV, Google TV and MOD etc., except for the updating of digital content software. Integrated power supplies and thin external power adapters can all meet the needs, in which the standardized thin external power adapter also works on a small amount of diverse products, and the integrated power supplies will be able to satisfy models that focus on the style of the appearance.

In addition to the gaming console, the gaming module developed by video game developers also provides a convenient and easy-to-operate arcade game console. The gaming PC has also becomes one of the mainstream gaming consoles.

C. Smart Building System

The smart system with the networking, computing, control, and learning capabilities has provided a comprehensive smart solution which will be used in the residential buildings, office buildings, shopping malls, campus, and cities. It will be the heart of the integration management system for the future smart city.

D. PSU Products for Cloud Information Equipment and Data Center

Cloud service and mobile networking have become the mainstream of the market; not only do system developers import smart software and hardware architectures and strengthen their resilience; they also pay a lot of attention to the energy-saving demands for the PSUs of equipments. The power supply capabilities and insufficient spaces of most data centers limit business owners from expanding their equipment capacities, and poor cooling designs in the IDCs increases power consumption; that's why the design of PSUs must further reduce the size and increase conversion efficiency, and further reduce the operating cost of the data centers. Also, related energy-saving regulations of Europe and the U.S. forces the equipment PSUs to achieve a certain standard for light loads and conversion performance. On the other hand, the new container-based cloud data centers can significantly reduce the space and cost used; all of the IDC equipments can fit into a 20-foot container and has the advantage of flexibility for usage for enterprise users.

The Company is actively laying out PSUs for cloud equipment; not only for use by servers and storage systems, but also invested in the development of network communication PSUs. We have acquired many patents related to power management by working with related domestic and international companies, and has lead the industry in proposing various solutions for improving the power efficacy of equipments. For example using bridgeless AC/DC circuit architecture with lossless switching technology, and applying SiC components and integrated magnetic components etc. to effectively improve the efficiency of entire machines and increase power density, challenging various types of high performance and high power models. We also applied simulated software to analyze circuits, 3D models and thermal analysis during the development and designing stage in order to effectively shorten development time.

For the design and development of future cloud equipment PSUs, we will focus more on software design and applications, especially on the smart PSU monitoring and management units and digital PSU controls such as home security monitor system; they will be development priorities. In response to the demands for cloud service technology, the Company will create new innovative solutions for power management to face the many challenges for future PSU designs.

E. Chargers for Hand Tools and Garden Equipment

The machine tools with the digital intelligence have driven the growth of the machine tool industry. For garden equipment, petroleum and diesel are mainly now. For the environmental protection and convenient use, more and more people want electric-powered equipment, which drives 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. Automobile LED headlights

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.

5.1.4. Long-term and Short-term Business Development Plans

(1) Short-term Business Development Plans

A. Product Marketing

- (A) Upgrade the sale proportion of high value-added power supply products to increase the Company's earnings.

B. Production Management

- (A) Utilize the inter-group co-procurement and actively expand cooperation with suppliers in Mainland China to effectively reduce the procurement cost of raw materials.
- (B) Continuously increase automated production ratio, improve production efficiency and strengthen product quality to mitigate the pressure produced by increase in labor cost.

C. Development Strategies

- (A) Continue to focus on research & development in innovation and technology of products to upgrade the Company's position levels in the markets and in the know-how.
- (B) Comprehensively promote the automated production and continuously develop new manufacturing processes to boost product efficiency and quality.
- (C) Speed up quality certification of various products, domestic and overseas, to upgrade competitiveness of the products in international markets.
- (D) Continue to recruit excellent human resources and enhance employees' professional training to upgrade the Company's strength in R&D.

D. Human Resources

- (A) Work with colleges and universities and provide scholarships and fellowships to excellent students to recruit professional human resources.
- (B) Effectively utilize the system targets of all sorts of human resources to help all business divisions accomplish annual targets in profits.

E. Financial Management

- (A) Make maximum possible use of the derivative financial instruments and diversified, comprehensive, and multifaceted instruments in the capital markets to minimize potential fluctuations in foreign exchange and the risks in rising prices of raw materials.
- (B) Continuously strengthen control over accounts receivable, boost the turnover rate of a variety of assets to effectively control budgeting and implementation process.

(2) Long-term Business Development Plans

A. Product Marketing

- (A) Actively develop the business for products related to cloud smart, power supply of e-sports computers, and power supply for data center servers, etc., in response to the industrial development trend.
- (B) Actively continue to expand the market share of power supply products and develop customers for new products.
- (C) Take firm trends of market development and boost customer service efficiency, with continuous profound cultivation of and contacts with customers to provide customers with services in the best real-time.

B. Production Management

- (A) Continue to research, develop and improve the production process to upgrade the production efficiency and product quality.
- (B) Continuously boost the ratio of automated production and continue to develop new manufacturing processes to minimize production costs, enhance production efficiency and quality.
- (C) Preparing to expand the plant and plan the construction of the new Thailand factory to disperse the risk over production bases

C. Development Strategies

- (A) Continuously cooperate with heavyweight manufacturers, customers and suppliers throughout the world, make use of advanced key technology and development trends in the markets to create a technology advantage.
- (B) Take the firm trends of market development and boost research and development of power supply products for new domains of application to increase product items and help the Company gain added profits.
- (C) Continue to develop the power supply products related to smart family and green buildings to be in line with the global smart energy trend.
- (D) Augment the power supply solution projects for server and huge information centers to develop upward to high-end products.
- (E) Continue to research and develop high-power supply products related to video games and gaming computers.

D. Human Resources

- (A) Look into and make sure of the trends in human resources relevant policies at home and abroad, and regularly review the relevant practices and systems of the Company, to win over maximum possible benefits common for both labor and management.
- (B) Fulfill corporate social responsibility, practice corporate governance and value care for employees to achieve the enterprise's objectives for sustainable operations.

E. Financial Management

- (A) Devise and work out optimum taxation planning for the Company and the subsidiaries pursuant to the requirements of taxation laws of the countries concerned.
- (B) Continuously minimize liability ratios.

5.2. Market and Sales Overview

5.2.1. Market Analysis

(1) Sales Regions for the Main Products of the Company

Unit: NTD 1,000, %

Sales Region		2019		2020	
		Amount	Ratio (%)	Amount	Ratio (%)
Domestic Sales		167,079	0.49	330,307	0.95
Exports	Asia	30,349,643	88.18	32,820,582	94.14
	America	3,300,507	9.59	1,308,925	3.75
	Europe	575,633	1.67	375,914	1.08
	Others	22,508	0.07	27,299	0.08
	Subtotal	34,248,291	99.51	34,532,720	99.05
Total		34,415,370	100.00	34,863,027	100.00

(2) Market Share of Our Products

According to the research data of MTC, U.S.A., the Company ranked in the top 10 among the top 15 PSU manufacturer market share ranking, and is one of the leading manufacturers in the market. We also are ranked top 5 in global PSU OEM and communication market.

(3) Future Supply, Demand and Growth in the Market

The PSU is an indispensable key component for power electronics; its application range is very wide and can be applied on information, communication, industrial/measurement, national defense/aerospace and other types of products. The Company also has diverse operation and the main applications of our products include notebook computers, desktop computers, game consoles, servers, smart home and LED car headlights, etc.; therefore, the future supply of the PSU industry is closely related. The following is the analysis and description of the future supply, demand and growth for the application of the main products of the Company:

A. Notebook Computer and Desktop Computer Markets

The impact posed by the outbreak of COVID-19 in 2020 has derived a new life style. As driven by the work models including work from home, online tutoring and home economy, the output volume of the global PC market was 302 million units, i.e. a YOY 12.9%, in 2020. The recovery trend after the epidemic is expected to persist and the global demand for PCs would remain strong in 2021. The output volume of the PC market is expected to grow to 18.2%.

B. Game Console Market

Basically, gaming hardware is divided into the video game console, arcade game console, single-player gaming, and hand-held game mobile device.

In 2020, the sales volume of video games attained about 47.805 million units due to emerging effect of home economy driven by the COVID-19, i.e. a YOY 17% from 2019. Following the launch of best-selling games and the next-generation game consoles at the end of 2020, the sales volume of video games is expected to keep growing in 2021.

C. Cloud and Server Markets

Despite the interruption caused by COVID-19 in 2020, the business opportunity for remote work has driven the needs for cloud services to bottom up. The output volume attained 16.1 million units, i.e. a YOY 7%, in the world. Looking forward to 2021, the COVID-19 will keep urging the diversified development of cloud applications, and the data center will keep expanding. Therefore, the output volume of servers will keep growing in the world, with the YOY estimated to be about 6%.

D. Smart Home Markets

As affected by the COVID-19, the global smart home market scale declined by 3.7%, i.e. US\$101.6 billion. Though the entire market performed less than the expectation due to the epidemic in 2020, a lot of people have been realizing that the smart home devices may provide more convenience and energy conservation, and higher safety at the time of home isolation. The characteristics, such as energy conservation, automation, convenience, health promotion and fair price, will be key to driving the continuing growth of the smart home IoT device market. Some research institutions forecast that the global smart home market scale was expected to grow from US\$105.5 billion to US\$145.4 billion, i.e. the compound annual growth rate by 8.3%, from 2019 to 2023.

E. LED Car Headlights Industry

The impact posed by the COVID-19 to the global car market in the first half of 2020 also relatively affected the auto LED industry. Notwithstanding, following the increasing recovery of the sales volume in the second half of the year, and given the rapid development of new energy vehicles, the auto LED output value attained US\$2.572 billion, declining by 3.7%, in 2020. Looking forward to 2021, as driven by the demand for headlights and vehicle panels, the auto LED output value has the chance to attain US\$2.926 billion in 2021, i.e. a YOY 13.7%. Further, as the new car models keep implementing LED lighting, the auto LED penetration rate will keep growing accordingly.

In summary, it is estimated that the market demand for power supply has been still being increased in 2021.

(4) The Company's Competitive Niche and the Favorable Factors, Unfavorable Factors and Countermeasures That Will Affect the Development Vision of the Company

A. Competitive Niche

(A) Strong Management Team

The Company has a strong professional management team with rich experience; the macro perspective and excellent entrepreneurship formed by combining its strong industrial base and contacts have lead the continual innovation and changes of the Company, the continual increase of market share of our products, and the successful experience of expanding new businesses. In addition, we acquired the newest market information and mastered the market trends by cooperating fully and closely with our customers, continued to develop new products that meet the requirements by the customers, and won the appraisal of famous international customers again and again. The Company has accumulated capabilities to develop excellent world-class customers because the main sales customers of the Company are all famous major international manufacturers, and our strong management team described above also allowed the Company to become important partners that work closely with various major manufacturers when developing new products.

(B) Global Strategic Layout

The Company uses Taiwan as the center of operation for the Group, planning business strategies, operation plans, customer development and sales orders of the entire Group; it is also responsible for the planning, design and development of new

products and new technologies. The Company uses regional resources effectively to deploy global marketing, logistics, production and technical service locations; Taiwan is the main development and sales center, China and Thailand is responsible for the division of labor of the production and to provide nearby services to the customers in order to become closer to the market, and global real-time supply warehouses (such as Asia, the U.S.A. and Europe etc.) are established in order to shorten product shipping time and to provide a steady and fast source of goods for the customers, allowing customers to have minimum stock, reduce funding backlog and satisfying customer's demand for quality, price, delivery and location, providing customers with the best logistical support service and technology.

(C) Strong Development and Innovation Capabilities

The Company has development teams with rich experience and great qualifications, and most of our customers are large international first-class manufacturers; our long-term cooperation has already allowed us to develop great technical depth and customization capabilities, and we are the capability to develop software/hardware HMI. Not only can we actively help customers improve the product's design interface, we can actively develop standardized platform as well and make limited changes under the original design basis to speed up the development time for various new products in response to the rapid changes of the market. In addition, the Company has been dedicated to the production and technical development of PSU products, and we have accumulated rich experiences in technical contents, power electronics, cooling and material analysis etc. The development and innovative capabilities described above are great niches for the Company's future development in PSU businesses.

(D) Automated Management and Production Capacities

Not only does the Company focus on our own core competitiveness and enhancing our product development capabilities, we also continue to simplify and rationalize the production process of our products through product designs in order to reduce loss of material. In recent years, we continued to develop automated production and production line detection equipments and actively imported modular automated production, testing equipment and production processes in order to increase production efficiency and quality and also reducing labor cost.

In addition, the Company has accumulated self-design, development and improvement capabilities for the automated machinery equipments used for production by the Company; there are precision models set up at each production unit, and dedicated personnel stationed for the designs, production and importing of automated assembling equipments for mass production. We also develop and design automated machinery equipment with the equipment manufacturer according to the product structures, features and quality demands in order to master the production process and control the quality of the products; and we try to increase the production process technology and yield of the production line through continuous development and improvement. Particularly, the automated production of transformers is a great help to reducing the labor costs with more stable quality.

(E) Product layout for both long term and short term growth momentum and one stop shopping service.

The Company is a professional designer and manufacturer for PSU products; we are equipped with diverse PSU product lines and the power and application range of our products is wide, ranging across 3C and home appliance. The Chicony Group that the Company belongs to is also a leading brand in fields including computer keyboards, computer cameras, built-in camera modules for notebook computers and digital imaging products; therefore the Company has the advantage of diverse

products and professional capabilities for global marketing and technical service, allowing us to provide one stop shopping service for our world's leading major manufacturer customers; we are equipped with the benefits of horizontal integration which also allowed the Company to have an important position in our industry.

B. Favorable, Unfavorable Factors and Countermeasures for Our Development Vision

(A) Favorable Conditions

- a. Our management team has rich industrial experience and has high level of mastery on product features

PSU products are highly relevant to downstream electronic products; they have wide application ranges and are indispensable components for various major information electronics and consumer home appliances. The development of emerging PSU application field industries including the rise and continual growth of tablet computers and smartphones, the popular sales of large-screen TVs and the moving into the digital TV conversion period of countries all help attract the consuming trend for consumers to speed up the switching of units. The high-end PSU for servers that has higher gross profits are benefited from the increased establishment of cloud database IDCs; business opportunities can be expected for some companies. The related PSU shipment amount for the emerging application field industries described above will be able to grow steadily. The management team of the Company has rich experience in the production and development of related products, and has a high level of mastery for product features; therefore, they are able to quickly provide solutions that can satisfy customer demands.

- b. Complies with multiple international certifications, product qualities praised

The Company upholds the principle of “No Quality, No Sales” and customers first, and the designs of our PSU products comply with multiple safety certifications including UL, CAS, NEMKO, FIMKO, DEMKO, SEMKO, PSE of Japan and TUV of Europe, and also comply with the FCC Class B/CISPR requirements of the U.S.A. They have also passed ISO 9001/ISO 14001/OHSAS 18001 certifications. We have products that support personal computers, notebook computers, game consoles, laser printers, LCD TV, servers and telecommunication equipments etc.; we are a professional PSU manufacturer that complies with international standards and our products are sold to major international brands in Hong Kong, Singapore, Japan, Korea, the U.S.A., England and Europe. The qualities of our products are deeply praised.

- c. Maintain great and steady relationships with upstream and downstream manufacturers

The Company has already created stable supplier relationships with our main suppliers for raw materials; our sources are stable and have great qualities, and allow us to grasp the delivery date and price. The materials unit also controls the delivery date of raw materials strictly according to order conditions in order to lower inventory cost. We have sales channels in major markets in Asia, Europe and America, allowing us to actively collect market trends to design and develop products according to customer demands. We also maintain great long-term cooperating relations with our customers by having concentrated technical exchanges with our downstream customers, which allows us to further accumulate our development and manufacturing strengths.

(B) Unfavorable Conditions

- a. Life cycle of products are shortened

The alternation of information, communication and consumer electronics are rapid, causing the life cycle of products to be shortened. We must work with the development speed of our customers for new products and shorten delivery dates, causing the time for product development, design and mass production to be shortened, which challenges the professional skills and management capabilities of the Company.

Countermeasure:

Not only will the Company actively develop new technologies, train development talent and improve production efficiency and yield, we will also actively develop standardized platforms to make limited changes on the original design basis, and speed up the development schedule of various new products in order to shorten the product development cycle and simplify material usage in response to the rapid changes of the market and reduce the risk of inventory in stock.

The Company has already created great long-term partnership with many renowned major domestic and international manufacturers, and we use exchange cooperation with our customers during product development to fully understand customer demands and market trends, allowing us to quickly develop and mass-produce products that meet the market demands. We also have rigorous control for raw materials with special specifications, and we are actively reducing our inventory in order to reduce the loss from idle products; this can effectively lower cost and increase market competitiveness.

b. The fierce competition of product prices compresses profit margins

As the development of 3C products flourished in recent years, it brought about market demands of related components for products such as computer peripherals, consumer electronics; it also caused the market competition to become more fierce and the pressure of product prices has increased, causing a low-priced trend to be generated for electronic products, compressing and profit margins for manufacturers.

Countermeasure:

The Company continues to focus on increasing our operating capacities and core competitiveness, including product development capabilities, material analysis capabilities, raw material bargaining capabilities, automated production capabilities and production efficiency and quality; also continue to expand high-end products with higher gross profit margins in order to seek product differentiation, increase added-value for the products and strengthen the profitability of the company. Also, continue strengthen our partnership with existing customers and try to continually expand our footprint and market share under existing basis.

c. Lack of workers in China and labor cost

The labor department of the provinces in China has started increasing the wages in recent years to protect labor rights, plus the economic development is very rapid in China, causing the willingness of workers to stay in the coastal areas to become lower; therefore, there is a lack of labor and the cost of labor is growing continually and has caused an increase in operation costs for many companies.

Countermeasure:

- a. The Company will continue to make the production process standardized, simplified, and rationalized, and make production automated or semi-

automated in order to increase production efficiency and quality and lower labor costs.

- b. Reduce the parts used during product production and the cost for materials through the Company's core technologies including optics/mechanics/power/thermal management, material analysis and excellent integration capabilities, and grasp the fluctuations in raw materials at all times in order to maintain the overall gross profit margin for the Company's products.

5.2.2. Important Usages and Production of Main Products

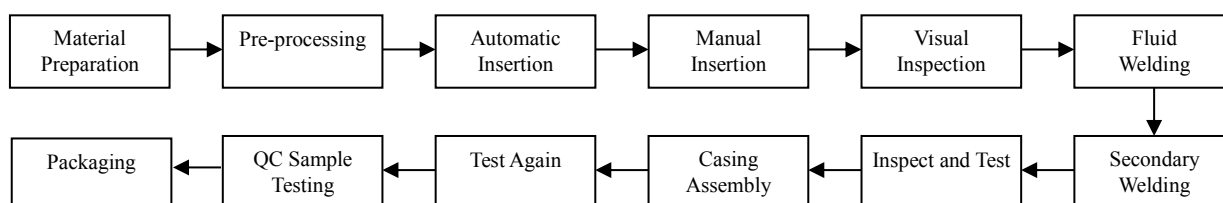
(1) Important Usages of Products

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	1. 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. 2. 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.
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.

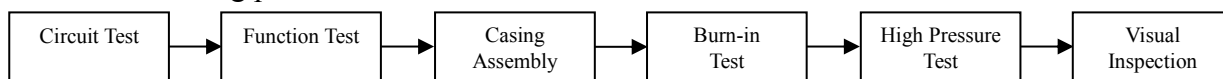
(2) Production Process

Switch PSU:

a. Production Process



b. Testing process



5.2.3. Apply Status of Main Materials

The main products of the Company include PSU; the main raw materials for PSU include power cables, capacitors, fans, heat sinks, semiconductors, transformer, plastic casing, PCB, insulation film and socket. In order to lower production cost, the raw materials procurement price for production for the Company's subsidiaries, Chicony Power Technology (Dongguan) Co., Ltd., Chicony Power Technology (Suzhou) Co., Ltd., Chicony Power Technology (Chong Qing) Co., Ltd. and Chicony Power Technology (Thailand) Co., Ltd. is agreed by the Procurement Center of the Company and then each subsidiary will take orders on their own for procurement. There should be no supply shortage or interruptions that will affect the operation of the Company because we have two or more suppliers for most of the raw materials, and we have already created a stable supplier relationship with our suppliers so the source and quality of our raw materials are stable.

5.2.4. Names of Suppliers (Customer) with Purchase (Sales) Amount Over 10% of the Total Purchase (Sales) Amount and Their Purchase (Sales) Amount and Percentage.

(1) Information on Main Suppliers

(Net purchase amount reached over 10% of net purchases in the last two year)

The company's main suppliers in the last two years have not reached more than 10% of the net purchase value. In addition, the investee companies in China and Thailand maintained two or more suppliers for the procurement of most of the raw materials, and there are one-month inventories for all of the important materials. The estimated purchase amount for the next three months is provided to the supplier and we also requested the suppliers to have two or more production bases for risk diversification. The Company has great long-term exchange and interactions with our suppliers and there are no worries for unstable sources of supply.

(2) Information on Main Customers

(Net sales amount reached over 10% of net sales in the last two years)

Unit: NTD 1,000

Item	2019				2020				2021 Q1			
	Name	Amount	%	Relationship with the issuer	Name	Amount	%	Relationship with the issuer	Name	Amount	%	Relationship with the issuer
1	Company A	5,339,423	15.51	None	Company A	4,782,671	13.72	None	Company A	1,397,236	14.00	None
2	Company B	2,670,953	7.76	None	Company B	4,016,518	11.52	None	Company B	959,935	9.61	None
3	Others	26,404,994	76.73	—	Others	26,063,838	74.76	—	Others	7,624,973	76.39	—
	Net sales	34,415,370	100.00	—	Net sales	34,863,027	100.00	—	Net sales	9,982,144	100.00	—

Explanation of the reason of the changes for trade debtors:

When compared to those of 2020 and 2019, the net sales ratio for Company A decreased slightly, mainly due to the decrease in sales of some products of Company A in the market. The net sales ratio for Company B increased, mainly due to the order originally placed by the end Company to the Company, which was appointed by Company B to place orders directly with the Company in 2020. When compared to those of 2021 Q1, the net sales ratio for Company A and Company B are roughly equal to those of 2020.

5.2.5. Production Values Table

Unit: NTD 1,000, 1,000 sets

Production Value Main Products	Year	2019			2020		
		Capacity	Quantity	Output Value	Capacity	Quantity	Output Value
Electronic Components Products		135,529	117,476	22,232,942	164,953	142,112	23,294,210
Consumer Electronic Products and Other electronic Products		54,833	40,706	6,320,462	43,003	29,607	4,974,366
Others		32	24	5,298	1	0	134,756
Total		190,394	158,206	28,558,702	207,957	171,719	28,403,332

5.2.6. Sales Values Table

Unit: NTD 1,000, 1,000 sets

Production Value Main products	Year	2019				2020			
		Domestic sales		Export		Domestic sales		Export	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Electronic Components Products		366	150,686	117,331	25,388,170	518	284,653	138,475	27,423,376
Consumer Electronic Products and Other electronic Products		50	8,807	46,772	8,657,457	44	3,200	36,682	6,697,352
Others		1	7,586	-	202,664	11	42,454	8	411,992
Total		417	167,079	164,103	34,248,291	573	330,307	175,165	34,532,720

5.3. Number of Employees, Average Length of Service, Average Age and Education Background Distribution Rate

Number of practitioner employees in the last two years up until March 31, 2021

Unit: person

Year		2019	2020	As of Mar. 31, 2021
Number of Employees	Directly	8,386	12,132	11,215
	Indirectly	2,205	2,346	2,342
	Total	10,591	14,478	13,557
Average Age (year)		35.38	34.04	34.28
Average Years of Service (Note)		4.58	4.06	3.77
Academic Background (%)	Doctorate	0.14	0.07	0.08
	Master Degree	3.11	2.45	2.64
	University/College	14.00	11.15	12.15
	Senior High School	45.29	56.41	56.51
	Below Senior High School	37.46	29.92	28.62

Note: Calculated since Feb. 1, 2009 when Chicony Power Technology Co., Ltd. undertook the spin-off PSU business of Hipro Electronics (Taiwan) Co., Ltd.

5.4. Information on Environmental Protection Expenditure

In the most recent years and up to the date of publication, the total amount for losses due to environmental pollution incidents (including compensation, including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

5.5. Labor Relationship

5.5.1. Lists the Various Employee Welfare Measures, Advanced Studies, Training, Retirement Systems and Their Implementation Status, and the Agreement and Various Measures for Preserving the Interests of Employees Between the Employers and Employees

(1) Employee Welfare Measures

The Company provides labor insurance and health insurance, labor pension provision, group insurance, regular health checks for employees, subsidy for catering, subsidy for parking, subsidy for business trips, subsidy for gasoline used on private cars for official business, subsidy for employee travel, on-site medical consultation, massage services, year-end bonus and banquet, bonuses, employee bonus, birthday gifts, Labor Day gift certificates, Dragon Boat Festival gift certificates, Mid-Autumn Festival gift certificates, implementation of employee stocks according to the law, and has subsidies for wedding, funeral, hospitalization and giving birth in order to take care of the living of our employees. Meanwhile, the Company also provides the childbirth stipend in order to encourage childbirth.

(2) Advanced Studies and Training for Employees

The Company has employee training management approaches to train the professional knowledge and skills for employees so that they can carry out their functions, increase work efficiency and ensure work quality in order to achieve the Company's goal of sustainable operation and development. Not only is there educational training for new employees to allow them to quickly blend into the organization team, the department heads and employees can also hold training courses and seminars etc. for the entire company or department according to the project requirements for the internal and external environmental trends of the enterprise in order to increase the professional capabilities and core competitiveness of the employees and strengthen the integrity for the training and advance study channels of the employees.

(3) Retirement System and Implementation Status

The Company follows the regulations of the "Labor Standards Act" and pays 4% of the employee's monthly salary to the retirement account set up at the Bank of Taiwan for the employee's retirement fund. Further, in order to be adapted to the Labor Pension Act (new system), the seniority of the employees who were supposed to apply the old retirement system but chose the new system or the employees who are hired after enforcement of the new system shall be subject to the defined contribution system. Under the defined contribution system, the Company will contribute no less than 6% of the employee's monthly salary to the exclusive personal retirement account at the Bureau of Labor Insurance according to the Labor Pension Act.

(4) Agreement Between Employer And Employee

The regulations of the Company follow the guidelines according to the Labor Standards Act; employees can communicate problems with the Company such as concerning the various systems of the Company and the working environment etc. through the labor conferences, welfare committee, and employee meetings in order to maintain excellent interactions between the employers and employees. The relations between our employers and employees have been peaceful all the way to the publication date and nothing had to be harmonized due to employer/employee conflicts.

(5) Various Measures for Preserving the Interests of Employees

The Company has related management approaches and systems set that clearly states the rights, obligations and welfare items for the employees; these approaches and systems are reviewed on a regular basis in order to preserve the interests of all employees.

5.5.2. In the Most Recent Years and up to the Date of Publication, Losses Suffered by the Company Due to Labor Disputes (Including Any Violations of the Labor Standards Act Found in Labor Inspection, Specifying the Disposition Dates, Disposition Reference Numbers, the Articles of Law Violated, the Substance of the Legal Violations, and the Content of the Dispositions), and Disclosing An Estimate of Possible Expenses That Could Be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, An Explanation of the Facts of Why It Cannot be Made Shall be Provided

In the recent year up to the date of publication, the Company had no conflicts between employer/employee; both parties get along happily and peacefully and there were no arguments, therefore there are also no losses suffered by the Company due to labor disputes.

5.6. Important Contracts

Significant contingent liabilities and unrecognized contractual commitments have been disclosed in the consolidated financial statements of 2020.

Contract Type	Counterparty	Contract Beginning and Ending Date	Chief Contents	Restricted Clause
Sales Contract	Company A	The Contract was effective for the Company as of Jun. 1, 2009. If one party fails to notify the other party to terminate the Contract in writing within 90 days prior to the proposed date, the Contract shall be renewed automatically.	The requirements and details about procurement of the Company's products were provided in the Contract per se and attachments thereto.	Contract content kept confidential according to contract
Sales Contract	Company B	The Contract was effective for the Company as of Feb. 22, 2012.	The requirements and details about procurement of the Company's products were provided in the Contract per se and attachments thereto.	Contract content kept confidential according to contract
Construction Contract	Suzhou Weiye Group Construction & Development Co., Ltd.	December 28, 2018 Upon termination of the warranty liability	The Company contracted the "New Factory Premises Construction Project in Wujiang Economic Development Zone, Suzhou City, Jiangsu Province" to Suzhou Weiye Group Co., Ltd., and signed the Contract governing the right and obligation related to the Project.	-

6. Financial Status

6.1. Five-Year Financial Summary

6.1.1. Condensed Balance Sheets and Statement Comprehensive Income

(1) Condensed Balance Sheet and Statement of Comprehensive Income -IFRS (Consolidated Financial Statement)

A. Condensed Balance Sheet

Unit: NTD 1,000

Item \ Year		Financial Information for the Most Recent 5 Years					Financial Information of Current Year Ending March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Current Assets		15,883,208	16,560,484	17,955,003	17,201,000	18,701,568	20,593,403
Property, Plant, and Equipment		2,335,096	2,377,050	2,499,500	3,129,044	4,551,521	4,760,747
Intangible Assets		210,488	205,587	194,445	112,635	67,936	70,169
Other Assets		402,926	589,225	605,768	661,132	1,066,572	1,176,978
Total Assets		19,463,435	20,409,651	21,875,718	21,773,024	25,171,091	27,386,105
Current Liabilities	Before Distribution	12,135,838	12,679,961	14,440,152	13,141,403	15,347,884	18,499,967
	After Distribution	13,158,185	13,854,062	15,204,825	14,382,475	16,916,473	18,499,967
Non-current Liabilities		175,769	183,209	95,722	314,209	292,576	252,130
Total Liabilities	Before Distribution	12,311,607	12,863,170	14,535,874	13,455,612	15,640,460	18,752,097
	After Distribution	13,333,954	14,037,271	15,300,547	14,696,684	17,209,049	18,752,097
Equity Attributable to Shareholders of the Parent		7,105,291	7,500,400	7,301,708	8,283,693	9,513,805	8,615,993
Capital Stock		3,757,446	3,822,723	3,831,413	3,867,154	3,887,510	3,887,510
Capital Reserve		1,489,983	1,696,317	1,860,279	2,007,888	2,218,073	2,253,136
Retained Earnings	Before Distribution	2,875,986	3,390,433	3,421,505	3,914,944	4,677,616	3,686,081
	After Distribution	1,835,051	2,197,395	2,656,832	2,673,872	3,109,027	3,686,081
Other Equity Items		(504,174)	(1,043,408)	(1,611,685)	(1,306,489)	(1,232,204)	(1,210,734)
Treasury Stocks		(513,950)	(365,665)	(199,804)	(199,804)	(37,190)	-
Non-controlling Equity		46,537	46,081	38,136	33,719	16,826	18,015
Total Equity	Before Distribution	7,151,828	7,546,481	7,339,844	8,317,412	9,530,631	8,634,008
	After Distribution	6,129,481	6,372,380	6,575,171	7,076,340	7,962,042	8,634,008

Note 1: The financial information of 2016 to 2020 are audited by the CPA. The current year information as of Mar. 31 is reviewed by the CPA.

B. Condensed Statement of Comprehensive Income

Unit: NTD 1,000

Item \ Year	Financial Information for the Most Recent 5 Years					Financial Information of Current Year Ending March 31, 2021 (Note 1)
	2016	2017	2018	2019	2020	
Sales Revenue	27,419,463	27,874,928	31,292,361	34,415,370	34,863,027	9,982,144
Gross Profit	4,578,273	4,790,390	4,383,681	5,634,388	6,419,353	8,335,384
Operating Income (Loss)	1,437,811	1,633,641	1,422,343	2,200,169	2,825,919	773,184
Non-operating Income and Expenses	273,201	301,050	(87,677)	19,638	(104,462)	(21,607)
Income Before Tax	1,711,012	1,934,691	1,334,666	2,219,807	2,721,457	751,577
Net Income from Continuing Operations	1,337,031	1,562,238	1,023,400	1,717,890	2,127,220	580,629
Loss from Discontinuing Operations	-	-	-	-	-	-
Net Income (Loss)	1,337,031	1,562,238	1,023,400	1,717,890	2,127,220	580,629
Other Comprehensive Income, Net of Income Tax	(94,351)	(567,359)	(267,987)	(158,999)	10,693	19,084
Total Comprehensive Income	1,242,680	994,879	755,413	1,558,891	2,137,913	599,713
Net Income Attributable to Shareholders of the Parent	1,340,651	1,561,602	1,030,209	1,720,487	2,136,627	579,371
Net Income Attributable to Non-controlling Shareholders	(3,622)	636	(6,809)	(2,597)	(9,407)	1,258
Comprehensive Income Attributable to Shareholders of the Parent	1,250,681	995,335	763,358	1,563,308	2,146,851	598,524
Comprehensive Income Attributable to Non-controlling Shareholders	(8,001)	(456)	(7,945)	(4,417)	(8,938)	1,189
Earnings Per Share (Dollars)	3.69	4.19	2.72	4.51	5.52	1.49

Note 1: The financial information of 2016 to 2020 are audited by the CPA. The current year information as of Mar. 31 is reviewed by the CPA.

(2) Condensed Balance Sheet and Statement of Comprehensive Income - IFRSs (Individual Financial Statements)

A. Condensed Balance Sheet

Unit: NTD 1,000

Year Item		Financial Information for the Most Recent 5 Years				
		2016	2017	2018	2019	2020
Current Assets		10,975,724	10,498,687	11,919,249	14,478,778	14,733,819
Property, Plant, and Equipment		86,663	126,775	165,437	173,530	165,562
Intangible Assets		45,333	50,989	45,102	44,527	37,698
Other Assets		29,909	37,446	91,572	91,471	83,306
Total Assets		15,073,120	15,354,525	17,048,700	20,669,991	21,969,496
Current Liabilities	Before Distribution	7,823,538	7,700,695	9,680,526	12,132,950	12,281,836
	After Distribution	8,845,885	8,874,796	10,445,199	13,374,022	13,850,425
Non-current Liabilities		144,291	153,430	66,466	253,348	173,855
Total Liabilities	Before Distribution	7,967,829	7,854,125	9,746,992	12,386,298	12,455,691
	After Distribution	8,990,176	9,028,226	10,511,665	13,627,370	14,024,280
Equity Attributable to Shareholders of the Parent		7,105,291	7,500,400	7,301,708	8,283,693	9,513,805
Capital Stock		3,757,446	3,822,723	3,831,413	3,867,154	3,887,510
Capital Reserve		1,489,983	1,696,317	1,860,279	2,007,888	2,218,073
Retained Earnings	Before Distribution	2,875,986	3,390,433	3,421,505	3,914,944	4,677,616
	After Distribution	1,835,051	2,197,395	2,656,832	2,673,872	3,109,027
Other Equity Items		(504,174)	(1,043,408)	(1,611,685)	(1,306,489)	(1,232,204)
Treasury Stocks		(513,950)	(365,665)	(199,804)	(199,804)	(37,190)
Non-controlling Equity		-	-	-	-	-
Total Equity	Before Distribution	7,105,291	7,500,400	7,301,708	8,283,693	9,513,805
	After Distribution	6,082,944	6,326,299	6,537,035	7,042,621	7,945,216

Note 1: The financial information of 2016 to 2020 are audited by the CPA.

B. Condensed Statement of Comprehensive Income

Unit: NTD 1,000

Item \ Year	Financial Information for the Most Recent 5 Years				
	2016	2017	2018	2019	2020
Sales Revenue	25,100,545	24,936,066	28,013,917	31,841,716	33,067,413
Gross Profit	2,578,390	2,793,462	2,533,338	2,932,560	4,219,290
Operating Income (Loss)	501,833	860,106	827,994	595,135	1,609,509
Non-operating Income and Expenses	1,022,185	859,796	302,976	1,344,353	910,307
Income Before Tax	1,524,018	1,719,902	1,130,970	1,939,488	2,519,816
Net Income from Continuing Operations	1,340,653	1,561,602	1,030,209	1,720,487	2,136,627
Loss from Discontinuing Operations	-	-	-	-	-
Net Income (Loss)	1,340,653	1,561,602	1,030,209	1,720,487	2,136,627
Other Comprehensive Income, Net of Income Tax	(89,972)	(566,267)	(266,851)	(157,179)	10,224
Total Comprehensive Income	1,250,681	995,335	763,358	1,563,308	2,146,851
Net income Attributable to Shareholders of the Parent	1,340,653	1,561,602	1,030,209	1,720,487	2,136,627
Net Income Attributable to Non-controlling Shareholders	-	-	-	-	-
Comprehensive Income Attributable to Shareholders of the Parent	1,250,681	995,335	763,358	1,563,308	2,146,851
Comprehensive Income Attributable to Non-controlling Shareholders	-	-	-	-	-
Earnings Per Share (Dollars)	3.69	4.19	2.72	4.51	5.52

Note 1: The financial information of 2016 to 2020 are audited by the CPA.

6.1.2. CPA Auditing Opinions

(1) Independent Auditors Over the Past Five Years and Their Audit Opinions

Year	Accounting Firm	CPA	Audit Opinion
2016	PricewaterhouseCoopers Taiwan	Lin, Chun Yaw Weng, Shih-Jung	Unqualified opinion
2017	PricewaterhouseCoopers Taiwan	Lin, Chun Yaw Weng, Shih-Jung	Unqualified opinion
2018	PricewaterhouseCoopers Taiwan	Chen, Chin-Chang, Weng, Shih-Jung	Unqualified opinion
2019	PricewaterhouseCoopers Taiwan	Chen, Chin-Chang, Weng, Shih-Jung	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Chen, Chin-Chang, Weng, Shih-Jung	Unqualified opinion

(2) Reason for Changing CPA in recent five years:

To deal with the internal reorganization of PricewaterhouseCoopers Taiwan, Certified Public Accountants of the Company's Financial Statements 2016 were changed from Wang, Huei-Shyang, CPA and Lin, Chun Yaw, CPA to Lin, Chun Yaw, CPA, Weng, Shih-Jung, CPA. Certified Public Accountants of the Company's Financial Statements 2018 were changed from Lin, Chun Yaw, CPA and Weng, Shih-Jung, CPA to Chen, Chin-Chang, CPA, Weng, Shih-Jung, CPA.

6.2. Financial Analysis for the Most Recent 5 years

6.2.1. Financial Ratio Analysis

(1) Financial Analysis - IFRSs (Consolidated Financial Statements)

Item \ Year		Financial Analysis for the Most Recent 5 Years					Financial Information of Current Year Ending March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Financial Structure	Debt Assets Ratio (%)	63.26	63.02	66.45	61.80	62.14	68.47
	Long-term Capital to Property, Plants and Equipment (%)	313.80	325.18	297.48	275.85	215.82	186.65
Solvency Ability	Current Ratio (%)	130.88	130.60	124.34	130.89	121.85	111.32
	Quick Ratio (%)	92.35	82.97	71.08	83.86	75.34	73.46
	Interest Coverage	46.03	52.24	25.00	45.14	85.35	124.96
Operating Ability	Accounts Receivable Turnover Ratio(Times)	3.22	3.43	4.02	4.17	3.82	3.89
	Account Receivable Turnover Days	114	106	91	88	96	94
	Inventory Turnover Ratio (Times)	6.28	4.84	4.20	4.35	4.54	5.02
	Account Payable Turnover Ratio(Times)	2.52	2.40	2.70	2.83	2.68	2.87
	Sales Turnover Days	58	75	87	84	80	73
	Net Property, Plant and Equipment Turnover (Times)	10.98	11.83	12.83	12.23	9.08	8.58
	Total Asset Turnover Ratio (Times)	1.45	1.40	1.48	1.58	1.49	1.52
Profitability	Return on Assets (%)	7.28	7.99	5.08	8.07	9.21	8.89
	Return on Equity (%)	19.61	21.38	13.92	22.08	24.01	25.57
	Profit Before Tax to Pay-in Capital (%)	45.54	50.61	34.83	57.40	70.01	77.33
	Net Profit Margin (%)	4.89	5.60	3.29	5.00	6.13	5.80
	Earnings Per Share (dollars)	3.69	4.19	2.72	4.51	5.52	1.49
Cash Flow	Cash Flow Ratio (%)	20.07	19.45	4.02	27.26	20.11	5.84
	Cash Flow Adequacy Ratio (%)	125.42	114.62	79.90	87.12	77.57	77.09
	Cash Reinvestment Ratio (%)	15.00	12.80	(5.20)	22.16	12.88	7.96
Leverage	Operating Leverage	3.92	3.64	4.43	3.22	2.97	2.85
	Financial Leverage	1.03	1.02	1.04	1.02	1.01	1.01
Explanation of analysis of changes for the most recent two years (variations exceeded 20%): (1) The decrease of Long-term Capital to Property, Plants and Equipment Ratio and Net Property, Plant and Equipment Turnover: Mainly from the increase of capital expenditures for plant expansion in 2020. (2) The increase of Interest Coverage: Mainly from the increase of profit, the decrease of bank loan and interest in 2020. (3) The increase of Profit Before Tax to Pay-in Capital Ratio, Net Profit Margin, and Earnings Per Share: Mainly from the increase of profit in 2020. (4) The decrease of Cash Flow Ratio: Mainly from the accounts payable and other payables, so that current liabilities increase. (5) The decrease Cash Reinvestment Ratio: Mainly from the increase of cash dividends and expansion of capital expenditure, so that increase in the gross amount of real estate, plant and equipment.							

Note 1: The financial information of 2016 to 2020 are audited by the CPA. The current year information as of March 31 is reviewed by the CPA.

1. Financial structure
 - (1) Ratio of liabilities to assets = total liabilities / total assets.
 - (2) Long-term liabilities to net property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency ability
 - (1) Current ratio = current assets / current liability.
 - (2) Quick ratio = (current assets - inventory – prepaid expenses) / current liabilities.
 - (3) Interest protection = net income before income tax and interest expense / interest expense.
3. Operating ability
 - (1) Account receivable (including account receivable and notes receivable from operation) turnover = net sales / average of account receivable (including account receivable and notes receivable from operation) balance.
 - (2) Average account receivable day = 365 / account receivable turnover.
 - (3) Inventory turnover = cost of goods sold / average of inventory.
 - (4) Account payable (including account payable and notes payable from operation) turnover = cost of goods sold / average of account payable (including account payable and notes payable from operation) balance.
 - (5) Average inventory turnover days = 365 / inventory turnover.
 - (6) Net property, plant and equipment turnover = net sales / average net property, plant and equipment.
 - (7) Total assets turnover = net sales / average total assets.
4. Profitability
 - (1) Return on assets = [after-tax income (loss) + interest expense × (1 - tax rate)] / average total assets.
 - (2) Return on equity = after-tax income (loss) / average equity.
 - (3) Net profit margin = after-tax income (loss) / net sales.
 - (4) EPS = (income (loss) attributable to owners of parent - dividend from prefer stock) / weighted average outstanding shares.
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liability.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities during the most recent five years / the most recent five years (capital spending + inventory additions + cash dividends).
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (net property, plant and equipment gross + long-term investment + other non-current assets + working capital).
6. Leverage
 - (1) Operating leverage = (net revenue - variable cost of goods sold and operating expense) / operating income.
 - (2) Financial leverage = operating income / (operating income - interest expenses).

(2) Financial Analysis - IFRSs (Individual Financial Statements)

Item \ Year		Financial analysis for the last 5 years				
		2016	2017	2018	2019	2020
Financial Structure	Debt Assets Ratio (%)	52.86	51.15	57.17	59.92	56.70
	Long-term Capital to Property, Plants and Equipment (%)	8,365.26	6,037.33	4,453.76	4,919.63	5,851.38
Solvency Ability	Current Ratio (%)	140.29	136.33	123.13	119.33	119.96
	Quick Ratio (%)	116.83	105.57	87.44	90.90	95.68
	Interest Coverage	43.05	46.70	21.47	42.87	118.58
Operating Ability	Accounts Receivable Turnover Ratio(Times)	3.42	3.67	4.33	4.32	3.90
	Account Receivable Turnover Days	107	100	84	84	94
	Inventory Turnover Ratio (Times)	15.02	10.96	9.04	8.64	9.28
	Account Payable Turnover Ratio(Times)	3.83	3.46	3.78	3.29	3.08
	Sales Turnover Days	24	33	40	42	39
	Net Property, Plant and Equipment Turnover (Times)	323.38	233.66	191.74	187.88	195.04
	Total Asset Turnover Ratio (Times)	1.75	1.64	1.73	1.69	1.55
Profitability	Return on Assets (%)	9.58	10.47	6.63	9.32	10.10
	Return on Equity (%)	19.61	21.38	13.92	22.08	24.01
	Profit Before Tax to Pay-in Capital (%)	40.56	44.99	29.52	50.15	64.82
	Net Profit Margin (%)	5.34	6.26	3.68	5.40	6.46
	Earnings Per Share (dollars)	3.69	4.19	2.72	4.51	5.52
Cash Flow	Cash Flow Ratio (%)	20.58	20.42	(0.24)	25.94	10.93
	Cash Flow Adequacy Ratio (%)	136.51	123.13	93.49	113.02	100.44
	Cash Reinvestment Ratio (%)	10.23	6.99	(15.79)	27.12	1.01
Leverage	Operating Leverage	2.76	2.07	2.12	3.08	1.93
	Financial Leverage	1.08	1.05	1.07	1.08	1.01
Explanation of analysis of changes for the most recent two years (variations exceeded 20%): (1) The increase of Interest Coverage: Mainly from the increase of profit, the decrease of bank loan and interest in 2020. (2) The increase of Profit Before Tax to Pay-in Capital Ratio, Net Profit Margin, and Earnings Per Share: Mainly from the increase of profit in 2020. (3) The decrease of Cash Flow Ratio, and Cash Reinvestment Ratio: Mainly from the decrease of net cash flow from operating activities in 2020. (4) The decrease of Operating Leverage: Mainly from the increase of operating income in 2020.						

Note 1: The financial information are audited by the CPA.

1. Financial structure
 - (1) Ratio of liabilities to assets = total liabilities / total assets.
 - (2) Long-term liabilities to net property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency ability
 - (1) Current ratio = current assets / current liability.
 - (2) Quick ratio = (current assets - inventory – prepaid expenses) / current liabilities.
 - (3) Interest protection = net income before income tax and interest expense / interest expense.
3. Operating ability
 - (1) Account receivable (including account receivable and notes receivable from operation) turnover = net sales / average of account receivable (including account receivable and notes receivable from operation) balance.
 - (2) Average account receivable day = 365 / account receivable turnover.
 - (3) Inventory turnover = cost of goods sold / average of inventory.
 - (4) Account payable (including account payable and notes payable from operation) turnover = cost of goods sold / average of account payable (including account payable and notes payable from operation) balance.
 - (5) Average inventory turnover days = 365 / inventory turnover.
 - (6) Net property, plant and equipment turnover = net sales / average net property, plant and equipment.
 - (7) Total assets turnover = net sales / average total assets.
4. Profitability
 - (1) Return on assets = [after-tax income (loss) + interest expense × (1 - tax rate)] / average total assets.
 - (2) Return on equity = after-tax income (loss) / average equity.
 - (3) Net profit margin = after-tax income (loss) / net sales.
 - (4) EPS = (income (loss) attributable to owners of parent - dividend from prefer stock) / weighted average outstanding shares.
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liability.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities during the most recent five years / the most recent five years (capital spending + inventory additions + cash dividends).
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (net property, plant and equipment gross + long-term investment + other non-current assets + working capital).
6. Leverage
 - (1) Operating leverage = (net revenue - variable cost of goods sold and operating expense) / operating income.
 - (2) Financial leverage = operating income / (operating income - interest expenses).

Chicony Power Technology Co., Ltd.
Audit Report of the Audit Committee

This is to certify that:

We, the Audit Committee of the company, hereby acknowledge that the Board of Directors has worked out and submitted hereto the Business Report, Consolidated Financial Statements, Individual Financial Statements and Proposed Allocation of Earnings of Chicony Power Technology Co., Ltd. for 2020 and that among them, the Financial Statements have been duly audited by PricewaterhouseCoopers Taiwan as duly delegated by the Board of Directors which already issued the Audit Report.

We hereby further declare and confirm that the aforementioned Business Report, Consolidated Financial Statements, Individual Financial Statements and Proposed Allocation of Earnings have been further duly audited by us, the Audit Committee, and we hereby declare and confirm that all those documents prove satisfactory to the laws and ordinances concerned. We hereby issue this Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and hereby declare and submit the same for your verification.

Please review the report accordingly.

Attn.

Regular Shareholders Meeting of Year 2021

Chicony Power Technology Co., Ltd.

Convener of the Audit Committee: Fu, Yow-Shiuan

March 4, 2021

6.4. Consolidated Financial Statements in 2020 Audited by the CPA

Please refer to Attachment 1 of the annual report.

6.5. Individual Financial Statements in 2020 Audited by the CPA

Please refer to Attachment 2 of the annual report.

6.6. Financial Difficulties of the Company and Its Affiliated Companies and the Impact to the Company: None.

7. Review and Analysis of Financial Status and Financial Performance and Risk Matters

7.1. Financial Status

7.1.1. Analysis of change in the Company's assets, liabilities, and equity during the most recent two fiscal years

Explain the main reasons for any material change in the Company's assets, liabilities, and equity during the most recent two fiscal years (variations exceeded 20% between these two periods and for amount more than NTD 10 million). Where the effect is of material significance, describe the measures to be taken in response:

Unit: NTD 1,000, %				
Item \ Year	2020	2019	Difference	
			Amount	%
Current Assets	18,701,568	17,201,000	1,500,568	8.72
Investment	588,782	551,194	37,588	6.82
Property, Plant, and Equipment	4,551,521	3,129,044	1,422,477	45.46
Intangible Assets	67,936	112,635	(44,699)	(39.68)
Other Assets	1,066,572	661,132	405,440	61.33
Total Assets	25,171,091	21,773,024	3,398,067	15.61
Current Liabilities	15,347,884	13,141,403	2,206,481	16.79
Non-current Liabilities	292,576	314,209	(21,633)	(6.88)
Total Liabilities	15,640,460	13,455,612	2,184,848	16.24
Capital Stock	3,887,510	3,867,154	20,356	0.53
Capital Reserve	2,218,073	2,007,888	210,185	10.47
Retained Earnings	4,677,616	3,914,944	762,672	19.48
Total Equity	9,530,631	8,317,412	1,213,219	14.59
Explanation of changes of significant items (variations exceeded 20% between these two periods and for amount more than NTD 10 million):				
(1) The increase of Property, Plant, and Equipment: Mainly from the expansion of the plant and the addition of production lines in 2020.				
(2) The decrease of Intangible Assets: Mainly from recognition of goodwill impairment losses in 2020.				
(3) The increase of Other Assets: Mainly from the increase in the prepaid equipment payment for plant expansion in 2020.				
The above variances are from Company's overall revenue growth or changes due to regular business activities. There is no significant effect on the financial condition of the Company.				

7.2. Financial Performance

7.2.1. Analysis of Financial Performance

The material change in sales revenues, operating income, and income before tax during the most recent two fiscal years, provide a sales volume forecast and the basis therefore, and describe the effect upon the Company's financial operations as well as measures to be taken in response:

(1) Analysis of the Result of Operation for the Most Recent Two Fiscal Years

Unit: NTD 1,000, %

Item \ Year	2020	2019	Increase (Decrease) in Amount	Change in Percentage (%)
Net Sales Revenue	34,863,027	34,415,370	447,657	1.30
Costs of Goods Sold	28,443,674	28,780,982	(337,308)	(1.17)
Gross Profit	6,419,353	5,634,388	784,965	13.93
Operating Expenses	3,593,434	3,434,219	159,215	4.64
Operating Income (Loss)	2,825,919	2,200,169	625,750	28.44
Non-operating Income and Expenses	(104,462)	19,638	(124,100)	(631.94)
Income Before Tax	2,721,457	2,219,807	501,650	22.60
Income Tax Expense	594,237	501,917	92,320	18.39
Net Income	2,127,220	1,717,890	409,330	23.83

Explanation of changes of significant items (variations exceeded 20% between these two periods and for amount more than NTD 10 million):

(1) The increase of Operating Income (Loss), Income Before Tax, and Net Income:

Mainly from the optimization of the Company's product portfolio and the improvement of operating efficiency, so that the profits increased in 2020.

(2) The decrease of Non-operating Income and Expenses:

Mainly from the increase in exchange losses affected by exchange rate fluctuations in 2020.

(2) Sales Volume Forecast and the Basis Therefore, and the Effect upon the Company's Financial Operations as well as Measures to be Taken In Response

A. Sales volume forecast of next year and the basis

Except for referencing the market analysis of main research institutions, when setting up annual sales volume the Company also used demand forecast from customers, its own capacity planning and the past financial performance as basis for the estimate.

B. The effect upon the Company's financial operations as well as measures to be taken in response: None.

7.3. Cash Flow

7.3.1. Analysis of Cash Flow in the Previous Two Years

Unit: NTD 1,000

Item \ Year	2020	2019	Increase (Decrease) in Amount	Change in Percentage (%)
Cash Flow from Operating Activities	3,086,269	3,582,738	(496,469)	(13.86)
Cash Flow from Investment Activities	(1,980,943)	(903,711)	(1,077,232)	119.20
Cash Flow from Financing Activities	(1,472,823)	(1,901,432)	428,609	(22.54)

Main reason for change of cash flow in the most recent year:

(1) The decrease of cash inflow from investment activities:

Mainly from the expansion of the factory and the increase of production lines in 2020.

(2) The increase of net cash inflow from financing activities:

Mainly from the decrease repayment of short-term bank loans in 2020.

7.3.2. Improvement plan for lack of liquidity: N/A.

7.3.3. Analysis of liquidity in the Following year (2021)

Unit: NTD 1,000

Cash Balance, Beginning of Year (1)	Net Cash Flow from Operating Activities for the Year (2)	Net Cash Flow from Investing Activities for the Year (3)	Net Cash Flow from Financing Activities for the Year (4)	Remaining (Insufficient) Cash Balance	Cash Overage or Shortage and Countermeasures	
				(1)+(2)+(3)+(4)	Investment plans	Financing Plans
1,013,512	3,124,000	(1,500,000)	(1,200,000)	1,437,512	-	-
Analysis of cash flow in the coming year:						
1. Analysis of cash flow in the recent years:						
(1) Operating Activities: Mainly from the increase of operating income in the current period accompanied with the growth of operating revenues.						
(2) Investing Activities: Mainly from the increase of capital expenditures, and investment in the current period.						
(3) Financing activities: Mainly from the increase repayment of bank loans and the payment of cash dividends in the current period.						
2. Remedial measures if cash is estimated to be insufficient and the liquidity analysis: Not applicable as there is no such estimate of insufficient cash.						

7.4. The Effect upon Financial Operations of Any Major Capital Expenditures During the Most Recent Year: None.

7.5. The Investment Policy in the Most Recent Year, Main Reasons for Profits or Losses, Improvement Plans and Investment Plans for the Following Year

7.5.1. Investment Policy

The Company designates certain division to carry out investment activities, assess the invested companies' past and future prospects, market condition and quality of management team in compliance with the "investment cycle" of internal control system and the "procedures of acquiring or disposing assets", as a basis for decision makers to derive conclusion from such investments.

7.5.2. Main reason for profit or loss from investment in the most recent year; the improvement plan and the investment plan for following year: None.

7.6. Analysis and Assessment of Risk Matters

For 2020 and up to the date of printing of the annual report, the following matters should be analyzed and assessed:

7.6.1. Impact of Interest and Exchange Rate Changes and Inflation on Company's, Profits (Losses) and the Countermeasures:

(1) Changes of Interest Rate

The net of interest income/expenses of the Company and its subsidiaries for 2020 and 2021 Q1 are (NTD 6,571) thousand and (NTD 3,895) thousand, accounting for profit before tax are (0.24)% and (0.52)%. With the bank borrowing balance of the Company is NTD 138,168 thousand as of Dec. 31, 2020, if the interest rate increases or decreases for 0.25%, the impact to the annual interest expenses and profit before tax of the Company would be NTD 345 thousand, merely 0.01% to the profit before tax for 2020. Therefore the change of interest rate has limited impact on the Company's profit or loss.

The Company periodically assesses the interest rate of the bank borrowings, maintain good relation with the banks to obtain preferential interest rate and reduce the interest expenditure. The Company also observes the fluctuation of interest rate in the financial market and its impact on the fund source of the Company, in order to take flexible measures. Therefore, the fluctuation of interest rate should not have significant impact on the Company's profit or loss.

(2) Changes in the exchange rate

Sales of the Company and its subsidiaries are quoted in US Dollars. Payments of major raw materials are also made by US Dollars. Therefore, the fluctuation of exchange rate has little impact on the gross margin. Also to reduce the impact the fluctuation of exchange rate on profit (loss) the Company manages the net US Dollar asset position, derived from offsetting US Dollar denominated Accounts Receivable and Payable from purchase and sales with US Dollar loans, by undertaking foreign exchange hedging. The fluctuation and hedging of the foreign exchange rate and foreign exchange loss for the 2020 and 2021 Q1 are NTD (143,765) thousand and NTD (96,318) thousand respectively.

The Company's future sales and major raw material procurement will still mainly be conducted in US Dollars. Considering the fluctuation of the exchange rate in recent years is volatile and to reduce impact of the exchange rate movements on profit or loss, the Company will continue to observe overall economic situation for the exchange rate, borrow US Dollar denominated loan, and undertake forward foreign exchange hedging for its US Dollars net asset position and potential cash flow.

(3) Inflation

Most products of the Company and subsidiaries are for export; therefore, the domestic inflation should not have significant impact on the Company's profit or loss. However, if inflation takes place in the global market, it will affect the consumer purchasing power and willingness, reduce demand for the products, and have negative impact on the Company's overall revenue and profit and loss. The influence of global inflation is comprehensive and does not impact only on individual company; however, governments of each country should be able to cope with it. The Company is constantly on the alert and monitors the changes of global political and economic situation and the fluctuation of market price, keep good relationship with suppliers and customers, and adjust procurement and sales strategies as needed. Therefore up to the date of printing of the annual report the Company is not impacted by any immediate risk resulted from the above stated inflation or deflation.

The Company constantly monitors the changes of the upstream raw material prices and keeps good relationship with suppliers and customers to reduce the impact the changes of raw material prices may have on the Company's profit or loss. At the same time, the Company also references to reports and relevant economic data of major domestic and international economic research institutions and professional investment institutions and makes appropriate policy adjustment as need to cope with future inflation, in order to prevent the significant impact the inflation may have on the Company's profit or loss.

7.6.2. Policy on High-risk, High-leverage Investments, Lending Funds, Endorsements and Guarantees for Other Parties, and Derivatives Transactions, the Main Reasons for the Profits or Losses Generated thereby and Future Countermeasures

- (1) The Company and its subsidiaries make investments and conduct derivatives transactions with careful assessment and per prescription of the "Regulations Governing the Acquisition and Disposal of Assets", "Procedures for Engaging in Derivatives Transactions" and with due delegation of authority. Up to the date of printing of the annual report, except for conducting derivative products transactions to avoid risk resulting from fluctuation of exchange rate, and the investment of financial assets (partly), the Company does not engage in any high risk, high leveraged investment with respect to derivatives products transactions.
- (2) For the Company and its subsidiaries to lend fund to others, or endorse or make financial guarantee for others, they all have "Procedures for Lending Funds" and "Rules Governing Endorsement and Guarantee" in place. In the most recent fiscal year, for the fund lent by the Company to its subsidiaries for short-term financing needs and the lending and borrowing activities between subsidiaries, are all conducted in pursuance of "Procedures for Lending

Funds” of the Company or its subsidiaries. Up to the date of printing of the annual report, neither the Company nor its subsidiaries incurred any loss from engaging in the endorsement/guarantee or fund lending activities.

7.6.3. Future Research and Development Projects, and Corresponding Budget

(1) Future Research and Development Plans

Research and Development Items	Major Function/Specification
The cloud server power supply	Fully digital-controlled high power/high-efficiency resonate full-bridge & half-bridge 500W~4400W
Miniaturization digital control NB power supply	μP Base’s energy saving control 45W~200W
Multi router power supply	LLC Multiple power control system
Smart Building System	Control smart buildings using AC network technology
New LED light source technology	After AC input rectification, the control circuit directly drives LEDs with different voltages
Various charging devices	PSU ranges from 60W~120W, and is scalable up to 200W with the modular design. It complies with JEITA standards
Charging devices for electrical equipment (including drone applications)	Up to 2,000W charging stations and chargers for electric cars and motorcycles
IoT PSU	PSU, ranging from 7.5W~100W, for the IoT-related devices, such as warning sensors
PSU for set-top-box	Improvement for the miniaturization and assembly capability, 12W~50W
USB Type C power adapter with a variable output	The output may be adjusted depending on the notebook brand. 26W~130W of power is output using single USB Type C connector and may be used for smart-phones
Notebook and gaming PSU	The size is reduced by 30%; the complete series range from 65W~300W
Desktop gaming PSU	Multiple sets of output 300W~1600W full series
Power supply for high-end image display	Serial product for thin OLED application, 350W~800W
<ul style="list-style-type: none"> • LED adaptive headlamp module • Laser high beam module 	<ul style="list-style-type: none"> • Design the adaptive front lighting system with about 20 pixels • Design a high beam module using the laser light source to achieve 3 Lux illumination within a distance of 400~600 m
LED smart tail lamp module	Use Mini/Micro LED as the light source of the tail lamp, and through the high resolution tail lamp display technology to achieve warning and communication with passersby about the driving status, and improve driving safety.

(2) Budget for the Research and Development Plans

The amount the Company expects to incur for R&D activities is budgeted in accordance with the development of new products and technologies, and will be increased gradually through the years along with the revenue growth. In 2021, the Company will budget 5%~6% of the estimated net operating revenue as R&D expenditures in order to support the future R&D plans and enhance the Company's market competitiveness.

7.6.4. Effect on the Company's Financial Operations of Important Policies Adopted and Change in the Legal Environment at Home or Broad and Countermeasures

The Company’s daily operations are performed in accordance with the relevant regulation at home and abroad. The Company also pays attention to the policy development trend and changes in regulations at home and abroad, collects relevant information for the reference of

management to make decision and adopt appropriate strategies. For 2020 and up to the printing date of the annual report, the important policy at home and abroad as well as changes to law and regulations have no significant impact on the Company's financial operation.

7.6.5. Effect on the Company's Financial Operations of Developments in Science and Technology as well as Industry Change, and Countermeasures

The Company monitors the market changes and the development trend of related technology from time to time. The Company also cultivates deep relationship with its customers to understand the development of technology in the industry that will have significant impact on its future development and financial operation so it may instruct its R&D personnel to develop products meeting the market demand. For 2020 and up to the printing date of the annual report, the developments in science and technology as well as industrial change have no significant impact on the Company's financial operation.

7.6.6. Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Countermeasures

Since the establishment, the Company has focused on its own businesses and complied with the laws and regulations. For 2020 and up to the printing date of the annual report, there is no change in the Company's corporate image that would cause any crisis.

7.6.7. Expected Benefits and Possible Risks Associated with Any Merger or Acquisitions, and Countermeasures

As for 2020 and up to the printing date of the annual report, the Company has no merger and acquisitions plan, so there is no other related potential risks.

7.6.8. Expected Benefits and Possible Risks with Any Plant Expansion, and Countermeasures

In response to the market growth, the Company invested and built a new factory in Jiangsu Province, China in 2020 to expand our production capabilities. The Company grasps the market share and win customer orders to respond to potential risks.

7.6.9. Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Countermeasures

(1) Purchase

The company's main suppliers in the last two years have not reached more than 10% of the net purchase value. In addition, the investee companies in China and Thailand maintained two or more suppliers for the procurement of most of the raw materials, and there are one-month inventories for all of the important materials. The estimated purchase amount for the next three months is provided to the supplier and we also requested the suppliers to have two or more production bases for risk diversification. The Company has great long-term exchange and interactions with our suppliers and there are no worries for unstable sources of supply.

(2) Sales

Except for the top two sales customers of the Company in 2020, which accounted for 13.72% and 11.52% of the Company's total net sales, each of all other customers accounted for less than 10% of total net sales. Overall, the Company's sales customers are scattered, and there is no sales concentration risk. The Company will continue to develop new products, expand new market, and explore new customers to disperse risks of operation and sales concentration.

7.6.10. Effect upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to Directors, Supervisors, or Shareholders Holding Greater than 10% Stake in the Company has been Transferred or has Otherwise Changed Hands, and Countermeasures

For 2020 and as of March 31, 2021, there is no major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest.

7.6.11. Effect upon and Risk to the Company Associated with any Change in Governance Personnel or Top Management, and Countermeasures

Not applicable, as for 2020 and up to the printing date of the annual report, the Company has no change in governance personnel or top management.

7.6.12. Litigations or Non-litigious Matters

- (1) For 2020 and up to the printing date of the annual report, if there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that was finalized or remained pending: None.
- (2) For the Company's director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, are they involved with any litigation, non-litigious proceeding, or administrative dispute involving matter that was finalized or remained pending during the most recent two fiscal years and up to the printing date of the annual report that may have substantial impact upon shareholders' equity or prices for the Company's securities: None.

7.6.13. Other Important Risks and Countermeasures

- (1) Explanation of Information Safety Risk Assessment and Measures:

In the current era of the Internet, illegal on-line attacks are on the rise so that it is harder and harder to provide security protection. Therefore, in addition to creation of a comprehensive network and PC security protection system, such as the firewall, e-mail cloud ATP protection, as well as AV software, and periodic update as well as maintenance, the Department of Information Management will regularly provide information security education and training, and perform promotions. If it is necessary to outsource our information business, we will research and propose the information security information in advance, and ask our vendors to comply with the requirements of the information security responsibilities and confidentiality.

For other information, such as the information security risk management architecture, information security policies, and specific management plans, visit our website.

7.7. Other Important Events: None.

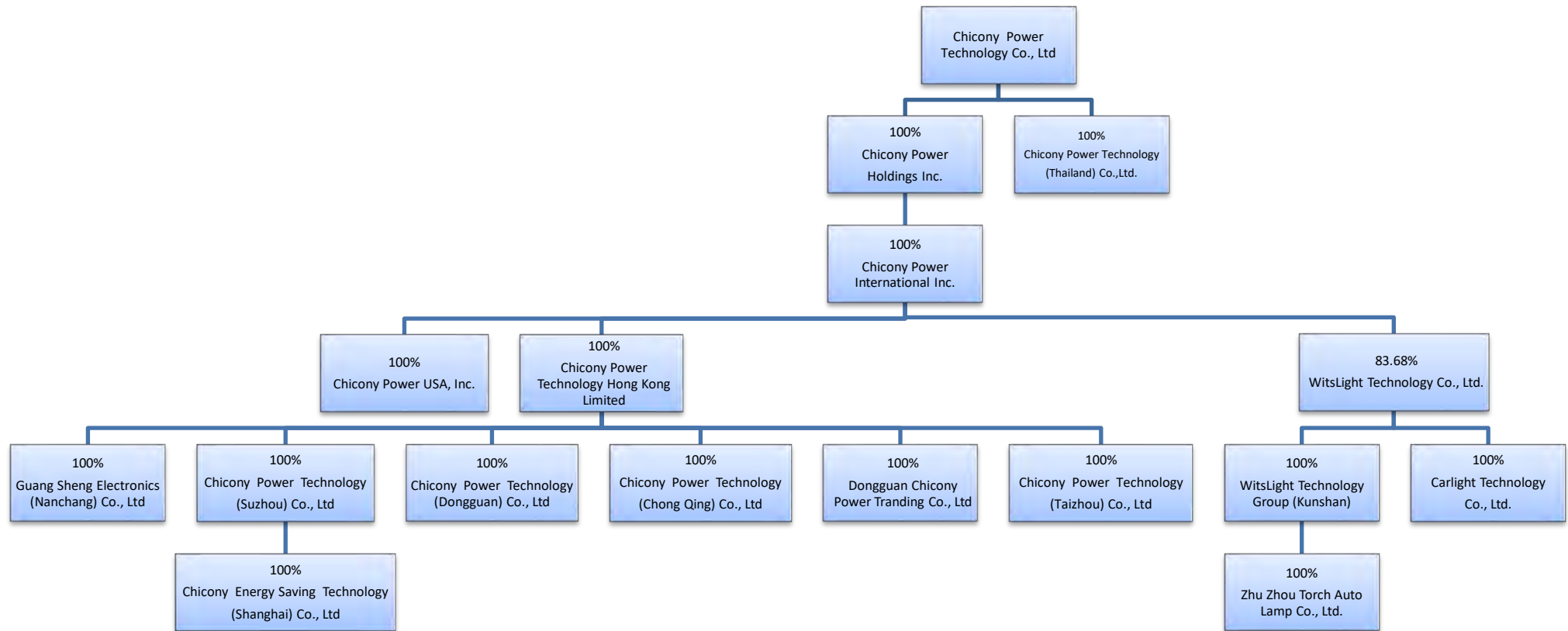
8. Special Items

8.1. Consolidated Business Reports of Affiliated Enterprises, Consolidated Financial Statements of Affiliates and Affiliation Report

8.1.1. Consolidated Business Reports of Affiliated Enterprises in the Most Recent Year (2020)

(1) Overview of the Organization of Affiliated Companies

A. Organizational chart of affiliates



- B. The controlling and subordinate companies as concluded in accordance with Article 369-3 of the Company Act: None.
- C. The subordinate companies as concluded in accordance with Article 369-2 of the Company Act that the Company has a direct or indirect control over the management of the personnel, financial or business operation: None.

(2) Basic Information on Affiliates

Unit: \$1,000

Company Name	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
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	General investment
Chicony Power Technology (Thailand) Co., Ltd.	2019.10.1	82 Mu 4, Tha Kham Sub-district, Bangpakong District, Chachoengsao Province 24130, Thailand	THB\$ 250,000	Production and sales of power supply 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	General investment
Chicony Power Technology Hong Kong Limited	2002.4.24	3 RD Floor, Building 9, NO.5 Science Park West Avenue, Shatin, New Territories. Hong Kong	HK\$ 46,800	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	Sales of power supply and related electronic products
Witslight Technology Co., Ltd.	2009.12.11	2nd Floor, Building B, SNPF Plaza, Savalalo, Apia, Samoa	US\$ 12,800	Designing, research and development, production and sales of LED lighting Module
Chicony Power Technology (Dongguan) Co., Ltd.	1998.12.7	Xincheng Scientific Industrial Garden, Liaobu Town, Dongguan City, Guangdong, P.R.C.	US\$ 20,750	Production and sales of power supply and related electronic products
Chicony Power Technology (Suzhou) Co., Ltd.	2002.12.11	No. 2589, Tongjin Road, Wujiang Economic Development Zone, Jiangsu, P.R.C.	US\$ 42,100	Production and sales of electrical equipment (high performance power supply, power modules and transformers) and LED lighting equipment
Guang Sheng Electronics (Nanchang) Co., Ltd.	2006.7.1	No. 819, Second Torch Road, Nanchang High-tech Development Zone	US\$ 4,000	Production and sales of electrical equipment (magnetics, circuit board, keyboard) and transformers, etc.
Chicony Power Technology (Chong Qing) Co., Ltd.	2011.4.25	No.18 Jiujiang Road ,Shuangfu New District ,Jiangjin Area, Chongqing , P.R.C.	US\$ 10,000	Production and sales of electrical equipment (high performance power supply, power modules and 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, Minhang District, Shanghai, P.R.C.	RMB 10,000	Energy-saving technology consultation, development, transfer and service, and sale and installation of energy management and energy-saving lighting equipment
Dongguan Chicony Power Trading Co., Ltd.	2013.1.11	Xincheng Scientific Industrial Garden, Liaobu Town, Dongguan City, Guangdong, P.R.C.	US\$ 350	Wholesales and import/export of power supplies and related products, LED lighting equipment, digital products, office supplies, computer and its accessories
Chicony Power Technology (Taizhou) Co., Ltd.	2019.6.11	Zhenqian Road, Shanhoupun Village, Hengjie Town, Luqiao District, Taizhou City, Zhejiang, P.R.C.	US\$ 3,000	R&D, manufacturing, sales, installation, after-sales and technical consulting services of motors, frequency converters, and industrial automation equipment; manufacturing and sales of electrical machinery and accessories, mechanical accessories; import and export of goods or technology.
Carlight Technology Co., Ltd.	2016.6.24	24F., No.69, Sec. 2, Guangfu Rd., Sanchong Dist., New Taipei City, Taiwan (R.O.C.)	NTD 3,000	Design, researching and developing and foreign sales of automotive and motorcycle lamps and other components.
WitsLight Technology Group (Kunshan)	2010.7.6	Room 1810, No. 18, Weiye Road, Development District, Kunshan City , Jiangsu, P.R.C.	US\$ 10,500	Production and sales of LED lighting Module
Zhu Zhou 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	RMB 46,000	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products.

- (3) For parties that are presumed to have control and subordinate relationship, the information of the same Shareholders: N/A.
- (4) Businesses engaged in by the affiliated companies. The Company and its affiliated companies engage in the business of: Manufacturing, buy-sales and management services.
- (5) Information of Directors, Supervisors and General Managers of Each Affiliated Company

Unit: NTD 1,000, shares, %

Company Name	Title	Name of Individual or Representative(s)	Shares Held	
			Shares/Amount of Contribution	Shareholding %/Contribution%
Chicony Power Holdings Inc.	Director	Lu, Chin-Chung	—	—
	Director	Tseng, Kuo-Hua	—	—
Chicony Power Technology (Thailand) Co., Ltd.	Director	Lu, Chin-Chung	1	—
	Director	Tseng, Kuo-Hua	1	—
	Director	Huang, Chien-Yu	1	—
Chicony Power International Inc.	Director	Lu, Chin-Chung	—	—
	Director	Tseng, Kuo-Hua	—	—
Chicony Power Technology Hong Kong Limited	Director	Lu, Chin-Chung	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Huang, Chung-Ming	—	—
	Director	Li, Tsu-Yu	—	—
Chicony Power USA, Inc.	Director	Lu, Chin-Chung	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Chang, Yao-Ching	—	—
Witslight Technology Corporation Limited	Director	Tseng, Kuo-Hua	—	—
	Director	Tsai, Chih-Chieh	2,089,500	16.3%
	Director	Chen, Hsueh-Yi	—	—
	Director	Huang, Ming- Hui	—	—
Chicony Power Technology (Suzhou) Co., Ltd.	Chairman and President	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	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-Chung	—	—
	Director	Huang, Chung-Ming	—	—
	Supervisor	Huang, Chien-Yu	—	—
Guang Sheng Electronics (Nanchang) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director	Huang, Chung-Ming	—	—
	Director and President	Li, Tsu-Yu	—	—
	Supervisor	Huang, Chien-Yu	—	—

Company Name	Title	Name of Individual or Representative(s)	Shares Held	
			Shares/Amount of Contribution	Shareholding %/Contribution%
Chicony Power Technology (Chong Qing) Co., Ltd.	Chairman and President	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director	Huang, Chien-Yu	—	—
	Supervisor	Huang, Chung-Ming	—	—
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director and President	Huang, Chien-Yu	—	—
	Supervisor	Huang, Ming- Hui	—	—
Dongguan Chicony Power Trading Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director and President	Huang, Chien-Yu	—	—
	Supervisor	Huang, Chung-Ming	—	—
Chicony Power Technology (Taizhou) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director and President	Huang, Chung-Ming	—	—
	Director	Chen, Hsueh-Yi	—	—
	Supervisor	Huang, Chien-Yu	—	—
Carlight Technology Co., Ltd.	Chairman (Representative)	Chen, Hsueh-Yi	—	—
	Director (Representative)	Tseng, Kuo-Hua	—	—
	Director (Representative)	Huang, Huan-Hsiang	—	—
	Director (Representative)	Huang, Ming- Hui	—	—
	Supervisor (Representative)	Tsai, Chih-Chieh	—	—
	The representative of above is Witslight Technology Corporation Limited			
Witslight Technology Group (Kunshan)	Chairman	Chen, Hsueh-Yi	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director and President	Huang, Huan-Hsiang	—	—
	President	Huang, Ming- Hui	—	—
	Supervisor	Tsai, Chih-Chieh	—	—
Zhu Zhou 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	—	—

Note: The information of Directors, Supervisors and General Managers of the above affiliated companies and the shares held is updated as of March 31, 2021.

(6) Highlights of business operation of affiliated companies, as well as the financial position and operating result of each affiliated company

Unit: NTD 1,000 (Unless otherwise specified)

Company Name	Capital (Thousand dollars)	Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Sales Revenue Note 2	Operating Profit Note 2	Net Income (after tax) Note 2	Net worth Per Share (dollars) (after tax)
Chicony Power Holdings Inc.	US\$ 10,000	\$ 6,419,688	\$ -	\$ 6,419,688	\$ -	\$ -	\$ 762,192	\$ 76
Chicony Power Technology (Thailand) Co., Ltd.	THB 250,000	297,626	105,568	192,058	63,299	(39,154)	(41,789)	(2)
Chicony Power International Inc.	US\$ 10,000	6,426,207	6,559	6,419,648	-	(170)	762,192	76
Chicony Power USA, Inc.	US\$ 1,500	548,136	524,098	24,038	983,134	24,373	(22,651)	(15)
Witslight Technology Co., Ltd.	US\$ 12,800	136,155	33,411	102,744	-	(297)	(55,020)	(4)
Chicony Power Technology Hong Kong Limited	HK\$ 46,800	6,122,544	1,309,676	4,812,868	123,046	(18,698)	779,502	17
Chicony Power Technology (Dongguan) Co., Ltd.	US\$ 20,750	4,601,081	3,362,894	1,238,187	7,851,923	162,789	77,225	-
Chicony Power Technology (Suzhou) Co., Ltd.	US\$ 42,100	9,153,974	6,321,802	2,832,172	14,745,542	577,435	354,742	-
Guang Sheng Electronics (Nanchang) Co., Ltd.	US\$ 4,000	601,735	361,299	240,436	773,498	(99)	7,088	-
Chicony Power Technology (Chong Qing) Co., Ltd.	US\$ 10,000	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	65,452	19,642	45,810	36,300	1,047	1,285	-
Dongguan Chicony Power Trading Co., Ltd.	US\$ 350	3,758	3,852	(94)	844	256	267	-
Chicony Power Technology (Taizhou) Co., Ltd.	US\$ 3,000	156,106	118,156	37,950	3,271	(44,501)	(46,742)	-
Carlight Technology Co., Ltd.	NT\$ 3,000	5,106	52,330	(47,224)	-	(15,429)	(16,024)	(53)
Witslight Technology Group (Kunshan)	US\$ 10,500	232,990	35,990	197,000	-	(117,472)	(38,158)	-
Zhu Zhou Torch Auto Lamp Co. Ltd.	RMB 46,000	911,309	733,851	177,458	793,757	(7,975)	1,843	-

Note 1: Medial exchange Rate of Hua Nan Bank on December 31, 2020 is adopted.

Note 2: Average exchange rate of Hua Nan Bank for 2020 is adopted.

8.1.2. Consolidated Financial Statements of Affiliated Companies

Please refer to page 104 the declaration letter and Attachment 1 the parent and subsidiaries CPA audited consolidated financial statements of the most recent year.

8.1.3. Affiliation Report

(1) Relationship between the controlling company and its subordinates

The Company is the subordinate company of Chicony Electronics Co., Ltd (abbreviated as “Chicony Electronics” hereafter), the information is as follows:

Unit: shares, %

Controlling Company	Reasons for Control	Shareholding and Pledges by the Controlling Company			Directors, Supervisors, and Managers Appointed by Controlling Company	
		Number of Shares Held	Shareholding Percentage	Shares Pledged	Title	Name
Chicony Electronics Co., Ltd	Ultimate parent company of the Company	200,467,594	51.56%	-	Chairman (Representative)	Lu, Chin-Chung

(2) Transactions

Transaction of the Company with Chicony Electronics, the controlling company:

A. Purchase/sale Transaction

Unit: NTD 1,000, %

Transaction with the Controlling Company				Transaction Terms and Conditions with the Controlling Company		General Transaction Terms and Conditions		Reason for Variance	Accounts Receivables (Payable), Notes Receivable (Payable)		Overdue Accounts Receivable			Remarks
Purchase/Sale	Amount	Percentage to total Purchase /Sales	Gross Margin	Unit price (dollars)	Credit Period	Unit Price (dollars)	Credit Period		Balance	Percentage to total Accounts Receivable (Payable), Notes Receivable (Payable)	Amount	Treatment	Allowance for Bad Debts	
Sales	\$10,119	0.03%	\$1,315	(Note 1)				\$4,835	0.05%	\$ -	-	\$ -		

Note 1: There is no significant difference between the unit price and credit period granted to Chicony Electronics with other regular customers.

B. Property transaction: None.

C. Inter-company financing: No significant transaction.

D. Assets leasing

Unit: NTD 1,000

Type of Transaction (Lease or rent)	Subject Premises		Term of lease	Nature of lease	Basis for rent	Collection (Payment) Method	Comparison with the general rent	Total rent in current period	Collection/payment in current period	Other Agreement
	Name	Location								
Rent	Office	Sanchong Dist., New Taipei City	Jan. 1, 2020 - Dec. 31, 2020	Short-term Lease	Per the Market Price	T/T	No significant difference	\$49,774/year	Per the Payment Term	None
Rent	Office and Parking Space	Sanchong Dist., New Taipei City	Jan. 1, 2020 - Dec. 31, 2020	Right-of-use Assets	Per the Market Price	T/T	No significant difference	\$9,000/year	Per the Payment Term	None

E. Other important transaction: No significant transaction.

(3) Endorsement/Guarantee

A. No Endorsement/Guarantee made by Chicony Electronics for the Company as of December 31, 2020.

B. The Company does not endorse/guarantee for Chicony Electronics.

(4) Other matters with significant effects on finance and business: None.

Chicony Power Technology Co., Ltd.

Declaration Letter of Consolidated Affiliation Business Report

Considering that the companies to be included into the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2020 (from January 1, 2020 to December 31, 2020), and the related information to be disclosed in the consolidated financial statements of affiliated enterprises has already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliated enterprises were prepared separately.

Hereby certify

Company name : Chicony Power Technology Co., Ltd.

Representative : Lu, Chin-Chung

March 3, 2021

Chicony Power Technology Co., Ltd.
Declaration Letter of Affiliation Report

The Company hereby declares that the Company's 2020 Affiliation Report (from January 1, 2020 to December 31, 2020) was prepared pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and there are no significant inconsistencies between the information given above and the supplementary information disclosed in the notes to the consolidated financial statements for the above period.

Company name : Chicony Power Technology Co., Ltd.

Representative: Lu, Chin-Chung

March 3, 2021

Chicony Power Technology Co., Ltd

Affiliation Report

Independent Auditor's Report

Zi-Hui-Zong-Zi No. 20008334

To: Chicony Power Technology Co., Ltd.

The 2020 Affiliation Report of Chicony Power Technology Co., Ltd. was prepared pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, and the financial information related thereto the supplementary information disclosed in the notes to the consolidated financial statements for the above period were also re-checked by us.

According to our re-check result, the 2020 Affiliation Report of Chicony Power Technology Co., Ltd. did disclose related information pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and in conformity with the 2020 consolidated financial statements. Therefore, no significant amendments are required.

Pricewaterhouse Coopers, Taiwan

Chen, Chin-Chang

Weng, Shih-Jung

Financial Supervisory Commission

Approval certificate reference number: Jin-Guan-Zheng-Shen-Zi No. 1060025060

Former Securities Commission, Ministry of Finance

Approval certificate reference number: (88) Tai-Cai-Zheng (6) No. 95577

March 3, 2021

- 8.2. Private Placement of Securities in the Most Recent Year up to the Publication of this Annual Report: None.
- 8.3. Holding or Disposed of Shares in the Company by the Company's Subsidiaries in the Most Recent Year up to the Publication of this Annual Report: None.
- 8.4. Other Necessary Supplementary: None.
- 8.5. Event Occurred in the Most Recent Year up to the Publication of this Annual Report, which Significantly Affect Shareholders' Equity or Price of Shares Pursuant to Article 36 Paragraph 3, Subparagraph 2 of the Securities and Exchange Act: None.

Attachment 1

Consolidated Financial Statements in 2020 Audited by the CPA



INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR20003762

To the Board of Directors and Shareholders of Chicony Power Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Chicony Power Technology Co., Ltd. and its subsidiaries (the "Group") as of 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 of 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 the report 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 cut-off of warehouse sales revenue

Description

Refer to Notes 4(28) and 6(20) for accounting policy on revenue recognition and related details of revenue.

The Group has two delivery types for sales of goods: factory direct shipment and hub warehouse sales. Hub 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 in respect of the above key audit matter:

1. Obtained an understanding and 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. Audited the warehouse inventory by using confirmation letters to validate inventory balances with the warehouse custodians.

Inventory valuation

Description

Refer to Notes 4(12), 5(2) and 6(5) for inventory accounting policy, accounting estimates and assumptions, and details of inventory valuation. As of December 31, 2020, the balances of inventory and allowance for inventory valuation losses are NT\$6,986,660 thousand and NT\$326,988 thousand, respectively.

The Group's main inventories are switching power supply, electronic components, and LED lighting modules. As the electronic products' life cycles are short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses. The determination of net realisable value for

obsolete or slow-moving inventory is subject to management's judgement. Considering that the Group's inventory balance and the allowance for inventory valuation losses are material to the financial statements, we consider the valuation of inventory as one of the key audit matters.

How our audit addressed the matter

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

1. Assessed whether the accounting policies comply with related accounting standards and the nature of business and industry and examined the reasonableness of valuation procedures used by management including net realisable value used in inventory, operating expense ratio and the reasonableness of determining the obsolescence of inventory. In addition to the above, checked whether the provision policy of allowance for inventory valuation loss is consistently applied in all reporting periods.
2. Obtained the net realisable value report of inventory at the end of the reporting period, confirmed the consistency of the estimation policy applied and sampled and tested key parameters in order to verify whether the net realisable value used by management was in line with its policies. Also, recalculated the accuracy of allowance for inventory valuation loss on individual inventory items.

Other matter - Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$548,070 thousand and NT\$628,569 thousand, constituting 2.18% and 2.89% of the consolidated total assets as at December 31, 2020 and 2019, respectively, and the net operating revenue amounted to NT\$983,134 thousand and NT\$1,262,843 thousand, constituting 2.82% and 3.67% 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 Power Technology 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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, Chin-Chang Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 3, 2021

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 independent auditors' report 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 POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In thousands of New Taiwan dollars)

Assets		Notes	December 31, 2020		December 31, 2019			
			AMOUNT	%	AMOUNT	%		
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$	1,013,512	4	\$	1,387,541	6
1110	Financial assets at fair value through profit or loss - current	6(2)		636,346	2		832,900	4
1120	Financial assets at fair value through other comprehensive income - current	6(3)		143,084	1		240,545	1
1150	Notes receivable, net	6(4)		142,923	1		113,207	1
1170	Accounts receivable, net	6(4)		8,414,658	33		6,987,191	32
1180	Accounts receivable - related parties	7		1,185,647	5		1,416,178	7
1200	Other receivables			24,169	-		35,895	-
1210	Other receivables - related parties	7		1,604	-		803	-
130X	Inventories, net	6(5)		6,659,672	26		5,877,642	27
1410	Prepayments			478,214	2		303,013	1
1470	Other current assets			1,739	-		6,085	-
11XX	TOTAL CURRENT ASSETS			18,701,568	74		17,201,000	79
NON-CURRENT ASSETS								
1510	Financial assets at fair value through profit or loss - non-current	6(2)		563,426	2		525,320	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)		25,356	-		25,874	-
1600	Property, plant and equipment, net	6(6)		4,551,521	18		3,129,044	14
1755	Right-of-use assets	6(7)		399,569	2		355,209	2
1780	Intangible assets	6(8)		67,936	-		112,635	1
1840	Deferred income tax assets	6(27)		194,712	1		118,019	1
1900	Other non-current assets	6(9) and 8		667,003	3		305,923	1
15XX	TOTAL NON-CURRENT ASSETS			6,469,523	26		4,572,024	21
1XXX	TOTAL ASSETS		\$	25,171,091	100	\$	21,773,024	100

(Continued)

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2020		December 31, 2019	
Notes			AMOUNT	%	AMOUNT	%
CURRENT LIABILITIES						
2100	Short-term borrowings	6(10)	\$ 38,168	-	\$ 250,000	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	3,236	-	63,404	-
2130	Contract liabilities - current	6(20)	151,515	1	108,190	1
2150	Notes payable		132	-	317	-
2170	Accounts payable	6(11)	11,198,589	45	10,002,907	46
2200	Other payables	6(12)	3,177,887	13	2,367,271	11
2220	Other payables - related parties	7	12,558	-	14,949	-
2230	Current income tax liabilities		592,595	2	270,296	1
2280	Lease liabilities - current	7	57,969	-	44,693	-
2300	Other current liabilities	6(13)	115,235	-	19,376	-
21XX	TOTAL CURRENT LIABILITIES		15,347,884	61	13,141,403	60
NON-CURRENT LIABILITIES						
2540	Long-term borrowings	6(13)	-	-	100,000	1
2570	Deferred income tax liabilities	6(27)	120,043	1	89,848	1
2580	Lease liabilities - non-current	7	109,028	-	62,005	-
2600	Other non-current liabilities	6(14)	63,505	-	62,356	-
25XX	TOTAL NON-CURRENT LIABILITIES		292,576	1	314,209	2
2XXX	TOTAL LIABILITIES		15,640,460	62	13,455,612	62
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT						
SHARE CAPITAL						
3110	Common stock	6(16)	3,887,510	16	3,867,154	18
CAPITAL SURPLUS						
3200	Capital surplus	6(17)	2,218,073	8	2,007,888	10
RETAINED EARNINGS						
3310	Legal reserve	6(18)	1,122,740	5	950,691	4
3320	Special reserve		1,306,489	5	1,611,685	7
3350	Unappropriated retained earnings		2,248,387	9	1,352,568	6
OTHER EQUITY INTEREST						
3400	Other equity interest		(1,232,204)	(5)	(1,306,489)	(6)
3500	TREASURY STOCKS	6(16)	(37,190)	-	(199,804)	(1)
31XX	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT		9,513,805	38	8,283,693	38
36XX	NON-CONTROLLING INTEREST		16,826	-	33,719	-
3XXX	TOTAL EQUITY		9,530,631	38	8,317,412	38
SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS						
3X2X	TOTAL LIABILITIES AND EQUITY	9	\$ 25,171,091	100	\$ 21,773,024	100

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

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019

(In thousands of New Taiwan dollars, except earnings per share amounts)

			Years ended December 31			
			2020		2019	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 SALES REVENUE	6(20) and 7	\$	34,863,027	100	\$ 34,415,370	100
5000 OPERATING COSTS	6(5)(25)(26)	(	28,443,674)	(82)	(28,780,982)	(84)
5900 GROSS PROFIT			6,419,353	18	5,634,388	16
OPERATING EXPENSES	6(25)(26) and 7					
6100 Selling expenses		(	725,674)	(2)	(928,349)	(3)
6200 General and administrative expenses		(	907,772)	(2)	(846,736)	(2)
6300 Research and development expenses		(	1,964,482)	(6)	(1,649,361)	(5)
6450 Expected credit gain (loss)			4,494	-	(9,773)	-
6000 TOTAL OPERATING EXPENSES		(	3,593,434)	(10)	(3,434,219)	(10)
6900 OPERATING PROFIT			2,825,919	8	2,200,169	6
NON-OPERATING INCOME AND EXPENSES						
7100 Interest income	6(21)		15,008	-	14,736	-
7010 Other income	6(22)		186,729	1	123,581	-
7020 Other gains and losses	6(23)	(	273,936)	(1)	(68,394)	-
7050 Finance costs	6(24) and 7	(	32,263)	-	(50,285)	-
7000 TOTAL NON-OPERATING INCOME AND EXPENSES		(	104,462)	-	19,638	-
7900 PROFIT BEFORE INCOME TAX			2,721,457	8	2,219,807	6
7950 Income tax expense	6(27)	(	594,237)	(2)	(501,917)	(1)
8200 PROFIT FOR THE YEAR		\$	2,127,220	6	\$ 1,717,890	5
OTHER COMPREHENSIVE INCOME COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS						
8311 Remeasurement of defined benefit plan	6(14)	(\$	790)	-	(\$ 4,619)	-
8316 Unrealised (loss) gain from investments in equity instruments measured at fair value through other comprehensive income	6(19)	(	9,012)	-	71,391	-
COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS						
8361 Financial statements translation differences of foreign operations			20,495	-	(225,771)	-
8300 Total other comprehensive income (loss) for the year		\$	10,693	-	(\$ 158,999)	-
8500 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$	2,137,913	6	\$ 1,558,891	5
PROFIT (LOSS) ATTRIBUTABLE TO:						
8610 Owners of the parent		\$	2,136,627	6	\$ 1,720,487	5
8620 Non-controlling interest		(\$	9,407)	-	(\$ 2,597)	-
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:						
8710 Owners of the parent		\$	2,146,851	6	\$ 1,563,308	5
8720 Non-controlling interest		(\$	8,938)	-	(\$ 4,417)	-
EARNINGS PER SHARE (NT\$)	6(28)					
9750 BASIC EARNINGS PER SHARE		\$	5.52		\$ 4.51	
9850 DILUTED EARNINGS PER SHARE		\$	5.45		\$ 4.45	

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

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Retained Earnings									
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest	Treasury stocks	Total	Non-controlling interest	Total equity
Year ended December 31, 2019											
		\$ 3,831,413	\$ 1,860,279	\$ 847,670	\$ 1,043,408	\$ 1,530,427	(\$ 1,611,685)	(\$ 199,804)	\$ 7,301,708	\$ 38,136	\$ 7,339,844
		-	-	-	-	1,720,487	-	-	1,720,487	(2,597)	1,717,890
	6(19)	-	-	-	-	(4,619)	(152,560)	-	(157,179)	(1,820)	(158,999)
		-	-	-	-	1,715,868	(152,560)	-	1,563,308	(4,417)	1,558,891
	6(18)										
		-	-	103,021	-	(103,021)	-	-	-	-	-
		-	-	-	568,277	(568,277)	-	-	-	-	-
		-	-	-	-	(764,673)	-	-	(764,673)	-	(764,673)
	6(16)(17)	35,741	147,609	-	-	-	-	-	183,350	-	183,350
	6(3)(19)	-	-	-	-	(457,756)	457,756	-	-	-	-
		\$ 3,867,154	\$ 2,007,888	\$ 950,691	\$ 1,611,685	\$ 1,352,568	(\$ 1,306,489)	(\$ 199,804)	\$ 8,283,693	\$ 33,719	\$ 8,317,412
Year ended December 31, 2020											
		\$ 3,867,154	\$ 2,007,888	\$ 950,691	\$ 1,611,685	\$ 1,352,568	(\$ 1,306,489)	(\$ 199,804)	\$ 8,283,693	\$ 33,719	\$ 8,317,412
		-	-	-	-	2,136,627	-	-	2,136,627	(9,407)	2,127,220
	6(19)	-	-	-	-	(790)	11,014	-	10,224	469	10,693
		-	-	-	-	2,135,837	11,014	-	2,146,851	(8,938)	2,137,913
	6(18)										
		-	-	172,049	-	(172,049)	-	-	-	-	-
		-	-	-	(305,196)	305,196	-	-	-	-	-
		-	-	-	-	(1,241,072)	-	-	(1,241,072)	-	(1,241,072)
	6(16)(17)	45,506	222,528	-	-	-	-	-	268,034	-	268,034
	6(15)(17)	-	17,810	-	-	-	-	38,489	56,299	-	56,299
	6(16)(17)	(25,150)	(30,153)	-	-	(68,822)	-	124,125	-	-	-
	6(3)(19)	-	-	-	-	(63,271)	63,271	-	-	-	-
	6(29)	-	-	-	-	-	-	-	-	(7,955)	(7,955)
		\$ 3,887,510	\$ 2,218,073	\$ 1,122,740	\$ 1,306,489	\$ 2,248,387	(\$ 1,232,204)	(\$ 37,190)	\$ 9,513,805	\$ 16,826	\$ 9,530,631

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

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands of New Taiwan dollars)

		Years ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,721,457	\$ 2,219,807
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(6)(7)(25)	741,462	663,276
Amortisation	6(8)(25)	54,315	57,893
Other non-current assets recognised as expense	6(25)	61,028	106,070
Expected credit (gain) loss	12(2)	(4,494)	9,773
Share-based payments	6(15)	17,813	-
Interest income	6(21)	(15,008)	(14,736)
Dividend income	6(22)	(67,048)	(29,109)
Interest expense	6(7)(24)	32,263	50,285
Loss on disposal of property, plant and equipment	6(23)	50,746	5,195
Net (gain) loss on financial assets at fair value through profit or loss - derivative instruments	6(2)(23)	(272,661)	192,905
Net loss (gain) on financial assets at fair value through profit or loss - others	6(2)(23)	14,853	(187,506)
Impairment loss on non-financial assets	6(8)(23)	54,819	71,299
Gain on disposal of investments	6(23)	-	(13,401)
Gain on lease modification	6(7)	(64)	-
Other gains and losses - rent concessions	6(7)	(1,305)	-
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Financial assets or liabilities at fair value through profit or loss - derivative instruments		17,709	(146,257)
Notes receivable, net	(	( 29,716)	(6,944)
Accounts receivable, net	(	( 1,422,973)	(460,430)
Accounts receivable - related parties		230,531	(68,457)
Other receivables		12,542	129,741
Other receivables - related parties	(	( 801)	(346)
Inventories, net	(	( 782,030)	1,477,265
Prepayments	(	( 175,201)	32,879
Other current assets	(	( 11,084)	(5,558)
Net changes in liabilities relating to operating activities			
Contract liabilities - current		43,325	(6,032)
Notes payable	(	( 185)	100
Accounts payable		1,195,682	(331,686)
Other payables		900,879	418,299
Other payables - related parties	(	( 2,391)	2,349
Other current liabilities	(	( 4,141)	(9,688)
Accrued pension liabilities	(	( 4,588)	(4,784)
Cash inflow generated from operations		3,355,734	4,152,202
Interest received		14,942	14,678
Dividends received		66,298	29,109
Interest paid	(	( 32,269)	(50,417)
Income taxes paid	(	( 318,436)	(562,834)
Net cash flows from operating activities		3,086,269	3,582,738

(Continued)

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands of New Taiwan dollars)

		Years ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss -			
others		(\$ 380,856)	(\$ 148,951)
Proceeds from disposal of financial assets at fair value through			
profit or loss - others		711,349	479,287
Proceeds from disposal of financial assets at fair value through	6(3)		
other comprehensive income		84,276	261,109
Disposal of subsidiary		-	(22)
Acquisition of property, plant and equipment		(1,835,631)	(1,326,733)
Proceeds from disposal of property, plant and equipment		1,616	25,384
Acquisition of intangible assets	6(8)	(59,772)	(53,967)
Increase in prepayments for business facilities		(471,173)	(137,996)
Increase in other non-current assets		(30,752)	(1,822)
Net cash flows used in investing activities		(1,980,943)	(903,711)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(30)	(211,832)	(1,200,000)
Proceeds from long-term borrowings	6(30)	-	100,000
Repayments of lease liabilities	6(30)	(55,398)	(36,021)
Increase (decrease) in other non-current liabilities	6(30)	4,947	(738)
Cash dividends paid	6(18)	(1,241,072)	(764,673)
Transfer of treasury stock to employees		38,487	-
Non-controlling interest adjustment	6(29)	(7,955)	-
Net cash flows used in financing activities		(1,472,823)	(1,901,432)
Effect of exchange rate changes on cash and cash equivalents		(6,532)	(95,072)
Net (decrease) increase in cash and cash equivalents		(374,029)	682,523
Cash and cash equivalents at beginning of year	6(1)	1,387,541	705,018
Cash and cash equivalents at end of year	6(1)	\$ 1,013,512	\$ 1,387,541

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

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

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

1. HISTORY AND ORGANISATION

Chicony Power Technology Co., Ltd. (the “Company”) was incorporated in 2008 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company became listed on the Taiwan Stock Exchange (TWSE) in November, 2013. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in developing, manufacturing and sales of switching power supplies, electronic components and LED lighting modules, and smart building solutions. Chicony Electronics Co., Ltd. is the Group’s ultimate parent company. As of December 31, 2020, Chicony Electronics Co., Ltd. and its subsidiaries hold 52.00% equity interest in the Company.

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 3, 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.

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

Amendment to IFRS 16, 'Covid-19-related rent concessions'

This amendment provides a practical expedient for lessees from assessing whether a rent concession related to COVID-19, and that meets all of the following conditions, is a lease modification:

- (a) Changes in lease payments result in the same or less consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before December 31, 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

Any lease payment changes caused by the rent concessions will be accounted for as variable lease payments during the concession period.

(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

New Standards, Interpretations and Amendments	Effective date 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 liabilities (including derivative instruments) are measured at fair value through profit or loss.
- (b) Financial assets are measured 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.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Remark
			December 31, 2020	December 31, 2019	
Chicony Power Technology Co., Ltd.	Chicony Power Holdings Inc. (CPH)	Investment holdings	100%	100%	
Chicony Power Technology Co., Ltd.	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	
CPH	Chicony Power International Inc. (CPI)	Investment holdings	100%	100%	
CPI	Chicony Power USA, Inc. (CPUS)	Sales of switching power supplies and other electronic parts	100%	100%	
"	Chicony Power Technology Hong Kong Limited (CPHK)	Research and development center 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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Remark
			December 31, 2020	December 31, 2019	
CPHK	Chicony Power Technology (DongGuan) Co., Ltd. (CPDG)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	
"	Chicony Power Technology (Suzhou) Co., Ltd. (CPSZ)	Manufacturing and sales of electronic components and LED lighting modules	100%	100%	
"	Quang Sheng Electronics (Nangchang) Co., Ltd. (GSE)	Manufacturing and sales of electronic components and transformers	100%	100%	
"	Chicony Power Technology (Chong Qing) Co., Ltd. (CPCQ)	Manufacturing and sales of electronic components and LED lighting modules	100%	100%	
"	Chicony Power Technology Trading (Dong Guan) Co., Ltd. (CPDGT)	Importing and exporting of power supplies, LED lighting modules, and other electronics and smart building system industry	100%	100%	
"	Chicony Power Technology (Taizhou) Co., Ltd. (CPTZ)	Researching and developing, manufacturing, sales, installation, after-sale, and advisory services of electric machinery, electric frequency device and industry automation equipment	100%	100%	
WTS	WitsLight Technology (Kunshan) Co., Ltd. (WTK)	Manufacturing and sales of LED lighting modules	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Remark
			December 31, 2020	December 31, 2019	
WTS	Carlight Technology Co.,Ltd. (CT)	Design, researching and developing and sales of automotive and motorcycle lamps and other components	100%	100%	
WTK	Zhuzhou Torch Auto Lamp Co., Ltd. (TORCH)	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	100%	100%	
CPSZ	Chicony Energy Saving Technology (Shanghai) Co., Ltd. (CPSH)	Sales of LED lighting modules	100%	100%	

Note: CPI acquired additional shares from the original shareholders of WTS on July 31, 2020 and held 83.68% ownership after the acquisition.

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: None.

(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 remeasured. 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) 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 expected 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.

(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 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:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- 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. 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 Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes 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.

(10) Impairment of financial assets

For 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.

(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) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are to be 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 are depreciated using the straight-line method to allocate their costs 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 for the plant and buildings are 20 years and for the other fixed assets are 1-10 years.

(14) 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 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.

(15) Intangible assets

- A. Trademark, right, patent and computer software are amortised on a straight-line basis over their estimated useful lives of 1-15 years.
- B. Goodwill arises in a business combination accounted for by applying the acquisition method.
- C. Other intangible asset, mainly expertise, is amortised on a straight-line basis over its estimated useful life of 4 years.

(16) 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.

(17) 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 drawdown 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

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.

(19) 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 or financial liabilities designated as at fair value through profit or loss on initial recognition. 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.

Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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.

(20) 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.

(21) 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.

(22) Non-hedging 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.

(23) 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 (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 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 the expense when it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

D. Employees' and directors' remuneration

Employees' and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal 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.

(24) Employee share-based payment

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.

(25) 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 nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, 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 research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) 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.

(27) 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.

(28) 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) 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.
- (c) Under 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.

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.

(29) 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 expenses.

(30) 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. The information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

There have been no significant changes as of December 31, 2020.

(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.

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	\$ 4,712	\$ 4,328
Checking accounts and demand deposits	870,571	1,215,307
Time deposits	138,229	167,906
	<u>\$ 1,013,512</u>	<u>\$ 1,387,541</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. The Group's cash and cash equivalents are pledged as collateral. Please see 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		
Non-hedging derivatives		
Forward exchange contracts	\$ 209,810	\$ 14,001
Forward exchange swap contracts	53	-
Listed stocks	403,431	395,373
Emerging stocks	-	7,854
Beneficiary certificates	-	101,938
Corporate bond	-	251,250
	613,294	770,416
Valuation adjustment	23,052	62,484
	<u>\$ 636,346</u>	<u>\$ 832,900</u>
Items	December 31, 2020	December 31, 2019
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	(\$ 106)	(\$ 59,095)
Foreign exchange swap contracts	(3,130)	(4,309)
	<u>(\$ 3,236)</u>	<u>(\$ 63,404)</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 185,000	\$ 185,000
Beneficiary certificates	423,843	385,276
	608,843	570,276
Valuation adjustment	(45,417)	(44,956)
	<u>\$ 563,426</u>	<u>\$ 525,320</u>

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

	Years ended December 31,	
	2020	2019
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Derivatives	\$ 272,661	(\$ 192,905)
Others		
Equity instruments	(18,191)	155,913
Beneficiary certificates	3,338	30,093
Debt instrument	-	1,500
	(14,853)	187,506
	\$ 257,808	(\$ 5,399)

- 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	
	Contract amount (Notional principal)	Expiry date
<u>Derivative financial assets and liabilities</u>		
Current items:		
Foreign exchange swap contracts		
- Buy NTD, sell USD	USD 21,600 thousand	2021.2.22 ~ 2021.3.18
Forward foreign exchange contracts		
- Buy RMB, sell USD	USD 105,500 thousand	2021.1.29 ~ 2021.12.1
- Buy NTD, sell USD	USD 20,000 thousand	2021.1.15 ~ 2021.2.4

	December 31, 2019	
	Contract amount (Notional principal)	Expiry date
<u>Derivative financial assets and liabilities</u>		
Current items:		
Foreign exchange swap contracts		
- Buy USD, sell NTD	USD 47,000 thousand	2020.1.2 ~ 2020.1.3
Forward foreign exchange contracts		
- Buy RMB, sell USD	USD 100,500 thousand	2020.1.22 ~ 2020.12.7

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.
- D. 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	\$ 376,055	\$ 523,603
Unlisted stocks	74,607	79,297
	<u>450,662</u>	<u>602,900</u>
Valuation adjustment	(307,578)	(362,355)
	<u>\$ 143,084</u>	<u>\$ 240,545</u>
Non-current items:		
Listed stocks	\$ 422,100	\$ 422,100
Unlisted stocks	15,000	15,000
	<u>437,100</u>	<u>437,100</u>
Valuation adjustment	(411,744)	(411,226)
	<u>\$ 25,356</u>	<u>\$ 25,874</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was equivalent to the carrying amount as at December 31, 2020 and 2019.
- B. During the years ended December 31, 2020 and 2019, the Group sold \$84,276 and \$261,109 of equity investments at fair value, 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
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 9,012)	\$ 71,391
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 63,271)	(\$ 457,756)
Dividend income recognised in profit or loss held at end of year	\$ 3,840	\$ 10,307

- D. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(4) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	<u>\$ 142,923</u>	<u>\$ 113,207</u>
Accounts receivable	\$ 8,424,190	\$ 7,001,217
Less: Allowance for uncollectible accounts	(9,532)	(14,026)
	<u>\$ 8,414,658</u>	<u>\$ 6,987,191</u>

- 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	\$ 8,348,216	\$ 142,923	\$ 6,976,237	\$ 113,207
1 - 30 days past due	23,843	-	18,052	-
31 - 120 days past due	14,826	-	1,235	-
121 - 210 days past due	37,305	-	5,693	-
	<u>\$ 8,424,190</u>	<u>\$ 142,923</u>	<u>\$ 7,001,217</u>	<u>\$ 113,207</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to \$6,647,077.
- C. Details of the Group's notes receivable pledged to others as collateral are provided in Note 8. The Group has no accounts receivable pledged to others as collateral.
- D. As of December 31, 2020, the Group had discounted notes receivable to banks amounting to \$38,168. The Group has payment obligation when the drawers of the notes refuse to pay for the notes at maturity. However, in general, the Group does not expect that the drawers of the notes would refuse to pay for the notes at maturity. The liabilities arising on discounted notes receivable were presented as short-term borrowings.
- E. 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.
- F. 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
Raw materials	\$ 1,945,780	(\$ 78,255)	\$ 1,867,525
Work in process	804,686	(31,625)	773,061
Finished goods	4,236,194	(217,108)	4,019,086
	<u>\$ 6,986,660</u>	<u>(\$ 326,988)</u>	<u>\$ 6,659,672</u>

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,178,361	(\$ 60,964)	\$ 1,117,397
Work in process	574,386	(24,807)	549,579
Finished goods	4,371,176	(160,510)	4,210,666
	<u>\$ 6,123,923</u>	<u>(\$ 246,281)</u>	<u>\$ 5,877,642</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of inventories sold	\$ 28,252,799	\$ 28,597,055
Loss on (gain on reversal of) decline in market value	81,678	(215,548)
Loss on scrap inventory	107,769	397,525
Others	1,428	1,950
	<u>\$ 28,443,674</u>	<u>\$ 28,780,982</u>

Due to clearance of some inventories which were previously provided with allowance for loss on decline in market value, the Group recognised gain on reversal of decline in market value which was accounted for as reduction of cost of goods sold in 2019.

(6) Property, plant and equipment

	2020						
	Land	Buildings and structures	Machinery	Test equipment	Others	Unfinished construction	Total
<u>January 1</u>							
Cost	\$ -	\$ 821,866	\$ 2,791,024	\$ 1,644,863	\$ 1,229,107	\$ 839,589	\$ 7,326,449
Accumulated depreciation	-	(481,152)	(1,574,784)	(1,308,884)	(832,585)	-	(4,197,405)
	<u>\$ -</u>	<u>\$ 340,714</u>	<u>\$ 1,216,240</u>	<u>\$ 335,979</u>	<u>\$ 396,522</u>	<u>\$ 839,589</u>	<u>\$ 3,129,044</u>
Balance, January 1	\$ -	\$ 340,714	\$ 1,216,240	\$ 335,979	\$ 396,522	\$ 839,589	\$ 3,129,044
Additions	100,029	68,463	347,820	373,541	226,150	895,727	2,011,730
Disposals	-	(154)	(49,339)	(323)	(2,546)	-	(52,362)
Reclassifications	25,007	1,633,204	102,116	30,218	29,382	(1,728,468)	91,459
Depreciation charge	-	(72,542)	(265,603)	(143,238)	(183,647)	-	(665,030)
Net exchange differences	40	27,029	10,838	4,951	670	(6,848)	36,680
Balance, December 31	<u>\$ 125,076</u>	<u>\$ 1,996,714</u>	<u>\$ 1,362,072</u>	<u>\$ 601,128</u>	<u>\$ 466,531</u>	<u>\$ -</u>	<u>\$ 4,551,521</u>
<u>December 31</u>							
Cost	\$ 125,076	\$ 2,553,346	\$ 3,051,794	\$ 2,009,669	\$ 1,386,981	\$ -	\$ 9,126,866
Accumulated depreciation	-	(556,632)	(1,689,722)	(1,408,541)	(920,450)	-	(4,575,345)
	<u>\$ 125,076</u>	<u>\$ 1,996,714</u>	<u>\$ 1,362,072</u>	<u>\$ 601,128</u>	<u>\$ 466,531</u>	<u>\$ -</u>	<u>\$ 4,551,521</u>

	2019					
	Buildings and structures	Machinery	Test equipment	Others	Unfinished construction	Total
<u>January 1</u>						
Cost	\$ 854,177	\$ 2,675,320	\$ 1,593,544	\$ 1,567,145	\$ 4,865	\$ 6,695,051
Accumulated depreciation	(459,290)	(1,419,839)	(1,251,911)	(1,064,511)	-	(4,195,551)
	<u>\$ 394,887</u>	<u>\$ 1,255,481</u>	<u>\$ 341,633</u>	<u>\$ 502,634</u>	<u>\$ 4,865</u>	<u>\$ 2,499,500</u>
Balance, January 1	\$ 394,887	\$ 1,255,481	\$ 341,633	\$ 502,634	\$ 4,865	\$ 2,499,500
Additions	-	208,230	130,828	121,167	866,508	1,326,733
Disposals	-	(2,236)	(638)	(27,705)	-	(30,579)
Reclassifications	-	39,430	13,341	11,423	-	64,194
Depreciation charge	(40,724)	(237,901)	(139,090)	(198,427)	-	(616,142)
Net exchange differences	(13,449)	(46,764)	(10,095)	(12,570)	(31,784)	(114,662)
Balance, December 31	<u>\$ 340,714</u>	<u>\$ 1,216,240</u>	<u>\$ 335,979</u>	<u>\$ 396,522</u>	<u>\$ 839,589</u>	<u>\$ 3,129,044</u>
<u>December 31</u>						
Cost	\$ 821,866	\$ 2,791,024	\$ 1,644,863	\$ 1,229,107	\$ 839,589	\$ 7,326,449
Accumulated depreciation	(481,152)	(1,574,784)	(1,308,884)	(832,585)	-	(4,197,405)
	<u>\$ 340,714</u>	<u>\$ 1,216,240</u>	<u>\$ 335,979</u>	<u>\$ 396,522</u>	<u>\$ 839,589</u>	<u>\$ 3,129,044</u>

None of the Group's property, plant and equipment are pledged as collateral.

(7) Leasing arrangements-lessee

- A. The Group leases various assets including land use right, buildings, 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, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise warehouses, offices and business vehicles. Low-value assets comprise multifunction printers and are not shown as right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Buildings and structures	\$ 153,726	\$ 105,842
Land use rights	245,843	249,367
	<u>\$ 399,569</u>	<u>\$ 355,209</u>
	Years ended December 31,	
	2020	2019
	Depreciation charge	Depreciation charge
Buildings and structures	\$ 71,137	\$ 41,594
Land use rights	5,295	5,540
	<u>\$ 76,432</u>	<u>\$ 47,134</u>

- D. As of December 31, 2020, the Group entered into land use right contracts with Ministry of Land and Resources for the use of the land in Jiangsu Wujiang District, Chongqing Jiangjin Shuangfu

New Area and Guangdong Dongguan City, all with terms of 50 years. All rentals had been paid on the contract date.

- E. The carrying amounts of the abovementioned land use rights are net of the government land grants received as an investment incentive.
- F. For the years ended December 31, 2020 and 2019, the additions (including changes in foreign exchange rate) to right-of-use assets were \$115,408 and \$76,793, respectively.
- G. Except for the depreciation mentioned above other 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	\$ 10,684	\$ 2,517
Rent expense on short-term lease contracts	122,990	114,073
Rent expense on leases of low-value assets	1,101	1,245
Gain on lease modification	64	-

- H. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were \$190,173 and \$153,856, respectively.
- I. The Group has no right-of-use asset pledged to others.
- J. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$1,305 as 'other gains and losses' in 2020.

(8) Intangible assets

	2020				
	Trademarks and patents	Software	Goodwill	Others	Total
<u>January 1</u>					
Cost	\$ 72,615	\$ 179,629	\$ 123,359	\$ 32,831	\$ 408,434
Accumulated amortisation and impairment	(53,031)	(142,286)	(69,085)	(31,397)	(295,799)
	<u>\$ 19,584</u>	<u>\$ 37,343</u>	<u>\$ 54,274</u>	<u>\$ 1,434</u>	<u>\$ 112,635</u>
Balance, January 1	\$ 19,584	\$ 37,343	\$ 54,274	\$ 1,434	\$ 112,635
Additions	19,424	40,348	-	-	59,772
Reclassifications	-	3,788	-	-	3,788
Amortisation charge	(18,208)	(35,672)	-	(435)	(54,315)
Impairment loss	-	-	(54,819)	-	(54,819)
Net exchange differences	-	326	545	4	875
Balance, December 31	<u>\$ 20,800</u>	<u>\$ 46,133</u>	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ 67,936</u>
<u>December 31</u>					
Cost	\$ 92,039	\$ 224,049	\$ 120,650	\$ 31,068	\$ 467,806
Accumulated amortisation and impairment	(71,239)	(177,916)	(120,650)	(30,065)	(399,870)
	<u>\$ 20,800</u>	<u>\$ 46,133</u>	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ 67,936</u>

	2019				
	Trademarks and patents	Software	Goodwill	Others	Total
<u>January 1</u>					
Cost	\$ 54,183	\$ 142,730	\$ 127,294	\$ 56,307	\$ 380,514
Accumulated amortisation and impairment	(37,475)	(105,751)	-	(42,843)	(186,069)
	<u>\$ 16,708</u>	<u>\$ 36,979</u>	<u>\$ 127,294</u>	<u>\$ 13,464</u>	<u>\$ 194,445</u>
Balance, January 1	\$ 16,708	\$ 36,979	\$ 127,294	\$ 13,464	\$ 194,445
Additions	18,433	33,880	-	1,654	53,967
Reclassifications	-	4,678	-	-	4,678
Amortisation charge	(15,557)	(37,727)	-	(4,609)	(57,893)
Proceeds from disposal of subsidiaries	-	-	-	(9,030)	(9,030)
Impairment loss	-	-	(71,299)	-	(71,299)
Net exchange differences	-	(467)	(1,721)	(45)	(2,233)
Balance, December 31	<u>\$ 19,584</u>	<u>\$ 37,343</u>	<u>\$ 54,274</u>	<u>\$ 1,434</u>	<u>\$ 112,635</u>
<u>December 31</u>					
Cost	\$ 72,615	\$ 179,629	\$ 123,359	\$ 32,831	\$ 408,434
Accumulated amortisation and impairment	(53,031)	(142,286)	(69,085)	(31,397)	(295,799)
	<u>\$ 19,584</u>	<u>\$ 37,343</u>	<u>\$ 54,274</u>	<u>\$ 1,434</u>	<u>\$ 112,635</u>

A. 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	<u>\$ -</u>	<u>\$ 54,274</u>

B. 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% for the years ended December 31, 2020 and 2019, respectively, to reflect the specific risks relating to the relevant cash-generating units. For the years ended December 31, 2020 and 2019, based on TORCH's assessment that its future operating profit will not be as expected, an impairment loss of \$54,819 and \$15,456 (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, respectively.

C. 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 of America segment due to the recoverable amount is less than the carrying amount.

(9) Other non-current assets

	December 31, 2020	December 31, 2019
Guarantee deposits paid	\$ 44,429	\$ 39,883
Prepayments for business facilities	580,077	204,151
Others	42,497	61,889
	<u>\$ 667,003</u>	<u>\$ 305,923</u>

(10) Short-term borrowings

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Secured borrowings	<u>\$ 38,168</u>	2.8%~3.07%	Notes receivable

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Unsecured borrowings	<u>\$ 250,000</u>	0.87%	None

Information relating to the guarantee notes issued for the above borrowings as of December 31, 2020 is provided in Note 9(1).

(11) Accounts payable

	December 31, 2020	December 31, 2019
Accounts payable	\$ 8,393,546	\$ 8,037,538
Estimated accounts payable	2,805,043	1,965,369
	<u>\$ 11,198,589</u>	<u>\$ 10,002,907</u>

(12) Other payables

	December 31, 2020	December 31, 2019
Salaries payable	\$ 1,026,113	\$ 749,323
Commissions payable	377,702	261,825
Employees' compensation and directors' remuneration payable	346,656	290,332
Processing fee payable	195,054	158,947
Equipment payable	189,501	52,006
Consumption goods expense payable	169,244	161,107
Construction payable	123,942	85,338
Others	749,675	608,393
	<u>\$ 3,177,887</u>	<u>\$ 2,367,271</u>

(13) Long-term borrowings

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

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

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

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 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. Annual consolidated financial reports should maintain financial ratios as follows:

- (a) Current ratio is above 100%,
- (b) Financial liabilities divided by net tangible assets is under 250%,
- (c) Time interest earned is above 300%,
- (d) 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 till the next interest payment date after conforming to the contract, the lending rates will be increased by 0.125% of the used but unsettled amount of this contract, and it will not be considered a breach of contract. If the financial ratios could not be adjusted by next inspection day (subjected to the consolidated financial statements audited by independent auditors), the borrower is considered to have violated the contract.

- B. The Company should maintain appropriate accounts receivable ratio (including the drawn amount) above 50% for each withdrawal. If the Company's qualified accounts receivable is overdue (remains unpaid after 15 days of the due date of accounts receivable), or specific transaction parties did not deposit the accrued amount to the specific compensation accounts instructed by the payment notice, the total amount of that specific transaction parties' qualified accounts receivable will be deducted immediately. If the above situation results to the appropriate accounts receivable ratio to be lower than 50%, the Company should choose any of the following actions to make the accounts receivable ratio comply with the contract:
- (a) Provide other qualified accounts receivable, or,
 - (b) 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 the Company's first drawdown of the credit. During the commitment fee calculation period, if the average drawdown amounts are less than 50% of the total loan facility, the commitment fee should be calculated seasonally, 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.

(14) Pensions

A. Defined benefit plans

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, 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 Act. 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 an amount equal to 4% of the employees' monthly salaries and wages to the pension fund deposited in the 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 as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of funded defined benefit obligations	(\$ 101,303)	(\$ 97,931)
Fair value of plan assets	<u>48,803</u>	<u>41,633</u>
Net defined benefit liability	<u>(\$ 52,500)</u>	<u>(\$ 56,298)</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2020			
Balance at January 1	(\$ 97,931)	\$ 41,633	(\$ 56,298)
Current service cost	(621)	-	(621)
Interest (expense) income	(734)	335	(399)
	(99,286)	41,968	(57,318)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,320	1,320
Change in demographic assumptions	(1,144)	-	(1,144)
Change in financial assumptions	(2,542)	-	(2,542)
Experience adjustments	1,576	-	1,576
	(2,110)	1,320	(790)
Pension fund contribution	-	5,515	5,515
Paid pension	93	-	93
Balance at December 31	93	5,515	5,608
	(\$ 101,303)	\$ 48,803	(\$ 52,500)
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2019			
Balance at January 1	(\$ 90,551)	\$ 34,088	(\$ 56,463)
Current service cost	(604)	-	(604)
Interest (expense) income	(1,019)	417	(602)
	(92,174)	34,505	(57,669)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,138	1,138
Change in demographic assumptions	(1,332)	-	(1,332)
Change in financial assumptions	(3,890)	-	(3,890)
Experience adjustments	(535)	-	(535)
	(5,757)	1,138	(4,619)
Pension fund contribution	-	5,990	5,990
Balance at December 31	(\$ 97,931)	\$ 41,633	(\$ 56,298)

- (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 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 and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan asset 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	0.500%	0.750%
Future salary increases	2.500%	2.500%

Assumptions regarding future mortality experience are set based on actual advice in accordance with published statistics and experience in each territory.

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%
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 2,557)	\$ 2,662	\$ 2,567	(\$ 2,479)
December 31, 2019				
Effect on present value of defined benefit obligation	(\$ 2,635)	\$ 2,746	\$ 2,655	(\$ 2,562)

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 methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to \$5,792.
- (g) As of December 31, 2020, the weighted average duration of that retirement plan is 10.2 years.

The analysis of timing of the future pension payment for the next ten years is as follows:

Within 1 year	\$	14,586
1-2 years		1,522
2-5 years		14,705
5-10 years		20,739
	\$	<u>51,552</u>

B. Defined contribution plan

- (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 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.
- (c) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2020 and 2019 were \$192,244 and \$230,225, respectively.

(15) Share-based payment

- A. For the year ended December 31, 2020, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Treasury stock transferred to employees	2020.3.2	948	-	Immediately

There was no share-based payment for the year ended December 31, 2019.

B. Details of the treasury stocks transferred to employees are as follows:

	Year ended December 31, 2020	
	No. of options	Weighted-average exercise price (in dollars)
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	-	-

C. The average closing price of stock options at exercise dates for the year ended December 31, 2020 was NT\$55.55 (in dollars).

D. 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	2020.3.2	NT\$59.50	NT\$40.72	27.34% (Note)	15 days	-	0.45%	NT\$18.79

Note: Expected price volatility rate was estimated based on the average annualized standard deviation of the daily return for the six-month period.

E. Liabilities arising from share-based payment transactions are shown below:

	Year ended December 31, 2020
Equity-settled	\$ 17,813

No such transaction in 2019.

(16) Share capital

A. As of December 31, 2020, the Company's authorised capital was \$4,000,000, and the paid-in capital was \$3,887,510 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 (net of treasury stocks) are as follows:

(Unit: shares in thousands)	2020	2019
At January 1	382,337	378,763
Employee compensation	4,551	3,574
Treasury stock transferred to employees	948	-
At December 31	387,836	382,337

- B. On March 2, 2020, the Company issued 4,551 thousand shares as the Board of Directors of the Company resolved to appropriate employees' stock dividends of \$268,034 which was calculated based on the closing price of NT\$58.9 (in dollars) per share on the date (February 27, 2020) before the date the Board of Directors resolved the appropriation. The appropriation was approved by the authority, with the effective date set on April 9, 2020 and the registration was completed on May 4, 2020.
- C. The Company's Board of Directors resolved to retire treasury shares amounting to 2,515 thousand shares on March 2, 2020. The effective date for capital reduction was March 27, 2020 and the reduction was registered on April 23, 2020.
- D. On March 5, 2019, the Company issued 3,574 thousand shares as the Board of Directors of the Company resolved to appropriate employees' stock dividends of \$183,350 which was calculated based on the closing price of NT\$51.3 (in dollars) per share on the date (March 4, 2019) before the date the Board of Directors resolved the appropriation. The appropriation was approved by the authority, with the effective date set on April 7, 2019 and the registration was completed on April 25, 2019.
- E. Treasury shares:
- (a) As of December 31, 2020 and 2019, the reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2020	
Name of company holding the shares	Purpose of buyback	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	916	\$ 37,190

		December 31, 2019	
Name of company holding the shares	Purpose of buyback	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	4,379	\$ 199,804

- (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 neither pledged as collateral nor exercise shareholder's rights on these shares.
- (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) For information of treasury stock transferred to employees, please see Note 6(15).

(17) 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.

	2020			
	Share premium	Treasury share transactions	Others	Total
At January 1	\$ 1,897,840	\$ -	\$ 110,048	\$ 2,007,888
Share-based payment transactions				
- Employee compensation	222,528	-	-	222,528
- Treasury stock transferred to employees	-	17,810	-	17,810
- Retirement of treasury shares	(12,343)	(17,810)	-	(30,153)
At December 31	<u>\$ 2,108,025</u>	<u>\$ -</u>	<u>\$ 110,048</u>	<u>\$ 2,218,073</u>

	2019		
	Share premium	Others	Total
At January 1	\$ 1,750,231	\$ 110,048	\$ 1,860,279
Share-based payment transactions			
- Employee compensation	147,609	-	147,609
At December 31	<u>\$ 1,897,840</u>	<u>\$ 110,048</u>	<u>\$ 2,007,888</u>

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's profit before tax, if any, shall first be offset against prior years' operating losses (including adjustment of unappropriated earnings); and then 10% of the remaining amount shall be set aside as legal reserve until it reaches the Company's paid-up capital; and then set aside as special reserve in accordance with related regulations issued by the Competent Authority when necessary; and the remainder, if any, along with opening unappropriated earnings (including adjustment of unappropriated earnings) shall be proposed by the Board of Directors under the principle of the Company's 25th Articles of Incorporation and resolved by the shareholders as dividends to shareholders. Effective from June 6, 2019, the Board of Directors may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject

to approval by the shareholders.

- 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 above restrictions will not be applicable if total amount of stockholders' dividends is less than \$0.5 (in dollars) per share.
- C. The appropriation for legal reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.
- D. Special reserve
- (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 amount of \$205,324, previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order 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.
- E. (a) The appropriations of 2019 and 2018 earnings had been approved at the annual stockholders' meeting on June 9, 2020 and June 6, 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 appropriated	\$ 172,049		\$ 103,021	
(Reversal of) special reserve appropriated	(305,196)		568,277	
Cash dividends	1,241,072	\$ 3.20	764,673	\$ 2.00

- (b) Subsequent events:

The appropriations of 2020 earnings had been proposed at the Board of Directors' meeting on March 3, 2021. Details are summarised below:

	Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 200,374	
Reversal of special reserve	(74,284)	
Cash dividends	1,568,589	\$ 4.00

As of March 3, 2021, the appropriation of 2020 earnings has not yet been resolved at the shareholders' meeting, except for cash dividends which were resolved by the Board of Directors and were only required to be reported at the shareholders' meeting.

(19) Other equity items

	2020		
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 532,909)	(\$ 773,580)	(\$ 1,306,489)
Currency translation differences:			
- Group	20,026	-	20,026
Valuation adjustment:			
- Group	-	(9,012)	(9,012)
- Transfer out	-	63,271	63,271
At December 31	<u>(\$ 512,883)</u>	<u>(\$ 719,321)</u>	<u>(\$ 1,232,204)</u>

	2019		
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 308,958)	(\$ 1,302,727)	(\$ 1,611,685)
Currency translation differences:			
- Group	(223,951)	-	(223,951)
Valuation adjustment:			
- Group	-	71,391	71,391
- Transfer out	-	457,756	457,756
At December 31	<u>(\$ 532,909)</u>	<u>(\$ 773,580)</u>	<u>(\$ 1,306,489)</u>

(20) 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>Total</u>
Revenue from contracts with customers				
Electronic component products	\$ 26,406,446	\$ 663,524	\$ 638,059	\$ 27,708,029
Consumer electronic products and other electronic products	5,451,910	903,668	344,974	6,700,552
Others	254,970	199,375	101	454,446
	<u>\$ 32,113,326</u>	<u>\$ 1,766,567</u>	<u>\$ 983,134</u>	<u>\$ 34,863,027</u>
<u>Year ended December 31, 2019</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Total</u>
Revenue from contracts with customers				
Electronic component products	\$ 23,360,912	\$ 570,730	\$ 1,607,214	\$ 25,538,856
Consumer electronic products and other electronic products	7,333,901	873,580	458,783	8,666,264
Others	89,997	118,628	1,625	210,250
	<u>\$ 30,784,810</u>	<u>\$ 1,562,938</u>	<u>\$ 2,067,622</u>	<u>\$ 34,415,370</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>\$ 151,515</u>	<u>\$ 108,190</u>	<u>\$ 114,222</u>

C. Contract liability balance at the beginning of 2020 and 2019 was all recognised in operating revenue for the years ended December 31, 2020 and 2019.

(21) Interest income

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	<u>\$ 15,008</u>	<u>\$ 14,736</u>

(22) Other income

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Dividend income	<u>\$ 67,048</u>	<u>\$ 29,109</u>
Other income-others	<u>119,681</u>	<u>94,472</u>
	<u>\$ 186,729</u>	<u>\$ 123,581</u>

(23) Other gains and losses

	Years ended December 31,	
	2020	2019
Net gains (losses) on financial assets and liabilities at fair value through profit or loss -derivative instruments	\$ 272,661	(\$ 192,905)
Net (losses) gains on financial assets and liabilities at fair value through profit or loss-others	(14,853)	187,506
Net currency exchange (losses) gains	(420,026)	10,749
Losses on disposal of property, plant and equipment	(50,746)	(5,195)
Impairment losses on non-financial assets	(54,819)	(71,299)
Gains on disposal of investments	-	13,401
Others	(6,153)	(10,651)
	<u>(\$ 273,936)</u>	<u>(\$ 68,394)</u>

(24) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 21,579	\$ 47,768
Lease liabilities	10,684	2,517
	<u>\$ 32,263</u>	<u>\$ 50,285</u>

(25) Expenses by nature

	Year ended December 31, 2020		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 2,936,063	\$ 2,028,401	\$ 4,964,464
Depreciation	545,305	196,157	741,462
Amortisation	3,327	50,988	54,315
Other assets recognised as expenses	29,822	31,206	61,028

	Year ended December 31, 2019		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 2,803,604	\$ 1,763,833	\$ 4,567,437
Depreciation	494,954	168,322	663,276
Amortisation	3,000	54,893	57,893
Other assets recognised as expenses	40,843	65,227	106,070

(26) Employee benefit expense

	Year ended December 31, 2020		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 2,642,437	\$ 1,826,680	\$ 4,469,117
Labour and health insurance fees	67,038	86,118	153,156
Pension costs	135,370	57,894	193,264
Other personnel expenses	91,218	57,709	148,927
	<u>\$ 2,936,063</u>	<u>\$ 2,028,401</u>	<u>\$ 4,964,464</u>

	Year ended December 31, 2019		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 2,480,728	\$ 1,568,028	\$ 4,048,756
Labour and health insurance fees	76,946	77,952	154,898
Pension costs	167,393	64,038	231,431
Other personnel expenses	78,537	53,815	132,352
	<u>\$ 2,803,604</u>	<u>\$ 1,763,833</u>	<u>\$ 4,567,437</u>

A. In accordance with the Articles of Incorporation of the Company, the pretax income before distribution of employees' compensation and directors' remuneration shall be appropriated based on a ratio of not lower than 10% for employees' compensation and not higher than 1% for directors' remuneration. However, the employees' compensation and directors' remuneration shall be appropriated based on the abovementioned ratios only after covering the accumulated losses (including adjustment of unappropriated earnings), if there is any.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$317,991 and \$268,034, respectively; directors' remuneration was accrued at \$28,665 and \$22,298, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 11.09% and 1% of distributable profit for the year ended December 31, 2020.

On March 3, 2021, the employees' compensation and directors' remuneration resolved by the Board of Directors were \$317,991 and \$28,665, respectively, and the employees' compensation will be distributed in the form of cash and stocks.

C. Employees' compensation of \$268,034 and directors' remuneration of \$22,298 for 2019 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2019 financial statements. Actual number of shares distributed as employees' compensation for 2019 is 4,551 thousand shares. Refer to Note 6(16) for details.

D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the Market Observation Post System website of the Taiwan Stock Exchange.

(27) Income tax

A. Components of income tax expense:

	Years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 649,626	\$ 480,984
Tax on undistributed surplus earnings	7,509	-
Prior year income tax overestimation	(16,400)	(8,582)
Total current tax	<u>640,735</u>	<u>472,402</u>
Deferred tax:		
Origination and reversal of temporary differences	(46,498)	29,515
Income tax expense	<u>\$ 594,237</u>	<u>\$ 501,917</u>

B. Reconciliation between income tax expense and profit before tax:

	Years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 718,146	\$ 743,140
Effects from items allowed by tax regulation	(30,018)	(222,641)
Effect from investment tax credits	(85,000)	(10,000)
Tax on undistributed surplus earnings	7,509	-
Prior year income tax overestimation	(16,400)	(8,582)
Income tax expense	<u>\$ 594,237</u>	<u>\$ 501,917</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:

Year ended December 31, 2020			
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
- Deferred tax assets:			
Provision for inventory price decline and obsolescence	\$ 32,226	\$ 21,370	\$ 53,596
Unrealised exchange loss	-	16,316	16,316
Unrealised commission expense	52,365	22,343	74,708
Unrealised government grants	20,177	(286)	19,891
Others	13,251	16,950	30,201
	<u>118,019</u>	<u>76,693</u>	<u>194,712</u>
- Deferred tax liabilities:			
Unrealised gain on financial assets	(11,452)	(29,873)	(41,325)
Others	(78,396)	(322)	(78,718)
	<u>(89,848)</u>	<u>(30,195)</u>	<u>(120,043)</u>
	<u>\$ 28,171</u>	<u>\$ 46,498</u>	<u>\$ 74,669</u>
Year ended December 31, 2019			
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
- Deferred tax assets:			
Provision for inventory price decline and obsolescence	\$ 19,611	\$ 12,615	\$ 32,226
Unrealised commission expense	21,618	30,747	52,365
Unrealised government grants	18,888	1,289	20,177
Others	8,022	5,229	13,251
	<u>68,139</u>	<u>49,880</u>	<u>118,019</u>
- Deferred tax liabilities:			
Unrealised exchange gain	(10,003)	(1,449)	(11,452)
Others	(450)	(77,946)	(78,396)
	<u>(10,453)</u>	<u>(79,395)</u>	<u>(89,848)</u>
	<u>\$ 57,686</u>	<u>(\$ 29,515)</u>	<u>\$ 28,171</u>

D. The Tax Authority has examined the income tax returns of the Company through 2018.

E. CPCQ applied for the Enterprise Income Tax Law of the People's Republic of China and the State Administration of Taxation on Tax Policy Issues Concerning Further Implementing China's Western Development Strategy, which refers to an enterprise whose main business falls within the scope of industry projects set out in the Catalogue of Encouraged Industries in China's Western Territory and whose revenues generated from its main business accounts for 70% or more of its gross income. The applications have been authorised by the tax authorities, and CPCQ

is entitled to a 10% reduction on the tax rate in and before 2020. CPCQ applied for the Continuing to Implement Preferential Tax Policies for Western Development Strategy, which refers to an enterprise whose revenues generated from its main business accounts for 60% or more of its gross income. The applications have been authorised by the tax authorities, and CPCQ is entitled to a 10% reduction on the tax rate during the period between 2020 and 2029. CPCQ's applicable income tax rate is 15% during the aforementioned periods.

(28) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted-average number of ordinary shares outstanding (In thousands)	Earnings per share (in dollars)
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,136,627	386,916	<u>\$ 5.52</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	<u>5,263</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,136,627</u>	<u>392,179</u>	<u>\$ 5.45</u>
	Year ended December 31, 2019		
	Amount after tax	Weighted-average number of ordinary shares outstanding (In thousands)	Earnings per share (in dollars)
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,720,487	381,679	<u>\$ 4.51</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	<u>4,885</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,720,487</u>	<u>386,564</u>	<u>\$ 4.45</u>

(29) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

On July 31, 2020, the Group acquired an additional 5.551% of shares of its subsidiary - WTS for a total cash consideration of \$7,955 (including changes in foreign exchange rate). The carrying amount of non-controlling interest in WTS was the same as the consideration paid at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$7,955 but there was no change in the equity attributable to owners of the parent.

(30) Changes in liabilities from financing activities

	2020				
	Short-term borrowings	Long-term borrowings (Note)	Lease liability	Others	Total
At January 1	\$ 250,000	\$ 100,000	\$ 106,698	\$ 7,354	\$ 464,052
Changes in cash flow from financing activities	(211,832)	-	(55,398)	4,947	(262,283)
Changes in other non-cash items	-	-	119,633	-	119,633
Impact of changes in foreign exchange rate	-	-	(3,936)	-	(3,936)
At December 31	<u>\$ 38,168</u>	<u>\$ 100,000</u>	<u>\$ 166,997</u>	<u>\$ 12,301</u>	<u>\$ 317,466</u>

	2019				
	Short-term borrowings	Long-term borrowings	Lease liability	Others	Total
At January 1	\$ 1,450,000	\$ -	\$ 74,192	\$ 8,092	\$ 1,532,284
Changes in cash flow from financing activities	(1,200,000)	100,000	(36,021)	(738)	(1,136,759)
Changes in other non-cash items	-	-	69,134	-	69,134
Impact of changes in foreign exchange rate	-	-	(607)	-	(607)
At December 31	<u>\$ 250,000</u>	<u>\$ 100,000</u>	<u>\$ 106,698</u>	<u>\$ 7,354</u>	<u>\$ 464,052</u>

Note: Including current portion.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate parent of the Company is Chicony Electronics Co., Ltd.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Chicony Electronics Co., Ltd.	Parent company
Chicony Global Inc.	Entity controlled by the same parent
Hipro Electronics Ltd.	Entity controlled by the same parent
Quansun Investment Corp. Ltd.	Entity controlled by the same parent
Qun-Jing Power Co., Ltd.	Entity controlled by the same parent
XAVi Technology Corp.	Entity controlled by the same parent
Chicony Electronics (Thailand) Co., Ltd.	Entity controlled by the same parent
Chicony Electronics CEZ s.r.o	Entity controlled by the same parent
Chicony Electronics Japan Co., Ltd.	Entity controlled by the same parent
Chicony Electronics (DongGuan) Co., Ltd.	Entity controlled by the same parent
Chicony Electronics (Chong-Qing) Co., Ltd.	Entity controlled by the same parent
Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent
Mao-Ray Electronics (DongGuan) Co., Ltd.	Entity controlled by the same parent
Clevo Co.	Other related party
Kapok Computer (Kunshan) Co.	Other related party
Buynow Group	Other related party
Chicony Co., Ltd.	Other related party
Honhui Group	Other related party
Jiaxing Chunxiang Electronic Technology Co., Ltd.	Other related party

(3) Significant related party transactions and balances

A. Sales of goods

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Sales of goods:		
-Entities controlled by the same parent company	\$ 3,427,500	\$ 3,387,239
-Other related parties	394,322	433,063
-Parent company	10,119	30,907
	<u>\$ 3,831,941</u>	<u>\$ 3,851,209</u>

The terms of the sales to related parties were not significantly different from those of sales to third parties.

B. Purchases of services

	Years ended December 31,	
	2020	2019
-Entities controlled by the same parent company	\$ -	\$ 7,895
-Other related parties	1,999	1,476
-Parent company	33,627	24,896
	<u>\$ 35,626</u>	<u>\$ 34,267</u>

The purchases from related parties arise mainly from providing management services to the Group.

C. Receivables from related parties

	December 31, 2020	December 31, 2019
Accounts receivable:		
-Entities controlled by the same parent company	\$ 1,118,029	\$ 1,291,964
-Other related parties	62,783	124,214
-Parent company	4,835	-
	<u>1,185,647</u>	<u>1,416,178</u>
Other receivables:		
-Entities controlled by the same parent company	1,604	803
	<u>\$ 1,187,251</u>	<u>\$ 1,416,981</u>

(a) The accounts receivable arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

(b) Other receivables arise from payments on behalf of others.

D. Payables to related parties

	December 31, 2020	December 31, 2019
Other payables:		
-Entities controlled by the same parent company	\$ 330	\$ 1,790
-Other related parties	2,099	1,550
-Parent company	10,129	11,609
	<u>\$ 12,558</u>	<u>\$ 14,949</u>

The other payables arise mainly from collections, short-term lease payments payable and payments on behalf of others.

E. Lease transactions-lessee

- (a) As of December 31, 2020, the main lease contracts between the Company and related parties are as follows:

<u>Lessor</u>	<u>Lease subject</u>	<u>Rental calculation and payment</u>	<u>Lease term</u>
-Entities controlled by the same parent company	Buildings and structures	RMB11,846 (in thousands) per year	Within one year
-Parent company	"	\$4,112 per month	Within one year
-Parent company	"	\$ 750 per month	2018.1.1~2024.1.1

- (b) On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by \$19,165.

- (c) Rental expense arising from leases in office and plants from related parties is as follows:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Rental expense:		
-Entities controlled by the same parent company	\$ 50,584	\$ 48,083
-Parent company	49,774	47,256
	<u>\$ 100,358</u>	<u>\$ 95,339</u>

- (d) Lease liabilities

- i. Outstanding balance:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
-Parent company	<u>\$ 2,436</u>	<u>\$ 10,875</u>

- ii. Interest expense

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
-Parent company	<u>\$ 126</u>	<u>\$ 276</u>

(4) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Salaries and other short-term employee benefits	\$ 59,178	\$ 55,797
Post-employment benefits	927	1,098
Share-based payments	59,383	50,416
	<u>\$ 119,488</u>	<u>\$ 107,311</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2020	December 31, 2019	
Notes receivable	\$ 38,168	\$ -	Discounting notes receivable to banks
Guarantee deposits paid (shown as 'other non-current assets')	25,154	24,345	Performance guarantee and bid bond
"	-	11	Guarantee for purchase equipment
"	18,228	14,693	Guarantee for rentals
"	1,047	834	Others
	<u>\$ 82,597</u>	<u>\$ 39,883</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- (1) As of December 31, 2020, for financing forward exchange contracts, for bill purchase purposes and for bank borrowings, the Group provided standby promissory notes totaling \$15,412,332 as security.
- (2) On December 27, 2018, the subsidiary, CPSZ, and Suzhou Weiye Group Co., Ltd. signed a construction contract amounting to RMB 261,675 thousand dollars (NT\$1,117,395) and the subcontract work will follow the construction schedule. As of December 31, 2020, capital expenditure for the contract but not yet incurred amounted to RMB 13,084 thousand dollars (NT\$55,870).
- (3) Apart from section (2) above, the amounts of unpaid payment for construction in progress and acquisition of machinery and equipment are as follows:

December 31, 2020	December 31, 2019
<u>\$ 20,926</u>	<u>\$ 137,782</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriations of 2020 earnings and proposal for employees' compensation and supervisors' and directors' remuneration distribution have been proposed by the Board of Directors on March 3, 2021. Please see Notes 6(18) and (26).

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	\$ 1,199,772	\$ 1,358,220
Financial assets at fair value through other comprehensive income - designation of equity instrument	168,440	266,419
Financial assets at amortised cost		
Cash and cash equivalents	1,013,512	1,387,541
Notes receivable	142,923	113,207
Accounts receivable (including related parties)	9,600,305	8,403,369
Other receivables (including related parties)	25,773	36,698
Guarantee deposits paid	44,429	39,883
	<u>\$ 12,195,154</u>	<u>\$ 11,605,337</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss	\$ 3,236	\$ 63,404
Financial liabilities at amortised cost		
Short-term borrowings	38,168	250,000
Notes payable	132	317
Accounts payable	11,198,589	10,002,907
Other payables (including related parties)	3,190,445	2,382,220
Long-term borrowings (including current portion)	100,000	100,000
Lease liability	166,997	106,698
	<u>\$ 14,697,567</u>	<u>\$ 12,905,546</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. 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).
- iii. 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, THB, RMB and HKD). 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				
	Foreign Currency			
	Amount		Book Value	
	(In Thousands)	Exchange Rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 380,552	28.235	\$	10,744,886
USD:RMB (Note)	295,722	6.5103		8,349,711
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 360,518	28.235	\$	10,179,226
USD:RMB (Note)	221,433	6.5103		6,252,161

December 31, 2019				
(Foreign currency: functional currency)	Foreign Currency			
	Amount		Book Value	
	(In Thousands)	Exchange Rate	(NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 330,577	30.010	\$ 9,920,616	
USD:RMB (Note)	302,949	6.9693	9,091,499	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 353,888	30.010	\$ 10,620,179	
USD:RMB (Note)	194,881	6.9693	5,848,379	

Note: The method is to disclose in foreign currency. 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.

- iv. 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 (\$420,026) and \$10,749, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2020				
(Foreign currency: functional currency)	Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 107,449	\$ -	
USD:RMB	1%	83,497	-	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 101,792	\$ -	
USD:RMB	1%	62,522	-	

Year ended December 31, 2019			
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	1%	\$ 99,206	\$ -
USD:RMB	1%	90,915	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 106,202	\$ -
USD:RMB	1%	58,484	-

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 \$9,900 and \$10,942, respectively, as a result of gains/losses on financial instruments classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,684 and \$2,664, 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 rates were denominated in NTD and USD.

As of December 31, 2020 and 2019, if interest rates on USD-denominated borrowings had been 0.25% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have been \$250 lower/higher for both years.

(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 fair value through profit or loss.
- ii. According to the Group's 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.
- iii. The Group manages credit risk of cash in banks and other financial instruments based on the Group's credit policy. Banks with good credit and financial institutions with investment-grade credit ratings are accepted as counterparties.
- iv. The Group adopts the assumptions under IFRS 9, that is, 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. According to the internal management policy, the default occurs when the contract payments are past due over 360 days.
- v. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss.
- vi. The Group used the forecastability of industry prospect and macroeconomic environment 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%~0.1%	\$ 9,533,863	\$ 241
1 - 30 days past due	1%~5%	23,843	715
31 - 120 days past due	4%~20%	14,826	741
121 - 210 days past due	20%~100%	37,305	7,835
		<u>\$ 9,609,837</u>	<u>\$ 9,532</u>
<u>December 31, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.1%	\$ 8,392,415	\$ 7,278
1 - 30 days past due	2%~15%	18,052	850
31 - 120 days past due	8%~25%	1,235	205
Over 121 days	40%~100%	5,693	5,693
		<u>\$ 8,417,395</u>	<u>\$ 14,026</u>

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2020	2019
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 14,026	\$ 4,280
(Reversal of) provision for impairment	(4,494)	9,773
Effect of foreign exchange	-	(27)
At December 31	<u>\$ 9,532</u>	<u>\$ 14,026</u>

viii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

- (a) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
- (b) The disappearance of an active market for that financial asset because of financial difficulties;
- (c) Default or delinquency in interest or principal repayments;
- (d) Adverse changes in national or regional economic conditions that are expected to cause a default.

(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 (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial ratio targets and, if applicable, external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. 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 of December 31, 2020 and 2019, the Group held money market position of \$1,578,367 and \$2,442,657, respectively, which are expected to generate sufficient cash inflows to cover liquidity risk.

iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Floating rate:		
Expiring within one year	\$ 12,070,550	\$ 7,751,000
Expiring beyond one year	-	3,950,000
	<u>\$ 12,070,550</u>	<u>\$ 11,701,000</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.

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 38,168	\$ -
Notes payable	132	-
Accounts payable	11,198,589	-
Other payables (including related parties)	3,190,445	-
Lease liability	66,351	115,815
Long-term borrowings (including current portion)	100,098	-
<u>Derivative financial liabilities:</u>		
Financial liabilities at fair value through profit or loss	3,236	-
<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 250,179	\$ -
Notes payable	317	-
Accounts payable	10,002,907	-
Other payables (including related parties)	2,382,220	-
Lease liability	49,241	66,612
Long-term borrowings	-	100,172
<u>Derivative financial liabilities:</u>		
Financial liabilities at fair value through profit or loss	63,404	-

(3) Fair value of financial instruments

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 (including emerging) stocks, convertible bonds and beneficiary certificates 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 private placement of listed shares and 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 equity investment without active market 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 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:

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss				
- current				
Equity securities	\$ 426,483	\$ -	\$ -	\$ 426,483
Non-hedging derivatives				
Forward exchange contracts	209,810	-	-	209,810
Exchange rate swap contracts	53	-	-	53
Financial assets mandatorily measured at fair value through profit or loss				
- non-current				
Equity securities	-	-	201,821	201,821
Beneficiary certificates	12,060	-	349,545	361,605
Financial assets at fair value through other comprehensive income - current				
Equity securities	143,084	-	-	143,084
Financial assets at fair value through other comprehensive income				
- non-current				
Equity securities	-	5,106	20,250	25,356
	<u>\$ 791,490</u>	<u>\$ 5,106</u>	<u>\$ 571,616</u>	<u>\$ 1,368,212</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ 106	\$ -	\$ -	\$ 106
Exchange rate swap contracts	3,130	-	-	3,130
	<u>\$ 3,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,236</u>

December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss				
- current				
Equity securities	\$ 456,574	\$ -	\$ -	\$ 456,574
Debt securities	250,000	-	-	250,000
Beneficiary certificates	112,325	-	-	112,325
Non-hedging derivatives				
Forward exchange contracts	-	14,001	-	14,001
Financial assets mandatorily measured at fair value through profit or loss				
- non-current				
Equity securities	-	-	196,552	196,552
Beneficiary certificates	19,080	-	309,688	328,768
Financial assets at fair value through other comprehensive income - current				
Equity securities	240,545	-	-	240,545
Financial assets at fair value through other comprehensive income				
- non-current				
Equity securities	-	5,977	19,897	25,874
	<u>\$ 1,078,524</u>	<u>\$ 19,978</u>	<u>\$ 526,137</u>	<u>\$ 1,624,639</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ -	\$ 59,095	\$ -	\$ 59,095
Exchange rate swap contracts	-	4,309	-	4,309
	<u>\$ -</u>	<u>\$ 63,404</u>	<u>\$ -</u>	<u>\$ 63,404</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Emerging Stocks</u>	<u>Open-end fund</u>	<u>Convertible bond</u>
Market quoted price	Closing price	Average trades price	Net asset value	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

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:

	2020		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 309,688	\$ 216,449	\$ 526,137
Acquired in the year	63,115	-	63,115
(Losses) gains recognised in profit or loss	(7,672)	5,268	(2,404)
Gains recognised in other comprehensive income	-	354	354
Effect of exchange rate changes	(15,586)	-	(15,586)
At December 31	<u>\$ 349,545</u>	<u>\$ 222,071</u>	<u>\$ 571,616</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2020 (Note)	<u>(\$ 7,672)</u>	<u>\$ 5,268</u>	<u>(\$ 2,404)</u>

	2019		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 318,961	\$ 199,951	\$ 518,912
Acquired in the year	4,699	-	4,699
(Losses) gains recognised in profit or loss	(11,292)	13,873	2,581
Gains and losses recognised in other comprehensive income	-	2,625	2,625
Effect of exchange rate changes	(2,680)	-	(2,680)
At December 31	<u>\$ 309,688</u>	<u>\$ 216,449</u>	<u>\$ 526,137</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2019 (Note)	<u>(\$ 11,292)</u>	<u>\$ 13,873</u>	<u>\$ 2,581</u>

Note: Recorded as non-operating income and expense.

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:

	<u>Fair value at December 31, 2020</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 222,071	Net asset value	N/A	-	N/A
Venture capital shares					
Private equity fund investment	349,545	Net asset value	N/A	-	N/A
	<u>Fair value at December 31, 2019</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 216,449	Net asset value	N/A	-	N/A
Venture capital shares					
Private equity fund investment	309,688	Net asset value	N/A	-	N/A

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 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:

			<u>December 31, 2020</u>			
			<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instruments	Net asset value	±1%	\$ 2,018	(\$ 2,018)	\$ 203	(\$ 203)
Beneficiary certificates	Net asset value	±1%	3,495	(3,495)	-	-
			<u>\$ 5,513</u>	<u>(\$ 5,513)</u>	<u>\$ 203</u>	<u>(\$ 203)</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	Net asset value	±1%	\$ 1,966	(\$ 1,966)	\$ 199	(\$ 199)
Beneficiary certificates	Net asset value	±1%	3,097	(3,097)	-	-
			<u>\$ 5,063</u>	<u>(\$ 5,063)</u>	<u>\$ 199</u>	<u>(\$ 199)</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: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 3.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- 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 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1).

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The Chief Operating Decision-Maker considers the business from a geographic and product type perspective; geographically, the Group currently focuses on wholesale in Taiwan, Mainland China and US.

The Group's organisation, basis of department segmentation and principles for measuring segment information for the period were not significantly changed.

(2) Measurement of segment information

A. The accounting policies of operating departments are the same as the accounting policies summarised in Note 4.

B. The Group evaluates performance based on external revenue and segment income which had already eliminated the effect of segment transactions.

(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:

<u>Year ended December 31, 2020</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Total</u>
Revenue from external customers	\$ 32,113,326	\$ 1,766,567	\$ 983,134	\$ 34,863,027
Inter-segment revenue	954,086	30,121,991	-	31,076,077
Total-segment revenue	<u>\$ 33,067,412</u>	<u>\$ 31,888,558</u>	<u>\$ 983,134</u>	<u>\$ 65,939,104</u>
Segment profit	<u>\$ 1,731,609</u>	<u>\$ 1,919,576</u>	<u>\$ 2,461</u>	<u>\$ 3,653,646</u>
<u>Year ended December 31, 2019</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Total</u>
Revenue from external customers	\$ 30,784,810	\$ 1,562,938	\$ 2,067,622	\$ 34,415,370
Inter-segment revenue	1,056,906	31,276,479	12,876,076	45,209,461
Total-segment revenue	<u>\$ 31,841,716</u>	<u>\$ 32,839,417</u>	<u>\$ 14,943,698</u>	<u>\$ 79,624,831</u>
Segment profit	<u>\$ 729,064</u>	<u>\$ 2,117,874</u>	<u>\$ 251,496</u>	<u>\$ 3,098,434</u>

(4) Reconciliation for segment income

A. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

B. A reconciliation of reportable segment profit to the profit before tax for the years ended December 31, 2020 and 2019 is provided as follows:

	Years ended December 31,	
	2020	2019
Reportable segment profit	\$ 3,653,646	\$ 3,098,434
Unclassified related profit and loss	(827,727)	(898,265)
Non-operating income and expenses	(104,462)	19,638
Profit before tax	<u>\$ 2,721,457</u>	<u>\$ 2,219,807</u>

(5) Information on products and services

Revenue from third parties is as follows:

	Years ended December 31,	
	2020	2019
Electronic component products	\$ 27,708,029	\$ 25,538,856
Consumer electronic products and other electronic products	6,700,552	8,666,264
Others	454,446	210,250
	<u>\$ 34,863,027</u>	<u>\$ 34,415,370</u>

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Years ended December 31,			
	2020		2019	
	Non-current		Non-current	
	Revenue	assets	Revenue	assets
Asia	\$ 33,150,889	\$ 5,640,329	\$ 30,516,722	\$ 3,857,943
US	1,308,925	1,271	3,300,507	4,985
Europe	375,914	-	575,633	-
Others	27,299	-	22,508	-
	<u>\$ 34,863,027</u>	<u>\$ 5,641,600</u>	<u>\$ 34,415,370</u>	<u>\$ 3,862,928</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, but exclude financial instruments and deferred income tax assets.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2020 and 2019 is as follows:

	Years ended December 31,			
	2020		2019	
	Revenue	Segment	Revenue	Segment
Company A	\$ 4,782,671	Taiwan	\$ 5,339,423	Taiwan
Company B	4,016,518	Taiwan	2,670,953	Taiwan
	<u>\$ 8,799,189</u>		<u>\$ 8,010,376</u>	

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020 (Note 2)	Balance at December 31, 2020 (Note 3)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)	Footnote
													Item	Value			
0	The Company	CPH	Other receivables - related parties	YES	\$ 90,855	\$ 84,705	\$ 16,941	1-1.7	2	\$ -	working capital	\$ -	None	None	\$ 3,805,522	\$ 3,805,522	-
0	The Company	CPHK	Other receivables - related parties	YES	1,453,680	1,355,280	1,244,034	1.5-1.7	2	-	working capital	-	None	None	3,805,522	3,805,522	-
0	The Company	CPUS	Other receivables - related parties	YES	181,710	169,410	146,822	1.5-1.7	2	-	working capital	-	None	None	3,805,522	3,805,522	-
0	The Company	WTS	Other receivables - related parties	YES	60,570	56,470	33,091	1.5-1.7	2	-	working capital	-	None	None	3,805,522	3,805,522	-
0	The Company	CT	Other receivables - related parties	YES	45,000	45,000	44,760	1.5-1.7	2	-	working capital	-	None	None	3,805,522	3,805,522	-
1	CPSZ	CPTZ	Other receivables - related parties	YES	91,140	91,077	91,077	1.6	2	-	working capital	-	None	None	2,832,172	2,832,172	-
2	CPDG	WTK	Other receivables - related parties	YES	19,237	9,975	4,337	1.6	2	-	working capital	-	None	None	495,275	495,275	-
2	CPDG	TORCH	Other receivables - related parties	YES	246,696	239,402	239,402	1.6	2	-	working capital	-	None	None	495,275	495,275	-
3	CPI	CP	Other receivables - related parties	YES	1,406,500	1,369,398	1,352,457	0	2	-	working capital	-	None	None	6,419,648	6,419,648	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2020.

Note 3: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorised the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 4: The numbers filled in the column of 'Nature of loan are as follows:

(1) The business transaction is '1'.

(2) The short-term financing is '2'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: (1) Total financing amount should not exceed the Company's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. the total financing amount to any individual party should not exceed 40% of the Company's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the Company's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

(2) Total financing amount should not exceed the subsidiary's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. 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.

b. 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.

(3) Total financing amount between foreign companies whose voting rights are 100% directly or indirectly held by the Company or total financing amount granted by the Company to foreign companies whose voting rights are 100% directly or indirectly held by the Company should not exceed the creditor's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors. The financing period should not exceed three years. The restrictions on loans to any individual party are as follows:

a. the total financing amount to any individual party should not exceed the creditor's stockholders' equity, or the higher of sales/purchases during the year for the purpose of business.

b. the total financing amount to any individual party should not exceed the creditor's stockholders' equity for the purpose of short-term financing.

(4) Except for (3), the financing period should not exceed one year.

CHICONY POWER TECHNOLOGY 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 2

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	Newmax Technology Co., Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - current	2,810,983	\$ 146,733	1.52	\$ 146,733	-
The Company	Common stock	Laster Tech Corporation Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - current	412,252	20,221	0.51	20,221	-
The Company	Common stock	Powertech Technology Inc.	The Company's independent director is the chairman of the securities issuer	Financial assets at fair value through profit or loss - current	250,000	23,725	0.03	23,725	-
The Company	Common stock	Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through profit or loss - current	300,000	159,000	-	159,000	-
The Company	Common stock	Synmold Enterprise Corp.	-	Financial assets at fair value through profit or loss - current	150,000	13,020	0.12	13,020	-
The Company	Common stock	PEGATRON CORPORATION	-	Financial assets at fair value through profit or loss - current	450,000	30,285	0.02	30,285	-
The Company	Common stock	WK Venature Capital Management CO. Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - non-current	1,000,000	17,681	1.00	17,681	-
The Company	Common stock	Top Taiwan Venture Capital Management Co., Ltd.	The Company's independent director is the chairman of the securities issuer, and the Company is its supervisor	Financial assets at fair value through profit or loss - non-current	7,500,000	72,206	9.38	72,206	-
The Company	Common stock	Chen Ding Venture Capital Management Co., Ltd.	The Company is this company's corporate director	Financial assets at fair value through profit or loss - non-current	10,000,000	111,934	7.41	111,934	-
The Company	Beneficiary certificates	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	-
The Company	Beneficiary certificates	Fuh Hwa New Smart Energy Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current	21,000,000	181,650	-	181,650	-
The Company	Beneficiary certificates	Fuh Hwa New Energy Efficient Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current	5,800,000	57,478	-	57,478	-
The Company	Common stock	CLEVO CO.	The director of the Company's parent company is the director of the securities issuer	Financial assets at fair value through other comprehensive income - current	4,538,000	136,594	0.68	136,594	-
The Company	Common stock	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - current	1,749,392	6,490	2.50	6,490	-
The Company	Common stock	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,979,291	5,106	2.83	5,106	-
The Company	Common stock	TAIPEI TECH Venture Capital Co.,Ltd.	The Company is this company's corporate director	Financial assets at fair value through other comprehensive income - non-current	1,500,000	20,250	5.00	20,250	-
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 certificates	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 Ltd.	-	Financial assets at fair value through other comprehensive income - current	8,300,000	-	0.27	-	-

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:					Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount				
CPSZ	Construction in Process	2018/12/27	\$1,117,395 (RMB261,675 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 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 POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes / accounts receivable (payable)	Footnote
Sales											
The Company	Kapok Computer (KUNSHAN) Co.	Other related party	Sales	(\$ 343,216)	1	60 days	Note 1	Note 1	\$ 56,777	1	-
The Company	Chicony Electronic CEZ s.r.o.	Entity controlled by the same parent company	Sales	(125,972)	-	90 days	Note 1	Note 1	3,392	-	-
The Company	Chicony Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	Sales	(275,304)	1	90 days	Note 1	Note 1	70,756	1	-
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	(1,318,978)	4	90 days	Note 1	Note 1	441,404	5	-
The Company	Chicony Electronics (Chong-Qing) Co., Ltd.	Entity controlled by the same parent company	Sales	(709,578)	2	90 days	Note 1	Note 1	227,964	3	-
The Company	Mao-Ray Electronics (DongGuan) Co., Ltd.	Entity controlled by the same parent company	Sales	(166,856)	1	90 days	Note 1	Note 1	73,970	1	-
The Company	Chicony Electronic (Thailand) Co., Ltd.	Entity controlled by the same parent company	Sales	(195,326)	1	90 days	Note 1	Note 1	39,723	-	-
The Company	CPUS	Subsidiary	Sales	(883,336)	3	90 days	Note 1	Note 1	369,200	4	-
CPDG	The Company	The parent company of CPH	Sales	(7,520,705)	96	45 days	Note 1	Note 1	2,030,921	91	-
CPDG	TORCH	Subsidiary	Sales	(146,258)	2	60 days	Note 1	Note 1	122,367	5	-
CPSZ	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	(612,615)	4	90 days	Note 1	Note 1	255,149	7	-
CPSZ	The Company	The parent company of CPH	Sales	(14,014,716)	95	45 days	Note 1	Note 1	3,381,511	92	-
CPCQ	The Company	The parent company of CPH	Sales	(6,590,191)	87	45 days	Note 1	Note 1	2,829,414	90	-
CPCQ	CPSZ	Subsidiary	Sales	(877,342)	12	60 days	Note 1	Note 1	271,277	9	-
GSE	CPDG	Subsidiary	Sales	(231,369)	30	60 days	Note 1	Note 1	108,726	33	-
GSE	CPSZ	Subsidiary	Sales	(275,995)	36	60 days	Note 1	Note 1	119,441	36	-
Purchases											
The Company	CPDG	Subsidiary	Purchases	\$ 7,520,705	27	45 days	Note 2	Note 2	(\$ 2,030,921)	24	-
The Company	CPSZ	Subsidiary	Purchases	14,014,716	49	45 days	Note 2	Note 2	(3,381,511)	41	-
The Company	CPCQ	Subsidiary	Purchases	6,590,191	23	45 days	Note 2	Note 2	(2,829,414)	34	-
CPUS	The Company	The parent company of CPH	Purchases	883,336	100	45 days	Note 2	Note 2	(369,200)	100	-
CPDG	GSE	Subsidiary	Purchases	231,369	3	60 days	Note 2	Note 2	(108,726)	3	-
CPSZ	CPCQ	Subsidiary	Purchases	877,342	6	60 days	Note 2	Note 2	(271,277)	5	-
CPSZ	GSE	Subsidiary	Purchases	275,995	2	60 days	Note 2	Note 2	(119,441)	2	-
TORCH	CPDG	Subsidiary	Purchases	146,258	19	60 days	Note 2	Note 2	(122,367)	32	-

Note 1 : The terms of the sales to related parties were not significantly different from those of sales to third parties.

Note 2 : The terms of the purchases to related parties were not significantly different from those of purchases to third parties.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2020

Table 5

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	Allowance for Creditor Counterparty doubtful accounts
					Amount	Action taken		
Financial funds receivable								
The Company	CPHK	Subsidiary	\$ 1,256,047	-	\$ -	-	\$ -	\$ -
The Company	CPUS	Subsidiary	148,217	-	-	-	-	-
CPDG	TORCH	Subsidiary	241,381	-	-	-	-	-
CPI	The Company	The parent company of CPH	1,352,457	-	-	-	-	-
Accounts receivable								
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	\$ 441,404	2.85	\$ -	-	\$ -	\$ -
The Company	Chicony Electronics (Chong-Qing) Co., Ltd.	Entity controlled by the same parent company	227,964	3.31	-	-	-	-
The Company	CPUS	Subsidiary	369,200	2.27	-	-	-	-
CPDG	The Company	The parent company of CPH	2,030,921	3.41	-	-	-	-
CPDG	TORCH	Subsidiary	122,367	1.99	-	-	-	-
CPSZ	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	255,149	2.24	-	-	-	-
CPSZ	The Company	The parent company of CPH	3,381,511	3.54	-	-	-	-
CPCQ	The Company	The parent company of CPH	2,829,414	2.76	-	-	-	-
CPCQ	CPSZ	Subsidiary	271,277	3.29	-	-	-	-
GSE	HDG	Subsidiary	108,726	2.02	-	-	-	-
GSE	CPSZ	Subsidiary	119,441	2.68	-	-	-	-

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Year ended December 31, 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	
0	The Company	CPUS	1	Sales	\$ 883,336	Note 4	3
0	The Company	CPUS	1	Accounts receivable - related party	369,200	Note 4	1
0	The Company	CPHK	1	Other receivables - related party	1,256,047	Note 5	5
1	CPI	The Company	2	Other receivables - related party	1,352,457	Note 5	5
2	CPDG	The Company	2	Sales	7,520,705	Note 4	22
2	CPDG	The Company	2	Accounts receivable - related party	2,030,921	Note 4	8
3	CPSZ	The Company	2	Sales	14,014,716	Note 4	40
3	CPSZ	The Company	2	Accounts receivable - related party	3,381,511	Note 4	13
4	CPCQ	The Company	2	Sales	6,590,191	Note 4	19
4	CPCQ	The Company	2	Accounts receivable - related party	2,829,414	Note 4	11
4	CPCQ	CPSZ	3	Sales	877,342	Note 4	3
4	CPCQ	CPSZ	3	Accounts receivable - related party	271,277	Note 4	1

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 number 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; fill in the number of category each case belong to (If transactions between parent company and subsidiaries or between refer to the same transactions, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions subsidiaries, if one of the subsidiaries has disclosed the transactions, then the other is not required to disclose the transaction.) :

(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 transaction to consolidated 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 : Depends on the transaction quantity and the market situation.

Note 5 : The terms of related parties loans depend on both parties' operation situation.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Information on investees
Year ended December 31, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			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	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
The Company	Chicony Power Holdings Inc. (CPH)	BVI	Investment holdings	\$ 326,350 (USD 10,000 thousand)	\$ 326,350 (USD 10,000 thousand)	10,000,000	100	\$ 6,121,112	\$ 762,192	\$ 776,073	Subsidiary
The Company	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Thailand	Manufacturing and sales of switching power supplies and other electronic parts	237,744 (THB250,000 thousand)	38,171 (THB 38,000 thousand)	25,000,000	100	192,058 (	41,789) (	41,789)	Subsidiary
CPH	Chicony Power International Inc. (CPI)	Cayman Islands	Investment holdings	282,350 (USD 10,000 thousand)	282,350 (USD 10,000 thousand)	10,000,000	100	6,419,648	762,192	-	Subsidiary
CPI	Chicony Power USA, Inc. (CPUS)	U.S.A	Sales of switching power supplies and other electronic parts	37,185 (USD 1,317 thousand)	37,185 (USD 1,317 thousand)	1,500,000	100	24,038 (	22,651)	-	Subsidiary
CPI	Chicony Power Technology Hong Kong Limited (CPHK)	Hong Kong	Research and development center and investment holdings	312,511 (HKD 85,800 thousand)	312,511 (HKD 85,800 thousand)	46,800,000	100	4,812,868	779,502	-	Subsidiary
CPI	WitsLight Technology Co., Ltd. (WTS)	Samoa	Design and R&D of LED lighting modules and investment holdings	261,738 (USD 9,270 thousand)	254,115 (USD 9,000 thousand)	10,710,500	83.68	86,275 (	55,020)	-	Subsidiary
WTS	Carlight Technology Co., Ltd. (CT)	Taiwan	Design, R&D and sales of automotive and motorcycle lamps and other components	3,000	3,000	300,000	100 (	39,517) (	16,024)	-	Subsidiary

Note: For the amounts denominated in foreign currencies, profit and loss amounts are translated into New Taiwan dollars at the yearly average exchange rate of 2020, while others are translated into New Taiwan dollars at the spot exchange rates prevailing at the end of the annual reporting period.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2020

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	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 (Note 2, 3)	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							
Chicony Power Technology (DongGuan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronics parts	\$ 593,135	2.(1)	\$ 114,408	\$ -	\$ -	\$ 114,408	\$ 77,225	100	\$ 77,225	\$ 1,238,187	-	-
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of electronics components and LED lighting modules	1,297,467	2.(1)	45,197	-	-	45,197	354,742	100	354,742	2,832,172	-	-
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing and sales of electronics components and transformers	131,175	2.(1)	33,573	-	-	33,573	7,088	100	8,449	235,331	-	-
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of electronics components and LED lighting modules	301,744	2.(1)	-	-	-	-	421,382	100	421,382	1,632,666	-	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Sales of LED lighting modules	44,379	2.(1)	-	-	-	-	1,285	100	1,285	45,810	-	-
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of power supplies, LED lighting modules, and other electronics and smart building system industry.	10,491	2.(1)	-	-	-	-	267	100	267 (	94)	-	-
Chicony Power Technology (Taizhou) Co., Ltd. (CPTZ)	Researching and developing, manufacturing, sales, installation, after-sale, and advisory services of electric machinery, electric frequency device and industry automation equipment	90,030	2.(1)	-	-	-	- (	46,742)	100 (	46,742)	37,950	-	-
WitsLight Technology (Kushun) Co, Ltd.	Manufacturing and sales of LED lighting modules	331,859	2.(2)	-	-	-	- (	38,158)	83.68 (	32,061)	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.(2)	-	-	-	-	1,843	83.68	1,907	206,879	-	-
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
The Company	\$ 193,178	\$ 2,257,522	\$ 5,708,283										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

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 third areas are as follows:
 - (1) Chicony Power Technology Hong Kong Limited.
 - (2) Witslight Technology Co., Ltd.
3. Others.

Note 2: The gain or loss from investment which recognised in the current period including the recognition and derecognition of realised and unrealised profit or income of upstream and sidestream sales.

Note 3: Based on the financial statements audited by the parent companies' CPA.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2020

Table 9

Name of major shareholders	Shares		Ownership (%)
	Number of shares held(common stock)	Number of shares held(preferred stock)	
Chicony Electronics Co., Ltd.	200,467,594	-	51.56%
Lin, Mao-Kuei	24,071,194	-	6.19%

Note 1: (a) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

(b) If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

Attachment 2

Individual Financial Statements in 2020 Audited by the CPA



INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 20003599

To the Board of Directors and Shareholders of Chicony Power Technology Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Chicony Power Technology Co., Ltd. (the "Company") as of 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 report 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 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:

Appropriateness of cut-off of warehouse sales revenue

Description

Refer to Notes 4(28) and 6(18) for accounting policy on revenue recognition and related details of revenue.

The Company has two delivery types for sales of goods: factory direct shipment and hub warehouse sales. Hub 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 Company'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 in respect of the above key audit matter:

1. Obtained an understanding and evaluated the internal controls for regular reconciliation between the Company 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 Company's accounting records.
3. Audited the warehouse inventory by using confirmation letters to validate inventory balances with the warehouse custodians.

Inventory valuation

Description

Refer to Notes 4(11), 5(2) and 6(5) for inventory accounting policy, accounting estimates and assumptions, and details of inventory valuation. As of December 31, 2020, the balances of inventory and allowance for inventory valuation losses are NT\$3,045,697 thousand and NT\$167,087 thousand, respectively.

The Company's main inventories are switching power supply, electronic components, and LED lighting modules. As the electronic products' life cycles are short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses. The determination of net realisable value for obsolete or slow-moving inventory is subject to management's judgement. Considering that the Company's inventory balance and the allowance for inventory valuation losses are material to the

financial statements, we consider the valuation of inventory as one of the key audit matters.

How our audit addressed the matter

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

1. Assessed whether the accounting policies comply with related accounting standards and the nature of business and industry and examined the reasonableness of valuation procedures used by management including net realisable value used in inventory, operating expense ratio and the reasonableness of determining the obsolescence of inventory. In addition to the above, checked whether the provision policy of allowance for inventory valuation loss is consistently applied in all reporting periods.
2. Obtained the net realisable value report of inventory at the end of the reporting period, confirmed the consistency of the estimation policy applied and sampled and tested key parameters in order to verify whether the net realisable value used by management was in line with its policies. Also, recalculated the accuracy of allowance for inventory valuation loss on individual inventory items.

Other matter - Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the 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 investments accounted for under the equity method, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$24,038 thousand and NT\$48,621 thousand, constituting 0.11% and 0.24% of the total assets as at December 31, 2020 and 2019, respectively, and the comprehensive (loss) income recognised from associates and joint ventures accounted for under the equity method amounted to (NT\$24,583) thousand and NT\$20,238 thousand, constituting (1.15%) and 1.29% 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 the 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 fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with 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 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 them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



資誠

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, Chin-Chang Weng, Shih-Jung
For and on behalf of PricewaterhouseCoopers, Taiwan
March 3, 2021

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 independent auditors' report 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 POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2020		December 31, 2019			
			AMOUNT	%	AMOUNT	%		
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$	479,629	2	\$	472,317	2
1110	Financial assets at fair value through profit or loss - current	6(2)		602,847	3		798,100	4
1120	Financial assets at fair value through other comprehensive income - current	6(3)		143,084	1		240,545	1
1150	Notes receivable, net	6(4)		11	-		-	-
1170	Accounts receivable, net	6(4)		7,727,537	35		6,387,086	31
1180	Accounts receivable - related parties	7		1,293,031	6		1,546,182	7
1200	Other receivables			955	-		5,864	-
1210	Other receivables - related parties	7		1,503,884	7		1,578,195	8
130X	Inventories, net	6(5)		2,878,610	13		3,340,910	16
1410	Prepayments			104,231	-		109,579	1
11XX	TOTAL CURRENT ASSETS			14,733,819	67		14,478,778	70
NON-CURRENT ASSETS								
1510	Financial assets at fair value through profit or loss - non-current	6(2)		453,009	2		411,772	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)		25,356	-		25,874	-
1550	Investments accounted for under equity method	6(6)		6,313,170	29		5,355,150	26
1600	Property, plant and equipment, net	6(7)		165,562	1		173,530	1
1755	Right-of-use assets	6(8)		7,464	-		24,006	-
1780	Intangible assets			37,698	-		44,527	-
1840	Deferred income tax assets	6(25)		157,576	1		88,889	1
1900	Other non-current assets	8		75,842	-		67,465	-
15XX	TOTAL NON-CURRENT ASSETS			7,235,677	33		6,191,213	30
1XXX	TOTAL ASSETS		\$	21,969,496	100	\$	20,669,991	100

(Continued)

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2020		December 31, 2019	
Notes			AMOUNT	%	AMOUNT	%
CURRENT LIABILITIES						
2100	Short-term borrowings	6(9)	\$ -	-	\$ 250,000	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	3,236	-	4,309	-
2130	Contract liabilities - current	6(18)	151,515	1	108,190	1
2170	Accounts payable		54,091	-	38,499	-
2180	Accounts payable - related parties	7	8,295,121	38	10,318,309	50
2200	Other payables	6(10)	1,704,614	8	1,192,237	6
2220	Other payables - related parties	7	1,374,938	6	25,798	-
2230	Current income tax liabilities		580,159	3	162,849	1
2280	Lease liabilities - current	7	5,960	-	16,623	-
2300	Other current liabilities	6(11)	112,202	-	16,136	-
21XX	TOTAL CURRENT LIABILITIES		12,281,836	56	12,132,950	59
NON-CURRENT LIABILITIES						
2540	Long-term borrowings	6(11)	-	-	100,000	1
2570	Deferred income tax liabilities	6(25)	119,717	1	89,452	-
2580	Lease liabilities - non-current	7	1,638	-	7,598	-
2600	Other non-current liabilities	6(12)	52,500	-	56,298	-
25XX	TOTAL NON-CURRENT LIABILITIES		173,855	1	253,348	1
2XXX	TOTAL LIABILITIES		12,455,691	57	12,386,298	60
EQUITY						
SHARE CAPITAL						
3110	Common stock	6(14)	3,887,510	18	3,867,154	19
CAPITAL SURPLUS						
3200	Capital surplus	6(15)	2,218,073	9	2,007,888	9
RETAINED EARNINGS						
3310	Legal reserve	6(16)	1,122,740	5	950,691	5
3320	Special reserve		1,306,489	6	1,611,685	8
3350	Unappropriated retained earnings		2,248,387	10	1,352,568	7
OTHER EQUITY INTEREST						
3400	Other equity interest	6(17)	(1,232,204)	(5)	(1,306,489)	(7)
3500	TREASURY STOCKS	6(14)	(37,190)	-	(199,804)	(1)
3XXX	TOTAL EQUITY		9,513,805	43	8,283,693	40
SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS						
SIGNIFICANT SUBSEQUENT EVENTS						
3X2X	TOTAL LIABILITIES AND EQUITY		\$ 21,969,496	100	\$ 20,669,991	100

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Years ended December 31			
			2020		2019	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	SALES REVENUE	6(18) and 7	\$ 33,067,413	100	\$ 31,841,716	100
5000	OPERATING COSTS	6(5)(23)(24)	(28,848,123)	(87)	(28,909,156)	(91)
5900	GROSS PROFIT		4,219,290	13	2,932,560	9
	OPERATING EXPENSES	6(23)(24) and 7				
6100	Selling expenses		(452,464)	(2)	(576,077)	(2)
6200	General and administrative expenses		(439,156)	(1)	(337,291)	(1)
6300	Research and development expenses		(1,722,361)	(5)	(1,411,884)	(4)
6450	Expected credit gain (loss)		4,200	-	(12,173)	-
6000	TOTAL OPERATING EXPENSES		(2,609,781)	(8)	(2,337,425)	(7)
6900	OPERATING PROFIT		1,609,509	5	595,135	2
	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income	6(19) and 7	25,796	-	19,978	-
7010	Other income	6(20)	31,497	-	65,918	-
7020	Other gains and losses	6(21)	140,160	-	113,220	-
7050	Finance costs	6(22) and 7	(21,430)	-	(46,324)	-
7070	Share of profit of associates and joint ventures accounted for under equity method, net	6(6)	734,284	2	1,191,561	4
7000	TOTAL NON-OPERATING INCOME AND EXPENSES		910,307	2	1,344,353	4
7900	PROFIT BEFORE INCOME TAX		2,519,816	7	1,939,488	6
7950	Income tax expense	6(25)	(383,189)	(1)	(219,001)	(1)
8200	PROFIT FOR THE YEAR		\$ 2,136,627	6	\$ 1,720,487	5
	OTHER COMPREHENSIVE INCOME COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS					
8311	Remeasurement of defined benefit plan	6(12)	(\$ 790)	-	(\$ 4,619)	-
8316	Unrealised (loss) gain from investments in equity instruments measured at fair value through other comprehensive income	6(17)	(9,012)	-	71,391	-
	COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS					
8361	Financial statement translation differences of foreign operations	6(17)	20,026	-	(223,951)	-
8300	Total other comprehensive income (loss) for the year		\$ 10,224	-	(\$ 157,179)	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 2,146,851	6	\$ 1,563,308	5
	EARNINGS PER SHARE (NT\$)	6(26)				
9750	BASIC EARNINGS PER SHARE		\$ 5.52		\$ 4.51	
9850	DILUTED EARNINGS PER SHARE		\$ 5.45		\$ 4.45	

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings		Unappropriated retained earnings	Other equity interest	Treasury stocks	Total equity
				Legal reserve	Special reserve				
<u>Year ended December 31, 2019</u>									
BALANCE AT JANUARY 1, 2019		\$ 3,831,413	\$1,860,279	\$ 847,670	\$ 1,043,408	\$ 1,530,427	(\$ 1,611,685)	(\$ 199,804)	\$ 7,301,708
Profit for the year		-	-	-	-	1,720,487	-	-	1,720,487
Other comprehensive loss for the year	6(12)(17)	-	-	-	-	(4,619)	(152,560)	-	(157,179)
Total comprehensive income (loss) for the year		-	-	-	-	1,715,868	(152,560)	-	1,563,308
Distribution of 2018 earnings	6(16)								
Legal reserve		-	-	103,021	-	(103,021)	-	-	-
Special reserve		-	-	-	568,277	(568,277)	-	-	-
Cash dividends		-	-	-	-	(764,673)	-	-	(764,673)
Stock for employee compensation	6(14)(15)	35,741	147,609	-	-	-	-	-	183,350
Disposal of financial assets at fair value through other comprehensive income	6(17)	-	-	-	-	(457,756)	457,756	-	-
BALANCE AT DECEMBER 31, 2019		<u>\$ 3,867,154</u>	<u>\$2,007,888</u>	<u>\$ 950,691</u>	<u>\$ 1,611,685</u>	<u>\$ 1,352,568</u>	<u>(\$ 1,306,489)</u>	<u>(\$ 199,804)</u>	<u>\$ 8,283,693</u>
<u>Year ended December 31, 2020</u>									
BALANCE AT JANUARY 1, 2020		\$ 3,867,154	\$2,007,888	\$ 950,691	\$ 1,611,685	\$ 1,352,568	(\$ 1,306,489)	(\$ 199,804)	\$ 8,283,693
Profit for the year		-	-	-	-	2,136,627	-	-	2,136,627
Other comprehensive income (loss) for the year	6(12)(17)	-	-	-	-	(790)	11,014	-	10,224
Total comprehensive income		-	-	-	-	2,135,837	11,014	-	2,146,851
Distribution of 2019 earnings	6(16)								
Legal reserve		-	-	172,049	-	(172,049)	-	-	-
Reversal of special reserve		-	-	-	(305,196)	305,196	-	-	-
Cash dividends		-	-	-	-	(1,241,072)	-	-	(1,241,072)
Stock for employee compensation	6(14)(15)	45,506	222,528	-	-	-	-	-	268,034
Transfer of treasury stock to employees	6(13)(15)	-	17,810	-	-	-	-	38,489	56,299
Retirement of treasury stock	6(14)(15)	(25,150)	(30,153)	-	-	(68,822)	-	124,125	-
Disposal of financial assets at fair value through other comprehensive income	6(17)	-	-	-	-	(63,271)	63,271	-	-
BALANCE AT DECEMBER 31, 2020		<u>\$ 3,887,510</u>	<u>\$2,218,073</u>	<u>\$ 1,122,740</u>	<u>\$ 1,306,489</u>	<u>\$ 2,248,387</u>	<u>(\$ 1,232,204)</u>	<u>(\$ 37,190)</u>	<u>\$ 9,513,805</u>

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,519,816	\$ 1,939,488
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(23)	89,630	81,282
Amortisation	6(23)	46,203	49,030
Expected credit (gain) loss	12(2)	(4,200)	12,173
Share-based payments	6(13)	17,813	-
Interest income	6(19)	(25,796)	(19,978)
Dividend income	6(20)	(13,739)	(21,033)
Interest expense	6(22)	21,430	46,324
(Gain) loss on disposal of property, plant and equipment	6(21)	(207)	2,761
Net income on financial assets or liabilities at fair value through profit or loss - derivative instruments	6(2)(21)	(283,015)	(12,524)
Net loss (gain) on financial assets at fair value through profit or loss - others	6(2)(21)	22,983	(166,634)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	(734,284)	(1,191,561)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets or liabilities at fair value through profit or loss - current		86,081	619
Notes receivable, net	(11)	112	112
Accounts receivable, net	(1,336,251)	(481,210)	(481,210)
Accounts receivable - related parties	253,151	(664,859)	(664,859)
Other receivables	17,169	10,080	10,080
Other receivables - related parties	39,783	(57,751)	(57,751)
Inventories, net	462,300	13,292	13,292
Prepayments	5,348	(9,584)	(9,584)
Changes in operating liabilities			
Contract liabilities - current	43,325	(4,822)	(4,822)
Accounts payable	15,592	(9,224)	(9,224)
Accounts payable - related parties	(670,731)	3,168,703	3,168,703
Other payables	780,418	604,487	604,487
Other payables - related parties	(3,317)	3,776	3,776
Other current liabilities	(3,934)	1,134	1,134
Accrued pension liabilities	(4,588)	(4,784)	(4,784)
Cash inflow generated from operations		1,340,969	3,289,297
Interest received		14,286	19,592
Dividends received		12,989	21,033
Interest paid	(21,437)	(46,457)	(46,457)
Income tax paid	(4,301)	(135,765)	(135,765)
Net cash flows from operating activities		<u>1,342,506</u>	<u>3,147,700</u>

(Continued)

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss - others		(\$ 375,742)	(\$ 144,252)
Proceeds from disposal of financial assets at fair value through profit or loss - others		702,636	479,286
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	84,276	252,318
Decrease (increase) in other receivables - related parties		34,528	(1,493,878)
Acquisition of investments accounted for under equity method		(199,020)	(38,723)
Acquisition of property, plant and equipment	6(7)	(57,566)	(88,786)
Proceeds from disposal of property, plant and equipment		308	43,095
Acquisition of intangible assets		(38,213)	(44,006)
Increase in prepayments for business facilities		(18,534)	(38,047)
Decrease in other non-current assets		1,341	29,011
Net cash flows from (used in) investing activities		134,014	(1,043,982)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(27)	(250,000)	(1,200,000)
Proceeds from long-term borrowings	6(27)	-	100,000
Payment of lease liabilities	6(27)	(16,623)	(17,535)
Cash dividends paid	6(16)	(1,241,072)	(764,673)
Transfer of treasury stock to employees		38,487	-
Net cash flows used in financing activities		(1,469,208)	(1,882,208)
Net increase in cash and cash equivalents		7,312	221,510
Cash and cash equivalents at beginning of year	6(1)	472,317	250,807
Cash and cash equivalents at end of year	6(1)	\$ 479,629	\$ 472,317

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY POWER TECHNOLOGY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

1. HISTORY AND ORGANISATION

Chicony Power Technology Co., Ltd. (the “Company”) was incorporated in 2008 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company became listed on the Taiwan Stock Exchange (TWSE) in November, 2013. The Company is primarily engaged in developing, manufacturing and sales of switching power supplies, electronic components and LED lighting modules, and smart building solutions. Chicony Electronics Co., Ltd. is the Company’s ultimate parent company. As of December 31, 2020, Chicony Electronics Co., Ltd. and its subsidiaries hold 52.00% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These accompanying parent company only financial statements were authorised for issuance by the Board of Directors on March 3, 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 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 liabilities (including derivative instruments) are measured at fair value through profit or loss.
- (b) Financial assets are measured 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 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 financial statements of each of the Company's entities 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 remeasured. 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 company 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) 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.

(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 expected 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) 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.

(6) 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.

(7) 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:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- 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.

(8) Accounts and notes 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.

(9) Impairment of financial assets

For 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.

(10) Derecognition of financial assets

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

(11) 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.

(12) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entity) 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. Unrealised gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. 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 should continue to recognise losses in proportion to its ownership.
- D. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the parent company only financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in

the parent company only financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are to be 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 are depreciated using the straight-line method to allocate their costs 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 for the assets are 1-7 years.

(14) 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 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.

(15) Intangible assets

- A. Trademark, right, patent and computer software, are amortised on a straight-line basis over their estimated useful lives of 1-15 years.
- B. Other intangible asset, mainly expertise, is amortised on a straight-line basis over its estimated useful life of 4 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 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.

(17) 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 drawdown 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) Accounts payable

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.

(19) 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 or financial liabilities designated as at fair value through profit or loss on initial recognition. 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.

Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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.

(20) 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.

(21) 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.

(22) Non-hedging 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.

(23) 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 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 (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 the expense when it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

D. Employees' and directors' remuneration

Employees' and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal 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.

(24) Employee share-based payment

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. Ultimately, the amount of compensation cost recognised is based on the number of equity

instruments that eventually vest.

(25) 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 nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, 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 research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) 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.

(27) 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.

(28) 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 Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) 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.
- (c) Under 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 Company does not adjust the transaction price to reflect the time value of money.

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. The information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

There have been no significant changes as of December 31, 2020.

(2) Critical accounting estimates and assumptions

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.

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	\$ 1,251	\$ 1,354
Checking accounts and demand deposits	<u>478,378</u>	<u>470,963</u>
	<u>\$ 479,629</u>	<u>\$ 472,317</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 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		
Non-hedging derivatives		
Forward exchange contracts	\$ 209,810	\$ 14,001
Foreign exchange swap contracts	53	-
Listed stocks	375,970	366,185
Emerging stocks	-	7,854
Beneficiary certificates	-	101,938
Corporate bonds	-	251,250
	585,833	741,228
Valuation adjustment	17,014	56,872
	<u>\$ 602,847</u>	<u>\$ 798,100</u>
Items	December 31, 2020	December 31, 2019
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	(\$ 106)	\$ -
Foreign exchange swap contracts	(3,130)	(4,309)
	<u>(\$ 3,236)</u>	<u>(\$ 4,309)</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 185,000	\$ 185,000
Beneficiary certificates	328,000	270,000
	513,000	455,000
Valuation adjustment	(59,991)	(43,228)
	<u>\$ 453,009</u>	<u>\$ 411,772</u>

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

	Years ended December 31,	
	2020	2019
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Derivatives	\$ 283,015	\$ 12,524
Others		
Equity instruments	(18,982)	132,358
Beneficiary certificates	(4,001)	32,776
Debt instruments	-	1,500
	(22,983)	166,634
	\$ 260,032	\$ 179,158

- B. The Company entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

Derivative financial assets and liabilities	December 31, 2020	
	Contract amount (notional principal)	Expiry date
Current items:		
Foreign exchange swap contracts		
- Buy NTD, sell USD	USD 21,600 thousand	2021.2.22 ~ 2021.3.18
Forward foreign exchange contracts		
- Buy RMB, sell USD	USD 105,500 thousand	2021.1.29 ~ 2021.12.1
- Buy NTD, sell USD	USD 20,000 thousand	2021.1.15 ~ 2021.2.4
Derivative financial assets and liabilities	December 31, 2019	
	Contract amount (notional principal)	Expiry date
Current items:		
Foreign exchange swap contracts		
- Buy USD, sell NTD	USD 47,000 thousand	2020.1.2 ~ 2020.1.3
Forward foreign exchange contracts		
- Buy RMB, sell USD	USD 35,500 thousand	2020.10.13 ~ 2020.12.7

Forward foreign exchange contracts / Foreign exchange swap contracts

The Company 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 Company has no financial assets at fair value through profit or loss pledged to others.
- D. 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

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Listed stocks	\$ 376,055	\$ 523,603
Valuation adjustment	(232,971)	(283,058)
	<u>\$ 143,084</u>	<u>\$ 240,545</u>
Non-current items:		
Listed stocks	\$ 422,100	\$ 422,100
Unlisted stocks	15,000	15,000
	<u>437,100</u>	<u>437,100</u>
Valuation adjustment	(411,744)	(411,226)
	<u>\$ 25,356</u>	<u>\$ 25,874</u>

- A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was equivalent to the carrying amount as at December 31, 2020 and 2019.
- B. During the years ended December 31, 2020 and 2019, the Company sold \$84,276 and \$252,318 of equity investments at fair value, 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:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	(\$ 13,702)	\$ 67,484
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 63,271)	(\$ 369,388)
Dividend income recognised in profit or loss held at end of year	<u>\$ 3,840</u>	<u>\$ 10,307</u>

- 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

	December 31, 2020	December 31, 2019
Notes receivable	\$ 11	\$ -
Accounts receivable	\$ 7,736,695	\$ 6,400,444
Less: Allowance for uncollectible accounts	(9,158)	(13,358)
	<u>\$ 7,727,537</u>	<u>\$ 6,387,086</u>

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
Not past due	\$ 7,728,989	\$ 11	\$ 6,400,329
1-30 days past due	7,690	-	91
31-120 days past due	16	-	-
Over 121 days	-	-	24
	<u>\$ 7,736,695</u>	<u>\$ 11</u>	<u>\$ 6,400,444</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019 accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to \$5,919,346.

C. The Company 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 Company was equal to 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
Raw materials	\$ 8,384	(\$ 6,528)	\$ 1,856
Work in progress	56,802	(10,714)	46,088
Finished goods	2,980,511	(149,845)	2,830,666
	<u>\$ 3,045,697</u>	<u>(\$ 167,087)</u>	<u>\$ 2,878,610</u>

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,400	(\$ 2,938)	\$ 4,462
Work in progress	29,415	(9,835)	19,580
Finished goods	3,422,636	(105,768)	3,316,868
	<u>\$ 3,459,451</u>	<u>(\$ 118,541)</u>	<u>\$ 3,340,910</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of goods sold	\$ 28,793,819	\$ 28,852,418
Loss on decline in market value	48,546	45,678
Others	5,758	11,060
	<u>\$ 28,848,123</u>	<u>\$ 28,909,156</u>

Other related expenses of inventory pertain to loss on physical inventory and scrap in 2020 and 2019.

(6) Investments accounted for under equity method

A. Details of investments accounted for under the equity method are as follows:

	December 31, 2020	December 31, 2019
Chicony Power Holdings Inc. (CPH)	\$ 6,121,112	\$ 5,318,754
Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	192,058	36,396
	<u>\$ 6,313,170</u>	<u>\$ 5,355,150</u>

B. Details of share of profit of associates and joint ventures accounted for under equity method are as follows:

	Years ended December 31,	
	2020	2019
CPH	\$ 776,073	\$ 1,193,322
CPTH	(41,789)	(1,761)
	<u>\$ 734,284</u>	<u>\$ 1,191,561</u>

C. Subsidiaries

Information on the Company's subsidiaries are provided in Note 4(3) of the 2020 consolidated financial statements (not presented herein).

(7) Property, plant and equipment

	<u>Machinery</u>	<u>Test equipment</u>	<u>Others</u>	<u>Total</u>
<u>January 1, 2020</u>				
Cost	\$ 49,832	\$ 300,385	\$ 116,879	\$ 467,096
Accumulated depreciation	(13,644)	(221,820)	(58,102)	(293,566)
	<u>\$ 36,188</u>	<u>\$ 78,565</u>	<u>\$ 58,777</u>	<u>\$ 173,530</u>
<u>2020</u>				
Balance, January 1	\$ 36,188	\$ 78,565	\$ 58,777	\$ 173,530
Additions	4,904	25,832	26,830	57,566
Disposals	-	(1)	(100)	(101)
Reclassifications	4,498	-	3,157	7,655
Depreciation charge	(9,223)	(34,229)	(29,636)	(73,088)
Balance, December 31	<u>\$ 36,367</u>	<u>\$ 70,167</u>	<u>\$ 59,028</u>	<u>\$ 165,562</u>
<u>December 31, 2020</u>				
Cost	\$ 59,234	\$ 315,354	\$ 145,787	\$ 520,375
Accumulated depreciation	(22,867)	(245,187)	(86,759)	(354,813)
	<u>\$ 36,367</u>	<u>\$ 70,167</u>	<u>\$ 59,028</u>	<u>\$ 165,562</u>
	<u>Machinery</u>	<u>Test equipment</u>	<u>Others</u>	<u>Total</u>
<u>January 1, 2019</u>				
Cost	\$ 51,449	\$ 266,623	\$ 104,061	\$ 422,133
Accumulated depreciation	(11,199)	(206,890)	(38,607)	(256,696)
	<u>\$ 40,250</u>	<u>\$ 59,733</u>	<u>\$ 65,454</u>	<u>\$ 165,437</u>
<u>2019</u>				
Balance, January 1	\$ 40,250	\$ 59,733	\$ 65,454	\$ 165,437
Additions	27,372	43,975	17,439	88,786
Disposals	(42,290)	(470)	(3,096)	(45,856)
Reclassifications	20,433	4,638	3,605	28,676
Depreciation charge	(9,577)	(29,311)	(24,625)	(63,513)
Balance, December 31	<u>\$ 36,188</u>	<u>\$ 78,565</u>	<u>\$ 58,777</u>	<u>\$ 173,530</u>
<u>December 31, 2019</u>				
Cost	\$ 49,832	\$ 300,385	\$ 116,879	\$ 467,096
Accumulated depreciation	(13,644)	(221,820)	(58,102)	(293,566)
	<u>\$ 36,188</u>	<u>\$ 78,565</u>	<u>\$ 58,777</u>	<u>\$ 173,530</u>

None of the Company's property, plant and equipment are pledged as collateral.

(8) Leasing arrangements—lessee

- A. The Company leases various assets including leasing of plants, offices, parking lots and multifunction printers. Rental contracts are typically made for periods of 1 to 5 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, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise parking lots and business vehicles. Low-value assets comprise multifunction printers and are not shown as right-of-use assets.

- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Bulidings and structures	\$ 7,464	\$ 24,006
Years ended December 31,		
	2020	2019
	Depreciation charge	Depreciation charge
Buildings and structures	\$ 16,542	\$ 17,769

- D. Except for the depreciation mentioned above other 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	\$ 299	\$ 641
Rent expense on short-term lease contracts	46,022	42,997
Rent expense on leases of low-value assets	1,019	935

- F. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were \$63,963 and \$62,108, respectively.

- G. The Company has no right-of-use asset pledged to others.

(9) Short-term borrowings

The Company had no short-term borrowings as of December 31, 2020.

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 250,000	0.87%	None

(10) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salaries payable	\$ 609,944	\$ 414,472
Employees' compensation and directors' remuneration payable	346,656	290,332
Commission payable	377,702	261,825
Safety rule expenses payable	107,877	7,089
Others	262,435	218,519
	<u>\$ 1,704,614</u>	<u>\$ 1,192,237</u>

(11) 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>
Unsecured borrowings	Borrowing period is from November 4, 2020 to January 20, 2021; interest is repayable until maturity of principal (Note)	1.797%	None	\$100,000
Less: Current portion (shown as 'other current liabilities')				(100,000)
				<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>
Unsecured borrowings	Borrowing period is from November 4, 2019 to February 4, 2020; interest is repayable until maturity of principal (Note)	1.797%	None	<u>\$ 100,000</u>

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

A long-term syndicated loan facility amounting to \$3,600,000 (can be drawdown in United States Dollars or New Taiwan Dollars 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. Annual consolidated financial reports should maintain financial ratios as follows:

- (a) Current ratio is above 100%,
- (b) Financial liabilities divided by net tangible assets is under 250%,
- (c) Time interest earned is above 300%,

(d) 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 till the next interest payment date after conforming to the contract, the lending rates will be increased by 0.125% of the used but unsettled amount of this contract, and it will not be considered a breach of contract. If the financial ratios could not be adjusted by next inspection day (subject to the consolidated financial statements audited by independent auditors), the borrower is considered to have violated the contract.

B. The Company should maintain appropriate accounts receivable ratio (including the drawn amount) above 50% for each withdrawal. If the Company's qualified accounts receivable is overdue (remains unpaid after 15 days of the due date of accounts receivable), or specific transaction parties did not deposit the accrued amount to the specific compensation accounts instructed by the payment notice, the total amount of that specific transaction parties' qualified accounts receivable will be deducted immediately. If the above situation results to the appropriate accounts receivable ratio to be lower than 50%, the Company should choose any of the following actions to make the accounts receivable ratio comply with the contract:

(a) Provide other qualified accounts receivable, or,

(b) 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 the Company's first drawdown of the credit. During the commitment fee calculation period, if the average drawdown amounts are less than 50% of the total loan facility, the commitment fee should be calculated seasonally, 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.

(12) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Act. 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 an amount equal to 4% of the employees' monthly salaries and wages to the pension fund deposited in the 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 as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations (\$	101,303)	(\$ 97,931)
Fair value of plan assets	<u>48,803</u>	<u>41,633</u>
Net defined benefit liability	<u>(\$ 52,500)</u>	<u>(\$ 56,298)</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>
2020			
Balance at January 1	(\$ 97,931)	\$ 41,633	(\$ 56,298)
Current service cost	(621)	-	(621)
Interest (expense) income	(734)	335	(399)
	<u>(99,286)</u>	<u>41,968</u>	<u>(57,318)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,320	1,320
Change in demographic assumptions	(1,144)	-	(1,144)
Change in financial assumptions	(2,542)	-	(2,542)
Experience adjustments	1,576	-	1,576
	<u>(2,110)</u>	<u>1,320</u>	<u>(790)</u>
Pension fund contribution	-	5,515	5,515
Paid pension	93	-	93
	<u>93</u>	<u>5,515</u>	<u>5,608</u>
Balance at December 31	<u>(\$ 101,303)</u>	<u>\$ 48,803</u>	<u>(\$ 52,500)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2019			
Balance at January 1	(\$ 90,551)	\$ 34,088	(\$ 56,463)
Current service cost	(604)	-	(604)
Interest (expense) income	(1,019)	417	(602)
	(92,174)	34,505	(57,669)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,138	1,138
Change in demographic assumptions	(1,332)	-	(1,332)
Change in financial assumptions	(3,890)	-	(3,890)
Experience adjustments	(535)	-	(535)
	(5,757)	1,138	(4,619)
Pension fund contribution	-	5,990	5,990
Balance at December 31	(\$ 97,931)	\$ 41,633	(\$ 56,298)

(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 Labour 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 asset 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	0.500%	0.750%
Future salary increases	2.500%	2.500%

Assumptions regarding future mortality experience are set based on actual advice in

accordance with published statistics and experience in each territory.

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>2,577</u>)	<u>\$ 2,662</u>	<u>\$ 2,567</u>	(\$ <u>2,479</u>)
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ <u>2,635</u>)	<u>\$ 2,746</u>	<u>\$ 2,655</u>	(\$ <u>2,562</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 methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to \$5,792.
- (g) As of December 31, 2020, the weighted average duration of that retirement plan is 10.2 years.

The analysis of timing of the future pension payment for the next ten years is as follows:

Within 1 year	\$	14,586
1-2 years		1,522
2-5 years		14,705
5-10 years		<u>20,739</u>
	<u>\$</u>	<u>51,552</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 \$40,931 and \$38,233, respectively.

(13) Share-based payment

A. For the year ended December 31, 2020, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Treasury stock transferred to employees	2020.3.2	948	-	Immediately

There was no share-based payment for the year ended December 31, 2019.

B. Details of the treasury stocks transferred to employee arrangements are as follows:

	Year ended December 31, 2020	
	No. of options	Weighted-average exercise price (in dollars)
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	-	-

C. The average closing price of stock options at exercise dates for the year ended December 31, 2020 was NT\$55.55.

D. 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	2020.3.2	NT\$59.5	NT\$40.72	27.34% (Note)	15 days	-	0.45%	NT\$18.79

Note: Expected price volatility rate was estimated based on the average annualized standard deviation of the daily return for the six-month period.

E. Liabilities arising from share-based payment transactions are shown below:

	Year ended December 31, 2020
Equity-settled	\$ 17,813

No such transaction in 2019.

(14) Share capital

A. As of December 31, 2020, the Company's authorised capital was \$4,000,000, and the paid-in capital was \$3,887,510, with a par value of \$10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding (net of treasury stocks) are as follows:

(Unit shares in thousands)	2020	2019
At January 1	382,337	378,763
Employee compensation	4,551	3,574
Treasury shares transferred to employees	948	-
At December 31	387,836	382,337

B. On March 2, 2020, the Company issued 4,551 thousand shares as the Board of Directors of the Company resolved to appropriate employees' stock dividends of \$268,034 which was calculated based on the closing price of NT\$58.9 (in dollars) per share on the date (February 27, 2020) before the date the Board of Directors resolved the appropriation. The appropriation was approved by the authority, with the effective date set on April 9, 2020 and the registration was completed on May 4, 2020.

C. The Company's Board of Directors resolved to retire treasury shares amounting to 2,515 thousand shares on March 2, 2020. The effective date for capital reduction was March 27, 2020 and the reduction was registered on April 23, 2020.

D. On March 5, 2019, the Company issued 3,574 thousand shares as the Board of Directors of the Company resolved to appropriate employees' stock dividends of \$183,350 which was calculated based on the closing price of NT\$51.3 (in dollars) per share on the date (March 4, 2019) before the date the Board of Directors resolved the appropriation. The appropriation was approved by the authority, with the effective date set on April 7, 2019 and the registration was completed on April 25, 2019.

E. Treasury shares:

(a) As of December 31, 2020 and 2019, the reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2020	
Name of company holding the shares	Purpose of buyback	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	916	\$ 37,190

		December 31, 2019	
Name of company holding the shares	Purpose of buyback	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	4,379	\$ 199,804

- (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 neither pledged as collateral nor exercise shareholder's rights on these shares.
- (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) For information of treasury stock transferred to employees, please see Note 6(13).

(15) 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.

2020				
	Share premium	Treasury share transactions	Others	Total
At January 1	\$ 1,897,840	\$ -	\$ 110,048	\$2,007,888
Share-based payment transactions				
- Employee compensation	222,528	-	-	222,528
- Treasury stock transferred to employees	-	17,810	-	17,810
- Retirement of treasury shares	(12,343)	(17,810)	-	(30,153)
At December 31	<u>\$ 2,108,025</u>	<u>\$ -</u>	<u>\$ 110,048</u>	<u>\$2,218,073</u>

	2019		
	Share premium	Others	Total
At January 1	\$ 1,750,231	\$ 110,048	\$ 1,860,279
Share-based payment transactions			
- Employee compensation	147,609	-	147,609
At December 31	<u>\$ 1,897,840</u>	<u>\$ 110,048</u>	<u>\$ 2,007,888</u>

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's profit before tax, if any, shall first be offset against prior years' operating losses (including adjustment of unappropriated earnings); and then 10% of the remaining amount shall be set aside as legal reserve until it reaches the Company's paid-up capital; and then set aside as special reserve in accordance with related regulations issued by the Competent Authority when necessary; and the remainder, if any, along with opening unappropriated earnings (including adjustment of unappropriated earnings) shall be proposed by the Board of Directors under the principle of the Company's 25th Articles of Incorporation and resolved by the shareholders as dividends to shareholders. Effective from June 6, 2019, the Board of Directors may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.
- 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 above restrictions will not be applicable if total amount of stockholders' dividends is less than \$0.5 (in dollars) per share.
- C. The appropriation for legal reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.
- D. Special reserve
- (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 amount of \$205,324, previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order 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.
- E. (a) The appropriations of 2019 and 2018 earnings had been approved at the annual stockholders' meeting on June 9, 2020 and June 6, 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 appropriated	\$ 172,049		\$ 103,021	
(Reversal of) special reserve appropriated	(305,196)		568,277	
Cash dividends	1,241,072	\$ 3.20	764,673	\$ 2.00

- (b) Subsequent events:

The appropriation of 2020 earnings had been proposed at the Board of Directors' meeting on March 3, 2021. Details are summarised below:

	Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 200,374	
(Reversal of) special reserve appropriated	(74,284)	
Cash dividends	1,568,589	\$ 4.00

As of March 3, 2021, the appropriation of 2020 earnings has not yet been resolved at the shareholders' meeting, except for cash dividends which were resolved by the Board of Directors and were only required to be reported at the shareholders' meeting.

(17) Other equity items

2020			
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 532,909)	(\$ 773,580)	(\$ 1,306,489)
Currency translation differences:			
- The Company	20,026	-	20,026
Valuation adjustment:			
- The Company	-	(13,702)	(13,702)
- Subsidiaries	-	4,690	4,690
Transfer out			
- The Company	-	63,271	63,271
At December 31	(\$ 512,883)	(\$ 719,321)	(\$ 1,232,204)

2019			
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 308,958)	(\$ 1,302,727)	(\$ 1,611,685)
Currency translation differences:			
- The Company	(223,951)	-	(223,951)
Valuation adjustment:			
- The Company	-	67,484	67,484
- Subsidiaries	-	3,907	3,907
Transfer out			
- The Company	-	369,388	369,388
- Subsidiaries	-	88,368	88,368
At December 31	(\$ 532,909)	(\$ 773,580)	(\$ 1,306,489)

(18) Operating revenue

A. Disaggregation of revenue from contracts with customers

	Years ended December 31,	
	2020	2019
Revenue from contracts with customers		
Electronic component products	\$ 27,050,299	\$ 24,072,848
Consumer electronic products and other electronic products	5,747,976	7,672,936
Others	269,138	95,932
	<u>\$ 33,067,413</u>	<u>\$ 31,841,716</u>

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities	\$ 151,515	\$ 108,190	\$ 113,012

C. Contract liability balance at the beginning of 2020 and 2019 was all recognised in operating revenue during 2020 and 2019, respectively.

(19) Interest income

	Years ended December 31,	
	2020	2019
Interest income from bank deposits	\$ 2,511	\$ 4,948
Other interest income	23,285	15,030
	<u>\$ 25,796</u>	<u>\$ 19,978</u>

(20) Other income

	Years ended December 31,	
	2020	2019
Dividend income	\$ 13,739	\$ 21,033
Other income	17,758	44,885
	<u>\$ 31,497</u>	<u>\$ 65,918</u>

(21) Other gains and losses

	Years ended December 31,	
	2020	2019
Net gains on financial assets and liabilities at fair value through profit or loss - derivative instruments	\$ 283,015	\$ 12,524
Net (losses) gains on financial assets and liabilities at fair value through profit or loss- others	(22,983)	166,634
Net currency exchange losses	(114,594)	(57,220)
Gains (losses) on disposals of property, plant and equipment	207	(2,761)
Others	(5,485)	(5,957)
	<u>\$ 140,160</u>	<u>\$ 113,220</u>

(22) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 21,131	\$ 45,683
Lease liabilities	299	641
	<u>\$ 21,430</u>	<u>\$ 46,324</u>

(23) Personnel expenses, depreciation and amortisation

	Year ended December 31, 2020		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 31,498	\$ 1,622,869	\$ 1,654,367
Depreciation	25,697	63,933	89,630
Amortisation	1,129	45,074	46,203

	Year ended December 31, 2019		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 38,765	\$ 1,313,318	\$ 1,352,083
Depreciation	27,918	53,364	81,282
Amortisation	1,505	47,525	49,030

(24) Employee benefit expense

	Year ended December 31, 2020		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 26,260	\$ 1,436,632	\$ 1,462,892
Labour and health insurance fees	2,347	72,520	74,867
Pension costs	1,126	40,825	41,951
Directors' and supervisors' remuneration	-	28,665	28,665
Other personnel expenses	1,765	44,227	45,992
	<u>\$ 31,498</u>	<u>\$ 1,622,869</u>	<u>\$ 1,654,367</u>

	Year ended December 31, 2019		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 31,942	\$ 1,147,819	\$ 1,179,761
Labour and health insurance fees	2,949	64,068	67,017
Pension costs	1,537	37,902	39,439
Directors' and supervisors' remuneration	-	22,298	22,298
Other personnel expenses	2,337	41,231	43,568
	<u>\$ 38,765</u>	<u>\$ 1,313,318</u>	<u>\$ 1,352,083</u>

- A. In accordance with the Articles of Incorporation of the Company, the pretax income before distribution of employees' compensation and directors' remuneration shall be appropriated based on a ratio of not lower than 10% for employees' compensation and not higher than 1% for directors' remuneration. However, the employees' compensation and directors' remuneration shall be appropriated based on the abovementioned ratios only after covering the accumulated losses (including adjustment of unappropriated earnings), if there is any.
- B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$317,991 and \$268,034, respectively; directors' remuneration was accrued at \$28,665 and \$22,298, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 11.09% and 1% of distributable profit for the year ended December 31, 2020.

On March 3, 2021, the employees' compensation and directors' remuneration resolved by the Board of Directors were \$317,991 and \$28,665, respectively, and the employees' compensation will be distributed in the form of cash and stocks.

- C. Employees' compensation of \$268,034 and directors' remuneration of \$22,298 for 2019 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2019 financial statements. Actual number of shares distributed as employees' compensation for 2019 is 4,551 thousand shares. Refer to Note 6(14) for details.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the Market Observation Post System website of the Taiwan Stock Exchange.
- E. The Company's headcount totaled 751 and 747 employees as of December 31, 2020 and 2019, respectively. There were 5 directors who do not serve as employees as of December 31, 2020 and 2019.
- F. (a) The Company's average of employee benefit expense for the years ended December 31, 2020 and 2019 were \$2,179 and \$1,792, respectively.
 - (b) The Company's average of employee wages and salaries for the years ended December 31, 2020 and 2019 were \$1,961 and \$1,590, respectively.
 - (c) The change in the average of employee wages and salaries adjustment is 23%.
 - (d) The above calculation of employee benefit expense and employee wages and salaries do not include the directors who do not serve as employees.
 - (e) The Company has set up the audit committee and therefore has no supervisors' remuneration.
 - (f) The information on the Company's compensation policy (including directors, managers and employees) is as follows:
 - i. The directors' emoluments include salaries and remuneration distributed from earnings. The emoluments are determined by the Compensation Committee in accordance with the Articles of Incorporation of the Company based on the extent of their participation in the Company's operations and the value of their contribution.
 - ii. The management's emoluments, such as the general manager and deputy general manager, include salaries, bonuses, employee compensation and pensions contributed in accordance with regulations. The management's salaries are determined based on the position, education and work experience, responsibilities of their job by reference to the pay levels of the same positions in the industry. The employees' bonuses and compensation are determined by reference to the Company's annual operating revenue, profitability, and achievement of individual manager's performance goals.
 - iii. The employees' emoluments include salaries, bonuses, employee compensation and pensions contributed in accordance with regulations. The employees' salaries are

determined based on the positions, education and work experience, responsibilities of their job by reference to the pay levels of the same positions in the industry. Employees' compensation will be distributed in the form of stocks or cash according to the resolution of the Board of Directors. The Company conducts a regular employee performance evaluation every year to fully understand employees' performance and uses it as the basis for promotion, salary adjustments, bonuses and employee compensation distribution.

Directors' and management's emoluments are discussed by the Compensation Committee and reported to the Board of Directors for resolution.

(25) Income tax

A. Components of income tax expense:

	Years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 414,102	\$ 184,663
Deferred tax:		
Origination and reversal of temporary differences	(38,422)	34,338
Tax on undistributed surplus earnings	7,509	-
Total deferred tax	(30,913)	34,338
Income tax expense	<u>\$ 383,189</u>	<u>\$ 219,001</u>

B. Reconciliation between income tax expense and profit before tax:

	Years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	\$ 503,963	\$ 387,898
Effects from items allowed by tax regulation	(43,283)	(158,897)
Effect from investment tax credits	(85,000)	(10,000)
Tax on undistributed surplus earnings	7,509	-
Income tax expense	<u>\$ 383,189</u>	<u>\$ 219,001</u>

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:			
Provision for inventory price decline and obsolescence	\$ 23,273	\$ 13,078	\$ 36,351
Unrealised exchange loss	-	16,316	16,316
Unrealised commission expense	52,365	22,343	74,708
Others	13,251	16,950	30,201
	<u>88,889</u>	<u>68,687</u>	<u>157,576</u>
— Deferred tax liabilities:			
Unrealised gain on financial assets	(11,452)	(29,873)	(41,325)
Others	(78,000)	(392)	(78,392)
	<u>(89,452)</u>	<u>(30,265)</u>	<u>(119,717)</u>
	<u>(\$ 563)</u>	<u>\$ 38,422</u>	<u>\$ 37,859</u>
2019			
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
— Deferred tax assets:			
Provision for inventory price decline and obsolescence	\$ 14,138	\$ 9,135	\$ 23,273
Unrealised commission expense	21,618	30,747	52,365
Others	8,022	5,229	13,251
	<u>43,778</u>	<u>45,111</u>	<u>88,889</u>
— Deferred tax liabilities:			
Unrealised exchange gain	(10,003)	(1,449)	(11,452)
Others	-	(78,000)	(78,000)
	<u>(10,003)</u>	<u>(79,449)</u>	<u>(89,452)</u>
	<u>\$ 33,775</u>	<u>(\$ 34,338)</u>	<u>(\$ 563)</u>

D. The Tax Authority has examined the income tax returns of the Company through 2018.

(26) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted-average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 2,136,627</u>	386,916	<u>\$ 5.52</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	5,263	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,136,627</u>	<u>392,179</u>	<u>\$ 5.45</u>
	Year ended December 31, 2019		
	Amount after tax	Weighted-average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,720,487</u>	381,679	<u>\$ 4.51</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	4,885	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,720,487</u>	<u>386,564</u>	<u>\$ 4.45</u>

(27) Changes in liabilities from financing activities

	2020			
	Short-term borrowings	Long-term borrowings (Note)	Lease liability	Total
At January 1	\$ 250,000	\$ 100,000	\$ 24,221	\$ 374,221
Changes in cash flow from financing activities	(250,000)	-	(16,623)	(266,623)
At December 31	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 7,598</u>	<u>\$ 107,598</u>

	2019			
	Short-term borrowings	Long-term borrowings	Lease liability	Total
At January 1	\$1,450,000	\$ -	\$ 44,734	\$ 1,494,734
Changes in cash flow from financing activities	(1,200,000)	100,000	(17,535)	(1,117,535)
Changes in other non-cash items	-	-	(2,978)	(2,978)
At December 31	<u>\$ 250,000</u>	<u>\$ 100,000</u>	<u>\$ 24,221</u>	<u>\$ 374,221</u>

Note: Including current portion.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate parent of the Company is Chicony Electronics Co., Ltd.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chicony Electronics Co., Ltd.	Parent company
Chicony Global Inc.	Entity controlled by the same parent company
Chicony Electronics (Thailand) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics CEZ s.r.o	Entity controlled by the same parent company
Chicony Electronics Japan Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (DongGuan) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Chong-Qing) Co., Ltd.	Entity controlled by the same parent company
Mao-Ray (Dong Guan) Co., Ltd.	Entity controlled by the same parent company
Hipro Electronics Ltd.	Entity controlled by the same parent company
Quansun Investment Corp. Ltd.	Entity controlled by the same parent company
Qun-Jing Power Co., Ltd.	Entity controlled by the same parent company
XAVi Technology Corp.	Entity controlled by the same parent company
Chicony Power International Inc.	Subsidiary
Chicony Power Technology Hong Kong Limited	Subsidiary
Chicony Power Technology (DongGuan) Co., Ltd.	Subsidiary
Chicony Power Technology (Suzhou) Co., Ltd.	Subsidiary
Chicony Power Technology (Chong Qing) Co.,	Subsidiary
Chicony Power Technology (Taizhou) Co., Ltd.	Subsidiary
Clevo Co.	Other related party
Kapok Computer (KUNSHAN) Co.	Other related party
Honhui Group	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.

(3) Significant related party transactions and balances

A. Sales of goods

	Years ended December 31,	
	2020	2019
Sales of goods:		
- Parent company	\$ 10,119	\$ 30,907
- Entities controlled by the same parent company	2,792,014	2,071,900
- Subsidiaries	954,086	1,056,906
- Other related parties	391,224	429,098
	<u>\$ 4,147,443</u>	<u>\$ 3,588,811</u>

The terms of the sales to related parties were not significantly different from those of sales to third parties.

B. Purchases of goods

	Years ended December 31,	
	2020	2019
Purchases of goods:		
- Parent company	\$ 67	\$ -
- Chicony Power International Inc.	-	12,800,291
- Chicony Power Technology (DongGuan) Co., Ltd.	7,520,705	5,448,640
- Chicony Power Technology (Suzhou) Co., Ltd.	14,014,716	7,461,190
- Chicony Power Technology (Chong-Qing) Co., Ltd.	6,590,191	3,078,550
- Subsidiaries	72,310	-
	<u>\$ 28,197,989</u>	<u>\$ 28,788,671</u>

The terms of the purchases from related parties were not significantly different from those of purchases from third parties.

C. Purchases of services

	Years ended December 31,	
	2020	2019
- Parent company	\$ 33,627	\$ 24,896
- Entities controlled by the same parent company	-	973
- Subsidiaries	120,973	127,373
- Other related parties	1,999	1,476
	<u>\$ 156,599</u>	<u>\$ 154,718</u>

The purchases from related parties arise mainly from providing management services to the Company.

D. Receivables from related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable:		
- Parent company	\$ 4,835	\$ -
- Entities controlled by the same parent company	857,210	999,314
- Subsidiaries	369,226	430,768
- Other related parties	61,760	116,100
	<u>1,293,031</u>	<u>1,546,182</u>
Other receivables:		
- Entities controlled by the same parent company	79	79
- Subsidiaries	18,157	57,938
	<u>18,236</u>	<u>58,017</u>
	<u>\$ 1,311,267</u>	<u>\$ 1,604,199</u>

The accounts receivable arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. Other receivables arise from payments on behalf of others and interest receivables from loans to related parties.

E. Payables to related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable:		
- Parent company	\$ -	\$ 19
- Entities controlled by the same parent company	60	109
- Chicony Power International Inc.	-	1,464,316
- Chicony Power Technology (DongGuan) Co., Ltd.	2,030,921	2,377,120
- Chicony Power Technology (Suzhou) Co., Ltd.	3,381,511	4,527,265
- Chicony Power Technology (Chong-Qing) Co., Ltd.	2,829,414	1,949,480
- Subsidiaries	53,215	-
	<u>\$ 8,295,121</u>	<u>\$ 10,318,309</u>
Other payables:		
- Parent company	\$ 10,129	\$ 11,609
- Entities controlled by the same parent company	330	1,791
- Subsidiaries	9,923	10,848
- Other related parties	2,099	1,550
	<u>22,481</u>	<u>25,798</u>
	<u>\$ 8,317,602</u>	<u>\$ 10,344,107</u>

The accounts payable arise mainly from purchase transactions. The payables are unsecured in nature and bear no interest. Other payables arise mainly from collections, short-term lease payments payable and payments on behalf of others.

F. Property transactions:

Disposal of property, plant and equipment:

No such transaction in 2020.

	Year ended December 31, 2019	
	Disposal proceeds	Gain (loss) on disposal
Chicony Power Technology (Taizhou) Co., Ltd.	\$ 42,487	\$ -

G. Lease transactions— lessee:

- (a) As of December 31, 2020, the main lease contracts between the Company and related parties are as follows:

Lessor	Lease subject	Rental calculation and payment	Lease term
-Parent company	Buildings and structures	\$4,112 per month	Within one year
"	"	\$ 750 per month	2018.1.1~2024.1.1

- (b) On January 1, 2019 (the date of initial application of IFRS 16), the Company increased right-of-use assets by \$19,165.

- (c) Rental expense arising from leases of office and plants from related parties is as follows:

	Years ended December 31,	
	2020	2019
Rental expense:		
-Parent company	\$ 49,774	\$ 47,256

(d) Lease liabilities

- i . Outstanding balance :

	December 31, 2020	December 31, 2019
-Parent company	\$ 2,436	\$ 10,875

- ii . Interest expense:

	Years ended December 31,	
	2020	2019
-Parent company	\$ 126	\$ 276

H. Loans to/from related parties:

(a) Loans to related parties:

i . Outstanding balance:

	December 31, 2020	December 31, 2019
Chicony Power Technology	\$ 1,244,034	\$ 1,301,534
Hong Kong Limited		
Subsidiaries	241,614	218,644
	<u>\$ 1,485,648</u>	<u>\$ 1,520,178</u>

ii . Interest income

	Years ended December 31,	
	2020	2019
Chicony Power Technology	\$ 20,198	\$ 12,794
Hong Kong Limited		
Subsidiaries	3,087	2,236
	<u>\$ 23,285</u>	<u>\$ 15,030</u>

The loans to associates are repayable monthly over 1 year and carry interest at 1%-1.7% per annum for the years ended December 31, 2020 and 2019.

(b) Loans from related parties:

	December 31, 2020
Chicony Power International Inc.	<u>\$ 1,352,457</u>

The loans from the subsidiary are repayable over 1 year and carry interest at 0% per annum.

(4) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	\$ 59,178	\$ 55,797
Post-employment benefits	927	1,098
Share-based payments	59,383	50,416
	<u>\$ 119,488</u>	<u>\$ 107,311</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2020	December 31, 2019	
Guarantee deposits paid (shown as 'other non-current assets')	\$ 25,154	\$ 24,345	Performance guarantee and bid bond
"	1,500	1,500	Guarantee for rentals
"	274	773	Others
	<u>\$ 26,928</u>	<u>\$ 26,618</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2020, for financing forward exchange contracts and for bill purchase purposes, the Company provided standby promissory notes totaling \$15,412,332 as security.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriations of 2020 earnings and proposal for employees' compensation and supervisors' and directors' remuneration distribution have been proposed by the Board of Directors on March 3, 2021. Please see Notes 6(16) and (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 parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the parent company only 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	\$ 1,055,856	\$ 1,209,872
Financial assets at fair value through other comprehensive income	168,440	266,419
Financial assets at amortised cost		
Cash and cash equivalents	479,629	472,317
Notes receivable	11	-
Accounts receivable (including related parties)	9,020,568	7,933,268
Other receivables (including related parties)	1,504,839	1,584,059
Guarantee deposits paid	26,928	26,618
	<u>\$ 12,256,271</u>	<u>\$ 11,492,553</u>
<u>Financial liabilities</u>		
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 3,236	\$ 4,309
Financial liabilities at amortised cost		
Short-term borrowings	-	250,000
Accounts payable (including related parties)	8,349,212	10,356,808
Other payables (including related parties)	3,079,552	1,218,035
Long-term borrowings (including current portion)	100,000	100,000
Lease liabilities	7,598	24,221
	<u>\$ 11,539,598</u>	<u>\$ 11,953,373</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 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 (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation 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) 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 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. The Company hedges exchange rate risk by foreign exchange rate and foreign exchange swap rate. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iii. The Company's businesses involve some non-functional currency operations. 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			
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	380,552	28.235	\$ 10,744,886
<u>Non-monetary items</u>				
USD:NTD		227,366	28.235	6,419,688
THB:NTD		203,862	0.942	192,058
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	360,518	28.235	\$ 10,179,226

	December 31, 2019			
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	330,577	30.010	\$ 9,920,616
<u>Non-monetary items</u>				
USD:NTD		187,644	30.010	5,631,211
THB:NTD		36,233	1.005	36,396
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	353,888	30.010	\$ 10,620,179

- iv. Total exchange 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 \$114,594 and \$57,220, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2020			
(Foreign currency: functional currency)	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 107,449	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	64,197
THB:NTD	1%	-	1,921
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 101,792	\$ -

	Year ended December 31, 2019			
	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	1%	\$ 99,206	\$	-
<u>Non-monetary items</u>				
USD:NTD	1%	-		56,312
THB:NTD	1%	-		364
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 106,202	\$	-

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, financial assets at fair value through other comprehensive income and available-for-sale financial assets. 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 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 \$8,460 and \$9,459, 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 \$1,684 and \$2,664, 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 rates were denominated in NTD and USD.

As of December 31, 2020 and 2019, if interest rates on USD-denominated borrowings had been 0.25% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have been \$250 lower/higher for both years.

(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 fair value through profit or loss.
- ii. According to the Company's 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.
- iii. The Company manages credit risk of cash in banks and other financial instruments based on the Company's credit policy. Banks with good credit and financial institutions with investment-grade credit ratings are accepted as counterparties.
- iv. The Company adopts the assumptions under IFRS 9, that is, 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. According to the internal management policy, the default occurs when the contract payments are past due over 360 days.
- v. The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss.
- vi. The Company used the forecastability of industry prospect and macroeconomic environment to adjust historical and timely information to assess the default possibility of accounts receivable. 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%~0.03%	\$ 9,022,020	\$ 8,386
1-30 days past due	2%~15%	7,690	769
31-120 days past due	40%~100%	16	3
		<u>\$ 9,029,726</u>	<u>\$ 9,158</u>
<u>December 31, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.03%	\$ 7,946,511	\$ 13,325
1-30 days past due	2%~15%	91	9
Over 121 days	40%~100%	24	24
		<u>\$ 7,946,626</u>	<u>\$ 13,358</u>

vi. 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>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 13,358	\$ 1,185
(Reversal of) provision for impairment	(4,200)	12,173
At December 31	<u>\$ 9,158</u>	<u>\$ 13,358</u>

vii. 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.

(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 (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal financial ratio targets and, if applicable, external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. 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 of December 31, 2020 and 2019, the Company held money market position of \$1,014,446 and \$1,495,607, respectively, which are expected to generate sufficient cash inflows to cover liquidity risk.
- iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Floating rate:		
Expiring within one year	\$ 12,070,550	\$ 7,751,000
Expiring beyond one year	-	3,950,000
	<u>\$ 12,070,550</u>	<u>\$ 11,701,000</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	Less than 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>		
Accounts payable (including related parties)	\$ 8,349,212	\$ -
Other payables (including related parties)	3,079,552	-
Lease liabilities	6,038	1,669
Long-term borrowings	100,098	-
<u>Derivative financial liabilities</u>		
Financial liabilities at fair value through profit or loss	3,236	-
December 31, 2019	Less than 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>		
Short-term borrowings	\$ 250,179	\$ -
Accounts payable (including related parties)	10,356,808	-
Other payables (including related parties)	1,218,035	-
Lease liabilities	16,925	7,711
Long-term borrowings	-	100,172
<u>Derivative financial liabilities</u>		
Financial liabilities at fair value through profit or loss	4,309	-

(3) Fair value of financial instruments

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 (including emerging) stocks, convertible bonds and beneficiary certificates 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 private placement of listed shares and 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 equity investment without active market 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, accounts payable (including related parties) and other payables (including related parties) 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:

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 392,984	\$ -	\$ -	\$ 392,984
Non-hedging derivatives				
Forward exchange contracts	209,810	-	-	209,810
Exchange rate swap contracts	53	-	-	53
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	201,821	201,821
Beneficiary certificates	12,060	-	239,128	251,188
Financial assets at fair value through other comprehensive income - current				
Equity securities	143,084	-	-	143,084
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	5,106	20,250	25,356
	<u>\$ 757,991</u>	<u>\$ 5,106</u>	<u>\$ 461,199</u>	<u>\$ 1,224,296</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities mandatorily measured at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ 106	\$ -	\$ -	\$ 106
Exchange rate swap contracts	3,130	-	-	3,130
	<u>\$ 3,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,236</u>

December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 421,774	\$ -	\$ -	\$ 421,774
Debt securities	250,000	-	-	250,000
Beneficiary certificates	112,325	-	-	112,325
Non-hedging derivatives				
Forward exchange contracts	-	14,001	-	14,001
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	196,552	196,552
Beneficiary certificates	19,080	-	196,140	215,220
Financial assets at fair value through other comprehensive income - current				
Equity securities	240,545	-	-	240,545
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	5,977	19,897	25,874
	<u>\$1,043,724</u>	<u>\$ 19,978</u>	<u>\$ 412,589</u>	<u>\$ 1,476,291</u>

Liabilities

Recurring fair value measurements

Financial liabilities mandatorily measured at fair value through profit or loss - current

Non-hedging derivatives

Exchange rate swap contracts	<u>\$ -</u>	<u>\$ 4,309</u>	<u>\$ -</u>	<u>\$ 4,309</u>
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(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. 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 Stocks</u>	<u>Open-end fund</u>	<u>Convertible bond</u>
Market quoted price	Closing price	Average trade price	Net asset value	Closing Price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

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:

	2020		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 196,140	\$ 216,449	\$ 412,589
Acquired in the year	58,000	-	58,000
Gains (losses) recognised in profit or loss	(15,012)	5,268	(9,744)
Gains (losses) recognised in other comprehensive income	-	354	354
At December 31	<u>\$ 239,128</u>	<u>\$ 222,071</u>	<u>\$ 461,199</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2020 (Note)	<u>(\$ 15,012)</u>	<u>\$ 5,268</u>	<u>(\$ 9,744)</u>
	2019		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 204,750	\$ 199,951	\$ 404,701
Gains (losses) recognised in profit or loss	(8,610)	13,873	5,263
Gains (losses) recognised in other comprehensive income	-	2,625	2,625
At December 31	<u>\$ 196,140</u>	<u>\$ 216,449</u>	<u>\$ 412,589</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2019 (Note)	<u>(\$ 8,610)</u>	<u>\$ 13,873</u>	<u>\$ 5,263</u>

Note: Recorded as non-operating income and expense.

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 of fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 222,071	Net asset value	N/A	-	N/A
Private equity fund investment	239,128	Net asset value	N/A	-	N/A

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs of fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 216,449	Net asset value	N/A	-	N/A
Private equity fund investment	196,140	Net asset value	N/A	-	N/A

G. 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	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets	Input	Change				
Equity instruments	Net asset value	±1%	\$ 2,018	(\$ 2,018)	\$ 203	(\$ 203)
Beneficiary certificates	Net asset value	±1%	2,391	(2,391)	-	-
			<u>\$ 4,409</u>	<u>(\$ 4,409)</u>	<u>\$ 203</u>	<u>(\$ 203)</u>
			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets	Input	Change				
Equity instruments	Net asset value	±1%	\$ 1,966	(\$ 1,966)	\$ 199	(\$ 199)
Beneficiary certificates	Net asset value	±1%	1,961	(1,961)	-	-
			<u>\$ 3,927</u>	<u>(\$ 3,927)</u>	<u>\$ 199</u>	<u>(\$ 199)</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: None.

- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 3.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- 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 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1).

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

CHICONY POWER TECHNOLOGY CO., LTD.

Loans to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020 (Note 2)	Balance at December 31, 2020 (Note 3)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)	Footnote
											Item	Value					
0	The Company	CPH	Other receivables - related parties	YES	\$ 90,855	\$ 84,705	\$ 16,941	1-1.7	2	\$ -	working capital	\$ -	None	None	\$ 3,805,522	\$ 3,805,522	-
0	The Company	CPHK	Other receivables - related parties	YES	1,453,680	1,355,280	1,244,034	1.5-1.7	2	-	working capital	-	None	None	3,805,522	3,805,522	-
0	The Company	CPUS	Other receivables - related parties	YES	181,710	169,410	146,822	1.5-1.7	2	-	working capital	-	None	None	3,805,522	3,805,522	-
0	The Company	WTS	Other receivables - related parties	YES	60,570	56,470	33,091	1.5-1.7	2	-	working capital	-	None	None	3,805,522	3,805,522	-
0	The Company	CT	Other receivables - related parties	YES	45,000	45,000	44,760	1.5-1.7	2	-	working capital	-	None	None	3,805,522	3,805,522	-
1	CPSZ	CPTZ	Other receivables - related parties	YES	91,140	91,077	91,077	1.6	2	-	working capital	-	None	None	2,832,172	2,832,172	-
2	CPDG	WTK	Other receivables - related parties	YES	19,237	9,975	4,337	1.6	2	-	working capital	-	None	None	495,275	495,275	-
2	CPDG	TORCH	Other receivables - related parties	YES	246,696	239,402	239,402	1.6	2	-	working capital	-	None	None	495,275	495,275	-
3	CPI	CP	Other receivables - related parties	YES	1,406,500	1,369,398	1,352,457	0	2	-	working capital	-	None	None	6,419,648	6,419,648	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2020.

Note 3: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorised the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 4: The numbers filled in the column of 'Nature of loan are as follows:

(1) The business transaction is '1'.

(2) The short-term financing is '2'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: (1) Total financing amount should not exceed the Company's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. the total financing amount to any individual party should not exceed 40% of the Company's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the Company's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

(2) Total financing amount should not exceed the subsidiary's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. 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.

b. 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.

(3) Total financing amount between foreign companies whose voting rights are 100% directly or indirectly held by the Company or total financing amount granted by the Company to foreign companies whose voting rights are 100% directly or indirectly held by the Company should not exceed the creditor's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors. The financing period should not exceed three years. The restrictions on loans to any individual party are as follows:

a. the total financing amount to any individual party should not exceed the creditor's stockholders' equity, or the higher of sales/purchases during the year for the purpose of business.

b. the total financing amount to any individual party should not exceed the creditor's stockholders' equity for the purpose of short-term financing.

(4) Except for (3), the financing period should not exceed one year.

CHICONY POWER TECHNOLOGY CO., LTD.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2020

Table 2

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	Newmax Technology Co., Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - current	2,810,983	\$ 146,733	1.52	\$ 146,733	-
The Company	Common stock	Laster Tech Corporation Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - current	412,252	20,221	0.51	20,221	-
The Company	Common stock	Powertech Technology Inc.	The Company's independent director is the chairman of the securities issuer	Financial assets at fair value through profit or loss - current	250,000	23,725	0.03	23,725	-
The Company	Common stock	Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through profit or loss - current	300,000	159,000	-	159,000	-
The Company	Common stock	Syncmold Enterprise Corp.	-	Financial assets at fair value through profit or loss - current	150,000	13,020	0.12	13,020	-
The Company	Common stock	PEGATRON CORPORATION	-	Financial assets at fair value through profit or loss - current	450,000	30,285	0.02	30,285	-
The Company	Common stock	WK Venature Capital Management CO. Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - non-current	1,000,000	17,681	1.00	17,681	-
The Company	Common stock	Top Taiwan Venture Capital Management Co., Ltd.	The Company's independent director is the chairman of the securities issuer, and the Company is its supervisor	Financial assets at fair value through profit or loss - non-current	7,500,000	72,206	9.38	72,206	-
The Company	Common stock	Chen Ding Venture Capital Management Co., Ltd.	The Company is this company's corporate director	Financial assets at fair value through profit or loss - non-current	10,000,000	111,934	7.41	111,934	-
The Company	Beneficiary certificates	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	-
The Company	Beneficiary certificates	Fuh Hwa New Smart Energy Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current	21,000,000	181,650	-	181,650	-
The Company	Beneficiary certificates	Fuh Hwa New Energy Efficient Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current	5,800,000	57,478	-	57,478	-
The Company	Common stock	CLEVO CO.	The director of the Company's parent company is the director of the securities issuer	Financial assets at fair value through other comprehensive income - current	4,538,000	136,594	0.68	136,594	-
The Company	Common stock	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - current	1,749,392	6,490	2.50	6,490	-
The Company	Common stock	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,979,291	5,106	2.83	5,106	-
The Company	Common stock	TAIPEI TECH Venture Capital Co.,Ltd.	The Company is this company's corporate director	Financial assets at fair value through other comprehensive income - non-current	1,500,000	20,250	5.00	20,250	-
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 certificates	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 Ltd.	-	Financial assets at fair value through other comprehensive income - current	8,300,000	-	0.27	-	-

CHICONY POWER TECHNOLOGY CO., LTD.

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2020

Table 3

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
CPSZ	Construction in Process	2018/12/27	\$1,117,395 (RMB261,675 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 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 POWER TECHNOLOGY CO., LTD.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions				
							Transaction		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes / accounts receivable (payable)	Footnote
Sales											
The Company	Kapok Computer (KUNSHAN) Co.	Other related party	Sales	(\$ 343,216)	1	60 days	Note 1	Note 1	\$ 56,777	1	-
The Company	Chicony Electronic CEZ s.r.o.	Entity controlled by the same parent company	Sales	(125,972)	-	90 days	Note 1	Note 1	3,392	-	-
The Company	Chicony Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	Sales	(275,304)	1	90 days	Note 1	Note 1	70,756	1	-
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	(1,318,978)	4	90 days	Note 1	Note 1	441,404	5	-
The Company	Chicony Electronics (Chong-Qing) Co., Ltd.	Entity controlled by the same parent company	Sales	(709,578)	2	90 days	Note 1	Note 1	227,964	3	-
The Company	Mao-Ray Electronics (DongGuan) Co., Ltd.	Entity controlled by the same parent company	Sales	(166,856)	1	90 days	Note 1	Note 1	73,970	1	-
The Company	Chicony Electronic (Thailand) Co., Ltd.	Entity controlled by the same parent company	Sales	(195,326)	1	90 days	Note 1	Note 1	39,723	-	-
The Company	CPUS	Subsidiary	Sales	(883,336)	3	90 days	Note 1	Note 1	369,200	4	-
CPDG	The Company	The Company	Sales	(7,520,705)	96	45 days	Note 1	Note 1	2,030,921	91	-
CPDG	TORCH	Subsidiary	Sales	(146,258)	2	60 days	Note 1	Note 1	122,367	5	-
CPSZ	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	(612,615)	4	90 days	Note 1	Note 1	255,149	7	-
CPSZ	The Company	The Company	Sales	(14,014,716)	95	45 days	Note 1	Note 1	3,381,511	92	-
CPCQ	The Company	The Company	Sales	(6,590,191)	87	45 days	Note 1	Note 1	2,829,414	90	-
CPCQ	CPSZ	Subsidiary	Sales	(877,342)	12	60 days	Note 1	Note 1	271,277	9	-
GSE	CPDG	Subsidiary	Sales	(231,369)	30	60 days	Note 1	Note 1	108,726	33	-
GSE	CPSZ	Subsidiary	Sales	(275,995)	36	60 days	Note 1	Note 1	119,441	36	-
Purchases											
The Company	CPDG	Subsidiary	Purchases	\$ 7,520,705	27	45 days	Note 2	Note 2	(\$ 2,030,921)	24	-
The Company	CPSZ	Subsidiary	Purchases	14,014,716	49	45 days	Note 2	Note 2	(3,381,511)	41	-
The Company	CPCQ	Subsidiary	Purchases	6,590,191	23	45 days	Note 2	Note 2	(2,829,414)	34	-
CPUS	The Company	The Company	Purchases	883,336	100	45 days	Note 2	Note 2	(369,200)	100	-
CPDG	GSE	Subsidiary	Purchases	231,369	3	60 days	Note 2	Note 2	(108,726)	3	-
CPSZ	CPCQ	Subsidiary	Purchases	877,342	6	60 days	Note 2	Note 2	(271,277)	5	-
CPSZ	GSE	Subsidiary	Purchases	275,995	2	60 days	Note 2	Note 2	(119,441)	2	-
TORCH	CPDG	Subsidiary	Purchases	146,258	19	60 days	Note 2	Note 2	(122,367)	32	-

Note 1 : The terms of the sales to related parties were not significantly different from those of sales to third parties.

Note 2 : The terms of the purchases to related parties were not significantly different from those of purchases to third parties.

CHICONY POWER TECHNOLOGY CO., LTD.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2020

Table 5

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	Allowance for Creditor
					Amount	Action taken		Counterparty doubtful accounts
Financial funds receivable								
The Company	CPHK	Subsidiary	\$ 1,256,047	-	\$ -	-	\$ -	\$ -
The Company	CPUS	Subsidiary	148,217	-	-	-	-	-
CPDG	TORCH	Subsidiary	241,381	-	-	-	-	-
CPI	The Company	The Company	1,352,457	-	-	-	-	-
Accounts receivable								
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	\$ 441,404	2.85	\$ -	-	\$ -	\$ -
The Company	Chicony Electronics (Chong-Qing) Co., Ltd.	Entity controlled by the same parent company	227,964	3.31	-	-	-	-
The Company	CPUS	Subsidiary	369,200	2.27	-	-	-	-
CPDG	The Company	The Company	2,030,921	3.41	-	-	-	-
CPDG	TORCH	Subsidiary	122,367	1.99	-	-	-	-
CPSZ	Chicony Electronics (Suzhou) Co., Ltd.	The Company	255,149	2.24	-	-	-	-
CPSZ	The Company	The Company	3,381,511	3.54	-	-	-	-
CPCQ	The Company	The Company	2,829,414	2.76	-	-	-	-
CPCQ	CPSZ	Subsidiary	271,277	3.29	-	-	-	-
GSE	HDG	Subsidiary	108,726	2.02	-	-	-	-
GSE	CPSZ	Subsidiary	119,441	2.68	-	-	-	-

CHICONY POWER TECHNOLOGY CO., LTD.

Significant inter-company transactions during the reporting period

Year ended December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
0	The Company	CPUS	1	Sales	\$ 883,336	Note 4	3
0	The Company	CPUS	1	Accounts receivable - related party	369,200	Note 4	1
0	The Company	CPHK	1	Other receivables - related party	1,256,047	Note 5	5
1	CPI	The Company	2	Other receivables - related party	1,352,457	Note 5	5
2	CPDG	The Company	2	Sales	7,520,705	Note 4	22
2	CPDG	The Company	2	Accounts receivable - related party	2,030,921	Note 4	8
3	CPSZ	The Company	2	Sales	14,014,716	Note 4	40
3	CPSZ	The Company	2	Accounts receivable - related party	3,381,511	Note 4	13
4	CPCQ	The Company	2	Sales	6,590,191	Note 4	19
4	CPCQ	The Company	2	Accounts receivable - related party	2,829,414	Note 4	11
4	CPCQ	CPSZ	3	Sales	877,342	Note 4	3
4	CPCQ	CPSZ	3	Accounts receivable - related party	271,277	Note 4	1

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 number 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; fill in the number of category each case belong to (If transactions between parent company and subsidiaries or between refer to the same transactions, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions subsidiaries, if one of the subsidiaries has disclosed the transactions, then the other is not required to disclose the transaction.) :

(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 transaction to consolidated 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 : Depends on the transaction quantity and the market situation.

Note 5 : The terms of related parties loans depend on both parties' operation situation.

CHICONY POWER TECHNOLOGY CO., LTD.

Information on investees

Year ended December 31, 2020

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 7

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			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	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
The Company	Chicony Power Holdings Inc. (CPH)	BVI	Investment holdings	\$ 326,350 (USD 10,000 thousand)	\$ 326,350 (USD 10,000 thousand)	10,000,000	100	\$ 6,121,112	\$ 762,192	\$ 776,073	Subsidiary
The Company	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Thailand	Sales of switching power supplies and other electronic parts	237,744 (THB250,000 thousand)	38,171 (THB 38,000 thousand)	25,000,000	100	192,058 (	41,789) (	41,789)	Subsidiary
CPH	Chicony Power International Inc. (CPI)	Cayman Islands	Sales of switching power supplies and other electronic parts and investment holdings	282,350 (USD 10,000 thousand)	282,350 (USD 10,000 thousand)	10,000,000	100	6,419,648	762,192	-	Subsidiary
CPI	Chicony Power USA, Inc. (CPUS)	U.S.A	Sales of switching power supplies and other electronic parts	37,185 (USD 1,317 thousand)	37,185 (USD 1,317 thousand)	1,500,000	100	24,038 (	22,651)	-	Subsidiary
CPI	Chicony Power Technology Hong Kong Limited (CPHK)	Hong Kong	Research and development center and investment holdings	312,511 (HKD 85,800 thousand)	312,511 (HKD 85,800 thousand)	46,800,000	100	4,812,868	779,502	-	Subsidiary
CPI	WitsLight Technology Co., Ltd. (WTS)	Samoa	Design and R&D of LED lighting modules and investment holdings	261,738 (USD 9,270 thousand)	254,115 (USD 9,000 thousand)	10,710,500	83.68	86,275 (	55,020)	-	Subsidiary
WTS	Carlight Technology Co., Ltd. (CT)	Taiwan	Design, R&D and sales of automotive and motorcycle lamps and other components	3,000	3,000	300,000	100 (	39,517) (	16,024)	-	Subsidiary

Note: For the amounts denominated in foreign currencies, profit and loss amounts are translated into New Taiwan dollars at the yearly average exchange rate of 2020, while others are translated into New Taiwan dollars at the spot exchange rates prevailing at the end of the annual reporting period.

CHICONY POWER TECHNOLOGY CO., LTD.

Information on investments in Mainland China

Year ended December 31, 2020

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	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 (Note 2, 3)	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							
Chicony Power Technology (DongGuan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronics parts	\$ 593,135	2.(1)	\$ 114,408	\$ -	\$ -	\$ 114,408	\$ 77,225	100	\$ 77,225	\$ 1,238,187	-	-
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of electronics components and LED lighting modules	1,297,467	2.(1)	45,197	-	-	45,197	354,742	100	354,742	2,832,172	-	-
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing and sales of electronics components and transformers	131,175	2.(1)	33,573	-	-	33,573	7,088	100	8,449	235,331	-	-
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of electronics components and LED lighting modules	301,744	2.(1)	-	-	-	-	421,382	100	421,382	1,632,666	-	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Sales of LED lighting modules	44,379	2.(1)	-	-	-	-	1,285	100	1,285	45,810	-	-
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of power supplies, LED lighting modules, and other electronics and smart building system industry.	10,491	2.(1)	-	-	-	-	267	100	267 (	94)	-	-
Chicony Power Technology (Taizhou) Co., Ltd. (CPTZ)	Researching and developing, manufacturing, sales, installation, after-sale, and advisory services of electric machinery, electric frequency device and industry automation equipment	90,030	2.(1)	-	-	-	- (	46,742)	100 (	46,742)	37,950	-	-
WitsLight Technology (Kushun) Co, Ltd.	Manufacturing and sales of LED lighting modules	331,859	2.(2)	-	-	-	- (	38,158)	83.68 (	32,061)	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.(2)	-	-	-	-	1,843	83.68	1,907	206,879	-	-
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
The Company	\$ 193,178	\$ 2,257,522	\$ 5,708,283										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

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 third areas are as follows:
 - (1) Chicony Power Technology Hong Kong Limited.
 - (2) Witslight Technology Co., Ltd.
3. Others.

Note 2: The gain or loss from investment which recognised in the current period including the recognition and derecognition of realised and unrealised profit or income of upstream and sidestream sales.

Note 3: Based on the financial statements audited by the parent companies' CPA.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

CHICONY POWER TECHNOLOGY CO., LTD.

Major shareholders information

December 31, 2020

Table 9

Name of major shareholders	Shares		
	Number of shares held(common stock)	Number of shares held(preferred stock)	Ownership (%)
Chicony Electronics Co., Ltd.	200,467,594	-	51.56%
Lin, Mao-Kuei	24,071,194	-	6.19%

Note 1: (a) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

(b) If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

Chicony Power Technology Co., Ltd.

Chairman : Lu, Chin-Chung

Chicony Power Technology Co., Ltd.

30F, No. 69, Sec. 2, Guangfu Rd., Sanchong Dist., New Taipei City, Taiwan (R.O.C.)

TEL : 02-66260678 FAX : 02-29958020

