

Stock Code: 2456

CHILISIN ELECTRONICS CORP.

Annual Report 2020



Established since 1972



Inductor



Resistor



Powder



RF

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Market Observation Post System: <https://mops.twse.com.tw>

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<u>Plant</u>	<u>Address</u>	<u>Telephone</u>
Hukou Plant	No. 29, 301 Alley, Dexing Road, Hexing Village, Hukou Township, Xinzhu County	(03)599-2646
Dongguan Plant	No. 78, Buxing East Road, Yu Liang Wei Management Area, Qingxi Town, Dongguan City, Guangdong Province	002-86-769-8773- 0251~3
Suzhou plant	Building 12, No. 18, Huawei Road, Tongan Town, Suzhou New Area	002-86-512-684 -12350
Vietnam Plant	No. 143-145, No. 10 Road, Haiphong VSIP Industry & Service Zone, Lili Township, Shuiyuan County, Haiphong, Vietnam	002-84-225-6255688
Hunan Plant	No. 8, Shaziao Village, Liangshuijing Town, Yuanling County, Huaihua City, Hunan Province	002-86-745-867 -5882
Dongguan Lixiang Plant	No. 76, Buxing East Road, Yu Liang Wei Management Area, Qingxi Town, Dongguan City, Guangdong Province	002-86-769-8773-0251~3
Ralec Gaoxiong Plant I, Plant II	No. 1, Zhong-er Road, Nanzi Processing Zone, Kaohsiung City	(07)366-1067
Ralec Kunshan Plant	No. 333, Huangpujiang Middle Road, Kunshan City, Jiangsu Province	002-86 512 57709898
Ralec Malaysia Plant	PTD 37440, JALAN PERINDUSTRIAN SENAI 3, KAWASAN PERINDUSTRIAN SENAI FASA II, 81400 SENAI, JOHOR D.T. MALAYSIA	002-607-597 7800
Ralec Hunan Plant	No. 8, Shaziao Village, Liangshuijing Town, Yuanling County, Huaihua City, Hunan Province	002-86 0745-8675882
Xinyuan Kunshan Plant	No. 95, Shuichang Road, Zhoushi Town, Kunshan City, Jiangsu Province	002-86 512-86164568
Forrexcube Poland Plant	ul. Zwierzyniecka 2, 96 - 100 Skierniewice Poland	002-48 46 834 00 07
Forrexcube Dongguan Plant	Yu Liang Wei Management Area, QingXi Town, Dongguan, GuangDong, China	002-86 769 8681 8777
Mag.Layers Taoyuan Plant	No. 270, Nanfeng Rd., Pingzhen Dist., Taoyuan City	(03)415-9111
Mag.Layers Kunshan Plant	No. 240, Binjiang South Road, Zhangpu Town, Kunshan City, Jiangsu Province	002-0512-57450881
Xinyuan Kunshan Plant	No. 95, Shuichang Road, Zhoushi Town, Kunshan City, Jiangsu Province	002-86 512-86164568

<u>Plant</u>	<u>Address</u>	<u>Telephone</u>
Magic Taipei Plant	3 of 15F, No. 716, Zhongzheng Rd., Zhonghe Dist., New Taipei City	(02)8227-3366
Magic Taipei Plant	No. 1, Houting Fourth Industrial Zone, Shangjing Street, Baoan District, Shenzhen	0755-27222227
Magic Chongqing Plant	No. 20, Fengsheng Road, Jinfeng Town, Jiulongpo District, Chongqing	023-65747007
Magic Hunan Plant	No. 8, Shaziao Village, Liangshuijing Town, Yuanling County, Huaihua City, Hunan Province	002-86 0745-8672868
Bothhand Kaiping Plant	No. 52, Xingxiang Road, Industrial Zone of Shagang District, Kaiping City	
Bothhand Guangzhou Plant	1F & 2F & 3F, 4th Building, No. 38, North of Zhaocun Village, Liwan District, Guangzhou	002-86 208-1805004
Bothhand Hunan Plant	Plant Building 7, Electronics Industry Cluster Zone, Yunji Industrial Zone, Hengnan County, Hengyang City, Hunan Province	002-86 734 855919
Bothhand Deyang Plant	Changhong Village, Wan'an Town, Luojiang County, Deyang City, Sichuan Province (Crossing of National Highway 108 and Fengchu Road)	002-86 838 320376

Note 1: On January 25, 2021, the Company acquired 100% equity interest in Bothhand Enterprise Inc. from Kaimei Electronic Corp., which became a 100% owned subsidiary of the Company.

Note 2: On January 28, 2021, the Company disposed 100% of the shares of Ralec Electronic Corporation held by the Company to Kaimei Electronic Corp. for a total consideration of NTD 5 billion.

III. Contact Information of Stock Transfer Agency

Name: MasterLink Securities Corporation

Address: B1F, No. 35, 11 Alley, Guangfu North Road, Songshan District, Taipei City

Website: www.masterlink.com.tw

Tel: (02) 2768-6668

IV. Contact Information of the CPAs for the Latest Financial Statements

Name of Accountants: Zhao Yongxiang, CPA & Ke Zhixian, CPA

Accounting Firm: Deloitte & Touche

Address: (11073) 20F, No. 100, Songren Road, Xinyi District, Taipei City

Website: www.deloitte.com.tw

Tel: (02) 2725-9988

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: No

VI. The Company's website: www.chilisin.com

Chilisin Electronics Corp.

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Chapter 1. Report to shareholders

Dear Shareholders,

Looking back of the past year, the overall economic environment of the globe is affected by the COVID-19 pandemic and increasing US-China trade frictions, which has caused the totally change of the world's economic momentum. The outbreak of pandemic booms the demands of Stay-Home economy, remote learning and working, cloud computing and high-speed data streaming applications. The Company arranged the resources to meet customers' demands and created an annual growth of 9.88% last year. In response to the fast-growing 5G and WiFi 6 and automotive market, the operation team and all staff actively reduce costs and create new products. They not only retain the current customers, but also actively discover high-end market and overseas customers. It is expected that all efforts will be worthwhile.

The 2020 Business Performance and 2021 Outlook Report are as follows:

I. 2020 Business Operation Overview

(I) Profits Information

The overall revenue of 2020 is NT\$ 17,437,999,000, an annual increase of 9.88% compared with that of 2019, which is NT\$ 15,870,564.

(II) Budget Implementation Condition of 2020

As the Company did not announce a financial forecast for 2020, the budget implementation condition is not required to be disclosed.

(III) Profits Information

The after-tax net profit of the whole year of 2020 is NT\$ 1,524,542,000, increasing 32.88% than that of 2019, which is NT\$ 1,147,305,000. The after-tax profit is NT\$ 5.91 per share.

(IV) Research and Development Information

With the efforts of the R & D team, the Company made excellent achievements in new products, manufacturing improvement, increasing of yield, improvement of powder materials, mini, precise and highly-functional new products development, etc., which contributed to the Company's revenue and profits

II. Business Plan 2021

Management Principles

The Company's operation focus of 2021 is to control its costs and research and develop new products. The Company strengthens the production efficiency and accelerates its cost reduction through the optimized integration of the plants. At the same time, it will accelerate production automation, using machines to replace the increasing high-cost labor force. On the other hand, the Company continuously develops 5G/IOT, WiFi 6, cloud computing and new high-end products in automotive market.

Production and Sales Plan

The Company integrates the production and sales teams of all subsidiaries, so as to meet the demands of customers at different levels and increase its competitiveness and gross profits.

III. Impact of External Competition, the Legal Environment, and the Overall Business Environment

Looking into 2021, there are still many uncertainties, including the impact of the ongoing COVID-19 pandemic to the whole supply chain and economy, the influence of the shortage of electronics components such as IC chipsets and panels on supply-demand balance, the challenges of the tariff barrier created by Sino-US trade war dispute, the increase costs of raw materials, precious metals and labors and the gradually strict global laws of environment protection.

IV. Future Development Strategies of the Company

1. Optimize the layout of the plants: The Company has gradually integrated all plants of its subsidiaries distributed in different regions. Because of the increasing cost of the southeastern coastal areas in Mainland China, the Company centralizes its production line to Yuanling Plant, Hunan, so as to lower its cost and enlarge economic scale advantages. In recent years, the Company has designed plants out of China. Vietnam Haiphong Plant is the inductor flagship plant, Poland Skierniewice is the production center for ferrite materials. This strategy diversifies the political risk of international regions, serves for customers of different regions and lowers the whole production costs.
2. 3 new production lines were created: The globe has entered into the 5G era. All new-type application devices have brought massive passive component demands. The Company is dedicated to develop and add two production lines of LTCC (Low temperature co-fired ceramic) filter and antenna products, and add module (LAN transformer, DC-DC converter and wireless charging) production line, in order to meet the demands of 5G and WiFi 6 era.
3. The Company Integration: The Company made fully use of the R & D and manufacturing advantages of all subsidiaries, continuously develop new products to meet the demands of high-end markets, so as to improve yields and cost competitiveness, enhance quality management and level, develop international potential customers and new markets, upholding the core competitiveness of “Innovation, quality, speed, cost and flexibility,” continuously strengthen the operation ability. Provide a complete product offerings to meet customer’s diversified demands and to achieve better operation results.

Chilisin Company has a long history with accumulated years of the professional skills, and its operational team that seeks for innovation and change. We also have a group of excellent and hard-working employees. We believe in bamboo philosophy that before getting the achievements, we shall lay a solid foundation. Facing the changes in the world, the operation team and all staff shall work together to create a new pattern and reach the goal of becoming the world’s largest passive component inductor manufacturer.

Best wishes

Dear Madams and Sirs of Shareholders,

We wish you good health and all the best.

Chairman CHEN, TIE-MIN

Chapter 2. Company Profile

I. Date of Establishment: August 30, 1972

II. Company History

- 1972 Zeng Delu, the founder of the Company, said that considering that the electronic industry of Taiwan was booming, the domestic electronics component manufacturing technology should be improved dramatically. He raised NT\$ 3 million to establish Chilisin Electronics Corp..
- 1974 Plant I was completed and started to produce iron core for domestic market.
- 1977 Plant II was completed and started to produce coils.
Expand Overseas Market.
Level-A Quality Management Manufacturer by Ministry of Economic Affairs
- 1980 Douliu Plant was completed and started to produce peaking coils.
- 1983 The Best Export Manufacturer by Ministry of Economic Affairs
High Value-Added Manufacturer by Ministry of Economic Affairs
- 1984 Establish MOLDED (counterflow) Coil Plant, TRW (Meishang Precise Electronics Co., Ltd.) to provide filming equipment and technology data.
- 1985 Introduce peaking coil auto winding machine.
- 1986 Introduce peaking coil automatic binding machine.
- 1987 Introduce peaking coil automatic welding machines.
Research and develop chip inductors.
- 1988 Complete the first chip inductor plant designed by Chinese people and start to produce winding and laminated chip inductors.
Research and develop IRON CORE (Pure iron core).
- 1989 Research and develop Mn-Zn (manganese and zinc) iron powder core.
- 1990 Complete the establishment of Mn-Zn Iron Core Plant and start production.
Complete the R & D of Iron Core and start production.
- 1994 Invest the second Mn-Zn production furnace.
Introduce ISO 9002 quality system.
- 1995 Invest chip-type inductance automatic measuring machine,
- 1996 Pass ISO 9002 International Quality Assurance Certification
A resolution from the Shareholders' Meeting decided that the name of the Company was changed into "Chilisin Electronics Corp."
- 1998 Pass ISO 9001 & QS 9000 International Quality Assurance Certification.
The operating team of the Company is changed. YAGEO Corporation officially participated the operation.
Dongguan Chilisin Electronics Corp. was founded due to business demands.
- 2000 Dongguan Chilisin Plant passed QS9000 International Quality Assurance Certification.
- 2001 Expand high-frequency wind-wound inductor LCN series products in Xinfeng due to the operation demands.
New Plant of Dongguan Plant was expanded.
On September 26, the shares were listed for trading on Taiwan Stock Exchange Corporation.
Establish Chilisin Electronics (Suzhou) Corp. due to business needs.
- 2002 Release the first domestic unsecured conversion of corporate bonds of NT\$ 700,000,000.
The Excellent Manufacturer by Thomson Company.
- 2003 Hukou plant was started to construct on December 9.
Certified Environment Protection Cooperation Partner by Sony
- 2004 Pass ISO 14001:1996: International Quality Assurance Certification

- 2005 Pass TS16949 International Quality Assurance Certification
Release the second domestic unsecured conversion of corporate bonds of NT\$ 400,000,000.
Completion and putting into operation of the new plant and the R & D Operation Center
The Best-Quality Goods Supplier by ASUS Computer
Pass the certification of South Korea Samsung Eco-Partner
- 2006 Pass ISO 14001: 2004 International Quality Assurance Certification
- 2007 Release the third domestic unsecured conversion of corporate bonds of NT\$ 600,000,000.
- 2008 The Best Partner Award by ASUS Computer and
Outstanding Manufacturer Award.
- 2010 Acquire 54% share of BELKIN INTERNATIONAL ENTERPRISES LIMITED to enlarge passive components business.
Invest USD 3.1 million in the establishment of Chilisin Electronics (Henan) Corp.
Outstanding Manufacturer Award by Jinbao
- 2011 Establish Chilisin US Company through investment.
Annual best supplier partner award from Lenovo.
- 2012 Outstanding Manufacturer Award by Jinbao
Excellent partner award from Yulong Coolpad.
Dongguan Factory passed the ISO 14001:2004 international quality assurance certification.
- 2013 Annual excellent supplier award from YAXU.
Annual excellent quality supplier award from Kinpo.
Annual excellent performance manufacturer award from Cal-comp.
Sign patent licensing contract with the US's partner Vishay Dale Electronics, Inc.
Pass ISO 14001:2004 international quality assurance certification.
Environmental protection cooperation manufacturer respectively from SONY and SAMSUNG.
Pass OHSAS 18001:2007 and IDT occupational safety and health management certifications.
Dongguan Factory won CNCA-RoHS-0101:2011 Electronic product pollution control voluntary certification qualification.
- 2014 Chilisin headquarters and Dongguan Factory passed ISO 9001:2008 international quality assurance certification.
Chilisin headquarters and Dongguan Factory passed ISO/TS 16949:2009 international quality assurance certification.
Excellent performance manufacturer award from ASUS
Annual excellent quality supplier award from Kinpo.
- 2015 Excellent quality supplier award from Xiaomi Corporation.
Annual excellent performance manufacturer award from Cal-comp.
Issue domestic 4th unsecured convertible bonds, with a mount of NT\$ 1.5 billion.
Establish Chilisin Malaysia Branch through investment.
Establish Chilisin Vietnamese Company through investment.
- 2016 The growth leadership award from Samsung Corp.
Establish Chilisin Singapore Office.
Establish Chilisin Shanghai Office.
Establish Chilisin Beijing Office.
- 2017 On Jan. 23, the Company, upon the board's approval, acquired the 100% equities that YAGEO Corporation entirely holds in the sub-subsidiary FERROXCUBE INTERNATIONAL HOLDING B.V. by the consideration of the cash EUR 133,188,000

(subject to the share purchase agreement; converted into USD 143,230,375 as per the EURUSD exchange rate of 1.0754 on the signing date, equal to NT\$ 4,354,203,000). The Company acquired the 100% shares of Ralec Electronic Corporation through the share exchange in which shares served as the consideration; obtained the 49.9% shares of a Chinese-funded enterprise in China – Yuanling County XiangHua Electronic Technology Co., Ltd. through cash investment; established a new company- Chilisin Hunan Company through investment.

The Company obtained the 100% shares of Ralec Electronic Corporation through the share exchange with the enterprise, in which Jun. 30, 2017 served as the base date of share exchange and shares served as the consideration.

The Company obtained the Investment Commission's approval on Jul. 11, 2017 with respect to our application for the indirect acceptance of the equities of Dutch FERROXCUBE INTERNATIONAL HOLDING B.V. and Hong Kong's FERROXCUBE HONG KONG LIMITED and equity case of Mainland China's Forrexcube Electronic Material (Dongguan) Co., Ltd. on Jul. 12, 2017. The delivery and relevant procedures were finished on Aug. 1, 2017. The above transaction is a kind of organizational restructuring under the common control and shall be deemed as a merger from beginning.

The Company established a wholly owned trade subsidiary in Shenzhen.

The Company established a wholly owned subsidiary in Japan.

To coordinate to repay bank loan and respond to the capital demand of shift in investment, the Company increased cash capital by issuing 25,000 new shares.

The Company issued domestic 5th unsecured convertible bonds, with a mount of NT\$ 1.5 billion.

2018 On January 3, the Company acquired the 100% shares of Mag.Layers through the share exchange by issuing new shares, in which Jun. 13, 2018 served as the base date of share exchange and shares served as the consideration.

On Apr. 24, the Company, upon the board's approval, reduced cash capital of 91,824,950 shares, so as to improve the return on stockholder's equities and its profitability per share.

The Company finished the change registration on Sep. 5, 2018.

On Jun. 20, the Company, upon the board's approval, acquired the 100% shares of MAGIC through the share exchange by issuing new shares, in which Nov. 30, 2018 served as the base date of share exchange and shares served as the consideration.

2019 The Company issued domestic 5th unsecured convertible bonds, with a mount of NT\$ 2 billion.

2020 The sub-sub-subsidiary Ralec Technology (Kunshan)Co., Ltd. acquired the 100% shares of Xinyuan Electronic Products (Kunshan) Co., Ltd., with the consideration of cash.

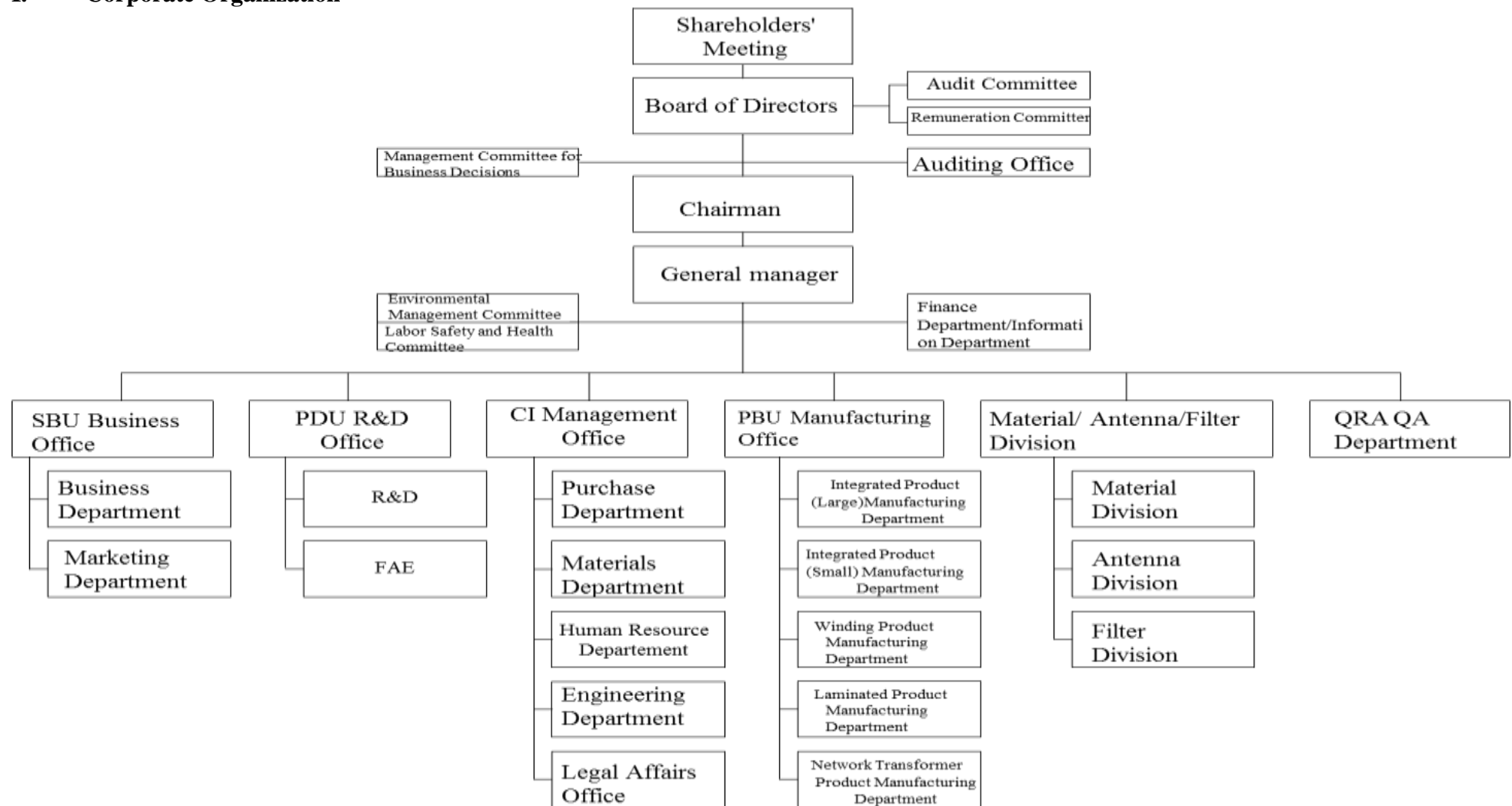
2021 Due to adjustment of organizational structure, the equity of Xinyuan Electronics (Kunshan) Limited was transferred to Mag Layers Technology (Kunshan) Co., Ltd. via Ralec Technology (Kunshan) Limited.

The Company acquired the 100% shares of the Bothhand International Investment Co., Ltd. (hereinafter referred to as "Bothhand") that KAIMEI ELECTRONIC CORP. held with NT\$ 2.8 billion, and thus Bothhand became our wholly owned subsidiary. The settlement was made on Jan. 25, 2021.

The Company sold the 100% shares of wholly owned company, KAIMEI ELECTRONIC CORP., with the total amount of NT\$ 5 billion. The settlement was made on Jan. 28, 2021.

Chapter 3. Corporate Governance Report

I. Corporate Organization



(II) Department Functions

Unit	Business
Management Committee for Business Decisions	Responsible for the planning and decision-making of business and major investment plans.
General manager	Responsible for boosting management systems, appraising and analyzing business performance and planning major investment plans.
Auditing Office	Responsible for planning and implementing the Company's internal audit business and assessing the execution and suggestions of different departments' internal controls.
Labor Safety and Health Committee	Responsible for coordinating the management and maintenance of the plant's operation environment and operation safety of production equipment.
Environmental Management Committee	Responsible for environmental impact assessment and improvement.
Sales Office	Responsible for expanding the regional sales markets, preparing delivery files, urging accounts payable and managing orders, etc.
R&D Office	Responsible for the R & D of new products, trial manufacturing of samples and quality verification in new product development stage.
Quality Assurance Division	Responsible for incoming inspection, inspection of manufacturing and finished product quality, and maintenance and management of quality system.
Manufacturing Office	Responsible for coordinating the production of iron core, power inductor, precise winding chip inductor, multi-layer inductor and integrated inductors, and maintenance and repairing of relevant operation machineries.
Manufacturing Department of Integrated Products	The small integrated inductor is featured by large current withstanding, low resistance and optimal efficiency. Large inductor will be launched in the future. Besides, the plug-in inductor which is large in size and resists current has also passed relevant reliability verification and can be used for the main board and relevant vehicle products.
Laminated Product Manufacturing Department	Small 0402/0201 chip inductor and magnetic bead, high-frequency GHz magnetic bead, inductor with large current and power, inductor with low current and resistance, multi-layer common mode filters in different sizes and small 0201 inductor with high Q value.
Winding Product Manufacturing Department	The small products with high Q and large current have been extensively applied to the common mode choke required by USB2.0 IEEE1394, USB3.0, HDMI, etc.
Filter Division	The winding power inductor is mainly used for power conversion or elimination of power noise. Many products have passed vehicle reliability test (AEC Q200 Grade 0) and therefore can be used in vehicles. For the electromagnetic power inductor (LVS, LVF and MRSC), the products which could resist large current can also be developed in the future, besides the small ones.
Material Division	Responsible for developing the materials with high μ i material and able to resist large current, providing the raw materials with optimal characteristics and lower costs for the inter-layer and winding products as well as the powder materials with optimal insulation performance so as to meet the reliable requirements of the vehicle products.
Management Office	Responsible for boosting and managing the logistics support business.
Finance and accounting department	Responsible for managing capital, bank transactions, accounting, preparation of financial statements, and budget preparation and management.
Purchase Department	Responsible for executing and tracking procurement, assessing new suppliers and reducing procurement costs.
Materials Department	Responsible for managing and controlling production schedule and managing the inventory of raw materials and finished products.
Information Department	Responsible for the planning, management and daily maintenance of the Company's operating system.
Engineering Department	Responsible for the construction, maintenance, safety, hygiene, etc. of the plant facilities.
Human Resource Departement	Responsible for human resource affairs, salary, training, general affairs, etc.
Legal Affairs Office	Responsible for reviewing and drafting legal business and contracts.
Shareholder Services Office	Responsible for the shareholders' affairs as per the decrees and regulations.
Investor Relations Office	Responsible for boosting and maintaining the relationship between investor and media.

3.2 Information Regarding Directors and the Management Team

(I) Information about directors

April 24, 2021 Unit: Shares; %																			
Position	Nationality / Place of Registration	Name	Gender	Date elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Chilisin and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship		
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship
Chairman	R.O.C.	YAGEO Corporation	-	2018.06.05	3 years	1996.03.28	35,535,366	14.94	25,276,032	9.59	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: Tie-Min Chen	Male	2018.06.05	3 years	1996.03.28	327,714	0.14	875,358	0.33	-	-	-	-	Bachelor Degree in Engineering, National Cheng Kung University Chairman, Global Testing Corp Chairman, Teapo Electronic Corporation General manager, YAGEO Corporation	CEO of the Company's Business Management Committee President and Chief Executive Officer, Yageo Corp. Chairman, Guoxin Investment Corp. Chairman, Tong-Hsing Electronic Industries, Ltd.	None	None	None
Vice Chairman	R.O.C.	Shi Hen Enterprise Ltd. (Note 1)	-	2018.06.05	3 years	1998.06.24	2,382,506	1.00	1,694,658	0.64	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: Hwei-Jan Lee	Female	2018.06.05	3 years	1998.06.24	3,975,994	2.86	2,913,571	1.11	-	-	-	-	Bachelor of Legal Department of Tamkang University	Member of the Company's Business Management Committee Director, Global Testing Corp	None	None	None
Vice Chairman	R.O.C.	Shi Hen Enterprise Ltd. (Note 1)	-	2018.06.05	3 years	1998.06.24	2,382,506	1.00	1,694,658	0.64	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: LAI, YUAN-HO	Male	2018.06.05	3 years	1998.06.24	80,542	0.03	66,401	0.03	-	-	-	-	Ph.D. in Law, Kobe University Master in Law, University of Pennsylvania and bachelor in Law, Taiwan University Vice President of College of Law, National Chengchi University and vice president of Fairness Committee Consultant, Securities & Futures Commission, Ministry of Finance Chairman, Teapo Electronic Corporation Chairman, Chilisin Electronics Corp.	Member of the Company's Business Management Committee Supervisor, YAGEO Corporation Independent Director of Microbio Co., Ltd. Supervisor of Global Testing Corp Honorary professor of Department of Law, National Chengchi University Supervisor of KAIMEI Electronic Corp. Guest Professor, School of Law, Ming Chuan University Director of Betacera (Suzhou) Co., Ltd.	None	None	None
Director	R.O.C.	Shi Hen Enterprise Ltd. (Note 1)	-	2018.06.05	3 years	1998.06.24	2,382,506	1.00	1,694,658	0.64	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: CHANG, TA-WEI	Male	2018.06.05	3 years	1998.06.24	1,062,104	0.45	715,663	0.27	-	-	-	-	Hsing Wu University Chairman and CEO, Teapo Electronic Corporation	Chairman, SENASIA ENTERPRISE LTD. Chairman, Belkin International Enterprises Limited	None	None	None
Director	R.O.C.	Shi Hen Enterprise Ltd. (Note 1)	-	2018.06.05	3 years	1998.06.24	2,382,506	1.00	1,694,658	0.64	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: Chin-San Wang	Male	2018.06.05	3 years	2011.06.22	-	-	-	-	-	-	-	-	Master of Accounting and Management Decision Group, National Taiwan University Bachelor of Department of Accounting Soochow University Vice chairman of Deloitte & Touche	Independent Director, Taiwan Cement Corporation Independent Director, DACIN Construction Co., Ltd Independent Director, Taiwan Navigation Co., Ltd. Director, YAGEO Corporation Supervisor of DIVA LABORATORIES, LTD. Independent Director, Fulin Plastic Industry Company Director of Yongfengyu Investment Holding Co., Ltd.	None	None	None
Director	R.O.C.	Shi Hen Enterprise Ltd. (Note 1)	-	2018.06.05	3 years	1998.06.24	2,382,506	1.00	1,694,658	0.64	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: WANG, PAO-YUAN	Male	2018.06.05	3 years	2018.06.05	-	-	-	-	-	-	-	-	Electrical Engineering, National Taiwan University Chairman, Yageo (China) Co., Ltd. Chairman, Guoyi Industry Co., Ltd. Director, Yageo Suzhou Sales Co., Ltd. Director, Teapo Electronic Corporation Chairman, Guoyi Industry Co., Ltd.	Vice executive manager, YAGEO Corporation	None	None	None
Director	R.O.C.	Shi Hen Enterprise Ltd. (Note 1)	-	2018.06.05	3 years	1998.06.24	2,382,506	1.00	1,694,658	0.64	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: KUO, YAO-CHING (Note 2)	Male	2020.05.01	3 years	2020.05.01	39,478	0.02	147,837	0.06	-	-	-	-	EMBA, State-owned Enterprise Group, School for Management, National Taiwan University	Director of RALEC ELECTRONIC CORPORATION Chairman of MAG.LAYERS Scientific-Technics	None	None	None

April 24, 2021 Unit: Shares; %

Position	Nationality / Place of Registration	Name	Gender	Date elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Chilisin and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship		
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship
														Bachelor of Electrical Engineering, National Tsing Hua University Senior manager of SIEMENS Operation head of Ritek Group Chief assistant, Asia Pacific Telecom Product technical director of MOTOROLA Chief engineer of VIBO Telecom Inc./TSTAR Operation head, Chilisin Electronics Corp.	Co., Ltd. Chairman of Shenzhen Chileaf Electronics Co., Ltd. General manager and CEO of CHILISIN ELECTRONICS CORP				
Independent Director	R.O.C.	Chang, Wei-Tsu	Male	2018.06.05	3 years	2018.06.05	-	-	-	-	-	-	-	-	Department of Public Administrator, National Chengchi University Chairman and general manager, Teapo Electronic Corporation	Vice chairman, KAIMEI Electronic Corp.	None	None	None
Independent Director	R.O.C.	CHAO, HUI-CHUAN	Female	2018.06.05	3 years	2018.06.05	-	-	-	-	-	-	-	-	Taxation and Revenue Division of Dahan Institute of Technology Assistant of Finance Department, Teapo Electronic Corporation	Assistance of Finance Department, KAIMEI Electronic Corp.	None	None	None
Independent Director	R.O.C.	LIN, YU-CHANG	Male	2018.06.05	3 years	2018.06.05	-	-	-	-	-	-	-	-	Department of Law of NTU Member of Stock Affairs Association Member of Taiwan Securities Association Deputy general manager for business, MasterLink Securities Corp. Independent director of KAIMEI Electronic Corp.	Independent director of CAMEO COMMUNICATIONS, INC. Independent director of Jia Jie Biomedical Co., Ltd.	None	None	None

Note 1: Shi Hen Enterprise Ltd. is the director elected for the first time on June 24, 1998 and was dismissed on May 30, 2000. It has served the director after election since June 18, 2003.

Note 2: The corporate director Shi Hen Enterprise Ltd. re-appointed the representative on May 1, 2020 and Mr. CHEN, EN was replaced by Mr. KUO, YAO-CHING who served as the new director.

Note 3: The corporate director Wei Ho Industry Co., Ltd. disposed its stocks on December 8, 2020 and finally the number of its shares is lower than 1/2 of the total shares it held when taking office. The corporate director left office on December 8, 2020.

1. Main shareholders of corporate shareholders

April 6, 2021

Name of Institutional Shareholder	Major Shareholder	
Yageo Corporation	Tie-Min Chen	7.41%
	PRC HOLDING LIMITED	7.02%
	DIHL holding company kept by Chinatrust Commercial Bank through entrustment	7.01%
	MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.	2.53%
	Nan Shan Life Insurance Company, Ltd.	2.08%
	New Labor Pension Fund	1.91%
	HSBC in custody for Matthews Asia Funds - Special fund investment account	1.53%
	Special stock index fund account in emerging market of VANGUARD	1.26%
	Hsu Tai Investment Ltd.	1.08%
	JPMorgan Chase Bank N.A.	1.07%
Shi Hen Enterprise Limited	Hsu Tai Investment Ltd.	99%

2. Main shareholders of corporate shareholders' legal person shareholder

Nan Shan Life Insurance: April 30, 2020; the rest is April 6, 2021

Name of Institutional Shareholder	Major Shareholder	
Nan Shan Life Insurance Company, Ltd.	Special trust account Ruen Chen Investment Holding Co., Ltd. under custody of First Bank	60.0083%
	Ruen Chen Investment Holding Co., Ltd.	29.5415%
	Du Yingzong	2.8953%
	Ruentex Investment Co., Ltd.	0.2983%
	Ruen Hua Dyeing & Weaving Co Ltd.	0.2733%
	Ruentex Innovation International Investment Co., Ltd.	0.2319%
	Ruentex Industries Co., Ltd.	0.2133%
	Special stock trust property account of Nan Shan Life Insurance under the custody of Taishin International Bank	0.2059%
	Yuanxin Investment Co., Ltd.	0.1563%
	Ruentex Leasing Co., Ltd.	0.1321%
Hsu Tai Investment Ltd.	Hwei-Jan Lee	99.865%
	Shao-Wei Chen	0.045%
	Shao-Chiao Chen	0.045%
	Shao-Man Chen	0.045%

Note 1: The names of the major corporate shareholders referred to in Table 1, if any, shall be specified.

Note 2: Please specify the name of the corporate's main shareholders (top ten shareholders) and the ratio of shareholding.

3. The professional qualifications and independence status of directors

April 6, 2021

Name	Qualifications	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience			Independence Criteria (Note)												Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business	Having Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business	1	2	3	4	5	6	7	8	9	10	11	12	
Representative of Yageo Corp: CHEN, TIE-MIN			V				V	V			V	V	V		V		
Representative of SHI HEN ENTERPRISE LTD.: Hwei-Jan Lee			V					V	V	V	V	V	V		V		
Representative of SHI HEN ENTERPRISE LTD.: LAI, YUAN-HO	V		V	V			V	V			V	V	V		V		1
Representative of SHI HEN ENTERPRISE LTD.: CHANG, TA-WEI			V				V	V	V		V	V	V		V		
Representative of SHI HEN ENTERPRISE LTD.: WANG, CHIN-SHAN			V	V	V		V	V			V	V	V	V	V		4
Representative of SHI HEN ENTERPRISE LTD.: WANG, PAO-YUAN			V				V	V			V	V	V	V	V		
Representative of SHI HEN ENTERPRISE LTD.: KUO, YAO-CHING			V				V	V	V	V	V	V	V	V	V		
Chang, Wei-Tsu			V		V	V	V	V	V	V	V	V	V	V	V	V	
CHAO, HUI-CHUAN			V		V	V	V	V	V	V	V	V	V	V	V	V	
LIN, YU-CHANG			V		V	V	V	V	V	V	V	V	V	V	V	V	2

Note: Please check "" the corresponding boxes if the directors meet the following conditions during the two years prior to the nomination and during the term of office.✓

- (1) Not an employee of company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates (Not applicable in cases where the person is an independent director of the Company's parent company or any subsidiary appointed in accordance with the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies or other local laws and regulations).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the company or is ranked in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the persons in the preceding (2) and (3).
- (5) Not a Director, Supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total outstanding shares of the Company or ranks among the top 5 corporate shareholders in the terms of share volume held or is assigned according to the Item 1 or 2, Article 27 of the Company Act. (This does not apply in cases where the person is an Independent Director of the Company, its parent or subsidiary established in pursuant to this law or local laws).
- (6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of the company's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent).
- (7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of the company (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Chilisín and its parent or subsidiary or a subsidiary of the same parent).
- (8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of the company and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, at the company and its parent or subsidiary or a subsidiary of the same parent).
- (9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not having a marital relationship, or a relative within any other director of the Company.
- (11) Not been under any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative defined in Article 27 of the Company Act.

(II) Information on the Directors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

Position	Nationality	Name	Gender	Date taking office	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Chilisin and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship
Chairman and CEO of Business Management Committee	R.O.C.	Tie-Min Chen	Male	2015.3.13	875,358	0.33	-	-	-	-	Bachelor Degree in Engineering, National Cheng Kung University Chairman, Global Testing Corp Chairman, Teapo Electronic Corporation General manager, Yageo Corp.	CEO of the Company's Business Management Committee Chairman, Yageo Corp. Chairman, Guoxin Investment Corp. Chairman, Tong-Hsing Electronic Industries, Ltd.	None	None	None
General manager/CEO	R.O.C.	KUO, YAO-CHING	Male	2015.1.1	147,837	0.06	-	-	-	-	Master of State-owned Enterprise, School for Management, National Taiwan University Bachelor of Electrical Engineering, National Tsing Hua University Senior manager of SIEMENS Operation head of Ritek Group Chief assistant, Asia Pacific Telecom Product technical director of MOTOROLA Chief engineer of VIBO Telecom Inc./TSTAR Operation head, Chilisin Electronics Corp.	Director of RALEC ELECTRONIC CORPORATION Chairman of Shenzhen Chileaf Electronics Co., Ltd. Director, Xinyuan Electronic Product (Kunshan) Co., Ltd. Representative of SHIHEN ENTERPRISE LTD., corporate director of the Company	None	None	None
Vice President	R.O.C.	Zhang Xianjue	Male	2020.3.1	-	-	-	-	-	-	EMBA, National Chengchi University Statistics Department, Tamkang University Assistant (factory chief) of Dynapack International Technology Corporation General manager, Yashi Technology Corporation Special assistant of chairman of Magic Technology Administrative director of Hunan Chilisin Investment Co., Ltd.	None	None	None	None
Vice President	R.O.C.	Huang Qingyuan	Male	2020.6.8	-	-	-	-	-	-	Ph.D of Public Health, National Taiwan University Ph.D of Economics, Nankai University	None	None	None	None

Position	Nationality	Name	Gender	Date taking office	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Chilisin and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship
											Master degree in Motor Engineering, National Taiwan University Master degree in Business, National Taiwan University Master degree in Law, National Taiwan University Consultant of Taiwan Institute of Economic Research Business Development Director, Qualcomm International, Inc. (Taiwan Branch) General manager of Taiwan region, Xifa Investment Co., Ltd. (Taiwan Branch) Regional Business Manager and Asia Customer Manager, BROADCOM ASIA DISTRIBUTION PTE. (Taiwan Branch) Business Manager, Intel Asia-Pacific Science and Technology Co., Ltd. (Taiwan Branch) Customer Manager, Micro-electronics Department, Lucent Technologies				
Senior Manager	R.O.C.	Xie Minghong	Male	2020.8.1	-	-	-	-	-	-	Bachelor in Department of Management, National Chengchi University Director of Melbourne Office, EVA AIR Director of S & T Business Department of Thye Ming Science and Technology/ Viking Global Tech Co., Ltd. Department head of International Business Department/general manager/assistant of Thye Ming Industrial Special assistant of Chilisin Electronics Corp.	None	None	None	None

Position	Nationality	Name	Gender	Date taking office	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Chilisin and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship
Director of financial department	R.O.C.	Sun Guangwei	Male	2018.8.7	5,520	-	-	-	-	-	Master, Institute of Financial Management, Memphis State University Financial manager, CAREER TECHNOLOGY MFG. CO., LTD. Financial director, CCP Contact Probes Assistant to general manager, Infortrend Technology Special assistant of Chilisin Electronics Corp.	Supervisor of MAGIC Director of Bothhand Enterprise Inc.	None	None	None
Director of Accounting Department	R.O.C.	Lin, Meng-Yu	Female	2018.8.7	6,684	-	-	-	-	-	Master, Institute of Financial Management, Eastern Michigan University Financial director of PHILIPS ELECTRONIC BUILDING ELEMENTS IND. Financial director of FEIYUAN TECHNOLOGY Assistant Manager, Administration Department, TSEC Financial Director, Nanzi Branch of YAGEO CORPORATION Assistant of Financial Department and spokesman of RALEC ELECTRONIC CORPORATION	Director of Bothhand Enterprise Inc. Supervisor, Xinyuan Electronic Product (Kunshan) Co., Ltd.	None	None	None
※The general manager's stock voucher: See VIII Transaction of Employees' Stock Voucher.															

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, President, and Vice Presidents

(I) Remuneration of directors (including independent directors)

December 31, 2020 Unit: NT\$ thousand; %																						
Position	Name (Note 1)	Remuneration Paid to Directors								Proportion of total amount of A, B, C and D in the after-tax net income (%)		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%) (Note 3)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay and Pension (B)		Directors (C) (Note 2)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Pension (F)		Employee compensation (G)						
		Chilisin	All Companies in Consolidated Financial Statements	Chilisin	All Companies in Consolidated Financial Statements	Chilisin	All Companies in Consolidated Financial Statements	Chilisin	All Companies in Consolidated Financial Statements	Chilisin	All Companies in Consolidated Financial Statements	Chilisin	All Companies in Consolidated Financial Statements	Chilisin	All Companies in Consolidated Financial Statements	Chilisin		All Companies in Consolidated Financial Statements		Chilisin	All Companies in Consolidated Financial Statements	
Corporate Director	Yageo Corporation	0																				
Chairman	Yageo Corporation Representative: CHEN, TIE-MIN		0	0	0	12,800	12,800	0	0	0.84	0.84	0	0	0	0	0	0	0	0	0.84	0.84	無
Corporate Director	Shi Hen Enterprise Limited	1,800	1,800	0	0	51,200	51,200	12	12	3.48	3.48	6,090	6,090	72	72	1,800	0	1,800	0	4.00	4.00	無
Vice Chairman	Shi Hen Enterprise Limited Representative: Hwei-Jan Lee																					
Vice Chairman	Shi Hen Enterprise Limited Representative: LAI, YUAN-HO																					
Director	Shi Hen Enterprise Limited Representative: Zhang Daiwei																					
Director	Shi Hen Enterprise Limited Representative: WANG, CHIN- SHAN																					
Director	Shi Hen Enterprise Limited Representative: WANG, PAO- YUAN																					
Director	Shi Hen Enterprise Limited Representative: KUO, YAO-CHING																					
Corporate Director Director	YCSY Co., Ltd. YCSY Co., Ltd. Representative: WAY, YUNG-DO	1,200	1,200	0	0	0	0	12	12	0.08	0.08	0	0	0	0	0	0	0	0	0.08	0.08	無
Independent Director	Chang, Wei-Tsu	400	400	0	0	0	0	0	0	0.03	0.03	0	0	0	0	0	0	0	0	0.03	0.03	無
Independent Director	CHAO, HUI- CHUAN	400	400	0	0	0	0	0	0	0.03	0.03	0	0	0	0	0	0	0	0	0.03	0.03	無
Independent Director	LIN, YU-CHANG	600	600	0	0	0	0	0	0	0.04	0.04	0	0	0	0	0	0	0	0	0.04	0.04	無
*Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: 0.																						

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	Chilisin	All Companies I in Consolidated Financial Statements	Chilisin	All Companies J in Consolidated Financial Statements
Less than NT\$2,000,000 (including NT\$0)	CHEN, TIE-MIN, LEE, HWEI-JAN, CHANG, TA-WEI, WANG, CHIN-SHAN, WANG, PAO-YUAN and CHEN, EN WAY, YUNG-DO, CHANG, WEI-TSU, CHAO, HUI-CHUAN, LIN, YU-CHANG and YCSY Co., Ltd.	CHEN, TIE-MIN, LEE, HWEI-JAN, CHANG, TA-WEI, WANG, CHIN-SHAN, WANG, PAO-YUAN and CHEN, EN WAY, YUNG-DO, CHANG, WEI-TSU, CHAO, HUI-CHUAN, LIN, YU-CHANG and YCSY Co., Ltd.	CHEN, TIE-MIN, LEE, HWEI-JAN, CHANG, TA-WEI, WANG, CHIN-SHAN, WANG, PAO-YUAN and CHEN, EN WAY, YUNG-DO, CHANG, WEI-TSU, CHAO, HUI-CHUAN, etc. LIN, YU-CHANG and YCSY Co., Ltd.	CHEN, TIE-MIN, LEE, HWEI-JAN, CHANG, TA-WEI, WANG, CHIN-SHAN, WANG, PAO-YUAN and CHEN, EN WAY, YUNG-DO, CHANG, WEI-TSU, CHAO, HUI-CHUAN, LIN, YU-CHANG and YCSY Co., Ltd.
NT\$2,000,000 (inclusive) ~ NT\$5,000,000			LAI, YUAN-HO	LAI, YUAN-HO
NT\$5,000,000 (inclusive) ~ NT\$10,000,000			KUO, YAO-CHING,	KUO, YAO-CHING,
NT\$10,000,000 (inclusive) ~ NT\$15,000,000	YAGEO Corporation	YAGEO Corporation	YAGEO Corporation	YAGEO Corporation
NT\$15,000,000 (inclusive) ~ NT\$30,000,000				
NT\$30,000,00 (inclusive) ~ NT\$50,000,000				
NT\$50,000,00 (inclusive) ~ NT\$100,000,000	Shi Hen Enterprise Ltd.	Shi Hen Enterprise Ltd.	Shi Hen Enterprise Ltd.	Shi Hen Enterprise Ltd.
Over NT\$100,000,000				
Total	15	15	15	15

Note 1: The corporate director Shi Hen Enterprise Ltd. re-appointed the representative on May 1, 2020 and Mr. CHEN, EN was replaced by Mr. KUO, YAO-CHING who served as the new director.

Note 2: The corporate director Wei Ho Industry Co., Ltd. disposed its stocks on December 8, 2020 and finally the number of its shares is lower than 1/2 of the total shares it held when taking office. The corporate director left office on December 8, 2020.

Note 3: Calculate the amount to be paid this year based on NT\$ 64,000 thousand remuneration for the directors in 2019 via the approval of the board of directors (March 11, 2021).

Note 4: The net income after tax refers to the pure income after tax identified in the entity or individual financial statement for the recent year (2020) (NT\$ 1,524,542 thousand).

(II) Remuneration to Supervisors: Not applicable

(III) Remuneration to the General Manager and Deputy General Manager

December 31, 2020 Unit: NT\$ thousand; %

December 31, 2020 Unit: NT\$ thousand, %

Position (Note 1)	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Employee Compensation (D) (Note 2)				Ratio of net income after tax of A, B, C and D (%) (Note 3)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Chilisin	All Companies in Consolidated Financial Statements	Chilisin	All Companies in Consolidated Financial Statements	Chilisin	All Companies in Consolidated Financial Statements	Chilisin		All Companies in Consolidated Financial Statements		Chilisin	Within the financial statements All companies	
								Cash	Stock	Cash	Stock			
Management Committee for Business Decisions Vice CEP	Zhong Shiying	7,920	7,920	261	261	1,000	1,000	4,000	0	4,000	0	0.86	0.86	None
General manager and CEO	KUO, YAO- CHING													
Vice President	Zhang Xianjue													
Vice President	Huang Qingyuan													

Range of Remuneration

Range of Remuneration Paid to the President and Vice Presidents	Name of President and Vice President	
	Chilisin	All Companies in Consolidated Financial Statements
Less than NT\$2,000,000	Huang Qingyuan	Huang Qingyuan
NT\$2,000,000 (inclusive) ~ NT\$5,000,000	Zhong Shiying and Zhang Xianjue	Zhong Shiying and Zhang Xianjue
NT\$5,000,000 (inclusive) ~ NT\$10,000,000	KUO, YAO-CHING	KUO, YAO-CHING
NT\$10,000,000 (inclusive) ~ NT\$15,000,000		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000		
NT\$30,000,00 (inclusive) ~ NT\$50,000,000		
NT\$50,000,00 (inclusive) ~ NT\$100,000,000		
Over NT\$100,000,000		
Total	4	4

Note 1: The general manager Zhong Shiying was promoted as the vice CEO of Business Management Committee on May 1, 2020 and was dismissed in June of the same year; KUO, YAO-CHING, the general manager and CEO was promoted to the current status on May 1, 2020; the deputy general manager Zhang Xianjue took office on March 1, 2020; the deputy general manager Huang Qingyuan took office on June 8, 2020.

Note 2: Calculate the amount to be paid this year based on NT\$ 32,400 thousand remuneration for the directors in 2020 via the approval of the board of directors (March 11, 2021).

Note 3: Due to the adoption of IFRS, the net after-tax profit is the net after-tax profit of individual financial reports for the most recent year (2020), amounting to NT\$ 1,524,542 thousand.

(IV) Officers Receiving Employee Bonus Distribution

December 31, 2020 Unit: NT\$ thousand; %

	Title (Note 1)	Name	Stock	Cash	Total	Ratio of total amount to net income after tax (%)
General manager	Chairman and CEO of Business Management Committee	Tie-Min Chen	0	4,490	4,490	0.29
	Vice CEO of Business Management Committee	Zhong Shiyong				
	General manager/CEO	KUO, YAO-CHING				
	Vice President	Zhang Xianjue				
	Vice President	Huang Qingyuan				
	Assitant VP	Xie Minghong				
	Chief Financial Officer	Sun Guangwei				
	Chief Accounting Officer	Lin, Meng-Yu				

Note 1: The general manager Zhong Shiyong was promoted as the vice CEO of Business Management Committee on May 1, 2020 and was dismissed in June of the same year; the general manager KUO, YAO-CHING was promoted to the current post on May 1, 2020; the deputy general manager Zhang Xianjue took office on March 1, 2020; the deputy general manager Huang Qingyuan took office on June 8, 2020; the assistant Xie Minghong was promoted to the current post on August 1, 2020.

Note 2: Calculate the amount to be paid this year based on NT\$ 32,400 thousand remuneration for the directors in 2020 via the approval of the board of directors (March 11, 2021).

Note 3: Due to the adoption of IFRS, the net after-tax profit is the net after-tax profit of individual financial reports for the most recent year (2020), amounting to NT\$ 1,524,542 thousand.

Note 4: The scope of managerial officers shall be defined in the following manner, as per the Board's decree under Tai-Tsai-Cheng-3-Tze No. 0920001301 dated March 27, 2003:

- (1) President and equivalents;
- (2) Vice president and equivalents;
- (3) Assistant vice president and equivalents;
- (4) Chief of Financial Dept.;
- (5) Chief of Accounting Dept.;
- (6) Any other persons in charge of the Company's affairs and entitled to sign instruments on behalf of the Company.

(IV) Specify and compare the salary to directors, supervisors, general manager and deputy general manager of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements in the most recent 2 years, and specify the policies, standards, combinations, procedure of decision-making of remunerations and their relation to business performance and future risk:

Position	Ratio of Total Remuneration to Net Income				Percentage of increase/decrease	
	2019		2020			
	Chilisin	Chilisin	Chilisin	All Companies in Consolidated Financial Statements	Chilisin	All Companies in Consolidated Financial Statements
Director	5.01%	5.01%	5.02%	5.02%	0.01%	0.01%
Supervisor	0.38%	0.38%	N/A	N/A	-0.38%	-0.38%
Name of general manager and deputy general manager	1.56%	1.56%	0.86%	0.86%	-0.70%	-0.70%

Note 1: The net after-tax profit in 2019 amounted to NT\$ 1,147,305 thousand, while that in 2020 amounted to NT\$ 1,524,542 thousand.

Note 2: The Company established the Audit Committee on June 5, 2018 to replace the supervisor by all independent directors. Therefore, this article is inapplicable.

Remuneration policies and standards of the Company:

1. The remuneration policies to directors were specified in Article 18 of the articles of association. If the Company gains profits in the current year, it should extract over 2% of the profits as the remuneration for employees and below 4% of the profits as the remuneration for directors. The amount extracted should be reported to the Salary and Remuneration Committee for deliberation, to the board of directors for discussion and shareholders' meeting prior to payment.
2. When performing duties for the Company, the directors and supervisors shall receive remuneration from the Company regardless of its gain or loss; the board of directors is authorized to determine the remuneration according to their individual participation in the Company's operations and the value of their contribution, while taking into account the general standard in the industry.
3. The remuneration to the general manager shall be approved by the board of directors. The mode of payment for the general manager and deputy general manager shall be adjusted based on the Company's business performance, salary system and assessment and by referring to the Company's business performance of the current year and general standard in the industry; the contents and rationality of remuneration shall be checked according to the Company's operation status and relevant laws so as to strike a balance between the Company's sustainable business and risk control.
4. The Company shall decide its remuneration policies by considering its financial status and business profits of the current year as well as the future capital planning. It shall include the future risks within the scope of assessment so as to minimize the risks. As of the publication date of the annual report, there was no any event that probably makes the Company to bear the responsibilities, obligations or liabilities in the future.

IV. Implementation of Corporate Governance

(I) Operations of the Board

1. A total of 8 (A) Board meetings were held from 2020 to the end when the report was published in 2021. The attendance of the Directors was as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Note
Chairman	Yageo Corporation Representative: CHEN, TIE-MIN	8	0	100%	
Vice Chairman	Shi Hen Enterprise Limited Representative: Hwei-Jan Lee	6	2	75%	
Vice Chairman	Shi Hen Enterprise Limited Representative: LAI, YUAN-HO	8	0	100%	
Director	Shi Hen Enterprise Limited Representative: Zhang Daiwei	6	2	75%	
Director	Shi Hen Enterprise Limited Representative: WANG, CHIN-SHAN	6	2	75%	
Director	Shi Hen Enterprise Limited Representative: WANG, PAO-YUAN	3	2	38%	
Director	Shi Hen Enterprise Limited Representative: CHEN, EN (Note 1)	0	0	0%	Dismissed on May 1, 2020.
Director	Shi Hen Enterprise Limited Representative: KUO, YAO-CHING (Note 1)	6	0	100%	Took office on May 1, 2020.
Director	Representative of Wei Ho Industry Co., Ltd.: WAY, YUNG-DO (Note 2)	3	1	75%	Dismissed on December 8, 2020.
Independent Director	Chang, Wei-Tsu	1	7	12.5%	
Independent Director	CHAO, HUI-CHUAN	8	0	100%	
Independent Director	LIN, YU-CHANG	8	0	100%	

Note 1: The corporate director Shi Hen Enterprise Ltd. changed its representative on May 1, 2020. The director CHEN, EN was replaced by the director KUO, YAO-CHING.

Note 2: The corporate director Wei Ho Industry Co., Ltd. disposed its stocks on December 8, 2020 and finally the number of its shares is lower than 1/2 of the total shares it held when taking office. The corporate director left office on December 8, 2020.

2. Attendance of independent directors in board meeting from 2020 to the day when the report was published in 2021:

●: Attendance in person; ◎: Attendance by proxy; ○Blank: absent

Independent Director	The 17th session							
	1st	2nd meeting	3rd meeting	4th meeting	5th session	6th session	7th session	8th session
	2020.02.26	2020.04.21	2020.08.11	2020.11.10	2020.12.23	2021.01.13	2021.03.11	2021.04.22
Chang, Wei-Tsu	◎	◎	◎	◎	◎	●	◎	◎
CHAO, HUI-CHUAN	●	●	●	●	●	●	●	●
LIN, YU-CHANG	●	●	●	●	●	●	●	●

Other matters to be recorded:

I. With regard to the implementation of the Board of Directors, the dates, terms of the meetings, contents of motions, all independent directors' opinions and Chilisn's handling of such opinions shall be specified:

(I) Refer to the Audit Committee of the report in Article 14-3 of the Securities and Exchange Act.

All proposals have been ratified by all Independent Directors.

(II) Other recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None.

II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified:

(1) Board meeting on February 26, 2020.

Directors: Chairman CHEN, TIE-MIN, Vice Chairman LEE, HWEI-JAN and Director Lai, Yuan-Ho, WANG, CHIN-SHAN and WAY, YUNG-DO

Contents of proposal: The Company donated NT\$ 3 million to "Yageo Foundation", a corporate body.

Cause of avoidance and voting: As Chairman CHEN, TIE-MIN and Director LEE, HWEI-JAN, Lai, Yuan-Ho and WANG, CHIN-SHAN are the related persons of this case, they avoided the voting in the discussion and designated Director CHANG, TA-WEI as the acting president of the case. The case was queried by the acting president and was passed, for the rest directors held no disagreement.

(2) Board meeting on November 11, 2020.

Directors: Chairman CHEN, TIE-MIN, Vice Chairman LEE, HWEI-JAN and Director Lai, Yuan-Ho, WANG, CHIN-SHAN and WAY, YUNG-DO

Contents of proposal: The Company has planned to donate NT\$ 3 million to "Yageo Foundation", a corporate body in 2021.

Cause of avoidance and voting: As the donee of the case is the individual under the same control with the Company or exerting major influence on the Company, YAGEO Corporation and its Chairman CHEN, TIE-MIN made donation. The director also acted in the key post of the foundation therefore, Director CHEN, TIE-MIN, Lai, Yuan-Ho, LEE, HWEI-JAN, LEE, HWEI-JAN and WANG, CHIN-SHAN were the interested parties of the case and needed to avoid the discussion. Director CHANG, TA-WEI as the acting president of the case. The case was queried by the acting president and was passed, for the rest directors held no disagreement.

(3) Board meeting on December 23, 2020.

Directors: Chairman CHEN, TIE-MIN, Vice Chairman LEE, HWEI-JAN, Director Lai, Yuan-Ho, WANG, PAO-YUAN, WANG, CHIN-SHAN, CHANG, TA-WEI and KUO, YAO-CHING and Independent Directors CHANG, WEI-TSU, CHAO, HUI-CHUAN and LIN, YU-CHANG

Contents of proposal: The Company planned to sell 100% equities of Ralec Electronic Corporation as held by the Company.

Cause of avoidance and voting participation: As YAGEO Corporation legally represented by Chairman CHEN, TIE-MIN is the director of KAIMEI ELECTRONIC CORP., Shi Hen Enterprise Ltd. legally represented by Vice Chairman LEE, HWEI-JAN and Director Lai, Yuan-Ho, WANG, PAO-YUAN, WANG, CHIN-SHAN, CHANG, TA-WEI and KUO, YAO-CHING is the supervisor of KAIMEI ELECTRONIC CORP, Independent Director CHANG, WEI-TSU and CHAO, HUI-CHUAN work at KAIMEI at present, they all avoided voting when making resolution for the case in order to avoid any conflict arising therefrom. The directors except for those that avoided the voting based on the interest relationship had no objection.

Contents of proposal: The Company planned to acquire 100% equities of Bothhand Enterprise Inc. it held from KAIMEI ELECTRONIC CORP.

Cause of avoidance and voting participation: As YAGEO Corporation legally represented by Chairman CHEN, TIE-MIN is the director of KAIMEI ELECTRONIC CORP., Shi Hen Enterprise Ltd. legally represented by Vice Chairman LEE, HWEI-JAN and Director Lai, Yuan-Ho, WANG, PAO-YUAN, WANG, CHIN-SHAN, CHANG, TA-WEI and KUO, YAO-CHING is the supervisor of KAIMEI ELECTRONIC CORP., Independent Director CHANG, WEI-TSU and CHAO, HUI-CHUAN work at KAIMEI ELECTRONIC CORP., at present, they all avoided voting when making resolution for the case in order to avoid any conflict arising therefrom. The directors except for those that avoided the voting based on the interest relationship had no objection.

(4) Interim board meeting on January 13, 2021.

Directors: Chairman CHEN, TIE-MIN, Vice Chairman LEE, HWEI-JAN, Director Lai, Yuan-Ho, WANG, PAO-YUAN, WANG, CHIN-SHAN, CHANG, TA-WEI and KUO, YAO-CHING and Independent Directors CHANG, WEI-TSU, CHAO, HUI-CHUAN and LIN, YU-CHANG

Contents of proposal: The Company planned to sell 100% equities of Ralec Electronic Corporation as held by the Company.

Cause of avoidance and voting: As YAGEO Corporation legally represented by Chairman CHEN, TIE-MIN is the director of KAIMEI ELECTRONIC CORP., Shi Hen Enterprise Ltd. legally represented by Vice Chairman LEE, HWEI-JAN and Director Lai, Yuan-Ho, WANG, PAO-YUAN, WANG, CHIN-SHAN, CHANG, TA-WEI and KUO, YAO-CHING is the supervisor of KAIMEI ELECTRONIC CORP., Independent Director CHANG, WEI-TSU and CHAO, HUI-CHUAN work at KAIMEI ELECTRONIC CORP., at present, they all avoided voting when making resolution for the case in order to avoid any conflict arising therefrom. The directors except for those that avoided the voting based on the interest relationship had no objection.

Contents of proposal: The Company planned to acquire 100% equities of Bothhand Enterprise Inc. it held from KAIMEI ELECTRONIC CORP.

Cause of avoidance and voting: As YAGEO Corporation legally represented by Chairman CHEN, TIE-MIN is the director of KAIMEI ELECTRONIC CORP., Shi Hen Enterprise Ltd. legally represented by Vice Chairman LEE, HWEI-JAN and Director Lai, Yuan-Ho, WANG, PAO-YUAN, WANG, CHIN-SHAN, CHANG, TA-WEI and KUO, YAO-CHING is the supervisor of KAIMEI ELECTRONIC CORP., Independent Director CHANG, WEI-TSU and CHAO, HUI-CHUAN work at KAIMEI ELECTRONIC CORP., at present, they all avoided voting when making resolution for the case in order to avoid any conflict arising therefrom. The directors except for those that avoided the voting based on the interest relationship had no objection.

III. The listed companies shall disclose the information of self-evaluation (or peer evaluation) of the Board of Directors, such as evaluation cycle, period, scope, method and contents.

The execution of the Board's evaluation:

Frequency	Period	Scope	Method	Content
Once a year	2020.01.01~ 2020.12.31	Self-evaluation by the Board of Directors	Overall Board of Directors	Overall Board performance evaluation is including: 1. Participation of the Company's operation 2. Improvement in the Board's decision making quality 3. Composition and structure of the Board 4. Selection and continuing education of the Directors 5. Internal control
Once a year	2020.01.01~ 2020.12.31	Evaluation of performance for the individual board of directors:	Self-evaluation by the directors	Evaluation of performance for the individual board members: Including alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing

				education, and internal control.
<p>IV. Measures undertaken during the current year and past year in order to strengthen the functions of the board of directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation.</p> <p>The Company has formulated and complied with its “Rules of Procedure for Board of Directors Meetings” in reference to the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies”, and has disclosed the Directors' attendance of Board of Directors (BOD) meetings on the Market Observation Post System (MOPS). The company established its Audit Committee on June 5, 2018 to formulate or modify internal control system and effectiveness evaluation of the system pursuant to Article 14-1 of the Securities and Exchange Act; formulate or modify the treatment procedure for major financial business such as asset obtaining or disposal, trading of derivative commodities, loan lending, endorsement for others or guarantee provision, matters related to the directors’ interests, trading of major assets or derivative commodities; major monetary loans, endorsements, or provide guarantees; raise, issuance, or private placement of equity-type securities; appointments, dismissals, or remunerations for Certified Public Accountants; appointment of financial, accounting, or internal auditing officers; and other major matters prescribed by the competent authority. The Company’s Remuneration Committee is responsible for the implementation of the recommendations, evaluation and supervision of the Company’s overall remuneration policies, as well as compensation standards for Presidents and managerial officers, along with employee stock option plans, employee bonus plans, or other employee incentive plans. To encourage the Directors' continuing education, the Company arranges them to study so that the directors could meet the requirements for study and realize favorable interactive effect.</p>				

(II) Operation Information of Audit Committee

1. Functions and Powers and Annual Working Emphasis of the Audit Committee

- (1) Formulate or amend internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Assess the effectiveness of the internal control system.
- (3) The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- (4) Matters related to the personal interest of a director.
- (5) Trading of material assets or derivatives.
- (6) Material loaning of funds, and provision of endorsements or guarantees.
- (7) Offering, issuance or private placement of any equity securities.
- (8) Appointment, discharge or compensation of a certified public accountant (CPA).
- (9) Appointment or discharge of a finance manager, accounting manager or chief internal auditor.
- (10) The Q1, Q2 and Q3 and annual financial statements signed or stamped by the Chairman, managers and accounting directors.
- (11) Other significant matters specified by the Company or the competent authority.

2. Operation of the Company's Audit Committee

- (1) There are a total of 3 members in the Company's Remuneration Committee.
- (2) The tenure of current Remuneration Committee is from June 5, 2018 to June 4, 2021.
- (3) A total of 7 (A) meetings of the Audit Committee were held in 2020 as of the date when the report was published. The attendance of independent directors was as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Note
Independent Director	Chang, Wei-Tsu	1	6	14.29%	
Independent Director	CHAO, HUI-CHUAN	7	0	100%	
Independent Director	LIN, YU-CHANG	7	0	100%	

Other matters to be recorded:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified:

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act

A total of 7 meetings of the Audit Committee were held from 2020 to the date when the report was published. The resolution of Audit Committee is listed in Note 1. Matters listed in accordance with Article 14-5 of Securities and Exchange Act has been passed by Audit Committee unanimously.

(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors in addition to the aforesaid ones:

- The 14th meeting of the 1st Audit Committee on January 13, 2021.

Contents of proposal: The Company planned to sell 100% equities of Ralec Electronic Corporation as held by the Company.

Contents of proposal: The Company planned to acquire 100% equities of Bothhand Enterprise Inc. it held from KAIMEI ELECTRONIC CORP.

As the audit members CHANG, WEI-TSU and CHAO, HUI-CHUAN needed to avoid the resolutions of the two cases above, the consent of more than half of Audit Committee

members could not be obtained. The case was submitted to the Board of Directors for a resolution.

II. Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

- The 14th meeting of the 1st Audit Committee on January 13, 2021.

Contents of proposal: The Company planned to sell 100% equities of Ralec Electronic Corporation as held by the Company.

Contents of proposal: The Company planned to acquire 100% equities of Bothhand Enterprise Inc. it held from KAIMEI ELECTRONIC CORP.

As the audit members CHANG, WEI-TSU and CHAO, HUI-CHUAN needed to avoid the resolutions of the two cases above, the consent of more than half of Audit Committee members could not be obtained. The case was submitted to the Board of Directors for a resolution.

III. Communication between independent directors, chief internal auditor and the CPAs:

- Besides submitting the audit report to the independent directors regularly, the Company's audit unit designates the chief auditor and CPA to communicate with the independent directors in usual time via email, phone or face to face.
- Besides consulting or reviewing the independent director's report, the Company's CPA shall also hold regulation publicity activity once a year, and update the latest financial and taxation laws and countermeasures for relevant influence. They should contact with each other as long as there is a need via email, phone or face to face.
- Concluding the above, independent Directors can understand the Company's operating status (including financial and business status) and audit status through Board of Directors meeting, Audit Committee meeting, and the audit report periodically submitted by the audit department. They may also communicate with independent auditors well through all kinds of reports and channels (such as phone, fax, emails, etc.).
- Summary of each communication from 2020 to the date when the report was published (Note 2) and (Note 3).

Note 1: Major resolutions of the Audit Committee from 2020 to the date when the report was published:

Date of the meeting	Major Resolutions	Resolution result and independent directors' opinions	The Company's Response
2020.2.26 The 10th meeting of the 1st session Audit Committee	Internal Audit Business Report in 2019 Q4	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submit the board resolution
	Report on the Company's derivatives trading in 2019 Q4		
	The Company's consolidated financial statement and individual financial statement in 2019		
	Case of the Company's 2019 earning distribution.		
	The Company's business budget in 2019		
	The Company has planned to donate NT\$ 3 million to "Yageo Foundation", a corporate body.		
	The Company has planned to donate NT\$ 1 million to "Yageo Occupational Competition Development Association".		
	For the purpose of business turnover, the Company planned to extend and allow the comprehensive line of credit and derivative limit of the following organizations and provide endorsement guarantee limit for its subsidiary CHILISIN INT'L LIMITED and CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY based on the "Operation Procedure for Capital Loan and Endorsement Guarantee".		
	Capital increase of Chilisin Holding (Hong Kong) Limited		
	Capital increase of CHILISIN INT'L LIMITED.		
	Case of loan lending of the Company's sub-subsidiary Dongguan Chilisin Electronics Co., Ltd. and case of Hunan Chilisin Electronics Co., Ltd.		
	The Company's 2019 "Appraisal on the Effectiveness of Internal Control		

Date of the meeting	Major Resolutions	Resolution result and independent directors' opinions	The Company's Response
	System" and "Internal Control Statement". Amendment to the Company's "Procedures for Acquisition and Disposal of Assets". Amendment to the Company's "Procedures for Loaning of Funds and Making of Endorsements/Guarantees". Amendment to the Company's Articles of Association Amendment to the Company's "Rules for Election of Directors". Amendment to the Company's "Rules Governing the Proceedings of Shareholder Meetings".		
2020.4.21 The 11th meeting of the 1st session Audit Committee	Internal audit report in 2020 Q1 Report on the Company's derivatives trading in 2020 Q1 The Company's consolidated financial statement in 2020 Q1. For the purpose of business turnover, the Company planned to extend the comprehensive line of credit and derivative limit of the following organizations and provide endorsement guarantee limit of comprehensive line of credit, foreign exchange and derivatives limit for its subsidiary CHILISIN INT'L LIMITED and sub-subsidiary CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY, Ferroxcube Hong Kong Limited and Ferroxcube Polska Sp.Z.o.o. based on the "Operation Procedure for Capital Loan and Endorsement Guarantee". Proposal for obtaining the right to use assets from related parties through lease	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submit the board resolution
2020.8.11 The 12th meeting of the 1st session Audit Committee	Internal audit report in 2020 Q2 Report on the Company's derivatives trading in 2020 Q2 The Company's consolidated financial statement in 2020 Q2. The Company's disposal of real estate. The Company sold one batch of production machineries to CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY. Independence evaluation proposal of the Company's CPA The Company planned to authorize its general manager to sign relevant contracts and files of the financial organizations and deal with relevant matters for and on behalf of the Company. For the purpose of business turnover, the Company planned to extend and allow the comprehensive line of credit and derivative limit of the following organizations and provide endorsement guarantee limit of comprehensive line of credit for its subsidiary CHILISIN INT'L LIMITED and sub-subsidiary CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY based on the "Operation Procedure for Capital Loan and Endorsement Guarantee". Amendment to the Company's "Corporate Governance Best-Practice Principles" Preparation of the Company's "Measures for the Management for the Prevention of Insider Trading".	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submit the board resolution
2020.11.10 The 13th meeting of the 1st session Audit Committee	Internal audit report in 2020 Q3. Report on the Company's derivatives trading in 2020 Q3 Consolidated financial statement in 2020 Q3. The Company's 2021 audit plan. Proposal of liquidation and dissolution of the Company's subsidiary Dongguan Lianmao Electronics Co., Ltd. invested with equity method The Company planned to donate NT\$ 3 million to "Yageo Foundation ", a corporate body in 2021. The Company has planned to donate NT\$ 1 million to "Yageo Occupational Competition Development Association". For the purpose of business turnover, the Company planned to extend and allow the comprehensive line of credit and derivative limit of the following organizations and provide endorsement guarantee limit of comprehensive limit of credit, foreign exchange and derivatives limit for its subsidiary	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submit the board resolution

Date of the meeting	Major Resolutions	Resolution result and independent directors' opinions	The Company's Response
	CHILISIN INT'L LIMITED and sub-subsidiary CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY and Ferroxcube Hong Kong Limited based on the "Operation Procedure for Capital Loan and Endorsement Guarantee".		
	Proposed amendment to some terms of the Company's "Operational Procedures for Financial Statements Preparation Process"		
2021.1.13 The 14th meeting of the 1st session Audit Committee	The Company planned to sell 100% equities of Ralec Electronic Corporation as held by the Company. The Company planned to acquire 100% equities of Bothhand Enterprise Inc. it held from KAIMEI ELECTRONIC CORP.	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submit the board resolution
2021.03.11 The 15th meeting of the 1st session Audit Committee	Internal audit report in 2020 Q4 Report on the Company's derivatives trading in 2020 Q4 The Company's consolidated financial statements and business report in 2020 The Company's earning distribution proposal in 2020 The Company's business budget in 2021. Independence evaluation proposal of the Company's CPA For the purpose of business turnover, the Company planned to extend and allow the comprehensive line of credit and derivative limit of the following organizations and provide endorsement guarantee limit of comprehensive limit of credit, foreign exchange and derivatives limit for its subsidiary CHILISIN INT'L LIMITED and sub-subsidiary CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY, Ferroxcube Hong Kong Limited and Ferroxcube Polska Sp.Z.o.o. based on the "Operation Procedure for Capital Loan and Endorsement Guarantee". Capital increase of CHILISIN INT'L LIMITED. The Company's 2020 "Appraisal on the Effectiveness of Internal Control System" and "Internal Control Statement". Proposed amendments to the Company's "Procedures for the Acquisition and Disposal of Assets". Proposal of increasing and modifying the Company's "Procedure for Director Selection". Proposal of increasing and modifying the Company's "Code of Ethics". Termination of non-competition of the Company's new director.	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submit the board resolution
2021.04.22 The 16th meeting of the 1st session Audit Committee	Internal audit report in 2021 Q1 Report on the Company's derivatives trading in 2021 Q1 Consolidated financial statement in 2021 Q1 For the purpose of business turnover, the Company planned to extend and allow the comprehensive line of credit and derivative limit of the following organizations and provide endorsement guarantee limit of comprehensive limit of credit, foreign exchange and derivatives limit for its subsidiary CHILISIN INT'L LIMITED and sub-subsidiary CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY based on the "Operation Procedure for Capital Loan and Endorsement Guarantee". Capital increase of CHILISIN INT'L LIMITED. Termination of non-competition of the Company's new director.	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submit the board resolution

Note 2: Summary of communication between independent directors and internal Chief Audit Officer

Date Resolutions	Nature and discussion topics	Suggestions of independent directors
Feb 26, 2020	<ul style="list-style-type: none"> ● Internal audit report in 2019 Q4. ● Discussion on the Company's 2019 "Appraisal on the Effectiveness of Internal Control System" and "Internal Control Statement". 	The independent directors have no opinions and suggestions
Apr 21, 2020	<ul style="list-style-type: none"> ● Internal audit report in 2020 Q1 	The independent directors have no opinions and suggestions
Aug 11, 2020	<ul style="list-style-type: none"> ● Internal audit report in 2020 Q2 	The independent directors have no opinions and suggestions
Nov 10, 2020	<ul style="list-style-type: none"> ● Internal audit report in 2020 Q3. ● Annual audit report in 2021. 	The independent directors have no opinions and suggestions
Mar 11, 2021	<ul style="list-style-type: none"> ● Internal audit report in 2020 Q4. ● Discussion on the Company's 2020 "Appraisal on the Effectiveness of Internal Control System" and "Internal Control Statement". 	The independent directors have no opinions and suggestions
Apr 22, 2021	<ul style="list-style-type: none"> ● Internal audit report in 2021 Q1 	The independent directors have no opinions and suggestions

Note 3: Summary of communication between independent directors and CPAs

Date Resolutions	Nature and discussion topics	Suggestions of independent directors
Feb 26, 2020	<ul style="list-style-type: none"> ● Statement of discoveries and results of 2019 consolidated financial statements and individual financial statements through review and the communication on key reviewed matters. ● Response and discuss the questions raised by attendees. 	The independent directors have no opinions and suggestions
Apr 21, 2020	<ul style="list-style-type: none"> ● Statement of discoveries and results of 2020 Q1 consolidated financial statements through review and the communication on key reviewed matters. ● Response and discuss the questions raised by attendees. 	The independent directors have no opinions and suggestions
Aug 11, 2020	<ul style="list-style-type: none"> ● Statement of discoveries and results of 2020 Q2 consolidated financial statements through review and the communication on key reviewed matters. ● Response and discuss the questions raised by attendees. 	The independent directors have no opinions and suggestions
Nov 10, 2020	<ul style="list-style-type: none"> ● Statement of discoveries and results of 2020 Q3 consolidated financial statements through review and the communication on key reviewed matters. ● Response and discuss the questions raised by attendees. 	The independent directors have no opinions and suggestions
Mar 11, 2021	<ul style="list-style-type: none"> ● Statement of discoveries and results of 2020 consolidated financial statements and individual financial statements through review and the communication on key reviewed matters. ● Response and discuss the questions raised by attendees. 	The independent directors have no opinions and suggestions
Apr 22, 2021	<ul style="list-style-type: none"> ● Statement of discoveries and results of 2021 Q1 consolidated financial statements through review and the communication on key reviewed matters. ● Response and discuss the questions raised by attendees. 	The independent directors have no opinions and suggestions

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has prepared “Corporate Governance Rule” based on the “Practice Principles for TWSE/TPEX Listed Companies”.	None
II. Shareholding structure & shareholders' rights (1) Does the Company establish internal operating procedures or policies to handle shareholder suggestions, doubts disputes and lawsuits and implemented such procedures or policies? (2) Does the Company possess a list of major shareholders and list of ultimate owners of these major shareholders? (3) Has the company established and enforced risk control and firewall systems with its affiliate companies? (4) Has the Company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	✓ ✓		(I) The Company has appointed dedicated staff to handle the suggestions and disputes of shareholders. (II) The Company grasps the name list of main shareholders that control the Company and final controllers at all times via stock agency (Agency Department of KGI Securities) and declares the abnormal changes of personnel and stocks per month. (III) The Company has established related mechanisms in the internal control system in accordance with regulations in order to reduce risks. (IV) The Company will inform the employees of relevant regulations and grant them the manual for equity trading for insiders prior to taking office.	None
III. Composition and responsibilities of the Board of Directors (1) Is the composition of the Board of Directors determined by taking appropriate policy based on diversity and ensure the actual implementation?	✓		(I) The Company has prepared diverse policies and specific management objectives for the board members: As specified in Article 20 (Overall Capacities of Board of Directors) of the Company’s “Corporate Governance Best-Practice Principles”, The Company shall diversify Board composition and develop guidelines on diversity based on the operations, nature of business activities and development needs of the Company, including but not limited to the following two aspects. The Company shall specify that the directors which also act as the managers cannot be absent from the board meeting for 1/3 times. I. Basic requirements and values: Gender, age, nationality, and culture, etc. II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. The board members should generally have the knowledge, skills and quality required for performing their duties. In order to achieve the ideal targets of corporate governance, the board of directors shall enjoy the general abilities set forth below: I. Business judgment ability. II. Accounting and financial analysis ability. III. Business management ability. IV. Crisis management ability. V. Knowledge of the industry.	None

<p>(II) In addition to the Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?</p> <p>(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually? Does it report the results of the performance evaluation to the BOD and use them as a reference for each Director's remuneration and nomination of term renewal?</p> <p>(IV) Does the Company regularly assess on the independence of CPAs?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>VI. International market perspective.</p> <p>VII. Leadership.</p> <p>VIII. Decision-making ability.</p> <p>III.</p> <p>1. Basic qualification and value: gender, age, nationality and culture.</p> <p>(1) Among the current 11 members of the board of directors (one absent), number of female directors is 2 and number of independent directors is 1; female directors account for 20% of all members, at an average age of 60; male directors account for 80%, at an average age of 64.63. The average age of all directors is 63.7.</p> <p>(2) Part of the directors keep the long-term cooperative relationship with international enterprises and live abroad, and therefore, the multiculturalism is strong.</p> <p>2. Professional knowledge and skills: See director information of this annual report for the professional background, professional skills and industrial experience.</p> <p>3. See (Note 1) for general abilities professional background and abilities of board members.</p> <p>(II) The Company has established the Remuneration Committee and the Audit Committee but has not yet established other functional committees.</p> <p>(III) The Company ratified the Measures for Performance Evaluation of the Board of Directors on Nov. 10, 2010, and in the first quarter of 2021, finished the performance evaluation and submitted the results to the Remuneration Committee and the board of directors, for reference of remuneration and nomination and reappointment of individual directors.</p> <p>(IV) The CPA of the Company has abstained from the engagement and has direct or indirect interest in the matter and the Board of Directors of the Company assesses the independence, suitability and professionalism of the CPA before the appointment each year and requires the CPA of the Company to provide a "Statement of Independence" each year and to review the personal biographies of the CPA and the independence statement of each of the CPAs for discussion by the Board when discussing the independence and appointment of the CPA.</p>	
<p>IV. Does the exchange-listed and OTC-listed companies appoint an exclusively (or concurrently) responsible unit or personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, and handling, in accordance with relevant laws, matters related to board meetings and shareholders' meetings, business registration and changes to the registration, and for preparing minutes of board meetings and shareholders' meetings)?</p>	<p>✓</p>	<p>Besides allocating appropriate personnel to take charge of the Company's relevant affairs, on Aug. 11, 2010, the Company, upon the approval by the Remuneration Committee and board of directors, assigned CFO Sun Guangwei to double as the corporate governance executive, who was the highest director for relevant affairs of corporate governance. The CFO Sun enjoys the management experience of more than three years of finance, stock affairs and business discussion of PO company and has obtained the qualification of CIA (certified internal auditor). He is mainly in charge of relevant affairs of corporate governance. Scope of functions and powers: Make overall plan on and take charge of the Company's governance affairs. Including: handling matters relating to board of director and shareholders' meeting, carrying out company registration and change registration processes and preparing minutes of board of director and shareholders' meetings. In 2020, the CFO Sun Guangwei, the corporate governance executive, had the key business implementations and continuing education and training set forth below:</p> <p>I. Key business implementations:</p> <p>(I) Handle matters in relation to the Board meetings and</p>	<p>None</p>

		<p>shareholders' meetings according to law.</p> <p>(II) Keep minutes at the Board meetings and shareholders' meetings.</p> <p>(III) Assist in continuing education of the directors, with 6 hours of each.</p> <p>(IV) Provide information required for the Directors to conduct business.</p> <p>(V) Other matters set forth in the Company's Articles of Association or contracts.</p> <p>II. Status of continuing education and training: A total of 12 hours of training was provided in 2010. Please refer to (Note 3).</p>	
V. Does the company establish communication channels and a dedicated section on the company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓	Establish a special area for stakeholders on the Company's website and appropriately respond to the important CSR issues that stakeholders concern. Issues that stakeholders concern and communication mode are shown in (Note 4).	None
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓	The Company has appointed the Stock Transfer Agency Department of MasterLink Securities Corp. to process affairs related to board of shareholders.	None
<p>VII. Information disclosure</p> <p>(1) Has the Company established a corporate website to disclose information regarding the company's financial, business, and corporate governance status?</p> <p>(2) Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference, etc.)?</p> <p>(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year? Does it announce and declare the first, second and third quarter financial reports and operating conditions of each month as soon as possible before the prescribed period?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>(II) The Company established a website both in Chinese and English through the convenience of Internet and assigned a special person to take charge of the maintenance. All data are detailed and correct for reference of shareholders and stakeholders; besides, spokesperson system is implemented according to provisions.</p> <p>(II) The Company established a website both in Chinese and English through the convenience of Internet and assigned a special person to take charge of the maintenance. All data are detailed and correct for reference of shareholders and stakeholders; besides, spokesperson system is implemented according to provisions.</p> <p>(II) The Company has made announcement within the due period specified by competent authority and declared relevant financial reports and operations of various months, and hopes, with the coordination and efforts of various departments and powerful assistance of accounting firm, to make announcement within the last two months of the fiscal year and declared the annual financial report as a major goal of this year, so as to provide more transparent and rapid financial information for shareholders and investors.</p>	None
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?	✓	<p>(1) Employees' rights and interests and employee care: The Company adopts complete employment regulations and treats employees and applicants as per regulations.</p> <p>(2) Investor relations: The Company designates dedicated personnel to handle the inquiries and suggestions from investors and shareholders.</p> <p>(3) Supplier relations: The Company keeps a favorable relationship with suppliers based on the long-term cooperation and steady materials supply.</p> <p>(4) Stakeholder relations: Stakeholders can communicate and make recommendations to the Company to safeguard their legal rights and interests. The relevant summary is shown in (Note 4).</p> <p>(5) Further education of directors and independent directors: The further education time of the Company's directors (independent directors) in 2010 reached the statutory further education hours. See (Note 5) for the further education of members of board of directors in 2010.</p>	None

		<p>(6) Implementation of risk management policies and risk assessment standards: The company has established the management measures for important managerial targets and manage and assess various risks as per the measures.</p> <p>(7) Implementation of customer policies: The company maintains a stable and good relationship with its customers in order to make profits.</p> <p>(8) Purchasing liability insurance for Directors and Supervisors: The Company has purchased liability insurance for Directors and Supervisors and obtained approval of the board of directors, so as to strengthen the protection of shareholders' rights and interests.</p>	
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IX. Based on the most recent Corporate Governance Evaluation Results released by the Taiwan Stock Exchange Corporate Governance Center, please provide a description of the areas improved, and priorities and measures to be taken on areas identified for improvement: The Company has finished 2010 corporate governance self-evaluation and made self-criticism based on the evaluation results.

Matters improved:

(1) The 2020 General Shareholders' Meeting passed the proposal for the "Full Implementation of the Candidate Nomination System for the Election of Directors".

(2) The Company has established the measures and mode to measure the performance of the Board and made performance assessment regularly.

(3) Directors' liability insurance and submission to the board of directors: The Company has been purchasing liability insurance for all directors and has submitted it to the board of directors.

Preferential enhancement items:

1.6	Has the Company held the regular shareholders' meeting by the end of May?	The status quo is maintained for now.
2.7	Will the Company set up more seats for Independent Directors than the legal requirements voluntarily?	The status quo will be maintained for now.
2.14	Has the company set up functional committees other than statutory committees, and do such functional committees have no less than three members, with at least half of the members being independent Directors, and does the company disclose the organization, responsibility, and operations of such committees?	There is no such increase plan for now.
3.4	Has the company published the annual financial reports within two months after the end of the fiscal year?	The status quo will be maintained for now.

Note 1: Implementation of diversification policy of board members of individual directors:

Basic composition										Professional fields							
Name of Director	Nationality	Gender	Part-time employee	Age				Term of office of independent directors		Business judgment ability	Accounting and financial analysis ability	Business management ability	Crisis management capability	Global market viewpoint	Leadership	Decision ability	Law
				50 to 60	61 to 70	71 - 80	Over 81	2-5 years	Over 5 Years								
Tie-Min Chen	R.O.C.	Male			√					√	√	√	√	√	√	√	
Hwei-Jan Lee	R.O.C.	Female			√					√	√	√	√	√	√	√	√
LAI, YUAN-HO	R.O.C.	Male	√				√			√	√	√	√	√	√	√	
CHANG, TA-WEI	R.O.C.	Male			√					√	√	√	√	√	√	√	
Chin-San Wang	R.O.C.	Male				√				√	√	√	√	√	√	√	
WANG, PAO-YUAN	R.O.C.	Male				√				√	√	√	√	√	√	√	
CHEN, EN (Note)	R.O.C.	Male		√						√	√	√	√	√	√	√	
KUO, YAO-CHING (Note)	R.O.C.	Male	√	√						√	√	√	√	√	√	√	
WAY, YUNG-DO (Note)	R.O.C.	Male				√				√	√	√	√	√	√	√	
Chang, Wei-Tsu	R.O.C.	Male		√				√		√	√	√	√	√	√	√	
CHAO, HUI-CHUAN	R.O.C.	Female		√				√		√	√	√	√	√	√	√	
LIN, YU-CHANG	R.O.C.	Male			√			√		√	√	√	√	√	√	√	√

“Note: (1) On May 1, 2010, the corporate director SHI HEN ENTERPRISE LTD. changed its representative: Mr. CHEN, EN was removed out of office and Mr. KUO, YAO-CHIN was appointed as the new director.

(2) Mr. WAY, YUNG-DO, the representative of the corporate director YCSY Co., Ltd., was naturally removed out of the office on Dec. 8, 2010, with his shareholding lower than the 1/2 of number of shares while being appointed.

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Note 2: Evaluation Table of the Independence and Competence of CPAs

No.	Evaluation Item	Yes	No
1	As of the most recent assurance operation, no CPA has been replaced for seven years.	V	
2	The CPA does not have significant financial relationship with his/her client.	V	
3	The CPA avoids any inappropriate relationship with his/her client.	V	
4	The CPA ensures that his/her assistants are honest, fair and independent.	V	
5	The CPA does not concurrently serve as a regular employee of the Company or its affiliated companies and does not receive a fixed salary.	V	
6	The CPA is not involved in the management function of the decision-making of the Company and its affiliated companies.	V	
7	Not a spouse or a relative within the second degree of kinship to the Company's management.	V	
8	Has the CPA complied with the Statements of the Code of Professional Ethics No.10 on independence? Has the "Independence Statement" been issued by CPA been obtained?	V	
9	The CPA has not engaged in any matter that may result in disciplinary actions taken against him/her or damage to the principle of independence so far.	V	
Evaluation results: public accountants Zhao Yongxiang and Ke Zhixian of Deloitte & Touche have been appointed to audit and certify the financial statements of this year, and both of them are evaluated to be independent and competent.			

Note: 2020 training program for the Company's corporate governance executives

Dates	Training agency	Course Name	Training Hours	Total training hours
Aug 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3	21
Aug 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	
Sep 24, 2020	Explanation of director and Supervisor Liability and Case Studies under Corporate Governance 3 February 13, 2019 February 13, 2019	2010 Insider Trading Prevention and Insider Equity Trading Education Seminar	3	
Oct 22, 2010	TWSE	2020 Promotions of Corporate Governance and Ethical Business Conduct to Directors and Supervisors	3	
Nov 25, 2010	Explanation of director and Supervisor Liability and Case Studies under Corporate Governance 3 February 13, 2019 February 13, 2019	2010 Introduction to Futures Derivatives Hedging Trading and Practice on Operating and Improving Enterprise Sustainable Operation	3	
Dec 2, 2010	Taiwan Corporate Governance Association	The 16th Corporate Governance Summit Forum	6	

Note 4: Identity of Stakeholders, Issues of Concern, Communication Channels

Stakeholder	Topics of Concern	Communication Channel/Frequency	Contacts
Employee	Financial information and revenue performance Employee benefits and welfare Workplace safety and health Talent development	New employee training/Irregularly Staff welfare committee meeting/Quarterly Management and Staff Meeting/Quarterly Legal and policy communication/Irregularly Employee complaint channel/Always	HR Dept. Alice Wu, Deputy Manager +886-3-261-8000 hr@chilisin.com
Customers	Research and product development Customer relations management Product roadmap update and discussion	Tracking customers' needs and product development progress via SAP system / Irregularly Business meetings with key accounts/Monthly Customer satisfaction survey and improvement/Annually Product specifications update and discussion	Sales Dept. CY Huang, VP +886-3-261-8000 sales@chilisin.com

Stakeholder	Topics of Concern	Communication Channel/Frequency	Contacts
Shareholders/investors	Financial information and revenue performance Research and product development Compliant with environmental policies and regulations	Shareholder meetings/Annually Investors meetings/ Irregularly	IR & PR Dept. Kenny Chen, Manager +886-3-261-8000 ir@chilisin.com
Suppliers	Restriction of hazardous substances Environmental protection compliance	Supplier audit and assessment/irregularly Supplier provided proof of environmental friendly materials/irregularly	Purchasing Dept. Cindy Hu, Senior Manager +886-3-261-8000 purchasing@chilisin.com
Media	Financial information and revenue performance Compliant with local law/policies and regulations	News releases/Monthly Media conferences/Irregularly Media interviews/Irregularly	IR & PR Dept. Kenny Chen, Manager +886-3-261-8000 ir@chilisin.com
Local Government	Compliant with local law/policies and regulations	Corporate Website/Monthly M.O.P.S/As required Government held conferences/Irregularly	IR & PR Dept. Kenny Chen, Manager +886-3-261-8000 ir@chilisin.com

Note 5: Directors' Training Records in 2020

Position	Name	Date	Training Institution	Course Name	Training Hours	Total hours of training in current year
Director Representative of Corporate Shareholder	Tie-Min Chen	Aug 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	6
		Aug 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3	
Director Representative of Corporate Shareholder	Hwei-Jan Lee	Aug 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	6
		Aug 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3	
Director Representative of Corporate Shareholder	LAI, YUAN-HO	Dec 2, 2010	Taiwan Corporate Governance Association	The 16th Corporate Governance Summit Forum	6	19
		Oct 16, 2020	TWSE	2020 Promotions of Corporate Governance and Ethical Business Conduct to Directors and Supervisors	3	
		Sep 24, 2020	Development Foundation for Securities and Futures Markets	2020 Insider Trading Prevention and Insider Equity Trading Education Seminar	3	
		Aug 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	
		Aug 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3	

Position	Name	Date	Training Institution	Course Name	Training Hours	Total hours of training in current year
		Feb 18, 2020	Taiwan Corporate Governance Association	Impact Investment Do Well by Doing Good	1	
Director Representative of Corporate Shareholder	CHANG, TA-WEI	Aug 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	6
		Aug 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3	
Director Representative of Corporate Shareholder	KUO, YAO-CHING	Oct 16, 2020	TWSE	2020 Promotions of Corporate Governance and Ethical Business Conduct to Directors and Supervisors	3	12
		Sep 18, 2020	Development Foundation for Securities and Futures Markets	2010 Insider Trading Prevention and Insider Equity Trading Education Seminar	3	
		Aug 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	
		Aug 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3	
Director Representative of Corporate Shareholder	WANG, PAO-YUAN	Aug 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	6
		Aug 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3	
Director Representative of Corporate Shareholder	Chin-San Wang	Aug 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	6
		Aug 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3	
Independent Director	Chang, Wei-Tsu	Aug 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	6
		Aug 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3	
Independent Director	LIN, YU-CHANG	Oct. 23, 2020	108.08.16 Taiwan Accounting Research and Development Foundation	2020 Insurance New Horizon Seminar	3	15
		Oct. 21, 2020	Development Foundation for Securities and Futures Markets	2010 Insider Trading Prevention and Insider Equity Trading Education Seminar	3	
		Oct 16, 2020	TWSE	2020 Promotions of Corporate Governance and Ethical Business Conduct to Directors and Supervisors	3	
		Aug 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	
		Aug 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3	
Independent Director	CHAO, HUI-CHUAN	Nov 25, 2010	Development Foundation for Securities and Futures Markets	2010 Introduction to Futures Derivatives Hedging Trading and Practice on Operating and Improving Enterprise Sustainable Operation	3	18
		Oct. 23, 2020	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors of Fubon Property & Casualty Insurance Co., Ltd. and Risk Management Seminar	3	
		Oct. 21, 2020	Development Foundation for Securities and Futures Markets	2010 Insider Trading Prevention and Insider Equity Trading Education Seminar	3	
		Oct 16, 2020	TWSE	2020 Promotions of Corporate Governance and Ethical Business Conduct to Directors and Supervisors	3	

Position	Name	Date	Training Institution	Course Name	Training Hours	Total hours of training in current year
		Aug 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	
		Aug 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3	

(IV) Composition, Duties and Operation of the Remuneration Committee

Composition, Duties and Operation of the Remuneration Committee

1. Professional Qualifications and Independence Analysis of the Remuneration Committee Members

Title (Note 1)	Name	Qualifications	Conform to the independence criteria (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Note
		Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience												
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10
Independent Director	Chang, Wei-Tsu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director	CHAO, HUI-CHUAN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director	LIN, YU-CHANG			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note 1: For the title, please fill in director, independent director, or others.

Note 2: Please check “✓” the corresponding boxes if the members meet the following conditions during the two years prior to the nomination and during the term of office.✓

- (1) Not an employee of Chilisin or any of its affiliates.
- (2) Not a director or supervisor of the Company's affiliates. Not applicable in cases where the person is an independent director of the Company's parent company or any subsidiary appointed in accordance with the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies or other local laws and regulations.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of Chilisin or is ranked in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of Chilisin, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or

supervisor of Chilisin under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Chilisin and its parent or subsidiary or a subsidiary of the same parent).

- (6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of Chilisin's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Chilisin and its parent or subsidiary or a subsidiary of the same parent).
- (7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of Chilisin (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Chilisin and its parent or subsidiary or a subsidiary of the same parent).
- (8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with Chilisin (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of Chilisin and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, at Chilisin and its parent or subsidiary or a subsidiary of the same parent).
- (9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for Chilisin or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not under any of the categories stated in Article 30 of the Company Act.

2. Responsibilities of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members. The Remuneration Committee of the Company shall exercise the care of an administrator with good faith, faithfully fulfill the following functions and power, and submit the recommendations to the Board of Directors for discussion.
 1. Establishing and regularly reviewing the directors' and managers' performance evaluation and the remuneration policies, systems, standards, and structure.
 2. Regularly assessing and determining the directors' and managers' remunerations.
- (2) Duration of the current term: From Jun. 5, 2018 to Jun. 4, 2021
In 2019, the Committee has held 6 meetings (A) as of the date of publication of release date of annual report, and qualification and attendance of committee members are summarized as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Actual attendance rate (%) (B/A)	Note
Convener	Chang, Wei-Tsu	0	6	0%	
Committee Member	CHAO, HUI-CHUAN	6	0	100%	
Committee Member	LIN, YU-CHANG	6	0	100%	

Other matters to be recorded:

- I. If the board of directors declines to adopt or modify a recommendation of the Remuneration Committee, the date of the meeting, session, summary of the proposal, resolution by the board

of directors, and the Company's response to the remuneration committee's opinion shall be specified: None.

- II. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, the date of the meeting, session, summary of the proposal, opinions of all members, and the Company's handling of said opinions shall be specified: None.

(3) Major Resolutions of the Remuneration Committee up to the Date of Publication of the Annual Report in 2020:

Session/time	Major Resolutions	Resolution result and independent directors' opinions	The Company's treatment of the Remuneration Committee's opinion
2020.2.26 The 4th meeting of the 4th Remuneration Committee	2019 Directors' and Employees' Remuneration Distribution Plan	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submitted to the board of directors for resolution
	Measures for the Issuing of Employee Stock Option Certificate and Subscription for Shares		
2020.3.27 The 5th meeting of the 4th Remuneration Committee	List of managers of subscription right holders by employee stock option certificate	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submitted to the board of directors for resolution
2020.4.21 The 6th meeting of the 4th Remuneration Committee	Amendment to the Measures for the Issuing of Employee Stock Option Certificate and Subscription for Shares	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submitted to the board of directors for resolution
2020.11.10 The 7th meeting of the 4th Remuneration Committee	Pass the "Measures for Functional Performance Evaluation of the Committee"	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submitted to the board of directors for resolution

2021.3.11 The 8th meeting of the 4th Remuneration Committee	2019 Directors' and Employees' Remuneration Distribution Plan of the Company	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submitted to the board of directors for resolution
2021.4.22 The 9th meeting of the 4th Remuneration Committee	Measures for the Issuing of Employee Stock Option Certificate and Subscription for Shares	According to the voting results of the attending directors from the Chairman, the resolution was approved unanimously.	Submitted to the board of directors for resolution

(V) Implementation Status of Corporate Social Responsibility and Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Operation Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description (Note 2)	
I. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 3)	✓		Under the leadership of the CSR Working group, the Company conducts annual analysis of major issues with reference to the internationally accepted guidelines for the preparation of reports. Through research reports, literature, and communication with key internal and external stakeholders, the issues and priorities are identified. The Sustainable Development Promotion Group works with the respective departments to formulate the risk list, conduct risk assessment and put forward corresponding strategy recommendations. Upon review, it will be reported to the Corporate Governance and Sustainability Committee, and the annual work plan will be drawn up.	None
II. Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		To improve management on sustainable development activities, the Company set up a full-time (part-time) dedicated unit—Sustainable Development Promotion Group in charge of proposing and executing CSR policies, systems or relevant management guidelines, and projects in 2020. With CI Vice President serving as the chairman, this task force shall also report its progress regularly to the Board of Directors.	None
III. Environmental issues	✓		(I) Since Jan. 1, 1994, the Company has fully introduced the lead-free process, committed to implementation of green products, pollution prevention, improving safety culture and caring for employee health, and fulfilling our corporate social responsibility.	None
(I) Does the Company establish proper environmental management systems based on the characteristics of their industries?	✓		(II) 1. The processes have been improved, recyclable materials selected and raw materials reused to reduce pollution from the source. 2. Raw materials are compliant with EU RoHS Directive. 3. More efforts have been made in the recycling and reuse of packaging materials and in the promotion of garbage sorting to reduce environmental pollution.	
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(III) In response to climate change, our factory has undertaken energy saving and carbon reduction related programs, and has established operation crisis management team to deal with relevant climate issues in light of operation risks of natural disasters such as typhoon, rainstorm and water shortage.	
(III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		(IV) Statistics as follow: GHG Inventory: 5705.113 tons of CO ₂ e/year in 2019, 8064.993 tons of CO ₂ e/year in 2020. Water Withdrawal 67950 m ³ /year in 2019, 90600 m ³ /year in 2020. Waste Disposal 56.61 tons of CO ₂ e/year in 2019, 129.66 tons of CO ₂ e/year in 2020.	
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management ?	✓			

			<p>Due to the expansion of the factory in 2020, the water, electricity and waste were increased. In the future, the year 2020 will be taken as the base year. In addition to the 1% self-required reduction target, we will gradually formulate our energy-saving and waste saving policies and targets.</p> <p>As part of fulfilling corporate social responsibilities, CO2 emissions have been reduced by saving energy and using electrical equipment; through system integration and replacement of energy-consuming equipment and air pollution control system integration, the IE3 energy-saving motors were replaced in 2019 and water chillers replaced in 2020, saving 71,617 KWH of electricity in 2019 and 870,406 KWH of electricity in 2020 respectively. The carbon emissions reduced amount to 71.617 tons of CO2e in 2019 and 443.036 tons of CO2e in 2020 on the basis of electricity emission coefficient of 0.533 kg and 0.509CO2e/KWH in 2018 and 2019.</p> <p>Energy-saving and carbon reduction measures implemented by the departments include paper recycling, promotion of electronic forms and use of rechargeable green batteries, so as to reduce the impact on the natural environment.</p>	
IV. Social issues	✓	(I) The Company complies with Labour Standards Law and Employment Service Law, and has established recruitment and compensation procedures to protect the legitimate rights and interests of employees, and has put in place appropriate management practices.	None	
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓	(II) the Company complies with Labour Standards Law and Employment Service Law, and has established appointment management measures and assessment and promotion procedures to protect the legitimate rights and interests of employees, and has put in place appropriate management practices.		
(II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓	(III)the Company provides a safe and friendly workplace environment, establishes a work safety system and emergency response measures, strengthens employee education and training, implements the work rules, and guarantees the workplace safety and physical and mental health of employees. An annual health check is provided to employees once a year as part of the management of occupational disease prevention health check. It's to follow up management and provide necessary individual health consultation care and guidance, so as give employees an idea of their own health status, strengthen the consensus and implementation of employees on work safety and health.		
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓	(IV) CHILISIN values employees' career development, and thus provides employees with complete learning opportunities and resources, so as to cultivate key talent for the Company, and help employees achieve a new height in career:		
(IV) Does the Company provide its employees with effective career development and training plans?	✓	(1) Establishing a systematic training system and improving the skills of employees through multiple learning channels: providing diversified training courses like skill training within the department, various professional skill training, operation and management training ad general core training, and organizing Reading Party and offering self-study courses on an irregular basis.		

<p>(V) Do the Company's products and services comply with related regulations and international rules for customers' health and safety, privacy, sales and labelling and set policies to protect consumers' rights and consumer appeal procedures?</p> <p>(VI) Has the Company established the supplier management policies requesting suppliers to comply with relevant laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised its implementation?</p>	<p>✓</p> <p>✓</p>	<p>(2) Establishing sound and smooth promotion pathways to motivate and promote employees.</p> <p>(3) Sending outstanding employees overseas for better development and development of an international vision.</p> <p>(4) Implementing the job rotation system and providing employees with opportunities to diversify their work experience and practice.</p> <p>(V) The Company has put in place customer complaint handling measures, and maintained good communication channels with customers, and has established a customer-oriented quality system as the basis of quality system improvement for the purpose of quick and effective handling.</p> <p>(VI) A complete evaluation will be conducted on the suppliers before any contacts can be made. Contracts with major suppliers all have a provision that the Company may terminate or dissolve the contract at any time if the suppliers violate the Company's social responsibility policy. Supplier management policy is as follows:</p> <p>(1) Environmental policy: implement pollution prevention and control in accordance with the law, stop and reduce the use of prohibited substances, implement energy-saving and carbon reduction activities, promote the effective use of resources, strive for the sustainable corporate development and improve the environment, so as to reduce energy consumption and pollution.</p> <p>(2) Workplace Safety and Health: Reduce industrial wastes and pollution emissions, and protect the earth's ecological environment. Promote energy conservation and resource recycling and reduce the waste of resources. Prevent injuries and diseases and achieve the goal of zero disaster. Build a safe and comfortable work environment and continuously care about the mental and physical health of employees. Continuously improve the performance of EHS management through communication and coordination. Comply with the laws and regulations, involve all personnel, and help fulfill personal safety and health responsibilities.</p> <p>(3) Human rights in labor: respect the freedom of employees, prohibit all forms of forced labor and the use of child labor, and accept no use of forced labor or child labor by any supplier or contractor.</p>	
<p>V. Does the Company refer to internationally-used standards or guidelines for the preparation of reports such as CSR reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?</p>	<p>✓</p>	<p>The Company has started to prepare and declare the Corporate Social Responsibility Report in reference to International Standards and Guidelines since 2020. Relevant information has been disclosed on the public information observation stations and the official website. The main contents of the report disclosed various non-financial information, and the third party accreditation body was planned to be employed to provide relevant opinions.</p>	<p>None</p>
<p>VI. If the Company has formulated its own Corporate Social Responsibility Code of Practice in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", please describe the implementation and its discrepancies between the Principles: The subsidiaries of the Company have implemented the internal control system and related supervision measures in the spirit of the Corporate Social Responsibility Code of Practice, and formulated, promoted and operated the Sustainable Corporate Development Code of Practice of CHILISIN ELECTRONICS CORP. Hence, there is no operational difference from the Code of Practice.</p>			

VII. Other important information to facilitate a better understanding of corporate social responsibility practices:

(I) Environmental management systems

In response to the global environmental protection trend, the Company has fully introduced the lead-free process since Jan. 1, 1994 to ensure that lead-free products provided comply with EU ROHS Directive and customers' demand for quality. In terms of green products, CHILISIN, as a Sony Green Partner, a Samsung Eco Partner and a member of ASUS GA, is committed to the implementation of green design, green procurement and green process. Shouldering the social and environmental responsibility of the enterprise, CHILISIN develops the green competitiveness required by the green trend.

To be a responsible corporate citizen, we have formulated the following environmental policy:

Complying with all statutory requirements.

Committed to pollution prevention and control and environmental improvement.

Implementing energy saving, industrial waste reduction, resource recovery and recycling.

Encourage all personnel to participate in environmental protection campaigns.

(II) Environmental, Safety and Health Policy

(1) Business Waste Policy

CHILISIN's industrial waste disposal policy is primarily based on resource recovery and reuse, supplemented by final disposal. All business wastes generated from production activities shall be identified and classified and disposed of by the legal cleanup and disposal providers.

(2) Declaration of Conflict-Free Metal

As a good global corporate citizen, CHILISIN shoulders its corporate social responsibilities, respects human rights and condemns any violations of human rights. CHILISIN is concerned about "conflict minerals" in the Democratic Republic of Congo (DRC) and neighboring countries, which may be derived from mining organizations that commit serious human rights violations and deal with minerals that fund their armed forces.

Committed to being a good global corporate citizen, CHILISIN has conducted detailed research on the sources of minerals used, such as tin, tantalum, tungsten and gold. Furthermore, CHILISIN requires suppliers to use minerals approved by the Responsible Minerals Initiatives (RMI) or its equivalents and RMI recognized materials, and to comply with the Code of Conduct of the Responsible Business Alliance (RBA) (formerly EICC), so as to honor its corporate social responsibility commitment. In support of the above actions, CHILISIN will:

Continue to conduct due diligence investigations in our supply chain and encourage compliance with the transparent process of the Organization for Economic Cooperation and Development Guidance for Responsible Supply Chains of Minerals from Conflict-Afflicted and High-Risk Areas.

Require all suppliers of CHILISIN to use minerals approved by the Responsible Minerals Initiatives (RMI) or its equivalents and RMI recognized materials, and not ban all minerals from the Democratic Republic of the Congo or adjoining countries and make the minerals used in CHILISIN new products as "conflict-free minerals" in accordance with the directives of the Organization for Economic Cooperation and Development and the Responsible Business Alliance. Require the suppliers to take the initiative to notify CHILISIN if they find conflict mineral ingredients in their products.

(III) Environmental Safety and Health Regulation Records

The compliance with environmental and safety and health related laws and regulations will be confirmed and verified through multiple internal and external communication channels of CHILISIN. Abnormality corrections and internal and external audits will be conducted to ensure that non-conformities can be effectively corrected.

Note 1: If Implementation Status is specified "Yes," please explain the key policies, strategies and measures taken and the current progress; if Implementation Status is specified "No," please provide reasons and explain any policy, strategy and measure planned for the future.

Note 2: If the Company has prepared a CSR report, Implementation Status may be completed by providing access and page references to the CSR report instead.

Note 3: Materiality principle refers to environmental, social and corporate governance issues that are of material impact to the Company's investors and stakeholders.

(VI) Implementation of ethical corporate management and difference between the implementation and the "Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies" and reasons thereof.

Evaluation Item	Operation Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?</p> <p>(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p> <p>(III) Has the Company provided any solutions to prevent the unethical conducts, stipulate the definite procedures, conduct guidelines, punishment for violation as well as appeal system and put into practice, and review and revise the aforesaid solutions on a regular basis?</p>	✓		<p>(I) The Company has established the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" and declared its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies in the signing of contracts?</p> <p>(II) The Company has established the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", specified the definition of unethical conduct, and implemented the procedures, guidelines, penalties for violations and complaint and grievance systems.</p> <p>(III) In accordance with the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" and audit mechanism of the internal audit unit, the Company guards against unethical conduct, regularly reviews and amends the abovementioned regulations.</p>	None
<p>II. Fulfillment of ethical corporate management</p> <p>(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?</p>	✓	✓	<p>(I) The business contracts of the Company stipulate the rights and obligations of both parties, and indicate the provisions on prevention and penalties for violation of the ethical corporate management principle.</p> <p>(II) To improve ethical management, the Company shall set up a dedicated unit under the Board of Directors which shall be supervised by the Ethical Corporate Management Committee and report to the Board of Directors regularly (at least once every year):</p> <p>(1) Assisting in incorporating ethics and moral values into the Company's business strategy.</p> <p>(2) Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, as well as adopting accordingly programs to prevent unethical conduct.</p> <p>(3) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are</p>	None

			possibly at a higher risk for unethical conduct. (4) Compiling documented information on the ethical management policies, statements, commitments and implementation thereof and retain said information properly. (5) Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.	
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) In case of conflicts of interest, the Company's employees can report to immediate department supervisors or report directly to the staff members of the General Manager's Office. When there is a conflict of interest in any proposal of the Board of Directors, all shall strictly comply with the principle of recusal and shall not participate in discussion and voting.	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	✓		(IV) The Company upholds the business philosophy of integrity, and has established an effective accounting system and internal control system and implemented the same to ensure ethical corporate management and compliance with the relevant laws and regulations. The internal audit unit regularly reviews the compliance of abovementioned systems.	
(V) Does the Company regularly hold internal and external educational training on operational integrity?	✓		(V) The Company organizes training and awareness programs for employees to understand our determination to implement ethical corporate management, the related policies and the consequences of committing unethical conduct.	
III. Operation of the whistle-blowing system (I) Does the Company establish both a whistle-blowing system and a reward/punishment system and convenient whistle-blowing channels? Can the accused be reached by an appropriate person for follow-up?	✓		(I) The whistle-blowing system and reward/punishment system have been established in accordance with the "Ethical Corporate Management Best Practice Principles" .	None
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓		(II) Employees who notice unethical conduct can report to the HR department, General Manager's Office or audit unit, and the relevant information will be kept confidential.	
(III) Does the Company provide proper whistleblower protection?	✓		(III) The Company takes protective measures for whistleblowers to prevent improper handling because of whistleblowing.	
IV. Enhanced disclosure of information Does the Company disclose the ethical corporate management best practice principles and the results of its implementation on its official website and MOPS?	✓		The Company has set up its official website and discloses information on financial and business operations and corporate governance in due time.	None
V. If the Company has established "Ethical Management Best Practice Principles" based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between its operation and the principles: The Company has established the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct." Furthermore, the Company organizes training and awareness programs for employees to understand our determination to implement ethical corporate management, the related policies and the consequences of committing unethical conduct. And information on the prevention of insider trading and other relevant information is provided to the Company's insiders from time to time, and there is no discrepancy between corporate operation and the relevant provisions.				

<p>VI. Other important information to facilitate better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management best practice principles)</p> <p>The Rules of Procedure of the Board of Directors of the Company specifies the avoidance of conflict of interests to ensure that relevant decisions are not detrimental to the interests of the Company.</p> <p>The Company's major business policies, investments, acquisition or disposal of assets, loans, endorsements and guarantees, and bank facilities have been evaluated and analyzed by the departments in charge and then submitted to the Board of Directors for deliberations and resolutions.</p> <p>The Company implements self-assessment for all departments every year, adapts to organizational and environmental changes if appropriate, and examines the appropriateness of internal control system and that whether employees actually perform in accordance with relevant regulations, so as to ensure the effective implementation of the Company's internal control system.</p>

Note: Reasons for checks of "Yes" or "No" of operaiton status should be specified in "Summary Description" column.

(VII) Please disclose access to the Company's Corporate Governance Best Practice Principles and related rules and regulations, if any:

The Company has uploaded relevant information, such as the Articles of Association, Rules of Procedure of the Board of Shareholders, Rules of Procedure of the Board of Directors, Election Rules of Directors and Supervisors, to the public information observation stations and its official website: www.chilisin.com.

(VIII) Other information enabling better understanding of the Company's corporate governance:

1. Timely disclosure of important information and holding Legal Person Road Show regularly:
the Company has uploaded relevant information to the public information observation stations.
2. Continuing education of managerial officers in 2020

Position	Name	Date	Training Institution	Course Name	Training Hours
General Manager/CEO	Yao-Ching Kuo	Oct. 16, 2019	TWSE	2020 Promotions of Corporate Governance and Ethical Business Conduct to Directors and Supervisors	3
		Oct. 18, 2020	Securities and Futures Market Development Foundation	2020 Advocacy Meeting on Insider Trading Prevention and Legal Compliance of Equity Transfer by Insiders	3
		Aug. 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3
		Aug. 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3
Controller	Meng-Yu Lin	Jul. 23, 2020 to Jul. 24, 2020	Taiwan Accounting Research and Development Foundation	Continuing Education Training for Accounting Managers of Issuers, Securities Firms and the Securities Exchange	12
Chief Financial Officer	Kuang-wei Sun	Aug. 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance	3
		Aug. 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3
		Sep. 24, 2020	Taiwan Securities and Futures Market Development Foundation	2020 Advocacy Meeting on Insider Trading Prevention and Legal Compliance of Equity Transfer by Insiders	3
		Oct. 22, 2020	TWSE	2020 Promotions of Corporate Governance and Ethical Business Conduct to Directors and Supervisors	3
		Nov. 25, 2020	Taiwan Securities and Futures Market Development Foundation	2020 Seminar on Futures Derivatives Hedging Trading and Operation Practices for Public Companies to Enhance Sustainable Development	3
		Oct. 22, 2020	Taiwan Corporate Governance Association	The 16th Corporate Governance Forum	6

(IX) Disclosure matters of the implementation status of internal control system:

1. Statement on Internal Control

CHILISIN ELECTRONICS CORP.

Statement on Internal Control

Date: Mar. 18, 2021

The Company hereby states the results of the self-evaluation of the internal control system for 2019 as follows:

- I. The Company is aware that the Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system, and has established such system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and CHILISIN takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. Based on the evaluation results in the preceding paragraph, the Company is of the opinion that, as of Dec. 31, 2020, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors on Mar. 30, 2021, and none of the ten Directors in attendance objected to it and all consented to the content expressed in this statement.

CHILISIN ELECTRONICS CORP.

Chairman: TIE-MIN CHEN

General Manager: Yao-Ching Kuo

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(X) Penalties Imposed upon the Company and its Employees According to Law, Penalties Imposed by the Company upon Employees for the Violation of the Internal Control System Policy, Principal Deficiencies, and Improvement Status over the Most Recent Fiscal Year up to the Date of Publication of the Annual Report: None.

(XI) Major Resolutions of Shareholders' Meetings and Board Meetings over the Most Recent Fiscal Year up to the Date of Publication of the Annual Report

1. Major Board Resolutions over the Most Recent Fiscal Year

Board of Directors Date	Major Resolutions
On Feb. 26, 2020, the 12th meeting of the 17th Board of Directors	Approved the 2019 Consolidated Financial Statements and Individual Financial Statements.
	Approved the 2019 Earnings Distribution Proposal.
	Approved the 2019 Compensation Plan for Directors and Employees.
	Approved the 2020 Operating Budget Plan.
	Approved the Proposal of Donating NT\$ 3 million to corporate body "YAGEO Education Foundation."
	Approved the Proposal of Donating NT\$ 1 million to corporate body "YAGEO Association for the Advancement of Professional Competition."
	Approved the Proposal of Extending and Increasing the Comprehensive Credit Line and Derivative Credit Line of the Following Financial Institutions for Operating Turnover and Providing Endorsement Guarantee Amount for the Comprehensive Credit Line of the Company's Subsidiary CHILISIN INT'L LIMITED and Sub-subsidiary CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY in accordance with the "Procedures for Loans, Endorsements, and Guarantees."
	Approved the Capital Increment Plan for CHILISIN Holdings Hong Kong Limited.
	Approved the Capital Increment Plan for CHILISIN INT'L LIMITED
	Approved the Proposal of the Company's Sub-subsidiary CHILISIN ELECTRONICS (Dongguan) LIMITED Offering Loans to CHILISIN ELECTRONICS (Hunan) LIMITED.
	Approved the Proposal of Issuance of Employee Subscription Right Warrants and Share Subscription Methods of the Company to attract and motivate outstanding operation management talents to retain in the Company, and enhance the cohesion force and performance of outstanding operation management talents, with a view to jointly creating higher enterprise value and shareholder equity of the Company.
	Approved the Review of the Effectiveness of the Company's 2019 Internal Control System and Internal Control Statement.
	Approved the Amendment to the Procedures for Acquisition and Disposal of Assets.
	Approved the amendments of the Company's "Procedures for Loans, Endorsements, and Guarantees."
	Approved the Amendment to the Articles of Association.
	Approved the Amendment to the Rules Governing the Election of Directors.
On Apr. 21, 2020, the 13th meeting of the 17th Board of Directors	Approved the Amendment to the Rules of Procedure for Shareholders' Meetings.
	Approved the Decision on the Date and Proposal of the Shareholders' Meetings.
	Approved the Determination of the duration and location for accepting directors' proposals in accordance with Article 172-1 of the Company Act.
	Approved the Consolidated Financial Statements for the first quarter of 2020.
	Approved the Amendment to 2020 Proposal of Issuance of Employee Subscription Right Warrants and Share Subscription Methods.
On Aug. 11, 2020, the 14th meeting of the 17th	Approved the Proposal of Extending the Comprehensive Credit Line and Derivative Credit Line of the Following Financial Institutions for Operating Turnover and Providing Endorsement Guarantee Amount for the Comprehensive Credit Line of the Company's Subsidiary CHILISIN INT'L LIMITED and Sub-subsidiaries CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY, Ferroxcube Hong Kong Limited and Ferroxcube Polska Sp.z.o.o. in accordance with the "Procedures for Loans, Endorsements, and Guarantees."
	Approved the Proposal for Obtaining Use-of-right Assets from Related Parties
	Approved the Promotion Plan of General Manager and Chief Operating Officer.
On Aug. 11, 2020, the 14th meeting of the 17th	Approved the Consolidated Financial Statements for the second quarter of 2020.
	Approved the Disposal of Property.
	Approved the Sale of a Batch of Production Machinery and Equipment for Business Use to CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY.

Board of Directors Date	Major Resolutions
Board of Directors	Approved the Auditor Independence Evaluation Report.
	Approved the Proposal of Authorizing the General Manager to Sign the Relevant Contracts and Documents with the Financial Institutions and Handling Relevant Matters on Behalf of the Company.
	Approved the Proposal of Extending and Increasing the Comprehensive Credit Line and Derivative Credit Line of the Following Financial Institutions for Operating Turnover and Providing Endorsement Guarantee Amount for the Comprehensive Credit Line of the Company's Subsidiary CHILISIN INT'L LIMITED and Sub-subsidiary CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY in accordance with the "Procedures for Loans, Endorsements, and Guarantees."
	Approved the Appointment of Chief Corporate Governance Officer.
	Approved the Proposal of Change of Spokesperson and Acting Spokesperson.
	Approved the Dimissal of Deputy CEO of Business Decision-making Management Committee of the Company.
	Approved the Amendment to "Corporate Governance Best-practice Principles."
	Approved the Enactment of the "Measures for the Management of Insider Trading Prevention."
	Approved the Consolidated Financial Statements for the third quarter of 2020.
On Nov. 10, 2020, the 15th meeting of the 17th Board of Directors	Approved the Audit Plan for 2021.
	Approved the Proposal of Liquidating and Dissolving the Company's Subsidiary ITEQ Dongguan Limited invested under Equity Method.
	Approved the Proposal of Donating NT\$ 3 million to corporate body YAGEO Education Foundation in 2021.
	Approved the Proposal of Donating NT\$ 1 million to corporate body "YAGEO Association for the Advancement of Professional Competition."
	Approved the Proposal of Extending and Increasing the Comprehensive Credit Line and Derivative Credit Line of the Following Financial Institutions for Operating Turnover and Providing Endorsement Guarantee Amount for the Comprehensive Credit Line of the Company's Subsidiary CHILISIN INT'L LIMITED and Sub-subsidiaries CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY and Ferroxcube Hong Kong Limited in accordance with the "Procedures for Loans, Endorsements, and Guarantees."
	Approved the Amendment to Certain Articles in the Operational Procedures for Financial Statements Preparation Process of the Company.
	Approved the Amendment to Certain Articles in the Remuneration Committee Charter of the Company.
	Approved the Amendment to Certain Articles in the Remuneration Committee Charter of the Company.
	Approved the Enactment of the "Regulations Governing the Evaluation of the Board of Directors and Functional Committees."
	Approved the establishment of the Company's Professional (Part-time) Unit for Sustainable Development and the enactment of Sustainable Corporate Development Code of Practice
	Approved the establishment of the Company's Ethical Corporate Management Unit and the enactment of "Procedures for Ethical Management and Guidelines for Conduct."
On Dec. 23, 2020, the 15th meeting of the 17th Board of Directors	Approved the Proposal of Selling 100% of the Equity held in Ralec Electronic Corporation
	Approved the Proposal of Acquiring 100% of the Equity of Bothhand Enterprise Inc. held by Kaimei Electronics Corp.
On Jan. 13, 2021, the 15th meeting of the 17th Board of Directors	Approved the Proposal of Selling 100% of the Equity held in Ralec Electronic Corporation
	Approved the Proposal of Acquiring 100% of the Equity of Bothhand Enterprise Inc. held by Kaimei Electronics Corp.
On Mar. 11, 2021, the 15th meeting of the 17th Board of Directors	Approved the Company's 2020 Consolidated Financial Statements, Individual Financial Statements, and Business Report.
	Approved the 2020 Earnings Distribution Proposal.
	Approved the 2020 Compensation Plan for Directors and Employees.
	Approved the 2021 Operating Budget Plan.
	Approved the Auditor Independence Evaluation Report.
	Approved the Proposal of Extending and Increasing the Comprehensive Credit Line and Derivative Credit Line of the Following Financial Institutions for Operating Turnover and Providing Endorsement Guarantee Amount for the Comprehensive Credit Line of the Company's Subsidiary CHILISIN INT'L

Board of Directors Date	Major Resolutions
	LIMITED and Sub-subsidiaries CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY, Ferroxcube Hong Kong Limited and Ferroxcube Polska Sp.Z.o.o. in accordance with the "Procedures for Loans, Endorsements, and Guarantees."
	Approved the Capital Increment Plan for CHILISIN INT'L LIMITED
	Approved the Review of the Effectiveness of the Company's 2020 Internal Control System and Internal Control Statement.
	Approved the Amendment to the Procedures for Acquisition and Disposal of Assets.
	Approved the Amendment to the Articles of Association.
	Approved the Amendment and Addition to Procedures for Election of Directors.
	Approved the Amendment and Addition to Ethical Corporate Management Best Practice Principles.
	Approved the Consolidated Financial Statements for the first quarter of 2021.
On Apr. 22, 2021, the 15th meeting of the 17th Board of Directors	Approved the Proposal of Issuance of Employee Subscription Right Warrants and Share Subscription Methods of the Company to attract and motivate outstanding operation management talents to retain in the Company, and enhance the cohesion force and performance of outstanding operation management talents, with a view to jointly creating higher enterprise value and shareholder equity of the Company.
	Approved the Proposal of Extending and Increasing the Comprehensive Credit Line and Derivative Credit Line of the Following Financial Institutions for Operating Turnover and Providing Endorsement Guarantee Amount for the Comprehensive Credit Line of the Company's Subsidiary CHILISIN INT'L LIMITED and Sub-subsidiary CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY in accordance with the "Procedures for Loans, Endorsements, and Guarantees."
	Approved the Capital Increment Plan for CHILISIN INT'L LIMITED
	Approved the Proposal of Change of Acting Spokesperson.
	Approved the List of Directors (Independent Directors included).
	Approved the Proposal of Releasing the Newly Elected Directors from Non-competition Restrictions

2. 2020 Major Resolutions of Shareholders' Meeting and Implementation Status:

Date	Major Resolutions
Jun. 5, 2020	1. Acknowledged the 2019 Business Report and Financial Statements
	2. Acknowledged the 2019 Earnings Distribution Proposal. Implementation Status: The earnings for 2019 were distributed, and the ex-dividend base date was set on Jul. 13, 2020, and the cash dividend payment date was set on Jul. 29, 2020, with the cash dividend of NT\$3.36944198 per share.
	3. Approved the Amendment to the Procedures for Acquisition and Disposal of Assets. Implementation Status: resolution passed. The Company uploaded the amended "Procedures for the Acquisition and Disposal of Assets" to the public information observation stations and disclosed them on the official website on Jun. 18, 2019, and has conducted relevant operations in accordance with the amended Procedures.
	4. Approved the Amendment the "Procedures for Loans, Endorsements, and Guarantees." Implementation Status: resolution passed. The Company uploaded the amended "Procedures for Loans, Endorsements, and Guarantees" to the public information observation stations and disclosed them on the official website on Jun. 19, 2019, and has conducted relevant operations in accordance with the amended Procedures.
	5. Approved the Amendment to the Company's "Articles of Association." Implementation Status: resolution passed. The Company obtain the approval and registration of the Ministry of Economic Affairs on Jul. 9, 2020, and has conducted relevant operations in accordance with the amended Rules.
	6. Approved the Amendment to the Rules Governing the Election of Directors. Implementation Status: resolution passed. and has conducted relevant operations in accordance with the amended Rules.
	7. approved the Amendment to the Rules of Procedure of the Board of Shareholders. Implementation Status: resolution passed. and has conducted relevant operations in accordance with the amended Rules.

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the Board of Directors during the most recent year up to the date of publication of this Annual Report: None

(XIII) A summary of resignations and dismissals of the Company's chairperson, general manager, accounting manager, financial manager, chief internal auditor, or research and development officer over the Most Recent Fiscal Year up to the date of publication of the Annual Report:

Position	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Termination
General manager	Shi-ying, Zhong	2013.03.15	2020.05.01	Job adjustment
COO	Yao-Ching Kuo	2014.04.01	2020.05.01	Job adjustment
Acting Spokesperson.	Hsiang-Yun Chen	2020.08.11	2021.04.22	Job adjustment

V. Information on Audit Fees

Name of CPA Firm	Name of CPA		Audit Period	Note
Deloitte & Touche	Chung-Chin Cheng	Chih-Hsien Ke	2020	

Unit: NTD thousands

Range \ Category of Fees		Audit Fees	Non-audit Fees
1	Under NT\$2,000 thousand		
2	NT\$2,000 thousand - NT\$3,999,999		V
3	NT\$4,000 thousand - NT\$5,999,999		
4	NT\$6,000 thousand - NT\$7,999,999	V	
5	NT\$8,000 thousand - NT\$9,999,999		
6	NT\$10,000 thousand and above		

Where the Company has any of the following circumstances, the CPAs' fees shall be disclosed

- Disclosure of audit and non-audit fees as well as details of the non-audit services where the non-audit fees paid to the certified public accountants, the independent certified public accounting firm and/or its affiliates account for 25% or more of the audit fees:

Unit: NTD thousands

Name of CPA Firm	Name of CPA	Audit Fees	Non-audit Fees					Audit Period
			System Design	Company Registration	Human Resources	Others (Note)	Subtotal	
Deloitte & Touche	Chung-Chin Cheng Chih-Hsien Ke	6,635	0	155	0	2,858	3,013	2020.01.01~ 2020.12.31

Note: Service content (including transfer pricing report) NT\$ 270 thousand; Group main file report service charge NT\$ 1,000 thousand; Non-routine financial reporting items NT\$ 420 thousand; Mag Layers Project NT\$ 600 thousand; Xinyuan Acquisition Project NT\$ 900 thousand; advances NT\$ 542 thousand.

- When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
- When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: None.

VI. Information on Replacement of CPAs

- On Former CPAs: None.
- On Successive CPAs: None.

VII. The Company's Chairman, General Manager, or Accounting Officers hold any positions in the Company's independent auditing firm or its affiliates over the past year: None.

VIII. Equity Transfer and Pledge Changes of Directors, Supervisors, Managers, and Major Shareholders with a Shareholding Rate over 10% over the Most Recent Fiscal Year up to the Date of Publication of the Annual Report

(I) Equity changes by directors, supervisors, managers, and major shareholders

Unit: Share

Position	Name	2020		As of Apr. 6, 2021	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman and CEO of Business Decision-making Management Committee	Yageo Corporation	0	0	0	0
	Representative: Tie-Min Chen	300,000	0	0	0
Vice Chairman	Shi Hen Enterprise Limited	0	0	0	0
	Representative: Hwei-Jan Lee	60,000	0	0	0
Vice Chairman	Shi Hen Enterprise Limited	0	0	0	0
	Representative: Yuan-Ho Lai	0	0	2,000	0
Director	Shi Hen Enterprise Limited	0	0	0	0
	Representative: Ta-Wei Chang	(27,000)	0	0	0
Director	Shi Hen Enterprise Limited	0	0	0	0
	Representative: Chin-Shan Wang	0	0	0	0
Director	Shi Hen Enterprise Limited	0	0	0	0
	Representative: Pao-Yuan Wang	0	0	0	0
Director	Shi Hen Enterprise Limited	0	0	0	0
	Representative: En Chen (Note 1)	0	0	0	0
Director	Shi Hen Enterprise Limited	0	0	0	0
	Representative: Yao-Ching Kuo	(18,000)	0	100,000	0
Director	Yongqin Industrial Co., Ltd.	0	0	0	0
	Representative: Yung-Do Way	0	0	0	0
Independent Director	Wei-Tsu Chang	0	0	0	0
Independent Director	Hui-Chuan Chao	0	0	0	0
Independent Director	Yu-Chang Lin	0	0	0	0
Major Shareholder	YAGEO Corporation	0	0	0	0
General Manager/CEO	Yao-Ching Kuo	(18,000)	0	100,000	0
Business Decision-making Management Committee Deputy CEO	Shih-Ying Chung (Note 3)	0	0	0	0
Deputy General Manager	Hsien-chueh Chung (Note 4)	0	0	0	0
Deputy General Manager	Ching-yuan Huang (Note 5)	0	0	0	0
Assistant Manager	Ming-hung Hsieh (Note 6)	0	0	0	0
Financial Manager	Kuang-wei Sun	3,218	0	0	0
Accounting Manager	Meng-Yu Lin	2,370	0	4,314	0

Note 1: resigned on May 1, 2020, information on changes of shares and pledges after May 1, 2020 not included.

Note 2: resigned on Mar. 2, 2020, information on changes of shares and pledges after Mar. 2, 2020 not included.

Note 3: resigned on Jun. 5, 2020, information on changes of shares and pledges after Jun. 5, 2020 not included.

Note 4: took office on Mar. 1, 2020, information on changes of shares and pledges before Mar. 1, 2020 not included.

Note 5: took office on Jun. 8, 2020, information on changes of shares and pledges before Jun. 8, 2020 not included.

Note 6: took office on Aug. 1, 2020, information on changes of shares and pledges before Aug. 1, 2020 not included.

(II) Information on Transfer of Equity Interests: No equity interests were transferred to/from related parties, thus not applicable.

(III) Information on Pledge of Equity Interests: No equity interests were pledged to/from related parties, thus not applicable.

IX. Information on the relationship between the ten largest shareholders who are related parties, spouses or related to each other within the second degree of kinship

Apr. 6, 2021 Unit: shares; %

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Among ten largest shareholders, name and relationship with any one who is a related party, a spouse or a relative within the second degree of kinship.		Note
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name (or Name)	Relationship	
Yageo Corporation Representative: Tie-Min Chen	25,276,032	9.59%	0	0%	0	0%	Kuo Shin Investment Co., Ltd.	Affiliates	-
	875,358	0.33%	0	0%	0	0%	None	None	
New Labor Pension Fund	6,775,500	2.57%	0	0%	0	0%	None	None	-
Kuo Shin Investment Co., Ltd. Representative: Tie-Min Chen	5,033,520	1.91%	0	0%	0	0%	Yageo Corporation	Affiliates	-
	875,358	0.33%	0	0%	0	0%	None	None	-
Hsu Tai Investment Ltd. Representative: Chui-lien Hsieh	3,762,006	1.43%	0	0%	0	0%	None	None	-
	0	0%	0	0%	0	0%	None	None	-
Cathay Life Insurance Co., Ltd. Representative: Tiao-kuei Huang	3,338,000	1.27%	0	0%	0	0%	None	None	-
Hwei-Jan Lee	2,913,571	1.11%	0	0%	0	0%	None	None	-
Investment Client VANGUARD EMERGING MARKETS STOCK INDEX FUND	2,848,851	1.08%	0	0%	0	0%	None	None	-
JPMorgan Chase Bank N.A.	2,560,701	0.97%	0	0%	0	0%	None	None	-
Fubon Life Insurance Co., Ltd. Representative: Ming-Hsing Tsai	2,500,000	0.95%	0	0%	0	0%	None	None	-
	0	0%	0	0%	0	0%	None	None	-
Tongshuo Investment Co., Ltd. Representative: Wen-Hao Lo	2,395,000	0.91%	0	0%	0	0%	None	None	-
	370,000	0.14%	0	0%	0	0%	None	None	-

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

Dec. 31, 2019 Unit: Shares; %

Investee business	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
CHILISIN INT'L LIMITED	156,995,270	100%	-	-	141,995,270	100%
CHILISIN HOLDING (Samoa) LIMITED	7,280,000	100%	-	-	7,280,000	100%
Juxin Investment Limited	Note:	100%	-	-	Note:	100%
CHILISIN ASIA INVESTMENT LIMITED	360,000	100%	-	-	360,000	100%
CHILISIN HOLDING (Hong Kong) LIMITED	70,000,000	94.15%	5,280,000	5.85%	75,280,000	100%
Ralec Electronic Corporation	82,666,764	100%	-	-	82,666,764	100%
CHILISIN ELECTRONICS JAPAN	1,800	100%	-	-	1,800	100%
Ferroxcube International Holding B.V.	Note:	100%	-	-	Note:	100%
Mag Layers Technology Holding Co., Ltd.	93,467,444	100%	-	-	93,467,444	100%
Magic Technology Holding Co., Ltd.	47,060,614	100%	-	-	47,060,614	100%
CHILISIN ELECTRONICS (Dongguan) LIMITED	-	-	Note 1	100%	Note 1	100%
BELKIN INTERNATIONAL ENTERPRISES Ltd	-	-	1,296,000	54%	1,296,000	54%
CHILISIN ELECTRONICS (Henan) LIMITED COMPANY	-	-	Note 2	100%	Note 2	100%
Dongguan Lixiang Electronics Co., Ltd.	-	-	Note 1	50%	Note 1	50%
ITEQ Dongguan Limited	-	-	Note 1	100%	Note 1	100%
CHILISIN ELECTRONICS (Hunan) LIMITED	-	-	Note 1	100%	Note 1	100%
CHILISIN ELECTRONICS (Shenzhen) LIMITED	-	-	Note 1	100%	Note 1	100%
CHILISIN ELECTRONICS (Suzhou) LIMITED	-	-	Note 1	100%	Note 1	100%
CHILISIN ELECTRONICS U.S. LIMITED	-	-	200,000	100%	200,000	100%
CHILISIN ELECTRONICS (Suzhou) LIMITED	-	-	Note 2	100%	Note 2	100%
CHILISIN ELECTRONICS (VIETNAM) LIMITED COMPANY	-	-	70,000,000	100%	70,000,000	100%
Glarun Technology Hong Kong Limited	-	-	Note 1	100%	Note 1	100%
Ralec Technology (Hong Kong) Limited	-	-	10,000	100%	10,000	100%
ASJ Holdings Limited	-	-	272,846,146	100%	272,846,146	100%
ASJ Pte. Limited	-	-	2,000,000	100%	2,000,000	100%
ASJ (Hong Kong) Limited	-	-	100	100%	100	100%
ASJ Components (M)	-	-	8,000,000	100%	8,000,000	100%

Investee business	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Sdn.Bhd.						
CRL Components (S) Pte. Ltd.	-	-	300,000	100%	300,000	100%
Ralec Technology (Kunshan) Limited	-	-	Note 1	100%	Note 1	100%
Xinyuan Electronics (Kunshan) Limited	-	-	Note 1	100%	Note 1	100%
Yuanling County Xianghua Electronics Technology Limited	-	-	Note 1	49.9%	Note 1	49.9%
Ferroxcube Italia S.r.l.	-	-	Note 1	100%	Note 1	100%
Ferroxcube Deutschland GmbH	-	-	Note 1	100%	Note 1	100%
Ferroxcube USA Inc.	-	-	Note 1	100%	Note 1	100%
Ferroxcube Ferritas S.A.	-	-	Note 1	100%	Note 1	100%
Ferroxcube Polska Sp. Z.o.o.	-	-	Note 1	100%	Note 1	100%
Ferroxcube Hong Kong Limited	-	-	Note 1	100%	Note 1	100%
Ferroxcube Electronics(Dongguan)	-	-	Note 1	100%	Note 1	100%
Mag Layers (Hong Kong) Ltd.	-	-	20	100%	20	100%
Mag Layers International Co., Ltd.	-	-	24,546	100%	24,546	100%
Mag. Layers USA, Inc.	-	-	260	100%	260	100%
Mag Layers Technology (Kunshan) Co., Ltd.	-	-	Note 1	100%	Note 1	100%
MAGIC TECHNOLOGY (SAMOA) CO., LTD	-	-	Note 1	100%	Note 1	100%
Magic Technology Holding Co., Ltd.	-	-	3,800,000	100%	3,800,000	100%
TRENDY ISLAND INVESTMENT LIMITED	-	-	Note 1	100%	Note 1	100%
CLASSIC MAGIC DEVELOPMENTS LIMITED	-	-	Note 1	100%	Note 1	100%
Magic (Suzhou) Photoelectric Technology Co., Ltd.	-	-	Note 2	100%	Note 2	100%
Magic Technology (Shenzhen) Co., Ltd.	-	-	Note 1	100%	Note 1	100%
Magic Trading (Shenzhen) Co., Ltd.	-	-	Note 1	100%	Note 1	100%
Magic Technology (Dongguan) Co., Ltd.	-	-	Note 1	100%	Note 1	100%
Magic Technology (Chongqing) Co., Ltd.	-	-	Note 1	100%	Note 1	100%
Magic Technology (Hunan) Co., Ltd.	-	-	Note 1	100%	Note 1	100%

Note 1: This is a limited company with no issued shares.

Note 2: CHILISIN ELECTRONICS (Henan) LIMITED COMPANY and CHILISIN ELECTRONICS (Suzhou) LIMITED completed the liquidation in the second quarter of 2020; Magic (Suzhou) Photoelectric Technology Co., Ltd. completed the liquidation in the fourth quarter of 2020.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Source of Capital

Unit: Shares; NT\$

Year / Month	Par Value	Authorized Capital		Paid-in Capital		Note	
		Number of Shares	AMOUNT	Number of Shares	AMOUNT	Source of Capital	Approval Date and Document No.
2011.01	10	300,000,000	3,000,000,000	153,344,387	1,533,443,870	Treasury stock cancellation of 26,650,000 shares	Jing Shou Shang Zi No.10001006740 dated Feb. 12, 2011
2013.08	10	300,000,000	3,000,000,000	141,076,836	1,410,768,360	Capital increase by cash NT\$ 122,675,510	Jing Shou Shang Zi No.10201178380 dated Aug. 29, 2013
2014.08	10	300,000,000	3,000,000,000	126,969,152	1,269,691,520	Capital increase by cash NT\$ 141,076,840	Jing Shou Shang Zi No.10301165090 dated Aug. 18, 2014
2016.03	10	300,000,000	3,000,000,000	126,984,450	1,269,844,500	152,298 corporate bonds converted into shares	Jing Shou Shang Zi No.10501060980 dated Mar. 28, 2016
2016.11	10	300,000,000	3,000,000,000	127,698,308	1,276,983,080	7,138,580 shares converted from corporate bonds	Jing Shou Shang Zi No.10501267800 dated Nov. 17, 2016
2017.03	10	300,000,000	3,000,000,000	128,485,899	1,284,858,990	7,875,910 shares converted from corporate bonds	Jing Shou Shang Zi No.10601036690 dated Mar. 21, 2017
2017.05	10	500,000,000	5,000,000,000	133,898,766	1,338,987,660	5,412,867 shares converted from corporate bonds	Jing Shou Shang Zi No.10601067540 dated May 25, 2017
2017.07	10	500,000,000	5,000,000,000	197,959,105	1,979,591,050	64,060,339 new shares issued by share conversion	Jing Shou Shang Zi No.10601104350 dated Jul. 20, 2017
2017.08	10	500,000,000	5,000,000,000	199,390,115	1,993,901,150	264,010 corporate bonds converted into shares 1,167,000 shares converted from employee warrants	Jing Shou Shang Zi No.10601120370 dated Aug. 23, 2017
2017.11	10	500,000,000	5,000,000,000	228,563,868	2,285,638,680	3,975,753 shares converted from corporate bonds 198,000 shares converted from employee warrants Capital increase by cash NT\$ 200,000,000.	Jing Shou Shang Zi No.10601153240 dated Nov. 9, 2017
2018.03	10	500,000,000	5,000,000,000	237,504,717	2,375,047,170	88,658,490 shares converted from corporate bonds 750,000 shares converted from employee warrants	Jing Shou Shang Zi No.10701029560 dated Mar. 20, 2018
2018.05	10	300,000,000	3,000,000,000	237,851,935	2,378,519,350	3,472,180 shares converted from corporate bonds	Jing Shou Shang Zi No.10701051050 dated May 10, 2018
2018.07	10	500,000,000	5,000,000,000	306,083,169	3,060,831,690	682,312,340 new shares issued by share conversion	Jing Shou Shang Zi No.10701093840 dated Jul. 26, 2018
2018.09	10	500,000,000	5,000,000,000	222,849,667	2,228,496,670	80,934,480 shares converted from corporate bonds 4,980,000 shares converted from employee warrants NT\$ 918,249,500 of stock capital returned	Jing Shou Shang Zi No.10701113600 dated Sep. 5, 2018
2018.12	10	500,000,000	5,000,000,000	242,993,124	2,429,931,240	26,154,670 shares converted from corporate bonds 7,650,000 shares converted from employee warrants 167,629,900 new shares issued by share conversion	Jing Shou Shang Zi No.10701154830 dated Dec. 21, 2018

Year / Month	Par Value	Authorized Capital		Paid-in Capital		Note	
		Number of Shares	AMOUNT	Number of Shares	AMOUNT	Source of Capital	Approval Date and Document No.
2019.04	10	500,000,000	5,000,000,000	243,175,724	2,431,757,240	1,626,000 shares converted from corporate bonds 200,000 shares converted from employee warrants	Jing Shou Shang Zi No.10801041310 dated Apr. 15, 2019
2019.05	10	500,000,000	5,000,000,000	243,238,488	2,432,384,880	227,640 shares converted from corporate bonds 400,000 shares converted from employee warrants	Jing Shou Shang Zi No.10801058900 dated May 21, 2019
2019.09	10	500,000,000	5,000,000,000	243,678,748	2,436,787,480	162,600 shares converted from corporate bonds 4,240,000 shares converted from employee warrants	Jing Shou Shang Zi No.10801120570 dated Sep. 3, 2019
2019.12	10	500,000,000	5,000,000,000	243,719,942	2,437,199,420	71,940 shares converted from corporate bonds 340,000 shares converted from employee warrants	Jing Shou Shang Zi No.10801179300 dated Dec. 12, 2019
2020.04	10	500,000,000	5,000,000,000	246,978,265	2,469,782,650	28,703,230 shares converted from corporate bonds 3,880,000 shares converted from employee warrants	Jing Shou Shang Zi No.10901047650 dated Apr. 8, 2020
2020.05	10	500,000,000	5,000,000,000	255,340,097	2,553,400,970	82,658,320 shares converted from corporate bonds 960,000 shares converted from employee warrants	Jing Shou Shang Zi No.10901079430 dated May 20, 2020
2020.09	10	500,000,000	5,000,000,000	256,548,097	2,565,480,970	12,080,000 shares converted from corporate bonds	Jing Shou Shang Zi No.10901170240 dated Sep. 8, 2020
2020.12	10	500,000,000	5,000,000,000	257,944,993	2,579,449,930	13,218,960 shares converted from corporate bonds 750,000 shares converted from employee warrants	Jing Shou Shang Zi No.10901233570 dated Dec. 9, 2020
2021.04	10	500,000,000	5,000,000,000	263,329,193	2,633,291,930	52,792,000 shares converted from corporate bonds 1,050,000 shares converted from employee warrants	Jing Shou Shang Zi No.11001054310 dated Apr. 6, 2021
2021.05	10	500,000,000	5,000,000,000	263,453,193	2,634,531,930	1,240,000 shares converted from employee warrants	Jing Shou Shang Zi No. 11001080600 dated May.7,2021

Note: The Company has no property other than cash to offset the share proceeds.

Share Type	Authorized Capital			Note
	Issued Shares	Unissued Shares	Total	
Common stock	263,453,193	236,546,807	500,000,000	Listed stocks

Information on general declaration system: None.

(II) Shareholder Structure Up to Apr. 6, 2021

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	1	23	141	65,929	173	6,6267
Shares Held	27,000	17,144,978	47,666,788	178,672,226	19,942,201	263,453,193
Shareholding Ratio	0.01%	6.51%	18.09%	67.82%	7.57%	100.00%

(III) Shareholding Distribution Status Up to Apr. 6, 2021

Range of Shares	Number of Shareholders	Shares Held	Shareholding Ratio
1~999	16,813	5,088,129	1.931%
1,000~5,000	43,711	78,592,448	29.831%
5,001~10,000	3,492	27,076,504	10.277%
10,001~15,000	788	10,042,669	3.811%
15,001~20,000	507	9,368,227	3.555%
20,001~30,000	364	9,430,716	3.579%
30,001~40,000	167	5,941,742	2.255%
40,001~50,000	98	4,602,938	1.747%
50,001~100,000	176	12,509,988	4.748%
100,001~200,000	74	10,312,547	3.914%
200,001~400,000	39	10,851,511	4.118%
400,001~600,000	10	4,811,349	1.826%
600,001~800,000	8	5,557,283	2.109%
800,001~1,000,000	4	3,476,798	1.319%
Over 1,000,001	16	65,790,344	24.972%
Total	66,267	263,453,193	100%

Note: The Company has not issued preferred shares as of Apr. 2021.

(IV) Major Shareholders

1. List of Major Shareholders (Ten largest shareholders)

Apr. 6, 2021

Shares		Shareholding (shares)	Shareholding Ratio
Name of Major Shareholders			
Yageo Corporation		25,276,032	9.59%
New Labor Pension Fund		6,775,500	2.57%
Kuo Shin Investment Co., Ltd.		5,033,520	1.91%
Hsu Tai Investment Ltd.		3,762,006	1.43%
Cathay Life Insurance Co., Ltd		3,338,000	1.27%
Hwei-Jan Lee		2,913,571	1.11%
Investment Client VANGUARD EMERGING MARKETS STOCK INDEX FUND		2,848,851	1.08%
JPMorgan Chase Bank N.A.		2,560,701	0.97%
Fubon Life Insurance Co., Ltd.		2,500,000	0.95%
Tongshuo Investment Co., Ltd.		2,395,000	0.91%

Note: Actual shares held.

The waivers of capital increase and share subscription by cash of the directors, supervisors, managerial officers, and shareholders who hold more than 10% of shares in the most recent two years and the current year: none.

(V) Market Price, Net Worth, Earnings and Dividends Per Share in the Most Recent Two Years

Unit: NT\$ thousand; shares

Item		Year	2019	2020	As of Apr. 6, 2021
Market Price Per Share (Note 1)	Highest		132.50	141.5	116.5
	Lowest		72.3	66.4	98
	Average		89	105.2	108.7
Net Worth per Share (Note 2)	Before distribution		95.33	96.89	-
	After distribution		91.83	94.89	-
Earnings per Share	Weighted Average Shares		243,594	258,170	-
	Earnings per share after tax before adjustment (Note 3)		4.71	5.91	-
	Earnings per share after retrospective adjustment		4.71	5.91	-
Dividends Per Share	Cash dividends		3.5	2.0	-
	Stock grants	-	-	-	-
		-	-	-	-
	Accrued Unpaid Dividends (Note 4)		-	-	-
Return on Investment	P/E Ratio (Note 5)		18.90	21.43	-
	Price/Dividend Ratio (Note 6)		25.43	52.6	-
	Cash Dividend Yield (Note 7)		0.04	0.02	-

Note 1: Please identify the highest market value and the lowest market value of the common stock in various years, and calculate the average market price for each year based on the trading value and turnover for each year.

Note 2: Please fill out the figures according to the number of outstanding shares at the end of the fiscal year and the resolution regarding distribution by the shareholders' meeting the following year.

Note 3: Please fill out basic and diluted earnings per share if retroactive adjustment is necessary due to stock dividend payout.

Note 4: If the terms of issuance of the equity securities provide that any dividends declared but not paid may be carried forward until the Company has earnings, the amount of accrued unpaid dividends as at the end of such fiscal year shall be disclosed.

Note 5: $P/E \text{ Ratio} = \text{Average Market Price per Share} / \text{Earnings per Share}$

Note 6: $\text{Price/Dividend Ratio} = \text{Average Market Price per Share} / \text{Cash Dividend per Share}$

Note 7: $\text{Cash Dividend Yield} = \text{Cash Dividend per Share} / \text{Average Market Price per Share}$

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

(VI) Dividend Policy and Implementation Status

1. Dividend policy set forth in Article 18 of the Articles of Association:

If the Company has earnings, it shall set aside more than 2% of the balance as remuneration to the employees and no greater than 4% of the balance as remuneration to directors. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration.

In the event that there are any earnings after the annual final accounting, such earnings shall be utilized in the first place to pay for all taxes and duties as required by law and make up for deficits of prior years, and pay for remuneration to the employees. The remaining amount, if any, shall be appropriated in the following order:

I. Appropriate 10% as legal reserve Where such legal reserve amounts to the total paid-in capital of the Company, this provision shall not apply.

II. Appropriate special reserve according to legal regulations.

III. No less than 10% of the balance after deduction of the preceding two paragraphs shall be used to distribute dividends and bonuses and the Board of Directors shall draft a profit distribution proposal. If the distribution is to be made in the form of new shares, the proposal shall be submitted to the shareholders' meeting for resolution, whereas if it is to be made in the form of cash, the proposal shall be submitted to the Board for resolution. The policy of dividend distribution shall be based on the most consideration of shareholders' rights and interests, taking into account the current and future domestic and foreign industry competition, investment environment and capital demand of the Company. The Board of Directors shall be authorized to draft percentage of earnings distribution in cash and stock dividends and shall draft a profit distribution proposal. If the distribution is to be made in the form of new shares, the proposal shall be submitted to the shareholders' meeting for resolution. The counterparties to whom remuneration shall be distributed in cash or stock as stated in the preceding paragraph includes the employees of controlled or subordinate companies that meet certain criteria. The compensation distribution to the employees shall be resolved by the Board of Directors.

Pursuant to Paragraph 5 of Article 240 of the Company Act, the Company may authorize the distributable dividends and bonuses or legal reserve and capital reserve in whole or in part as provided in Paragraph 1 of Article 241 of the Company Act may be paid in cash after a resolution has been adopted by the majority of Directors in a Board meeting attended by two-thirds of the total number of Directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. There is no need to submit a request for recognition to the shareholders' meeting.

2. Distribution of dividends proposed in the shareholders' meeting:

The Company's 2020 earnings distribution proposal is made in accordance with the Company Act and the Company's Articles of Association. Distribution of cash dividends of NT\$2 per share, NT\$526,586,386 in total, and 263,329,193 shares of common stock are proposed.

(VII) Effect on the Operating Performance and Earnings per Share of Distribution of Stock

Dividends Proposed or Adopted in This Shareholders' Meeting: N/A.

(VIII) Remuneration of employees and directors:

1. Percentage or range of the remuneration of employees and directors as set forth in the Articles of Association:

Article 18 of the Company's Articles of Association

If the Company has earnings, it shall set aside more than 2% of the balance as remuneration to the employees and no greater than 4% of the balance as remuneration to directors. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration.

The counterparties to whom remuneration shall be distributed in cash or stock as stated in the preceding paragraph includes the employees of controlled or subordinate companies

that meet certain criteria. The preceding two paragraphs shall be determined by the resolution of Board of Directors and reported to the shareholders' meeting.

2. The basis for estimating the amount of employee and director remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: estimating the amount of employee and director remuneration on the basis of the profit of the year. If there is any difference between the above estimated amount and the actual distributed amount, it shall be treated as the change of the accounting estimate and be adjusted and entered into the account in the year of distribution. See item 3 of (VIII) for Allocation Amount approved by Board of Directors.
3. Remuneration Distribution Proposals adopted in Board of Directors Meeting:
 - (1) The Board of Directors of the Company has passed the proposal of distributing NT \$32.4 million and NT \$64 million of remuneration to employees and directors in 2020, of which the remuneration to employees will be paid in cash.
 - (2) Proposed employees' stock remuneration in percentage of after-tax earnings and total employee remuneration: N/A.
 - (3) The estimated earnings per share after the remuneration to employees and directors are paid out: N/A.

4. The actual allocation of remuneration to employees and directors in 2020 (including the number, amount and stock price of allocated shares), the discrepancy between the actual allocation and the estimated figures, if any, and cause and response measure thereof:

Item	Employee Remuneration in Cash	Director Remuneration	Reasons for discrepancy and response measure
The estimated amount of the recognized expenses in the year (A)	32,400,000	64,000,000	None
Approved Distribution (B)	32,400,000	64,000,000	
Discrepancy (B)-(A)	0	0	

(IX) Buyback of Treasury Stock: None.

II. Issuance of Corporate Bonds:

(I) Unredeemed corporate bonds and corporate bonds undergoing private placement

1. The Company

Corporate Bonds	Sixth Domestic Unsecured Corporate Bond Conversion
Start Date	Sep. 12, 2019
Par value	NT\$100,000 each
Location of Issuance and Transaction	Taipei Exchange (TPEX)
Par Value	101% issuance based on par value
Total Amount	NT\$12 billion
Interest Rate	0% coupon rate
Maturity	5 years, ending on Sep. 12, 2024
Guarantee Agency	None
Trustee	Taipei Fubon Commercial Bank
Underwriters	KGI Securities Co., Ltd.
Lawyers	Handsome Attorneys-at-law: Attorney Ya-Wen Chui
CPA	Deloitte & Touche Ke Chih-Hsien and Cheng Chung-Chin (Peter)
Redemption	Except for the conversion of the convertible corporate bonds by the holders into the Company's ordinary shares in accordance with Article 10 of the regulations, or the exercise of the right of reverse repurchase in accordance with Article 1 of the regulations, or early redemption by the Company in accordance with Article 18 of the regulations, or buyback and cancellation of the bonds by securities firms, the Company repays the bonds held by the bondholders in cash in lump sum upon the maturity of the bonds based on the par value of the bonds.
Outstanding Amount	NT\$ 879,600 thousand (Ending Apr. 30, 2021)
Provision of redemption or early liquidation	Handled in accordance with this issuance of converted corporate bonds and Articles 18 and 19 of the Measures for the Issuance of Converted Corporate Bonds
Restrictions	None
Name of credit rating agency, date of rating and corporate bond rating result	None
Others	Amount of converted (exchanged or subscribed) ordinary shares, overseas depository receipts or other negotiable securities
	As of Apr. 30, 2021, the converted corporate bonds amounted to NT\$ 1,120,400 thousand and applied for conversion of ordinary shares, with a total of 12,109,951 converted ordinary shares.
Others	Regulations of Issuance and Conversion/Exchange/Subscript
	Handled in accordance with this issuance of converted corporate bonds and Articles 9 and 10 of the Measures for the Issuance of Converted Corporate Bonds.
Potential Equity Dilution and Impact on the Rights of Existing Shareholders	The coupon rate of the converted corporate bonds is 0% and its conversion price is issued at a premium; therefore, there should no negative impact of the interests of shareholders.
Name of Exchange	None

(II) Corporate bonds maturing within one year: None.

(III) Converted (exchanged or subscribed) ordinary shares, overseas depository receipts or other negotiable securities should be listed in the following table:

1. The Company

(1) Fourth Unsecured Corporate Bond Conversion

Corporate Bonds		Fourth Unsecured Corporate Bond Conversion			
Year		2017	2018	2019	2020
Item					
Market Price of Corporate Bond Conversion	Highest	196	399	196	0
	Lowest	104.1	130	144	0
	Average	130.80	235.14	165.55	0
Conversion Price		61.90 (Jun. 30, 2017) 58.80 (Aug. 2, 2017) 57.60 (Oct. 17, 2017)	47.5 (Jun. 13, 2018) 47.5 (Jul. 13, 2018) 62.7 (Aug. 23, 2018) 61.5 (Nov. 30, 2018)	55.6 (Jul. 12, 2019)	55.6 (Jul. 12, 2019)
Issuance date and conversion price		Issued on May 29, 2015; the conversion price in issuance was NT\$74.50.			
Obligation of conversion		Issuance of new shares in accordance with the issuance measures			

(2) Fifth Domestic Unsecured Corporate Bond Conversion

Corporate Bonds		Fifth Domestic Unsecured Corporate Bond Conversion			
Year		2017	2018	2019	2020
Item					
Market Price of Corporate Bond Conversion	Highest	119.3	236	131	139.5
	Lowest	101.3	102	102	99.8
	Average	107.3	146.55	107.52	120.67
Conversion Price		103.3 (Issue Price) 100.9 (Oct. 17, 2017)	83.1 (Jun. 13, 2018) 83.1 (Jul. 13, 2018) 112.8 (Aug. 23, 2018) 110.5 (Nov. 30, 2018)	99.9 (Jul. 12, 2019)	96.3 (Jul. 13, 2020)
Issuance date and conversion price		Issued on Sep. 18, 2017; the conversion price in issuance was NT\$103.00.			
Obligation of conversion		Issuance of new shares in accordance with the issuance measures			

(3) Sixth Domestic Unsecured Corporate Bond Conversion:

Corporate Bonds		Sixth Domestic Unsecured Corporate Bond Conversion		
Item	Year	2019	2020	As of Apr. 6, 2021
	Highest	139.2	152	129.95
Market Price of Corporate Bond Conversion	Lowest	105.25	104	119.75
	Average	112.56	124.91	124.54
Conversion Price		94 (Issue Price)	94 (Sep. 12, 2019) 90.6 (Jul. 13, 2020)	90.6 (Jul. 13, 2020)
Issuance date and conversion price		Issued on Sep. 12, 2019; the conversion price in issuance was NT\$94.00.		
Obligation of conversion		Issuance of new shares in accordance with the issuance measures		

(IV) Information on Exchangeable Corporate Bonds: None.

(V) Summary of the Reporting and Issuance of Corporate Bonds: None.

(VI) Information on Corporate Bonds with Warrants: None.

III. Preferred Shares: None.

IV. Global Depositary Receipts (GDRs): None.

V. Employee Stock Options and New Restricted Stocks for Employees: None

- (I) The effective date, issue date, number of issued units of the undue employee stock options of the Company declared to the competent authority, ratio of subscribed shares to total shares issued, term of subscription, method of performance, period and ratio of restricted subscription, number of shares exercised as at the date of publication of the prospectus, amount of shares subscribed, number of outstanding shares, subscription price per share for individuals with share options, ratio of outstanding shares to total shares issued and its impact on shareholders' equity

Apr. 6, 2021 (Unit: shares)

Employee Stock Option Type	Second (term) Employee Stock Option
Effective Date	Apr. 16, 2015
Start Date	Apr. 17, 2015
Term	Mar. 1, 2019 to Jul. 16, 2023
Total number of issued units	7,000,000
Ratio of subscribed shares to the total shares issued,	2.66%
Subscription Period	Apr. 17, 2017 to Apr. 16, 2023
Method of performance	Issue of new shares
Period and ratio of restricted subscription	Apr. 17, 2015 to Apr. 16, 2017 100%
Number of shares exercised	5,217,000
Amount of shares exercised	237,217,100
Number of shares not exercised	181,000 (Note 1)
Subscription price per share for individuals with share options	NT\$ 43.2 (As of Apr. 6, 2021)
Ratio of outstanding shares to the total shares issued	0.07% (Note 2)
Impact on shareholders' equity	Motivate employees' long-term service willingness and enhance cohesion force, so as to create benefits for the Company and shareholders, and benefit shareholders' equity.

Note 1: 1,602,000 expired and canceled shares deducted.

Note 2: There had been 263,453,193 shares outstanding as of Apr. 6, 2021.

(II) The names, acquisitions, and subscriptions of the managerial officers who have obtained the employee stock options and the top ten employees who have obtained the stock options evidence up to the publication date of the annual report:

Apr. 6, 2021

	Position (Note 1)	Name	Number of shares subscribed (thousand shares)	Ratio of shares subscribed to total shares issued (%)	Exercised				Not exercised			
					Number of subscripti ons (thousand shares)	Subscrip tion price (NT\$)	Subscriptio n amount (NT\$ thousand)	Ratio of subscripti ons to total shares issued (%)	Number of subscriptio ns (thousand shares)	Subscript ion price (NT\$)	Subscriptio n amount (NT\$ thousand)	Ratio of subscriptions to total shares issued (%)
Managerial Officer	CEO of Business Decision-making Management Committee	Tie-Min Chen	1,750	0.66	450	51.6	23,220	0.64	75	43.2	3,240	0.03
	Deputy CEO of Business Decision- making Management Committee	Shih- Ying Chung			75	43.8	3,285					
					300	36.8	11,040					
	General Manager/CEO	Yao- Ching Kuo			750	44.8	33,600					
Employee			1,320	0.50	100	43.2	4,320	0.48	60	43.2	2,592	0.02
	Member of Business Decision-making Management Committee	Hwei-Jan Lee			195	51.6	10,062					
	Advisers	Yu-Kang Chuang			60	44.7	2,682					
	Special Assistant	Ching- Wei Tien			200	43.8	8,760					
	Expatriate Cadre	I-Kou Huang			165	36.8	6,072					
	Expatriate Cadre	Tse-an Kuo			232	49.5	11,484					
	Special Assistant	Tse-an Kuo			292	44.8	13,082					
	Manager	Tsai-Lin Yu			116	43.2	5,011					
		Jui-Min Chung										

	Manager	Chia-Hao Chan										
	Manager	Ming-Huang Hsieh										
	Manager	Jui-Yang Chen										

Note 1: General Manager Shih-Ying CHUNG was promoted as Deputy CEO of Business Decision-making Management Committee on May 1, 2020 and dismissed in June 2020; General Manager Yao-Ching Kuo was promoted to the current position on May 1, 2020.

Note 2: There had been 263,453,193 shares outstanding as of Apr. 6, 2021.

The Following Matters to be Recorded for New Restricted Employee Shares: None:

VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Transfers of Shares of Other Companies: None.

VII. Implementation of Capital Utilization Plan:

For the period as of the quarter preceding the date of publication of the Annual Report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

As of the previous quarter of the publication of the Annual Report, the Company's capital utilization plans for the previous public issuance of marketable securities had been completed.

V. Operational Highlights

I. Business Activities

(I) Scope of Business

1. Principal Business Activities

①Electronic component manufacturing, ②powder metallurgy, ③other metal products manufacturing, ④computer and peripheral equipment manufacturing, ⑤power generation, power transmission, distribution machinery manufacturing, ⑥wire and cable manufacturing, ⑦electrical and audio-visual electronic products manufacturing, ⑧steel secondary processing industry, ⑨machinery and equipment manufacturing, ⑩other machinery manufacturing, ⑪ceramics and ceramic products manufacturing, ⑫precision chemical material manufacturing, ⑬other electrical and electronic machinery and equipment manufacturing, ⑭ general instrument manufacturing, ⑮other optical and precision instrument manufacturing, ⑯wholesale ⑰ machinery precision instrument wholesale, ⑱electronic material wholesale, ⑲ computer and clerical machinery and equipment retail, ⑳precision instrument retail, ㉑machinery and appliance retail, ㉒electronic material retail

2. Percentages of lines of business

Unit: NT\$ thousand; %

Item \ Year	2019		2020	
	Amount	Percentage of turnover	Amount	Percentage of turnover
Chip Inductors/power Inductors	9,827,099	62%	11,015,284	63%
Thick film resistance/resistor print	2,769,797	17%	2,740,366	16%
Ferrite material	2,038,231	13%	1,834,420	11%
Conventional coil	300,897	2%	248,834	1%
Metal plate	577,514	4%	833,003	5%
Iron core	9,124	0%	8,792	0%
Others	347,902	2%	757,300	4%
Total	15,870,564	100%	17,437,999	100%

3. Company goods (services) projects

We provide customers with complete solutions for inductor-related components, chip resistors, antennas, filters and other RF components used in POWER /RF/EMI applications.

4. Product (Service) Development

The Company and its subsidiaries offer a complete range of products, and the new product R&D process is discussed and studied by the marketing and R&D departments together. After evaluating the industrial needs and technological development trends, and actively matching the IC design solutions in the front-end of the industry, the Company works together to develop the new generation needs, and then proceeds with

product design and development after the evaluation and filing. In 2017, CHILISIN joined the teams of Ferroxcube and RALEC, expanding its product range from the original professional inductor factory. It not only develops higher-end products with high-order ferrite materials, but also provides a complete range of resistors. The new products will go through the process of trial production, reliability and reliability test and trial mass production, and mass production will be carried out after the acceptance of the samples sent to the customer. Products developed include:

(a) RF and power inductors

①Products of multilayer printing technology

Miniaturized 01005 chip inductors and beads, high current power inductors, low DC resistance inductors, and high Q value miniaturized 0201 inductors, as well as chip antennas and low temperature co-fired ceramic RF components.

②Automatic precision winding products

Miniaturized 0201 inductors, high current power inductors, and products widely applied to common mode chokes needed by USB2.0 IEEE1394, USB3.0 and HDMI. Toroidal winding products are used in Ethernet transformers and power Ethernet transformers.

③Thin-film Inductors

Photo Lithography technology is used to produce high precision coil substrates, and develop small thin film power inductors with high frequency, low sensitivity and high saturation current, which are mainly used in communication and consumer electronics products like mobile phones, servers, wireless LAN cards and modules, 5G and IoT high frequency wireless communication products Miniaturized 0201 RF and power inductors with an inductance of 0.6 to 100NH and a tolerance +/- 0.1NH have also been developed.

④Wire-wound Power Inductors

Wire-wound power inductors are mainly used in power conversion or power noise removal, and many products have passed the reliability test (AEC Q200 Grade 0) and obtained the certification of major automobile manufacturers. In collaboration with the advanced material development of Ferroxcube, we have developed power beads and related inductors that meet the needs of the next generation cloud computing.

⑤Molding Power Chokes

Miniaturized molding power chokes have been continuously improved in product features from the first generation MHCD to the fourth generation HHEI series with better efficiency, and molding power chokes as thin as 0.6mm and as miniaturized

as 1.2mm*1.0mm have been launched. Furthermore, the large-sized, high current resistance plug-in inductors and other products have been constantly improved in product features, and verified in reliability verification, fit for industrial applications and applicable to emerging 48V vehicle power systems.

⑥Iron Powder Cores and Soft Magnetic Materials

Through the technology and production scale of Ferroxcube, we can provide more cost competitive raw materials with better features, so as to meet the reliability requirements of automotive products and improve the profitability of products.

(b) Soft Ferrite Materials and Ferrite Cores

①With the high development of EV/PHEV, for temperature stability, in response to mechanical strength and EMI (noise filter) high requirements, we will continue to develop MnZn materials and products that meet the requirements of new energy vehicles (customized ferrite cores). Thus far, we have developed EMI 10K materials and materials with a Curie temperature $T_c > 150$ for vehicle manufacturers.

②The cloud market continues to grow. For inductors with high current resistance, the original NiZn material is converted into MnZn material. In response to power bead product requirements, 3F46-X powder material has been developed, which can withstand higher current and have better efficiency, and have been provided to world-class server customers.

③With the use of higher frequency power IC (SiC, GA-N), high frequency ferrite has become an important material to achieve high frequency design. The Company has developed 3F36 and 3F46 (available for mass production) for semiconductors, automobiles and large power supply companies, which will become the mainstream of the middle and high end market.

④The Company is constantly improving materials in saturation flux density, loss, temperature stability, high frequency and special environments to provide customers with a variety of choices. In response to the market requirements of wireless communication, wearable device, motor high power and vulcanization-resistant electronic products and the development trend of digital, precision and miniaturized electronic products, the Company is committed to the development of new products, and production technology and process improvement. Thus far, we have been developed more functional products to increase market competitiveness.

(c) Resistors and Current Sensors

In response to the market requirements of wireless communication, wearable device, motor high power and vulcanization-resistant electronic products and the development trend of digital, precision and miniaturized electronic products, the Company is committed to the development of new resistor products, and production

technology and process improvement. Thus far, we have been released high functional products to increase market competitiveness, including metal plate current sensors, metal film chip resistors, automotive film chip resistors, high power automotive low resistance value thick film chip resistors, high power surge resistance thick film chip resistors, high power completely lead-free thick film chip resistors.

(d) LTCC RF Components

The Company is committed to the development of LTCC high frequency integrated components, including filters, baluns, multiplexer, couplers, chip antennas. With the booming development of the wireless communication market in recent years, the global 5G construction has started. The strong demand for intelligent mobile devices in emerging markets, coupled with the increasing application of the Internet of Things, drives the significantly growing demand for high-frequency components.

(e) Antennas & Wireless Charging

In recent years, 5G and vehicle-mounted antenna products and demands are increasing in different fields and applications. Therefore, there are increasing rigorous requirements for antenna features like high gain, high sensitivity, high isolation and full phase. To meet the needs of massive data and data transmission required by 5G communication, the number of antennas is growing. Take WiFi 6 router as an example, the number of antennas is twice that of WiFi 5, and the transmission rate increases by 40%. In light of increasing rigorous requirements for the field type and isolation degree of antennas, the Company provides customers with a wide range of standard and customized antenna services.

As wireless charging technology continues to evolve, its use has expanded from consumer handheld devices to many new areas, such as laptops, tablets, Internet of Vehicle, robots, kitchenware and smart homes. The wireless charging industry chain is mainly composed of scheme design, power chip, ferrite material, transmission coil and module manufacturing. The Company uses the mainstream power chips in the market to provide customers with the most efficient coil and module design. At present, the standard transceiver modules and coil products have been promoted and sold in the market.

(II) Industry overview

1. Current status and development

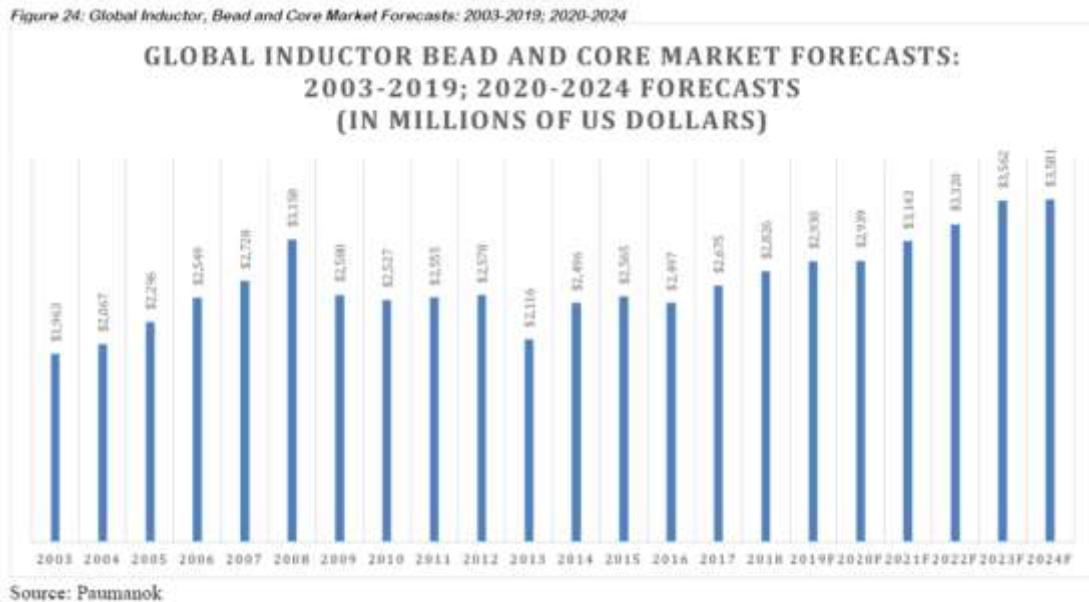
The Company and its subsidiaries are engaged in the passive component industry which mainly consists of inductors, resistors and capacitors. These three basic components interact with each other to control the electronic circuits. Capacitors store and release electric energy in the form of static electricity. Their main

functions are electric charge storage, bypassing, filtering, tuning and oscillating. Capacitors are generally divided into three categories: fixed capacitors, variable capacitors and chip capacitors. For inductors, the main functions are power conversion, filtering and noise removal, suppression of instantaneous current, and reduction of electromagnetic interference (EMI). They can be divided into magnetic cores, coils, chip inductors, molding power chokes. The chip inductors take up a large percentage of inductor products, which can be further divided into wire-wound chip inductors and multilayer chip inductors. Now molding power chokes have become the main stream of the power inductor market. As far as resistors are concerned, they are the most basic and essential components in electronic products, which are usually used to adjust voltage and current in electronic circuits. Generally, resistors can be divided into fixed non-chip resistors, fixed chip resistors, variable resistors and nonlinear resistors, among which fixed chip resistors are widely used. In addition to the three passive components mentioned above, RF components such as filters and antennas are also expected to grow in the future in the passive component industry due to the recent Internet of Things and 5G applications.

Inductors and resistors are the main products of the Company and its subsidiaries. For inductors, thanks to the continuous introduction of new specifications such as fast charging and wireless charging by international well-known mobile phone brands, the market demand for inductors for mobile phones continues to increase. As the molding power chokes continue to replace conventional wire-wound power inductors and the IoT demand for RF power inductors and small power multilayer power inductors emerge, the automotive electronics market is also growing with the emerging demands of autopilot, ADAS, battery management systems and charging systems. The overall inductor market is expanding in size. Influenced by the COVID-19 epidemic in 2020, the demand for remote learning and working continues to stimulate the demand for laptops and Netcom products. In addition, the overall inductor market demand shows a steady growth trend after 5G specifications are clarified in various countries. Domestic resistor manufacturers mainly produce chip resistors. In recent years, Japan's chip resistors production capacity continues to transfer to the automotive market, resulting in the widening gap between supply and demand in the general consumer application market. Coupled with the limited new capacity of each resistor manufacturer, the market demand fluctuates. In 2020, due to the demand of stay-home economy, the supply and demand was still unbalanced, and the resistor market will grow steadily in the future. As for 5G and Internet of Things applications, the main components for which the demand is significantly increased include filters and antennas. Filters have better cost advantages because of LTCC process and are widely used. In addition, the demand for customized antennas is increasing in response to the change of terminal products, and the growth momentum of the overall RF

component industry can be expected.

According to the estimates of Paumanok, the world's leading US research firm, the output value of passive electronic components manufacturing industry will reach USD 3.143 billion in 2021, and the overall market will continue to have an increasing demand for cloud computing, automotive electronics, and new generation communication protocols.



In the terminal application market, passive electronic components are widely used in information, communication, consumer electronics, industrial electronics, automotive electronics, medical aerospace and other fields. Among them, the communication market is the most important application field of passive electronic components in the world, accounting for more than 40% of the total market shares. Although the global smart phone market has gradually entered a plateau period, it's difficult for the market size to expand significantly. However, 5G mobile phones with the active deployment and construction of 5G networks by governments of various countries are attracting increasing attention. In response to the increasing frequency band and performance of 5G applications, the usage of passive components in mobile phones has increased significantly, becoming one of the important drivers driving the growth of global passive component market demand.

Moreover, with the rapid development of battery electric vehicles, autopilot and Internet of Vehicle and other technologies in recent years, the number of various electronic components used in vehicles has increased significantly, making the automotive electronics market a focus application field intensely contended by large passive component manufacturers at home and abroad. As far as battery

electric vehicles are concerned, the gradual introduction of new battery designs has generated higher requirements for volume, energy density, heat dissipation capacity, reliability of high temperature operation and electromagnetic interference suppression ability of passive components. To meet more needs of consumers, the on-board charger must satisfy higher conversion efficiency, power density, small volume and lightweight requirements. Under this market trend, the usage and requirements of passive components will be significantly increased. Furthermore, the continuous development of Internet of Vehicle, autopilot and other technologies also impose higher requirements for various sensors and communication technologies on vehicles. As domestic and foreign telecom companies accelerate their investment in 5G environment construction and domestic and foreign car manufacturers expedite the introduction of various advanced driving assistance systems, the demand for on-board information communication and on-board sensing system will continue to expand, and the usage of passive components will be significantly increased. As the battery electric vehicles, autopilot, and Internet of Vehicle continues to gain momentum generally, it is estimated that the number of passive components used in each vehicle will increase significantly, which will improve the profit performance of passive component manufacturers.

In respect of the inductor and resistor types needed by the application products and the number of products of the Company and its subsidiaries possibly applied, the Company's products can be widely used in mobile devices such as smart phones, tablet computers and electronic products like LCD TVs, notebook computers, network and communication equipment, smart speakers, digital set-top boxes, graphics cards and automotive electronics. With the continuous development of smart phones and the rise of home entertainment systems such as motion-sensing game consoles, coupled with the increasingly widespread application of on-board electronics, the demand for inductors continues to expand in recent years, which has become the main source of driving the growth of inductor market demand year by year. With the continuous integration and development of 3C industry, the market market of the entire electronic component industry continues to expand, and there is an increasing development trend of thin, short, high frequency and low power consumption products, which also drives the output value of inductors to maintain a steady growth every year; and thick film chip resistors are common materials generally needed by all electronic products; thanks to the development of smart phones, tablet computers and notebook computers in recent years, the application volume of each terminal product is increasing, and the higher requirements for power management of electronic products for more requirements lead to the development of the current sense resistors. Furthermore, the automotive market has become more and more complete in terms of automotive electronics and safety equipment in recent years, which also drives the growth of the demand for

advanced products in the resistor industry.

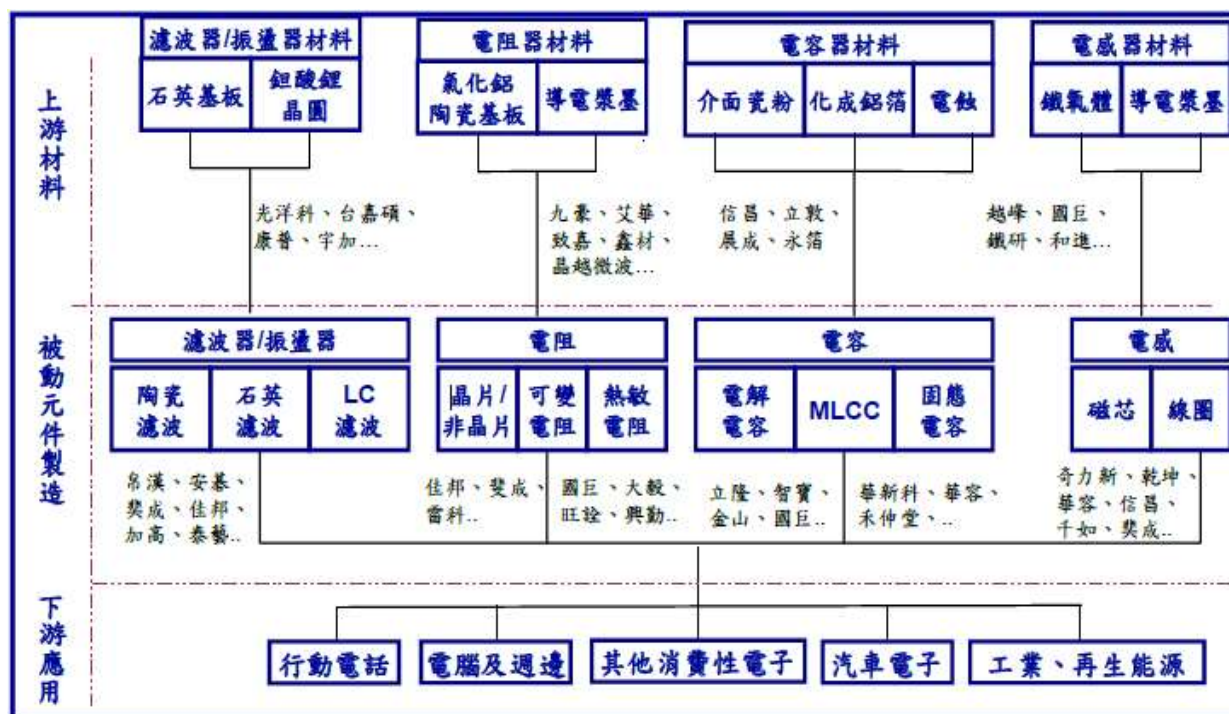
Categories and estimated quantity of our products required for application products

Application products	Product Categories	Estimated Quantity
Smartphones	Beads, chip inductors, power inductors, thick film chip resistors, metal film chip resistors, metal plate current sense resistors, LTCC, wireless charging modules	60~400 pcs
Tablet PC	Beads, chip inductors, power chokes, power inductors, thick film chip resistors, metal film chip resistors, metal plate current sense resistors, LTCC, wireless charging modules	90~450 pcs
Application products	Product Categories	Estimated Quantity
LCD TVs	Beads, chip inductors, power inductors, power chokes, thick film chip resistors, metal film chip resistors, metal plate current sense resistors	110 110~400 pcs
Notebook Computers	Beads, chip inductors, power chokes, power inductors, thick film chip resistors, metal film chip resistors, metal plate current sense resistors, LTCC, antennas	58~600 pcs
Wireless Network	Beads, chip inductors, power inductors, thick film chip resistors, metal film chip resistors, metal plate current sense resistors, LTCC, antennas	10~120 pcs
xDSL/Cable Modem	Beads, chip inductors, power inductors, coils, thick film chip resistors, metal film chip resistors, metal plate current sense resistors, LTCC, antennas, LAN transformers	8~120 pcs
Smart Speakers	Beads, chip inductors, power inductors, thick film chip resistors, metal film chip resistors, metal plate current sense resistors, antennas, LTCC	25~30 pcs
Digital Set-top Boxes	Beads, chip inductors, power inductors, coils, thick film chip resistors, metal film chip resistors, metal plate current sense resistors, LTCC, antennas, LAN transformers	15~200 pcs
Graphics Cards	Beads, chip inductors, power inductors, coils, thick film chip resistors, metal film chip resistors, metal plate current sense resistors	10~200 pcs
Motor Vehicles	Automotive thick film chip resistors, Automotive metal film chip resistors, automotive metal plate current sense resistors, LTCC, antennas, LAN transformers	6,000~7,000 pcs

The smart phone manufacturers continue to promote upgrading of products to stimulate the market demand in 2021, which is expected to drive the increasing market demand for passive components for medium to high-end phones. The accelerated investment of traditional vehicle manufacturers in development of battery electric vehicles and import of advanced driving systems will further significantly boost the demand of passive components. Furthermore, the active development of industrial, Internet of Things, mining, e-sports, 5G and other applications by domestic and international manufacturers will continuously increase the market demand for passive components. It is estimated that the output value of passive electronic component manufacturing industry is expected to grow on an ongoing basis in 2021.

2. Relevance Amongst Upstream, Midstream, and Downstream of the Passive Component Industry

The global relevance of the coil and chip inductor industries in which the Company and its subsidiaries are engaged is shown in the figure below



Upstream Raw Materials	Filter/Oscillator Materials			Resistor Materials			Capacitor Materials			Inductor Materials	
	Quartz Substrates	Lithium Tantalate Wafers		Aluminium Oxide Ceramic Substrates	Conductive Ink		Interface Ceramic Powder	Formed Aluminum Foils	Electrolytic Corrosion	Ferrite	Conductive Ink
		Guangyangke, TAI-SAW, COMMScope, Yujia...			LEATEC, AISHI, EXOJET, Xincal, Jingyueweibo		Prosperity, Liton, JAAN, CHERNG, Yongbo			ACME, YAGEO, TAK, Hejin...	
Passive Component Manufacturing	Filter/Oscillator			Resistors			Capacitors			Inductors	
	Ceramic Filters	Quartz Filters	LC Filters	Chips/Non-Chips	Variable Resistors	Thermistors	Electrolytic Capacitors	MLCC	Solid State Capacitors	Magnetic Cores	Coils
	BOTHHAND, AKER, FEEI, CHERNG, INPAD, HELE, TAITIEN			INPAD, FEEI, CHERNG, LASER, TEK	YAGEO, TAI, RALEC, THINKING		Lelon, TEAPO, CHINSAN, YAGEO	Walsin, Hua Jung, Holy Stone		CHILISIN, Cyntec, Hua Jung, Prosperity, ABC, FEEI, CHERNG	
Downstream Applications											
				Mobile Phones	Computers and Peripherals	Other Electronics	Consumer	Automotive Electronics	Industry and Energy	Renewable	

Source: IEK (May 2017)

Taiwan's passive component factories have a complete industrial supply chain (as shown in the figure above), forming a complete production chain ecosystem from production and supply of upstream raw materials to manufacturing of midstream components, and formation of downstream terminal products. Despite the China-United States trade war and the outbreak of COVID-19 epidemic in 2020 resulting in ever-changing market conditions, the Company actively expanded the mass production capacity in Vietnam and Malaysia factories in response to the changes,

and spread the risk of customer supply chain. The abundant local human resources were properly used to produce terminal products and supply them to the nearest to the terminal product assembly plant, and offer reasonably- priced passive components of stable quality.

The Company and its subsidiaries have mastered the complete set of production technologies and core technologies in the upstream and midstream, from powder formula material research, mid-stream material production, multilayer chip inductor development technology, automated wire production technology, molding inductor development technology, thin film production and development technology, LTCC development technology to all the latest high frequency wireless communication, power supply side application technologies. A complete technical research and development capability has been developed.

3. Development Trends of Products

The product development trend of miniaturization, high frequency, low power consumption, modularization and automation will continue in the future.

- ① Miniaturization: As mobile phones and electronic products are short, light, multifunctional and highly integrated, there is an increasing demand for chip inductors and surface-mount device (SMD). The chip components supplied cover 0201, 0402, 0603 and 0805. Products will develop in smaller size and higher precision in the future.
- ② High Frequency: The communication products have been headed toward high frequency, broadband and high transmission. Take the application of WLAN for example. The frequency has increased from 2.4 ~ 2.5GHz to more than 5~6GHz, and the transmission speed has gradually grown from 300Mbit/s to 2Gbit/s. In order to improve the quality of communication, the suppression band of EMI noise is also increased to 300MHz ~ 6GHz. Therefore, the application frequency of the inductor itself must be increased accordingly, among which the high Q value high frequency chip inductors and the high precision 0201 thin film inductors are the main products applied to smart phones.
- ③ Low consumption: As the demand for hand-held devices is increasing, there are increasingly diversified functional requirements. Limited by the battery, the terminal products are faced with increasingly stringent requirements for low power consumption, especially for the low DC loss and high saturation current of the inductors. In response to customer demand, the Company has also developed new inductor products for DDR5 and 5G mobile phone applications.
- ④ Modularization: As terminal products are expected to be light and short, customers look forward to modular solutions for various components. The Company is committed to developing a variety of different module solutions in combination of various manufacturing processes with integration of different components, so as to meet customer needs.
- ⑤ Automation: The increase in raw materials and labor costs is also an important trend for the development and use of production automation to reduce costs.

4. Competition Situation

At present, there are about dozens of listed and unlisted inductor manufacturers in Taiwan. Some manufacturers mainly produce customized coils with low technical content, and some provide inductor products. The Company and its subsidiaries are among the few mass production manufacturers with complete inductor production technologies at a certain size, and have become one of the major inductor manufacturers in the world in terms of revenue size and technology level. In

comparison to international giants like Murata, TDK and Sumida in Japan and Coilcraft and Vishay in the United States, however, there is still room for growth. In the future, we will continue to develop new products and reduce production costs, in order to increase the share of high-end vehicle product and global inductor market.

The domestic and foreign market of resistors is enormous, and each manufacturer takes up a small share of the global market. Taiwan's resistor output value occupies an important place in the world. With the demand for consumer information products and automotive electronic products, the passive component industry will continue to grow, and the Company has developed professional production capabilities, advanced product development capabilities and business skills. Hence, the Company still boasts considerable room for growth in the future.

(III) Research and Development Achievements and Plans

1. The technological level and R&D of the business the Company operates in

As the global consumer electronics, automotive, information and communication products are constantly launched, 4C industries have been integrated and developed on an on-going basis. There is an increasing development trend of thin, short, high frequency and low power consumption products, which imposes higher requirements for inductor features and quality. To meet these important usage trends, future demand must be met through the improvement of process technology.

In addition to materials, power inductor production technologies consist of wire-winding, molding, multilayer and thin film processes. The Company and its subsidiaries are one of the few manufacturers possessing proprietary wire-winding, molding, multilayer and thin film processes, and starting the technical integration of processes to offer more product features. At the same time, we focus on high precision, small size, standard and special chip resistor products to meet the market demand. In response to the rapidly increasing demand in 5G, IoT, data center and automotive electronics, the Company has invested in the product development of antennas, wireless charging and low temperature co-fired ceramic high frequency components, to provide customers with more comprehensive product options and head toward the goal of a one-stop service provider. The technical levels and overview of each technical area are described below:

(a) Powder Technology

The Company and its subsidiaries have proprietary material production, research and development technologies, and continue to develop ferrite materials and iron cores with better features. Plans on improvement of Mn-Zn and Ni-Zn ferrite powders, development of high saturation flux density materials, development of high permeability and low loss materials, development of high current resistant product materials, feature improvement of high frequency width and high permeability materials, and development of high frequency (1MHz ~100MHz) power conversion materials are all important plans for continuous research. Furthermore, the Company has started to focus on the development of metal powders, and worked with well-known academic institutions at home and abroad to strengthen our technology and vitality in powder research and development. In recent years, the Company has scored remarkable achievements in material development. A variety of new power inductors have been developed and directly used in 5G, DDR5, IoT and other related products, enhancing the competitiveness of our inductors at home and abroad.

(b) Molding Technology

Molding power chokes are mainly used in high-power power conversion (DC-

DC). Key technologies include material selection, structural design, production technology and product reliability verification. With the development of technology and market demand, the Company has developed the new soft ferrite alloy iron powder power inductor series BESP in recent years, and has reduced the RDC (resistance of DC) by 25~30% with the use of a new generation of materials and high precision of automatic winding technology. Therefore, the power conversion efficiency under light load has been improved, making a contribution to the battery life extension of laptops, smart phones and tablets.

(c) Multilayer Technology

Products made with multilayer ceramic technology include beads, power inductors and high-frequency inductors, and have a development trend of miniaturization, high Q value, thin type and large current. The main technologies are in relation to powder formulation and manufacturing capacity. The key technologies of the manufacturing process include thin tape technology, ultra-thin line printing, ultra-thick line printing and precise stack technologies. Miniaturized 0402/0201 (inch) chip inductors and beads, high frequency (GHZ) beads, high current power inductors and high Q value miniaturized BSPQ0201 (inch) inductors are products made with these technologies. R&D resources have been increased to develop the smallest products with a size of 01005(inch) in the industry.

(d) Wire-winding Technology

As indicated by the name, automatic precision wire-wound power inductor products are power inductor products made with automatic equipment by winding copper wires on and adding electrodes to the iron core after factors like product miniaturization, production scale, cost and quality are taken into consideration. Miniaturization, high Q value and high current are the product development trend. Automatic wire-wound products can be designed as common mode chokes for differential signaling as per design requirements, widely used in USB2.0, IEEE1394, USB3.0, HDMI, on-board CAN US and FlexRay. High frequency and miniaturization are the product development trend. The Company has worked with equipment manufacturers and successfully massed produced the industry's smallest wire-wound power inductors at a size of 0201 (inch), making us one of the world's leading manufacturers. Furthermore, annular coil wire-wound transformers can be designed to be applied in 2.5Gbps, 5Gbps and 10Gbps Ethernet, and further applied in 2.5Gbps 90W, 5Gbps 90W and 10Gbps 90W power Ethernet with the addition of power source.

(e) Thin-film Technology

In order to improve the efficiency, IC manufacturing process develops

towards microrefinement. As the IC power supply voltage is getting lower and lower, the power supply current is increasing, forming a trend of low voltage and high current. Thin film power inductors are applicable to high end mobile devices, tablets and hard disk devices, offering high current and high efficiency. With the increasing demand for miniaturized and portable electronic products, it's increasingly important to develop thin power inductor technologies with power control. The circuit simulation software can be used to quickly complete feature simulation for reference of circuit design of the thin film manufacturing process, and widely used in the extended products of inductive components, such as common mode filters and power inductors. With the introduction of ferrite materials, the above two components can be reduced to extreme miniaturization which wire-winding process or multilayer printing process can't offer. The results are lighter and easier to mass produce power inductor passive components with more accurate features.

(f) Resistors and Current Sensors

To provide products more compliant with the current market demand and meet customer requirements for digital, precision, miniaturized and thin products, we will continue to develop the following products in response to the vigorous development of the automobile market to enhance the market competitiveness.

1. Metal plate current sensors like LR1210/1020, LRE1210 and LRE0201-0mΩ
2. Metal film chip resistors like RTX1206-4T/0612-4T and RTX0815/050
3. Automotive resistors like ARTX1206~0402, RAV0603, RAT01005, LRS2512 and LRS2726-4T / 4026-4T
4. Lead-free thick film chip resistors like FTH0805~0402, FST0201, FTW1225~0612 and FTG0805~0402

(g) LTCC RF Components

The Company is committed to the development of LTCC high frequency integrated components, including filters, balanced impedance converters, multiplexers, couplers and chip antennas. Recent years have seen the booming wireless communication market and the construction of the global 5G facilities, the robust demand for intelligent mobile devices in emerging markets. The increasing application of the Internet of Things have further led to a substantial growth in the demand for high-frequency components. Therefore, we have engaged in the research and development of the following products:

2. Materials for LTE module and smart phone application, series BTLD1608 and BTLD2012 diplexers for carrier aggregation application. Series BTLB1608 band pass filters, used for 1710~2025MHz TX and RX SAW-less. Series BTLL1608 500~960MHz low frequency low pass filters for suppression of GPS signals with high harmonic disturbance. Series BTLC1608 low, medium and high frequency power detection couplers.
3. Materials for 5G modules and smart phones, series BTLT2520 and

BTLT2012 triplexers covering LTE (low, medium and high), Sub-6G (N77、N78、N79) and WiFi applications, and applications with a variety of antenna combinations. Series BTLB2012 low loss N77, N78 and N79 band pass filters.

4. Materials for WiFi applications, series BTLD1608 diplexers, low loss and high isolation diplexers for RSDB applications, successfully included into WiFi modules of two brand game consoles from Japan and the United States, to be massively produced next year; high frequency WiFi-6 applications extended to 7.2GHz, ultra wide band and high isolation diplexers to be developed. Series BTLB1608 low loss 5GHz band pass filters, insertion loss leading among the rivals, part of reference design in chip solution companies.

Furthermore, there are increasingly high system application specifications, and stringent requirements on electrical features of RF components. Low loss, high attenuation and high isolation have become the basic requirements of components. In view of this, the Company is committed to the development of leading material systems, and high Q value ceramic materials and metal conductor systems, and has successfully introduced the new product design and realized mass production.

(h) Antennas & WPC

In recent years, 5G and vehicle-mounted antenna products and demands are increasing in different fields and applications. Therefore, there are increasing rigorous requirements for antenna features like high gain, high sensitivity, high isolation and full phase. To meet the needs of massive data and information transmission required by 5G communications, the number of antennas is growing exponentially. Take WiFi 6 router for example. The number of antennas is twice that of WiFi 5, and the transmission rate is increased by 40%. And there are increasingly stringent requirements on antenna field type and isolation degree. The thin and miniaturized products are the mainstream of the market. We provide our customers with a wide range of standard and customized antenna services. Meanwhile, we continue to invest in the research and development of mainstream antennas in order to meet the growing market demand, such as the following products:

5. 4G/5G high gain full phase external antennas
6. 4G/5G high gain full bandwidth SMD chip antennas
7. SUB 6GHz SMD chip antennas
8. Miniaturized built-in SUB 6GHz antennas for notebooks and routers
9. Anti-attenuation chip antennas for TWS headsets
10. Array antennas for small outdoor base stations

11. 2.4GHz chip antennas compliant with automobile regulations
12. Miniaturized built-in antennas for on-board video systems

As wireless charging technology continues to evolve, its use has expanded from consumer handheld devices to new fields such as notebooks, Internet of Vehicle, robots, kitchenware, and smart homes. The wireless charging industry chain is mainly divided into scheme design, power supply chip, ferrite material, transmission coil and module manufacturing. The Company uses the mainstream power supply chips in the market to provide customers with the most efficient coil and module design. At present, the standard transceiver modules and coil products have been promoted and sold in the market, such as mobile phones and automotive coils, small wireless charging modules, automotive transceiver modules and NFC antennas.

2. R&D personnel and their academic experiences

Unit: Person

Item \ Year		2019	2020	Mar. 31, 2020
Academic distribution	PhD	10	10	8
	Master's	73	74	65
	Bachelor's	195	194	177
	High School and below	89	88	101
Total		310	367	366

3. Costs of Research and Development in the Current Fiscal Year up to the Date of the Annual Report

13. Unit: NT\$ thousand; %

Item \ Year	2016 (After restatement)	2017	2018	2019	2020
R&D Expense	181,345	232,214	321,687	451,344	561,232
Net Sales	11,360,897	12,639,742	17,553,007	15,870,564	17,437,999
Percentage of Net Sales	1.59%	1.84%	1.83%	2.84%	3.22%

4. Technologies and Products Successfully Developed in the Past Five Years

Year	Technologies or Products
2016	(1) Development and mass production of miniaturized molding power inductor series 1608. (2) Development of miniaturized multilayer power inductor series 01005. (3) Development of antenna series. (4) Development and mass production of high current wire-wound common mode filters. (1) Development and mass production of high inductance and high

Year	Technologies or Products
	voltage automotive molding power inductors.
2017	<p>(1) Development and mass production of miniaturized molding power inductor series 1210.</p> <p>(2) Development of miniaturized multilayer power inductor H-Q series 0201.</p> <p>(3) Development of filter series SAW.</p> <p>(4) Completion of prototype verification of low inductance metal plate current sensor products LRP2512 (1mΩ).</p> <p>(5) Completion of prototype verification of surge resistance automotive thick film chip resistor products RAG05 / 06 ($1\Omega \leq r$).</p> <p>(6) Comprehensive mass production of metal plate current sensor products LRE0612-4T.</p>
2018	<p>(1) Development of miniaturized multilayer power inductor H-Q series 0603.</p> <p>(2) Development of high performance inductor products with low DC resistance.</p> <p>(3) Development of wire-winding spring coil high Q value series.</p> <p>(4) Development of low inductance high Q value thin film power inductor products.</p> <p>(5) Design and development completion and trial mass production of RF front-end key components for LTE mobile market.</p> <p>(6) Development completion of RF front-end component full series NBIOT for mainstream ICs.</p> <p>(7) Development completion of single-frequency 2.4GHz antenna series 2012.</p> <p>(8) Mass production completion of surge resistance automotive thick film chip resistors RAG0402~2512.</p> <p>(9) Mass production completion of high voltage automotive thick film chip resistors RAV0805~2512.</p> <p>(10) Mass production completion of vulcanization-resistant high precision thick film chip resistors RAV0805~2512.</p> <p>(11) Completion of prototype verification of metal plate current sensor products LRE0306-4T.</p> <p>(12) Mass production completion of metal plate current sensor products LRE0402.</p> <p>(13) Mass production completion of vulcanization-resistant metal film gold plate resistors RSX05/06/25.</p> <p>(14) Development of low iron loss and high efficiency non-equilibrium metal powders.</p>
2019	<p>(1) Development completion of new amorphous metal powders.</p> <p>(2) Development completion of miniaturized multilayer power inductor H-Q >20 series 0603.</p> <p>(3) Grant of a patent of the Republic of China for alloy metal products (patent number 108114085).</p> <p>(4) Development completion of wire-wound inductor products AWCU00332525.</p> <p>(5) Development completion of wire-wound common-mode filter series BWPC.</p> <p>(6) Development of low inductance high Q value thin film power inductor products.</p> <p>(7) Comprehensive mass production of metal plate current sensor products LR0402-0mΩ.</p> <p>(8) Comprehensive mass production of automotive metal plate current sensor products LRS3921/5931.</p> <p>(9) Comprehensive mass production of automotive metal plate current</p>

Year	Technologies or Products
	<p>sensor products LR-A3637.</p> <p>(10) Comprehensive mass production of automotive thin film chip resistor products ARTX06(47Ω~56KΩ).</p> <p>(11) Comprehensive mass production of automotive thin film chip resistor products ARTX05(47Ω~47KΩ).</p> <p>(12) Development and mass production of high Q value ceramic material systems.</p> <p>(13) Design and development completion and trial mass production of 5G/Sub-6G RF components.</p> <p>(14) Design and development completion and trial mass production of WiFi-6 RF components.</p> <p>(15) High efficiency TWS chip antennas.</p> <p>(16) Development completion of chip antennas 1608.</p> <p>(17) Development completion of high wattage high transmission speed power Ethernet transformers.</p>
2020	<p>(1) Development completion of 2-in-1 molding inductors AMDU.</p> <p>(2) Development completion of no wire track and low resistance molding inductors BMRF.</p> <p>(3) Development completion of low resistance high current molding inductor series BMNI/E-XH.</p> <p>(4) Development completion of molding inductor series BDSP303012.</p> <p>(5) Development completion of molding inductor series BDBE141208.</p> <p>(6) Development completion of low loss high Q value new amorphous metal powders.</p> <p>(7) Development completion of automotive wire-wound common-mode filter series AWCU332525.</p> <p>(8) Development completion of wire-wound common-mode filter series BWDM341620.</p> <p>(9) Development completion of ultra-thin film coupled power inductors.</p> <p>(10) Development completion of high temperature high wattage high transmission speed power Ethernet transformers.</p> <p>(11) Development completion of miniaturized multilayer power inductor H-Q >8 series 040202.</p> <p>(12) Patent of the Republic of China for miniaturized multilayer thin film power inductors (expected to be granted in Apr. 2021).</p> <p>(13) Development completion and trial mass production of LTCC 5G application series BTL2520/2012.</p> <p>(14) Development completion and mass production of LTCC 5G PA module application series BTLB1608.</p> <p>(15) Development completion and mass production of LTCC 5G application full band series BTLL1608.</p> <p>(16) Development completion and mass production of LTCC WiFi-6 application series BTLL1608.</p> <p>(17) Mass production and delivery of NOIOT band application chip antennas.</p> <p>(18) Mass production and delivery of notebook antennas in support of Wifi 6e.</p> <p>(19) Mass production and delivery of router external antennas in support of Wifi 6e.</p> <p>(20) Mass production and delivery of industrial POS machine antennas in support of SUB 6G.</p> <p>(21) Wireless charging power module EPP 15W.</p>

(IV) Long-term and Short-term Business Development Plans:

(1) Short-term Plan

Actively expand the overseas markets: The Company has built business presence in South Korea, the United States, Malaysia, Singapore, Japan and India, thus developing and serving local customers nearby. Incorporating the sales network and technical resources of RALEC, Ferroxcube, Mag Layers and Magic Technology from 2017 to 2018, the Company has worked on the Chinese Mainland, Southeast Asian, European and the U.S. markets. Through design-in of various products with agents or local manufacturers directly, the Company aims to expand its share in the target markets.

Focus on target industries, integrate group resources, and actively develop new products: the Company has launched thin, miniaturized and high-frequency application products, common mode chokes and modules to meet the application needs of emerging and high-growth industries, such as the automobile Internet of Things, smart phone, tablet computer, ultrabook, LCD panel and consumer electronics industries.

Improve delivery accuracy: We will develop advanced production management system, assist the effective scheduling management with information systems, further improve production efficiency, shorten delivery time, and increase the flexibility of orders.

(2) Long-term Plan

The Company will make use of the resources of the Group to enter the global supply chain or strategic alliance of international major companies, in order to establish global brand awareness, develop a complete range of products to meet the global needs of customers.

II. Analysis of Market and Production and Marketing Situation

(I) Market Analysis

(1) Sales and service regions of main products and services

Unit: NT\$ thousand; %

Sales regions \ Year	2019		2020	
	AMOUNT	%	AMOUNT	%
Domestic Sales Revenue	1,184,629	7.46	1,289,361	7.40
International Sales Revenue	14,685,935	92.54	16,148,638	92.60
Asia	12,657,162	79.75	14,137,710	81.07
Others	2,028,773	12.79	2,010,928	11.53

Sales regions \ Year	2019		2020	
	AMOUNT	%	AMOUNT	%
Net Sales	15,870,564	100.00	17,437,999	100.00

(I) Market Analysis

(2) Market Share

There are an extensive range of inductor products, and a number of inductor suppliers around the world, each with its own specialty. At present, Japanese manufacturers still account for a relatively high percentage of inductance revenue in the global market. The Company and its subsidiaries account for about 13% of the share of the global inductor market, which is estimated to rank third in the world.

The domestic and international markets of resistors are enormous, and the output value of Taiwan resistors takes up a major part in the world. With the growing demand for consumer information products and automotive electronic products, the passive component industry will continue to grow. Thanks to professional production capabilities, advanced product development capabilities and business capabilities, the Company and its subsidiaries still have considerable room for growth in the future.

(3) Future Market Supply and Demand, and Growth Potential

With the rise of the application of Internet of Things and Internet of Vehicle, the global passive component market has shown a future demand for wireless, miniaturized and diversified products. The subsequent gradual maturity of wireless charging technology and widespread application of products will drive the demand for passive components. It will also test all passive component manufacturers in new technologies, new product development ability and speed, as well as local service capacity for corresponding global customers, production capacity and delivery capacity. The competition threshold will be increasingly higher. In recent years, CHILISIN Group has been preparing to meet the subsequent market demand with the layout of new technologies and new products (miniaturization, RF components and automotive products), the expansion of business sites and the development of new production capacity. Although the current global inductor suppliers are mainly Japanese manufacturers, CHILISIN is an important inductor manufacturer in Taiwan. In recent years, CHILISIN has been actively improving its product technology research and development capacity and production scale strength, and the revenue is expected to grow continuously.

(4) Competition Niche:

The Company and its subsidiaries boast the industry's most complete range of products and proprietary powder material making technology, supported by a complete vertical and horizontal integration of product technologies and product

competitive advantages. The leading ferrite materials brought by Ferroxcube and current sensors by RALEC in 2017 have not only strengthened the Groups technological level in powder materials, but also offered complete and competitive current sensors for customer design. Customers can now enjoy one-stop shopping experience. The outstanding technology R&D capacity in molding power inductors and customized inductors brought by Mag Layers and Magic Technology with their entry in 2018 have further increased the competitiveness of our inductor products. With products certified by QS9000, ISO9001, ISO14000 and IATF16949, CHILISIN provides global customers with internationally advanced quality and services.

Furthermore, CHILISIN Group has engaged in technological upgrading, advanced product research and development and development of market channels through cooperation with international manufacturer strategic alliance. With the addition of sales channels of Ferroxcube and RALEC in 2017 and Mag Layers and Magic Technology in 2018, CHILISIN Group is expected to serve European and North American customers with more complete businesses, which will help gain more competitive advantages in the global market. That's because Mag Layers has worked on the advanced server, switch and automotive power inductor market for a long time and become an eligible supplier for global first-line high-tech customers in the supply chain of international automotive manufacturers, and Magic Technology has rich market experience in high order motherboards and graphics cards.

(5) Advantages and Disadvantages for Future Development, and Countermeasures

① Advantages

- a. A huge product application market and most complete range of products: Products are widely used in a variety of electronic products and less susceptible to the impact of fluctuations of a single industry; CHILISIN has a complete range of products and can meet the customer requirement of one-stop shopping.
- b. A continuously increasing demand for miniaturized and high frequency products: The overall handheld device market continues to have an increasing demand for speed, miniaturization and high frequency.
- c. An increasing demand for high frequency and low consumption products: The industrial market has an increasing demand for high frequency low power products needed by robotic arms, servers and tool machines and other the rapid increase, and imposes constantly improving specifications. In combination with the high-end powder technology of Ferroxcube, the Company will accelerate the development of products to meet customer needs.
- d. A complete R&D team: CHILISIN has a R&D team with many years of accumulated technology and experience, and is thus capable of rapidly developing competitive products in the market.

- e. A complete production base layout: CHILISIN has established factories in mainland China for many years, and has gradually completed the integration of systems and resources in mainland China and Taiwan. The expansion of factories in Vietnam and Malaysia further helps spread its layout and risk in the Chinese Mainland and global market.
- f. Global supply chain: Gradually expanding the production lines to Southeast Asia for the customers, CHILISIN factories in Hanoi, Vietnam and Malaysia can meet the local demand of local customers in real time.

②Disadvantages

- a. The electronic industry develops rapidly and the passive component maturity cycle is short, generating fierce market competition.
- b. Production costs in Mainland China continue to rise, and the shortage of human resources leads to continued increases in costs.
- c. As the trade war between China and the United States drags on, the demand of end customers has changed greatly due to the tariff issue.
- d. It's difficult to cultivate fundamental R&D personnel to develop powder base material technologies.

③Countermeasures

- a. Strengthen competitiveness, increase customer base, integrate upstream and downstream industries, develop global operation ability, and expand international customers.
- b. Continue to invest in and expand our R&D team, accelerate new product development, and expand our facilities in Vietnam and Malaysia to maintain our cost advantage and production flexibility.
- c. Expand economic scale, reduce costs, improve competitiveness, and continue to develop high-order products to widen the gap in competition, maintain quality advantages, and actively introduce automated production equipment.
- d. Improve the quality level, introduce rigorous testing and inspection, enter the international big manufacturer market and grow into one of the world's big manufacturers.

(II) Usage and Manufacturing Processes for Main Products

(1) Key applications of main products

The products of the Company and its subsidiaries are important components of the upstream of the electronics industry, which are widely used in EMI prevention, power conversion and signal processing in communication, power supply, computer, consumer electronics and automotive electronics markets.

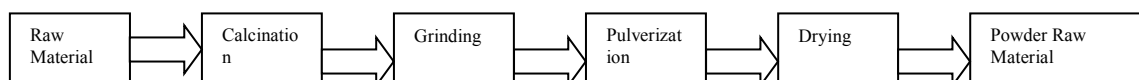
①Network communication products: STB, Broadband Internet access (xDSL,

Cable Modem), wireless network, router and base stations. These products can be used in EMI prevention, such as high frequency noise prevention in the signal terminal and transmitted radiation EMI prevention in the power terminal. There are various power inductance requirements on power conversion. In signal processing, there are applications of high frequency inductors and low frequency inductors .

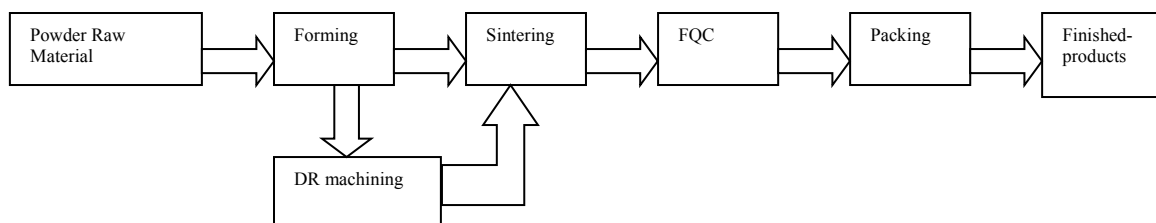
- ②Computer products: desktop computers, servers, notebooks and peripherals such as display cards, LCDs, hard disks, memory modules, etc. Due to the speed and multi-core trend of CPUs, the demand for molding power inductors used in DC power conversion continues to grow. Fe-Si-Cr molding power inductors are also being used in higher-end hosts and servers.
- ③Consumer products: TVs, LCD panels, video game consoles, etc. The main demand are EMI application and power products.
- ④Handheld products: mobile phones, tablet computers, satellite navigation, watches and other products. Among them, smart phones and tablet computers are the important growth drivers of the market. The main demand products include molding power inductors, magnetic adhesive power inductors, multilayer power inductors, beads and high-frequency inductors and other related products.
- ⑤Automotive electronics: vehicle power systems, navigation systems, electric windows, trip computers, tire pressure sensors, electric vehicle mirrors and other products.

(2) Production Process of the Primary Products

①Powder Production Procedures



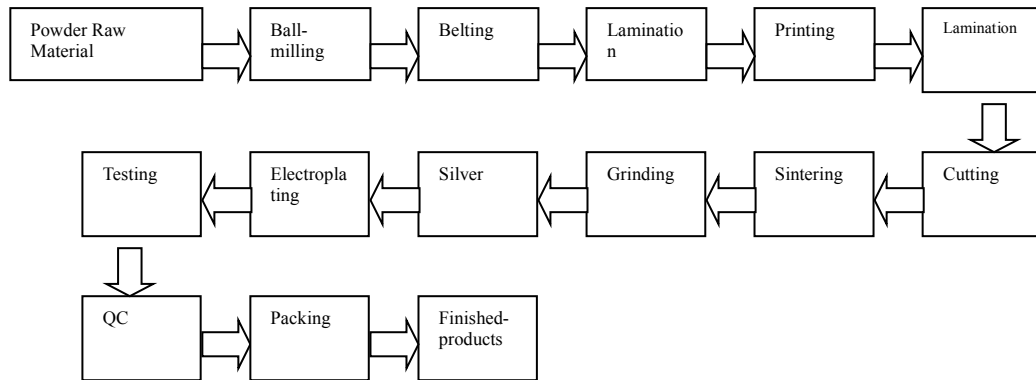
②Iron Core Production Procedures



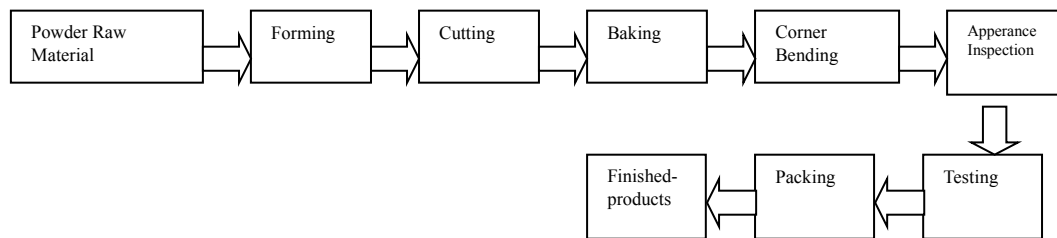
③Production Procedures of Wire-wound Chip Inductors



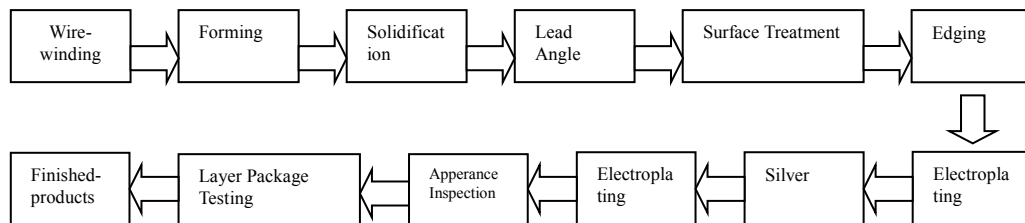
④ Production Procedures of Multilayer Chip Inductors



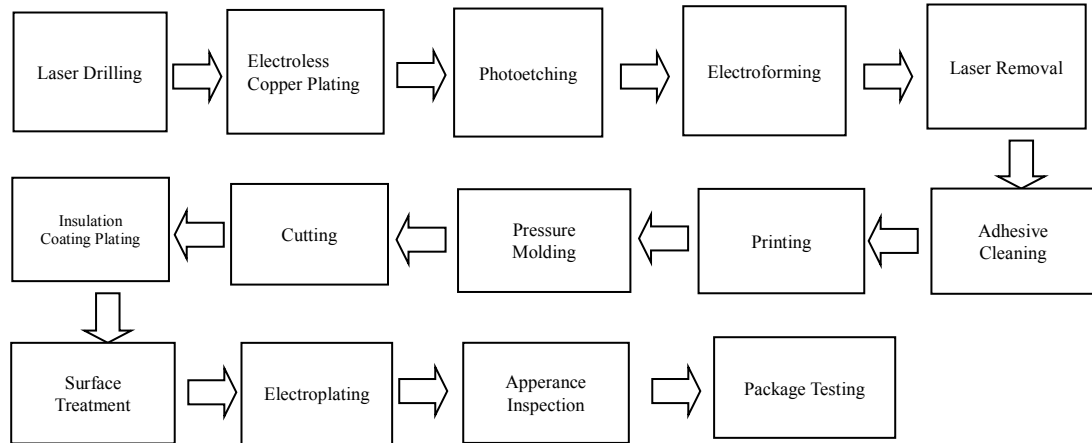
⑤ Production Procedures of Molding Power Chokes



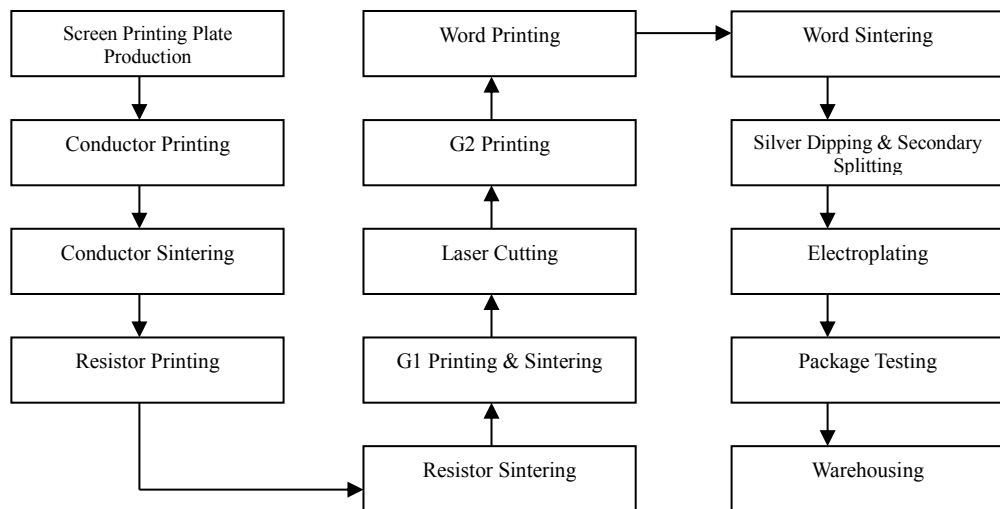
⑥ Production Procedures of Mininaturized Molding Power Chokes



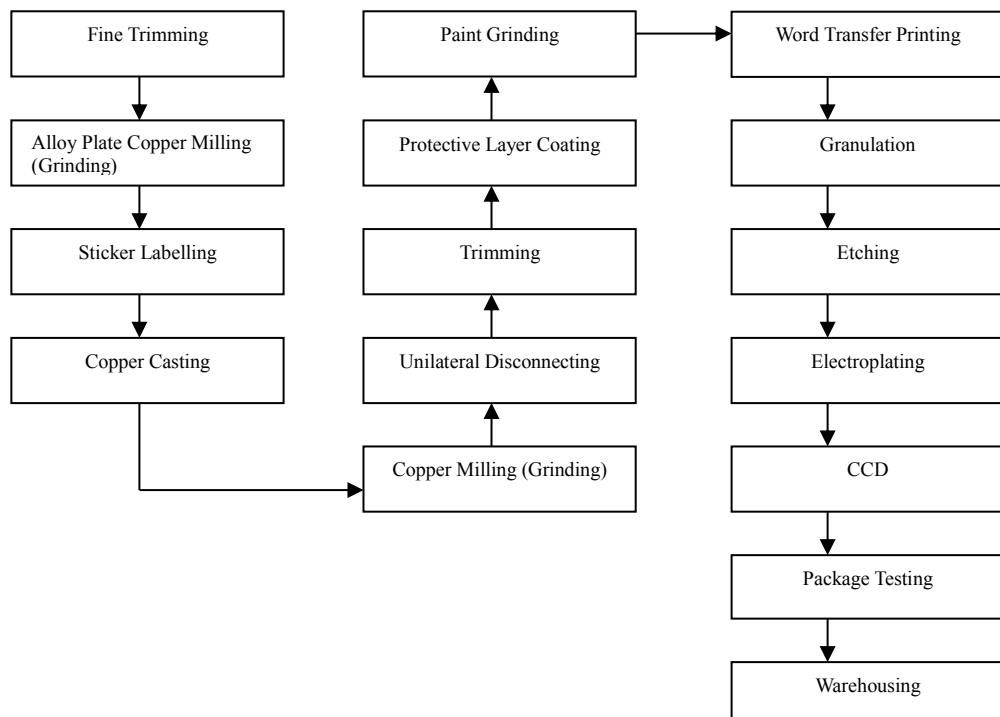
⑦ Thin Film Production Procedures



⑧ Resistor Production Procedures



Metal Plate Production Procedures



(III) Supply Situation for the Major Raw Materials

The main raw materials and components of the products of the Company and its subsidiaries are supplied by well-known factories at home and abroad. The Company and its subsidiaries have been maintaining a good partnership with suppliers, and have established a good supply-demand model for each other.

(IV) List of Major Vendors

- (1) Purchase amount and percentage of major vendors that accounted for at least 10% of the annual total purchase amount during the past two years, and the reasons for increase or decrease

Unit: NT\$ thousand; %

Item	2019				2020			
	Name	AMOUNT	Percentage of Annual Net Purchase	Relationship with the Issuer	Name	AMOUNT	Percentage of Annual Net Purchase	Relationship with the Issuer
1	None	-	-	-	None	-	-	-
	Others	4,646,171	100.00	-	Others	5,935,988	100.00	-
	Net purchase	4,646,171	100.00		Net purchase	5,935,988	100.00	

Note: The Company or its subsidiaries have no suppliers that account for more than 10% of total purchase amount in the last two years.

- (2) Purchase amount and proportion of major vendors that accounted for at least 10% of the annual total purchase amount during the past two years, and the reasons for increase or decrease

Unit: NT\$ thousand; %

Item	2019				2020			
	Name	Amount	Percentage of Annual Net Sales	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Sales	Relationship with the Issuer
1	Honghai	1,637,723	10.32	-	None	-	-	-
	Others	14,232,841	89.68	-	Others	17,437,999	100.00	-
	Net operating income	15,870,564	100.00	-	Net operating income	17,437,999	100.00	-

Note: Although the sales of Honghai Group were stable in 2020, the sales and percentages of other customer groups increased, so the percentage of Hon Hai Group did not reach more than 10%.

(V) Production Figures in the Most Recent Two Years

Unit: Kpcs/NT\$ thousand

Main Products	Year	2019			2020		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Chip Inductors/power Inductors		23,885,338	22,196,229	6,624,905	23,885,338	22,196,229	6,624,905
Chip Resistors		186,000,000	157,719,000	1,206,108	186,000,000	157,719,000	1,206,108
Ferrite material		10,800,000	6,982,030	1,224,056	10,800,000	6,982,030	1,224,056

Metal Plate Resistors	242,000	230,000	228,809	242,000	230,000	228,809
Powder	15,000,000	8,620,600	369,648	15,000,000	8,620,600	369,648
Conventional coil	120,000	108,118	174,587	120,000	108,118	174,587
Chip Arrays	10,000,000	7,616,000	229,996	10,000,000	7,616,000	229,996
Iron core	199,000	11,681	1,624	199,000	11,681	1,624
Others	0	0	0	0	0	0
Total:	246,246,338	203,483,658	10,059,733	246,246,338	203,483,658	10,059,733

Change analysis: The output in 2019 was lower than that of 2018, which is mainly caused by the declining demand of resistor products.

(VI) Sales Figures in the Most Recent Two Years

Unit: Kpcs/NT\$ thousand

Sales Volume/Value Main Products	Year		2019				2020			
			Domestic Sales		International Sales		Domestic Sales		International Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Chip Inductors	1,122,475	685,160	22,086,647	9,398,010	1,122,475	685,160	22,086,647	9,398,010		
Power Inductors										
Resistors	50,750	257,377	370,342	3,062,570	50,750	257,377	370,342	3,062,570		
Ferrite Materials/Powder (KG)	0	0	7,199,330	2,025,765	0	0	7,199,330	2,025,765		
Conventional coil	3,313	4,889	157,883	296,008	3,313	4,889	157,883	296,008		
Iron core	5,189	992	25,392	8,132	5,189	992	25,392	8,132		
Others	1,432	10,720	11,742	120,941	1,432	10,720	11,742	120,941		
Total:	1,183,159	959,138	29,851,336	14,911,426	1,183,159	959,138	29,851,336	14,911,426		

Change analysis: the sales volume and value in 2019 was lower than that of 2018, which is mainly caused by the drop of sales volume and value of resistor products.

III. Employee Composition within the Most Recent Two Years

Unit: Person; Age; Year

Year		2019	2020	As of Mar. 31, 2021
Number of Employees	Managerial Officer	304	286	237
	General Employees	3,174	3,535	2,820
	Operators	7,126	6,676	6,487
	Total	10,604	10,497	9,544
Average Age		35.95	35.95	34.89
Average Service Year		4.65	4.65	3.30
Academic Distribution Ratio (%)	PhD	0.12	0.12	0.12
	Master's	1.35	1.35	1.36
	Bachelor's	18.96	18.34	14.47
	High school	31.86	34.45	30.52
	Below high school	47.71	45.74	53.53

IV. Environmental Protection Expenditure

- According to regulations, the Company must apply for and receive permits for the establishment of anti-pollution facilities and pollution emissions, pay pollution prevention fees, or designate environmental personnel. The status of the above-mentioned measures is as follows:

- (1) Permit for installing polluting facilities, permit for pollution emissions

Name of Company	Category	Permit number
CHILISIN ELECTRONICS	License for stationary sources of pollution	Zhu Xian Huan Kong She Zheng No. J0748-01
CHILISIN ELECTRONICS	Operating permit for stationary sources of pollution	Zhu Xian Huan Kong Cao Zheng No.J0280-09
CHILISIN ELECTRONICS	Water Pollution Control Measures Plan and Water Pollution Control Permit	Zhu Xian Huan Kong Pai Xu No.00395-09
CHILISIN	Operating permit for stationary sources	Fu Huan Kong Cao Zheng No.P0087-

Name of Company	Category	Permit number
ELECTRONICS	of pollution	04
CHILISIN ELECTRONICS	Waste Disposal Plan	Fu Huan Ye No. 1050108043
CHILISIN (Vietnam)	Hazardous Waste Register	QLCTNH:31.001087.T
CHILISIN (Vietnam)	Approval of CHILISIN EIA Report	1752/QD-UBND
CHILISIN (Dongguan)	Pollutant Discharge Permit	441965201400026
CHILISIN (Dongguan)	Sporadic Waste Water Transfer Contract 2020	Sporadic Waste Water Contract No. (2020-A-)
CHILISIN (Dongguan)	EIA Approval 2017	Dong Huan Jian (2017) No. 11077
CHILISIN (Dongguan)	EIA Report 2017	Guo Huan Ping Zheng Yi No. 3004
CHILISIN (Dongguan)	Environmental Inspection Report on Pollution Source June 2020	HCJC2020050811
CHILISIN (Dongguan)	Environmental Acceptance Inspection on Noise, Fixed Waste Pollution Prevention and Control Facilities 2018	Dong Huan Jian (2018) No. 8023
CHILISIN ELECTRONICS (Hunan) LIMITED	Pollutant Discharge Permit	91431200MA4LHW5K9T001Q
Dongguan Lixiang Electronics Co., Ltd.	Pollutant Discharge Permit	914419000944020690001V
Ralec Electronic Corporation	Stationary Sources of Pollution	Jing Jia Si Jing No.AEP14010
Ralec Electronic Corporation	Water Pollution Prevention and Control	Kao Shi Fu Huan Tu Shui Cuo No. 00228-07
Ralec Electronic Corporation	Waste Disposal Meter	Jing Jia Si Jing No.1080006053
Ralec Electronic Corporation	Verification of Toxic Chemical Substances	Kao Shi Huan Ju Tu No. 10638899000
Ralec Electronic Corporation	Class A Waste Water Disposal Specialist	(107) Huan Shu Xun Zheng No. GA270048
Ralec Electronic Corporation	Class A Waste Disposal Specialist	(107) Huan Shu Xun Zheng No. HA220627
Ralec Technology (Kunshan) Limited	Water Pollution Prevention and Control	Kun Huan Zi No. 72519749-6
Magic Technology	Permit for the Establishment of Stationary Anti-pollution Facilities M01	She Zheng No.H3283-02
Magic Technology	Permit for the Operation of Stationary Anti-pollution Facilities M01	Cao Zheng No.H5659-3
Magic Technology	Water Pollution Prevention and Control Permit	Tao Shi Huan Pai Xu No.H-2807-03
Magic Technology	Class A Waste Water Disposal Specialist	(93) Huan Shu Xun Zheng No. GA070470
Magic Technology	Professional Waste Disposal Technician	(92) Huan Shu Xun Zheng No. HA331119
Magic Technology	Verification of Toxic Chemical Substances	Tao Yuan Shi Du He No.000557
Magic Technology (Chongqing) Co., Ltd.	Pollutant Discharge Permit	Yu (Jiu) Huan Pai Zheng <2018> No.0076

Name of Company	Category	Permit number
Magic Technology (Chongqing) Co., Ltd.	Pollutant Discharge Permit	Yu (Jiu) Huan Pai Zheng <2019> No.0132
Magic Technology (Chongqing) Co., Ltd.	Return Receipt of Pollutant Discharge Registration	91500107580166567D001W

(2) Payment of pollution control fees

Category	2019	2020
Fee for disposal of waste generated in operations	NT\$ 6,600 thousand	NT\$ thousand
Air pollution control fee	NT\$ 3,392 thousand	NT\$ thousand
Water pollution control fee	NT\$ 6,745 thousand	NT\$ thousand
Fixed pollution, water pollution and household waste	NT\$ 8,201 thousand	NT\$ thousand
Fee for disposal of surface treatment waste liquid	NT\$ 1 thousand	NT\$ thousand
Lamp disposal fee	NT\$ 33 thousand	NT\$ thousand
Waste solvent treatment fee	NT\$ 2,114 thousand	NT\$ thousand
Waste (wipe paper, ink tank, waste filter element) disposal fee	NT\$ 1,214 thousand	NT\$ thousand
Waste tin solvent treatment fee	NT\$ 439 thousand	NT\$ thousand

(3) The Company has appointed dedicated staff responsible for the environmental protection work, and commissioned the Environmental Protection Agency approved manufacturers to remove all kinds of waste.

2. List the Company's investment in main environmental pollution prevention equipment, use, and expected benefits:

Dec. 31, 2020

Equipment name	Quantity	Date of Acquisition	Investment Cost	Unreduced balance	Use and Expected Benefits
Air pollution control ment (scrubbing tower)	1-set	2015	NT\$ 5,233 thousand	NT\$ 3,750 thousand	Used for waste gas collection and treatment to reduce environmental impact and comply with statutory emission standards
Air pollution control equipment (activated carbon adsorption equipment)	16-set	2008-2019	NT\$ 23,765 thousand	NT\$ 8,994 thousand	Waste gas collection to reduce environmental impact and comply with statutory emission standards
Dust collector	14 sets	1992-2019	NT\$ 4,474 thousand	NT\$ 2,514 thousand	Dust collection to reduce environmental impact and comply with statutory emission standards
Factory rainwater and domestic sewage pipeline renovation project	4-set	1992-2018	NT\$ 1,706 thousand	NT\$ 203 thousand	Process wastewater and domestic sewage treatment to reduce environmental impact and comply with statutory emission standards

Equipment name	Quantity	Date of Acquisition	Investment Cost	Unreduced balance	Use and Expected Benefits
Wastewater treatment facility renovation project	7-set	1997-2018	NT\$ 14,038 thousand	NT\$ 7,210 thousand	Improve the result of wastewater treatment and ensure compliance with wastewater treatment standards
Wastewater treatment equipment	5 sets	2010-2017	NT\$ 4,990 thousand	NT\$ 422 thousand	Wastewater treatment and discharge monitoring to reduce environmental impact and comply with statutory emission standards
(RALEC) Dust collector	23 sets	2008-2020	NT\$ 1,689 thousand	NT\$ 889 thousand	Dust collection to reduce environmental impact and comply with statutory emission standards
(RALEC) Air pollution control equipment (activated carbon adsorption equipment)	3-set	2015-2018	NT\$ 1,146 thousand	NT\$ 446 thousand	Waste gas collection to reduce environmental impact and comply with statutory emission standards
(RALEC) Wastewater treatment equipment	6-set	2016-2020	NT\$ 6,217 thousand	NT\$ 1,983 thousand	Process wastewater and domestic sewage treatment to reduce environmental impact and comply with statutory emission standards
(RALEC) Air pollution control equipment (scrubbing tower)	1-tower	2015-2017	NT\$ 5,804 thousand	NT\$ 2,779 thousand	Used for waste gas collection and treatment to reduce environmental impact and comply with statutory emission standards
(RALEC) New control panel project for metal plate pulse dust collectors	1-set	2019	NT\$ 450 thousand	NT\$ 293 thousand	Dust collection to reduce environmental impact and comply with statutory emission standards
(RALEC) New air blower and aeration pipeline project in waste water area	1-set	2019	NT\$ 150 thousand	NT\$ 98 thousand	Used for waste gas collection and treatment to reduce environmental impact and comply with statutory emission standards
(RALEC) Second Factory 1/F waste solvent storage area project	1-set	2019	NT\$ 134 thousand	NT\$ 85 thousand	Waste collection to reduce environmental impact and comply with statutory emission standards
(RALEC) Additional sewerage pipeline project	1-set	2007	NT\$ 726 thousand	NT\$ 73 thousand	Wastewater treatment and discharge monitoring to reduce environmental impact and comply with statutory emission standards
(RALEC) Factory rainwater and domestic sewage pipeline renovation project	1-set	2014-2020	NT\$ 1,365 thousand	NT\$ 554 thousand	Wastewater treatment and discharge monitoring to reduce environmental impact and comply with statutory emission standards
(RALEC) Wastewater biological tank renewal project	1-set	2014	NT\$ 262 thousand	NT\$ 26 thousand	Improve the result of wastewater treatment and ensure compliance with wastewater treatment standards

Equipment name	Quantity	Date of Acquisition	Investment Cost	Unreduced balance	Use and Expected Benefits
(RALEC) Wastewater treatment facility renovation project	1-set	2008-2020	NT\$ 15,580 thousand	NT\$ 6,013 thousand	Improve the result of wastewater treatment and ensure compliance with wastewater treatment standards
(RALEC) Environmental fire emergency pool	1-set	2012-2018	NT\$ 5,979 thousand	NT\$ 1,573 thousand	Store the wastewater generated in case of an accident to avoid flowing into the river
Air pollution control project	1	Nov. 27, 2000	NT\$ 5,980 thousand	0	Used for air pollution control.
Additional waste gas treatment project	1	Dec. 31, 2001	NT\$ 900 thousand	0	Used for air pollution control.
Air pollution prevention equipment project	1	Dec. 28, 2012	NT\$ 615 thousand	0	Used for air pollution control.
Additional waste gas treatment project	1	Feb. 18, 2014	NT\$ 1,000 thousand	0	Used for air pollution control.
Additional waste gas treatment project	1	Sep. 14, 2020	NT\$ 5,850 thousand 80% of the fees paid (NT\$ 4,680 thousand)	0	Used for air pollution control.
Wastewater treatment project	1	Dec. 31, 2000	NT\$ 2,675 thousand	0	Used to reduce the content of pollutants in wastewater
Sewage treatment equipment	1	Mar. 21, 2012	NT\$ 1,080 thousand	0	Used to reduce the content of pollutants in wastewater
Additional wastewater treatment equipment	1	Feb. 18, 2014	NT\$ 1,361 thousand	0	Used to reduce the content of pollutants in wastewater
Additional wastewater treatment equipment	1	May 28, 2020	NT\$ 4,161 thousand 80% of the fees paid (NT\$ 3,329 thousand)	0	Used to reduce the content of pollutants in wastewater
Spring machine welding waste gas treatment (Magic Technology (Chongqing))	1	2015	NT\$ 485 thousand	NT\$ 426 thousand	Used for air pollution control.
APL Tunnel kiln waste gas (Magic Technology (Chongqing))	1				
kitchen ventilator waste gas treatment (Magic Technology (Chongqing))	1	2020	NT\$ 147 thousand	One-time fee	Used for air pollution control.
Domestic water in dormitories "biochemical pool" (Magic Technology (Chongqing))	1	2015	NT\$ 578 thousand	NT\$ 507 thousand	

3. Specify the process of pollution-related environment improvement over the past two years up to the date of publication of this Annual Report, and describe the process of handling pollution-related disputes, if any: None
4. Specify the Company's total losses (including indemnities) and penalties due to environmental pollution over the past two years up to the date of publication of this Annual Report, and disclose the future countermeasures (including improvement measures), and possible expenditures (including total estimate of possible losses, penalties, and indemnities due to failure to take countermeasures; and incapability of reasonable estimation, if applicable): None.
 - (1) The Company's total losses (including indemnities) and penalties due to environmental pollution over the past two years up to the date of publication of this Annual Report amounted to NT\$ 200 thousand (The replacement amount of activated carbon in air pollution in May 2019 inconsistent with the requirements of the permit).
 - (2) Improvement measures:
 - A. Implement the replacement of activated carbon in accordance with the operating permit for stationary sources of pollution issued by the Environmental Protection Bureau.
 - B. Prepare the replacement frequency and schedule, coordinate with the manufacturer to arrange for the replacement time in the factory.
 - C. Record the actual replacement schedule, sort out and collect relevant inspection materials, such as activated carbon incoming and outgoing records, waste activated carbon removal and treatment list, etc., for the inspection of Environmental Protection Bureau personnel in the factory.

Under the above improvement measures, the replacement amount of activated carbon has been reduced to the original license under the changed license. However, the replacement frequency of one of the activated carbon adsorption tower (A006) is verified to be 10 days/time by the third party test data. Therefore, hoisting will be increased twice per month at a cost of NT\$ 36 thousand.
 - (3) Over the past two years up to the date of publication of this Annual Report, the Company was imposed with a penal sum of NT\$ 60 thousand
For violation of Item 1 of Article 6, Waste Disposal Act and another penal sum of NT\$ 300 thousand for violation of Item 3 of Article 8, Air Pollution Control Act because of Ralec Electronic Corporation
 - (4) Improvement measures: Waste solvent compartment project (Building independent fireproof storage compartment, installing leak detection alarm)
 - (5) Improvement expenses: NT\$ 134 thousand for building independent fireproof storage compartment, installing leak detection alarm
5. Specify the impacts of current pollution and related improvements on the Company's earnings, competitive position and capital expenditure and the material environmental protection capital expenditure expected in the coming two fiscal years:

Name	Quantity	Estimated construction period	Estimated construction expenses
Paint Spraying-Powder Room Governance (Magic)	2	Apr. 2020 to Aug. 2020	NT\$ 865 thousand (RMB 2,000 thousand)

Environmental Project (Magic)	1	Dec. 2020 to May 2021	NT\$ 3,773 thousand (RMB 880 thousand)
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6. Protective measures for work environment and employees' personal safety:

The Company values the importance of working environment and employee personal safety protection measures and has thus launched the following environmental and occupational health promotion activities:

Item	Description
Promotion of Restriction of Hazardous Substances (ROHS2.0+HF)	RoHS Directive officially took effect on Jul. 1, 2006, and was amended on Jul. 1, 2011 in RoHS Directive 2.0 that products sold in the European Union shall not contain 10 hazardous substances, namely, lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls, polybrominated diphenyl ether, DEHP, BBP, DBP and DIBP. The Company actively promotes and realizes green production and procurement in the manufacturing process. Thus far the Company has cooperated with major customers to develop products free from hazardous substances and compliant with halogen-free requirements.
Promotion of Clean Production Technology	The Company makes full and effective use of resources to reduce waste production and lower production costs. In addition to improving the process and operation management, we also reduce waste generation through resource recycling.
Occupational Hazard Prevention Plan	At the end of each year, the Company draws up the Annual Occupational Hazard Prevention Plan and then works out the detailed implementation plan accordingly. It's to be executed by respective unit as per the plan schedule and contents through audit, review and revision and other PDCA methods. The purpose is to gradually reduce the hazard risk of the Company and achieve the ultimate goal of zero hazard.
Implementing Automatic Inspection	Employees may be subject to physical injury due to unsafe factors in the working environment. Hence, the Company is actively promoting automatic inspection in the hope of identifying the potential hazard factors for improvement and effective control.
GHG Emissions Inventory	The Company is well aware that the Earth's climate and environment are deteriorating as a result of greenhouse gases. To fulfill its corporate social responsibility as a citizen on Earth, the Company has been committed to the greenhouse gas inventory in order to keep track of the gas emissions accurately, and further carry out voluntary greenhouse gas reduction related plans based on the results of the inventory. Through an inventory according to ISO14064, the total amount of GHG emissions (Scope 1 and 2) in 2020 was 7,713.990 tonnes of CO ₂ e/year.
Energy Saving and Carbon Reduction	To fulfill its corporate social responsibility, the Company reduced electricity consumption through equipment improvement and energy conservation and benefit calculation in 2020: A total of 293,223 KWH of electricity was reduced throughout the year. Based on the power emission coefficient of 0.529 kg CO ₂ e/KWH for 2020, the total carbon reduction for 2020 was about 155.114 tonnes of CO ₂ e.

V. Labor Relations

1. Employee welfare and benefit measures such as the implementation of continuing education, training, retirement plans, dispute resolutions, employee rights, and maintenance of welfare measures are described below:

(1) Employee Benefits

- ①The Company and its subsidiaries provide, in accordance with the laws, employee remuneration, national health insurance, labor insurance and pension provision, and allocate a certain proportion of the turnover and funds as welfare funds.
- ②The Company and its subsidiaries provide annual bonus, employee health check, employee dormitory, employee canteen, employee on-the-job training, general training courses, employee group accident and injury insurance for impeccable guarantee.
- ③The Company and its subsidiaries have set up a staff welfare committee composed of coworkers elected to hold regular meetings and make annual plans every year to handle the following activities: gifts, weddings and funerals, emergency assistance and subsidies, staff birthday celebrations, various associations and travel activities.

(2) Continuing Education and Training

To develop the professional knowledge, skills and concepts of the employees and subsequently improve their quality and work efficiency, and achieve common growth with the employees, the Company and its subsidiaries have provided education and training for new employees and in-service employees respectively.

①Training approach:

A. New employee training: Our new employee training courses help the newcomers learn about the work environment and provide information on the Company's management rules, work safety, organizational functions, operations of each department, quality idea, environmental management materials, professional working methods and requirements, labor laws and occupational safety and health training. The goal is to train professionals who meet the needs of the Company.

B. Employee on-the-job training: according to the training program, employees will be trained and re-educated with the knowledge and skills required for the job or second specialty, as well as the certification of the certified personnel every year.

② Training type: Employee training is arranged according to different duties and job characteristics, in the form of internal training or external training or lecturing in the Company by hired professional trainers.

(3) Retirement system and implementation status

Pursuant to the Labor Standard Act and Labor Pension Act, the Company has formulated the Regulations Governing the Employee Retirement to guarantee the post-retirement life of employees.

(4) Labor-management agreements and employees' interest and right protection measures:

To enable the employees to commit themselves to the Company and achieve the Company's business objectives without any worries, the Company and its subsidiaries strive to establish harmonious labour relations through the following means:

- ① Focusing on the formal and informal communication channels between supervisors and employees to achieve two-way communication.
- ② Developing impeccable welfare measures to fully care for coworkers and ensure their livelihood.
- ③ Planning and designing salary, bonus, welfare and training policies based on performance incentive and career growth
- ④ Regularly holding employee exchange meetings to collect employees' opinions, and continuously communicating and improving labor and management issues.

2. Specify losses suffered by the Company due to labor disputes during the past two fiscal years up to the date of publication of the Annual Report, and disclose the estimated amount incurred at present and possibly in the future as well as the countermeasures. If the amount cannot be reasonably estimated, explain the facts on why the amount cannot be reasonably estimated.

The Company and its subsidiaries had no labor dispute that could affect the corporate financial affairs and normal business operations during the past two fiscal years up to the date of publication of the Annual Report.

VI. Important Contracts

Type of Contract	Contract Counterpart	Contract Duration	Contract Content	Restrictions
Financing (Chilisin)	The First Bank was the lead bank and managed bank of 10 syndicated credit syndicate banks.	2016.12.23-2021.12.23	Loan	<ol style="list-style-type: none"> 1. Current Ratio \geq 100%. 2. Debt ratio (ratio of total liabilities net of cash and cash equivalents to tangible interests) shall not be higher than 185% 3. The interest protection multiples shall not be lower than 4 times 4. Tangible Net Value is no less than NTD 2.3 billion
Financing (Chilisin)	CTBC Bank	2020.12.31-2022.12.31	Loan	<ol style="list-style-type: none"> 1. Current Ratio \geq 100%. 2. Debt ratio (ratio of total liabilities net of cash and cash equivalents to tangible interests) shall not be higher than 185% 3. The interest protection multiples shall not be lower than 4 times 4. Tangible Net Value is not less than NTD 8 billion
Financing (Chilisin)	Taipei Fubon Commercial Bank	2020.11.17-2023.10.19	Loan	<ol style="list-style-type: none"> 1. Current Ratio \geq 100%. 2. Debt ratio (debt/net value) shall not be greater than 100% 3. The interest protection multiples shall not be lower than 5 times
Financing (Chilisin)	First Commercial Bank	2020.11.16-2025.11.16	Loan	None
Financing (Chilisin)	KGI Bank	2020.06.03-2022.06.03	Loan	None
Financing (Chilisin)	Taishin Bank	2020.09.01-2022.08.31	Loan	None
Financing (Chilisin)	Bank Sinopac	2020.09.24-2022.07.31	Loan	None
Financing (Chilisin)	Hua Nan Commercial Bank	2020.06.05-2022.06.05	Loan	None
Financing (Chilisin)	Yuantan Bank	2020.04.27-2022.04.15	Loan	None
Financing (Chilisin)	Sumitomo Mitsui Banking Corporation	2020.07.06-2022.06.30	Loan	None
Financing (Chilisin)	First Commercial Bank	2019.09.06-2026.08.15	Returning Taiwanese Businesses Special Loans	None
Financing	Taishin	2019.09.24-	Returning	1. Current Ratio \geq 100%.

Type of Contract	Contract Counterpart	Contract Duration	Contract Content	Restrictions
(Chilisin)	International Bank	2024.09.15	Taiwanese Businesses Special Loans	2. Debt ratio (ratio of total liabilities net of cash and cash equivalents to tangible interests) shall not be higher than 185% 3. The interest protection multiples shall not be lower than 4 times 4. Tangible Net Value is not less than NTD 8 billion
Financing (Chilisin)	O Bank	2019.12.10-2024.11.15	Returning Taiwanese Businesses Special Loans	1. Current Ratio \geq 100%. 2. Debt ratio (debt/net value) shall not be greater than 100% 3. The interest protection multiples shall not be lower than 4 times 4. Tangible Net Value is not less than NTD 8 billion
Financing (Chilisin)	Taipei Fubon Commercial Bank	2019.10.07-2024.12.15	Returning Taiwanese Businesses Special Loans	1. Current Ratio \geq 100%. 2. Debt ratio (debt/net value) shall not be greater than 100% 3. The interest protection multiples shall not be lower than 5 times
Financing (Chilisin)	The First Bank was the lead bank and managed bank of 10 syndicated credit syndicate banks.	2016.12.23-2021.12.23	Loan	1. Current Ratio \geq 100%. 2. Debt ratio (ratio of total liabilities net of cash and cash equivalents to tangible interests) shall not be higher than 185% 3. The interest protection multiples shall not be lower than 4 times 4. Tangible Net Value is no less than NTD 2.3 billion
Financing (Chilisin)	CTBC Bank	2020.12.31-2022.12.31	Loan	1. Current Ratio \geq 100%. 2. Debt ratio (ratio of total liabilities net of cash and cash equivalents to tangible interests) shall not be higher than 185% 3. The interest protection multiples shall not be lower than 4 times 4. Tangible Net Value is not less than NTD 8 billion
Financing (Chilisin)	Taipei Fubon Commercial Bank	2020.11.17-2023.10.19	Loan	1. Current Ratio \geq 100%. 2. Debt ratio (debt/net value) shall not be greater than 100% 3. The interest protection multiples shall not be lower than 5 times
Quality Assurance Agreement (Chilisin)	Inventec Corporation	Jan. 1, 1998 until all guarantees relating to the quality of Inventec	Quality Agreement	Quality assurance and intellectual property rights protection

Type of Contract	Contract Counterpart	Contract Duration	Contract Content	Restrictions
		Corporation and protection of intellectual property rights are extinguished.		
Financing (Ralec)	Bank Sinopac	2019.08.19-2024.08.15	Welcoming Returning Taiwanese Businesses Special Loans based on National Development Fund	None
Financing (Ralec)	Taishin International Bank	2019.10.03-2024.10.03	Welcoming Returning Taiwanese Businesses Special Loans based on National Development Fund	None
Financing (Ralec)	Taipei Fubon Commercial Bank	2019.10.16-2024.10.16	Welcoming Returning Taiwanese Businesses Special Loans based on National Development Fund	None
Financing (Ralec)	Mega International Commercial Bank	2019.11.05-2026.11.05	Welcoming Returning Taiwanese Businesses Special Loans based on National Development Fund	None
Secured loans (Mag.Layer s)	First Commercial Bank - Chu Bei Branch	2020.12.29~2021.12.29	Content: real estate secured loans Credit Limit: NT\$170,000,000	Land and building were provided as collaterals.
Medium-	First	2019.06.04~20	Content:	Returning Taiwanese Businesses Project

Type of Contract	Contract Counterpart	Contract Duration	Contract Content	Restrictions
term loan (Mag.Layer s)	Commercial Bank - Chu Bei Branch	26.06.04	Returning Taiwanese Businesses Special Loans Credit Limit: NT\$688,000,000	– Working Capital
Medium-term loan (Mag.Layer s)	First Commercial Bank - Chu Bei Branch	2019.06.04~2026.06.04	Content: Returning Taiwanese Businesses Special Loans Credit Limit: NT\$140,000,000	Returning Taiwanese Businesses Project – Purchase of machinery and equipment
Mid-term secured loans (Meg.Layer s)	First Commercial Bank - Chu Bei Branch	2019.06.04~2026.06.04	Content: Returning Taiwanese Businesses Special Loans Credit Limit: NT\$200,000,000	Returning Taiwanese Businesses Project – Additional plant Land and building were provided as collaterals.
Medium-term loan (Mag.Layer s)	Taipei Fubon Commercial Bank-Hsinchu Branch	2019.12.02~2024.12.02	Content: Returning Taiwanese Businesses Special Loans Credit Limit: NT\$300,000,000	Returning Taiwanese Businesses Project – Purchase of Equipment
Patent licensing (Mag.Layer s)	Patented new type No.: M441940, Department of Intellectual Property, Ministry of Economic Affairs	2012.11~2022.6	Array antenna structure	None
Patent licensing (Mag.Layer s)	Patented new type No.: M447643, Department of Intellectual Property, Ministry of Economic Affairs	2013.2~2022.9	Improved smart TV antenna structure	None

Type of Contract	Contract Counterpart	Contract Duration	Contract Content	Restrictions
Patent licensing (Mag.Layer s)	Patented new type No.: M448805, Department of Intellectual Property, Ministry of Economic Affairs	2013.3~2022.10	Improved antenna structure	None
Patent licensing (Mag.Layer s)	Patented new type No.: M449909, Department of Intellectual Property, Ministry of Economic Affairs	2013.4~2022.10	Water and dust proof lamp structure	None
Financing (Magic)	E.Sun Commercial Bank	2020.10.06-2021.10.06	Loan Pre-Settlement Risk Limit	Land, house and construction guarantee
Financing (Magic)	CTBC Bank	2020.12.31-2021.10.31	Loan Pre-Settlement Risk Limit	None
Financing (Magic)	Mega International Commercial Bank	2020.8.11-2021.8.10	Loan Pre-Settlement Risk Limit	None
Financing (Magic)	Cathay United Bank	2020.1.30~2022.1.25	Operating turnover	None
Financing (Magic)	KGI Bank	2020.7.17~2021.7.17	Operating turnover	None
Financing (Magic)	First Commercial Bank	2020.7.7-2021.7.6	Operating turnover	None
Financing (Magic)	Bank Sinopac	2020.7.24-2021.7.31	Loan Pre-Settlement Risk Limit	None
Financing (Magic)	Hua Nan Commercial Bank	2020.11.18-2021.11.18	Operating turnover	None

VI. Financial Information

(I). Most Recent 5-Year Abbreviated Financial Information

1. Income Statement

(1) Abbreviated Consolidated Income Statement -IFRS

Unit: NTD thousands (EPS: NTD)

Year Item	Most Recent 5-Year Financial Information					
	2016 (Note 1)	2017	2018	2019	2020	As of March 31, 2021 (Note 2)
Sales Revenue	11,360,897	12,639,742	17,553,007	15,870,564	17,437,999	4,362,719
Gross Profit	3,033,334	3,368,374	6,130,236	3,683,713	4,665,928	1,242,900
Operating Profit	1,620,078	1,786,278	3,823,356	1,224,432	1,979,302	532,440
Non-operating Income and expense	90,184	(68,642)	(287,200)	154,942	(105,746)	125,223
Profit before tax	1,710,262	1,717,636	3,536,156	1,379,374	1,873,556	657,663
Income from Continuing Operations	1,455,749	1,479,450	2,866,095	1,150,010	1,543,073	533,452
Loss from Discontinued	-	-	-	-	-	-
Profit for the year	1,455,749	1,479,450	2,866,095	1,150,010	1,543,073	533,452
Other Comprehensive Income (Loss), After Tax	(886,378)	(164,008)	(187,404)	(574,456)	(127,808)	(68,968)
Total comprehensive income for the year	569,371	1,315,442	2,678,691	575,554	1,415,265	464,484
Net Income Attributable to	679,426	1,173,074	2,882,536	1,147,305	1,524,542	492,278
Net profit attributable to previous equity under common control	753,772	302,582	-	-	-	54,572
Net profit attributable to subsequent equity under common control	-	-	-	-	-	(22,106)
Net Income Attributable to Non- controlling Interests	22,551	3,794	(16,441)	2,705	18,531	8,708

Comprehensive Income Attributable to Owners of the Parent	317,566	1,096,928	2,693,587	574,606	1,405,590	438,629
Net profit attributable to previous equity under common control	231,984	220,633	-	-	-	65,858
Net profit attributable to subsequent equity under common control	-	-	-	-	-	(50,593)
Comprehensive Income Attributable to Non-controlling Interests	19,821	(2,119)	(14,896)	948	9,675	10,590
Earnings per Share	7.49	7.10	11.54	4.71	5.91	1.87

Resource: Financial report audited and certified by the CPAs.

Note 1: The Company acquired 100% equity of Ralec Electronic Corporation by share conversion on June 30, 2017, and obtained Ferroxcube International Holding BV by cash delivery on August 1, 2016. The aforementioned transaction is under common control. The reorganization of the organization is regarded as a merger from the beginning and the comparative financial statements of the previous period are retrospectively reorganized.

Note 2: On January 25, 2021, the Company acquired 100% equity interest in Bothhand Enterprise Inc. from Kaimei Electronic Corp. for a total of NTD 2.8 billion, which became a 100% owned subsidiary of the Company. The aforesaid transaction was an organizational reorganisation under common control and was regarded as a retrospective restatement of financial statements from the beginning of the combination. Therefore, in the first quarter of 2021, retrospective renumbering was adopted.

(2) Abbreviated Parent-Company-Only Income Statement-IFRS

Unit: NTD thousands (EPS: NTD)

Year Item	Most Recent 5-Year Financial Information				
	2016	2017	2018	2019	2020
Sales Revenue	3,333,898	3,689,393	3,711,148	3,820,675	4,413,381
Gross Profit	813,531	1,133,301	809,061	474,964	819,095
Operating Profit	437,942	649,450	90,474	(200,520)	63,289
Non-operating Income and expense	1,070,563	918,377	2,889,096	1,402,673	1,459,397
Profit before tax	1,508,505	1,567,827	2,979,570	1,202,153	1,522,686
Income from Continuing Operations	1,433,198	1,475,656	2,882,536	1,147,305	1,524,542
Loss from Discontinued Operations	-	-	-	-	-
Profit for the year	1,433,198	1,475,656	2,882,536	1,147,305	1,524,542
Other Comprehensive Income (Loss), After Tax	(883,648)	(158,095)	(188,949)	(572,699)	(572,699)
Total comprehensive income for the year	549,550	1,317,561	2,693,587	574,606	574,606
Net Income Attributable to Shareholders of the Parent	679,426	1,173,074	2,882,536	1,147,305	1,524,542
Net profit attributable to previous equity under	753,772	302,582	-	-	-
Comprehensive Income Attributable to Owners of the Parent	317,566	1,096,928	2,693,587	574,606	1,405,590
Net profit attributable to previous equity under	231,984	220,633	-	-	-
Earnings per Share	7.49	7.10	11.54	4.71	5.91

Resource: Financial report audited and certified by the CPAs.

2. Abbreviated Balance Sheets and Income Statements-IFRS

(1) Abbreviated Consolidated Balance Sheet-IFRS

In Thousands of New Taiwan Dollars

Year Item		Most Recent 5-Year Financial Information						Financial Information as of March 31, 2021
		2016 (Note 2)	2017	2018	2019	2020	2020	
Current Assets		11,134,781	13,076,118	18,502,431	16,901,120	17,365,614		14,914,207
Property, plant and equipment, net		6,341,327	7,277,255	10,811,422	10,067,347	10,787,126		9,454,549
Intangible assets, net		313,490	330,342	9,828,619	9,863,548	10,631,898		10,967,729
Other Assets		808,589	1,576,897	1,904,762	3,405,377	3,287,753		3,078,258
Total Assets		18,598,187	22,260,612	41,047,234	40,237,392	42,072,391		38,414,743
Current Liabilities	Before distribution	6,234,711	8,251,906	10,599,060	11,636,991	10,198,599		8,607,568
	After distribution	7,040,813	8,864,072	12,544,968	12,500,415	10,725,185		-
Non-Current Liabilities		3,403,925	5,319,508	5,873,843	4,981,992	6,274,123		4,293,680
Total Liabilities	Before distribution	9,638,636	13,571,414	16,472,903	16,618,983	16,472,722		12,901,248
	After distribution	10,444,738	14,183,580	18,418,811	17,482,407	16,999,308		-
Equity attributable to owners of parent		3,770,194	8,597,604	24,500,538	23,543,668	25,515,253		25,331,650
Share capital		1,284,860	2,375,047	2,431,756	2,469,782	2,633,292		2,634,532
Capital Surplus	Before distribution	492,252	3,568,524	17,333,328	17,709,734	18,976,643		18,580,582
	After distribution	189,964	3,568,524	17,333,328	17,709,734	18,976,643		-
Retained Earnings	Before distribution	2,181,314	2,840,877	5,142,084	4,350,083	5,019,249		4,963,730
	After distribution	1,677,500	2,228,711	3,196,176	3,486,659	4,492,663		-
Other Equity		(188,232)	(186,844)	(406,630)	(985,931)	(1,113,931)		(847,194)
Treasury Stock		-	-	-	-	-		-
Equity of previous parties under		5,095,644	-	-	-	-		-

common control							
Equity of subsequent parties under common control		-	-	-	-	-	-
Non-Controlling Interests		93,713	91,594	73,793	74,741	84,416	181,845
Total Equity	Before distribution	8,959,551	8,689,198	24,574,331	23,618,409	25,599,669	25,513,495
	After distribution	8,153,449	8,077,032	22,628,423	22,754,985	25,073,083	-

Resource: Financial report audited and certified by the CPAs.

Note 1: Distributed earnings of 2020 have been approved by the shareholders' meeting on March 11, 2021.

Note 2: The Company acquired 100% equity of Ralec Electronic Corporation by share conversion on June 30, 2017, and obtained Ferroxcube International Holding BV by cash delivery on August 1, 2016. The aforementioned transaction is under common control. The reorganization of the organization is regarded as a merger from the beginning and the comparative financial statements of the previous period are retrospectively reorganized.

Note 3: On January 25, 2021, the Company acquired 100% equity interest in Bothhand Enterprise Inc. from Kaimei Electronic Corp. for a total of NTD 2.8 billion, which became a 100% owned subsidiary of the Company. The aforesaid transaction was an organizational reorganization under common control and was regarded as a retrospective restatement of financial statements from the beginning of the combination. Therefore, in the first quarter of 2021, retrospective renumbering was adopted.

(2) Abbreviated Parent-Company-Only Balance Sheet-IFRS

In Thousands of New Taiwan Dollars

Year \ Item		Most Recent 5-Year Financial Information				
		2016	2017	2018	2019	2020
Current Assets		2,238,396	3,687,294	2,791,600	2,770,723	3,383,977
Investments accounted for using equity method		9,537,113	11,795,698	29,493,659	28,366,141	29,871,747
Property, plant and equipment, net		1,442,484	1,428,999	1,014,622	660,250	382,269
Right-of-use assets		-	-	-	13,862	16,187
Intangible assets, net		7,508	10,442	10,000	118,436	115,291
Other Assets		58,192	101,432	71,469	109,357	313,683
Total Assets		13,283,693	17,024,845	33,381,350	32,038,769	34,083,154
Current Liabilities	Before distribution	2,007,528	3,980,034	3,689,500	4,864,250	4,786,350
	After distribution	2,511,342	2,511,342	5,635,408	4,864,250	Note 1
Non-Current Liabilities		2,410,327	5,059,373	5,191,312	3,630,851	3,781,551
Total Liabilities	Before distribution	4,417,855	8,427,241	8,880,812	8,495,101	8,567,901
	After distribution	4,921,669	9,039,407	10,826,720	9,359,525	Note 1

Equity attributable to owners of parent		3,770,194	8,597,604	24,500,538	25,543,668	25,515,253
Share capital		1,284,860	2,375,047	2,431,756	2,469,782	2,633,292
Capital Surplus	Before distribution	492,252	3,568,524	17,333,328	17,709,734	18,976,643
	After distribution	189,964	3,568,524	17,333,328	17,709,734	18,976,643
Retained Earnings	Before distribution	2,181,314	2,840,877	5,142,084	4,350,083	5,019,249
	After distribution	1,677,500	2,228,711	3,196,084	3,485,659	Note 1
Other Equity		(188,232)	(186,884)	(406,630)	(985,931)	(1,113,931)
Treasury Stock		-	-	-	-	-
Equity of previous parties under common control		5,095,644	-	-	-	-
Non-Controlling Interests		-	-	-	-	-
Total Equity	Before distribution	8,865,838	8,597,604	24,500,538	23,543,668	25,515,253
	After distribution	8,059,736	7,985,438	22,554,630	22,679,244	Note 1

Resource: Financial report audited and certified by the CPAs.

Note 1: Distributed earnings of 2020 have been approved by the shareholders' meeting on March 11, 2021.

(3) Names of the Auditors and their Opinions

Year	Accounting Firm	CPA	Opinions
2016	PricewaterhouseCoopers, Taiwan	Yeh, Tsui-Miao, Wu, Yu-Lung	Unmodified opinion
2017	Deloitte & Touche	Chih-Hsien Ke, Yung-Hsiang Chao	Unmodified opinion
2018	Deloitte & Touche	Yung-Hsiang Chao, Chih-Hsien Ke	Unmodified opinion
2019	Deloitte & Touche	Yung-Hsiang Chao, Chih-Hsien Ke	Unmodified opinion
2020	Deloitte & Touche	Yung-Hsiang Chao, Chih-Hsien Ke	Unmodified opinion

(II). Financial Analyses for the Past Five Fiscal Years

1. Consolidated Financial Analysis -IFRS

Year Analysis Item (Note)		Most Recent 5-Year Financial Analysis					
		2016 (Note 2)	2017	2018	2019	2020	As of March 31, 2020
Financial Structure (%)	Debt ratio	51.83	60.97	40.13	41.30	39.15	33.58
	Ratio of long-term capital to property, plant, and equipment	194.97	193.97	281.63	284.09	295.48	315.27
Debt Service Ability (%)	Current ratio	178.59	158.98	174.57	145.24	170.27	173.27
	Quick ratio	126.41	108.01	115.69	102.69	125.31	130.69
	Interest coverage ratio	23.49	17.53	21.56	7.97	15.62	26.81
Operating Ability (%)	Accounts receivable turnover rate (times)	3.21	3.20	3.24	2.69	3.14	3.06
	Average days for cash receipts	113.71	114.78	112.65	135.69	116.24	119.28
	Inventory turnover rate (times)	2.58	2.45	2.19	2.37	2.91	3.64
	Accounts payable turnover rate (times)	3.72	3.74	4.38	5.02	5.45	4.88
	Average days for sale of goods	98.12	97.59	166.66	154.01	66.97	74.80
	Property, plant, and equipment turnover rate (times)	1.84	1.86	1.94	1.52	1.67	1.84
	Total asset turnover ratio (times)	0.63	0.62	0.55	0.39	0.42	0.45
Profitability	Return on Assets (ROA) (%)	8.46	7.66	9.49	3.22	4.00	5.72
	Equity return ratio (%)	16.24	16.77	17.23	4.77	6.27	8.48
	Ratio of Net Profit Before Tax to Paid-in Capital (%)	133.11	72.32	145.42	55.85	71.15	99.85
	Net Profit Margin (%)	12.81	11.70	16.33	7.25	8.85	12.23
	Earnings Per Share (NT\$)	7.49	7.10	11.54	4.71	5.91	1.87
Cash Flows	Cash Flow Ratio (%)	28.10	20.50	33.24	38.41	24.79	5.90
	Cash Flow Adequacy Ratio (%)	63.83	28.92	41.75	54.09	57.09	64.29
	Cash Reinvestment Ratio (%)	5.32	3.19	10.43	10.06	6.06	2.22
Leverage	Operating leverage	2.36	2.28	1.42	3.00	2.26	2.33
	Financial leverage	1.05	1.06	1.05	1.19	1.07	1.05
<p>Explanations for significant changes of these two years. (Not required if the variation is less than 20%)</p> <ol style="list-style-type: none"> 1. Increase in quick ratio: mainly due to decrease in current liabilities and decrease in short-term borrowings. 2. The increase in the interest coverage ratio: mainly due to revenue growth and increased profits. 							

3. Increase in inventory turnover rate (times) and average collection days: mainly due to decrease in average inventory and increase in inventory turnover resulting the average number of sales days decreased.
4. Increase in Assets Return Ratio, Equity Return Ratio, Net Profit Ratio, Ratio of Income before Tax to Paid-in Capital, and Earnings Per Share: mainly due to revenue growth compared to previous year and increased profits.
5. Decrease in Cash flow ratio: mainly due to the repayment of short-term borrowings and the reduction of current liabilities.
6. Decrease in cash reinvestment ratio: due to decrease in current liabilities and repayment of short-term borrowings resulting in decrease in cash reinvestment ratio.
7. The decrease in operating leverage is mainly due to revenue growth and increased operating profit.

Resource: Financial report audited and certified by the CPAs.

Note 1: Please refer to Formula for Financial Analysis as table below

Note 2: The Company acquired 100% equity of Ralec Electronic Corporation by share conversion on June 30, 2017, and obtained Ferroxcube International Holding BV by cash delivery on August 1, 2016. The aforementioned transaction is under common control. The reorganization of the organization is regarded as a merger from the beginning and the comparative financial statements of the previous period are retrospectively reorganized.

Note 3: On January 25, 2021, the Company acquired 100% equity interest in Bothhand Enterprise Inc. from Kaimei Electronic Corp. for a total of NTD 2.8 billion, which became a 100% owned subsidiary of the Company. The aforesaid transaction was an organizational reorganisation under common control and was regarded as a retrospective restatement of financial statements from the beginning of the combination. Therefore, in the first quarter of 2021, retrospective renumbering was adopted.

2. Parent Company Financial Analysis -IFRS

Year Analysis Item (Note)		Most Recent 5-Year Financial Analysis				
		2016 (Note 2)	2017	2018	2019	2020
Financial Structure (%)	Debt ratio	33.26	49.50	26.60	26.52	25.14
	Ratio of long-term capital to property, plant, and equipment	781.72	955.70	2926.40	4115.79	7663.92
Debt Service Ability (%)	Current ratio	111.50	109.48	75.66	56.96	70.70
	Quick ratio	76.21	84.88	59.88	50.84	68.49
	Interest coverage ratio	36.61	25.04	36.37	17.42	33.61
Operating Ability	Accounts receivable turnover rate (times)	3.32	2.91	2.72	2.74	2.43
	Average days for cash receipts	109.94	125.43	134.19	133.21	150.21
	Inventory turnover rate (times)	3.79	3.22	4.36	8.01	19.45
	Accounts payable turnover rate (times)	5.20	3.97	2.71	1.90	1.44
	Average days for sale of goods	70.19	91.94	83.72	45.57	18.77
	Property, plant, and equipment turnover rate (times)	2.37	2.57	3.04	4.56	8.47
	Total asset turnover ratio (times)	0.26	0.24	0.15	0.12	0.13
Profitability	Return on Assets (ROA) (%)	11.33	10.09	11.7	3.69	4.72
	Equity return ratio (%)	16.13	16.90	17.42	4.78	6.22
	Ratio of Net Profit Before Tax to Paid-in Capital (%)	117.41	66.01	122.62	48.67	57.82
	Net Profit Margin (%)	42.99	40	77.67	30.03	34.54
	Earnings Per Share (NT\$)	7.49	7.10	11.54	4.71	5.91
Cash Flows	Cash Flow Ratio (%)	9.84	16.22	42.97	15.32	5.32
	Cash Flow Adequacy Ratio (%)	34.47	14.72	22.03	19.68	21.12
	Cash Reinvestment Ratio (%)	-1.71	-1.79	3.18	(4.34)	(2.06)
Leverage	Operating leverage	2.50	2.02	11.09	(1.39)	7.19
	Financial leverage	1.11	1.11	14.52	0.73	3.81
<p>Explanations for significant changes of these two years. (Not required if the variation is less than 20%)</p> <ol style="list-style-type: none"> 1. Increase in Long-term Funds to Property, Plant and Equipment: mainly due to sale of Property, Plant and Equipment. 2. Increase in Current Ratio: mainly due to growth in revenue and increase in accounts receivable. 3. Increase in quick ratio: mainly due to growth in revenue and decrease in inventories. 4. Increase in the interest coverage ratio: mainly due to profit increase. 5. Decrease in inventory turnover and average days in sales: mainly due to revenue growth and decline in inventory levels. 6. Increase in the property, plant and equipment (PPE) turnover ratio: mainly due to revenue growth, increased profits, and increased utilization efficiency of fixed assets. 7. Increase in assets return ratio, equity return ratio, and earnings per share: mainly due to the increase revenue and profit. 8. Decrease in the cash flow ratio: mainly due to decrease in net cash flows generated from operation, the increase in accounts receivable and the increase in payments to related parties. 9. Increase in cash reinvestment ratio: mainly due to net cash inflow from operating activities. 10. Increase in Operating Leverage and Financial Leverage: mainly due to increase in revenue and profit. 						

Note 1: The calculation formulas adopted are as follows:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
 - (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
 - (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
 - (3) Inventory turnover rate = Cost of goods sold/Average inventories.
 - (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
 - (5) Average days for sale of goods = 365/Inventory turnover rate.
 - (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
 - (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
 - (1) Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.
 - (2) Return on equity = Income after tax/Average total equity.
 - (3) Net profit margin = Income after tax/Net sales.
 - (4) Earnings per share = (Income attributable to owners of the parent - preferred stock dividends)/Weighted average number of shares issued.
5. Cash flows
 - (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
 - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
 - (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital).
6. Leverage
 - (1) Operating leverage = (Net Sales-Variable Cost and expense) / Income from Operations
 - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

(III). Audit Committee's report for the most recent year's financial statement

Audit Report from Audit Committee

The Board of Directors has prepared the business report, financial statements and earnings distribution proposal of the Company for the year ended December 31, 2020, among which the financial statements were audited by Deloitte & Touche, and an audit report was issued. The Business Report, Financial Statements and the proposed profit distribution have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,
Chilisin Electronics Corporation 2021 Annual General Meeting of Shareholders

CHILISIN ELECTRONICS CORP.
Convenor of Audit Committee: CHANG, WEI-TSU

March 11, 2021

(IV). Consolidated financial report of the parent and subsidiary company of the latest year duly audited by the Certified Public Accountants

Declaration of Consolidated Financial Statements of Affiliated Enterprises

In 2020 (from January 1, 2020 to December 31, 2020), the companies required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Aurora hereby produces this declaration to the effect that no preparation for the separate consolidated financial statements of affiliates is required.

Sincerely,

Company name: CHILISIN ELECTRONICS CORP.

Chairman: Chen, Tie-Min

March 18, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Chilisin Electronics Corp.

Opinion

We have audited the accompanying consolidated financial statements of Chilisin Electronics Corp. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (refer to the other matter paragraph below), 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the consolidated financial statements for the year ended December 31, 2020 are as follows:

Occurrence of Sales Revenue from Primary Clients

The primary source of revenue of the Group comes from the sales of certain clients with significant amount (the “primary clients”). The growth rate of the operating revenue from the primary clients is significantly higher than the average growth rate of the operating revenue of the Group in 2020; we considered that revenue is inherently at higher risk of fraud and that the management could be under pressure to meet expected financial goals, therefore, we considered the occurrence of sales relating to the growth of operating revenue of the primary clients as a key audit matter for the annual audit.

Refer to Note 4 to the consolidated financial statements for revenue recognition policies. Our audit procedures for the aforementioned key audit matter are described as follows:

1. We obtained an understanding of the processes of internal controls related to sales cycle and evaluated the design, implementation, and operating effectiveness of internal controls over the sales cycle.
2. We sampled and obtained details of sales of the aforementioned clients and validated the details of the supporting documents, including sales orders, delivery orders, invoices, and receipt documents to verify the occurrence of sales revenue.
3. We selected samples and obtained details of accounts receivables from the aforementioned clients and validated the details of the accounts receivable balances, and we sent confirmation requests to verify that the payments have been received.
4. We examined the amount of sales discounts and returns after the year-end period to identify any existence of abnormal significant amounts.

Other Matter

We did not audit the financial statements of some subsidiaries included in the consolidated financial statements of the Group as of and for the years ended December 31, 2020 and 2019. The total assets of these subsidiaries were NT\$3,569,038 thousand and NT\$3,832,109 thousand, representing 8.48% and 9.52%, of the Group’s total consolidated assets as of December 31, 2020 and 2019, respectively, and the total revenues of these subsidiaries were NT\$2,154,768 thousand and NT\$2,292,009 thousand, representing 12.36% and 14.42%, of the Group’s total consolidated revenue for the years ended December 31, 2020 and 2019, respectively. As disclosed in Note 13 to the accompanying consolidated financial statements, we also did not audit the financial statements of some investees accounted for using the equity method. The total investments in these investees accounted for using the equity method were NT\$181,597 thousand and NT\$207,074 thousand, representing 0.43% and 0.51%, of the Group’s total consolidated assets as of December 31, 2020 and 2019, respectively; the Group’s total shares of the profit (loss) of such associates were NT\$(26,734) thousand and NT\$(41,128) thousand, representing (1.43%) and (2.98%), of the Group’s consolidated profit before income tax for the years ended December 31, 2020 and 2019, respectively. The financial statements of the aforementioned subsidiaries and investees accounted for using the equity method were

audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the related amounts included herein, is based solely on the reports of other auditors.

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion with emphasis of matter paragraph and other matter paragraph.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yung-Hsiang Chao and Jr-Shian Ke.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

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

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 4,074,476	10	\$ 3,494,353	9
Financial assets at fair value through profit or loss - current (Note 7)	1,963,321	5	829,781	2
Financial assets at amortized cost - current (Note 9)	501,953	1	1,959,526	5
Notes receivable (Note 10)	549,644	1	313,591	1
Trade receivables (Note 10)	5,359,916	13	4,707,035	12
Trade receivables from related parties (Note 33)	66,440	-	110,088	-
Other receivables (Note 33)	59,917	-	369,538	1
Current tax assets (Note 26)	68,547	-	27,728	-
Inventories (Note 11)	4,246,439	10	4,530,795	11
Prepayments	339,592	1	420,375	1
Other current assets	<u>135,369</u>	<u>-</u>	<u>138,310</u>	<u>-</u>
Total current assets	<u>17,365,614</u>	<u>41</u>	<u>16,901,120</u>	<u>42</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	8,117	-	67,344	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	281,588	1	78,598	-
Financial assets at amortized cost - non-current (Note 9)	492,919	1	-	-
Investments accounted for using the equity method (Note 13)	181,597	1	207,074	1
Property, plant and equipment (Notes 14, 33 and 34)	10,787,126	26	10,067,347	25
Right-of-use assets (Notes 15 and 33)	591,222	1	604,690	2
Investment properties (Notes 16 and 34)	139,765	-	142,013	-
Goodwill (Note 17)	7,978,061	19	7,174,088	18
Other intangible assets (Note 18)	2,653,837	6	2,689,460	7
Deferred tax assets (Note 26)	523,644	1	495,280	1
Other non-current assets	<u>1,068,901</u>	<u>3</u>	<u>1,810,378</u>	<u>4</u>
Total non-current assets	<u>24,706,777</u>	<u>59</u>	<u>23,336,272</u>	<u>58</u>
TOTAL	<u>\$ 42,072,391</u>	<u>100</u>	<u>\$ 40,237,392</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 3,834,008	9	\$ 5,899,180	15
Short-term bills payable (Note 19)	1,049,539	3	599,807	1
Financial liabilities at fair value through profit or loss - current (Note 7)	9,255	-	233	-
Notes payable	214	-	3,023	-
Trade payables	2,427,142	6	2,091,593	5
Trade payables from related parties (Note 33)	121,526	-	42,629	-
Other payables (Note 21)	2,364,666	6	1,896,918	5
Other payables to related parties (Note 33)	4,207	-	94,477	-
Current tax liabilities (Note 26)	156,563	-	214,092	1
Lease liability - current (Notes 15 and 33)	116,334	-	114,392	-
Current portion of long-term borrowings and bonds payable (Notes 19, 20 and 34)	-	-	609,971	2
Other current liabilities (Note 22)	<u>115,145</u>	<u>-</u>	<u>70,676</u>	<u>-</u>
Total current liabilities	<u>10,198,599</u>	<u>24</u>	<u>11,636,991</u>	<u>29</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 20)	848,164	2	1,722,442	4
Long-term borrowings (Notes 19 and 34)	4,548,394	11	2,586,496	6
Deferred tax liabilities (Note 26)	300,551	1	289,499	1
Lease liability - non-current (Notes 15 and 33)	202,070	-	217,955	1
Other non-current liabilities (Notes 22 and 23)	<u>374,944</u>	<u>1</u>	<u>165,600</u>	<u>-</u>
Total non-current liabilities	<u>6,274,123</u>	<u>15</u>	<u>4,981,992</u>	<u>12</u>
Total liabilities	<u>16,472,722</u>	<u>39</u>	<u>16,618,983</u>	<u>41</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	2,579,450	6	2,437,199	6
Bond conversion entitlement certificates	<u>53,842</u>	<u>-</u>	<u>32,583</u>	<u>-</u>
Total share capital	<u>2,633,292</u>	<u>6</u>	<u>2,469,782</u>	<u>6</u>
Capital surplus	<u>18,976,643</u>	<u>45</u>	<u>17,709,734</u>	<u>44</u>
Retained earnings				
Legal reserve	976,358	2	860,967	2
Special reserve	985,931	3	406,630	1
Unappropriated earnings	<u>3,056,960</u>	<u>7</u>	<u>3,082,486</u>	<u>8</u>
Total retained earnings	<u>5,019,249</u>	<u>12</u>	<u>4,350,083</u>	<u>11</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(1,114,986)	(2)	(975,819)	(2)
Unrealized gain (loss) on financial assets at FVTOCI	<u>1,055</u>	<u>-</u>	<u>(10,112)</u>	<u>-</u>
Total other equity	<u>(1,113,931)</u>	<u>(2)</u>	<u>(985,931)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	<u>25,515,253</u>	<u>61</u>	<u>23,543,668</u>	<u>59</u>
NON-CONTROLLING INTERESTS	<u>84,416</u>	<u>-</u>	<u>74,741</u>	<u>-</u>
Total equity	<u>25,599,669</u>	<u>61</u>	<u>23,618,409</u>	<u>59</u>
TOTAL	<u>\$ 42,072,391</u>	<u>100</u>	<u>\$ 40,237,392</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 18, 2021)

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Note 33)	\$ 17,437,999	100	\$ 15,870,564	100
OPERATING COSTS (Notes 11, 23, 25, 28 and 33)				
Cost of goods sold	<u>12,772,071</u>	<u>73</u>	<u>12,186,851</u>	<u>77</u>
GROSS PROFIT	<u>4,665,928</u>	<u>27</u>	<u>3,683,713</u>	<u>23</u>
OPERATING EXPENSES (Notes 10, 23, 25, 28 and 33)				
Selling and marketing expenses	1,011,229	6	838,291	5
General and administrative expenses	1,138,064	7	1,202,314	7
Research and development expenses	561,232	3	451,344	3
Expected credit gain	<u>(23,899)</u>	<u>-</u>	<u>(32,668)</u>	<u>-</u>
Total operating expenses	<u>2,686,626</u>	<u>16</u>	<u>2,459,281</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>1,979,302</u>	<u>11</u>	<u>1,224,432</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses (Note 25)	(16,122)	-	198,564	1
Finance costs (Notes 25 and 33)	(128,193)	(1)	(198,013)	(1)
Share of loss of associates (Note 13)	(26,734)	-	(41,128)	-
Interest income	49,325	1	107,376	1
Other income (Note 25)	<u>15,978</u>	<u>-</u>	<u>88,143</u>	<u>-</u>
Total non-operating income and expenses	<u>(105,746)</u>	<u>-</u>	<u>154,942</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,873,556	11	1,379,374	9
INCOME TAX EXPENSE (Note 26)	<u>330,483</u>	<u>2</u>	<u>229,364</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,543,073</u>	<u>9</u>	<u>1,150,010</u>	<u>7</u>
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 23)	(15,000)	-	7,647	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 24)	33,613	-	(74)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	<u>1,602</u>	<u>-</u>	<u>(1,518)</u>	<u>-</u>
	<u>20,215</u>	<u>-</u>	<u>6,055</u>	<u>-</u>

(Continued)

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 24)	\$ (151,619)	(1)	\$ (627,982)	(4)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 26)	<u>3,596</u>	<u>-</u>	<u>47,471</u>	<u>1</u>
	<u>(148,023)</u>	<u>(1)</u>	<u>(580,511)</u>	<u>(3)</u>
Other comprehensive loss for the year, net of income tax	<u>(127,808)</u>	<u>(1)</u>	<u>(574,456)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,415,265</u>	<u>8</u>	<u>\$ 575,554</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,524,542	9	\$ 1,147,305	7
Non-controlling interests	<u>18,531</u>	<u>-</u>	<u>2,705</u>	<u>-</u>
	<u>\$ 1,543,073</u>	<u>9</u>	<u>\$ 1,150,010</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,405,590	8	\$ 574,606	4
Non-controlling interests	<u>9,675</u>	<u>-</u>	<u>948</u>	<u>-</u>
	<u>\$ 1,415,265</u>	<u>8</u>	<u>\$ 575,554</u>	<u>4</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 5.91</u>		<u>\$ 4.71</u>	
Diluted	<u>\$ 5.73</u>		<u>\$ 4.29</u>	

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

(With Deloitte & Touche auditors' report dated March 18, 2021)

(Concluded)

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company																		
														Other Equity				Non-controlling Interests (Note 24)	Total Equity
														Exchange Differences on Translation of the Financial Statements of Foreign Operations (Notes 24 and 26)	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 24)	Total	Total		
	Share Capital (Note 24)			Capital Surplus (Note 28)						Retained Earnings(Note 24)									
Common Shares	Capital Collected in Advance	Total	Issue Premium	Treasury Shares	Employee Share Options	Share Options	Other Capital Surplus	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2019	\$ 2,429,930	\$ 1,826	\$ 2,431,756	\$ 17,271,706	\$ 6,486	\$ 30,616	\$ 20,257	\$ 4,263	\$ 17,333,328	\$ 572,713	\$ 186,844	\$ 4,382,527	\$ 5,142,084	\$ (397,065)	\$ (9,565)	\$ (406,630)	\$ 24,500,538	\$ 73,793	\$ 24,574,331
Appropriation of the 2018 earnings																			
Legal reserve	-	-	-	-	-	-	-	-	-	288,254	-	(288,254)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	219,786	(219,786)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(1,945,908)	(1,945,908)	-	-	-	(1,945,908)	-	(1,945,908)
Donations from shareholders	-	-	-	-	-	-	-	108	108	-	-	-	-	-	-	-	108	-	108
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	1,147,305	1,147,305	-	-	-	1,147,305	2,705	1,150,010
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	-	-	-	-	6,129	6,129	(578,754)	(74)	(578,828)	(572,699)	(1,757)	(574,456)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	473	473	-	(473)	(473)	-	-	-
Convertible bonds converted to ordinary shares	6,729	22,437	29,166	249,955	-	-	92,780	-	342,735	-	-	-	-	-	-	-	371,901	-	371,901
Recognition of compensation cost of employee share options	-	-	-	-	-	550	-	-	550	-	-	-	-	-	-	-	550	-	550
Conversion of employee share options by the Company	540	8,320	8,860	34,091	-	(1,078)	-	-	33,013	-	-	-	-	-	-	-	41,873	-	41,873
BALANCE AT DECEMBER 31, 2019	2,437,199	32,583	2,469,782	17,555,752	6,486	30,088	113,037	4,371	17,709,734	860,967	406,630	3,082,486	4,350,083	(975,819)	(10,112)	(985,931)	23,543,668	74,741	23,618,409
Appropriation of the 2019 earnings																			
Legal reserve	-	-	-	-	-	-	-	-	-	115,391	-	(115,391)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	579,301	(579,301)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(864,424)	(864,424)	-	-	-	(864,424)	-	(864,424)
Donations from shareholders	-	-	-	-	-	-	-	1,965	1,965	-	-	-	-	-	-	-	1,965	-	1,965
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	-	-	-	-	1,524,542	1,524,542	-	-	-	1,524,542	18,531	1,543,073
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	-	-	-	-	(13,398)	(13,398)	(139,167)	33,613	(105,554)	(118,952)	(8,856)	(127,808)
Convertible bonds converted to ordinary shares	124,581	24,089	148,670	1,279,245	-	-	(65,782)	-	1,213,463	-	-	-	-	-	-	-	1,362,133	-	1,362,133
Recognition of compensation cost of employee share options	-	-	-	-	-	126	-	-	126	-	-	-	-	-	-	-	126	-	126
Conversion of employee share options by the Company	17,670	(2,830)	14,840	53,159	-	(1,804)	-	-	51,355	-	-	-	-	-	-	-	66,195	-	66,195
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	22,446	22,446	-	(22,446)	(22,446)	-	-	-
BALANCE AT DECEMBER 31, 2020	\$ 2,579,450	\$ 53,842	\$ 2,633,292	\$ 18,888,156	\$ 6,486	\$ 28,410	\$ 47,255	\$ 6,336	\$ 18,976,643	\$ 976,358	\$ 985,931	\$ 3,056,960	\$ 5,019,249	\$ (1,114,986)	\$ 1,055	\$ (1,113,931)	\$ 25,515,253	\$ 84,416	\$ 25,599,669

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

(With Deloitte & Touche auditors’ report dated March 18, 2021)

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,873,556	\$ 1,379,374
Adjustments for:		
Depreciation expense	1,489,162	1,438,673
Amortization expense	57,875	56,357
Expected credit gain recognized on trade receivables	(23,899)	(32,668)
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(201,032)	(35,537)
Finance costs	128,193	198,013
Interest income	(49,325)	(107,376)
Dividend income	(9,457)	(38)
Compensation cost of employee share options	126	550
Share of loss of associates	26,734	41,128
(Gain)/loss on disposal of property, plant and equipment	(96,866)	13,523
(Reversal)write-down of inventories	(14,059)	230,887
Impairment loss recognized	67,107	59,825
Changes in operating assets and liabilities:		
Financial assets mandatorily classified at fair value through profit or loss	(864,315)	220,969
Notes receivable	(236,053)	453,913
Trade receivables	(578,233)	1,073,366
Trade receivables from related parties	43,648	28,802
Other receivables	289,948	(83,704)
Inventories	310,777	995,893
Prepayments	76,868	66,702
Other current assets	15,559	(57,036)
Notes payable	(2,809)	816
Trade payables	269,990	(586,778)
Trade payables to related parties	78,897	4,132
Other payables	142,627	(344,684)
Other payables to related parties	(90,270)	4,095
Other current liabilities	43,399	4,710
Accrued pension liabilities	(24,070)	(24,801)
Other non-current liabilities	217,090	56,186
Cash generated from operations	2,941,168	5,055,292
Interest received	87,208	70,489
Dividend received	9,457	38
Interest paid	(108,850)	(168,770)
Income tax paid	(401,049)	(487,626)
Net cash generated from operating activities	2,527,934	4,469,423

(Continued)

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (292,236)	\$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	43,254	7,723
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	54,083	64,435
Purchase of financial assets at amortized cost	(820,272)	(27,507,432)
Proceeds from sale of financial assets at amortized cost	1,777,929	26,865,754
Acquisition of subsidiaries (Note 29)	(980,861)	-
Payments for property, plant and equipment	(1,158,729)	(2,049,654)
Proceeds from disposal of property, plant and equipment	575,133	1,365,133
Decrease (increase) in refundable deposits	819,545	(807,434)
Payments for intangible assets	(19,029)	(151,044)
Decrease (increase) in other non-current assets	23,025	(28,207)
Increase in prepayments for equipment	(1,295,379)	(460,381)
Net cash used in investing activities	(1,273,537)	(2,701,107)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	41,423,638	58,740,595
Repayment of short-term borrowings	(43,390,362)	(56,894,775)
Proceeds (repayment) of short-term bills payable	443,855	(510,688)
Proceeds from issuance of convertible bonds	-	2,015,000
Repayment of convertible bonds	(15,300)	-
Proceeds from long-term borrowings	7,413,857	13,657,037
Repayments of long-term borrowings	(5,572,721)	(15,750,053)
Proceeds from guarantee deposits received	2,926	237
Repayment of the principal portion of lease liabilities	(101,441)	(101,089)
Dividends paid to the owners of the Company	(864,424)	(1,945,908)
Proceeds from employee share options	66,195	41,873
Overdue dividends	1,965	108
Net cash used in financing activities	(591,812)	(747,663)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(82,462)	(380,062)
NET INCREASE IN CASH AND CASH EQUIVALENTS	580,123	640,591
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,494,353	2,853,762
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 4,074,476	\$ 3,494,353

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 18, 2021)

(Concluded)

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars Unless Stated Otherwise)

1. GENERAL INFORMATION

Chilisin Electronics Corp. (the “Company”) was incorporated in August 1972 in the Republic of China (ROC). The Company and its subsidiaries (collectively referred to as the “Group”) manufactures and sells iron powder core, coil, chip inductor and composite electronic component. The Company manufactures, processes and sells metal powder, magnetic powder and ceramic powder, as well as manufactures and sells resistor, electronic parts and materials and related machinery.

The Company was approved for public offering in December 1995 and was approved by Securities & Futures Institute for listing in July 2001. The Company’s shares have been listed on the Taiwan Stock Exchange since September 26, 2001.

The Company issued new shares as a consideration via share swap transaction to acquire 100% equity of Ralec Electronic Corp., and acquired Ferroxcube International Holding B.V. by cash settlement in 2017. The aforementioned transaction was categorized as organizational restructuring under common control.

The Company acquired 100% equity of Mag.Layers Scientific-Technics Co., Ltd. and Magic Technology Co., Ltd. in 2018 via share swaps.

The consolidated financial statements of the Group are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 11, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

- 1) Amendments to IFRS 3 “Definition of a Business”

The Group applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To determine whether an acquired process is substantive, different criteria apply, depending on whether there are outputs at the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an

acquired set of activities and assets is a business.

Upon initial application of the above amendments, the Group assessed that there was no significant impact on assets, liabilities, and equity on January 1, 2020.

2) Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”

Upon retrospective application of the amendments, the Group complied with the hedge accounting requirements under the assumption that the interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Upon initial application of the above amendments, the Group assessed that there was no significant impact on assets, liabilities, and equity on January 1, 2020.

3) Amendments to IAS 1 and IAS 8 “Definition of Material”

The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to “could reasonably be expected to influence”. Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”	June 1, 2020

1) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

Hedging accounting

The amendments provide the following temporary exceptions to hedging relationships that are subject to the reform:

- a) The changes to the hedging relationship that are needed to reflect changes required by the reform are treated as a continuation of the existing hedging relationship, and do not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.
- b) If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.
- c) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- d) An entity should allocate the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and should designate the hedged benchmark rate separately.

2) Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”

The amendment stipulates that, when the Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 and the Group meets the specified requirements, the Group may elect to apply the practical expedient and recognize the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occur, and make a corresponding adjustment to the lease liability.

The Group did not have rent negotiations in 2020; however, if such negotiations will occur in 2021, the Group will elect to apply the practical expedient.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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 IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	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 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.
- Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

3) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

4) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

5) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

6) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Group will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application.

7) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

8) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates

to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisitions.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify

as measurement period adjustments depends on how the contingent consideration is classified. Other contingent consideration is remeasured at fair value at the end of subsequent reporting period with any gain or loss recognized in profit or loss.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on:

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

g. Inventories

Inventories consist of merchandise, raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate is not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an item of investment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss.

Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes

in the estimates accounted for on a prospective basis.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

m. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast,

12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 365 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by an entity in the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gain or loss on such financial liability are recognized in other gains or losses. Fair value is determined in the manner described in Note 32.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps, and cross-currency swap contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the

fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

o. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

p. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from sale of goods comes from sales of electronic components. Sales of the above products are majorly recognized as revenue under contracts when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

q. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease

terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including

current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur, or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Employee share options

Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

- a. Estimated impairment of financial assets

The provision for impairment of trade receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 8,824	\$ 4,608
Checking accounts and demand deposits	2,875,619	2,775,655
Cash equivalents (with original maturities of less than 3 months)		
Time deposits	<u>1,190,033</u>	<u>714,090</u>
	<u>\$ 4,074,476</u>	<u>\$ 3,494,353</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (b)	\$ 8,738	\$ 10,567
Swap contracts (c)	19,053	2,556
Non-derivative financial assets		
Mutual fund	-	30,896
Hybrid financial assets		
Structured deposits (a)	<u>1,935,530</u>	<u>785,762</u>
	<u>\$ 1,963,321</u>	<u>\$ 829,781</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Convertible options (Note 20)	\$ 4,574	\$ 5,609
Non-derivative financial assets		
Mutual fund	3,543	53,894
Overseas private fund	<u>-</u>	<u>7,841</u>
	<u>\$ 8,117</u>	<u>\$ 67,344</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts (b)	\$ 8,340	\$ 233
Swap contracts (c)	<u>915</u>	<u>-</u>
	<u>\$ 9,255</u>	<u>\$ 233</u>

- a. The Group entered into a 3-month structured time deposit contract with Bank. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

- b. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
Buy	USD/NTD	2021.01.05-2021.03.16	USD44,000/NTD1,237,684
Buy	RMB/USD	2021.01.06-2021.02.18	RMB65,450/USD10,000
Buy	PLN/EUR	2021.01.04-2021.01.29	PLN17,984/EUR4,000
Buy	PLN/USD	2021.01.29	PLN7,735/USD2,000
Buy	HKD/USD	2021.01.21	HKD7,752/USD1,000
Buy	USD/SGD	2021.02.08	USD2,000/SGD2,668
Buy	MYR/EUR	2021.03.22-2021.04.12	MYR1,992/EUR404
Sell	USD/RMB	2021.01.06-2021.02.18	USD20,000/RMB131,069
Sell	USD/NTD	2021.01.05-2021.01.20	USD9,000/NTD254,352
Sell	EUR/USD	2021.01.07	EUR2,000/USD2,460

December 31, 2019

Buy	USD/NTD	2020.01.03-2020.01.30	USD10,000/NTD299,818
Buy	RMB/USD	2020.01.03-2020.01.31	RMB128,987/USD18,400
Buy	PLN/EUR	2020.01.03-2020.01.13	PLN17,266/EUR4,000
Buy	PLN/USD	2020.01.07	PLN3,864/USD1,000
Buy	HKD/USD	2020.02.20	HKD11,696/USD1,500
Sell	USD/RMB	2020.01.06-2020.02.27	USD29,500/RMB206,593

- c. At the end of the reporting period, outstanding swap contracts not under hedge accounting were as follows:

	Currency	Maturity	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
Buy	USD/NTD	2021.01.29-2021.03.31	USD5,000/NTD139,456
Buy	RMB/NTD	2021.01.29-2021.02.26	RMB34,125/NTD146,515
Buy	RMB/USD	2021.01.05-2021.01.26	RMB13,183/USD2,000
Sell	USD/NTD	2021.01.05-2021.02.25	USD52,200/NTD1,497,727

December 31, 2019

Buy	RMB/NTD	2020.01.22-2020.01.31	RMB29,290/NTD125,976
Sell	USD/NTD	2020.01.03-2020.01.06	USD21,050/NTD634,269

The Group entered into foreign exchange forward contracts and swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

- d. The Group received cash from capital reduction amounting to NT\$967 thousand and NT\$2,303 thousand in 2020 and 2019, respectively, which were distributed by Riselink Venture Capital Corporation, and recognized an impairment loss on investment. The carrying amount of the impaired financial instrument was reduced to NT\$0 in 2019.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 47,391	\$ 78,598
Investments in debt instruments at FVTOCI	<u>234,197</u>	<u>-</u>
	<u>\$ 281,588</u>	<u>\$ 78,598</u>

a. Investments in equity instruments at FVTOCI

	December 31	
	2020	2019
<u>Non-current</u>		
Domestic investments		
Emerging market shares		
Tecstar Technology Co., Ltd.	\$ 1,741	\$ 1,664
Unlisted shares		
Zlink Venture Capital Corp.	<u>45,650</u>	<u>76,934</u>
	<u>\$ 47,391</u>	<u>\$ 78,598</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In December 2020, the Group adjusted its investment portfolio and sold ordinary shares of E.SUN Financial Holding Co., Ltd., Mega Financial Holding Co., Ltd., Taiwan Cooperative Financial Holding Co., Ltd. and Zlink Venture Capital Corp. at fair value of NT\$8,683 thousand, NT\$8,012 thousand, NT\$8,065 thousand and NT\$36,470 thousand, respectively. The Group transferred other equity - unrealized gain on financial assets at FVTOCI of NT\$22,446 thousand to retained earnings.

The Group received cash dividends of NT\$9,324 thousand in 2020 from Zlink Venture Capital Corp. Additionally, cash from capital reduction of NT\$54,083 thousand and NT\$64,435 thousand in 2020 and 2019, respectively, included cash dividend of NT\$15,891 thousand from capital surplus which was considered as the recovered cost.

b. Investments in debt instruments at FVTOCI

	December 31	
	2020	2019
<u>Non-current</u>		
Corporate bonds - Chailease Int'l Financial Corp.	<u>\$ 234,197</u>	<u>\$ -</u>

In October 2020, the Group bought 3-year corporate bonds issued by Chailease Int'l Financial Corp. at face value of US\$8,000 thousand with a coupon rate of 3.75% and effective interest rate of 1.03%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
<u>Current</u>		
Foreign investments		
Time deposits with original maturity of more than 3 months	\$ 501,953	\$ 1,959,526
<u>Non-current</u>		
Foreign investments		
Time deposits with original maturity of more than 3 months	\$ 492,919	\$ -

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.12% to 7.65% and 3.80% to 4.23% per annum as of December 31, 2020 and 2019, respectively.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2020	2019
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	\$ 549,644	\$ 313,591
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 5,530,192	\$ 4,775,080
Less: Allowance for impairment loss	(170,276)	(68,045)
	<u>\$ 5,359,916</u>	<u>\$ 4,707,035</u>

Trade Receivables

At amortized cost

The average credit period of sales of goods was 90-180 days. No interest was charged on trade receivables. The Group adopted a policy of dealing with major customers that the Group could use other publicly available financial information or its own trading records to rate and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee regularly.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details trade receivables based on the Group's provision matrix.

December 31, 2020

	Not Past Due	1 to 120 Days Past Due	121 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 5,170,890	\$ 199,099	\$ 2,641	\$ 70,492	\$ 87,070	\$ 5,530,192

December 31, 2019

	Not Past Due	1 to 120 Days Past Due	121 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 4,577,531	\$ 144,770	\$ 3,451	\$ 8,135	\$ 41,193	\$ 4,775,080

The loss allowance of trade receivables was calculated according to the expected credit loss rate of each aging interval, and the expected credit loss rate ranged from 0.01% to 100%. The movements of the loss allowance of trade receivables were as follows:

	For the Year End December 31	
	2020	2019
Balance at January 1	\$ 68,045	\$ 105,921
Add: Acquisitions through business combinations	125,621	-
Less: Net remeasurement of loss allowance	(23,899)	(32,668)
Less: Amounts written off	-	(2,932)
Foreign exchange gains and losses	509	(2,276)
Balance at December 31	<u>\$ 170,276</u>	<u>\$ 68,045</u>

11. INVENTORIES

	December 31	
	2020	2019
Merchandise	\$ 26,381	\$ 21,316
Finished goods	1,584,907	1,595,596
Work in progress	964,540	1,168,746
Raw materials and supplies	1,521,588	1,606,179
Inventory in transit	<u>149,023</u>	<u>138,958</u>
	<u>\$ 4,246,439</u>	<u>\$ 4,530,795</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	\$ 12,786,130	\$ 11,955,964
Inventory write-downs (reversed)	<u>(14,059)</u>	<u>230,887</u>
	<u>\$ 12,772,071</u>	<u>\$ 12,186,851</u>

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2020	2019	
Chilisin Electronics Crop.	Chu Hsin Investment Ltd.	Investment	100.00	100.00	
	Chilisin Japan Corp.	Electronic component marketing	100.00	100.00	
	Chilisin International Ltd.	Electronic component marketing	100.00	100.00	
	Chilisin Holding (Samoa) Ltd.	Electronic component marketing	100.00	100.00	
	Chilisin H.K Holding Corp.	Investment	94.15	92.21	
	Chilisin Asia Investment Corp. (Samoa)	Investment	100.00	100.00	
	Ralec Electronic Corporation	Electronic component manufacturing and marketing	100.00	100.00	
	Ferroxcube International Holding B.V.	Investment	100.00	100.00	a.
	Mag.Layers Scientific-Technics Co., Ltd.	Electronic component manufacturing and marketing	100.00	100.00	
Chilisin International Ltd.	Magic Technology Co., Ltd.	Electronic component marketing	100.00	100.00	
	Dongguan Lianmao Electronics Co., Ltd.	Electronic component marketing	100.00	100.00	
	Dongguan CNA Electronics Co., Ltd.	Electronic component manufacturing and marketing	50.00	50.00	
	Belkin International Enterprises Limited	Investment	54.00	54.00	
	Dongguan Chilisin Electronics Co., Ltd.	Electronic component manufacturing and marketing	100.00	100.00	
	Henan Chilisin Electronics Co., Ltd.	Electronic component manufacturing and marketing	-	100.00	b.
Chilisin Holding (Samoa) Ltd.	Hunan Chilisin Electronics Technology Co., Ltd.	Electronic component manufacturing and marketing	100.00	100.00	
	Shenzhen Chilisin Electronics Co., Ltd.	Electronic component marketing	100.00	100.00	
	Chilisin H.K Holding Corp.	Investment	5.85	7.79	
	Suzhou Qiyixin Electronics Co., Ltd.	Electronic component marketing	100.00	100.00	
	Chilisin Electronics (Vietnam) Company	Electronic component manufacturing and marketing	100.00	100.00	
Chilisin H.K Holding Corp.	Suzhou Chilisin Electronics Co., Ltd.	Electronic component manufacturing and marketing	-	100.00	b.

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			2020	2019	
Chilisin Asia Holding Corp. (Samoa)	Chilisin America Ltd.	Electronic component marketing	100.00	100.00	
Belkin International Enterprises Limited	Guorui (Hong Kong) Limited	Investment	100.00	100.00	
Ralec Electronic Corporation	Ralec Technology (HK) Limited	Investment	100.00	100.00	a.
	ASJ Holdings Limited	Investment	100.00	100.00	
Ralec Technology (HK) Limited	Ralec Technology (Kunshan) Limited	Electronic component manufacturing and marketing	100.00	100.00	
	Ralec Trading (Kunshan) Limited	Electronic component manufacturing and marketing	100.00	100.00	
	Hunan Ralec Electronics Technology Co., Ltd.	Electronic component manufacturing and marketing	100.00	100.00	
Ralec Technology (Kunshan) Limited	Shin Yuan Electronics Production (Kunshan) Co., Ltd.	Electronic component manufacturing and marketing	100.00	-	c.
ASJ Holdings Limited	ASJ Pte. Limited	Electronic component marketing	100.00	100.00	a.
	ASJ (Hong Kong) Limited	Warehousing, logistics and distribution business	100.00	100.00	a.
	ASJ Components (M) Sdn. Bhd.	Electronic component manufacturing and marketing	100.00	100.00	a.
	CRL Components (S) Pte. Ltd.	Electronic-related products and components marketing	100.00	100.00	a.
Ferroxcube International Holding B.V.	Ferroxcube Italia S.r.l.	Electronic component marketing	100.00	100.00	a.
	Ferroxcube Deutschland GmbH	Electronic component marketing	100.00	100.00	a.
	Ferroxcube USA Inc.	Electronic component marketing	100.00	100.00	a.
	Hispano Ferritas S.A.	Electronic component marketing	100.00	100.00	a.
	Ferroxcube Polska Sp. Z.o.o.	Electronic component manufacturing and marketing	100.00	100.00	a.
	Ferroxcube Hong Kong Limited	Resource allocation center and Investment	67.00	67.00	
Ferroxcube Polska Sp. Z.o.o.	Ferroxcube Hong Kong Limited	Resource allocation center and Investment	33.00	33.00	
Ferroxcube Hong Kong Limited	Ferroxcube Electronics (Dongguan) Limited	Electronic component manufacturing and marketing	100.00	100.00	
Mag.Layers	Mag Layers International Co., Ltd.	Investment	100.00	100.00	
Scientific-Technics Co., Ltd.	Mag Layers (Hong Kong) Ltd.	Electronic component marketing	100.00	100.00	
	Mag Layers USA, Inc.	Electronic component marketing	65.00	65.00	
Mag Layers International Co., Ltd.	Mag.Layers International Co., Ltd	Passive components manufacturing and marketing	100.00	100.00	
Magic Technology Co., Ltd.	Magic Wireless Technology Co., Ltd.	Electronic component marketing	100.00	100.00	
	Magic (Suzhou) Photoelectric Technology, Ltd.	Electronic component marketing	-	100.00	b.
	Magic Technology (Samoa) Co., Ltd.	Investment	100.00	100.00	
Magic Technology (Samoa) Co., Ltd.	Magic Electronic Technology (Shenzhen) Co., Ltd.	Electronic component manufacturing and marketing	100.00	100.00	
	Classic Magic Developments Limited (Samoa)	Electronic component manufacturing and marketing	100.00	100.00	
	Magic Trade (Shenzhen) Co., Ltd.	Electronic component marketing	100.00	100.00	
	Trendy Island Investment Limited	Investment	100.00	100.00	
	Magic Electronic Technology (Hunan) Co., Ltd.	Electronic component manufacturing and marketing	100.00	100.00	
Trendy Island Investment Limited	Magic Electronic Technology (Chongqing) Co., Ltd.	Electronic component manufacturing and marketing	100.00	100.00	

(Concluded)

Remarks:

- The financial statements as of and for the years ended December 31, 2020 and 2019, were audited by other auditors.
- Henan Chilisin Electronics Co., Ltd. and Chilisin Electronics (Su Zhou) Co., Ltd. were liquidated in the second quarter of 2020. Magic (Suzhou) Photoelectric Technology, Ltd. was liquidated in fourth quarter of 2020.

- c. Ralec Technology (Kunshan) Limited acquired 100% equity of Shin Yuan Electronics Products (Kunshan) Co., Ltd. in a cash settlement of RMB315,000 thousand on March 3, 2020. Refer to Note 29 for business combinations.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2020	2019
Associates that are not individually material	<u>\$ 181,597</u>	<u>\$ 207,074</u>
<u>Associates that are not individually material</u>		
	For the Year Ended December 31	
	2020	2019
<u>The share of the Group</u>		
Net loss of the year	<u>\$(26,734)</u>	<u>\$(41,128)</u>
Total comprehensive loss for the year	<u>\$(26,734)</u>	<u>\$(41,128)</u>

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Office Equipment	Other Equipment	Unaccepted Equipment	Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 468,999	\$ 4,676,710	\$ 10,977,215	\$ 332,314	\$ 1,171,263	\$ -	\$ 176,083	\$ 17,802,584
Acquisitions through business combinations	-	59,349	266,298	13,806	15,905	-	-	355,358
Additions	-	9,844	1,083,312	29,381	221,548	-	131,422	1,475,507
Disposals	(1,666)	(43,982)	(1,430,994)	(23,709)	(22,636)	-	-	(1,522,987)
Reclassifications	-	61,479	1,326,402	(9,493)	40,595	-	(243,835)	1,175,148
Effects of foreign currency exchange differences	(2,172)	(49,735)	(176,387)	(3,225)	(12,578)	-	(5,810)	(249,907)
Balance at December 31, 2020	<u>\$ 465,161</u>	<u>\$ 4,713,665</u>	<u>\$ 12,045,846</u>	<u>\$ 339,074</u>	<u>\$ 1,414,097</u>	<u>\$ -</u>	<u>\$ 57,860</u>	<u>\$ 19,035,703</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ -	\$ 1,172,533	\$ 5,314,498	\$ 301,677	\$ 946,529	\$ -	\$ -	\$ 7,735,237
Acquisitions through business combinations	-	39,852	138,006	12,192	10,760	-	-	200,810
Disposals	-	(35,816)	(965,912)	(22,922)	(20,070)	-	-	(1,044,720)
Depreciation expense	-	183,511	1,032,271	38,436	131,404	-	-	1,385,622
Impairment losses recognized	-	1,428	62,684	2,398	597	-	-	67,107
Reclassifications	-	-	1,163	(9,324)	-	-	-	(8,161)
Effects of foreign currency exchange differences	-	(5,700)	(65,892)	(3,068)	(12,658)	-	-	(87,318)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 1,355,808</u>	<u>\$ 5,516,818</u>	<u>\$ 319,389</u>	<u>\$ 1,056,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,248,577</u>
Carrying amounts at December 31, 2020	<u>\$ 465,161</u>	<u>\$ 3,357,857</u>	<u>\$ 6,529,028</u>	<u>\$ 19,685</u>	<u>\$ 357,535</u>	<u>\$ -</u>	<u>\$ 57,860</u>	<u>\$ 10,787,126</u>
<u>Cost</u>								
Balance at January 1, 2019	\$ 469,910	\$ 3,156,734	\$ 11,584,571	\$ 360,268	\$ 1,106,752	\$ 914,966	\$ 1,375,808	\$ 18,969,009
Additions	-	382,220	1,307,689	22,719	63,489	246,406	201,412	2,223,935
Disposals	-	(39,633)	(1,994,368)	(45,688)	(59,438)	(816,330)	-	(2,955,457)
Reclassifications	-	1,282,760	318,965	2,831	98,677	(348,901)	(1,396,791)	(42,459)
Effects of foreign currency exchange differences	(911)	(105,371)	(239,642)	(7,816)	(38,217)	3,859	(4,346)	(392,444)
Balance at December 31, 2019	<u>\$ 468,999</u>	<u>\$ 4,676,710</u>	<u>\$ 10,977,215</u>	<u>\$ 332,314</u>	<u>\$ 1,171,263</u>	<u>\$ -</u>	<u>\$ 176,083</u>	<u>\$ 17,802,584</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2019	\$ -	\$ 1,063,718	\$ 6,062,302	\$ 305,934	\$ 726,473	\$ -	\$ -	\$ 8,158,427
Disposals	-	(30,382)	(1,446,538)	(44,679)	(55,202)	-	-	(1,576,801)
Depreciation expense	-	151,368	997,850	48,049	116,431	-	-	1,313,698
Reclassifications	-	6,132	(211,298)	(8)	188,294	-	-	(16,880)
Effects of foreign currency exchange differences	-	(18,303)	(87,818)	(7,619)	(29,467)	-	-	(143,207)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 1,172,533</u>	<u>\$ 5,314,498</u>	<u>\$ 301,677</u>	<u>\$ 946,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,735,237</u>
Carrying amounts at December 31, 2019	<u>\$ 468,999</u>	<u>\$ 3,504,177</u>	<u>\$ 5,662,717</u>	<u>\$ 30,637</u>	<u>\$ 224,734</u>	<u>\$ -</u>	<u>\$ 176,083</u>	<u>\$ 10,067,347</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	1-45 years
Machinery equipment	1-15 years
Office equipment	1-10 years
Other equipment	2-15 years

The Company's board of directors approved to sell the plant in Yunlin Douliu Section (No. 1110-1111 Zhuweizi Sec., No. 3815-3816, No. 121-125 and No. 434 Dapuwei Sec., Douliu City, Yunlin County) on August 11, 2020. The Group signed the contract with a non-related party on November 9, 2020 for the total price of NT\$109,850 thousand (including tax). After reducing the carrying amount and essential tax, the amount of gain from the sale of plant was NT\$100,946 thousand.

The Group evaluated that the estimated future cash flows expected to arise from the related equipment and buildings would decrease. The Group carried out a review of the recoverable amount of the related equipment and buildings and determined that the carrying amount exceeded the recoverable amount. The Group recognized an impairment loss of \$67,107 thousand, which was recognized in other gains and losses for the year ended December 31, 2020.

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 34.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Land	\$ 290,602	\$ 306,577
Buildings	266,171	265,530
Machinery	31,265	27,198
Transportation equipment	<u>3,184</u>	<u>5,385</u>
	<u>\$ 591,222</u>	<u>\$ 604,690</u>
	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets		
Additions	\$ 90,992	\$ 297,362
Acquisitions through business combinations (Note 29)	<u>3,945</u>	<u>-</u>
	<u>\$ 94,937</u>	<u>\$ 297,362</u>
Depreciation charge for right-of-use assets		
Land	\$ 6,016	\$ 7,128
Buildings	74,471	92,078
Machinery	18,422	19,899
Transportation equipment	<u>2,135</u>	<u>3,401</u>
	<u>\$ 101,044</u>	<u>\$ 122,506</u>

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	\$ 116,334	\$ 114,392
Non-current	\$ 202,070	\$ 217,955

Range of discount rates for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.797%	1.797%
Buildings	1.797%-4.750%	1.797%-4.750%
Machinery	0.507%-1.797%	1.797%
Transportation equipment	1.797%	1.797%

c. Material lease-in activities and terms

The Group leases certain land, buildings, machinery, and transportation equipment for use as factory building, office, and business cars with lease terms from 2 to 50 years. These arrangements do not contain renewal or purchase options.

The Group obtained right-of-use land from local government for periods of 43 years and 4 months to 50 years.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	\$ 38,432	\$ 48,803
Expenses relating to low-value asset leases	\$ 108	\$ 99
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 772	\$ 1,895
Total cash outflow for leases	\$ (143,848)	\$ (156,258)

The leases of the Group are classified as short term lease and low-value asset lease. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

	Land	Building	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 93,800	\$ 88,881	\$ 182,681
Effects of foreign currency exchange differences	<u>-</u>	<u>278</u>	<u>278</u>
Balance at December 31, 2020	<u>\$ 93,800</u>	<u>\$ 89,159</u>	<u>\$ 182,959</u>

(Continued)

	Land	Building	Total
<u>Accumulated amortization</u>			
Balance at January 1, 2020	\$ -	\$ 40,668	\$ 40,668
Depreciation	-	2,496	2,496
Effects of foreign currency exchange differences	<u>-</u>	<u>30</u>	<u>30</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 43,194</u>	<u>\$ 43,194</u>
Carrying amounts at December 31, 2020	<u>\$ 93,800</u>	<u>\$ 45,965</u>	<u>\$ 139,765</u>
<u>Cost</u>			
Balance at January 1, 2019	\$ 93,800	\$ 90,047	\$ 183,847
Effects of foreign currency exchange differences	<u>-</u>	<u>(1,166)</u>	<u>(1,166)</u>
Balance at December 31, 2019	<u>\$ 93,800</u>	<u>\$ 88,881</u>	<u>\$ 182,681</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2019	\$ -	\$ 38,272	\$ 38,272
Depreciation	-	2,469	2,469
Effects of foreign currency exchange differences	<u>-</u>	<u>(73)</u>	<u>(73)</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 40,668</u>	<u>\$ 40,668</u>
Carrying amounts at December 31, 2019	<u>\$ 93,800</u>	<u>\$ 48,213</u>	<u>\$ 142,013</u> (Concluded)

The investment properties were leased out from 2017 to 2021. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2020	2019
Year 1	\$ 2,279	\$ 6,677
Year 2	<u>-</u>	<u>2,854</u>
	<u>\$ 2,279</u>	<u>\$ 9,531</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Building	15-45 years
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The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property was not reliably measurable.

All investment properties of the Group are self-owned. Investment in real estate pledged as collateral for bank borrowings was set out in Note 34.

17. GOODWILL

	For the Year Ended December 31	
	2020	2019
<u>Cost</u>		
Balance at January 1	\$ 7,174,088	\$ 7,241,917
Additional amounts recognized from business combinations that occurred during the year	793,095	-
Impairment losses recognized (Note 25)	-	(59,825)
Effects of foreign currency exchange differences	<u>10,878</u>	<u>(8,004)</u>
Balance at December 31	<u>\$ 7,978,061</u>	<u>\$ 7,174,088</u>

The recoverable amount of the cash-generating unit was determined based on a value in use calculation. The cash flow estimate of the financial budget for the next five years will be determined by the Group's management and calculated using the annual discount rate. The cash flow over 5 years is extrapolated at a zero growth rate. Other key assumptions include estimated operating income and gross profit from sales. These assumptions are based on the past operating conditions of the cash-generating unit and the management's expectations of the market.

The Group acquired Shin Yuan Electronics Products (KunShan) Co., Ltd. in March 2020. Refer to Note 29 for business combinations.

18. OTHER INTANGIBLE ASSETS

	Trademark	Patent	Computer Software	Expertise	Brand	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 252	\$ 4,638	\$ 271,940	\$ 143,109	\$ 2,414,700	\$ 2,834,639
Additions	231	845	17,953	-	-	19,029
Disposals	-	(11)	(4,871)	-	-	(4,882)
Effects of foreign currency exchange differences	-	3	(602)	-	-	(599)
Balance at December 31, 2020	<u>\$ 483</u>	<u>\$ 5,475</u>	<u>\$ 284,420</u>	<u>\$ 143,109</u>	<u>\$ 2,414,700</u>	<u>\$ 2,848,187</u>
<u>Accumulated amortization</u>						
Balance at January 1, 2020	\$ 32	\$ 2,069	\$ 102,539	\$ 40,539	\$ -	\$ 145,179
Amortization expense	39	370	31,241	22,310	-	53,960
Disposals	-	(11)	(4,595)	-	-	(4,606)
Effects of foreign currency exchange differences	-	1	(184)	-	-	(183)
Balance at December 31, 2020	<u>\$ 71</u>	<u>\$ 2,429</u>	<u>\$ 129,001</u>	<u>\$ 62,849</u>	<u>\$ -</u>	<u>\$ 194,350</u>
Carrying amounts at December 31, 2020	<u>\$ 412</u>	<u>\$ 3,046</u>	<u>\$ 155,419</u>	<u>\$ 80,260</u>	<u>\$ 2,414,700</u>	<u>\$ 2,653,837</u>
<u>Cost</u>						
Balance at January 1, 2019	\$ 64	\$ 4,807	\$ 149,862	\$ 143,109	\$ 2,414,700	\$ 2,712,542
Additions	188	-	150,856	-	-	151,044
Disposals	-	(157)	(24,569)	-	-	(24,726)
Effects of foreign currency exchange differences	-	(12)	(4,209)	-	-	(4,221)
Balance at December 31, 2019	<u>\$ 252</u>	<u>\$ 4,638</u>	<u>\$ 271,940</u>	<u>\$ 143,109</u>	<u>\$ 2,414,700</u>	<u>\$ 2,834,639</u>

(Continued)

	Trademark	Patent	Computer Software	Expertise	Brand	Total
<u>Accumulated amortization</u>						
Balance at January 1, 2019	\$ 15	\$ 1,894	\$ 105,634	\$ 18,260	\$ -	\$ 125,803
Amortization expense	17	334	24,343	22,279	-	46,973
Disposals	-	(157)	(24,569)	-	-	(24,726)
Effects of foreign currency exchange differences	-	(2)	(2,869)	-	-	(2,871)
Balance at December 31, 2019	<u>\$ 32</u>	<u>\$ 2,069</u>	<u>\$ 102,539</u>	<u>\$ 40,539</u>	<u>\$ -</u>	<u>\$ 145,179</u>
Carrying amounts at December 31, 2019	<u>\$ 220</u>	<u>\$ 2,569</u>	<u>\$ 169,401</u>	<u>\$ 102,570</u>	<u>\$ 2,414,700</u>	<u>\$ 2,689,460</u>

(Concluded)

Management believes the Group will renew the brand continuously and has the ability to do so. Various studies and researches of product life cycle, market, competitiveness and environmental trends, and brand expansion opportunities have been carried out by management of the Company. The researches have supported their opinion that there is no foreseeable limit to the period over which the trademarked products that are expected to generate net cash flows. Therefore, the trademark is considered to have an indefinite useful life. The brand will not be amortized until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Trademark	9-10 years
Patent	5-20 years
Computer software	1-10 years
Expertise	6-10 years

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 3,834,008</u>	<u>\$ 5,899,180</u>

The effective interest rate ranges for bank loans were 0.7358%-1.14% and 0.97%-2.88% per annum as of December 31, 2020 and 2019, respectively.

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	\$ 1,050,000	\$ 600,000
Less: Unamortized discount on bills payable	<u>(461)</u>	<u>(193)</u>
	<u>\$ 1,049,539</u>	<u>\$ 599,807</u>

Outstanding short-term bills payable as follows:

December 31, 2020

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value
<u>Commercial paper</u>			
Mega Bills	\$ 450,000	\$ 195	\$ 449,805
DAH Chung Bills	300,000	136	299,864
TCB Bills	150,000	28	149,972
China Bills	<u>150,000</u>	<u>102</u>	<u>149,898</u>
	<u>\$ 1,050,000</u>	<u>\$ 461</u>	<u>\$ 1,049,539</u>

December 31, 2019

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value
<u>Commercial paper</u>			
Mega Bills	\$ 200,000	\$ 54	\$ 199,946
TCB Bills	150,000	13	149,987
DAH Chung Bills	150,000	83	149,917
China Bills	<u>100,000</u>	<u>43</u>	<u>99,957</u>
	<u>\$ 600,000</u>	<u>\$ 193</u>	<u>\$ 599,807</u>

The effective interest rate ranges for short-term bills payable were 0.858% and 0.998%-1.038% per annum as of December 31, 2020 and 2019, respectively.

c. Long-term borrowings

	December 31	
	2020	2019
<u>Secured borrowings (Note 34)</u>		
Bank loans	\$ 37,086	\$ -
<u>Unsecured borrowings</u>		
Bank loans	4,510,100	2,706,919
Other loans	2,278	-
Due within one year	<u>(1,070)</u>	<u>(120,423)</u>
Long-term loans	<u>\$ 4,548,394</u>	<u>\$ 2,586,496</u>
<u>December 31, 2020</u>		

Nature of Borrowing	Credit Period and Repayment Agreement	Collateral
O-Bank Co., Ltd. medium and long-term loans (National Development Council project)	During the loan period, from December 10, 2019 to November 15, 2024, the interest will be paid on a monthly basis and the principal will be repaid in the last month of grace period by 25 equal monthly installments, non-recyclable.	No
Taishin International Bank medium and long-term loans (National Development Council project)	During the loan period, from September 24, 2019 to September 15, 2024, the interest will be paid on a monthly basis, and the principal will be repaid in the 37 th month after the first drawdown date on a monthly basis, non-recyclable.	No
First Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from September 6, 2019 to August 15, 2026, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
Taipei Fubon Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from January 3, 2020 to December 15, 2024, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
KGI Commercial Bank medium and long-term loans	During the loan period, from June 3, 2020 to June 3, 2022, the interest will be paid	No

Yuanta Commercial Bank medium and long-term loans	on a monthly basis, and the principal will be repaid at maturity, recyclable. During the loan period, from April 27, 2020 to April 15, 2022, the interest will be paid on a monthly basis, and the principal will be repaid at maturity, recyclable.	No
Bank SinoPac Company Limited medium and long-term loans (National Development Council project)	During the loan period, from August 19, 2019 to August 15, 2024, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
Taishin International Bank medium and long-term loans (National Development Council project)	During the loan period, from October 3, 2019 to October 3, 2024, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
Taipei Fubon Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from October 16, 2019 to October 16, 2024, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
Mega International Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from November 5, 2019 to November 5, 2026, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
(Continued)		
Nature of Borrowing	Credit Period and Repayment Agreement	Collateral
Taipei Fubon Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from December 2, 2019 to December 2, 2024, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
First Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from September 6, 2019 to August 15, 2026,, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	Note 2
(Concluded)		

December 31, 2019

Nature of Borrowing	Credit Period and Repayment Agreement	Collateral
Taipei Fubon Commercial Bank Co., Ltd. and joint loans from 3 banks	Notes 1(b) and (c)	No
O-Bank Co., Ltd. medium and long-term loans (National Development Council project)	During the loan period, from December 10, 2019 to November 15, 2024, the interest will be paid on a monthly basis and the principal will be repaid in the last month of grace period by 49 equal monthly installments, non-recyclable.	No
Taishin International Bank medium and long-term loans (National Development Council project)	During the loan period, from September 24, 2019 to September 15, 2024, the interest will be paid on a monthly basis, and the principal will be repaid in the 37 th month after the first drawdown date on a monthly basis, non-recyclable.	No
First Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from September 6, 2019 to August 15, 2026, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
Sumitomo Mitsui Bank medium and long-term loans	During the loan period, from December 1, 2019 to June 30, 2021, the interest will be paid on a monthly basis, and the principal will be repaid at maturity, recyclable.	No
JihSun International Commercial Bank medium and long-term loans	During the loan period, from December 12, 2019 to December 12, 2021, the interest will be paid on a monthly basis, and the principal will be repaid at maturity, recyclable.	No
Bank SinoPac Company Limited medium and long-term loans (National Development Council project)	During the loan period, from August 19, 2019 to August 15, 2024, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
Taishin International Bank medium and long-term loans (National Development Council project)	During the loan period, from October 3, 2019 to October 3, 2024, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No

(Continued)

Nature of Borrowing	Credit Period and Repayment Agreement	Collateral
Taipei Fubon Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from October 16, 2019 to October 16, 2024, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
Mega International Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from November 5, 2019 to November 5, 2026, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
Taipei Fubon Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from December 4, 2019 to December 2, 2024, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
(Concluded)		

The effective interest rate ranges for bank loans were 0.7357%-0.88733% and 1.00%-3.21% per annum as of December 31, 2020 and 2019, respectively.

Note 1: Ralec Technology (HK) Limited signed a syndication loan contract with three banks, including Taipei Fubon Commercial Bank as the host bank and management bank, on April 2, 2018, with Ralec Electronic Corp. as the guarantor. The main terms of the loan contract are as follows:

- a) Credit line: The total credit amount is US\$15,000 thousand, which can be used cyclically within the credit period.
- b) Credit period: After 5 years from the date of first use, US\$4,000 thousand will expire on November 26, 2023, and had terminated the contract in the June of 2020.
- c) In this way, the credit is the first period of the expiration date of the first period of 24 months, and the first period thereafter, which is divided into four periods, and the first and second periods are each 10% of the total credit reduction. 20% of the total amount of credit reduction in the third period and the remaining 60% of the total amount will decrease sequentially in last period.
- d) Transfer investment shareholding agreement: Ralec Electronic Corp. should continue holding at least 67% of the issued shares or capital contribution via direct and/or (inter) holdings of Ralec Technology (Kunshan), and maintain control over the operation of these companies. No pledge shall be created during the term of this contract; Ralec Electronic Corp. should continue holding at least 67% of the issued shares or capital contributions via direct and/or (inter) holdings of ASJ Holdings Limited and ASJ Components (M) Sdn. Bhd., and maintain control over the operation of these companies. During the term of this contract, no pledge of ASJ Holdings Limited and ASJ Components (M) Sdn. Bhd shall be created.

- e) Financial ratio limit: During the contract period, Ralec Electronic Corp.'s annual consolidated financial statements are based on the accountant's verification of the visa and shall be used as the basis for calculation of financial ratios such as current ratio and should maintain the financial ratios such as current ratio, debt ratio and interest coverage ratio and the tangible net value in line with the contractual lower limit.

Note 2: The bank loan is secured by the Group's own land and buildings.

20. BONDS PAYABLE

	December 31	
	2020	2019
Domestic unsecured convertible bonds without collaterals	\$ 879,600	\$ 2,297,700
Discounts of secured domestic convertible bonds	(31,436)	(85,710)
Less: Current portions	<u>-</u>	<u>(489,548)</u>
	<u>\$ 848,164</u>	<u>\$ 1,722,442</u>

a. The Company's sixth domestic unsecured convertible bonds

As of September 12, 2019, the Company issued the sixth unsecured convertible bonds of NT\$2,000,000 thousand with a zero-coupon interest rate in Taiwan. The duration period is between September 12, 2019 and September 12, 2024. The Company has to repurchase all of its bonds in cash at face value. The corporate bonds may be converted into ordinary shares of the Company upon request from December 31, 2019 to September 11, 2024. The conversion price at the time of issuance was NT\$94 per share.

The bonds will be held on the next day after the expiration of 3 months (December 13, 2019) until 40 days before the expiration of the issue period (August 3, 2024). If the closing price of the Company's ordinary stock exceeds the conversion price of the bond by 30% or more for 30 consecutive business days, the Company shall repurchase the bonds in cash within 30 business days and within 5 business days after the benchmark date of bond repurchase. The Company redeems the bondholder's convertible corporate bonds by cash.

According to the provisions of the issuance and conversion method, as of December 31, 2020, a denomination of NT\$1,120,400 thousand had been converted into 12,110 thousand shares of common stock with the conversion price of NT\$90.6 per share.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 0.9975% per annum on initial recognition.

Proceeds from issuance (less transaction costs of NT\$5,000 thousand)	\$ 2,015,000
Equity component (less transaction costs allocated to the equity component of NT\$264 thousand)	(106,191)
Financial product component	<u>(5,642)</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of NT\$4,722 thousand)	1,903,167
Interest charged at an effective interest rate of 0.9975%	6,152
Convertible bonds converted into ordinary shares	<u>(186,877)</u>
Liability component at December 31, 2019	1,722,442
Interest charged at an effective interest rate of 0.9975%	12,392
Convertible bonds converted into ordinary shares	<u>(886,670)</u>
Liability component at December 31, 2020	<u>\$ 848,164</u>

b. The Company's fifth domestic unsecured convertible bonds

As of September 18, 2017, the Company issued the fifth unsecured convertible bonds of NT\$1,400,000 thousand with a zero-coupon interest rate in Taiwan. The duration period is between September 18, 2017 and September 18, 2020. The Company has to repurchase all of its bonds in cash at face value. The corporate bonds may be converted into ordinary shares of the Company upon request from December 19, 2017 to September 18, 2020. The conversion price at the time of issuance was NT\$103.0 per share.

The bonds will be held on the next day after the expiration of 3 months (December 19, 2017) until 40 days before the expiration of the issue period (August 9, 2020). If the closing price of the Company's ordinary stock exceeds the conversion price of the bond by 30% or more for 30 consecutive business days, the Company shall repurchase the bond in cash within 30 business days and within 5 business days after the benchmark date of bond repurchase. The Company redeems the bondholder's convertible corporate bonds by cash.

According to the provisions of the issuance and conversion method, as of September 18, 2020, a denomination of NT\$1,385,100 thousand had been converted into 15,598 thousand shares of common stock with the conversion price of NT\$96.3 per share. As of September 18, 2020, 14,900 thousand share had not convertible into common share, which returned cash to the bondholders.

c. The Company's fourth domestic unsecured domestic convertible bonds.

As of May 29, 2015, the Company issued the fourth unsecured convertible bonds of NT\$1,500,000 thousand with a zero-coupon interest rate in Taiwan. The duration period is between May 29, 2015 and May 29, 2020. The Company has to repurchase all of its bonds in cash at face value. The corporate bonds may be converted into ordinary shares of the Company upon request from June 30, 2015 to May 29, 2020. The conversion price at the time of issuance was NT\$74.5 per share.

According to the provisions of the issuance and conversion method, as of May 29, 2020, a denomination of NT\$1,281,200 thousand had been converted into 20,910 thousand shares of common stock with the conversion price of NT\$55.6 per share; as of May 29, 2020, the convertible bonds amounting to NT\$218,400 thousand was purchased and written off by the Company from the open market. As of May 29, 2020, 400 thousand share had not convertible into common share, which returned cash to the bondholders.

21. OTHER PAYABLES

	December 31	
	2020	2019
Other payables		
Payables for salaries or bonuses	\$ 623,806	\$ 572,215
Payables for compensation of employees and remuneration of directors	198,559	188,286
Payables for purchases of equipment	754,530	437,752
Payables for professional service fees	28,093	34,962
Others	759,678	663,703
	<u>\$ 2,364,666</u>	<u>\$ 1,896,918</u>

22. OTHER LIABILITIES

	December 31	
	2020	2019
<u>Current</u>		
Advance receipts	\$ 28,005	\$ 33,966
Others	<u>87,140</u>	<u>36,710</u>
	<u>\$ 115,145</u>	<u>\$ 70,676</u>
<u>Non-current</u>		
Defined benefit plans (Note 23)	\$ 96,657	\$ 107,329
Guarantee Deposits	5,011	2,085
Others	<u>273,276</u>	<u>56,186</u>
	<u>\$ 374,944</u>	<u>\$ 165,600</u>

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company, Ralec Electronic Corporation, Mag.Layers Scientific-Technics Co., Ltd., Magic Technology, Chu Hsin Investment Ltd. and Magic Wireless Technology Co., Ltd. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries aboard are members of a state-managed retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company, Ralec Electronic Corp., Mag.Layers Scientific-Technics Co., Ltd. and Magic Technology Co., Ltd. in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and its subsidiaries contribute amounts equal to 2% to 9% of total monthly salaries and wages to a pension fund administered by a pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 155,633	\$ 148,996
Fair value of plan assets	<u>(58,976)</u>	<u>(41,667)</u>
Net defined benefit liability	<u>\$ 96,657</u>	<u>\$ 107,329</u>

Movements in the net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2019	<u>\$ 174,254</u>	<u>\$ (47,797)</u>	<u>\$ 126,457</u>
Service cost			
Current service cost	1,496	-	1,496
Past service cost	(7,232)	-	(7,232)
Net interest expense (income)	<u>1,944</u>	<u>(568)</u>	<u>1,376</u>
Recognized in profit or loss	<u>(3,792)</u>	<u>(568)</u>	<u>(4,360)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,677)	(1,677)
Actuarial (gain) loss			
Changes in demographic assumptions	2,717	-	2,717
Changes in financial assumptions	4,722	-	4,722
Experience adjustments	<u>(13,409)</u>	<u>-</u>	<u>(13,409)</u>
Recognized in other comprehensive income	<u>(5,970)</u>	<u>(1,677)</u>	<u>(7,647)</u>
Contributions from the employer	<u>-</u>	<u>(6,784)</u>	<u>(6,784)</u>
Contributions from plan participants	<u>-</u>	<u>(337)</u>	<u>(337)</u>
Benefits paid	<u>(15,496)</u>	<u>15,496</u>	<u>-</u>
Balance at December 31, 2019	<u>148,996</u>	<u>(41,667)</u>	<u>107,329</u>
Service cost			
Current service cost	1,163	-	1,163
Past service cost	(4,150)	-	(4,150)
Net interest expense (income)	<u>1,146</u>	<u>(353)</u>	<u>793</u>
Recognized in profit or loss	<u>(1,841)</u>	<u>(353)</u>	<u>(2,194)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,624)	(1,624)
Actuarial loss			
Changes in demographic assumptions	702	-	702
Changes in financial assumptions	4,802	-	4,802
Experience adjustments	<u>11,120</u>	<u>-</u>	<u>11,120</u>
Recognized in other comprehensive income	<u>16,624</u>	<u>(1,624)</u>	<u>15,000</u>
Contributions from the employer	<u>-</u>	<u>(23,170)</u>	<u>(23,170)</u>
Contributions from plan participants	<u>-</u>	<u>(308)</u>	<u>(308)</u>
Benefits paid	<u>(8,146)</u>	<u>8,146</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 155,633</u>	<u>\$ (58,976)</u>	<u>\$ 96,657</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2020	2019
Operating costs	\$ (3,200)	\$ (2,613)
Selling and marketing expenses	419	(1,232)
General and administrative expenses	367	(107)
Research and development expenses	<u>220</u>	<u>(408)</u>
	<u>\$ (2,194)</u>	<u>\$ (4,360)</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rates	0.500%	0.750%-0.875%
Expected rates of salary increase	2.000%-2.750%	2.000%-2.750%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2020	2019
Discount rates		
0.25% increase	<u>\$ (4,292)</u>	<u>\$ (4,344)</u>
0.25% decrease	<u>\$ 4,388</u>	<u>\$ 4,531</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 4,394</u>	<u>\$ 4,385</u>
0.25% decrease	<u>\$ (4,163)</u>	<u>\$ (4,225)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
Expected contributions to the plans for the next year	<u>\$ 3,515</u>	<u>\$ 8,093</u>
Average duration of the defined benefit obligation	9.4-13.5 years	9.4-13.8 years

24. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>263,329</u>	<u>246,978</u>
Shares issued	<u>\$ 2,633,292</u>	<u>\$ 2,469,782</u>

The movements of the ordinary shares were due to shares conversion method to convertible bonds and the exercise of employee share options.

b. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on June 5, 2019 and resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the Company's Articles of Incorporation, when the Company has earnings for the year, the Company should first make tax payments, offset any past years' deficit, then distribute the remaining profit in the following order:

- 1) Legal reserve is appropriated at 10% of the remaining profit.
- 2) Special reserve is appropriated or reversed in accordance with the laws and regulations.
- 3) Appropriations for dividends and bonuses by setting aside at least 10% of the remaining profit for legal reserve and special reserve may be proposed by the Company's board of directors. For issuance of new shares, it should be approved at the shareholders' meeting while for cash distribution, it should be approved by the Company's board of directors.

The Company's dividend policy takes into account the Company's current and future competitiveness in the domestic and foreign markets, the investment environment and cash requirements. The policy authorizes the Company's board to propose an earnings distribution in the form of shares or in cash appropriately in accordance with the laws and regulations, with the board's proposal subject to approval at the shareholders' meeting. For the policies on distribution of the compensation of employees and remuneration of directors before and after amendment, refer to f. in Note 25.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Order No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings, bonuses to employees and remuneration to directors and supervisors for 2019 and 2018 approved in the shareholders' meetings on June 5, 2020 and June 5, 2019, respectively, were as follows. At the annual shareholders' meeting of the Company in 2019, it was also decided to allocate annual surpluses of 2018, and if the distribution of the surplus is maintained, the authorized chairman of the board of directors shall be authorized to handle the change.

	For the Year Ended December 31	
	2019	2018
Legal reserve	\$ 115,391	\$ 288,254
Special reserve	\$ 579,301	\$ 219,786
Cash dividends	\$ 864,424	\$ 1,945,908
Cash dividend per share (NT\$)	\$ 3.5	\$ 8.0

The appropriations of earnings for 2020 had been approved by the Company's board of directors on March 11, 2021. The appropriations and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	\$ 153,359
Special reserve	\$ 128,000
Cash dividends	\$ 526,586
Cash dividend per share (NT\$)	\$ 2.0

The cash dividends above has been approved by the Company's board of directors. The rest is pending the resolution of shareholders' meeting to be held on June 5, 2021.

c. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (975,819)	\$ (397,065)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(142,763)	(626,225)
Effect of income tax	3,596	47,471
Other comprehensive loss	(139,167)	(578,754)
Balance at December 31	\$ (1,114,986)	\$ (975,819)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (10,112)	\$ (9,565)
Recognized for the year		
Unrealized gain (loss) - equity instruments	33,613	(74)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(22,446)</u>	<u>(473)</u>
Balance at December 31	<u>\$ 1,055</u>	<u>\$ (10,112)</u>

d. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 74,741	\$ 73,793
Share of profit for the year	18,531	2,705
Other comprehensive income (loss) during the year		
Exchange difference on translation of the financial statements of foreign entities	<u>(8,856)</u>	<u>(1,757)</u>
Balance at December 31	<u>\$ 84,416</u>	<u>\$ 74,741</u>

25. NET PROFIT FOR THE YEAR

a. Other income

	For the Year Ended December 31	
	2020	2019
Dividend income	\$ 9,457	\$ 38
Rental income	6,521	10,009
Claim income	<u>-</u>	<u>78,096</u>
	<u>\$ 15,978</u>	<u>\$ 88,143</u>

b. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as a FVTPL	\$ 201,032	\$ 35,537
Net foreign exchange gains/(losses)	(64,897)	42,597
Gain/(loss) on disposal of property, plant and equipment	96,866	(13,523)
Impairment loss	(67,107)	(59,825)
Others	<u>(182,016)</u>	<u>193,778</u>
	<u>\$ (16,122)</u>	<u>\$ 198,564</u>

c. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 104,783	\$ 169,692
Interest on convertible bonds	13,607	13,052
Interest on short-term bills payable	5,877	10,895
Interest on lease liabilities	3,867	4,372
Other finance costs	<u>59</u>	<u>2</u>
	<u>\$ 128,193</u>	<u>\$ 198,013</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	\$ 1,385,622	\$ 1,313,698
Right-of-use assets	101,044	122,506
Investment property	2,496	2,469
Intangible assets	53,960	46,973
Prepayments	<u>3,915</u>	<u>9,384</u>
	<u>\$ 1,547,037</u>	<u>\$ 1,495,030</u>
An analysis of depreciation by function		
Operating costs	\$ 1,337,388	\$ 1,298,736
Operating expenses	<u>151,774</u>	<u>139,937</u>
	<u>\$ 1,489,162</u>	<u>\$ 1,438,673</u>
An analysis of amortization by function		
Operating costs	\$ 27,832	\$ 32,109
Operating expense	<u>30,043</u>	<u>24,248</u>
	<u>\$ 57,875</u>	<u>\$ 56,357</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 102,059	\$ 136,128
Defined benefits plans (Note 23)	<u>(2,194)</u>	<u>(4,360)</u>
	<u>99,865</u>	<u>131,768</u>
Other employee benefits	<u>4,102,310</u>	<u>4,209,494</u>
Total employee benefits expense	<u>\$ 4,202,175</u>	<u>\$ 4,341,262</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 2,997,430	\$ 3,014,176
Operating expenses	<u>1,204,745</u>	<u>1,327,086</u>
	<u>\$ 4,202,175</u>	<u>\$ 4,341,262</u>

f. Compensation of employees and remuneration of director directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 4%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on March 11, 2021 and February 26, 2020, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	2%	2%
Remuneration of directors and supervisors	4%	4%

Amount

	For the Year Ended December 31	
	2020	2019
Compensation of employees	<u>\$ 32,400</u>	<u>\$ 25,600</u>
Remuneration of directors and supervisors	<u>\$ 64,000</u>	<u>\$ 51,200</u>

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the next year.

There is no difference between the actual amounts of the compensation of employees and remuneration of directors and supervisors in 2019 and 2018 and the amounts recognized in the consolidated financial statements for the year ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors and supervisors and bonuses to employees, directors and supervisors resolved by the shareholders' meeting are available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	\$ 801,717	\$ 527,509
Foreign exchange losses	<u>(866,614)</u>	<u>(484,912)</u>
	<u>\$ (64,897)</u>	<u>\$ 42,597</u>

26. INCOME TAXES

- a. Major components of tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2020	2019
<u>Current tax</u>		
In respect of current year	\$ 385,770	\$ 236,479
Income tax on unappropriated earnings	3	26,624
Adjustments for prior years	<u>(45,257)</u>	<u>43,106</u>
	<u>340,516</u>	<u>306,209</u>
<u>Deferred tax</u>		
In respect of current year	<u>(10,033)</u>	<u>(76,845)</u>
Income tax expense recognized in profit or loss	<u>\$ 330,483</u>	<u>\$ 229,364</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	<u>\$ 1,873,556</u>	<u>\$ 1,379,374</u>
Income tax expense calculated at the statutory rate	\$ 726,102	\$ 511,716
Deductible (non-deductible) expenses in determining taxable income	9,963	(331,409)
Tax-exempt income	(220,635)	-
Income tax on unappropriated earnings	3	26,624
Unrecognized investment credits	(135,704)	(61,483)
Unrecognized loss carryforwards	8,384	57,519
Unrecognized deductible temporary differences	(31,066)	(16,709)
Foreign withholding tax	18,693	-
Adjustments for prior years' tax	<u>(45,257)</u>	<u>43,106</u>
Income tax expense recognized in profit or loss	<u>\$ 330,483</u>	<u>\$ 229,364</u>

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (3,596)	\$ (47,471)
Actuarial (gain) loss on defined benefit plan	<u>(1,602)</u>	<u>1,518</u>
	<u>\$ (5,198)</u>	<u>\$ (45,953)</u>

c. Current tax liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	\$ 68,547	\$ 27,728
Current tax liabilities		
Income tax payable	\$ 156,563	\$ 214,092

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealized sales gain	\$ 251,857	\$ (3,866)	\$ -	\$ 8,641	\$ 256,632
Inventory write-downs	36,523	(19,773)	-	41	16,791
Property, plant and equipment	16,983	(637)	-	124	16,470
Defined benefit obligations	17,607	(483)	1,602	-	18,726
Unrealized gain on disposal of property, plant and equipment	3,751	(1,003)	-	-	2,748
Exchange differences on foreign operation	53,753	-	3,596	-	57,349
Unrealized exchange loss	6,331	(1,109)	-	-	5,222
Payables for annual leave	6,317	2,063	-	36	8,416
Compensation	1,802	-	-	(1)	1,801
Bad debt overrun	1,637	(564)	-	-	1,073
Impairment loss on financial assets	197	(193)	-	-	4
Others	2,506	37,434	-	2	39,942
	399,264	11,869	5,198	8,843	425,174
Investment credits	84,343	14,149	-	(5,157)	93,335
Loss carryforwards	11,673	(6,563)	-	25	5,135
	<u>\$ 495,280</u>	<u>\$ 19,455</u>	<u>\$ 5,198</u>	<u>\$ 3,711</u>	<u>\$ 523,644</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Share of profit of subsidiaries	\$ 226,365	\$ -	\$ -	\$ 30	\$ 226,395
Unrealized exchange interest	39,242	7,244	-	1,600	48,086
Gain on bargain purchase	15,822	-	-	-	15,822
Unrealized sales loss	4,079	(264)	-	-	3,815
Others	3,991	2,442	-	-	6,433
	<u>\$ 289,499</u>	<u>\$ 9,422</u>	<u>\$ -</u>	<u>\$ 1,630</u>	<u>\$ 300,551</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealized sales gain	\$ 266,271	\$ (4,489)	\$ -	\$ (9,925)	\$ 251,857
Inventory write-downs	50,499	(13,915)	-	(61)	36,523
Property, plant and equipment	22,424	(4,955)	-	(486)	16,983
Defined benefit obligations	20,909	(1,784)	(1,518)	-	17,607
Unrealized gain on disposal of property, plant and equipment	6,906	(3,155)	-	-	3,751
Exchange differences on foreign operation	6,087	-	47,666	-	53,753
Unrealized exchange loss	5,858	473	-	-	6,331
Payables for annual leave	5,058	1,300	-	(41)	6,317
Compensation	1,802	-	-	-	1,802
Bad debt overrun	1,714	(74)	-	(3)	1,637
Impairment loss on financial assets	1,190	(993)	-	-	197
Others	27,393	(25,236)	-	349	2,506
	416,111	(52,828)	46,148	(10,167)	399,264
Investment credits	85,716	385	-	(1,758)	84,343
Loss carryforwards	7,691	4,128	-	(146)	11,673
	<u>\$ 509,518</u>	<u>\$ (48,315)</u>	<u>\$ 46,148</u>	<u>\$ (12,071)</u>	<u>\$ 495,280</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Share of profit of subsidiaries	\$ 358,564	\$ (132,077)	\$ -	\$ (122)	\$ 226,365
Unrealized exchange interest	36,774	3,887	-	(1,419)	39,242
Gain on bargain purchase	15,295	527	-	-	15,822
Unrealized sales loss	5,133	(1,054)	-	-	4,079
Others	239	3,557	195	-	3,991
	<u>\$ 416,005</u>	<u>\$ (125,160)</u>	<u>\$ 195</u>	<u>\$ (1,541)</u>	<u>\$ 289,499</u>

- e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	2020	2019
Loss carryforwards		
Expiry in 2029	\$ 286,494	\$ 286,494
Expiry in 2030	43,032	-
No expiration date	<u>-</u>	<u>1,292</u>
	<u>\$ 329,526</u>	<u>\$ 287,786</u>
Investment credits		
Machinery	<u>\$ 565,434</u>	<u>\$ 271,318</u>
Deductible temporary differences	<u>\$ 110,882</u>	<u>\$ 69,816</u>

Some unused investment credits will expire in 2021 and some have no expiration date.

- f. Information about unused investment credits, unused loss carry-forward and tax-exemption

As of December 31, 2020, loss carryforwards comprised:

Unused Amount	Expiry Year
\$ 16,537	2021
4,895	2022
1,819	2023
2,820	2025
3,509	2026
2,095	2027
1,744	2028
288,821	2029
<u>44,804</u>	2030
 <u>\$ 367,044</u>	

- g. Income tax assessments

The income tax returns of the Company, Chu Hsin Investment Ltd., Mag.Layers Scientific-Technics Co., Ltd., Magic Technology Co., Ltd., and Magic Wireless Technology Co., Ltd. and Ralec Electronic Corp. through 2018 had been assessed by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share	<u>\$ 5.91</u>	<u>\$ 4.71</u>
Diluted earnings per share	<u>\$ 5.73</u>	<u>\$ 4.29</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Earnings used in the computation of basic earnings per share	\$ 1,524,542	\$ 1,147,305
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax) and gain or loss on redemption rights	<u>14,642</u>	<u>7,442</u>
Net income used in computation of diluted earnings per share	<u>\$ 1,539,184</u>	<u>\$ 1,154,747</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	258,710	243,594
Effect of potentially dilutive ordinary shares		
Convertible bonds	9,709	24,142
Employee share options	413	1,379
Bonus issue to employees	<u>321</u>	<u>308</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>268,613</u>	<u>269,423</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company and its subsidiaries were granted 7,000 thousand units of share options in April 2015. Each option represents one thousand share of the Company's ordinary shares. The vesting period of these options is 8 years. Qualified employees may exercise at certain percentages of the options after three years, from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2020		2019	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)
Balance at January 1	2,121	\$ 44.80	3,007	\$ 49.50
Options exercised	<u>(1,484)</u>	44.63	<u>(886)</u>	47.26
Balance at December 31	<u>637</u>	43.20	<u>2,121</u>	44.80
Options exercisable, end of year	<u>637</u>		<u>240</u>	

Information on outstanding options as of December 31, 2020 and 2019 is as follows:

December 31			
2020		2019	
Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)	Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)
\$43.20	2.33	\$44.80	3.33

Options granted in April 2015 were priced using the binomial option pricing model and the inputs to the model are as follows:

April 2015

Grant-date share price (NT\$)	\$56.8
Exercise price (NT\$)	\$56.8
Expected volatility	38.14%-40.89%
Expected life (in years)	8 years
Expected dividend yield	-
Risk-free interest rate	1.0003%-1.1626%

Expected volatility was based on the historical share price volatility over the past 5 years. To allow for the effects of early exercise, the Company assumed that employees would exercise their options after the vesting date when the share price was two times the exercise price.

Compensation costs recognized were NT\$126 thousand and NT\$550 thousand for the years ended December 31, 2020 and 2019, respectively.

29. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Shin Yuan Electronics Production (Kunshan) Co., Ltd.	Electronic components manufacturing and marketing	March 3, 2020	100	<u>\$ 1,367,037</u>

In order to continue the expansion of the Group's scale of operation, the Group acquired Shin Yuan Electronics Production (Kunshan) Co., Ltd. on March 3, 2020.

b. Consideration transferred

	Shin Yuan Electronics Production (Kunshan) Co., Ltd.
Cash	<u>\$ 1,367,037</u>

c. Assets acquired and liabilities assumed at the date of acquisition

**Shin Yuan
Electronics
Production
(Kunshan) Co.,
Ltd.**

Current assets	
Cash and cash equivalents	\$ 386,176
Trade and other receivables	69,468
Inventories	21,827
Other current assets	9,659
Non-current assets	
Property, plant and equipment	154,548
Right-of-use assets	3,945
Other non-current assets	6,229
Current liabilities	
Notes payable, trade and other payables	<u>(77,910)</u>
	<u>\$ 573,942</u>

d. Goodwill recognized on acquisitions

**Shin Yuan
Electronics
Production
(Kunshan) Co.,
Ltd.**

Consideration transferred	\$ 1,367,037
Less: Fair value of identifiable net assets acquired	<u>(573,942)</u>
Goodwill recognized on acquisitions	<u>\$ 793,095</u>

The goodwill recognized in the acquisition of Shin Yuan Electronics Production (Kunshan) Co., Ltd. mainly represents the control premium included in the cost of the combination. In addition, the consideration paid for the combination effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the employee value of Shin Yuan Electronics Production (Kunshan) Co., Ltd. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Net cash outflow on acquisition of subsidiaries

**Shin Yuan
Electronics
Production
(Kunshan) Co.,
Ltd.**

Cash and cash equivalent balances acquired	\$ 386,176
Consideration paid in cash	<u>(1,367,037)</u>
	<u>\$ (980,861)</u>

f. Impact of acquisitions on the results of the Group

The results of the acquirees since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	Shin Yuan Electronics Production (Kunshan) Co., Ltd.
Revenue	<u>\$ 363,913</u>
Profit	<u>\$ 29,492</u>

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations would have been NT\$17,466,266 thousand, and the profit from continuing operations would have been NT\$1,535,187 thousand for the year ended December 31, 2020. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had been acquired at the beginning of the financial year, the management considered the fair values of property, plant and equipment, rather than their carrying amounts recognized in the respective pre-acquisition financial statements at the initial accounting for the business combination, were used as the basis for the depreciation of property, plant and equipment.

30. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes Others (Note)	Closing Balance
Short-term borrowings	\$ 5,899,180	\$ (1,966,724)	\$ (98,448)	\$ 3,834,008
Short-term bills payable	599,807	443,855	5,877	1,049,539
Long-term borrowings (include current portion of long-term borrowings)	2,706,919	1,841,136	1,409	4,549,464
Guarantee deposits received	2,085	2,926	-	5,011
Bonds payable (include current portion of long-term borrowings)	2,211,990	(15,300)	(1,348,526)	848,164
Lease Liabilities	<u>332,347</u>	<u>(105,308)</u>	<u>91,365</u>	<u>318,404</u>
	<u>\$ 11,752,328</u>	<u>\$ 200,585</u>	<u>\$ (1,348,323)</u>	<u>\$ 10,604,590</u>

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes Others (Note)	Closing Balance
Short-term borrowings	\$ 4,112,043	\$ 1,845,820	\$ (58,683)	\$ 5,899,180
Short-term bills payable	1,099,600	(510,688)	10,895	599,807
Long-term borrowings (include current portion of long-term borrowings)	4,804,733	(2,093,016)	(4,798)	2,706,919
Guarantee deposits received	1,848	237	-	2,085
Bonds payable (include current portion of long-term borrowings)	561,480	2,015,000	(364,490)	2,211,990
Lease Liabilities	<u>430,947</u>	<u>(101,089)</u>	<u>2,489</u>	<u>332,347</u>
	<u>\$ 11,010,651</u>	<u>\$ 1,156,264</u>	<u>\$ (414,587)</u>	<u>\$ 11,752,328</u>

Note: Other changes include additional adjustments for new lease or lease modification, short-term bills payable, amortization of interest expense on corporate bonds payable, reduction in the number of conversion rights payable to bondholders, and exchange differences.

31. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy is assessed and properly adjusted based on the Company's operations and cash flows to adapt to changes in the market in a timely manner.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally capital requirements.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the number of shares repurchased or new shares issued or new liabilities issued or liabilities repaid.

32. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments not measured at fair value

December 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 848,164	\$ 1,054,996	\$ -	\$ -	\$ 1,054,996

December 31, 2019

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 2,211,990	\$ 3,018,715	\$ -	\$ -	\$ 3,018,715

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 32,365	\$ -	\$ 32,365
Mutual funds	3,543	-	-	3,543
Structured deposits	-	-	1,935,530	1,935,530
	<u>\$ 3,543</u>	<u>\$ 32,365</u>	<u>\$ 1,935,530</u>	<u>\$ 1,971,438</u>

Financial assets at FVTOCI

Listed shares and emerging market shares	\$ 1,741	\$ -	\$ -	\$ 1,741
Domestic unlisted shares	-	-	45,650	45,650
Foreign corporate bonds	234,197	-	-	234,197
	<u>\$ 235,938</u>	<u>\$ -</u>	<u>\$ 45,650</u>	<u>\$ 281,588</u>

Financial liabilities at FVTPL

Derivative financial liabilities	\$ -	\$ 9,255	\$ -	\$ 9,255
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December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 18,732	\$ -	\$ 18,732
Mutual funds	84,790	-	-	84,790
Structured deposits	-	-	785,762	785,762
Foreign private equity fund	-	-	7,841	7,841
	<u>\$ 84,790</u>	<u>\$ 18,732</u>	<u>\$ 793,603</u>	<u>\$ 897,125</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Listed shares and emerging market shares	\$ 1,664	\$ -	\$ -	\$ 1,664
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>76,934</u>	<u>76,934</u>
	<u>\$ 1,664</u>	<u>\$ -</u>	<u>\$ 76,934</u>	<u>\$ 78,598</u>

Financial liabilities at FVTPL

Derivative financial liabilities	<u>\$ -</u>	<u>\$ 233</u>	<u>\$ -</u>	<u>\$ 233</u> (Concluded)
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There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2020

	Financial Assets at FVTPL			Financial Assets at FVTOCI	
	Structured Deposit	Private Fund	Equity Instruments	Equity Instruments	Total
Financial assets					
Balance at January 1, 2020	\$ 785,762	\$ 7,841	\$ -	\$ 76,934	\$ 870,537
Recognized in profit or loss (included in other gains and losses)	61,550	471	-	-	62,021
Recognized in other comprehensive income	-	-	-	22,799	22,799
Purchases	16,968,377	-	-	-	16,968,377
Disposals/settlements	(15,907,559)	(8,250)	-	(54,083)	(15,969,892)
Effects of exchange rate changes	27,400	(62)	-	-	27,338
Balance at December 31, 2020	\$ 1,935,530	\$ -	\$ -	\$ 45,650	\$ 1,981,180

For the year ended December 31, 2019

	Financial Assets at FVTPL			Financial Assets at FVTOCI	
	Structured Deposit	Private Fund	Equity Instruments	Equity Instruments	Total
Financial assets					
Balance at January 1, 2019	\$ 957,435	\$ 17,860	\$ 485	\$ 141,430	\$ 1,117,210
Recognized in profit or loss (included in other gains and losses)	24,790	2,629	(485)	-	26,934
Recognized in other comprehensive income	-	-	-	(61)	(61)
Purchases	4,766,458	-	-	-	4,766,458
Disposals/settlements	(4,865,190)	(12,500)	-	(64,435)	(4,942,125)
Effects of exchange rate changes	(97,731)	(148)	-	-	(97,879)
Balance at December 31, 2019	\$ 785,762	\$ 7,841	\$ -	\$ 76,934	\$ 870,537

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts and swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates or contract forward rates discounted at a rate that reflects the credit risk of various counterparties.
Convertible corporate bond redemption	Discounted cash flow. Future cash flows are estimated based on stock price volatility and annual public debt yields in the most recent year.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of unlisted shares and the private equity fund are determined based on the assessment of the price or net worth of the observable market price; the structured deposit is estimated based on future cash flows.

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 1,971,438	\$ 897,125
Financial assets at amortized cost (1)	11,142,679	11,811,090
Financial assets at FVTOCI		
Equity instruments	47,391	78,598
Debt instruments	234,197	-
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	9,255	233
Amortized cost (2)	15,522,345	15,880,968

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (including related parties) and other receivables (including related parties) and refundable deposits.
- 2) The balances included financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, notes payable, trade payables (including related parties) and other payables (including related parties), lease liabilities, bonds payable, long-term loans and guarantee deposits received (including those due within one year).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, bonds payable, borrowings and lease liabilities. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's important financial activities are reviewed by the board of directors in accordance with related standard and internal controls. In executing financial plan, the Group has to comply with the related financial operating procedures regarding financial risk management and segregation of duties.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into the derivative financial instruments to manage its foreign currency and interest rate risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group has foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 38.

Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (i.e., the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A negative number below indicates a decrease in pre-tax profit associated with New Taiwan dollars strengthening 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be positive.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Profit or loss	\$ 27,935	\$ 24,877	\$ 1,312	\$ 6,514

The analysis of profit or loss of the table was mainly attributable to the exposure on outstanding USD and RMB which were not hedged, at the end of the reporting period.

The Group's sensitivity to foreign currency exchange decreased during the current year mainly because it had more RMB-denominated net liabilities.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate and managed interest rate swap contracts and foreign exchange forward contracts. The Group assessed hedge activities periodically to make them consistent with interest view points and established risk preference, and to make sure that these were the most cost-effective hedging strategies.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 4,120,435	\$ 3,491,320
Financial liabilities	9,389,579	10,937,021
Cash flow interest rate risk		
Financial assets	2,875,619	2,775,655
Financial liabilities	1,210,000	813,222

The Group's fixed-term time deposits, bank borrowings and short-term bills payables are exposed to fair value interest rate risk; however, this expected risk is insignificant.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Group's variable-rate financial assets and financial liabilities for the years ended December 31, 2020 and 2019 would result in cash inflows of NT\$16,656 thousand and NT\$19,624 thousand, respectively.

The sensitivity to interest rates decline as the reason of decrease in financial instrument with variation interest.

The Group's sensitivity to interest rates decreased during the current year mainly because the Group's variable assets decreased.

c) Other price risk

The Group was exposed to equity price risk through its mutual funds and investments in listed shares and emerging market shares.

The equity investment is not held for trading but is a strategic investment, and the Group has not actively traded such investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If mutual funds and equity prices had been 1% higher/lower, the pre-tax profit for the year ended December 31, 2020 would have increased/decreased by NT\$35 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2020 would have increased/decreased by NT\$17 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If mutual funds and equity prices had been 1% higher/lower, the pre-tax profit for the year ended December 31, 2019 would have increased/decreased by NT\$848 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2019 would have increased/decreased by NT\$17 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to investments in mutual funds decreased because mutual funds decreased in the current year. The Group's sensitivity to investments in equity securities has not changed significantly from the prior year.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the reporting date, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes that the Group's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Ongoing credit evaluation is performed on the financial condition of trade receivables. The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

- a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The analysis of the remaining contractual maturity of non-derivative financial liabilities is based on the undiscounted cash flows of financial liabilities (including principal and estimated interest) based on the date which the Group may be required to repay. Therefore, the Group may be required to immediately repay the bank loan, the series is in the earliest period of the following table, regardless of the probability of the bank immediately executing the right; other non-derivative financial liability maturity analysis is prepared according to the agreed repayment date.

To the extent that interest cash flows are at floating interest rates, the undiscounted interest amount is derived based on the yield curve on the balance sheet date.

December 31, 2020

	Less than 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>		
Non-interest bearing	\$ 4,917,755	\$ -
Lease liabilities	121,373	205,988
Variable interest rate liabilities	660,227	550,189
Fixed interest rate liabilities	<u>4,224,997</u>	<u>4,849,292</u>
	<u>\$ 9,924,352</u>	<u>\$ 5,605,469</u>

December 31, 2019

	Less than 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>		
Non-interest bearing	\$ 4,128,640	\$ -
Lease liabilities	120,679	223,237
Variable interest rate liabilities	410,377	403,382
Fixed interest rate liabilities	<u>6,582,772</u>	<u>4,028,903</u>
	<u>\$ 11,242,468</u>	<u>\$ 4,655,522</u>

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2020

	On Demand or Less than 3 Months	3-6 Months	6-12 Months
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 2,426,027	\$ 311,991	\$ -
Outflows	<u>(2,420,941)</u>	<u>(311,273)</u>	<u>-</u>
	<u>\$ 5,086</u>	<u>\$ 718</u>	<u>\$ -</u>
Swap contracts			
Inflows	\$ 1,611,494	\$ 229,855	\$ -
Outflows	<u>(1,615,644)</u>	<u>(231,768)</u>	<u>-</u>
	<u>\$ (4,150)</u>	<u>\$ (1,913)</u>	<u>\$ -</u>

December 31, 2019

	On Demand or Less than 3 Months	3-6 Months	6-12 Months
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,894,942	\$ -	\$ -
Outflows	<u>(1,892,258)</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,684</u>	<u>\$ -</u>	<u>\$ -</u>
Swap contracts			
Inflows	\$ 760,524	\$ -	\$ -
Outflows	<u>(759,505)</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,019</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2020	2019
Secured bank facilities:		
Amount used	\$ 4,547,186	\$ 2,706,919
Amount unused	<u>6,480,814</u>	<u>7,472,668</u>
	<u>\$ 11,028,000</u>	<u>\$ 10,179,587</u>

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category:

Related Party Name	Related Party Category
Yageo Corporation	Investor with significant influence
Yageo Electronics (China) Co., Ltd. (YageoChina)	Subsidiary of investors with significant influence
Yageo Europe Holding B.V.	Subsidiary of investors with significant influence
Yageo Corporation (South Asia)	Subsidiary of investors with significant influence
Ko-E (H.K.) Limited	Subsidiary of investors with significant influence
Yageo Electronics (Dongguan) Co., Ltd.	Subsidiary of investors with significant influence
Suining Pulse Electronics Co Ltd.	Subsidiary of investors with significant influence
EGSTON Electronics (Zhuhai) Ltd.	Subsidiary of investors with significant influence
EGSTON System Electronic spol.s.r.o.	Subsidiary of investors with significant influence
Dongguan Pulse Electronics Co., Ltd.	Subsidiary of investors with significant influence
Xiang Hua Electronic Technology Co., Ltd. (Xiang Hua)	Associate
ABCO. Electronics. Co., Ltd. (ABCO)	Substantial related party
Hsin Bung International Co., Ltd.	Substantial related party

b. Sales of goods

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Sales	Investor with significant influence	\$ 26,546	\$ 42,474
	Subsidiaries of investors with significant influence	<u>7,210</u>	<u>-</u>
	Associates	<u>27,592</u>	<u>24,456</u>
	Substantial related parties		
	ABCO	783,431	747,567
	Others	<u>2,827</u>	<u>2,876</u>
		<u>786,258</u>	<u>750,443</u>
		<u>\$ 847,606</u>	<u>\$ 817,373</u>

The collection and payment of the funds of the merged company and the related parties shall be handled in accordance with the agreed settlement method. The transaction price and the period of payment and payment between the merged company and the related parties are not significantly different from those of the non-related parties.

c. Purchases of goods

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Purchases	Investor with significant influence	\$ 3,524	\$ 4,992
	Subsidiaries of investors with significant influence	<u>31,198</u>	<u>67,909</u>
	Associates		
	Xiang Hua	<u>401,679</u>	<u>320,174</u>
	Substantial related parties	<u>384</u>	<u>775</u>
		<u>\$ 436,785</u>	<u>\$ 393,850</u>

d. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2020	2019
Trade receivables	Investor with significant influence		
	Yageo Corporation	\$ 10,238	\$ 14,464
	Subsidiaries of investors with significant influence	<u>1,170</u>	<u>19</u>
	Associates		
	Xiang Hua	<u>7,872</u>	<u>32,080</u>
	Substantial related parties		
	ABCO	46,202	62,476
	Others	<u>958</u>	<u>1,049</u>
		<u>47,160</u>	<u>63,525</u>
		<u>\$ 66,440</u>	<u>\$ 110,088</u>
Other receivables	Associates		
	Xiang Hua	<u>\$ 1,375</u>	<u>\$ -</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, allowance for doubtful accounts was recognized for trade receivables from related parties.

e. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2020	2019
Trade payables	Investor with significant influence	\$ 274	\$ 760
	Subsidiaries of investors with significant influence	1,201	377
	Associates		
	Xiang Hua	120,051	41,492
		<u>\$ 121,526</u>	<u>\$ 42,629</u>
Other payables	Investor with significant influence	\$ 44	\$ 7
	Subsidiaries of investors with significant influence		
	Yageo Europe Holding B.V.	-	90,585
	Associates		
	Xiang Hua	4,163	3,885
		<u>\$ 4,207</u>	<u>\$ 94,477</u>

The outstanding trade payables from related parties are unsecured.

f. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2020	2019
Investor with significant influence		
Yageo Corporation	\$ 68	\$ -
Associates		
Xiang Hua	2,070	5,788
	<u>\$ 2,138</u>	<u>\$ 5,788</u>

g. Lease arrangements

Acquisition of right-of-use assets

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
<u>Acquisition of right-of-use assets</u>		
Associates		
Xiang Hua	\$ 15,295	\$ 10,494

Line Items	Related Party Categories	December 31	
		2020	2019
Lease liabilities	Associates Xiang Hua	\$ 15,560	\$ 5,111

		For the Year Ended December 31	
Line Items	Related Party Categories	2020	2019
Interest expense	Associates Xiang Hua	\$ 334	\$ 138

The price of lease contract and the method of payment between the Group and its related parties are not significantly different from those of the non-related parties.

h. Compensation of key management personnel

		For the Year Ended December 31	
		2020	2019
Short-term employee benefits		\$ 154,763	\$ 181,891
Post-employment benefits		<u>1,948</u>	<u>1,603</u>
		<u>\$ 156,711</u>	<u>\$ 183,494</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank loans:

	December 31	
	2020	2019
Property, plant and equipment, net	\$ 450,019	\$ 466,200
Investment properties	<u>53,579</u>	<u>56,050</u>
	<u>\$ 503,598</u>	<u>\$ 522,250</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2020 and 2019, were as follows:

- a. The Group issuing of the unused letter of credit for purchase machine equipment is NT\$0 thousand and NT\$24,536 thousand as of December 31, 2020 and 2019, respectively.

- b. Unrecognized commitments were as follows:

	December 31	
	2020	2019
Acquisition of property, plant and equipment	<u>\$ 223,868</u>	<u>\$ 201,904</u>

- c. CYNTEC Co., Ltd., the subsidiary of Delta Electronics, Inc., filed a patent infringement lawsuit against the Company and its subsidiary Chilis America Ltd. in the United States District Court for the Northern District of California in 2018. The Company commissioned a specialist to analyze and judge the Company's doubts for no infringement, and the Company has entrusted a lawyer to go through legal process. The lawsuit is in the stage of collecting information pending for court proceedings. The solution of this lawsuit might impact the consolidated financial performance and the consolidated cash flows for a specific period. The Company assessed the amount of provision based on the present value of royalties for the specific product.

36. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Group's factories in Asia have suspended operations or on temporary shortages, resulting in a decline in operating revenue. The factories have gradually reopened work in March, and sales order and market demand have gradually returned to normal.

With the easing of the epidemic, the Group expect that that operations will gradually return to normal.

37. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. In December 2020, the Group completed an arrangement to trade a 100% of the equity interest in Ralec Electronic Corp. to Kaimei Electronic Corp., and to acquire a 100% of the equity interest of Bothhand Enterprise Inc. from Kaimei Electronic Corp. This transaction was completed in January 2021. The consideration payment was NT\$5,000,000 thousand of cash. The acquisition cost of Bothhand Enterprise Inc. was NT\$2,800,000 thousand. The transactions were categorized as organizational restructuring under common control.
- b. In the purpose of organizational restructuring, the board of directors approved the Group's subsidiary, Mag. Layers International Co., Ltd, to pay RMB315,000 thousand of cash to acquire a 100% of the equity interest of Shin Yuan Electronics Production (Kunshan) Co., Ltd. from the Group's subsidiary, Ralec Technology (KUNSHAN) Limited. This transaction was completed in January 2021 and was categorized as organizational restructuring under common control.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 181,469	28.5080 (USD:NTD)	\$ 5,173,318
USD	197,725	6.5398 (USD:RMB)	5,636,744
USD	19,387	0.8137 (USD:EUR)	552,685
USD	2,115	4.0160 (USD:MYB)	15,014
RMB	214,609	4.3592 (RMB:NTD)	935,524
RMB	35,239	0.1244 (RMB:EUR)	153,614
RMB	908	0.1529 (RMB:USD)	3,958
HKD	1,237	3.6776 (HKD:NTD)	4,549
HKD	55,655	0.1290 (HKD:USD)	204,677
HKD	7,829	0.8436 (HKD:RMB)	28,792
HKD	7,737	0.1050 (HKD:EUR)	28,454
PLN	30,028	0.2187 (PLN:EUR)	230,051
JPY	109,571	0.0097 (JPY:USD)	30,274
JPY	343,066	0.2763 (JPY:NTD)	94,789
GBP	54	38.9134 (GBP:NTD)	2,101
VND	56,819,403	0.0001 (VND:USD)	70,182
EUR	39	35.0335 (EUR:NTD)	<u>1,366</u>
			<u>\$ 13,166,092</u>
<u>Financial liabilities</u>			
Monetary items			
USD	138,728	28.508 (USD:NTD)	\$ 3,954,858
USD	153,564	6.5398 (USD:RMB)	4,377,803
USD	8,826	0.8137 (USD:EUR)	251,612
RMB	182,360	4.3592 (RMB:NTD)	794,944
RMB	35,856	0.1244 (RMB:EUR)	156,303
RMB	2,441	0.1529 (RMB:EUR)	10,641
PLN	9,208	0.2187 (PLN:EUR)	70,544
JPY	220,290	0.2763 (JPY:NTD)	60,866
JPY	196,687	0.0634 (JPY:RMB)	54,345
HKD	15,274	0.8436 (HKD:RMB)	56,172
HKD	2,383	0.105 (HKD:EUR)	8,764
VND	26,046,435	0.0001 (VND:USD)	<u>32,172</u>
			<u>\$ 9,829,024</u>

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 141,682	30.1060 (USD:NTD)	\$ 4,265,478
USD	196,136	6.9662 (USD:RMB)	5,904,870
USD	15,834	0.8925 (USD:EUR)	476,698
RMB	102,328	4.3217 (RMB:NTD)	442,231
RMB	32,207	0.1281 (RMB:EUR)	139,189
RMB	123,606	0.1436 (RMB:USD)	534,188
HKD	4,217	3.8666 (HKD:NTD)	16,305
HKD	54,521	0.1284 (HKD:USD)	210,811
HKD	106,084	0.8947 (HKD:RMB)	410,184
HKD	9,847	0.1146 (HKD:EUR)	38,074
PLN	25,572	0.2351 (PLN:EUR)	202,796
JPY	16,833	0.0092 (JPY:USD)	4,664
JPY	193,813	0.2771 (JPY:NTD)	53,706
JPY	4,343	0.0082 (JPY:EUR)	1,203
VND	1,071,818	0.0000432 (VND:USD)	1,393
EUR	3,711	33.7338 (EUR:NTD)	<u>125,186</u>
			<u>\$ 12,826,976</u>
<u>Financial liabilities</u>			
Monetary items			
USD	116,387	30.1060 (USD:NTD)	\$ 3,503,947
USD	146,127	6.9662 (USD:RMB)	4,399,299
USD	8,508	0.8925 (USD:EUR)	256,142
RMB	78,115	4.3217 (RMB:NTD)	337,590
RMB	29,298	0.1281 (RMB:EUR)	126,617
PLN	11,456	0.2351 (PLN:EUR)	90,851
JPY	403,610	0.2771 (JPY:NTD)	111,840
JPY	126,770	0.0641 (JPY:RMB)	35,128
HKD	45,063	0.8947 (HKD:RMB)	174,241
HKD	571	3.8666 (HKD:NTD)	2,208
HKD	3,439	0.1284 (HKD:USD)	13,297
HKD	815	0.1146 (HKD:EUR)	3,151
VND	23,270,479	0.0000432 (VND:USD)	<u>30,366</u>
			<u>\$ 9,084,677</u>

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains (losses) were NT\$(64,897) thousand and NT\$42,597 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (Notes 7 and 32)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)

b. Information on investees (Table 7)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Tables 5 and 9)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Tables 5 and 9)
 - c) The amount of property transactions and the amount of the resultant gains or losses (Eliminated from the consolidated financial statements)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Tables 1 and 9)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services (None)
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

40. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and the assessment of segment performance is solely based on the financial information of each plant owned by the Group. Each plant has similar economic features as well as manufacturing procedures. In addition, products are sold by the Group in a centralized way. Thus, the Group is reported as a single segment. The Group's revenues and operating results in 2020 and 2019 are shown in the consolidated statements of comprehensive income for 2020 and 2019.

a. General information

The Group identified the reportable segments based on the managerial reporting information.

The segments are operated by billing regions. The Group focuses on types of electronic component which includes coils and inductors in Taiwan and other locations in Asia.

The primary decision makers of the Group review and evaluate an individual reporting segment's performance based on its operating results disclosed on the consolidated financial statements.

b. Measurement of segment information

The accounting policies of the operating segment are identical to the summary of important accounting policies mentioned in Note 4. The decision-maker of the Group evaluates the performance of operating segment based on the profit (loss) after income tax.

c. Segment information, assets and liabilities

The segment information provided to chief operating decision-maker for the reportable segments is as follows:

	Taiwan	Asia	Others	Reconciliation and Elimination	Total
For the year ended <u>December 31, 2020</u>					
Sales from external customers	\$ 8,904,483	\$ 8,518,820	\$ 14,696	\$ -	\$ 17,437,999
Sales among segments	<u>2,243,069</u>	<u>18,696,336</u>	<u>774,092</u>	<u>(21,713,497)</u>	<u>-</u>
Segment income	<u>\$ 11,147,552</u>	<u>\$ 27,215,143</u>	<u>\$ 788,788</u>	<u>\$(21,713,497)</u>	<u>\$ 17,437,999</u>
Operating profit (loss)	<u>\$ 890,069</u>	<u>\$ 623,112</u>	<u>\$ 29,892</u>	<u>\$ -</u>	<u>\$ 1,543,073</u>
Operating profit (loss):					
Depreciation and amortization	<u>\$ 326,990</u>	<u>\$ 1,082,064</u>	<u>\$ 137,983</u>	<u>\$ -</u>	<u>\$ 1,547,037</u>
Income tax expense	<u>\$ 131,916</u>	<u>\$ 183,348</u>	<u>\$ 15,219</u>	<u>\$ -</u>	<u>\$ 330,483</u>

(Continued)

	Taiwan	Asia	Others	Reconciliation and Elimination	Total
For the year ended December 31, 2019					
Sales from external customers	\$ 1,119,920	\$ 12,554,869	\$ 2,195,775	\$ -	\$ 15,870,564
Sales among segments	<u>109,778</u>	<u>12,028,753</u>	<u>35,462</u>	<u>(12,173,993)</u>	<u>-</u>
Segment income	<u>\$ 1,229,698</u>	<u>\$ 24,583,622</u>	<u>\$ 2,231,237</u>	<u>\$(12,173,993)</u>	<u>\$ 15,870,564</u>
Operating profit (loss)	<u>\$ 667,683</u>	<u>\$ 256,199</u>	<u>\$ 226,128</u>	<u>\$ -</u>	<u>\$ 1,150,010</u>
Operating profit (loss):					
Depreciation and amortization	<u>\$ 735,892</u>	<u>\$ 611,703</u>	<u>\$ 147,435</u>	<u>\$ -</u>	<u>\$ 1,495,030</u>
Income tax expense	<u>\$ 162,162</u>	<u>\$ 53,327</u>	<u>\$ 13,875</u>	<u>\$ -</u>	<u>\$ 229,364</u>
					(Concluded)

d. Reconciliation information for segment profit (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision maker is applied using the same accounting policies in consistent with in the statement of comprehensive income.

Reportable segments evaluate the performance of operating segments by net income. There is no difference between the statements provided to the decision maker for operating decision making and the segment's income statement. Thus, no reconciliation is necessary.

e. Information about products and services

The main industrial segment manufactures and sells electronic components, including dust core, coils and inductors. These are related to one industry; thus, the information about industrial sales revenue are not listed additionally.

f. Geographical information

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

	For the Year Ended December 31			
	2020		2019	
	Revenue	Non-current Assets	Revenue	Non-current Assets
Taiwan	\$ 1,289,361	\$ 14,514,970	\$ 1,184,629	\$ 15,055,189
Asia	14,137,710	6,120,461	12,657,162	5,331,181
Others	<u>2,010,928</u>	<u>1,209,403</u>	<u>2,028,773</u>	<u>1,244,647</u>
	<u>\$ 17,437,999</u>	<u>\$ 21,844,834</u>	<u>\$ 15,870,564</u>	<u>\$ 21,631,017</u>

Note: Non-current assets exclude financial assets, deferred tax assets and refundable deposits.

g. Information about major customers

No single customer contributed 10% or more to the Group's revenue for both 2020 and 2019.

TABLE 1

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

**FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3-6)	Aggregate Financing Limits (Notes 3-6)
													Item	Value		
1	Ralec Technology (HK) Limited	Chilisin International Ltd. ASJ Components (M) Sdn. Bhd.	Other receivables - related parties	Yes	\$ 303,300	\$ 258,080	\$ -	3.50	b	\$ -	For revolving fund	\$ -	None	\$ -	\$ 5,103,098	\$ 5,103,098
			Other receivables - related parties	Yes	500,123	470,079	228,064	1.00-1.05	b	-	For revolving fund	-	None	-	5,103,098	5,103,098
2	ASJ Holdings Limited	ASJ Components (M) Sdn. Bhd	Other receivables - related parties	Yes	79,915	76,032	65,192	-	b	-	For revolving fund	-	None	-	429,800	429,800
3	CRL Components (S) Pte. Ltd.	ASJ Components (M) Sdn. Bhd	Other receivables - related parties	Yes	143,852	136,838	136,838	-	b	-	For revolving fund	-	None	-	216,423	216,423
4	Ralec Technology (Kunshan) Limited	Hunan Chilisin Electronics Technology Co., Ltd.	Other receivables - related parties	Yes	657,585	653,880	-	4.50	b	-	For revolving fund	-	None	-	4,098,546	4,098,546
5	Mag.Layers Scientific-Technics Co., Ltd.	Chilisin International Ltd.	Other receivables - related parties	Yes	151,650	-	-	3.50	b	-	For revolving fund	-	None	-	565,133	565,133
6	Chilisin International Ltd.	Ralec Technology (Kunshan) Limited	Other receivables - related parties	Yes	876,780	-	-	3.00	b	-	For revolving fund	-	None	-	1,989,512	2,652,682
7	Dongguan Chilisin Electronics Co., Ltd.	Hunan Chilisin Electronics Technology Co., Ltd.	Other receivables - related parties	Yes	175,356	174,368	115,615	3.50	b	-	For revolving fund	-	None	-	970,831	1,294,442
8	Chu Hsin Investment Ltd.	Chilisin Electronics Corp.	Other receivables - related parties	Yes	50,000	50,000	50,000	1.00	b	-	For revolving fund	-	None	-	58,685	58,685
9	Chilisin H.K Holding Corp.	Mag. Layers International Co., Ltd	Other receivables - related parties	Yes	191,919	185,302	148,242	1.10	b	-	For revolving fund	-	None	-	911,770	1,215,693

- Note 1: Issuers are numbered 0. Investee companies are numbered sequentially from 1.
- Note 2: Reasons for financing are as follows:
- a. Business relationship.
 - b. The need for short-term financing.
- Note 3: Except for Mag.Layers Scientific-Technics Co., Ltd., Chu Hsin Investment Ltd., Ralec Electronic Corp. and their subsidiaries, entities directly or indirectly hold 100% equity of subsidiaries financing limits for each borrower are based on its net worth of the latest audit report. Except for the aforementioned subsidiaries, entities’ financing limit for each borrower are based on the 30% or 40% of its net worth on the issuer’s latest audit report.
- Note 4: Except for ASJ Holdings Limited and its subsidiaries, Ralec Electronic Corp.’s and its controlled subsidiaries’ financing limits for each borrower are based on its net worth of the latest audit report. ASJ Holdings Limited’s and its controlled subsidiaries’ financing limits for each borrower are based on the 40% of its net worth on the latest audit report.
- Note 5: Mag.Layers Scientific-Technics Co., Ltd.’s and its controlled subsidiaries’ financing limits for each borrower are based on the 30% of its net worth on the latest audit report.
- Note 6: Chu Hsin Investment Ltd.’s and its controlled subsidiaries’ financing limits for each borrower are based on the 100% of its net worth on the latest audit report.
- Note 7: All intercompany financing loans have been eliminated upon consolidation.

TABLE 2

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2-4)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2-4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Chilisin Electronics Corp.	Ferrcoxcube Polska Sp. Z.o.o.	Subsidiary	\$ 12,757,627	\$ 120,128	\$ 57,016	\$ 57,016	\$ -	0.22	\$ 25,515,254	Y	N	N
		Ferrcoxcube Hongkong Limited	Subsidiary	12,757,627	648,691	336,394	307,886	-	1.32	25,515,254	Y	N	N
		Chilisin Electronics (Vietnam) Company	Subsidiary	12,757,627	2,461,664	1,903,908	1,675,844	-	7.46	25,515,254	Y	N	N
		Chilisin International Ltd.	Subsidiary	12,757,627	3,123,328	2,508,704	1,910,036	-	9.83	25,515,254	Y	N	N
1	Ralec Electronic Corporation	Ralec Technology (HK) Limited	Subsidiary	4,521,394	1,119,250	456,128	-	-	10.09	4,521,394	N	N	N
		ASJ Components (M) Sdn. Bhd.	Subsidiary	4,521,394	75,185	72,081	-	-	1.59	4,521,394	N	N	N
2	Ralec Technology (HK) Limited	Ralec Technology (Kunshan) Limited	Subsidiary	2,041,239	341,213	320,715	-	-	6.28	2,041,239	N	N	Y
3	Ralec Technology (Kunshan) Limited	Ralec Trading (Kunshan) Limited	Fellow subsidiary	1,639,418	2,953	2,851	-	-	0.07	1,639,418	N	N	Y
4	Magic Technology Co., Ltd.	Classic Magic Developments Limited	Subsidiary	543,128	231,980	227,502	-	-	20.94	1,086,256	N	N	N
5	Chilisin International Ltd.	Ralec Technology (Kunshan) Limited	Fellow subsidiary	12,757,627	504,149	-	-	-	-	25,515,254	N	N	Y

Note 1: Issuers are numbered 0. Investee companies are numbered sequentially from 1.

Note 2: Except for Magic Technology Co., Ltd. and its subsidiaries, Ralec Electronic Corp. and its subsidiaries, the amount of endorsements/guarantees for any single entity and maximum amount should not exceed 50% and 100% of its net worth presented in the latest financial statement.

Note 3: Except for Ralec Technology (HK) Limited and its subsidiaries’ maximum amount of endorsements/guarantees for any single entity should not exceed 40% of their net worth on the latest audit report. ASJ Holdings Limited’s and its subsidiaries’ maximum amount of endorsements/guarantees for any single entity should not exceed 100% of their net worth presented in the latest financial statement.

Note 4: The amount of direct or indirect holding of endorsements/guarantees held by Magic Technology Co., Ltd. for any single entity and maximum amount should not exceed 50% and 100% of its net worth presented in the latest financial statement.

TABLE 3

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Issuer/Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note)	
Chilisin Electronics Corp.	<u>Foreign mutual funds</u> The Pride of Dragon Fund	-	Financial assets at FVTPL - current	2,496	\$ -	-	\$ -	Note
Chilisin International Ltd.	<u>Bond</u> Chailease Int'l Finance Corp.	-	Financial assets at FVTOCI - non-current	-	234,197	-	234,197	-
Chu Hsin Investment Ltd.	<u>Domestic mutual funds</u> Yuanta De-Bao Money Market Fund	-	Financial assets at FVTPL - non-current	168,398	2,039	-	2,039	-
	Mega Diamond Money Market Fund	-	Financial assets at FVTPL - non-current	118,860	1,504	-	1,504	-
	<u>Stock</u> Riselink Venture Capital Corp.	-	Financial assets at FVTOCI - non-current	1,974	-	1.25	-	Note
Hunan Chilisin Electronics Technology Co., Ltd.	<u>Financial products</u> China Construction Bank Qianyuan daily cash management RMB interest rate structured products	-	Financial assets at FVTPL - current	-	42,728	-	42,728	-
	Agricultural Bank of China Open-end Fund RMB interest rate structured products	-	Financial assets at FVTPL - current	-	17,518	-	17,518	-
Dongguan Chilisin Electronics Co., Ltd.	<u>Financial products</u> Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	-	Financial assets at FVTPL - current	-	398,516	-	398,516	-
Dongguan Lianmao Electronics Co., Ltd.	<u>Financial products</u> Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	-	Financial assets at FVTPL - current	-	27,556	-	27,556	-
Ralec Electronic Corporation	<u>Stock</u> Zlink Venture Capital Corp.	-	Financial assets at FVTOCI - non-current	5,698,800	45,650	10.55	45,650	-
Ralec Technology (Kunshan) Limited	<u>Financial products</u> Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	-	Financial assets at FVTPL - current	-	215,598	-	215,598	-
	Industrial Bank structured products	-	Financial assets at FVTPL - current	-	239,816	-	239,816	-
	Shanghai Pudong Development Bank Pricipal Guranteed structured products	-	Financial assets at FVTPL - current	-	350,372	-	350,372	-

(Continued)

Holding Company Name	Type and Issuer/Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note)	
Hunan Ralec Electronics Technology Co., Ltd	<u>Financial products</u> Bank of China Accumulation Plan - Daily Compounding	-	Financial assets at FVTPL - current	-	\$ 72	-	\$ 72	-
	Qianyuan-An Xin daily cash management Open-end Fund RMB interest rate structured products	-	Financial assets at FVTPL - current	-	72,260	-	72,260	-
	Bank of China Accumulation Plan - Daily Compounding (USD)	-	Financial assets at FVTPL - current	-	4	-	4	-
Shin Yuan Electronics Productions (Kunshan) Co., Ltd.	<u>Financial products</u> Shanghai Pudong Development Bank Pricipal Guranteed structured products	-	Financial assets at FVTPL - current	-	21,923	-	21,923	-
	Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	-	Financial assets at FVTPL - current	-	206,077	-	206,077	-
Ferroxcube Electronics (Dongguan) Limited	<u>Financial products</u> Bank of Dongguan Financial management No. 1 Fund	-	Financial assets at FVTPL - current	-	17,537	-	17,537	-
	Bank of Dongguan Financial management No. 1 Fund (Bi-weekly distribution)	-	Financial assets at FVTPL - current	-	4,361	-	4,361	-
Magic Technology Co., Ltd.	<u>Stock</u> Tecstar Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	318,268	1,741	1.39	1,741	-
Magic Trade (Shenzhen) Co., Ltd	<u>Financial products</u> Shanghai Pudong Development Bank RMB interest rate structured products	-	Financial assets at FVTPL - current	-	65,383	-	65,383	-
	Bank of China structured products (Hook type)	-	Financial assets at FVTPL - current	-	43,589	-	43,589	-
Magic Electronic Technology (Chongqing) Co., Ltd.	<u>Financial products</u> Fubon Huayi Bank RMB interest rate structured products	-	Financial assets at FVTPL - current	-	82,819	-	82,819	-
Magic Electronic Technology (Hunan) Co., Ltd.	<u>Financial products</u> Bank of China Accumulation Plan - Daily	-	Financial assets at FVTPL - current	-	5,230	-	5,230	-
Mag.Layers Scientific-Technics Co., Ltd.	<u>Financial products</u> President Securities DSU USD 100% Pricipal Guranteed Note	-	Financial assets at FVTPL - current	-	15,000	-	15,000	-
Mag. Layers International Co., Ltd	<u>Financial products</u> Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	-	Financial assets at FVTPL - current	-	109,171	-	109,171	-

Note: The carrying values of the financial instruments assessed for impairment were reduced to NT\$0.

(Concluded)

TABLE 4

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Dongguan Chilisín Electronics Co., Ltd.	Fubon Huayi Bank RMB interest rate structured products (monthly earnings)	Financial assets at FVTPL - current	-	-	-	\$ 219,186	-	\$ 1,982,641	-	\$ 2,208,016	\$ 2,201,827	\$ 6,189	-	\$ -
	Fubon Huayi Bank RMB interest rate structured products (monthly earnings No. 3)	Financial assets at FVTPL - current	-	-	-	-	-	327,615	-	328,329	327,615	714	-	-
	Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	Financial assets at FVTPL - current	-	-	-	-	-	2,937,009	-	2,552,553	2,538,493	14,060	-	398,516
Chilisín Electronics (Su Zhou) Co., Ltd.	Fubon Huayi Bank RMB interest rate structured products (monthly earnings)	Financial assets at FVTPL - current	-	-	-	312,137	-	310,807	-	627,075	622,944	4,131	-	-
Ralec Technology (Kunshan) Limited	Shanghai Pudong Development Bank Pricipal Guranteed structured products	Financial assets at FVTPL - current	-	-	-	-	-	2,386,118	-	2,040,325	2,035,746	4,579	-	350,372
	Fubon Huayi Bank RMB interest rate structured products (monthly earnings)	Financial assets at FVTPL - current	-	-	-	-	-	545,958	-	547,900	545,958	1,942	-	-
	Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	Financial assets at FVTPL - current	-	-	-	-	-	1,530,079	-	1,320,714	1,314,481	6,233	-	215,598
Chilisín Electronics (Henan) Co., Ltd.	Fubon Huayi Bank RMB interest rate structured products (monthly earnings)	Financial assets at FVTPL - current	-	-	-	-	-	602,894	-	604,409	602,894	1,515	-	-
Shin Yuan Electronics Productions (Kunshan) Co., Ltd.	Shanghai Pudong Development Bank Pricipal Guranteed structured products	Financial assets at FVTPL - current	-	-	-	-	-	1,249,182	-	1,232,022	1,227,259	4,763	-	21,923
	Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	Financial assets at FVTPL - current	-	-	-	-	-	327,011	-	111,354	111,343	11	-	206,077
Mag. Layers International Co., Ltd	Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	Financial assets at FVTPL - current	-	-	-	-	-	677,681	-	569,790	568,510	1,280	-	109,171

TABLE 5

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Seller	Related Party	Relationship	Transaction Details (Note)				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Remark
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Chilisin Electronics Corp.	Chilisin International Ltd.	Subsidiary	Sale	\$ 194,464	4.41	T/T 120 days	Contract price	Normal	\$ 359,963	16.77	-
	Chilisin Electronics (Vietnam) Company	Subsidiary	Sale	629,635	14.27	T/T 120 days	Contract price	Normal	346,222	16.13	-
	Mag.Layers Scientific-Technics Co., Ltd.	Subsidiary	Sale	307,712	6.97	T/T 120 days	Contract price	Normal	226,504	10.55	-
Chilisin International Ltd.	Chilisin Electronics Corp.	Parent company	Sale	1,852,513	29.15	T/T 120 days	Contract price	Normal	2,280,779	42.96	-
	Dongguan Chilisin Electronics Co., Ltd.	Subsidiary	Sale	1,632,174	25.68	T/T 120 days	Contract price	Normal	1,747,012	32.91	-
	Shenzhen Chilisin Electronics Co. Ltd.	Subsidiary	Sale	560,900	8.82	T/T 120 days	Contract price	Normal	417,235	7.86	-
	Hunan Chilisin Electronics Technology Co., Ltd.	Subsidiary	Sale	151,978	2.39	T/T 120 days	Contract price	Normal	90,144	1.70	-
Chilisin Electronics (Vietnam) Company	Chilisin Electronics Corp.	Parent company	Sale	223,477	11.29	T/T 120 days	Contract price	Normal	32,652	4.08	-
	Chilisin International Ltd.	Fellow subsidiary	Sale	1,751,694	88.49	T/T 120 days	Contract price	Normal	763,858	95.45	-
Dongguan Chilisin Electronics Co., Ltd.	Chilisin International Ltd.	Parent company	Sale	2,923,806	80.32	T/T 120 days	Contract price	Normal	2,749,806	84.48	-
	Shenzhen Chilisin Electronics Co. Ltd.	Fellow subsidiary	Sale	546,126	15.00	T/T 120 days	Contract price	Normal	324,197	9.96	-
Hunan Chilisin Electronics Technology Co., Ltd.	Chilisin International Ltd.	Parent company	Sale	1,174,365	61.80	T/T 120 days	Contract price	Normal	448,417	56.40	-
	Dongguan Chilisin Electronics Co., Ltd.	Fellow subsidiary	Sale	108,033	5.69	T/T 120 days	Contract price	Normal	45,077	5.67	-
	Shenzhen Chilisin Electronics Co. Ltd.	Fellow subsidiary	Sale	439,229	23.11	T/T 120 days	Contract price	Normal	173,023	21.76	-
	Mag. Layers International Co., Ltd	Fellow subsidiary	Sale	158,313	8.33	T/T 120 days	Contract price	Normal	106,592	13.41	-
Shenzhen Chilisin Electronics Co. Ltd.	Mag. Layers International Co., Ltd	Fellow subsidiary	Sale	332,048	16.70	T/T 120 days	Contract price	Normal	187,286	19.02	-
Ralec Electronic Corporation	Ralec Technology (Kunshan) Limited	Subsidiary	Sale	1,549,170	36.00	75 days	Contract price	Normal	266,087	32.97	-
	Ralec Trading (Kunshan) Limited	Subsidiary	Sale	1,522,879	35.00	75 days	Contract price	Normal	914,835	52.71	-
	ABCO. Electronics. Co Ltd	Substantial related party	Sale	626,837	14.00	70 days	Contract price	Normal	35,107	2.02	-
Ralec Technology (Kunshan) Limited	Ralec Electronic Corporation	Parent company	Sale	2,636,320	81.94	75 days	Contract price	Normal	951,253	84.10	-
Hunan Ralec Electronics Technology Co., Ltd	Ralec Electronic Corporation	Parent company	Sale	185,483	55.17	75 days	Contract price	Normal	74,149	76.73	-
	Ralec Technology (Kunshan) Limited	Fellow subsidiary	Sale	150,708	44.83	50 days	Contract price	Normal	22,492	23.27	-
ASJ Components (M) Sdn. Bhd.	Ralec Electronic Corporation	Parent company	Sale	514,806	49.61	40 days	Contract price	Normal	55,752	31.86	-
Ferroxcube Polska Sp. Z.o.o.	Ferroxcube International Holding BV	Parent company	Sale	408,060	33.02	60 days	Contract price	Normal	25,621	17.97	-
	Ferroxcube Electronics (Dongguan) Limited	Subsidiary	Sale	160,666	13.00	60 days	Contract price	Normal	38,248	26.83	-
Ferroxcube Electronics (Dongguan) Limited	Ferroxcube Hong Kong Limited	Parent company	Sale	287,912	43.77	60 days	Contract price	Normal	138,663	47.51	-
Mag.Layers Scientific-Technics Co., Ltd.	Mag Layers USA Inc.	Subsidiary	Sale	146,330	4.16	The actual payment depends on the location of its working capital.	Contract price	Normal	27,821	4.70	-
Mag. Layers International Co., Ltd	Mag.Layers Scientific-Technics Co., Ltd.	Parent company	Sale	1,770,903	66.24	The actual payment depends on the location of its working capital.	Contract price	Normal	455,025	61.72	-
Classic Magic Developments Limited	Magic Technology Co., Ltd.	Parent company	Sale	984,743	77.45	The actual payment depends on the location of its working capital.	Contract price	Normal	433,222	62.85	-

(Continued)

Seller	Related Party	Relationship	Transaction Details (Note)				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Remark
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Magic Electronic Technology (Shenzhen) Co., Ltd.	Classic Magic Developments Limited	Fellow subsidiary	Sale	\$ 498,907	99.20	The actual payment depends on the location of its working capital.	Contract price	Normal	\$ 88,583	93.32	-
Magic Electronic Technology (Chongqing) Co., Ltd.	Classic Magic Developments Limited	Fellow subsidiary	Sale	762,430	99.18	The actual payment depends on the location of its working capital.	Contract price	Normal	223,273	97.11	-

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 6

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship (Notes 1 and 2)	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Chilisin Electronics Corp.	Chilisin International Ltd.	Subsidiary	\$ 496,275	0.59	\$ -	-	\$ 143,284	\$ -
	Chilisin Electronics (Vietnam) Company	Subsidiary	618,805	2.38	-	-	210,279	-
	Mag.Layers Scientific-Technics Co., Ltd.	Subsidiary	254,830	2.33	-	-	48,225	-
Chilisin International Ltd.	Chilisin Electronics Corp.	Parent company	2,321,406	0.89	-	-	702,938	-
	Dongguan Chilisin Electronics Co., Ltd.	Subsidiary	3,043,370	0.60	-	-	105,699	-
	Shenzhen Chilisin Electronics Co., Ltd.	Fellow subsidiary	417,235	2.47	-	-	79,482	-
Dongguan Chilisin Electronics Co., Ltd.	Chilisin International Ltd.	Parent company	3,388,564	1.13	-	-	157,769	-
	Hunan Chilisin Electronics Technology Co., Ltd.	Fellow subsidiary	326,622	0.64	-	-	18,865	-
	Shenzhen Chilisin Electronics Co., Ltd.	Fellow subsidiary	324,197	1.17	-	-	95,292	-
Hunan Chilisin Electronics Technology Co., Ltd.	Chilisin International Ltd.	Parent company	448,417	2.74	-	-	159,443	-
	Shenzhen Chilisin Electronics Co., Ltd.	Fellow subsidiary	173,023	3.85	-	-	83,899	-
Shenzhen Chilisin Electronics Co., Ltd.	Mag. Layers International Co., Ltd.	Fellow subsidiary	187,286	2.55	-	-	90,173	-
Chilisin Electronics (Vietnam) Company	Chilisin International Ltd.	Fellow subsidiary	763,858	2.95	-	-	367,655	-
Chilisin H.K Holding Corp.	Mag. Layers International Co., Ltd.	Fellow subsidiary	148,894	-	-	-	-	-
Ralec Electronic Corporation	Ralec Technology (Kunshan) Limited	Subsidiary	572,320	8.18	-	-	29,541	-
	Ralec Trading (Kunshan) Limited	Subsidiary	914,835	7.04	-	-	177,206	-
Ralec Technology (Kunshan) Limited	Ralec Electronic Corporation	Parent company	951,253	3.37	-	-	-	-
Ralec Technology (HK) Limited	Ralec Technology (Kunshan) Limited	Subsidiary	139,494	-	-	-	-	-
	ASJ Components (M) Sdn. Bhd.	Fellow subsidiary	229,940	-	-	-	-	-
ASJ Pte. Limited	ASJ Components (M) Sdn. Bhd.	Fellow subsidiary	149,809	-	-	-	-	-
Ferroxcube Electronics (Dongguan) Limited	Ferroxcube Hong Kong Limited	Parent company	138,663	2.08	-	-	78,641	-
Mag. Layers International Co., Ltd.	Mag.Layers Scientific-Technics Co., Ltd.	Parent company	455,025	3.78	-	-	451,934	-
Classic Magic Developments Limited	Magic Technology Co., Ltd.	Parent company	433,222	2.12	-	-	190,916	-
	Magic Trade (Shenzhen) Co., Ltd.	Fellow subsidiary	165,661	0.27	-	-	7,404	-
Magic Electronic Technology (Chongqing) Co., Ltd.	Classic Magic Developments Limited	Fellow subsidiary	223,273	2.12	-	-	134,459	-

Note 1: The amount balance includes payments on behalf of others or loans.

Note 2: All intercompany transactions have been eliminated upon consolidation.

TABLE 7

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Remarks
				December 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
Chilisin Electronics Corp.	Chilisin International Ltd.	Samoa	Electronic component marketing	\$ 4,800,495	\$ 4,345,622	156,995,270	100.00	\$ 6,541,280	\$ 422,548	\$ 422,548	Subsidiary
	Chilisin Holding (Samoa) Ltd.	Samoa	Electronic component marketing	244,045	244,045	7,280,000	100.00	369,171	19,586	19,586	Subsidiary
	Chu Hsin Investment Ltd.	Hsinchu County	Investment	77,156	77,156	-	100.00	58,685	(3,746)	(3,746)	Subsidiary
	Chilisin Asia Investment Corp. (Samoa)	Samoa	Investment	11,371	11,371	360,000	100.00	23,089	2,839	2,839	Subsidiary
	Chilisin H.K Holding Corp.	Hong Kong	Investment	2,563,365	1,912,158	70,000,000	94.15	2,698,269	119,861	112,746	Subsidiary
	Ralec Electronic Corporation	Kaohsiung City	Electronic components manufacturing and marketing	3,743,606	3,743,606	82,666,764	100.00	4,521,154	482,581	482,581	Subsidiary
	Chilisin Japan Corp.	Japan	Electronic component marketing	24,480	24,480	1,800	100.00	9,580	(4,255)	(4,255)	Subsidiary
	Ferroxcube International Holding B.V.	Europe	Investment	4,252,786	4,252,786	-	100.00	2,531,819	27,053	27,053	Subsidiary
	Mag.Layers Scientific-Technics Co., Ltd.	Taoyuan City	Electronic components manufacturing and marketing	12,383,969	12,383,969	93,467,444	100.00	11,697,371	357,488	348,439	Subsidiary
	Magic Technology Co., Ltd.	New Taipei City	Electronic component marketing	1,429,883	1,429,883	47,060,614	100.00	1,419,330	217,057	190,203	Subsidiary
Chilisin International Ltd.	Belkin International Enterprises Limited.	Samoa	Investment	153,475	153,475	1,296,000	54.00	38,745	16,193	8,744	Subsidiary
Chilisin Holding (Samoa) Ltd.	Chilisin H.K Holding Corp.	Hong Kong	Investment	177,254	177,254	5,280,000	5.85	295,228	119,861	7,115	Subsidiary
Chilisin H.K Holding Corp.	Chilisin Electronics (Vietnam) Company	Vietnam	Electronic components manufacturing and marketing	2,563,365	1,912,158	70,000,000	100.00	2,888,208	146,080	147,872	Subsidiary
Chilisin Asia Investment Corp. (Samoa)	Chilisin America Ltd.	America	Electronic component marketing	6,022	6,022	200,000	100.00	20,442	2,839	2,839	Subsidiary
Belkin International Enterprises Limited.	Guorui (Hong Kong) Limited	Hong Kong	Investment	US\$ 2,445	US\$ 2,445	-	100.00	43,972	16,193	8,744	Subsidiary
Ralec Electronic Corporation	Ralec Technology (HK) Limited	Hong Kong	Investment	1,222,736	1,222,736	10,000	100.00	5,086,653	323,330	313,554	Subsidiary
	ASJ Holdings Limited	Singapore	Investment	423,187	423,187	272,846,146	100.00	1,119,647	(12,634)	(23,798)	Subsidiary
ASJ Holdings Limited	ASJ Pte. Limited	Singapore	Electronic component marketing	148,484	148,484	2,000,000	100.00	168,653	21,847	21,847	Subsidiary
	ASJ (Hong Kong) Limited	Hong Kong	Warehousing, logistics and distribution business	5	5	100	100.00	2,027	105	105	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Remarks
				December 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
Ferroxcube International Holding B.V.	ASJ Components (M) Sdn. Bhd.	Malaysia	Electronic components manufacturing and marketing	\$ 90,308	\$ 90,308	8,000,000	100.00	\$ 624,070	\$ (15,384)	\$ (15,384)	Subsidiary
	CRL Components (S) Pte. Ltd.	Singapore	Electronic-related products and components marketing	6,311	6,311	300,000	100.00	216,423	(16,970)	(16,970)	Subsidiary
	Ferroxcube Italia S.R.L.	Cinisello Balsamo, Italy	Electronic component marketing	EUR 12	EUR 12	-	100.00	35,260	2,506	2,506	Subsidiary
	Ferroxcube Deutschland GmbH	Elmshorn, Germany	Electronic component marketing	EUR 50	EUR 50	-	100.00	167,587	2,019	2,019	Subsidiary
	Ferroxcube USA Inc.	El Paso, TX, USA	Electronic component marketing	US\$ 23	US\$ 23	-	100.00	30,698	4,039	4,039	Subsidiary
	Hispano Ferritas S.A.	Guadalajara, Spain	Electronic component marketing	EUR 9,063	EUR 9,063	-	100.00	29,213	1,279	1,279	Subsidiary
	Ferroxcube Polska Sp. Z.o.o.	Skierniewice, Poland	Electronic components manufacturing and marketing	PLN 55,243	PLN 55,243	-	100.00	1,575,547	40,882	40,882	Subsidiary
Ferroxcube Polska Sp. Z.o.o.	Ferroxcube Hong Kong Limited	Hong Kong	Electronic component marketing	HK\$ 79,551	HK\$ 79,551	-	67.00	394,633	(4,983)	(3,339)	Subsidiary
	Ferroxcube Hong Kong Limited	Hong Kong	Electronic component marketing	HK\$ 39,182	HK\$ 39,182	-	33.00	194,371	(4,983)	(1,644)	Subsidiary
Mag.Layers Scientific-Technics Co., Ltd.	Mag Layers (Hong Kong) Ltd.	Hong Kong	Electronic equipment marketing	78	78	20	100.00	239	(28)	(28)	Subsidiary
	Mag Layers International Co., Ltd.	The British Virgin Islands	Investment	736,428	736,428	24,546	100.00	1,219,570	59,416	67,093	Subsidiary
Magic Technology Co., Ltd.	Mag. Layers USA, Inc.	America	Electronic equipment marketing	18,078	18,078	260	65.00	32,274	9,103	5,917	Subsidiary
	Magic Technology (Samoa) Co., Ltd.	Samoa	Investment	623,834	608,629	-	100.00	1,467,382	127,996	127,996	Subsidiary
	Magic Wireless Technology Co., Ltd.	New Taipei City	Electronic component marketing	38,000	38,000	3,800,000	100.00	2,952	(8,150)	(8,150)	Subsidiary
Magic Technology (Samoa) Co., Ltd.	Classic Magic Developments Limited (Samoa)	Samoa	Electronic component marketing	230,430	230,430	-	100.00	300,560	(44,783)	(44,783)	Subsidiary
	Trendy Island Investment Limited	Samoa	Investment	392,466	392,466	-	100.00	866,388	120,070	120,070	Subsidiary

Note 1: Information on investment in mainland China. Refer to Table 8.

Note 2: All the above investment account and share of profit or loss relevant to subsidiaries have been eliminated upon consolidation.

(Concluded)

TABLE 8

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020 (Note 3)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2020 (Note 3)	Net Income (Loss) of the Investee (Note 4)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Value as of December 31, 2020 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
					Outflow (Note 3)	Inflow (Note 3)							
Dongguan Chilsin Electronics Co., Ltd.	Manufacturing and sale of electronic components	\$ 1,820,633 (HK\$ 495,060)	b.1)	\$ 2,035,126 (US\$ 66,209)	\$ -	\$ -	\$ 2,035,126 (US\$ 66,209)	\$ (20,020) (US\$ -677)	100.0	\$ (21,854) (US\$ -739)	\$ 3,237,957 (US\$ 113,581)	\$ -	Note 5
Chilsin Electronics (Su Zhou) Co., Ltd.	Manufacturing and sale of electronic components	166,772 (US\$ 5,850)	b.2)	176,995 (US\$ 5,272)	-	-	176,995 (US\$ 5,272)	4,399 (US\$ 146)	100.0	4,399 (US\$ 146)	- (US\$ -)	141,817	Notes 6 and 7
Chilsin Electronics (Henan) Co., Ltd.	Manufacturing and sale of electronic components	114,032 (US\$ 4,000)	b.1)	120,672 (US\$ 4,000)	-	-	120,672 (US\$ 4,000)	1,447 (US\$ 48)	100.0	8,171 (US\$ 272)	- (US\$ -)	91,847	Notes 6 and 7
Dongguan CNA Electronics Co., Ltd.	Manufacturing and sale of electronic components	28,508 (US\$ 1,000)	b.1)	15,008 (US\$ 500)	-	-	15,008 (US\$ 500)	15,793 (US\$ 534)	50.0	8,050 (US\$ 272)	33,183 (US\$ 1,164)	-	Note 6
Dongguan Lianmao Electronics Co., Ltd.	Sale of electronic components	5,702 (US\$ 200)	b.1)	6,001 (US\$ 200)	-	-	6,001 (US\$ 200)	643 (US\$ 22)	100.0	643 (US\$ 22)	36,120 (US\$ 1,267)	-	Note 6
Suzhou Qiyixin Electronics Co., Ltd.	Sale of electronic components	57,016 (US\$ 2,000)	b.2)	65,085 (US\$ 2,000)	-	-	65,085 (US\$ 2,000)	9,046 (US\$ 306)	100.0	9,046 (US\$ 306)	68,687 (US\$ 2,409)	-	Note 6
Hunan Chilsin Electronics Technology Co., Ltd.	Manufacturing and sale of electronic components	1,843,042 (US\$ 64,650)	b.1)	1,960,609 (US\$ 64,650)	-	-	1,960,609 (US\$ 64,650)	176,295 (US\$ 5,959)	100.0	196,086 (US\$ 6,628)	2,234,353 (US\$ 78,376)	-	Note 5
Shenzhen Chilsin Electronics Co., Ltd.	Sale of electronic components	25,657 (US\$ 900)	b.1)	27,347 (US\$ 900)	-	-	27,347 (US\$ 900)	71,624 (US\$ 2,421)	100.0	71,624 (US\$ 2,421)	19,911 (US\$ 698)	-	Note 6
Yuanling Country Xianghua Electronic Technology Co., Ltd.	Manufacturing and sale of electronic components	65,388 (RMB 15,000)	c	181,031 (RMB 41,168)	-	-	181,031 (RMB 41,168)	(48,737) (RMB -11,367)	49.9	(26,734) (RMB -6,237)	181,597 (US\$ 41,662)	-	Note 6
Ralec Technology (Kunshan) Limited	Manufacturing and sale of electronic components	1,054,796 (US\$ 37,000)	b.5)	1,237,796	-	-	1,237,796	296,271	100.0	296,271	4,098,546	-	Note 5
Ralec Trading (Kunshan) Limited	Sale of electronic components	28,508 (US\$ 1,000)	b.5)	-	-	-	-	25,703	100.0	25,703	208,107	-	Note 5
Hunan Ralec Electronics Technology Co., Ltd.	Manufacturing and sale of electronic components	427,202 (RMB 98,000)	b.5)	-	-	-	-	(3,861)	100.0	(3,861)	375,480	-	Note 5
Shin Yuan Electronics Productions (Kunshan) Co., Ltd.	Manufacturing and sale of electronic components	180,671 (RMB 41,446)	c.	-	-	-	-	29,492	100.0	29,492	606,602	-	Note 5
Ferroxcube Electronics (Dongguan) Limited	Manufacturing and sale of electronic components	635,728 (US\$ 22,300)	b.6)	671,364 (US\$ 22,300)	-	-	671,364 (US\$ 22,300)	(70,042)	100.0	(70,042)	749,993	-	Note 6
Mag. Layers International Co., Ltd.	Manufacture and marketing of passive components	781,323	b.7)	736,428	-	-	736,428	59,416	100.0	59,416	1,230,434	-	Note 5
Magic (Suzhou) Photoelectric Technology, Ltd.	Sale of electronic components	- (US\$ -)	a.	6,028 (US\$ 200)	-	-	6,028 (US\$ 200)	-	100.0	-	-	-	Note 6
Magic Electronic Technology (Shenzhen) Co., Ltd.	Manufacturing and sale of electronic components	36,690 (US\$ 1,287)	b.8)	41,181 (US\$ 1,287)	-	-	41,181 (US\$ 1,287)	36,446	100.0	36,446	182,422	-	Note 5
Magic Trade (Shenzhen) Co., Ltd.	Sale of electronic components	2,252 (US\$ 79)	b.8)	2,326 (US\$ 79)	-	-	2,326 (US\$ 79)	20,129	100.0	20,129	90,629	-	Note 6

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020 (Note 3)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2020 (Note 3)	Net Income (Loss) of the Investee (Note 4)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Value as of December 31, 2020 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
					Outflow (Note 3)	Inflow (Note 3)							
Magic Electronic Technology (Dongguan) Co., Ltd.	Manufacturing and sale of electronic components	\$ -	b.8)	\$ -	\$ -	\$ -	\$ -	\$ 57	100.0	\$ 57	\$ -	\$ -	Note 6
Magic Electronic Technology (Hunan) Co., Ltd.	Manufacturing and sale of electronic components	28,508 (US\$ 1,000)	b.8)	15,510 (US\$ 500)	-	-	15,510 (US\$ 500)	(3,871)	100.0	(3,871)	25,559	-	Note 5
Magic Electronic Technology (Chongqing) Co., Ltd.	Manufacturing and sale of electronic components	370,604 (US\$ 13,000)	b.9)	392,469 (US\$ 13,000)	-	-	392,469 (US\$ 13,000)	83,878	100.0	83,878	797,985	-	Note 5

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Stipulated by Investment Commission, MOEA
\$7,690,976	\$8,205,785	(Note 8)

Note 1: The exchange rates in December 31, 2020 were HK\$1=NT\$3.6776, US\$1=NT\$28.5080 and RMB1=NT\$4.3592.

Note 2: The way of investment in mainland China is as follows:

a. Direct investment in mainland China

b. Indirect investment through a company registered in a third region

1) Chilisin International Ltd.

2) Chilisin Holding (Samoa) Ltd.

3) Chilisin H.K Holding Corp.

4) Guorui (Hong Kong) Limited

5) Ralec Technology (HK) Limited

6) Ferroxcube Hong Kong Limited

7) Mag. Layers International (Kunshan) Co., Ltd.

8) Magic Technology (Samoa) Co., Ltd.

9) Trendy Island Investment Limited

c. Indirect investment through a company registered in mainland China

Note 3: The exchange rate was based on historical exchange rate.

Note 4: The average exchange rates in 2020 were US\$1=NT\$29.5835 and RMB1=NT\$4.2874.

Note 5: The amount recognized was based on the audited financial statements of the Company.

Note 6: The amount recognized was based on the audited Taiwan’s parent company financial statements audited by another CPA.

Note 7: Subsidiary Compostar Dongguan Chen Xin, Chen Xin Electronics (Jiaozuo) Ltd., Rich Electronics (Henan) Co., Ltd., Dongguan Guorui Electronics Co., Ltd., Chilisin Electronics (Henan) Co., Ltd., Chilisin Electronics (Su Zhou) Co., Ltd., and Magic (Suzhou) Photoelectric Technology., Ltd. had been liquidated in September 2012, January 2013, January 2012, September 2019, May 2020, June 2020, and November 2020 respectively. Inward remittance of earnings NT\$233,664 thousand has received as of December 31, 2020.

Note 8: Under Order No. 09704604680, No. 10420404350, and No. 10820426860 issued by the MOEA on August 29, 2008, February 16, 2015, and October 18, 2019, respectively, the Company obtained the certification documents for operational headquarters issued by the Industrial Bureau of the MOEA which is valid from October 14, 2019 to October 13, 2022. Therefore, the investment in mainland China is not subject to any restriction.

Note 9: All the above investment accounts and share of profit or loss relevant to subsidiaries have been eliminated upon consolidation.

TABLE 9**CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS****FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Company Name	Related Party	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets
0	Chilisin Electronics Corp.	Chilisin International Ltd.	a	Sales revenue	\$ 194,917	a	1
		Chilisin International Ltd.	a	Receivables from related parties	359,963	b	1
		Chilisin International Ltd.	a	Other receivables from related parties	136,312	b	-
		Chilisin Electronics (Vietnam) Company	a	Sales revenue	631,868	a	4
		Chilisin Electronics (Vietnam) Company	a	Receivables from related parties	346,222	b	1
		Chilisin Electronics (Vietnam) Company	a	Other receivables from related parties	272,583	b	1
		Mag.Layers Scientific-Technics Co., Ltd.	a	Sales revenue	307,712	a	2
		Mag.Layers Scientific-Technics Co., Ltd.	a	Receivables from related parties	226,504	b	1
		Mag.Layers Scientific-Technics Co., Ltd.	a	Other receivables from related parties	28,326	b	-
		Magic Technology Co., Ltd.	a	Sales revenue	12,746	a	-
		Magic Technology Co., Ltd.	a	Receivables from related parties	3,359	b	-
		Magic Technology Co., Ltd.	a	Other receivables from related parties	3,607	b	-
		Ralec Electronic Corporation	a	Other receivables from related parties	12,070	b	-
		Chilisin Holding (Samoa) Ltd.	a	Other receivables from related parties	10,712	b	-
1	Chilisin International Ltd.	Chilisin Electronics Corp.	b	Sales revenue	1,852,513	a	11
		Chilisin Electronics Corp.	b	Receivables from related parties	2,280,779	b	5
		Chilisin Electronics Corp.	b	Other receivables from related parties	40,627	b	-
		Dongguan Chilisin Electronics Co., Ltd.	a	Sales revenue	1,632,174	a	9
		Dongguan Chilisin Electronics Co., Ltd.	a	Receivables from related parties	1,747,012	b	4
		Dongguan Chilisin Electronics Co., Ltd.	a	Other receivables from related parties	1,287,358	b	3
		Hunan Chilisin Electronics Technology Co., Ltd.	a	Sales revenue	151,978	a	1
		Hunan Chilisin Electronics Technology Co., Ltd.	a	Receivables from related parties	90,144	b	-
		Hunan Chilisin Electronics Technology Co., Ltd.	a	Other receivables from related parties	1,982	b	-
		Shenzhen Chilisin Electronics Co., Ltd.	a	Sales revenue	560,900	a	3
		Shenzhen Chilisin Electronics Co., Ltd.	a	Receivables from related parties	417,235	b	1
		Chilisin Electronics (Vietnam) Company	c	Sales revenue	46,390	a	-
		Chilisin Electronics (Vietnam) Company	c	Receivables from related parties	21,354	b	-
		Chilisin Electronics (Vietnam) Company	c	Other receivables from related parties	16,208	b	-
2	Dongguan Chilisin Electronics Co., Ltd.	Chilisin International Ltd.	b	Sales revenue	2,923,806	a	17
		Chilisin International Ltd.	b	Receivables from related parties	2,749,806	b	7
		Chilisin International Ltd.	b	Other receivables from related parties	638,758	b	2
		Hunan Chilisin Electronics Technology Co., Ltd.	c	Sales revenue	81,106	a	-
		Hunan Chilisin Electronics Technology Co., Ltd.	c	Receivables from related parties	163,596	b	-
		Hunan Chilisin Electronics Technology Co., Ltd.	c	Other receivables from related parties	163,026	b	-
		Shenzhen Chilisin Electronics Co., Ltd.	c	Sales revenue	546,126	a	3

(Continued)

No. (Note 1)	Company Name	Related Party	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets
		Shenzhen Chilisin Electronics Co., Ltd. Dongguan CNA Electronics Co., Ltd. Dongguan CNA Electronics Co., Ltd. Dongguan CNA Electronics Co., Ltd.	c c c c	Receivables from related parties Sales revenue Receivables from related parties Other receivables from related parties	\$ 324,197 76,071 10,182 337	b a b b	1 - - -
3	Hunan Chilisin Electronics Technology Co., Ltd.	Chilisin International Ltd. Chilisin International Ltd. Dongguan Chilisin Electronics Co., Ltd. Dongguan Chilisin Electronics Co., Ltd. Shenzhen Chilisin Electronics Co., Ltd. Shenzhen Chilisin Electronics Co., Ltd. Mag. Layers International Co., Ltd. Mag. Layers International Co., Ltd.	b b c c c c c c	Sales revenue Receivables from related parties Sales revenue Receivables from related parties Sales revenue Receivables from related parties Sales revenue Receivables from related parties	1,174,365 448,417 108,033 45,077 439,229 173,023 158,313 106,592	a b a b a b a b	7 1 1 - 3 - 1 -
4	Shenzhen Chilisin Electronics Co., Ltd.	Dongguan Chilisin Electronics Co., Ltd. Dongguan Chilisin Electronics Co., Ltd. Chilisin International Ltd. Chilisin International Ltd. Mag. Layers International Co., Ltd. Mag. Layers International Co., Ltd. Dongguan Chilisin Electronics Co., Ltd. Dongguan Chilisin Electronics Co., Ltd. Chilisin Electronics (Vietnam) Company Chilisin Electronics (Vietnam) Company Chilisin Electronics (Vietnam) Company	c c b b c c c c c c c	Sales revenue Receivables from related parties Sales revenue Receivables from related parties Sales revenue Receivables from related parties Sales revenue Receivables from related parties Sales revenue Receivables from related parties Other receivables from related parties	58,130 20,252 17,350 4,834 332,048 187,286 58,130 20,252 17,144 12,044 3,130	a b a b a b a b a b b	- - - - 2 - - - - - -
5	Chilisin Electronics (Vietnam) Company	Chilisin Electronics Corp. Chilisin Electronics Corp. Chilisin International Ltd. Chilisin International Ltd.	b b c c	Sales revenue Receivables from related parties Sales revenue Receivables from related parties	223,477 32,652 1,751,694 763,858	a b a b	1 - 10 2
6	Chilisin America Ltd.	Chilisin Electronics Corp.	b	Other receivables from related parties	5,984	b	-
7	Chu Hsin Investment Ltd.	Chilisin Electronics Corp.	b	Other receivables from related parties	50,280	b	-
8	Chilisin H.K Holding Corp.	Mag. Layers International Co., Ltd.	c	Other receivables from related parties	148,894	b	-
9	Ralec Electronic Corporation	Ralec Technology (Kunshan) Limited Ralec Technology (Kunshan) Limited Ralec Technology (Kunshan) Limited Ralec Trading (Kunshan) Limited Ralec Trading (Kunshan) Limited Hunan Ralec Electronics Technology Co., Ltd. Hunan Ralec Electronics Technology Co., Ltd. Hunan Ralec Electronics Technology Co., Ltd. ASJ Components (M) Sdn. Bhd. ASJ Components (M) Sdn. Bhd.	a a a a a a a a a a	Sales revenue Receivables from related parties Other receivables from related parties Sales revenue Other receivables from related parties Sales revenue Receivables from related parties Other receivables from related parties Sales revenue Receivables from related parties	1,549,170 266,087 306,233 1,522,879 914,835 18,009 766 14,148 59,394 16,607	b b b b b b b b b b	9 1 1 9 2 - - - - -

(Continued)

No. (Note 1)	Company Name	Related Party	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets
10	Ralec Technology (Kunshan) Limited	Ralec Electronic Corporation	b	Sales revenue	\$ 2,636,320	b	15
		Ralec Electronic Corporation	b	Receivables from related parties	951,253	b	2
		CRL Components (S) Pte. Ltd.	c	Sales revenue	25,043	b	-
		CRL Components (S) Pte. Ltd.	c	Receivables from related parties	5,006	b	-
11	Ralec Technology (HK) Limited	Ralec Technology (Kunshan) Limited	a	Other receivables from related parties	139,494	b	-
		ASJ Components (M) Sdn. Bhd.	c	Other receivables from related parties	229,940	b	1
12	Hunan Ralec Electronics Technology Co., Ltd.	Ralec Electronic Corporation	b	Sales revenue	185,483	b	1
		Ralec Electronic Corporation	b	Receivables from related parties	74,149	b	-
		Ralec Technology (Kunshan) Limited	c	Sales revenue	150,708	b	1
		Ralec Technology (Kunshan) Limited	c	Receivables from related parties	22,492	b	-
13	ASJ Holdings Limited	ASJ Components (M) Sdn. Bhd.	a	Other receivables from related parties	65,192	b	-
14	ASJ Pte. Limited	ASJ Components (M) Sdn. Bhd.	c	Receivables from related parties	149,809	b	-
15	ASJ Components (M) Sdn. Bhd.	Ralec Electronic Corporation	b	Sales revenue	514,806	b	3
		Ralec Electronic Corporation	b	Receivables from related parties	55,752	b	-
		ASJ Pte. Limited	c	Sales revenue	17,133	b	-
		ASJ Pte. Limited	c	Receivables from related parties	1,624	b	-
		CRL Components (S) Pte. Ltd.	c	Sales revenue	33,238	b	-
		CRL Components (S) Pte. Ltd.	c	Receivables from related parties	3,161	b	-
16	CRL Components (S) Pte. Ltd.	ASJ Components (M) Sdn. Bhd.	c	Other receivables from related parties	136,838	b	-
17	Shin Yuan Electronics Productions (Kunshan) Co., Ltd.	Mag. Layers International Co., Ltd.	c	Sales revenue	45,930	b	-
		Mag. Layers International Co., Ltd.	c	Receivables from related parties	65,788	b	-
		Dongguan Chilisin Electronics Co., Ltd.	c	Sales revenue	46,950	b	-
		Dongguan Chilisin Electronics Co., Ltd.	c	Receivables from related parties	67,413	b	-
		Magic Electronic Technology (Chongqing) Co., Ltd.	c	Sales revenue	32,321	b	-
		Magic Electronic Technology (Chongqing) Co., Ltd.	c	Receivables from related parties	41,069	b	-
		Hunan Chilisin Electronics Technology Co., Ltd.	c	Sales revenue	116,243	b	1
		Hunan Chilisin Electronics Technology Co., Ltd.	c	Receivables from related parties	76,123	b	-
18	Ferroxcube Polska Sp. Z.o.o.	Ferroxcube International Holding BV	b	Sales revenue	408,060	a	2
		Ferroxcube International Holding BV	b	Receivables from related parties	25,621	b	-
		Ferroxcube Hong Kong Limited	c	Sales revenue	32,627	a	-
		Ferroxcube Hong Kong Limited	c	Receivables from related parties	5,756	b	-
		Ferroxcube Electronics (Dongguan) Limited	c	Sales revenue	160,666	a	1
		Ferroxcube Electronics (Dongguan) Limited	c	Receivables from related parties	38,248	b	-

(Continued)

No. (Note 1)	Company Name	Related Party	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets
19	Ferroxcube Electronics (Dongguan) Limited	Ferroxcube Hong Kong Limited	b	Sales revenue	\$ 287,912	a	2
		Ferroxcube Hong Kong Limited	b	Receivables from related parties	138,663	b	-
		Ferroxcube Polska Sp. Z.o.o.	c	Sales revenue	32,656	a	-
		Ferroxcube Polska Sp. Z.o.o.	c	Receivables from related parties	10,662	b	-
20	Ferroxcube USA Inc.	Ferroxcube International Holding BV	b	Sales revenue	33,973	a	-
		Ferroxcube International Holding BV	b	Receivables from related parties	8,105	b	-
21	Mag.Layers Scientific-Technics Co., Ltd.	Chilisin Electronics Corp.	b	Sales revenue	45,518	a	-
		Chilisin Electronics Corp.	b	Receivables from related parties	39,134	b	-
		Chilisin Electronics Corp.	b	Other receivables from related parties	44,178	b	-
		Mag. Layers International Co., Ltd.	a	Sales revenue	124,432	a	1
		Mag. Layers International Co., Ltd.	a	Receivables from related parties	48,242	b	-
		Mag Layers USA Inc.	a	Sales revenue	146,330	a	1
		Mag Layers USA Inc.	a	Receivables from related parties	27,821	b	-
		Magic Technology Co., Ltd.	c	Sales revenue	3,402	b	-
		Magic Technology Co., Ltd.	c	Receivables from related parties	1,061	b	-
22	Mag. Layers International Co., Ltd.	Hunan Chilisin Electronics Technology Co., Ltd.	c	Sales revenue	65,435	a	-
		Hunan Chilisin Electronics Technology Co., Ltd.	c	Receivables from related parties	19,460	b	-
		Hunan Chilisin Electronics Technology Co., Ltd.	c	Other receivables from related parties	6,246	b	-
		Dongguan Chilisin Electronics Co., Ltd.	c	Sales revenue	60,020	a	-
		Dongguan Chilisin Electronics Co., Ltd.	c	Receivables from related parties	48,198	b	-
		Shenzhen Chilisin Electronics Co., Ltd.	c	Sales revenue	89,191	a	1
		Shenzhen Chilisin Electronics Co., Ltd.	c	Receivables from related parties	40,088	b	-
		Mag.Layers Scientific-Technics Co., Ltd.	b	Sales revenue	1,770,903	a	10
		Mag.Layers Scientific-Technics Co., Ltd.	b	Receivables from related parties	455,025	b	1
23	Classic Magic Developments Limited	Magic Technology Co., Ltd.	b	Sales revenue	984,743	b	6
		Magic Technology Co., Ltd.	b	Receivables from related parties	433,222	b	1
		Magic Trade (Shenzhen) Co., Ltd.	c	Sales revenue	45,543	b	-
		Magic Trade (Shenzhen) Co., Ltd.	c	Receivables from related parties	165,661	b	-
24	Magic Trade (Shenzhen) Co., Ltd.	Magic Technology Co., Ltd.	b	Sales revenue	41,361	b	-
		Magic Technology Co., Ltd.	b	Receivables from related parties	73,290	b	-
25	Magic Electronic Technology (Chongqing) Co., Ltd.	Classic Magic Developments Limited	c	Sales revenue	762,430	b	4
		Classic Magic Developments Limited	c	Receivables from related parties	223,273	b	1
26	Magic Electronic Technology (Shenzhen) Co., Ltd.	Classic Magic Developments Limited	c	Sales revenue	498,907	b	3
		Classic Magic Developments Limited	c	Receivables from related parties	88,583	b	-

Note 1: The parent company and its subsidiaries are numbered as follows:

- a. Chilisin Electronics Corp. is numbered “0”.
- b. Subsidiaries are numbered from “1” onward.

(Continued)

Note 2: The flow of related-party transactions is as follows:

- a. From the parent company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: The parent company and its subsidiaries' transaction terms are as follows:

- a. Offset account monthly payment account.
- b. Normal.

Note 4: Individual transactions not more than NT\$10 million are not disclosed. Transactions with parent company are disclosed while transactions with subsidiaries are not disclosed.

Note 5: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

CHILISIN ELECTRONICS CORP. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yageo Corporation	25,276,032	9.59
Capital Investment - defined contribution plans fund account	16,402,000	6.22

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

**(V). Personal Financial Report of the Company for the Most Recent Fiscal Year,
Certified by CPAs**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Chilisin Electronics Corp.

Opinion

We have audited the accompanying financial statements of Chilisin Electronics Corp. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, based on our audits and the reports of other auditors (refer to the other matter paragraph below), the accompanying 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the financial statements for the year ended December 31, 2020 are as follows:

Occurrence of Sales Revenue from Primary Clients

The primary source of revenue of the Group comes from the sales of certain clients with significant amount (the “primary clients”). The growth rate of the operating revenue from the primary clients is significantly higher than the average growth rate of the operating revenue of the Group in 2020; we considered that revenue is inherently at higher risk of fraud and that the management could be under pressure to meet expected financial goals; therefore, we considered the occurrence of sales relating to the growth of operating revenue of the primary clients as a key audit matter for the annual audit.

Refer to Note 4 to the consolidated financial statements for revenue recognition policies. Our audit procedures for the aforementioned key audit matter are described as follows:

1. We obtained an understanding of the processes of internal controls related to sales cycle and evaluated the design, implementation, and operating effectiveness of internal controls over sales cycle.
2. We sampled and obtained details of sales of the aforementioned clients and validated the details of the supporting documents, including sales orders, delivery orders, invoices, and receipt documents to verify the occurrence of sales revenue.
3. We selected samples and obtained details of accounts receivables from the aforementioned clients and validated the details of the accounts receivable balances, and we sent confirmation requests to verify that the payments have been received.
4. We examined the amount of sales discounts and returns after the year-end period to identify any existence of abnormal significant amounts.

Other Matter

As described in Note 10 to the accompanying financial statements, we did not audit the financial statements of some investees accounted for using the equity method. The financial statements of the aforementioned investees accounted for using the equity method were audited by other auditors; our opinion, insofar as it relates to the related amounts included herein, is based solely on the reports of other auditors. The total investments in these investees accounted for using the equity method were 7.43% (NT\$2,531,819 thousand) and 7.78% (NT\$2,493,900 thousand) of the Company’s total assets as of December 31, 2020 and 2019, respectively, and the amounts of the Company’s share of profit of such associates were 1.78% (NT\$27,054 thousand) and 18.60% (NT\$223,566 thousand) of the Company’s profit before income tax for the years ended December 31, 2020 and 2019, respectively.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yung-Hsiang Chao and Jr-Shian Ke.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

CHILISIN ELECTRONICS CORP.

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

	2020		2019	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 590,843	2	\$ 634,928	2
Financial assets at fair value through profit or loss - current (Note 7)	11,417	-	31,821	-
Notes receivable (Note 8)	2,714	-	4,352	-
Trade receivables (Note 8)	1,193,022	4	931,234	3
Trade receivables from related parties (Note 27)	951,135	3	554,652	2
Other receivables	8,809	-	5,511	-
Other receivables from related parties (Note 27)	466,694	1	290,328	1
Inventories (Note 9)	93,191	-	276,477	1
Prepayments	12,542	-	21,174	-
Other current assets	<u>53,610</u>	-	<u>20,246</u>	-
Total current assets	<u>3,383,977</u>	<u>10</u>	<u>2,770,723</u>	<u>9</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	4,574	-	5,609	-
Investments accounted for using the equity method (Note 10)	29,871,747	88	28,366,141	89
Property, plant and equipment (Notes 11 and 28)	382,269	1	660,250	2
Right-of-use assets (Note 12)	16,187	-	13,862	-
Other intangible assets (Note 13)	115,291	-	118,436	-
Deferred tax assets (Note 21)	54,034	-	36,399	-
Other non-current assets	<u>255,075</u>	<u>1</u>	<u>67,349</u>	-
Total non-current assets	<u>30,699,177</u>	<u>90</u>	<u>29,268,046</u>	<u>91</u>
TOTAL	<u>\$ 34,083,154</u>	<u>100</u>	<u>\$ 32,038,769</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	\$ 600,000	2	\$ 1,550,000	5
Short-term bills payable (Note 14)	499,774	2	-	-
Financial liabilities at fair value through profit or loss - current (Note 7)	4,516	-	203	-
Notes payable	-	-	56	-
Trade payables	379,243	1	255,780	1
Trade payables to related parties (Note 27)	2,416,408	7	1,936,846	6
Other payables (Note 16)	758,645	2	429,881	1
Other payables to related parties (Note 27)	97,496	-	140,153	-
Current tax liabilities (Note 21)	18,603	-	54,972	-
Lease liability - current (Note 12)	4,455	-	3,898	-
Current portion of bonds payable (Note 15)	-	-	489,548	2
Other current liabilities (Note 17)	<u>7,210</u>	-	<u>2,913</u>	-
Total current liabilities	<u>4,786,350</u>	<u>14</u>	<u>4,864,250</u>	<u>15</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 15)	848,164	3	1,722,442	6
Long-term borrowings (Notes 14 and 28)	2,747,500	8	1,878,000	6
Deferred tax liabilities (Note 21)	10,973	-	4,171	-
Lease liability - non-current (Note 12)	11,941	-	10,103	-
Other non-current liabilities (Notes 17 and 18)	<u>162,973</u>	-	<u>16,135</u>	-
Total non-current liabilities	<u>3,781,551</u>	<u>11</u>	<u>3,630,851</u>	<u>12</u>
Total liabilities	<u>8,567,901</u>	<u>25</u>	<u>8,495,101</u>	<u>27</u>
EQUITY				
Share capital				
Ordinary shares	2,579,450	8	2,437,199	8
Bond conversion entitlement certificates	<u>53,842</u>	-	<u>32,583</u>	-
Total share capital	<u>2,633,292</u>	<u>8</u>	<u>2,469,782</u>	<u>8</u>
Capital surplus	<u>18,976,643</u>	<u>55</u>	<u>17,709,734</u>	<u>55</u>
Retained earnings				
Legal reserve	976,358	3	860,967	3
Special reserve	985,931	3	406,630	1
Unappropriated earnings	<u>3,056,960</u>	<u>9</u>	<u>3,082,486</u>	<u>9</u>
Total retained earnings	<u>5,019,249</u>	<u>15</u>	<u>4,350,083</u>	<u>13</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(1,114,986)	(3)	(975,819)	(3)
Unrealized gain (loss) on financial assets at FVTOCI	<u>1,055</u>	-	<u>(10,112)</u>	-
Total other equity	<u>(1,113,931)</u>	<u>(3)</u>	<u>(985,931)</u>	<u>(3)</u>
Total equity	<u>25,515,253</u>	<u>75</u>	<u>23,543,668</u>	<u>73</u>
TOTAL	<u>\$ 34,083,154</u>	<u>100</u>	<u>\$ 32,038,769</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 18, 2021)

CHILISIN ELECTRONICS CORP.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Note 27)	\$ 4,413,381	100	\$ 3,820,675	100
OPERATING COSTS (Notes 9, 18, 20, 23 and 27)				
Cost of goods sold	<u>3,594,286</u>	<u>81</u>	<u>3,345,711</u>	<u>87</u>
GROSS PROFIT	<u>819,095</u>	<u>19</u>	<u>474,964</u>	<u>13</u>
UNREALIZED GAIN/(LOSS) ON TRANSACTIONS WITH ASSOCIATES	(2,117)	-	(1,407)	-
REALIZED GAIN/(LOSS) ON TRANSACTIONS WITH ASSOCIATES	<u>1,407</u>	<u>-</u>	<u>9,217</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>818,385</u>	<u>19</u>	<u>482,774</u>	<u>13</u>
OPERATING EXPENSES (Notes 8, 18, 20, 23 and 27)				
Selling and marketing expenses	290,145	7	260,160	7
General and administrative expenses	286,864	6	271,855	7
Research and development expenses	177,620	4	151,781	4
Expected credit loss (gain)	<u>467</u>	<u>-</u>	<u>(502)</u>	<u>-</u>
Total operating expenses	<u>755,096</u>	<u>17</u>	<u>683,294</u>	<u>18</u>
PROFIT/(LOSS) FROM OPERATIONS	<u>63,289</u>	<u>2</u>	<u>(200,520)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	1,077	-	1,759	-
Other income (Note 20)	537	-	599	-
Other gains and losses (Notes 20 and 27)	(93,516)	(2)	96,592	2
Finance costs (Note 20)	(46,696)	(1)	(73,194)	(2)
Share of profit of associates	<u>1,597,995</u>	<u>36</u>	<u>1,376,917</u>	<u>36</u>
Total non-operating income and expenses	<u>1,459,397</u>	<u>33</u>	<u>1,402,673</u>	<u>36</u>
PROFIT BEFORE INCOME TAX	1,522,686	35	1,202,153	31
INCOME TAX EXPENSE/(BENEFIT) (Note 21)	<u>(1,856)</u>	<u>-</u>	<u>54,848</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,524,542</u>	<u>35</u>	<u>1,147,305</u>	<u>30</u>

(Continued)

CHILISIN ELECTRONICS CORP.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 4,833	-	\$ -	-
Remeasurement of defined benefit plans (Note 18)	(1,422)	-	2,710	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	16,520	-	3,887	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	284	-	(542)	-
	<u>20,215</u>	<u>-</u>	<u>6,055</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 19)	<u>(139,167)</u>	<u>(3)</u>	<u>(578,754)</u>	<u>(15)</u>
Other comprehensive loss for the year, net of income tax	<u>(118,952)</u>	<u>(3)</u>	<u>(572,699)</u>	<u>(15)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,405,590</u>	<u>32</u>	<u>\$ 574,606</u>	<u>15</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 5.91</u>		<u>\$ 4.71</u>	
Diluted	<u>\$ 5.73</u>		<u>\$ 4.29</u>	

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

(With Deloitte & Touche auditors' report dated March 18, 2021)

(Concluded)

CHILISIN ELECTRONICS CORP.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Share Capital (Note 19)			Capital Surplus (Note 23)						Retained Earnings (Note 19)				Other Equity				Total Equity
	Common Shares	Capital Collected in Advance	Total	Issue Premium	Treasury Shares	Employee Share Options	Share Options	Other Capital Surplus	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations (Note 19)	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 19)	Total		
BALANCE AT JANUARY 1, 2019	\$ 2,429,930	\$ 1,826	\$ 2,431,756	\$ 17,271,706	\$ 6,486	\$ 30,616	\$ 20,257	\$ 4,263	\$ 17,333,328	\$ 572,713	\$ 186,844	\$ 4,382,527	\$ 5,142,084	\$ (397,065)	\$ (9,565)	\$ (406,630)	\$ 24,500,538	
Appropriation of the 2018 earnings																		
Legal reserve	-	-	-	-	-	-	-	-	-	288,254	-	(288,254)	-	-	-	-	-	
Special reserve	-	-	-	-	-	-	-	-	-	-	219,786	(219,786)	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(1,945,908)	(1,945,908)	-	-	-	(1,945,908)	
Donations from shareholders	-	-	-	-	-	-	-	108	108	-	-	-	-	-	-	-	108	
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	1,147,305	1,147,305	-	-	-	1,147,305	
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	-	-	-	-	6,129	6,129	(578,754)	(74)	(578,828)	(572,699)	
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	473	473	-	(473)	(473)	-	
Convertible bonds converted to ordinary shares	6,729	22,437	29,166	249,955	-	-	92,780	-	342,735	-	-	-	-	-	-	-	371,901	
Recognition of compensation cost of employee share options	-	-	-	-	-	550	-	-	550	-	-	-	-	-	-	-	550	
Conversion of employee share options by the Company	<u>540</u>	<u>8,320</u>	<u>8,860</u>	<u>34,091</u>	<u>-</u>	<u>(1,078)</u>	<u>-</u>	<u>-</u>	<u>33,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,873</u>	
BALANCE AT DECEMBER 31, 2019	2,437,199	32,583	2,469,782	17,555,752	6,486	30,088	113,037	4,371	17,709,734	860,967	406,630	3,082,486	4,350,083	(975,819)	(10,112)	(985,931)	23,543,668	
Appropriation of the 2019 earnings																		
Legal reserve	-	-	-	-	-	-	-	-	-	115,391	-	(115,391)	-	-	-	-	-	
Special reserve	-	-	-	-	-	-	-	-	-	-	579,301	(579,301)	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(864,424)	(864,424)	-	-	-	(864,424)	
Donations from shareholders	-	-	-	-	-	-	-	1,965	1,965	-	-	-	-	-	-	-	1,965	
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	-	-	-	-	1,524,542	1,524,542	-	-	-	1,524,542	
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	-	-	-	-	(13,398)	(13,398)	(139,167)	33,613	(105,554)	(118,952)	
Convertible bonds converted to ordinary shares	124,581	24,089	148,670	1,279,245	-	-	(65,782)	-	1,213,463	-	-	-	-	-	-	-	1,362,133	
Recognition of compensation cost of employee share options	-	-	-	-	-	126	-	-	126	-	-	-	-	-	-	-	126	
Conversion of employee share options by the Company	17,670	(2,830)	14,840	53,159	-	(1,804)	-	-	51,355	-	-	-	-	-	-	-	66,195	
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,446</u>	<u>22,446</u>	<u>-</u>	<u>(22,446)</u>	<u>(22,446)</u>	<u>-</u>	
BALANCE AT DECEMBER 31, 2020	<u>\$ 2,579,450</u>	<u>\$ 53,842</u>	<u>\$ 2,633,292</u>	<u>\$ 18,888,156</u>	<u>\$ 6,486</u>	<u>\$ 28,410</u>	<u>\$ 47,255</u>	<u>\$ 6,336</u>	<u>\$ 18,976,643</u>	<u>\$ 976,358</u>	<u>\$ 985,931</u>	<u>\$ 3,056,960</u>	<u>\$ 5,019,249</u>	<u>\$ (1,114,986)</u>	<u>\$ 1,055</u>	<u>\$ (1,113,931)</u>	<u>\$ 25,515,253</u>	

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

(With Deloitte & Touche auditors' report dated March 18, 2021)

CHILISIN ELECTRONICS CORP.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,522,686	\$ 1,202,153
Adjustments for:		
Depreciation expense	90,360	140,512
Amortization expense	19,175	12,604
Expected credit loss recognized/(reversed) on trade receivables	467	(502)
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(35,030)	(7,863)
Finance costs	46,696	73,194
Interest income	(1,077)	(1,759)
Compensation cost of employee share options	126	550
Share of profit or loss of subsidiaries	(1,597,995)	(1,376,917)
Net gain on disposal of property, plant and equipment, net	(99,249)	(7,064)
Reversal of write-downs of inventories	(113,357)	(67,644)
Unrealized gain on transactions with subsidiaries	2,117	1,407
Realized gain on transactions with subsidiaries	(1,407)	(9,217)
Impairment loss recognized on property, plant and equipment	46,492	-
Changes in operating assets and liabilities:		
Financial assets mandatorily classified at fair value through profit or loss	60,784	(32,271)
Notes receivable	1,638	5,707
Trade receivables	(262,255)	4,221
Trade receivables from related parties	(396,483)	(196,324)
Other receivables	(3,298)	894
Other receivables from related parties	(176,366)	185,368
Inventories	296,643	350,097
Prepayments	5,634	(370)
Other current assets	(33,364)	(8,726)
Notes payable	(56)	56
Trade payables	123,463	(83,618)
Trade payables to related parties	479,562	941,256
Other payables	246,672	(270,281)
Other payable to related parties	(42,657)	4,636
Other current liabilities	4,296	(17,097)
Accrued pension liabilities	(5,240)	(10,553)
Other non-current liabilities	150,656	-
Cash generated from operations	329,633	832,449
Interest received	1,077	1,759
Interest paid	(31,197)	(54,487)
Income tax paid	(45,062)	(34,729)
Net cash generated from operating activities	254,451	744,992

(Continued)

CHILISIN ELECTRONICS CORP.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries	\$ (1,108,045)	\$ (1,029,067)
Payments for property, plant and equipment	(44,641)	(7,059)
Proceeds from disposal of property, plant and equipment	292,810	270,135
Proceeds from sale of financial assets at fair value through other comprehensive income	4,833	-
Increase in refundable deposits	3,645	(7,481)
Payments for intangible assets	(13,308)	(118,370)
Proceeds from disposal of intangible assets	276	-
Increase in prepayments for equipment	(116,468)	(34,037)
Dividends received from subsidiaries	<u>1,082,089</u>	<u>2,980,103</u>
Net cash generated from investing activities	<u>101,191</u>	<u>2,054,224</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	19,248,000	36,370,000
Repayment of short-term borrowings	(20,198,000)	(35,520,000)
Proceeds (repayment) of short-term bills payable	498,122	(806,564)
Repayment of convertible bonds	(15,300)	-
Proceeds from issuance of convertible bonds	-	2,015,000
Proceeds from long-term borrowings	6,219,500	12,728,000
Repayments of long-term borrowings	(5,350,000)	(15,450,000)
Repayment of the principal portion of lease liabilities	(5,785)	(5,709)
Dividends paid to the owners of the Company	(864,424)	(1,945,908)
Proceeds from employee share options	66,195	41,873
Overdue dividends	<u>1,965</u>	<u>108</u>
Net cash used in financing activities	<u>(399,727)</u>	<u>(2,573,200)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(44,085)	226,016
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>634,928</u>	<u>408,912</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 590,843</u>	<u>\$ 634,928</u>

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

(With Deloitte & Touche auditors' report dated March 18, 2021)

(Concluded)

CHILISIN ELECTRONICS CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars Unless Stated Otherwise)

1. GENERAL INFORMATION

Chilisin Electronics Corp. (the “Company”) was incorporated in August 1972 in the Republic of China (“ROC”). The Company and its subsidiaries (collectively referred to as the “Group”) manufactures and sells iron powder core, coil, chip inductor and composite electronic component. The Company manufactures, processes and sells metal powder, magnetic powder and ceramic powder, as well as manufactures and sells resistor, electronic parts and materials and related machinery.

The Company was approved for public offering in December 1995 and was approved by Securities & Futures Institute for listing in July 2001. The Company’s shares have been listed on the Taiwan Stock Exchange since September 26, 2001.

The Company issued new shares as a consideration via share swap transaction to acquire 100% equity of Ralec Electronic Corp., and acquired Ferroxcube International Holding B.V. by cash settlement in 2017. The aforementioned transaction was categorized as organizational restructuring under common control.

The Company acquired 100% equity of Mag.Layers Scientific-Technics Co., Ltd. and Magic Technology Co., Ltd. in 2018 via share swaps.

The financial statements of the Company is presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 11, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

- 1) Amendments to IFRS 3 “Definition of a Business”

The Company applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To determine whether an acquired process is substantive, different criteria apply, depending on whether there are outputs at the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

Upon initial application of the above amendments, the Company assessed that there was no significant impact on assets, liabilities, and equity on January 1, 2020.

2) Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”

Upon retrospective application of the amendments, the Company complied with the hedge accounting requirements under the assumption that the interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Upon initial application of the above amendments, the Company assessed that there was no significant impact on assets, liabilities, and equity on January 1, 2020.

3) Amendments to IAS 1 and IAS 8 “Definition of Material”

The Company adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to “could reasonably be expected to influence”. Accordingly, disclosures in the parent company only financial statements do not include immaterial information that may obscure material information.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”	June 1, 2020

1) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

Hedging accounting

The amendments provide the following temporary exceptions to hedging relationships that are subject to the reform:

- a) The changes to the hedging relationship that are needed to reflect changes required by the reform are treated as a continuation of the existing hedging relationship, and do not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.
 - b) If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.
 - c) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
 - d) An entity should allocate the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and should designate the hedged benchmark rate separately.
- 2) Amendment to IFRS 16 “Covid-19-Related Rent Concessions”

The amendment stipulates that, when the Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 and the Company meets the specified requirements, the Company may elect to apply the practical expedient and recognize the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occur, and make a corresponding adjustment to the lease liability.

The Company did not have rent negotiations in 2020; however, if such negotiations will occur in 2021, the Company will elect to apply the practical expedient.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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 IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	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 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.
- Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Company shall assess

whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

3) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 "Financial Instruments", were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

4) Amendments to IFRS 3 "Reference to the Conceptual Framework"

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 "Levies" to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

5) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Company will restate its comparative information when it initially applies the aforementioned amendments.

6) Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

The amendments specify that when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulfilling that contract (for example, direct labor and

materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Company will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application.

7) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Company chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

8) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on:

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting standard alone financial statements, the functional currencies of the Company and the Company entities (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of merchandise, raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in associates

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss.

Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 365 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by an entity in the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gain or loss on such financial liability are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums.

When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps, and cross-currency swap contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from sale of goods comes from sales of electronic components. Sales of the above products are majorly recognized as revenue under contracts when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

n. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur, or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Employee share options

Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Company revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 8. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 1,693	\$ 1,518
Checking accounts and demand deposits	<u>589,150</u>	<u>633,410</u>
	<u>\$ 590,843</u>	<u>\$ 634,928</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ 315	\$ -
Swap contracts (b)	11,102	925
Non-derivative financial assets		
Mutual fund	-	30,896
	<u>\$ 11,417</u>	<u>\$ 31,821</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Convertible options (Note 15)	<u>\$ 4,574</u>	<u>\$ 5,609</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ 4,167	\$ 203
Swap contracts (b)	349	-
	<u>\$ 4,516</u>	<u>\$ 203</u>

- a. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
Buy	USD/NTD	2021.01.05-2021.03.16	USD26,000/NTD732,110
Sell	USD/NTD	2021.01.05	USD3,000/NTD84,330
<u>December 31, 2019</u>			
Buy	USD/NTD	2020.01.03-2020.01.30	USD6,000/NTD179,868

- b. At the end of the reporting period, swap contracts not under hedge accounting were as follows:

	Currency	Maturity	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
Buy	RMB/NTD	2021.01.26-2021.02.26	RMB23,963/NTD103,082
Sell	USD/NTD	2021.01.05-2021.02.09	USD29,800/NTD855,306
<u>December 31, 2019</u>			
Buy	RMB/NTD	2020.01.22-2020.01.31	RMB19,128/NTD82,391
Sell	USD/NTD	2020.01.03	USD6,600/NTD199,266

The Company entered into foreign exchange forward contracts and swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	2020	2019
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	\$ 2,714	\$ 4,352
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,194,420	\$ 932,165
Less: Allowance for impairment loss	<u>(1,398)</u>	<u>(931)</u>
	<u>\$ 1,193,022</u>	<u>\$ 931,234</u>

Trade Receivables

At amortized cost

The average credit period of sales of goods was 90-180 days. No interest was charged on trade receivables. The Company adopted a policy of dealing with major customers that the Company could use other publicly available financial information or its own trading records to rate and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee regularly.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details of trade receivables based on Group's provision matrix:

December 31, 2020

	Not Past Due	1 to 120 Days Past Due	121 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 1,089,763	\$ 103,809	\$ 84	\$ 4	\$ 760	\$ 1,194,420

December 31, 2019

	Not Past Due	1 to 120 Days Past Due	121 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 920,398	\$ 10,903	\$ -	\$ 83	\$ 781	\$ 932,165

The loss allowance of trade receivables was calculated according to the expected credit loss rate of each aging interval, and the expected credit loss rate ranged from 0.01% to 100%. The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 931	\$ 4,365
Add (less): Net remeasurement of loss allowance	467	(502)
Less: Amounts written off	<u>-</u>	<u>(2,932)</u>
Balance at December 31	<u>\$ 1,398</u>	<u>\$ 931</u>

9. INVENTORIES

	December 31	
	2020	2019
Finished goods	\$ 50,287	\$ 95,768
Work in progress	15,278	112,175
Raw materials and supplies	10,169	51,310
Inventory in transit	<u>17,457</u>	<u>17,224</u>
	<u>\$ 93,191</u>	<u>\$ 276,477</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	\$ 2,810,113	\$ 2,599,710
Inventory write-downs reversed*	(113,357)	(67,644)
Unallocated production overhead	532,689	540,962
Loss on disposal of inventories	115,757	170,181
Others	<u>249,084</u>	<u>102,502</u>
	<u>\$ 3,594,286</u>	<u>\$ 3,345,711</u>

* Inventory write-downs were reversed as a result of increased selling prices in certain markets.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2020	2019
Mag.Layers Scientific-Technics Co., Ltd.	\$ 11,697,371	\$ 11,760,100
Chilisin International Ltd.	6,543,279	5,751,317
Ralec Electronic Corporation	4,521,154	4,291,554
Chilisin H.K Holding Corp.	2,698,269	2,190,162
Ferroxcube International Holding B.V.	2,531,819	2,493,900
Magic Technology Co., Ltd.	1,419,330	1,405,736
Chilisin Holding (Samoa) Ltd.	369,171	375,584
Chu Hsin Investment Ltd.	58,685	62,431
Chilisin Asia Investment Corp. (Samoa)	23,089	21,494
Chilisin Japan Corp.	<u>9,580</u>	<u>13,863</u>
	<u>\$ 29,871,747</u>	<u>\$ 28,366,141</u>

Name of Subsidiary	Proportion of Ownership and Voting Rights	
	December 31	
	2020	2019
Mag.Layers Scientific-Technics Co., Ltd.	100.00%	100.00%
Chilisin International Ltd.	100.00%	100.00%
Ralec Electronic Corporation	100.00%	100.00%
Chilisin H.K Holding Corp.	94.15%	92.21%
Ferroxcube International Holding B.V.	100.00%	100.00%
Magic Technology Co., Ltd.	100.00%	100.00%
Chilisin Holding (Samoa) Ltd.	100.00%	100.00%
Chu Hsin Investment Ltd.	100.00%	100.00%
Chilisin Asia Investment Corp. (Samoa)	100.00%	100.00%
Chilisin Japan Corp.	100.00%	100.00%

The Company's shares of profit or loss and other comprehensive income for investment under the equity method were calculated and recognized based on the financial statements audited by other auditors for the years ended December 31, 2020 and 2019.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Office Equipment	Other Equipment	Unaccepted Equipment	Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 27,602	\$ 487,930	\$ 811,679	\$ 20,308	\$ 1,996	\$ -	\$ 300	\$ 1,349,815
Additions	-	-	39,936	4,156	5,000	-	2,794	51,886
Disposals	(1,666)	(37,612)	(464,589)	(1,983)	-	-	-	(505,850)
Reclassifications	-	-	-	2,199	-	-	(2,199)	-
Balance at December 31, 2020	<u>\$ 25,936</u>	<u>\$ 450,318</u>	<u>\$ 387,026</u>	<u>\$ 24,680</u>	<u>\$ 6,996</u>	<u>\$ -</u>	<u>\$ 895</u>	<u>\$ 895,851</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ -	\$ 254,791	\$ 421,203	\$ 12,602	\$ 969	\$ -	\$ -	\$ 689,565
Disposals	-	(30,651)	(274,866)	(1,759)	-	-	-	(302,276)
Depreciation expense	-	22,664	57,471	3,748	918	-	-	84,801
Impairment losses recognized	-	1,428	42,069	2,398	597	-	-	46,492
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 248,232</u>	<u>\$ 245,877</u>	<u>\$ 16,989</u>	<u>\$ 2,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513,582</u>
Carrying amounts at December 31, 2020	<u>\$ 25,936</u>	<u>\$ 202,086</u>	<u>\$ 141,149</u>	<u>\$ 7,691</u>	<u>\$ 4,512</u>	<u>\$ -</u>	<u>\$ 895</u>	<u>\$ 382,269</u>
<u>Cost</u>								
Balance at January 1, 2019	\$ 27,602	\$ 473,335	\$ 1,177,349	\$ 23,412	\$ 19,138	\$ 146,552	\$ 12,277	\$ 1,879,665
Additions	-	12,593	26,057	387	126	22,363	8,427	69,953
Disposals	-	-	(415,362)	(3,721)	(17,268)	(150,517)	-	(586,868)
Reclassifications	-	2,002	23,635	230	-	(18,398)	(20,404)	(12,935)
Balance at December 31, 2019	<u>\$ 27,602</u>	<u>\$ 487,930</u>	<u>\$ 811,679</u>	<u>\$ 20,308</u>	<u>\$ 1,996</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 1,349,815</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2019	\$ -	\$ 232,311	\$ 603,719	\$ 11,561	\$ 17,452	\$ -	\$ -	\$ 865,043
Disposals	-	-	(289,619)	(3,381)	(17,142)	-	-	(310,142)
Depreciation expense	-	22,480	107,103	4,422	659	-	-	134,664
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 254,791</u>	<u>\$ 421,203</u>	<u>\$ 12,602</u>	<u>\$ 969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 689,565</u>
Carrying amounts at December 31, 2019	<u>\$ 27,602</u>	<u>\$ 233,139</u>	<u>\$ 390,476</u>	<u>\$ 7,706</u>	<u>\$ 1,027</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 660,250</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	1-45 years
Machinery equipment	1-15 years
Office equipment	1-10 years
Other equipment	2-10 years

The Company's board of directors approved to sell the plant in Yunlin Douliu Section (No. 1110-1111 Zhuweizi Sec., No. 3815-3816, No. 121-125 and No. 434 Dapuwei Sec., Douliu City, Yunlin County) on August 11, 2020. The Group signed the contract with a non-related party on November 9, 2020 for the total price of NT\$109,850 thousand (including tax). After reducing the carrying amount and essential tax, the amount of gain from the sale of plant was NT\$100,946 thousand.

The Group evaluated that the estimated future cash flows expected to arise from the related equipment and buildings would decrease. The Group carried out a review of the recoverable amount of the related equipment and buildings and determined that the carrying amount exceeded the recoverable amount. The Group recognized an impairment loss of NT\$46,492 thousand, which was recognized in other gains and losses for the year ended December 31, 2020.

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 28.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Buildings	\$ 6,882	\$ 1,274
Machinery	9,305	12,029
Transportation equipment	<u>-</u>	<u>559</u>
	<u>\$ 16,187</u>	<u>\$ 13,862</u>
	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 7,884</u>	<u>\$ 16,449</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 2,276	\$ 2,166
Machinery	2,724	2,723
Transportation equipment	<u>559</u>	<u>959</u>
	<u>\$ 5,559</u>	<u>\$ 5,848</u>

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 4,455</u>	<u>\$ 3,898</u>
Non-current	<u>\$ 11,941</u>	<u>\$ 10,103</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2020	2019
Buildings	1.797%	1.797%
Machinery	1.797%	1.797%
Transportation equipment	1.797%	1.797%

c. Material lease-in activities and terms

The Company leases certain land, buildings, machinery, and transportation equipment for use as factory building, office, and business cars with lease terms from 2 to 5 years. These arrangements do not contain renewal or purchase options.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	<u>\$ 5,379</u>	<u>\$ 5,844</u>
Total cash outflow for leases	<u>\$(11,460)</u>	<u>\$(12,153)</u>

The leases of the Company are classified as short term lease and low-value asset lease. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. OTHER INTANGIBLE ASSETS

	Trademark	Patent	Computer Software	Total
<u>Cost</u>				
Balance at January 1, 2020	\$ 64	\$ 414	\$ 130,134	\$ 130,612
Additions	-	-	13,308	13,308
Disposals	<u>-</u>	<u>(11)</u>	<u>(4,871)</u>	<u>(4,882)</u>
Balance at December 31, 2020	<u>\$ 64</u>	<u>\$ 403</u>	<u>\$ 138,571</u>	<u>\$ 139,038</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2020	\$ 21	\$ 293	\$ 11,862	\$ 12,176
Amortization expense	7	24	16,146	16,177
Disposals	<u>-</u>	<u>(11)</u>	<u>(4,595)</u>	<u>(4,606)</u>
Balance at December 31, 2020	<u>\$ 28</u>	<u>\$ 306</u>	<u>\$ 23,413</u>	<u>\$ 23,747</u>
Carrying amounts at December 31, 2020	<u>\$ 36</u>	<u>\$ 97</u>	<u>\$ 115,158</u>	<u>\$ 115,291</u>
<u>Cost</u>				
Balance at January 1, 2019	\$ 64	\$ 571	\$ 15,914	\$ 16,549
Additions	-	-	118,370	118,370
Disposals	<u>-</u>	<u>(157)</u>	<u>(4,150)</u>	<u>(4,307)</u>
Balance at December 31, 2019	<u>\$ 64</u>	<u>\$ 414</u>	<u>\$ 130,134</u>	<u>\$ 130,612</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2019	\$ 15	\$ 417	\$ 6,117	\$ 6,549
Amortization expense	6	33	9,895	9,934
Disposals	<u>-</u>	<u>(157)</u>	<u>(4,150)</u>	<u>(4,307)</u>
Balance at December 31, 2019	<u>\$ 21</u>	<u>\$ 293</u>	<u>\$ 11,862</u>	<u>\$ 12,176</u>
Carrying amounts at December 31, 2019	<u>\$ 43</u>	<u>\$ 121</u>	<u>\$ 118,272</u>	<u>\$ 118,436</u>

The amortization cost is based on the straight-line basis for the following number of years of durability:

Trademark	10 years
Patent	9-19 years
Computer software	1-10 years

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 600,000</u>	<u>\$ 1,550,000</u>

The effective interest rate ranges for bank loans were 0.82%-0.85% and 0.97%-1.00% per annum as of December 31, 2020 and 2019, respectively.

b. Short-term bills payable

	December 31, 2020
Commercial paper	\$ 500,000
Less: Unamortized discount on bills payable	<u>(226)</u>
	<u>\$ 499,774</u>

Outstanding short-term bills payable as follows:

December 31, 2020

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value
<u>Commercial paper</u>			
Mega Bills	\$ 300,000	\$ 155	\$ 299,845
DAH Chung Bills	<u>200,000</u>	<u>71</u>	<u>199,929</u>
	<u>\$ 500,000</u>	<u>\$ 226</u>	<u>\$ 499,774</u>

The effective interest rate for short-term bills payable was 0.858% per annum as of December 31, 2020.

c. Long-term borrowings

	December 31	
	2020	2019
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 2,747,500</u>	<u>\$ 1,878,000</u>

December 31, 2020

<u>Nature of Borrowing</u>	<u>Credit Period and Repayment Agreement</u>	<u>Collateral</u>
O-Bank Co., Ltd. medium and long-term loans (National Development Council project)	During the loan period, from December 10, 2019 to November 15, 2024, the interest will be paid on a monthly basis and the principal will be repaid in the last month of grace period by 25 equal monthly installments, non-recyclable.	No
Taishin International Bank medium and long-term loans (National Development Council project)	During the loan period, from September 24, 2019 to September 15, 2024, the interest will be paid on a monthly basis, and the principal will be repaid in the 37 th month after the first drawdown date on a monthly basis, non-recyclable.	No
First Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from September 6, 2019 to August 15, 2026, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
Taipei Fubon Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from January 3, 2020 to December 15, 2024, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
KGI Commercial Bank medium and long-term loans	During the loan period, from June 3, 2020 to June 3, 2022, the interest will be paid on a monthly basis, and the principal will be repaid at maturity, recyclable.	No
Yuanta Commercial Bank medium and long-term loans	During the loan period, from April 27, 2020 to April 15, 2022, the interest will be paid on a monthly basis, and the principal will be repaid at maturity, recyclable.	No

December 31, 2019

<u>Nature of Borrowing</u>	<u>Credit Period and Repayment Agreement</u>	<u>Collateral</u>
O-Bank Co., Ltd. medium and long-term loans (National Development Council project)	During the loan period, from December 10, 2019 to November 15, 2024, the interest will be paid on a monthly basis and the principal will be repaid in the last month of grace period by 49 equal monthly installments, non-recyclable.	No
Taishin International Bank medium and long-term loans (National Development Council project)	During the loan period, from September 24, 2019 to September 15, 2024, the interest will be paid on a monthly basis, and the principal will be repaid in the 37 th month after the first drawdown date on a monthly basis, non-recyclable.	No

(Continued)

<u>Nature of Borrowing</u>	<u>Credit Period and Repayment Agreement</u>	<u>Collateral</u>
First Commercial Bank medium and long-term loans (National Development Council project)	During the loan period, from September 6, 2019 to August 15, 2026, the interest will be paid on a monthly basis, and the principal will be repaid after grace period on a monthly basis, non-recyclable.	No
Sumitomo Mitsui Bank medium and long-term loans	During the loan period, from December 1, 2019 to June 30, 2021, the interest will be paid on a monthly basis, and the principal will be repaid at maturity, recyclable.	No
JihSun International Commercial Bank medium and long-term loans	During the loan period, from December 12, 2019 to December 12, 2021, the interest will be paid on a monthly basis, and the principal will be repaid at maturity, recyclable.	No
(Concluded)		

The effective interest rate ranges for bank loans were 0.7357%-0.8873% and 1.000%-1.170% per annum as of December 31, 2020 and 2019, respectively.

15. BONDS PAYABLE

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Domestic unsecured convertible bonds without collaterals	\$ 879,600	\$ 2,297,700
Discounts of secured domestic convertible bonds	(31,436)	(85,710)
Less: Current portions	<u>-</u>	<u>(489,548)</u>
	<u>\$ 848,164</u>	<u>\$ 1,722,442</u>

a. The Company's sixth domestic unsecured convertible bonds

As of September 12, 2019, the Company issued the sixth unsecured convertible bonds of NT\$2,000,000 thousand with a zero-coupon interest rate in Taiwan. The duration period is between September 12, 2019 and September 12, 2024. The Company has to repurchase all of its bonds in cash at face value. The corporate bonds may be converted into ordinary shares of the Company upon request from December 31, 2019 to September 11, 2024. The conversion price at the time of issuance was NT\$94 per share.

The bonds will be held on the next day after the expiration of 3 months (December 13, 2019) until 40 days before the expiration of the issue period (August 3, 2024). If the closing price of the Company's ordinary stock exceeds the conversion price of the bond by 30% or more for 30 consecutive business days, the Company shall repurchase the bonds in cash within 30 business days and within 5 business days after the benchmark date of bond repurchase. The Company redeems the bondholder's convertible corporate bonds by cash.

According to the provisions of the issuance and conversion method, as of December 31, 2020, a denomination of NT\$1,120,400 thousand had been converted into 12,110 thousand shares of common stock with the conversion price of NT\$90.6 per share.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 0.9975% per annum on initial recognition.

Proceeds from issuance (less transaction costs of NT\$5,000 thousand)	\$ 2,015,000
Equity component (less transaction costs allocated to the equity component of NT\$264 thousand)	(106,191)
Financial product component	<u>(5,642)</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of NT\$4,722 thousand)	1,903,167
Interest charged at an effective interest rate of 0.9975%	6,152
Convertible bonds converted into ordinary shares	<u>(186,877)</u>
Liability component at December 31, 2019	1,722,442
Interest charged at an effective interest rate of 0.9975%	12,392
Convertible bonds converted into ordinary shares	<u>(886,670)</u>
Liability component at December 31, 2020	<u>\$ 848,164</u>

b. The Company's fifth domestic unsecured convertible bonds

As of September 18, 2017, the Company issued the fifth unsecured convertible bonds of NT\$1,400,000 thousand with a zero-coupon interest rate in Taiwan. The duration period is between September 18, 2017 and September 18, 2020. The Company has to repurchase all of its bonds in cash at face value. The corporate bonds may be converted into ordinary shares of the Company upon request from December 19, 2017 to September 18, 2020. The conversion price at the time of issuance was NT\$103.0 per share.

The bonds will be held on the next day after the expiration of 3 months (December 19, 2017) until 40 days before the expiration of the issue period (August 9, 2020). If the closing price of the Company's ordinary stock exceeds the conversion price of the bond by 30% or more for 30 consecutive business days, the Company shall repurchase the bond in cash within 30 business days and within 5 business days after the benchmark date of bond repurchase. The Company redeems the bondholder's convertible corporate bonds by cash.

According to the provisions of the issuance and conversion method, as of September 18, 2020, a denomination of NT\$1,385,100 thousand had been converted into 15,598 thousand shares of common stock with the conversion price of NT\$96.3 per share. As of September 18, 2020, 14,900 thousand share had not convertible into common share, which returned cash to the bondholders.

c. The Company's fourth domestic unsecured domestic convertible bonds.

As of May 29, 2015, the Company issued the fourth unsecured convertible bonds of NT\$1,500,000 thousand with a zero-coupon interest rate in Taiwan. The duration period is between May 29, 2015 and May 29, 2020. The Company has to repurchase all of its bonds in cash at face value. The corporate bonds may be converted into ordinary shares of the Company upon request from June 30, 2015 to May 29, 2020. The conversion price at the time of issuance was NT\$74.5 per share.

According to the provisions of the issuance and conversion method, as of May 29, 2020, a denomination of NT\$1,281,200 thousand had been converted into 20,910 thousand shares of common stock with the conversion price of NT\$55.6 per share; as of May 29, 2020, the convertible bonds amounting to NT\$218,400 thousand was purchased and written off by the Company from the open market. As of May 29, 2020, 400 thousand share had not convertible into common share, which returned cash to the bondholders.

16. OTHER PAYABLES

	December 31	
	2020	2019
Other payables		
Payables for purchases of equipment	\$ 359,711	\$ 119,274
Payables for salaries or bonuses	127,135	115,214
Payables for compensation of employees and remuneration of directors	111,620	106,783
Payables for professional service fees	17,635	27,707
Payables labor fees	8,675	12,286
Others	<u>133,869</u>	<u>48,617</u>
	<u>\$ 758,645</u>	<u>\$ 429,881</u>

17. OTHER LIABILITIES

	December 31	
	2020	2019
<u>Current</u>		
Advance receipts	\$ 6,620	\$ 2,913
Others	<u>590</u>	<u>-</u>
	<u>\$ 7,210</u>	<u>\$ 2,913</u>
<u>Non-current</u>		
Defined benefit plans (Note 18)	\$ 12,275	\$ 16,093
Guarantee Deposits	42	42
Others	<u>150,656</u>	<u>-</u>
	<u>\$ 162,973</u>	<u>\$ 16,135</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, a company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Company's subsidiaries aboard are members of a state-managed retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by a pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 19,369	\$ 23,295
Fair value of plan assets	<u>(7,094)</u>	<u>(7,202)</u>
Net defined benefit liability	<u>\$ 12,275</u>	<u>\$ 16,093</u>

Movements in the net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2019	<u>\$ 34,059</u>	<u>\$ (4,703)</u>	<u>\$ 29,356</u>
Service cost			
Current service cost	317	-	317
Past service cost	(7,232)	-	(7,232)
Net interest expense (income)	<u>339</u>	<u>(61)</u>	<u>278</u>
Recognized in profit or loss	<u>(6,576)</u>	<u>(61)</u>	<u>(6,637)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(216)	(216)
Actuarial (gain) loss			
Changes in demographic assumptions	512	-	512
Changes in financial assumptions	509	-	509
Experience adjustments	<u>(3,515)</u>	<u>-</u>	<u>(3,515)</u>
Recognized in other comprehensive income	<u>(2,494)</u>	<u>(216)</u>	<u>(2,710)</u>
Contributions from the employer	<u>-</u>	<u>(3,916)</u>	<u>(3,916)</u>
Benefits paid	<u>(1,694)</u>	<u>1,694</u>	<u>-</u>
Balance at December 31, 2019	<u>23,295</u>	<u>(7,202)</u>	<u>16,093</u>
Service cost			
Current service cost	103	-	103
Past service cost	(4,150)	-	(4,150)
Net interest expense (income)	<u>204</u>	<u>(84)</u>	<u>120</u>
Recognized in profit or loss	<u>(3,843)</u>	<u>(84)</u>	<u>(3,927)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (169)	\$ (169)
Actuarial loss			
Changes in demographic assumptions	1,163	-	1,163
Changes in financial assumptions	428	-	428
Experience adjustments	<u>1,591</u>	<u>(169)</u>	<u>1,422</u>
Recognized in other comprehensive income	-	<u>(1,313)</u>	<u>(1,313)</u>
Contributions from the employer	<u>(1,674)</u>	<u>1,674</u>	<u>-</u>
Benefits paid			
Balance at December 31, 2020	<u>\$ 19,369</u>	<u>\$ (7,094)</u>	<u>\$ 12,275</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2020	2019
Operating costs	\$ (3,976)	\$ (3,560)
Selling and marketing expenses	29	(1,822)
General and administrative expenses	14	(632)
Research and development expenses	<u>6</u>	<u>(623)</u>
	<u>\$ (3,927)</u>	<u>\$ (6,637)</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rates	0.50%	0.88%
Expected rates of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2020	2019
Discount rates		
0.25% increase	\$ (646)	\$ (795)
0.25% decrease	\$ 677	\$ 833
Expected rates of salary increase		
0.25% increase	\$ 655	\$ 810
0.25% decrease	\$ (629)	\$ (776)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
Expected contributions to the plans for the next year	\$ 1,016	\$ 4,800
Average duration of the defined benefit obligation	13.5 years	13.8 years

19. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	500,000	500,000
Shares authorized	\$ 5,000,000	\$ 5,000,000
Number of shares issued and fully paid (in thousands)	263,329	246,978
Shares issued	\$ 2,633,292	\$ 2,469,782

The movements of the ordinary shares were due to convertible bonds and the exercise of employee share options.

b. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on June 5, 2019 and resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the Company's Articles of Incorporation, when the Company has earnings for the year, the Company should first make tax payments, offset any past years' deficit, then distribute the remaining profit in the following order:

- 1) Legal reserve is appropriated at 10% of the remaining profit.
- 2) Special reserve is appropriated or reversed in accordance with the laws and regulations.
- 3) Appropriations for dividends and bonuses by setting aside at least 10% of the remaining profit for legal reserve and special reserve may be proposed by the Company's board of directors. For issuance of new shares, it should be approved at the shareholders' meeting while for cash distribution, it should be approved by the Company's board of directors.

The Company's dividend policy takes into account the Company's current and future competitiveness in the domestic and foreign markets, the investment environment and cash requirements. The policy authorizes the Company's board to propose an earnings distribution in the form of shares or in cash appropriately in accordance with the laws and regulations, with the board's proposal subject to approval at the shareholders' meeting. For the policies on distribution of the compensation of employees and remuneration of directors before and after amendment, refer to f. of Note 20.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Order No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings, bonuses to employees and remuneration to directors and supervisors for 2019 and 2018 approved in the shareholders' meetings on June 5, 2020 and June 5, 2019, respectively, were as follows. At the annual shareholders' meeting of the Company in 2019, it was also decided to allocate annual surpluses of 2017, and if the distribution of the surplus is maintained, the authorized chairman of the board of directors shall be authorized to handle the change.

	For the Year Ended December	
	31	
	2019	2018
Legal reserve	\$ 115,391	\$ 288,254
Setting aside (reversing) special reserve	\$ 579,301	\$ 219,786
Cash dividends	\$ 864,424	\$ 1,945,908
Cash dividend per share (NT\$)	\$ 3.5	\$ 8.0

The appropriations of earnings for 2020 had been approved by the Company's board of directors on March 11, 2021. The appropriations and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	<u>\$ 153,359</u>
Special reserve	<u>\$ 128,000</u>
Cash dividends	<u>\$ 526,586</u>
Cash dividend per share (NT\$)	<u>\$ 2.0</u>

The cash dividends above has been approved by the Company's board of directors. The rest is pending the resolution of shareholders' meeting to be held on June 4, 2021.

c. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (975,819)	\$ (397,065)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	<u>(139,167)</u>	<u>(578,754)</u>
Other comprehensive loss	<u>(139,167)</u>	<u>(578,754)</u>
Balance at December 31	<u>\$ (1,114,986)</u>	<u>\$ (975,819)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$(10,112)	\$ (9,565)
Recognized for the year		
Unrealized gain (loss) - equity instruments	4,833	-
Share from associates accounted for using the equity method	<u>28,780</u>	<u>(74)</u>
Other comprehensive income recognized for the year	<u>33,613</u>	<u>(74)</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(22,446)</u>	<u>(473)</u>
Balance at December 31	<u>\$ 1,055</u>	<u>\$ (10,112)</u>

20. NET PROFIT FOR THE YEAR

a. Other income

	For the Year Ended December 31	
	2020	2019
Rental income	<u>\$ 537</u>	<u>\$ 599</u>

b. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as a FVTPL	\$ 35,030	\$ 7,863
Gain on disposal of property, plant and equipment	99,249	7,064
Net foreign exchange gains	22,572	23,529
Provisions	(150,656)	-
Impairment losses recognized (Note 11)	(46,492)	-
Other	<u>(53,219)</u>	<u>58,136</u>
	<u>\$(93,516)</u>	<u>\$ 96,592</u>

c. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 31,133	\$ 53,023
Interest on convertible bonds	13,607	13,052
Interest on short-term bills payable	1,652	6,816
Interest on lease liabilities	296	300
Others	<u>8</u>	<u>3</u>
	<u>\$ 46,696</u>	<u>\$ 73,194</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	\$ 84,801	\$ 134,664
Right-of-use assets	5,559	5,848
Intangible assets	16,177	9,934
Prepayments	<u>2,998</u>	<u>2,670</u>
	<u>\$ 109,535</u>	<u>\$ 153,116</u>
An analysis of depreciation by function		
Operating costs	\$ 53,909	\$ 116,454
Operating expenses	<u>36,451</u>	<u>24,058</u>
	<u>\$ 90,360</u>	<u>\$ 140,512</u>
An analysis of amortization by function		
Operating costs	\$ 6,690	\$ 4,848
Operating expense	<u>12,485</u>	<u>7,756</u>
	<u>\$ 19,175</u>	<u>\$ 12,604</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 17,442	\$ 15,051
Defined benefits plans (Note 18)	<u>(3,927)</u>	<u>(6,637)</u>
	<u>13,515</u>	<u>8,414</u>
Other employee benefits	<u>484,635</u>	<u>458,046</u>
Total employee benefits expense	<u>\$ 498,150</u>	<u>\$ 466,460</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 99,600	\$ 156,412
Operating expenses	<u>398,550</u>	<u>310,048</u>
	<u>\$ 498,150</u>	<u>\$ 466,460</u>

f. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 4%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on March 11, 2021 and February 26, 2020, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	2%	2%
Remuneration of directors and supervisors	4%	4%

Amount

	For the Year Ended December 31	
	2020	2019
Compensation of employees	<u>\$ 32,400</u>	<u>\$ 25,600</u>
Remuneration of directors and supervisors	<u>\$ 64,000</u>	<u>\$ 51,200</u>

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the next year.

There is no difference between the actual amounts of the compensation of employees and remuneration of directors and supervisors in 2019 and 2018 and the amounts recognized in the consolidated financial statements for the year ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors and supervisors and bonuses to employees, directors and supervisors resolved by the shareholders' meeting are available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	\$ 190,834	\$ 131,987
Foreign exchange losses	<u>(168,262)</u>	<u>(108,458)</u>
	<u>\$ 22,572</u>	<u>\$ 23,529</u>

21. INCOME TAXES

a. Income tax/recognized in profit or loss

Major components of tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2020	2019
<u>Current tax</u>		
In respect of current year	\$ 18,693	\$ -
Income tax on unappropriated earnings	-	21,804
Adjustments for prior years	<u>(10,000)</u>	<u>8,245</u>
	<u>8,693</u>	<u>30,049</u>
<u>Deferred tax</u>		
In respect of current year	<u>(10,549)</u>	<u>24,799</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (1,856)</u>	<u>\$ 54,848</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	<u>\$ 1,522,686</u>	<u>\$ 1,202,153</u>
Income tax expense calculated at the statutory rate	\$ 304,537	\$ 240,431
Deductible (non-deductible) expenses in determining taxable income	(103,457)	(87,073)
Tax-exempt income	(220,635)	(186,262)
Income tax on unappropriated earnings	-	21,804
Unrecognized investment credits	-	404
Unrecognized loss carryforwards	9,006	57,299
Foreign withholding tax	18,693	-
Adjustments for prior years' tax	<u>(10,000)</u>	<u>8,245</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (1,856)</u>	<u>\$ 54,848</u>

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Actuarial (gain) loss on defined benefit plan	<u>\$ (284)</u>	<u>\$ 542</u>

c. Current tax liabilities

	December 31	
	2020	2019
Current tax liabilities		
Income tax payable	<u>\$ 18,603</u>	<u>\$ 54,972</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Inventory write-downs	\$ 27,190	\$ (22,672)	\$ -	\$ 4,518
Unrealized gain on disposal of property, plant and equipment	3,751	(1,003)	-	2,748
Defined benefit obligations	2,677	(490)	284	2,471
Unrealized sales gain	281	143	-	424
Payables for annual leave	2,500	103	-	2,603
Impairment loss recognized on property, plant and equipment	-	9,298	-	9,298
Provisions	-	30,131	-	30,131
Unrealized expenses losses	<u>-</u>	<u>1,841</u>	<u>-</u>	<u>1,841</u>
	<u>\$ 36,399</u>	<u>\$ 17,351</u>	<u>\$ 284</u>	<u>\$ 54,034</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange interest	\$ 2,427	\$ 5,749	\$ -	\$ 8,176
Financial assets at fair value through profit or loss	<u>1,744</u>	<u>1,053</u>	<u>-</u>	<u>2,797</u>
	<u>\$ 4,171</u>	<u>\$ 6,802</u>	<u>\$ -</u>	<u>\$ 10,973</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Inventory write-downs	\$ 40,718	\$ (13,528)	\$ -	\$ 27,190
Unrealized gain on disposal of property, plant and equipment	6,482	(2,731)	-	3,751
Defined benefit obligations	5,874	(2,655)	(542)	2,677
Unrealized sales gain	1,843	(1,562)	-	281
Payables for annual leave	1,786	714	-	2,500
Unrealized exchange loss	671	(671)	-	-
Impairment loss on financial assets	<u>629</u>	<u>(629)</u>	<u>-</u>	<u>-</u>
	<u>\$ 58,003</u>	<u>\$ (21,062)</u>	<u>\$ (542)</u>	<u>\$ 36,399</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange interest	\$ -	\$ 2,427	\$ -	\$ 2,427
Financial assets at fair value through profit or loss	<u>434</u>	<u>1,310</u>	<u>-</u>	<u>1,744</u>
	<u>\$ 434</u>	<u>\$ 3,737</u>	<u>\$ -</u>	<u>\$ 4,171</u>

- e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2020	2019
Loss carryforwards		
Expiry in 2029	\$ 286,494	\$ 286,494
Expiry in 2030	<u>45,032</u>	<u>-</u>
	<u>\$ 331,526</u>	<u>\$ 286,494</u>
Investment credits		
Machinery	<u>\$ -</u>	<u>\$ 13,454</u>

- f. Income tax assessments

The Company's income tax returns through 2018 had been assessed by the tax authorities.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share	<u>\$ 5.91</u>	<u>\$ 4.71</u>
Diluted earnings per share	<u>\$ 5.73</u>	<u>\$ 4.29</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Earnings used in the computation of basic earnings per share	\$ 1,524,542	\$ 1,147,305
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax) and gain or loss on redemption rights	<u>14,642</u>	<u>7,442</u>
Net income used in computation of diluted earnings per share	<u>\$ 1,539,184</u>	<u>\$ 1,154,747</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	258,170	243,594
Effect of potentially dilutive ordinary shares		
Convertible bonds	9,709	24,142
Employee share options	413	1,379
Bonus issue to employees	<u>321</u>	<u>308</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>268,613</u>	<u>269,423</u>

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumed the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company and its subsidiaries were granted 7,000 thousand units of share options in April 2015. Each option represents one thousand share of the Company's ordinary shares. The vesting period of these options is 8 years. Qualified employees may exercise at certain percentages of the options after three years, from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2020		2019	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)
Balance at January 1	2,121	\$ 44.80	3,007	\$ 49.50
Options exercised	<u>(1,484)</u>	44.64	<u>(886)</u>	47.26
Balance at December 31	<u>637</u>	43.20	<u>2,121</u>	44.80
Options exercisable, end of year	<u>637</u>		<u>240</u>	

Information on outstanding options as of December 31, 2020 and 2019 is as follows:

December 31			
2020		2019	
Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)	Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)
\$43.20	2.33	\$44.80	3.33

Options granted in April 2015 were priced using the binomial option pricing model and the inputs to the model are as follows:

April 2015

Grant-date share price (NT\$)	\$56.8
Exercise price (NT\$)	\$56.8
Expected volatility	38.14%-40.89%
Expected life (in years)	8 years
Expected dividend yield	-
Risk-free interest rate	1.0003%-1.1626%

Expected volatility was based on the historical share price volatility over the past 5 years. To allow for the effects of early exercise, the Company assumed that employees would exercise their options after the vesting date when the share price was two times the exercise price.

Compensation costs recognized were NT\$126 thousand and NT\$550 thousand for the years ended December 31, 2020 and 2019, respectively.

24. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes Others (Note)	Closing Balance
Short-term borrowings	\$ 1,550,000	\$ (950,000)	\$ -	\$ 600,000
Short-term bills payable	-	498,122	1,652	499,774
Long-term borrowings	1,878,000	869,500	-	2,747,500
Guarantee deposits received	42	-	-	42
Bonds payable (include current portion of long-term borrowings)	2,211,990	(15,300)	(1,348,526)	848,164
Lease liabilities (Note 12)	<u>14,001</u>	<u>(6,081)</u>	<u>8,476</u>	<u>16,396</u>
	<u>\$ 5,654,033</u>	<u>\$ 396,241</u>	<u>\$ (1,338,398)</u>	<u>\$ 4,711,876</u>

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes Others (Note)	Closing Balance
Short-term borrowings	\$ 700,000	\$ 850,000	\$ -	\$ 1,550,000
Short-term bills payable	799,748	(806,564)	6,816	-
Long-term borrowings (include current portion of long-term borrowings)	4,600,000	(2,722,000)	-	1,878,000
Guarantee deposits received	42	-	-	42
Bonds payable (include current portion of long-term borrowings)	561,480	2,015,000	(364,490)	2,211,990
Lease liabilities (Note 12)	<u>3,261</u>	<u>(6,009)</u>	<u>16,749</u>	<u>14,001</u>
	<u>\$ 6,664,531</u>	<u>\$ (669,573)</u>	<u>\$ (340,925)</u>	<u>\$ 5,654,033</u>

Note: Other changes include additional adjustments for new lease or lease modification, short-term bills payable, amortization of interest expense on corporate bonds payable, reduction in the number of conversion rights payable to bondholders.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy is assessed and properly adjusted based on the Company's operations and cash flows to adapt to changes in the market in a timely manner.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally capital requirements.

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders and the number of shares repurchased or new shares issued or new liabilities issued or liabilities repaid.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2020

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 848,164	\$ 1,054,996	\$ -	\$ -	\$ 1,054,996

December 31, 2019

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 2,211,990	\$ 3,018,715	\$ -	\$ -	\$ 3,018,715

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 15,991	\$ -	\$ 15,991
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 4,516	\$ -	\$ 4,516

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 6,534	\$ -	\$ 6,534
Mutual funds	<u>30,896</u>	<u>-</u>	<u>-</u>	<u>30,896</u>
	<u>\$ 30,896</u>	<u>\$ 6,534</u>	<u>\$ -</u>	<u>\$ 37,430</u>

Financial liabilities at FVTPL

Derivative financial liabilities	<u>\$ -</u>	<u>\$ 203</u>	<u>\$ -</u>	<u>\$ 203</u>
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There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts and swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates or interest rates at the end of the reporting period and contract forward rates discounted at a rate that reflects the credit risk of various counterparties.
Convertible corporate bond redemption	Discounted cash flow. Future cash flows are estimated based on stock price volatility and annual public debt yields in the most recent year.

c. Categories of financial instruments

	<u>December 31</u>	
	2020	2019
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 15,991	\$ 37,430
Financial assets at amortized cost (1)	3,221,073	2,432,506
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	4,516	203
Amortized cost (2)	8,363,668	8,416,749

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (including related parties) and other receivables (including related parties) and refundable deposits.

- 2) The balances included financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, notes payable, trade payables (including related parties) and other payables (including related parties), lease liabilities, bonds payable (including those due within one year), long-term loans and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, trade receivables, trade payables, bonds payable, borrowings and lease liabilities. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company's important financial activities are reviewed by the board of directors in accordance with related standard and internal controls. In executing financial plan, the Company has to comply with the related financial operating procedures regarding financial risk management and segregation of duties.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into the derivative financial instruments to manage its foreign currency and interest rate risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (i.e., the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel

and representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A negative number below indicates an increase (a decrease) in pre-tax profit associated with New Taiwan dollars strengthening 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be positive.

	USD Impact	
	For the Year Ended December 31	
	2020	2019
Profit or loss	<u>\$ 3,296</u>	<u>\$ (1,873)</u>

The analysis of profit or loss of the table was mainly attributable to the exposure on outstanding USD which was not hedged, at the end of the reporting period.

The Company's sensitivity to foreign currency exchange increased during the current year mainly because it had more USD-denominated net assets.

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate and managed interest rate. The Company assessed hedge activities periodically to make them consistent with interest view points and established risk preference, and to make sure that these were the most cost-effective hedging strategies.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ -	\$ -
Financial liabilities	4,161,834	5,653,991
Cash flow interest rate risk		
Financial assets	589,150	633,410
Financial liabilities	550,000	-

The Company's bank borrowings and short-term bills payables are exposed to fair value interest rate risk; however, this expected risk is insignificant.

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Company's variable-rate financial assets and financial liabilities for the years ended December 31, 2020 and 2019 would result in cash inflows of NT\$392 thousand and NT\$6,334 thousand, respectively.

The Company's sensitivity to interest rates decreased because of variable interest liabilities decreased.

c) Other price risk

The Company was exposed to equity price risk through its mutual funds and investments in listed shares and emerging market shares.

The equity investment is not held for trading but is a strategic investment, and the Company has not actively traded such investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If mutual funds and equity prices had been 1% higher/lower, the pre-tax profit for the year ended December 31, 2019 would have increased/decreased by NT\$309 thousand, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. As of the reporting date, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes that the Company's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Ongoing credit evaluation is performed on the financial condition of trade receivables. The Company transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The analysis of the remaining contractual maturity of non-derivative financial liabilities is based on the undiscounted cash flows of financial liabilities (including principal and estimated interest) based on the date which the Company may be required to repay. Therefore, the Company may be required to immediately repay the bank loan, the series is in the earliest period of the following table, regardless of the probability of the bank immediately executing the right; other non-derivative financial liability maturity analysis is prepared according to the agreed repayment date.

To the extent that interest cash flows are at floating interest rates, the undiscounted interest amount is derived based on the yield curve on the balance sheet date.

December 31, 2020

	Less than 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>		
Non-interest bearing	\$ 3,650,690	\$ -
Lease liabilities	4,725	12,252
Variable interest rate liabilities	-	550,129
Fixed interest rate liabilities	<u>1,100,033</u>	<u>3,046,380</u>
	<u>\$ 4,755,448</u>	<u>\$ 3,608,761</u>

December 31, 2019

	Less than 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>		
Non-interest bearing	\$ 2,762,716	\$ -
Lease liabilities	4,195	10,607
Variable interest rate liabilities	-	-
Fixed interest rate liabilities	<u>2,039,967</u>	<u>3,601,183</u>
	<u>\$ 4,806,878</u>	<u>\$ 3,611,790</u>

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2020

	On Demand or Less than 3 Months	3-6 Months	6 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 627,312	\$ 114,600	\$ -
Outflows	<u>(619,910)</u>	<u>(112,200)</u>	<u>-</u>
	<u>\$ 7,402</u>	<u>\$ 2,400</u>	<u>\$ -</u>
Swap contracts			
Inflows	\$ 843,302	\$ 115,536	\$ -
Outflows	<u>(843,092)</u>	<u>(115,600)</u>	<u>-</u>
	<u>\$ 210</u>	<u>\$ (64)</u>	<u>\$ -</u>

December 31, 2019

	On Demand or Less than 3 Months	3-6 Months	6 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 180,470	\$ -	\$ -
Outflows	<u>(179,868)</u>	<u>-</u>	<u>-</u>
	<u>\$ 602</u>	<u>\$ -</u>	<u>\$ -</u>
Swap contracts			
Inflows	\$ 281,943	\$ -	\$ -
Outflows	<u>(281,777)</u>	<u>-</u>	<u>-</u>
	<u>\$ 166</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2020	2019
Secured bank facilities:		
Amount used	\$ 2,747,500	\$ 1,878,000
Amount unused	<u>4,952,500</u>	<u>4,322,000</u>
	<u>\$ 7,700,000</u>	<u>\$ 6,200,000</u>

27. TRANSACTIONS WITH RELATED PARTIES

Besides as disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category:

Related Party Name	Related Party Category
Yageo Corporation	Investor with significant influence
Yageo Europe Holding B.V.	Subsidiaries of investors with significant influence
Chilisin International Ltd. (Chilisin International)	Subsidiary
Dongguan Chilisin Electronics Co., Ltd. (Dongguan Chilisin)	Subsidiary
Hunan Chilisin Electronics Technology Co., Ltd. (Hunan Chilisin)	Subsidiary
Shenzhen Chilisin Electronics Co., Ltd.	Subsidiary
Dongguan CNA Electronics Co., Ltd.	Subsidiary
Chu Hsin Investment Ltd. (Chu Hsin)	Subsidiary
Chilisin Electronics (Vietnam) Company (Chilisin Vietnam)	Subsidiary
Suzhou Qiyixin Electronics Co., Ltd.	Subsidiary
Chilisin America Ltd. (Chilisin America)	Subsidiary
Ralec Electronic Corporation	Subsidiary
Ralec Technology (Kunshan) Limited	Subsidiary
Shin Yuan Electronics Production (Kunshan) Co., Ltd.	Subsidiary
CRL Components(S) Pte. Ltd.	Subsidiary
Mag.Layers Scientific-Technics Co., Ltd. (Mag.Layers)	Subsidiary
Magic Technology Co., Ltd.	Subsidiary
Ferroxcube Polska Sp. Z.o.o.	Subsidiary
Ferroxcube Hong Kong Limited	Subsidiary
Ferroxcube Electronics (Dongguan) Limited	Subsidiary
ABCO. ELECTRONICS. CO., LTD. (ABCO)	Substantial related party
Hsin Bung International Co., Ltd.	Substantial related party

b. Sales of goods

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Sales	Investor with significant influence	\$ 13,097	\$ 19,841
	Subsidiaries		
	Chilisin Vietnam	629,635	421,161
	Mag.Layers	307,712	58,318
	Chilisin International	194,464	284,226
	Others	32,956	23,419
		<u>1,164,767</u>	<u>787,124</u>
	Substantial related parties		
	ABCO	50,240	119,159
	Others	2,701	2,781
		<u>52,941</u>	<u>121,940</u>
		<u>\$ 1,230,805</u>	<u>\$ 928,905</u>

The collection and payment of the funds of the merged company and the related parties shall be handled in accordance with the agreed settlement method. The transaction price and the period of payment and payment between the Company and the related parties are not significantly different from those of the non-related parties.

c. Purchases of goods

	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Subsidiaries			
	Chilisin International	\$ 1,852,004	\$ 1,954,331
	Chilisin Vietnam	223,478	120,959
	Others	83,862	33,210
		<u>2,159,344</u>	<u>2,108,500</u>
Substantial related parties			
	Others	50	134
		<u>\$ 2,159,394</u>	<u>\$ 2,108,634</u>

d. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2020	2019
Trade receivables			
	Investor with significant influence	\$ 8,536	\$ 9,939
	Subsidiary		
	Chilisin International	359,963	302,204
	Chilisin Vietnam	346,222	183,096
	Mag.Layer	226,504	37,628
	Others	6,099	6,881
		<u>938,788</u>	<u>529,809</u>
	Substantial related parties	3,811	14,904
		<u>\$ 951,135</u>	<u>\$ 554,652</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, allowance for doubtful accounts was recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Items	Related Party Category/Name	December 31	
		2020	2019
Trade payables	Subsidiary		
	Chilisin International	\$ 2,280,779	\$ 1,867,704
	Others	<u>135,629</u>	<u>69,142</u>
		<u>\$ 2,416,408</u>	<u>\$ 1,936,846</u>
Other payables	Investor with significant influence	<u>\$ 44</u>	<u>\$ 7</u>
	Subsidiaries of investors with significant influence		
	Yageo Europe Holding B.V.	<u>-</u>	<u>90,585</u>
	Subsidiary		
	Chu Hsin	50,280	-
	Chilisin International	40,641	12,396
	Dongguan Chilisin	-	23,539
	Others	<u>6,531</u>	<u>13,626</u>
		<u>97,452</u>	<u>49,561</u>
		<u>\$ 97,496</u>	<u>\$ 140,153</u>

The outstanding trade payables from related parties are unsecured.

f. Disposal of property, plant and equipment

Related Party Category/Name	Purchase Price		Gain (Loss) Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
Subsidiary				
Chilisin Vietnam	\$ 448,204	\$ 267,947	\$ (29)	\$ 1,035
Dongguan Chilisin	74,915	-	-	-
Hunan Chilisin	149	20,786	-	-
Others	<u>15,215</u>	<u>10,868</u>	<u>-</u>	<u>62</u>
	<u>\$ 538,483</u>	<u>\$ 299,601</u>	<u>\$ (29)</u>	<u>\$ 1,097</u>

g. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 76,275	\$ 119,480
Post-employment benefits	<u>438</u>	<u>513</u>
	<u>\$ 76,713</u>	<u>\$ 119,993</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

h. Endorsements/Guarantees provided

The Company provided subsidiaries guarantees for bank loan, the information please refer to Table 2.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank loans:

	December 31	
	2020	2019
Property, plant and equipment, net	<u>\$ 229,452</u>	<u>\$ 236,073</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2020 and 2019, were as follows:

- a. The Group issuing of the unused letter of credit for purchase machine equipment is NT\$0 thousand and NT\$24,536 thousand as of December 31, 2020 and 2019.
- b. Unrecognized commitments were as follows:

	December 31	
	2020	2019
Acquisition of property, plant and equipment	<u>\$ 111,595</u>	<u>\$ 14,582</u>

- c. CYNTEC Co., Ltd., the subsidiary of Delta Electronics, Inc., filed a patent infringement lawsuit against the Company and its subsidiary Chilis America Ltd. in the United States District Court for the Northern District of California in 2018. The Company commissioned a specialist to analyze and judge the Company's doubts for no infringement, and the Company has entrusted a lawyer to go through legal process. The lawsuit is in the stage of collecting information pending for court proceedings. The solution of this lawsuit might impact the consolidated financial performance and the consolidated cash flows for a specific period. The Company assessed the amount of provision based on the present value of royalties for the specific product.

30. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Company's factories in Asia have suspended operations or on temporary shortages, resulting in a decline in operating revenue. The factories have gradually reopened in March, and sales order and market demand have gradually returned to normal.

With the easing of the epidemic, the Company expect that that operations will gradually return to normal.

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. In December 2020, the Company completed an arrangement to trade a 100% interest of Ralec Electronic Corp. to Kaimei Electronic Corp., and to acquire a 100% interest of the equity of Bothhand Enterprise Inc. from Kaimei Electronic Corp. This transaction was completed in January 2021. The consideration payment was NT\$5,000,000 thousand of cash. The acquisition cost of Bothhand Enterprise Inc. was NT\$2,800,000 thousand. The transactions were categorized as organizational restructuring under common control.
- b. In the purpose of organizational restructuring, the board of directors approved the Company's subsidiary, Mag.Layers International Co., Ltd., to pay RMB315,000 thousand of cash to acquire a 100% interest of Shin Yuan Electronics Production (Kunshan) Co., Ltd. from the Company's subsidiary, Ralec Technology (Kunshan) Limited. This transaction was completed in January 2021 and was categorized as organizational restructuring under common control.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 95,726	28.5080 (USD:NTD)	\$ 2,728,957
JPY	316,907	0.2763 (JPY:NTD)	87,561
EUR	33	35.0335 (EUR:NTD)	1,156
RMB	90	4.3592 (RMB:NTD)	<u>392</u>
			<u>\$ 2,818,066</u>
Non-monetary items			
Investments in subsidiaries accounted for using equity method			
USD	337,863	28.5080 (USD:NTD)	\$ 9,631,808
EUR	72,269	35.0335 (EUR:NTD)	2,531,819
JPY	34,672	0.2763 (JPY:NTD)	<u>9,580</u>
			<u>\$ 12,173,207</u>
<u>Financial liabilities</u>			
Monetary items			
USD	84,165	28.5080 (USD:NTD)	\$ 2,399,376
JPY	166,825	0.2763 (JPY:NTD)	<u>46,094</u>
			<u>\$ 2,445,470</u>

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 57,664	30.1060 (USD:NTD)	\$ 1,736,032
EUR	3,705	33.7338 (EUR:NTD)	124,984
JPY	111,681	0.2771 (JPY:NTD)	30,947
RMB	4,608	4.3217 (RMB:NTD)	<u>19,914</u>
			<u>\$ 1,911,877</u>
Non-monetary items			
Investments in subsidiaries accounted for using equity method			
USD	276,973	30.1060 (USD:NTD)	\$ 8,338,557
EUR	73,929	33.7338 (EUR:NTD)	2,493,900
JPY	50,029	0.2771 (JPY:NTD)	<u>13,863</u>
			<u>\$ 10,846,320</u>
<u>Financial liabilities</u>			
Monetary items			
USD	63,884	30.1060 (USD:NTD)	\$ 1,923,292
JPY	112,579	0.2771 (JPY:NTD)	<u>31,196</u>
			<u>\$ 1,954,488</u>

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains were NT\$22,572 thousand and NT\$23,529 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 - 9) Trading in derivative instruments (Notes 7 and 26)
- b. Information on investees (Table 7)
 - c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 5)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 5)
 - c) The amount of property transactions and the amount of the resultant gains or losses (Eliminated from the consolidated financial statements)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services (Note 27)
 - d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

CHILISIN ELECTRONICS CORP.

TABLE 1

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3-6)	Aggregate Financing Limits (Notes 3-6)
													Item	Value		
1	Ralec Technology (HK) Limited	Chilisin International Ltd. ASJ Components (M) Sdn. Bhd.	Other receivables - related parties Other receivables - related parties	Yes Yes	\$ 303,300 500,123	\$ 258,080 470,079	\$ - 228,064	3.50 1.00-1.05	b b	\$ - -	For revolving fund For revolving fund	\$ - -	None None	\$ - -	\$ 5,103,098 5,103,098	\$ 5,103,098 5,103,098
2	ASJ Holdings Limited	ASJ Components (M) Sdn. Bhd	Other receivables - related parties	Yes	79,915	76,032	65,192	-	b	-	For revolving fund	-	None	-	429,800	429,800
3	CRL Components (S) Pte. Ltd.	ASJ Components (M) Sdn. Bhd	Other receivables - related parties	Yes	143,852	136,838	136,838	-	b	-	For revolving fund	-	None	-	216,423	216,423
4	Ralec Technology (Kunshan) Limited	Hunan Chilisin Electronics Technology Co., Ltd.	Other receivables - related parties	Yes	657,585	653,880	-	4.50	b	-	For revolving fund	-	None	-	4,098,546	4,098,546
5	Mag.Layers Scientific-Technics Co., Ltd.	Chilisin International Ltd.	Other receivables - related parties	Yes	151,650	-	-	3.50	b	-	For revolving fund	-	None	-	565,133	565,133
6	Chilisin International Ltd.	Ralec Technology (Kunshan) Limited	Other receivables - related parties	Yes	876,780	-	-	3.00	b	-	For revolving fund	-	None	-	1,989,512	2,652,682
7	Dongguan Chilisin Electronics Co., Ltd.	Hunan Chilisin Electronics Technology Co., Ltd.	Other receivables - related parties	Yes	175,356	174,368	115,615	3.50	b	-	For revolving fund	-	None	-	970,831	1,294,442
8	Chu Hsin Investment Ltd.	Chilisin Electronics Corp.	Other receivables - related parties	Yes	50,000	50,000	50,000	1.00	b	-	For revolving fund	-	None	-	58,685	58,685
9	Chilisin H.K Holding Corp.	Mag. Layers International Co., Ltd	Other receivables - related parties	Yes	191,919	185,302	148,242	1.10	b	-	For revolving fund	-	None	-	911,770	1,215,693

Note 1: Issuers are numbered 0. Investee companies are numbered sequentially from 1.

Note 2: Reasons for financing are as follows:

a. Business relationship.

b. The need for short-term financing.

Note 3: Except for Mag.Layers Scientific-Technics Co., Ltd., Ralec Electronic Corp., Magic Technology Co., Ltd. and their subsidiaries, entities directly or indirectly hold 100% equity of subsidiaries financing limits for each borrower are based on its net worth of the latest audit report. Except for the aforementioned subsidiaries, entities’ financing limit for each borrower are based on the 30% or 40% of its net worth on the issuer’s latest audit report.

Note 4: Except for ASJ Holdings Limited and its subsidiaries, Ralec Electronic Corp.’s and its controlled subsidiaries’ financing limits for each borrower are based on its net worth of the latest audit report. ASJ Holdings Limited’s and its controlled subsidiaries’ financing limits for each borrower are based on the 40% of its net worth on the latest audit report.

Note 5: Mag.Layers Scientific-Technics Co., Ltd.’s and its controlled subsidiaries’ financing limits for each borrower are based on the 30% of its net worth on the latest audit report.

Note 6: Magic Technology Co., Ltd.’s and its controlled subsidiaries’ financing limits for each borrower are based on the 200% of its net worth on the latest audit report.

Note 7: All intercompany financing loans have been eliminated upon consolidation.

TABLE 2

CHILISIN ELECTRONICS CORP.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2-4)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2-4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Chilisin Electronics Corp.	Ferrcoxcube Polska Sp. Z.o.o. Ferrcoxcube Hongkong Limited Chilisin Electronics (Vietnam) Company Chilisin International Ltd.	Subsidiary Subsidiary Subsidiary Subsidiary	\$ 12,757,627 12,757,627 12,757,627 12,757,627	\$ 120,128 648,691 2,461,664 3,123,328	\$ 57,016 336,394 1,903,908 2,508,704	\$ 57,016 307,886 1,675,844 1,910,036	\$ - - - -	0.22 1.32 7.46 9.83	\$ 25,515,254 25,515,254 25,515,254 25,515,254	Y Y Y Y	N N N N	N N N N
1	Ralec Electronic Corporation	Ralec Technology (HK) Limited ASJ Components (M) Sdn. Bhd.	Subsidiary Subsidiary	4,521,394 4,521,394	1,119,250 75,185	456,128 72,081	- -	- -	10.09 1.59	4,521,394 4,521,394	N N	N N	N N
2	Ralec Technology (HK) Limited	Ralec Technology (Kunshan) Limited	Subsidiary	2,041,239	341,213	320,715	-	-	6.28	2,041,239	N	N	Y
3	Ralec Technology (Kunshan) Limited	Ralec Trading (Kunshan) Limited	Fellow subsidiary	1,639,418	2,953	2,851	-	-	0.07	1,639,418	N	N	Y
4	Magic Technology Co., Ltd.	Classic Magic Developments Limited	Subsidiary	543,128	231,980	227,502	-	-	20.94	1,086,256	N	N	N
5	Chilisin International Ltd.	Ralec Technology (Kunshan) Limited	Fellow subsidiary	12,757,627	504,149	-	-	-	-	25,515,254	N	N	Y

Note 1: Issuers are numbered 0. Investee companies are numbered sequentially from 1.

Note 2: Except for Ralec Electronic Corp. and its subsidiaries, the amount of endorsements/guarantees for any single entity and maximum amount should not exceed 50% and 100% of its net worth presented in the latest financial statement.

Note 3: Except for ASJ Holdings Limited and its subsidiaries, Ralec Electronic Corp.’s and its subsidiaries’ maximum amount of endorsements/guarantees for any single entity should not exceed 40% of their net worth on the latest audit report. ASJ Holdings Limited’s and its subsidiaries’ maximum amount of endorsements/guarantees for any single entity should not exceed 100% of their net worth presented in the latest financial statement.

Note 4: The amount of direct or indirect holding of endorsements/guarantees held by Magic Technology Co., Ltd. for any single entity and maximum amount should not exceed 200% of its net worth presented in the latest financial statement.

TABLE 3

CHILISIN ELECTRONICS CORP.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Issuer/Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note)	
Chilisin Electronics Corp.	<u>Foreign mutual funds</u> The Pride of Dragon Fund	-	Financial assets at FVTPL - current	2,496	\$ -	-	\$ -	Note
Chilisin International Ltd.	<u>Bond</u> Chailease Int'l Finance Corp.	-	Financial assets at FVTOCI - non-current	-	234,197	-	234,197	-
Chu Hsin Investment Ltd.	<u>Domestic mutual funds</u> Yuanta De-Bao Money Market Fund	-	Financial assets at FVTPL - non-current	168,398	2,039	-	2,039	-
	Mega Diamond Money Market Fund	-	Financial assets at FVTPL - non-current	118,860	1,504	-	1,504	-
	<u>Stock</u> Riselink Venture Capital Corp.	-	Financial assets at FVTOCI - non-current	1,974	-	1.25	-	Note
Hunan Chilisin Electronics Technology Co., Ltd.	<u>Financial products</u> China Construction Bank Qianyuan daily cash management RMB interest rate structured products	-	Financial assets at FVTPL - current	-	42,728	-	42,728	-
	Agricultural Bank of China Open-end Fund RMB interest rate structured products	-	Financial assets at FVTPL - current	-	17,518	-	17,518	-
Dongguan Chilisin Electronics Co., Ltd.	<u>Financial products</u> Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	-	Financial assets at FVTPL - current	-	398,516	-	398,516	-
Dongguan Lianmao Electronics Co., Ltd.	<u>Financial products</u> Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	-	Financial assets at FVTPL - current	-	27,556	-	27,556	-
Ralec Electronic Corporation	<u>Stock</u> Zlink Venture Capital Corp.	-	Financial assets at FVTOCI - non-current	5,698,800	45,650	10.55	45,650	-
Ralec Technology (Kunshan) Limited	<u>Financial products</u> Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	-	Financial assets at FVTPL - current	-	215,598	-	215,598	-
	Industrial Bank structured products	-	Financial assets at FVTPL - current	-	239,816	-	239,816	-
	Shanghai Pudong Development Bank Pricipal Guranteed structured products	-	Financial assets at FVTPL - current	-	350,372	-	350,372	-

(Continued)

Holding Company Name	Type and Issuer/Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note)	
Hunan Ralec Electronics Technology Co., Ltd	<u>Financial products</u> Bank of China Accumulation Plan - Daily Compounding	-	Financial assets at FVTPL - current	-	\$ 72	-	\$ 72	-
	Qianyuan-An Xin daily cash management Open-end Fund RMB interest rate structured products	-	Financial assets at FVTPL - current	-	72,260	-	72,260	-
	Bank of China Accumulation Plan - Daily Compounding (USD)	-	Financial assets at FVTPL - current	-	4	-	4	-
Shin Yuan Electronics Productions (Kunshan) Co., Ltd.	<u>Financial products</u> Shanghai Pudong Development Bank Pricipal Guranteed structured products	-	Financial assets at FVTPL - current	-	21,923	-	21,923	-
	Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	-	Financial assets at FVTPL - current	-	206,077	-	206,077	-
Ferroxcube Electronics (Dongguan) Limited	<u>Financial products</u> Bank of Dongguan Financial management No. 1 Fund	-	Financial assets at FVTPL - current	-	17,537	-	17,537	-
	Bank of Dongguan Financial management No. 1 Fund (Bi-weekly distribution)	-	Financial assets at FVTPL - current	-	4,361	-	4,361	-
Magic Technology Co., Ltd.	<u>Stock</u> Tecstar Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	318,268	1,741	1.39	1,741	-
Magic Trade (Shenzhen) Co., Ltd	<u>Financial products</u> Shanghai Pudong Development Bank RMB interest rate structured products	-	Financial assets at FVTPL - current	-	65,383	-	65,383	-
	Bank of China structured products (Hook type)	-	Financial assets at FVTPL - current	-	43,589	-	43,589	-
Magic Electronic Technology (Chongqing) Co., Ltd.	<u>Financial products</u> Fubon Huayi Bank RMB interest rate structured products	-	Financial assets at FVTPL - current	-	82,819	-	82,819	-
Magic Electronic Technology (Hunan) Co., Ltd.	<u>Financial products</u> Bank of China Accumulation Plan - Daily	-	Financial assets at FVTPL - current	-	5,230	-	5,230	-
Mag.Layers Scientific-Technics Co., Ltd.	<u>Financial products</u> President Securities DSU USD 100% Pricipal Guranteed Note	-	Financial assets at FVTPL - current	-	15,000	-	15,000	-
Mag. Layers International Co., Ltd	<u>Financial products</u> Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	-	Financial assets at FVTPL - current	-	109,171	-	109,171	-

Note: The carrying values of the financial instruments assessed for impairment were reduced to NT\$0.

(Concluded)

TABLE 4

CHILISIN ELECTRONICS CORP.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Dongguan Chilisín Electronics Co., Ltd.	Fubon Huayi Bank RMB interest rate structured products (monthly earnings)	Financial assets at FVTPL - current	-	-	-	\$ 219,186	-	\$ 1,982,641	-	\$ 2,208,016	\$ 2,201,827	\$ 6,189	-	\$ -
	Fubon Huayi Bank RMB interest rate structured products (monthly earnings No. 3)	Financial assets at FVTPL - current	-	-	-	-	-	327,615	-	328,329	327,615	714	-	-
	Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	Financial assets at FVTPL - current	-	-	-	-	-	2,937,009	-	2,552,553	2,538,493	14,060	-	398,516
Chilisín Electronics (Su Zhou) Co., Ltd.	Fubon Huayi Bank RMB interest rate structured products (monthly earnings)	Financial assets at FVTPL - current	-	-	-	312,137	-	310,807	-	627,075	622,944	4,131	-	-
Ralec Technology (Kunshan) Limited	Shanghai Pudong Development Bank Pricipal Guranteed structured products	Financial assets at FVTPL - current	-	-	-	-	-	2,386,118	-	2,040,325	2,035,746	4,579	-	350,372
	Fubon Huayi Bank RMB interest rate structured products (monthly earnings)	Financial assets at FVTPL - current	-	-	-	-	-	545,958	-	547,900	545,958	1,942	-	-
	Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	Financial assets at FVTPL - current	-	-	-	-	-	1,530,079	-	1,320,714	1,314,481	6,233	-	215,598
Chilisín Electronics (Henan) Co., Ltd.	Fubon Huayi Bank RMB interest rate structured products (monthly earnings)	Financial assets at FVTPL - current	-	-	-	-	-	602,894	-	604,409	602,894	1,515	-	-
Shin Yuan Electronics Productions (Kunshan) Co., Ltd.	Shanghai Pudong Development Bank Pricipal Guranteed structured products	Financial assets at FVTPL - current	-	-	-	-	-	1,249,182	-	1,232,022	1,227,259	4,763	-	21,923
	Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	Financial assets at FVTPL - current	-	-	-	-	-	327,011	-	111,354	111,343	11	-	206,077
Mag. Layers International Co., Ltd	Fubon Huayi Bank RMB interest rate structured products (monthly distribution)	Financial assets at FVTPL - current	-	-	-	-	-	677,681	-	569,790	568,510	1,280	-	109,171

TABLE 5

CHILISIN ELECTRONICS CORP.

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Seller	Related Party	Relationship	Transaction Details (Note)				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Remark
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Chilisin Electronics Corp.	Chilisin International Ltd.	Subsidiary	Sale	\$ 194,464	4.41	T/T 120 days	Contract price	Normal	\$ 359,963	16.77	-
	Chilisin Electronics (Vietnam) Company	Subsidiary	Sale	629,635	14.27	T/T 120 days	Contract price	Normal	346,222	16.13	-
	Mag.Layers Scientific-Technics Co., Ltd.	Subsidiary	Sale	307,712	6.97	T/T 120 days	Contract price	Normal	226,504	10.55	-
Chilisin International Ltd.	Chilisin Electronics Corp.	Parent company	Sale	1,852,513	29.15	T/T 120 days	Contract price	Normal	2,280,779	42.96	-
	Dongguan Chilisin Electronics Co., Ltd.	Subsidiary	Sale	1,632,174	25.68	T/T 120 days	Contract price	Normal	1,747,012	32.91	-
	Shenzhen Chilisin Electronics Co. Ltd.	Subsidiary	Sale	560,900	8.82	T/T 120 days	Contract price	Normal	417,235	7.86	-
	Hunan Chilisin Electronics Technology Co., Ltd.	Subsidiary	Sale	151,978	2.39	T/T 120 days	Contract price	Normal	90,144	1.70	-
Chilisin Electronics (Vietnam) Company	Chilisin Electronics Corp.	Parent company	Sale	223,477	11.29	T/T 120 days	Contract price	Normal	32,652	4.08	-
	Chilisin International Ltd.	Fellow subsidiary	Sale	1,751,694	88.49	T/T 120 days	Contract price	Normal	763,858	95.45	-
Dongguan Chilisin Electronics Co., Ltd.	Chilisin International Ltd.	Parent company	Sale	2,923,806	80.32	T/T 120 days	Contract price	Normal	2,749,806	84.48	-
	Shenzhen Chilisin Electronics Co. Ltd.	Fellow subsidiary	Sale	546,126	15.00	T/T 120 days	Contract price	Normal	324,197	9.96	-
Hunan Chilisin Electronics Technology Co., Ltd.	Chilisin International Ltd.	Parent company	Sale	1,174,365	61.80	T/T 120 days	Contract price	Normal	448,417	56.40	-
	Dongguan Chilisin Electronics Co., Ltd.	Fellow subsidiary	Sale	108,033	5.69	T/T 120 days	Contract price	Normal	45,077	5.67	-
	Shenzhen Chilisin Electronics Co. Ltd.	Fellow subsidiary	Sale	439,229	23.11	T/T 120 days	Contract price	Normal	173,023	21.76	-
	Mag. Layers International Co., Ltd	Fellow subsidiary	Sale	158,313	8.33	T/T 120 days	Contract price	Normal	106,592	13.41	-
Shenzhen Chilisin Electronics Co. Ltd.	Mag. Layers International Co., Ltd	Fellow subsidiary	Sale	332,048	16.70	T/T 120 days	Contract price	Normal	187,286	19.02	-
Ralec Electronic Corporation	Ralec Technology (Kunshan) Limited	Subsidiary	Sale	1,549,170	36.00	75 days	Contract price	Normal	266,087	32.97	-
	Ralec Trading (Kunshan) Limited	Subsidiary	Sale	1,522,879	35.00	75 days	Contract price	Normal	914,835	52.71	-
	ABCO. Electronics. Co Ltd	Substantial related party	Sale	626,837	14.00	70 days	Contract price	Normal	35,107	2.02	-
Ralec Technology (Kunshan) Limited	Ralec Electronic Corporation	Parent company	Sale	2,636,320	81.94	75 days	Contract price	Normal	951,253	84.10	-
Hunan Ralec Electronics Technology Co., Ltd	Ralec Electronic Corporation	Parent company	Sale	185,483	55.17	75 days	Contract price	Normal	74,149	76.73	-
	Ralec Technology (Kunshan) Limited	Fellow subsidiary	Sale	150,708	44.83	50 days	Contract price	Normal	22,492	23.27	-
ASJ Components (M) Sdn. Bhd.	Ralec Electronic Corporation	Parent company	Sale	514,806	49.61	40 days	Contract price	Normal	55,752	31.86	-
Ferroxcube Polska Sp. Z.o.o.	Ferroxcube International Holding BV	Parent company	Sale	408,060	33.02	60 days	Contract price	Normal	25,621	17.97	-
	Ferroxcube Electronics (Dongguan) Limited	Subsidiary	Sale	160,666	13.00	60 days	Contract price	Normal	38,248	26.83	-
Ferroxcube Electronics (Dongguan) Limited	Ferroxcube Hong Kong Limited	Parent company	Sale	287,912	43.77	60 days	Contract price	Normal	138,663	47.51	-
Mag.Layers Scientific-Technics Co., Ltd.	Mag Layers USA Inc.	Subsidiary	Sale	146,330	4.16	The actual payment depends on the location of its working capital.	Contract price	Normal	27,821	4.70	-
Mag. Layers International Co., Ltd	Mag.Layers Scientific-Technics Co., Ltd.	Parent company	Sale	1,770,903	66.24	The actual payment depends on the location of its working capital.	Contract price	Normal	455,025	61.72	-
Classic Magic Developments Limited	Magic Technology Co., Ltd.	Parent company	Sale	984,743	77.45	The actual payment depends on the location of its working capital.	Contract price	Normal	433,222	62.85	-

(Continued)

Seller	Related Party	Relationship	Transaction Details (Note)				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Remark
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Magic Electronic Technology (Shenzhen) Co., Ltd.	Classic Magic Developments Limited	Fellow subsidiary	Sale	\$ 498,907	99.20	The actual payment depends on the location of its working capital.	Contract price	Normal	\$ 88,583	93.32	-
Magic Electronic Technology (Chongqing) Co., Ltd.	Classic Magic Developments Limited	Fellow subsidiary	Sale	762,430	99.18	The actual payment depends on the location of its working capital.	Contract price	Normal	223,273	97.11	-

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 6

CHILISIN ELECTRONICS CORP.**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship (Notes 1 and 2)	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Chilisin Electronics Corp.	Chilisin International Ltd.	Subsidiary	\$ 496,275	0.59	\$ -	-	\$ 143,284	\$ -
	Chilisin Electronics (Vietnam) Company	Subsidiary	618,805	2.38	-	-	210,279	-
	Mag.Layers Scientific-Technics Co., Ltd.	Subsidiary	254,830	2.33	-	-	48,225	-
Chilisin International Ltd.	Chilisin Electronics Corp.	Parent company	2,321,406	0.89	-	-	702,938	-
	Dongguan Chilisin Electronics Co., Ltd.	Subsidiary	3,043,370	0.60	-	-	105,699	-
	Shenzhen Chilisin Electronics Co., Ltd.	Fellow subsidiary	417,235	2.47	-	-	79,482	-
Dongguan Chilisin Electronics Co., Ltd.	Chilisin International Ltd.	Parent company	3,388,564	1.13	-	-	157,769	-
	Hunan Chilisin Electronics Technology Co., Ltd.	Fellow subsidiary	326,622	0.64	-	-	18,865	-
	Shenzhen Chilisin Electronics Co., Ltd.	Fellow subsidiary	324,197	1.17	-	-	95,292	-
Hunan Chilisin Electronics Technology Co., Ltd.	Chilisin International Ltd.	Parent company	448,417	2.74	-	-	159,443	-
	Shenzhen Chilisin Electronics Co., Ltd.	Fellow subsidiary	173,023	3.85	-	-	83,899	-
Shenzhen Chilisin Electronics Co., Ltd.	Mag. Layers International Co., Ltd.	Fellow subsidiary	187,286	2.55	-	-	90,173	-
Chilisin Electronics (Vietnam) Company	Chilisin International Ltd.	Fellow subsidiary	763,858	2.95	-	-	367,655	-
Chilisin H.K Holding Corp.	Mag. Layers International Co., Ltd.	Fellow subsidiary	148,894	-	-	-	-	-
Ralec Electronic Corporation	Ralec Technology (Kunshan) Limited	Subsidiary	572,320	8.18	-	-	29,541	-
	Ralec Trading (Kunshan) Limited	Subsidiary	914,835	7.04	-	-	177,206	-
Ralec Technology (Kunshan) Limited	Ralec Electronic Corporation	Parent company	951,253	3.37	-	-	-	-
Ralec Technology (HK) Limited	Ralec Technology (Kunshan) Limited	Subsidiary	139,494	-	-	-	-	-
	ASJ Components (M) Sdn. Bhd.	Fellow subsidiary	229,940	-	-	-	-	-
ASJ Pte. Limited	ASJ Components (M) Sdn. Bhd.	Fellow subsidiary	149,809	-	-	-	-	-
Ferroxcube Electronics (Dongguan) Limited	Ferroxcube Hong Kong Limited	Parent company	138,663	2.08	-	-	78,641	-
Mag. Layers International Co., Ltd.	Mag.Layers Scientific-Technics Co., Ltd.	Parent company	455,025	3.78	-	-	451,934	-
Classic Magic Developments Limited	Magic Technology Co., Ltd.	Parent company	433,222	2.12	-	-	190,916	-
	Magic Trade (Shenzhen) Co., Ltd.	Fellow subsidiary	165,661	0.27	-	-	7,404	-
Magic Electronic Technology (Chongqing) Co., Ltd.	Classic Magic Developments Limited	Fellow subsidiary	223,273	2.12	-	-	134,459	-

Note 1: The amount balance includes payments on behalf of others or loans.

Note 2: All intercompany transactions have been eliminated upon consolidation.

TABLE 7

CHILISIN ELECTRONICS CORP.

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Remarks
				December 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
Chilisin Electronics Corp.	Chilisin International Ltd.	Samoa	Electronic component marketing	\$ 4,800,495	\$ 4,345,622	156,995,270	100.00	\$ 6,541,280	\$ 422,548	\$ 422,548	Subsidiary
	Chilisin Holding (Samoa) Ltd.	Samoa	Electronic component marketing	244,045	244,045	7,280,000	100.00	369,171	19,586	19,586	Subsidiary
	Chu Hsin Investment Ltd.	Hsinchu County	Investment	77,156	77,156	-	100.00	58,685	(3,746)	(3,746)	Subsidiary
	Chilisin Asia Investment Corp. (Samoa)	Samoa	Electronic component marketing	11,371	11,371	360,000	100.00	23,089	2,839	2,839	Subsidiary
	Chilisin H.K Holding Corp.	Hong Kong	Investment	2,563,365	1,912,158	70,000,000	94.15	2,698,269	119,861	112,746	Subsidiary
	Ralec Electronic Corporation	Kaohsiung City	Electronic components manufacturing and marketing	3,743,606	3,743,606	82,666,764	100.00	4,521,154	482,581	482,581	Subsidiary
	Chilisin Japan Corp.	Japan	Electronic component marketing	24,480	24,480	1,800	100.00	9,580	(4,255)	(4,255)	Subsidiary
	Ferroxcube International Holding B.V.	Europe	Investment	4,252,786	4,252,786	-	100.00	2,531,819	27,053	27,053	Subsidiary
	Mag.Layers Scientific-Technics Co., Ltd.	Taoyuan City	Electronic components manufacturing and marketing	12,383,969	12,383,969	93,467,444	100.00	11,697,371	357,488	348,439	Subsidiary
Chilisin International Ltd.	Magic Technology Co., Ltd.	New Taipei City	Electronic component marketing	1,429,883	1,429,883	47,060,614	100.00	1,419,330	217,057	190,203	Subsidiary
	Belkin International Enterprises Limited.	Samoa	Investment	153,475	153,475	1,296,000	54.00	38,745	16,193	8,744	Subsidiary
	Chilisin Holding (Samoa) Ltd.	Chilisin H.K Holding Corp.	Investment	177,254	177,254	5,280,000	5.85	295,228	119,861	7,115	Subsidiary
	Chilisin H.K Holding Corp.	Chilisin Electronics (Vietnam) Company	Electronic components manufacturing and marketing	2,563,365	1,912,158	70,000,000	100.00	2,888,208	146,080	147,872	Subsidiary
	Chilisin Asia Investment Corp. (Samoa)	Chilisin America Ltd.	Electronic component marketing	6,022	6,022	200,000	100.00	20,442	2,839	2,839	Subsidiary
	Belkin International Enterprises Limited.	Guorui (Hong Kong) Limited	Investment	US\$ 2,445	US\$ 2,445	-	100.00	43,972	16,193	8,744	Subsidiary
	Ralec Electronic Corporation	Ralec Technology (HK) Limited	Investment	1,222,736	1,222,736	10,000	100.00	5,086,653	323,330	313,554	Subsidiary
	ASJ Holdings Limited	ASJ Holdings Limited	Investment	423,187	423,187	272,846,146	100.00	1,119,647	(12,634)	(23,798)	Subsidiary
		ASJ Pte. Limited	Electronic component marketing	148,484	148,484	2,000,000	100.00	168,653	21,847	21,847	Subsidiary
ASJ Holdings Limited	ASJ (Hong Kong) Limited	Hong Kong	Warehousing, logistics and distribution business	5	5	100	100.00	2,027	105	105	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Remarks
				December 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
Ferroxcube International Holding B.V.	ASJ Components (M) Sdn. Bhd.	Malaysia	Electronic components manufacturing and marketing	\$ 90,308	\$ 90,308	8,000,000	100.00	\$ 624,070	\$ (15,384)	\$ (15,384)	Subsidiary
	CRL Components (S) Pte. Ltd.	Singapore	Electronic-related products and components marketing	6,311	6,311	300,000	100.00	216,423	(16,970)	(16,970)	Subsidiary
	Ferroxcube Italia S.R.L.	Cinisello Balsamo, Italy	Electronic component marketing	EUR 12	EUR 12	-	100.00	35,260	2,506	2,506	Subsidiary
	Ferroxcube Deutschland GmbH	Elmshorn, Germany	Electronic component marketing	EUR 50	EUR 50	-	100.00	167,587	2,019	2,019	Subsidiary
	Ferroxcube USA Inc.	El Paso, TX, USA	Electronic component marketing	US\$ 23	US\$ 23	-	100.00	30,698	4,039	4,039	Subsidiary
	Hispano Ferritas S.A.	Guadalajara, Spain	Electronic component marketing	EUR 9,063	EUR 9,063	-	100.00	29,213	1,279	1,279	Subsidiary
	Ferroxcube Polska Sp. Z.o.o.	Skierniewice, Poland	Electronic components manufacturing and marketing	PLN 55,243	PLN 55,243	-	100.00	1,575,547	40,882	40,882	Subsidiary
Ferroxcube Polska Sp. Z.o.o.	Ferroxcube Hong Kong Limited	Hong Kong	Resource allocation center and investment	HK\$ 79,551	HK\$ 79,551	-	67.00	394,633	(4,983)	(3,339)	Subsidiary
	Ferroxcube Hong Kong Limited	Hong Kong	Resource allocation center and investment	HK\$ 39,182	HK\$ 39,182	-	33.00	194,371	(4,983)	(1,644)	Subsidiary
Mag.Layers Scientific-Technics Co., Ltd.	Mag Layers (Hong Kong) Ltd.	Hong Kong	Electronic equipment marketing	78	78	20	100.00	239	(28)	(28)	Subsidiary
	Mag Layers International Co., Ltd.	The British Virgin Islands	Investment	736,428	736,428	24,546	100.00	1,219,570	59,416	67,093	Subsidiary
	Mag. Layers USA, Inc.	America	Electronic equipment marketing	18,078	18,078	260	65.00	32,274	9,103	5,917	Subsidiary
Magic Technology Co., Ltd.	Magic Technology (Samoa) Co., Ltd.	Samoa	Investment	623,834	608,629	-	100.00	1,467,382	127,996	127,996	Subsidiary
	Magic Wireless Technology Co., Ltd.	New Taipei City	Electronic component marketing	38,000	38,000	3,800,000	100.00	2,952	(8,150)	(8,150)	Subsidiary
Magic Technology (Samoa) Co., Ltd.	Classic Magic Developments Limited (Samoa)	Samoa	Electronic components manufacturing and marketing	230,430	230,430	-	100.00	300,560	(44,783)	(44,783)	Subsidiary
	Trendy Island Investment Limited	Samoa	Investment	392,466	392,466	-	100.00	866,388	120,070	120,070	Subsidiary

Note 1: Information on investment in mainland China. Refer to Table 8.

Note 2: All the above investment account and share of profit or loss relevant to subsidiaries have been eliminated upon consolidation.

(Concluded)

TABLE 8

CHILISIN ELECTRONICS CORP.

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020 (Note 3)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2020 (Note 3)	Net Income (Loss) of the Investee (Note 4)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Value as of December 31, 2020 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
					Outflow (Note 3)	Inflow (Note 3)							
Dongguan Chilisin Electronics Co., Ltd.	Manufacturing and sale of electronic components	\$ 1,820,633 (HK\$ 495,060)	b.1)	\$ 2,035,126 (US\$ 66,209)	\$ -	\$ -	\$ 2,035,126 (US\$ 66,209)	\$ (20,020) (US\$ -677)	100.0	\$ (21,854) (US\$ -739)	\$ 3,237,957 (US\$ 113,581)	\$ -	Note 5
Chilisin Electronics (Su Zhou) Co., Ltd.	Manufacturing and sale of electronic components	166,772 (US\$ 5,850)	b.2)	176,995 (US\$ 5,272)	-	-	176,995 (US\$ 5,272)	4,399 (US\$ 146)	100.0	4,399 (US\$ 146)	- (US\$ -)	141,817	Notes 6 and 7
Chilisin Electronics (Henan) Co., Ltd.	Manufacturing and sale of electronic components	114,032 (US\$ 4,000)	b.1)	120,672 (US\$ 4,000)	-	-	120,672 (US\$ 4,000)	1,447 (US\$ 48)	100.0	8,171 (US\$ 272)	- (US\$ -)	91,847	Notes 6 and 7
Dongguan CNA Electronics Co., Ltd.	Manufacturing and sale of electronic components	28,508 (US\$ 1,000)	b.1)	15,008 (US\$ 500)	-	-	15,008 (US\$ 500)	15,793 (US\$ 534)	50.0	8,050 (US\$ 272)	33,183 (US\$ 1,164)	-	Note 6
Dongguan Lianmao Electronics Co., Ltd.	Sale of electronic components	5,702 (US\$ 200)	b.1)	6,001 (US\$ 200)	-	-	6,001 (US\$ 200)	643 (US\$ 22)	100.0	643 (US\$ 22)	36,120 (US\$ 1,267)	-	Note 6
Suzhou Qiyixin Electronics Co., Ltd.	Sale of electronic components	57,016 (US\$ 2,000)	b.2)	65,085 (US\$ 2,000)	-	-	65,085 (US\$ 2,000)	9,046 (US\$ 306)	100.0	9,046 (US\$ 306)	68,687 (US\$ 2,409)	-	Note 6
Hunan Chilisin Electronics Technology Co., Ltd.	Manufacturing and sale of electronic components	1,843,042 (US\$ 64,650)	b.1)	1,960,609 (US\$ 64,650)	-	-	1,960,609 (US\$ 64,650)	176,295 (US\$ 5,959)	100.0	196,086 (US\$ 6,628)	2,234,353 (US\$ 78,376)	-	Note 5
Shenzhen Chilisin Electronics Co., Ltd.	Sale of electronic components	25,657 (US\$ 900)	b.1)	27,347 (US\$ 900)	-	-	27,347 (US\$ 900)	71,624 (US\$ 2,421)	100.0	71,624 (US\$ 2,421)	19,911 (US\$ 698)	-	Note 6
Yuanling Country Xianghua Electronic Technology Co., Ltd.	Manufacturing and sale of electronic components	65,388 (RMB 15,000)	c	181,031 (RMB 41,168)	-	-	181,031 (RMB 41,168)	(48,737) (RMB -11,367)	49.9	(26,734) (RMB -6,237)	181,597 (US\$ 41,662)	-	Note 6
Ralec Technology (Kunshan) Limited	Manufacturing and sale of electronic components	1,054,796 (US\$ 37,000)	b.5)	1,237,796	-	-	1,237,796	296,271	100.0	296,271	4,098,546	-	Note 5
Ralec Trading (Kunshan) Limited	Sale of electronic components	28,508 (US\$ 1,000)	b.5)	-	-	-	-	25,703	100.0	25,703	208,107	-	Note 5
Hunan Ralec Electronics Technology Co., Ltd.	Manufacturing and sale of electronic components	427,202 (RMB 98,000)	b.5)	-	-	-	-	(3,861)	100.0	(3,861)	375,480	-	Note 5
Shin Yuan Electronics Productions (Kunshan) Co., Ltd.	Manufacturing and sale of electronic components	180,671 (RMB 41,446)	c.	-	-	-	-	29,492	100.0	29,492	606,602	-	Note 5
Ferrocube Electronics (Dongguan) Limited	Manufacturing and sale of electronic components	635,728 (US\$ 22,300)	b.6)	671,364 (US\$ 22,300)	-	-	671,364 (US\$ 22,300)	(70,042)	100.0	(70,042)	749,993	-	Note 6
Mag. Layers International Co., Ltd.	Manufacture and marketing of passive components	781,323	b.7)	736,428	-	-	736,428	59,416	100.0	59,416	1,230,434	-	Note 5
Magic (Suzhou) Photoelectric Technology., Ltd.	Sale of electronic components	- (US\$ -)	a.	6,028 (US\$ 200)	-	-	6,028 (US\$ 200)	-	100.0	-	-	-	Note 6
Magic Electronic Technology (Shenzhen) Co., Ltd.	Manufacturing and sale of electronic components	36,690 (US\$ 1,287)	b.8)	41,181 (US\$ 1,287)	-	-	41,181 (US\$ 1,287)	36,446	100.0	36,446	182,422	-	Note 5
Magic Trade (Shenzhen) Co., Ltd.	Sale of electronic components	2,252 (US\$ 79)	b.8)	2,326 (US\$ 79)	-	-	2,326 (US\$ 79)	20,129	100.0	20,129	90,629	-	Note 6

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020 (Note 3)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2020 (Note 3)	Net Income (Loss) of the Investee (Note 4)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Value as of December 31, 2020 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
					Outflow (Note 3)	Inflow (Note 3)							
Magic Electronic Technology (Dongguan) Co., Ltd.	Manufacturing and sale of electronic components	\$ -	b.8)	\$ -	\$ -	\$ -	\$ -	\$ 57	100.0	\$ 57	\$ -	\$ -	Note 6
Magic Electronic Technology (Hunan) Co., Ltd.	Manufacturing and sale of electronic components	28,508 (US\$ 1,000)	b.8)	15,510 (US\$ 500)	-	-	15,510 (US\$ 500)	(3,871)	100.0	(3,871)	25,559	-	Note 5
Magic Electronic Technology (Chongqing) Co., Ltd.	Manufacturing and sale of electronic components	370,604 (US\$ 13,000)	b.9)	392,469 (US\$ 13,000)	-	-	392,469 (US\$ 13,000)	83,878	100.0	83,878	797,985	-	Note 5

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Stipulated by Investment Commission, MOEA
\$7,690,976	\$8,205,785	(Note 8)

Note 1: The exchange rates in December 31, 2020 were HK\$1=NT\$, US\$1=NT\$ and RMB1=NT\$.

Note 2: The way of investment in mainland China is as follows:

a. Direct investment in mainland China

b. Indirect investment through a company registered in a third region

1) Chilisin International Limited

2) Chilisin Holding (Samoa) Ltd.

3) Chilisin H.K Holding Corp.

4) Guorui (Hong Kong) Limited

5) Ralec Technology (HK) Limited

6) Ferroxcube Hong Kong Limited

7) Mag. Layers International (Kunshan) Co., Ltd.

8) Magic Technology (Samoa) Co., Ltd.

9) Trendy Island Investment Limited

c. Indirect investment through a company registered in mainland China

Note 3: The exchange rate was based on historical exchange rate.

Note 4: The average exchange rates in 2020 were US\$1=NT\$ and RMB1=NT\$.

Note 5: The amount recognized was based on the audited financial statements of the Company.

Note 6: The amount recognized was based on the audited Taiwan’s parent company financial statements audited by another CPA.

Note 7: Subsidiary Compostar Dongguan Chen Xin, Chen Xin Electronics (Jiaozuo) Ltd., Rich Electronics (Henan) Co., Ltd. and Dongguan Guorui Electronics Co., Ltd. had been liquidated in September 2012, January 2013, January 2012, and September 2019, respectively. There was no inward remittance of earnings received as of December 31, 2020.

Note 8: Under Order No. 09704604680, No. 10420404350, and No. 10820426860 issued by the MOEA on August 29, 2008, February 16, 2015, and October 18, 2019, respectively, the Company obtained the certification documents for operational headquarters issued by the Industrial Bureau of the MOEA which is valid from October 14, 2019 to October 13, 2022. Therefore, the investment in mainland China is not subject to any restriction.

Note 9: All the above investment accounts and share of profit or loss relevant to subsidiaries have been eliminated upon consolidation.

(Concluded)

TABLE 9**CHILISIN ELECTRONICS CORP.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yageo Corporation	25,276,032	9.59
Capital Investment - defined contribution plans fund account	16,402,000	6.22

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

VII. Review and analysis of financial status and financial performance, and assess risk issues
(I). Financial status comparison and analysis

Year Item	2020	2019	Difference	
			Amount	%
Current Assets	17,365,614	16,901,120	464,494	3%
Property, plant and equipment, net	10,787,126	10,067,347	719,779	7%
Intangible assets, net	10,631,898	9,863,548	768,350	8%
Other Assets	3,287,753	3,405,377	(117,624)	-3%
Total Assets	42,072,391	40,237,392	1,834,999	5%
Current Liabilities	10,198,599	11,636,991	(1,438,392)	-12%
Non-Current Liabilities	6,274,123	4,981,992	1,292,131	26%
Total Liabilities	16,472,722	16,618,983	(146,261)	-1%
Equity attributable to owners of parent	25,515,253	23,543,668	1,971,585	8%
Share capital	2,633,292	2,469,782	163,510	7%
Capital Surplus	18,976,643	17,709,734	1,266,909	7%
Retained Earnings	5,019,249	4,350,083	669,166	15%
Other Equity	(1,114,986)	(985,931)	(129,055)	13%
Equity of previous parties under common control	-	-		
Non-Controlling Interests	84,416	74,741	9,675	13%
Total shareholder equity	25,599,669	23,618,409	1,981,260	8%
<p>1. Reasons for and impacts from such differences: (The difference amount reaches 10% or above and accounted for 1% or more of the total assets for the current year)</p> <p>14. Decrease in current liabilities: mainly due to repayment of short-term borrowings and final payment for investment in Ferroxcube.</p> <p>15. Increase in non-current liabilities: mainly due to the increase in long-term borrowings.</p> <p>16. Increase in retained earnings: mainly due to the increase in revenue and profit.</p> <p>17. Increase in equity: due to exchange gain arising from translation of foreign operations.</p> <p>2. Future response actions: The above changes do not significantly affect the Company.</p>				

(II). Analysis on financial performance

Unit: NT\$ thousands/ %

Year Item	2020	2019	Change, by Amount	Change (%)
Net Sales	17,437,999	15,870,564	1,567,435	10%
Operating costs	12,772,071	12,186,851	585,220	5%
Gross Profit	4,665,928	3,683,713	982,215	27%
Operating Expenses	2,686,626	2,459,281	227,345	9%
Operating Profit	1,979,302	1,224,432	754,870	62%
Non-operating Income and expense	(105,746)	154,942	(260,688)	-168%
Profit before tax	1,873,556	1,379,374	494,182	36%
Income tax expense	330,483	229,364	101,119	44%
Profit for the year	1,543,073	1,150,010	393,063	34%
Other comprehensive income (loss) for the year, net	(127,808)	(574,456)	446,648	-78%
Total comprehensive income for the year	1,415,265	575,554	839,711	146%
Net profit (loss) attributable to parent company in current period	1,524,542	1,147,305	377,237	33%
Net profit (loss) attributable to non- controlling equity in the current period	18,531	2,705	15,826	585%
Comprehensive Income Attributable to Owners of the Parent	1,405,590	574,606	830,984	145%
Comprehensive Income Attributable to Non-controlling Interests	9,675	948	8,727	921%
Explanations for significant changes (greater than 10% and reached 1% of total assets for the year): <ol style="list-style-type: none"> 1. Increase in gross profit: mainly due to the recovery of market demand in 2020, the growth of operating revenue of the inductor and resistance business by 9.88% and the increase in gross profit. 2. Increase in operating profit: mainly due to increase in operating profit. 3. Non-operating income and expenses: due to non-operating interest in 2019 and income from fire settlement. 4. Net profit for the period attributable to owners of the parent company: mainly due to increase in revenue and profit for in 2020, resulting in increase net profit for the period. 				

(III). Review and Analysis of Cash Flow

1. Liquidity analysis for the most recent two years

Unit: NT\$ thousands/ %

Year Item	2020	2019	Percentage of increase (decrease) %
Net Cash Flows Generated from Operating Activities	2,527,934	4,469,423	(43.44%)
Net Cash Used in Investing Activities	(1,273,537)	(2,701,107)	(52.85%)
Net Cash Flows Used in Financing Activities	(591,812)	(747,663)	(20.85%)

The main reasons for the major changes in operating income, operating net profit and pre-tax net profit in the latest two years and the expected sales volume and its basis, the possible impact on the company's future financial business and the corresponding plan.

1. Analysis of variance in cash flows:

- (1) Differences in cash flows from operating activities: mainly due to increase in accounts receivable and investments in financial assets in 2020, resulting in decrease in cash flows from operating activities in 2020.
- (2) Differences in cash flows from investing activities: mainly due to cash inflow from disposal of plant in 2020 and decrease in capital expenditure.
- (3) Differences in cash flows from financing activities: mainly due to the repayment of short-term borrowings in 2020, resulting in decrease in cash flows from financing activities.

2. Cash Liquidity Analysis for the Upcoming Year:

In Thousands of New Taiwan Dollars

Cash at Beginning of Year	Estimated Net Cash Flows from Operating Activities	Estimated Cash Flows Used	Estimated Cash Surplus (Inadequacy)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financing Plan
4,074,476	3,867,988	2,959,162	4,913,335	-	-

1. Analysis of variance in cash flows for the future year:

- (1) Operating activities: mainly due to the cash inflow from the Company's operations.
- (2) Investment activities: mainly due to the cash outflows from investment in subsidiaries, capital expenditures, machinery and equipment.
- (3) Financing activities: mainly from distribution of NTD 526,586,000 cash dividends.

2. Action Plans to Improve the Estimated Cash Flow:

The Company's estimated cash outflows in the next year mainly relate to future operating plan and investment demands. In addition to cash inflow expenditures of the operating activities, we plan to take bank loans to finance the capital demands if the cash balance is not sufficient.

(IV). Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year

The capital expenditure of the Company and its subsidiaries for the year of 2010 amounted to NTD1,158,729,000, which was mainly due to the demand of mobile phones and internet. Meg. Layers Ping Plant is actively expanding its production of radio frequency components. The Company also paid for the construction of the mechanical and electrical installation works of the new plant in Chilisun Hunan and Ralec Hunan and the purchase of machinery and equipment for the production of MHCC manufacturing terminals. In addition, the Group increased its investment in

the purchase of machinery and equipment for production in Taiwan and the purchase of research and development equipment, which was due to the future development of the market of inductor products such as miniaturization, high frequency, large current and modular, and the purchase of old replacement of automated machinery and equipment.

(V). Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Reinvestment Profitability, and Investment Plans for Coming Year:

1. Major reasons for reinvestment policy and profit or loss of reinvestments and improvement plan:

In Thousands of New Taiwan Dollars

Investee business	Profit (Loss) of Investee in 2020	Main reasons for profit or loss	Improvement plan	Other future investment plans
CHILISIN INT'L LIMITED	422,548	Mainly from the profit and loss of investment recognized for the subsidiary.	-	Depending on its operating conditions
Chilisin Holding (Samoa) Ltd.	19,586	Gain on deemed disposal of investments in Chilisin Holding (Hong Kong) Limited and Suzhou Qiyixin Electronics Co., Ltd.	-	Depending on its operating conditions
Chu Hsin Investment Ltd.	(3,746)	Mainly due to expenses incurred for personnel fixed expenses and recognition of loss of investment position	The liquidation is expected to be completed by the end of the year.	None
Chilisin Asia Investment Limited	2,839	Gain on recognition of investment in Chilisin America Limited	-	Depending on its operating conditions
Chilisin Holding (Hong Kong) Limited	119,861	Mainly due to recognition of the profit or loss of Chilisin Electronics (Vietnam) Limited company	-	Depending on its operating conditions
Ralec Electronic Corporation	482,581	Operations are in good conditions	It was sold to Kaimei Electronic Corp., Ltd. on January 28, , and the disposal was completed.	None
Chilisin Electronics Japan Corp.	(4,255)	In the early stage of operation, expanding business	To actively expand the business,	Depending on its operating conditions

			increase production and profit from operations	
Ferroxcube Holding Limited B.V.	27,053	Gain on deemed disposal of subsidiaries of Ferroxcube	-	Depending on its operating conditions
Mag.Layers Scientific-Technics Co., Ltd.	357,488	Operations are in good conditions	-	Depending on its operating conditions
Magic Technology (Samoa) Co., Ltd.	217,057	Operations are in good conditions	-	Depending on its operating conditions
BELKIN INTERNATIONAL ENTERPRISES Ltd.	16,193	Mainly due to the recognition of investment losses from GUORUI (HONG KONG) LIMITED	The subsidiary, GUORUI (HONG KONG) LIMITED, is expected to complete the liquidation by the end of the year.	None
Chilisin Electronics (Vietnam) Limited company	146,080	Operations are in good conditions	-	Depending on its operating conditions
Chilisin America Ltd.	2,839	Operations are in good conditions	-	Depending on its operating conditions
GUORUI (HONG KONG) LIMITED	16,193	Mainly due to the recognition of investment losses from Dongguan Guorui Electronics Co., Ltd.	The liquidation is expected to be completed by the end of the year.	Depending on its operating conditions
Ralec Technology (H.K.) Limited	323,330	Operations are in good conditions	It was sold to Kaimei Electronic Corp., Ltd. on January 28, , and the disposal was completed.	None
ASJ Holdings Limited	(12,634)	The costs of completion of the new expansion of Malaysia Plant increased, resulting in a loss.	It was sold to Kaimei Electronic Corp., Ltd. on January 28, , and the disposal was completed.	None
ASJ Pte. Limited	21,847	Operations are in good conditions	It was sold to Kaimei Electronic Corp., Ltd. on	None

			January 28, , and the disposal was completed.	
ASJ (Hong Kong) Limited	105	Operations are in good conditions	It was sold to Kaimei Electronic Corp., Ltd. on January 28, , and the disposal was completed.	None
ASJ Components (M) Sdn. Bhd.	(15,384)	Costs of new plant expansion increased, resulting in a loss.	It was sold to Kaimei Electronic Corp., Ltd. on January 28, , and the disposal was completed.	None
CRL Components (S) Pte. Ltd.	(16,970)	Sales decline	It was sold to Kaimei Electronic Corp., Ltd. on January 28, , and the disposal was completed.	None
Ferroxcube Italia S.r.l.	2,506	Operations are in good conditions	-	Depending on its operating conditions
Ferroxcube Deutschland GmbH	2,019	Operations are in good conditions	-	Depending on its operating conditions
Ferroxcube USA Inc.	4,039	Operations are in good conditions	-	Depending on its operating conditions
Hispano Ferritas S.A.	1,279	Operations are in good conditions	-	Depending on its operating conditions
Ferroxcube Polska Sp. Z.o.o.	40,882	Operations are in good conditions	-	Depending on its operating conditions
Ferroxcube Hong Kong Limited	(4,983)	Operations are in good conditions	-	Depending on its operating conditions
Mag Layers (Hong Kong) Ltd.	(28)	Operations are in good conditions	The liquidation is expected to be completed by the end of the year.	Depending on its operating conditions
Mag Layers International Co., Ltd.	59,416	Operations are in good conditions	-	Depending on its operating conditions
Mag. Layers USA, Inc.	9,103	Operations are in good conditions	-	Depending on its operating

				conditions
Magic Technology (Samoa) Co., Ltd.	127,996	Mainly due to the recognition of the reinvestment interests of subsidiaries	-	Depending on its operating conditions
Magic Wireless Technology Co., Ltd.	(8,150)	The benefit of investment has not shown.	The liquidation is expected to be completed by the end of the year.	Depending on its operating conditions
Classic Magic Developments Limited (Samoa)	(44,783)	Mainly due to fixed expenses	-	Depending on its operating conditions
Trendy Island Investment Limited	120,070	Mainly due to the investment gain of the subsidiary- Magic Electronic Technology (Chongqing) Co., Ltd.	-	Depending on its operating conditions
Dongguan Chilisin Electronics Co., Ltd.	(20,020)	Production Capacity Transfer	Depending on the organizational adjustment	Depending on its operating conditions
Chilisin Electronics (Suzhou) Co., Ltd.	4,399			Depending on its operating conditions
Chilisin Electronics (Henan) Co., Ltd.	1,447			Depending on its operating conditions
Dongguan Lixiang Electronics Co., Ltd.	15,793	Operations are in good conditions	-	Depending on its operating conditions
Dongguan Lianmao Electronics Co., Ltd.	643	Production Capacity Transfer	Depending on the organizational adjustment	Depending on its operating conditions
Suzhou Qiyixin Electronics Co., Ltd.	9,046	Has not yet reached the economic scale	To actively expand the business, increase production and profit from operations	Depending on its operating conditions
Hunan Chilisin Electronic Technology Co., Ltd.	176,295	Operations are in good conditions	-	Depending on its operating conditions
Shenzhen Chilisin Electronics Co. Ltd.	71,624	Operations are in good conditions	To actively expand the business, increase	Depending on its operating conditions

			production and profit from operations	
Yuanling Country Xianghua Electronic Technology Co. Ltd.	(48,737)	Has not yet reached the economic scale	To actively expand the business, increase production and profit from operations	Depending on its operating conditions
Ralec Technology (KUNSHAN) Limited	296,271	Operations are in good conditions	It was sold to Kaimei Electronic Corp., Ltd. on January 28, , and the disposal was completed.	None
Ralec Trading (KUNSHAN) Limited	25,703	Operations are in good conditions	It was sold to Kaimei Electronic Corp., Ltd. on January 28, , and the disposal was completed.	None
Hunan Ralec Electronics Technology Co., Ltd	(3,861)	Production capacity has not reached the economic scale at the beginning of the operation, but has turned from loss to profit in 2021	It was sold to Kaimei Electronic Corp., Ltd. on January 28, , and the disposal was completed.	None
Xinyuan Electron Products (Kunshan) Limited Company	29,492	Operations are in good conditions	In January 2021, the equity interests were transferred to Mag. Layers International Co., Ltd. to integrate resources and achieve synergy of the Group.	None
Ferroxcube (DongGuan) Ltd.	(70,042)	Operations are in good conditions	-	Depending on its operating conditions
Mag.Layers Electronic Technology (Kunshan) Co., Ltd.	59,416	Operations are in good conditions	-	Depending on its operating conditions
Magic (Suzhou) Optoelectronics Technology Co., Ltd.	-	The liquidation was completed in November 2020	-	None
Magic Electronic Technology	36,446	Operations are in good conditions	-	Depending on its operating

(Shenzhen) Co., Ltd.				conditions
Magic Trading (Shenzhen) Co., Ltd.	20,129	Operations are in good conditions	-	Depending on its operating conditions
Dongguan Magic Electronic Technology Co., Ltd.	57	In the early stage of operation, the investment benefits were insignificant (established by MAGIC TECHNOLOGY in March 2018 with 100% direct investment).		Depending on its operating conditions
Hunan Magic Electronic Technology Co., Ltd.	(3,871)	Production capacity has yet to reach economic scale at the beginning of operation	-	Depending on its operating conditions
Chongqing Magic Electronic Technology Co., Ltd.	88,878	Operations are in good conditions	-	Depending on its operating conditions

The Company's investment policy is to transfer part of its products to overseas regions with more competitive wages based on the Group's production capacity sharing strategy, so as to reduce production costs, expand sales channels and improve the competitiveness of the Company and its subsidiaries.

2. Investment Plans for the Next 12 Months:

The Company and its subsidiaries are the only mass-producers with complete inductor production process technology and a certain scale of production. We have a complete mid-upstream production technology and core technology, from powder raw material formulation research, midstream material production, multilayer chip inductor development technology, automatic winding production technology, integrated forming inductor development technology, film production development technology, as well as various latest high-frequency wireless communications, power-side applications, and complete technology research and development capabilities. With the rise of the Internet of Things and Internet of Vehicles applications in the global passive component market, wireless, miniaturization, and diversified needs are the future trend. Then, with the gradual maturity of wireless charging technology and the wide application of products, the overall demand for inductors and resistors is driven at the same time. It will also test the development capabilities and speed of all passive component companies in new technologies and new products, as well as the local service capabilities, production capacity and delivery capabilities corresponding to global customers. The barriers of competition will gradually increase. To set up factories in Vietnam and utilize local sufficient human resources to provide passive component products with reasonable prices and stable quality.

In 2020, the Company increased its indirect investment in Chilisin Electronics (Vietnam) Co., Ltd., which was used to support the local purchase of machinery and equipment, plant expansion and renovation expenses and operation turnover.

In 2021, the Company compiled information system resources integration at Chilisin and Mag.Layers Pingzhen plants in Taiwan, including planning for the second introduction of SAP, establishment of FX servers, maintenance contracts and account authorisation, BPM servers and information security virus software, etc., with estimated capital expenditure of NT\$62,000

thousand.

The Company plans to increase the capital expenditure on machinery-related equipment for the research and development of terminals at Chilisin and Mag.Layers Pingzhen plants in Taiwan in 2021: List 1: Casting module (development of new mold, development of winding machine), (development of BDGG project). 2. Multilayer group: (0402 test charter, external inspection machine, fixture, inspection equipment) 3. RD LTCC (signal and spectrum analyzer, signal generator). 4.RD_WPC (Inspection Tools). 5. Powder group (Differential scanning thermal analyzer, high temperature rheometer, heating type molding machine, sintering experiment furnace). 6. Film group (mold, measuring instrument, automation equipment and modification machine, hot press forming machine). 7. Winding group (winding machine).

In addition, based on social responsibility, the Company is expected to invest in the environmental safety project of the Mag Layers Pingzhen plant: adding air-cooled ice water machine 500RT and air pollution-A101 cooling electrostatic equipment and exterior wall waterproof paint of the building.

The above investment plan will be assessed in accordance with internal prudence and professionalism, and through capital expenditure planning, to maximize the efficiency and utilization of investment expenditures, and fully understand the investment benefits and possible risks of the above projects.

(VI). Analysis of risk factors: analyze and assess the following circumstances for the most recent year and until the date of publication of the annual report

1. Effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

(1) Interest rate

The Company and its subsidiaries are financially sound, and interest rate changes have limited impact on the Company's profit and loss. To avoid interest rate changes affecting the Company's profit and loss, the Company pays close attention to interest rate trends at any time, evaluates bank borrowing rates in accordance with market interest rate changes, and keeps close contact with banks, assess the capital market and money market interest rates at any time, and use various financial tools (such as the issuance of convertible corporate bonds or cash capital increase) at the right time to obtain preferential borrowing rates and reduce the risk of interest rate changes. Therefore, it is expected that changes in interest rates will not cause significant risks to the company's profits and losses.

(2) Exchange rate

In order to avoid the impact of exchange rate changes on the Company's profit or loss, the Company and its subsidiaries adopted hedging measures in response to exchange rate changes, aiming not to earn foreign exchange benefits, so as to avoid the risk of foreign exchange fluctuations.

(3) Inflation

Inflation factors of the Company and its subsidiaries have, in principle, been reflected in the volatility of interest rates and therefore have been applied directly in response to changes in interest rates.

2. The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future
 - (1) The Company did not engage in high-risk or highly leveraged investments.
 - (2) The Company and its subsidiaries engage in fund lending, endorsement guarantees and derivative product trading in accordance with the procedures adopted by the board of directors and the shareholders' meeting.
3. Future R&D Projects and Expected R&D Expenditure

(1) Research and development status:

R&D Plan	Projected date for completion
Development of high-voltage molding inductor for automotive	The second quarter of 2021
BMBI bottom electrode molding inductor development	The third quarter of 2021
BESP 252012 series molding inductor development	The first quarter of 2021
BEBE 201208 series molding inductor development	The third quarter of 2021
BEBE 252010 series molding inductor development	The second quarter of 2021
BEBE 322508 series molding inductor development	The fourth quarter of 2021
BEBE 322512 series molding inductor development	The fourth quarter of 2021
Development and development of ultra-thin film power inductors with a thickness of $\leq 0.6\text{mm}$	The fourth quarter of 2021
Development and development of metal magnetic powder with high Q value at high frequency	The third quarter of 2021
Development and development of metal magnetic powder for high temperature resistance (150°C) and high voltage ($>100\text{Vdc}$)	The fourth quarter of 2021
Development of miniaturized 040203 multilayer film RF inductor $Q>14$	The fourth quarter of 2021
Development of AWPC 322522 Winding Type Automotive Common Mode Inductor	The second quarter of 2021
Development of AWLD 100505 wire-wound car inductor	The third quarter of 2021
Development of AWPC 201216 Winding Type Automotive Common Mode Inductor	The fourth quarter of 2021
Development of Ferrite material with high T_c and high μ_i ($T_c>125^{\circ}\text{C}$, $\mu_i=2000$)	The second quarter of 2021
Development of Ferrite material with high T_c and high μ_i ($T_c>140^{\circ}\text{C}$, $\mu_i=1500$)	The second quarter of 2021
Development of DC/DC modules and LED Driver modules for industrial control	The third quarter of 2021
Development of 90W 10G power Ethernet transformer for switch	The fourth quarter of 2021
Development of high-gain array antennas for 5G small base stations	The fourth quarter of 2021
Development of dual-frequency GPS antennas for high-precision positioning systems	The fourth quarter of 2021
LTCC BTLTD2012, 1608 series for 5G application development	The first quarter of 2021
LTCC BTLT2012 series for 5G application development	The second quarter of 2021
LTCC BTLB1005 series for 5G PA module application development	The first quarter of 2021
LTCC BTLTD1005 series for WiFi-6 application development	The third quarter of 2021
LTCC BTLTD1608 series for WiFi-6 application development	The second quarter of 2021
LTCC Highly Integrated Device (IPD) for WiFi-6 application development	The fourth quarter of 2021
Development of LTCC products for Automotive Grade	The fourth quarter of 2021
Development of miniaturized DC/DC Power module 5V/1A	The second quarter of 2021

(2) Projected investment in R&D

Research and development expenses of the Company in 2021 amounted to approximately NT\$ 494,678 thousand.

4. Impact of changes in domestic and foreign policy and laws on the Company's financial operations over the latest year and as at the date of the annual report; action plans:

As Taiwan's electronics industry has always had a relatively high degree of international market competitiveness, the Company and its subsidiaries have been continuously paying attention to the policies and regulations that may affect the Company's business and operations. In recent years, it

has not been subject to important domestic and foreign policy and legal changes, which may affect the company's financial business.

5. Impact of changes in technology and industry environment on the Company's financial operations over the latest year and as of the date of the annual report; action plans:

Since the Company and its subsidiaries are in the field of electronic technology industry, the progress and changes of electronic technology are inevitable and often need to be faced. The Company must continue to develop new products and new technologies to respond. The Company has a research and development department which focuses on changes in market technology at any time, and timely launch new products and technologies to maintain the Company's competitiveness. At the same time, the Company actively cooperates with our customers in R&D to enter into the new products of our customers immediately upon their introduction in order to ensure that our customers have the advantage of the market.

6. Impact of changes to corporate image on corporate crisis management over the latest year and as of the date of the annual report; action plans:

The Company has been established for more than 49 years, and has always taken sustainability, stability, and professionalism as its business objectives, so it has no bad corporate image.

7. Projected benefits and potential risks associated with mergers and acquisitions activities over the latest year and as at the date of the annual report:

On January 13, 2021, the Board of Directors of the Company resolved to transfer the equity of the subsidiary with cash consideration, and Chilisin acquired 100% of the equity of Kaimei's subsidiary Bothhand Enterprise Inc. (hereinafter referred to as Bothhand) for NT\$2.8 billion in cash. Kaimei acquired 100% of the shares of Chilishin's subsidiary Ralec Electronic Corporation (hereinafter referred to as Ralec) for NT\$5 billion in cash. The two parties completed the delivery procedures on January 25, 2021 and January 28, 2021. The descriptions are as follows:

(1) Acquired 100% of the equity of Kaimei's subsidiary Bothhand Enterprise Inc. (hereinafter referred to as Bothhand) for NT\$2.8 billion in cash.

The company and Kaimei Electric Co., Ltd. (stock code: 2375 TT, hereinafter referred to as Kaimei) held a board meeting on January 13, 2021, and passed a cash-based equity transfer proposal. On January 25, 2021, Chilisin acquired 100% equity interest in Bothhand Enterprise Inc. from Kaimei Electronic Corp. for a total of NTD 2.8 billion, which became a 100% owned subsidiary of the Company.

(2) Disposal of 100% equity interest in Chilishin's subsidiary Ralec Electronic Corporation (hereinafter referred to as Ralec) for NT\$5 billion in cash.

The company and Kaimei Electric Co., Ltd. (stock code: 2375 TT, hereinafter referred to as Kaimei) held a board meeting on January 13, 2021, and passed a cash-based equity transfer proposal. Chilisin sold 100% of the shares of Chilisin's subsidiary Ralec Electronic Corporation (hereinafter referred to as Ralec) for NT\$5 billion in cash, and completed the relevant operating procedures on January 28, 2021.

This merger and acquisition is expected to enable the Company to expand its scale of operations, enrich its product lines and customer base, and enhance its global competitiveness. In recent years, Chilisin and Kaimei have been actively expanding their operations through merger and acquisition. After gradually deepening the post-acquisition management and reviewing the operation of each business entity, the two parties have clearly confirmed that they will continue to focus on their core technologies, which will enhance their competitiveness more effectively. Chilisin is a professional manufacturer and service provider of inductor components, focusing on the research and development and manufacturing of inductor and winding technology for a long time, and gradually moving towards the goal of the world's largest inductor component factory, while Bothhand focuses on network transformer winding technology. In the future, after Chilisin incorporating Bothhand into its subsidiary, it will more efficiently integrate the R&D resources of winding technology and expand the scale of production and manufacturing to

provide customers with complete product solutions. Kaimei has the industrial advantages of standard mass production and real-time manufacturing management. It is complementary to Ralec's industrial characteristics and product applications. The combination of the two will enable the sales channel and production management to achieve the best synergy, and through the complementary benefits of products and clients, further expand the scale of operations.

Through this equity transfer, Chilisin and Kaimei will focus more on the research and development of core technologies and the development of high-value-added products, and give full play to the integration of channels, technologies, processes and management. In addition, the two companies will fully complement each other in terms of products and markets, maximize the use of resources in various aspects, and continue to provide customers with a full range of component solutions to effectively enhance the overall corporate value and shareholders' equity.

Based on the aforementioned investment plans, the Company has made sufficient assessment to effectively integrate resources, enhance profitability, bring positive benefits to shareholders' equity and minimize investment risks.

8. Projected benefits and potential risks associated with facility expansion over the latest year and as at the date of the annual report:

The Company's expansion of the Vietnam plant will enable the Company to reduce unit production costs to increase orders and profit, and to serve local Vietnamese customers nearby to increase the opportunity to expand market share. However, when the economy declines and the market demand decreases, the depreciation requirements of the Company's Vietnam plant will increase the company's costs. The expansion of the Company's Vietnam plant has undergone internal prudential and professional evaluation, and through capital planning to make effective use of investment expenditures, and fully understand the benefits of this investment and possible risks.

The Company's expansion of the Hunan plant is mainly due to rising wages in mainland China and rising environmental awareness. Therefore, the Company decided to invest in the Hunan plant to solve the current labor costs and environmental protection issues which enables the Company to increase orders and gross profit. However, when the economy declines and the market demand decreases, the depreciation requirements of the Company's Hunan plant will increase the company's costs. The expansion of the Company's Hunan plant has undergone internal prudential and professional evaluation, and through capital planning to make effective use of investment expenditures, and fully understand the benefits of this investment and possible risks.

9. Risks associated with concentration of supply and sales over the latest year and as of the date of the annual report:

Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

The Company and its subsidiaries will determine the purchaser based on the supplier's quality, price, market conditions and customer requirements, and since the raw material market is fully competitive, there will be no shortage of raw materials. In the most recent period and the recent two years, no single manufacturer accounted for more than 10% of the net purchases of the Company and its subsidiaries. It can be seen that the suppliers should be scattered and there should be no risk of concentration of purchases.

Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

The Company and its subsidiaries are mainly engaged in the manufacturing, processing and trading of chip inductors and power inductors, thick film resistors and exclusions, ferrite material, traditional coils, metal plates and iron cores, etc. Its products have a wide range of applications, including mobile phones, consumer products such as computers, handheld devices and communication network equipment. And the main customers are mostly well-known domestic manufacturers, and we have maintained long-term stable and good cooperative relations. Under the policy of diversifying sales targets of the Company and its subsidiaries, actively developing new products and new customers to reduce operational risks, the last two years and as of the publication date of the annual report, no single customer accounted for more than 10% of the company and its

subsidiaries' net sales, and there is no risk of concentration of sales.

10. Directors, supervisors, or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of a large number of transfers or replacements of equity on the company: None.
11. Impact and risk associated with changes in management rights, and countermeasures: None.
12. Litigious or non-litigious matters:
 - (1) The Company has determined or is currently in a litigation, non-litigation, or administrative litigation which the results may have a significant impact on shareholder rights or securities' prices, the facts in dispute, the amount of the subject matter, the start date of the litigation, the main parties involved, and the current handling situation:

In the last two years and as of the publication date of the annual report, the Company is currently in a litigation, non-litigation or administrative dispute, which is an infringement litigation with Delta Group. Here is a brief summary:

In February 2018, Cyntec Co., Ltd., a major passive component manufacturer under the Delta Group, filed a lawsuit against the U.S. Federal Court of the Northern District of California to infringe on the structure and process patents of four inductors produced and sold by the Company and its subsidiaries in the United States. In November 2018, Cyntec claimed to collect royalties based on 3% to 6% of the alleged infringing product revenue or a fixed amount per unit of the infringing product. In response to the infringement items proposed by Cyntec Co., Ltd., the Company has entrusted LCC Partner Law Firm to analyze and retrieve relevant data. The results show that most of the patents have known technologies. Therefore, the Company and its subsidiaries have no doubts about infringement and has entrusted Chang International Law Firm and Steptoe & Johnson LLP Patent Law Firm to conduct defense procedures. The court held a Markman hearing on May 15, 2019 and made a decision on the dispute between the two parties on June 20 of the same year. The court's decision was beneficial to the company and its subsidiaries. The Company and its subsidiaries will subsequently, with the assistance of the appointed lawyer, claim that the alleged patent disclosure is not clear, invalid and the alleged product is not infringed to prove that there is no concern of infringement. Notwithstanding the above case, the Company is not yet concluded and as of now, the outcome of the litigation of the above case has no material adverse effect on the financial and business operations of the Company and its subsidiaries.

- (2) Directors, supervisors, general manager, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities:

In the last two years and as of the publication date of the annual report, only the Company's legal person director Yageo Corporation. (hereinafter referred to as Yageo), which is involved at present in the pending litigation, non-litigation or administrative disputes briefed as below:

On the ground that Far Eastern Air Transport (hereinafter referred to as FAT) is suspected of falsely increasing the turnover and accounts receivable through false transactions in order to beautify the financial statements and cause damage to the investors, The Securities and Futures Investors Protection Center (hereinafter referred to as the SFIPC), after obtaining the authorization of the affected investors, filed a civil lawsuit for joint and several damages of NT\$296.9 million with Taipei District Court on Jun. 23, 2009 against the joint defendants of 29 legal persons and individuals (excluding the company) including FAT, its management team, directors and supervisors, CPAs and accounting firms, etc., and filed an additional lawsuit against the Company and two other companies in Jan. 2010 on the ground that the Company violated the legal obligations of acting as the supervisor of FAT, requesting the Company and the supervisory representative appointed by the Company to be jointly and severally liable for damages.

During the period of appeal, Yageo Corporation reached a settlement with SFIPC after negotiation and SFIPC withdrew the lawsuit against Yageo from the court on Feb. 24, 2020.

In case that Yageo Corporation and those appointed by Yageo to other companies as directors and supervisors are subject to claims by others due to the performance of their duties, they are all covered by the directors' and supervisors' liability insurance taken by Yageo Corporation. Therefore, the cost that was agreed upon by reaching the settlement with SFIPC was mainly paid by the insurance company. Therefore, this case has no significant impact on the financial and business conditions of Yageo Corporation .

As explained above, the final outcome of this case will not have a material adverse effect on the financial or business operations of Chilisun and will not have a material impact on its shareholders' equity or securities prices.

13. Other important risks, and mitigation measures being or to be taken:

(1) Information Security

Facing the challenges of business competition and globalization, information security and protection of operational data are the cornerstone for the sustainable development and core competitiveness of the Company. In order to ensure the stability, security and availability of the information system, strengthen the information security management mechanism and defense capability, establish a safe and reliable computer operating environment and ensure the security of the system, data, equipment and network, so as to protect important information assets and the normal operation of the information system of the Company. The Company's direction and planning for information security enhancement are as follows:

In addition to data backup, the Company conducts annual drills on the disaster recovery section of its core business system to ensure the effectiveness of backup procedures and data, so as to prevent the risk of disasters and ensure smooth connection between information system services.

(VII). Other Important Matters: None.

VIII. Special Disclosure

(I). Information on Affiliates

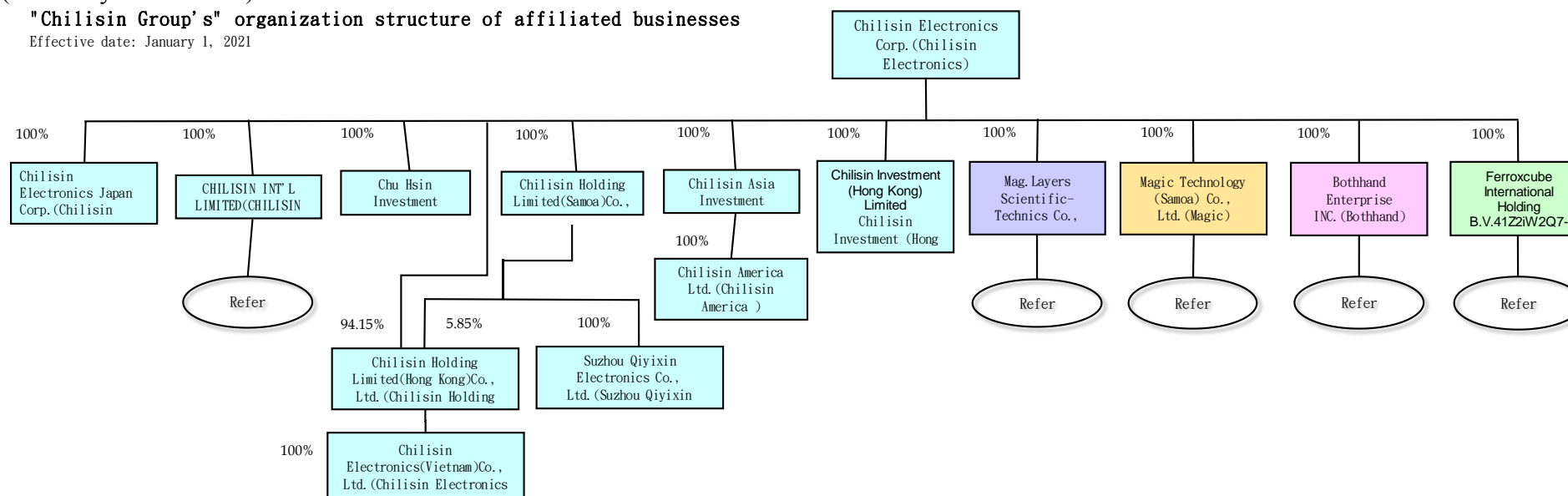
March 31, 2021

1. Organization Chart of Related Companies (Note 1):

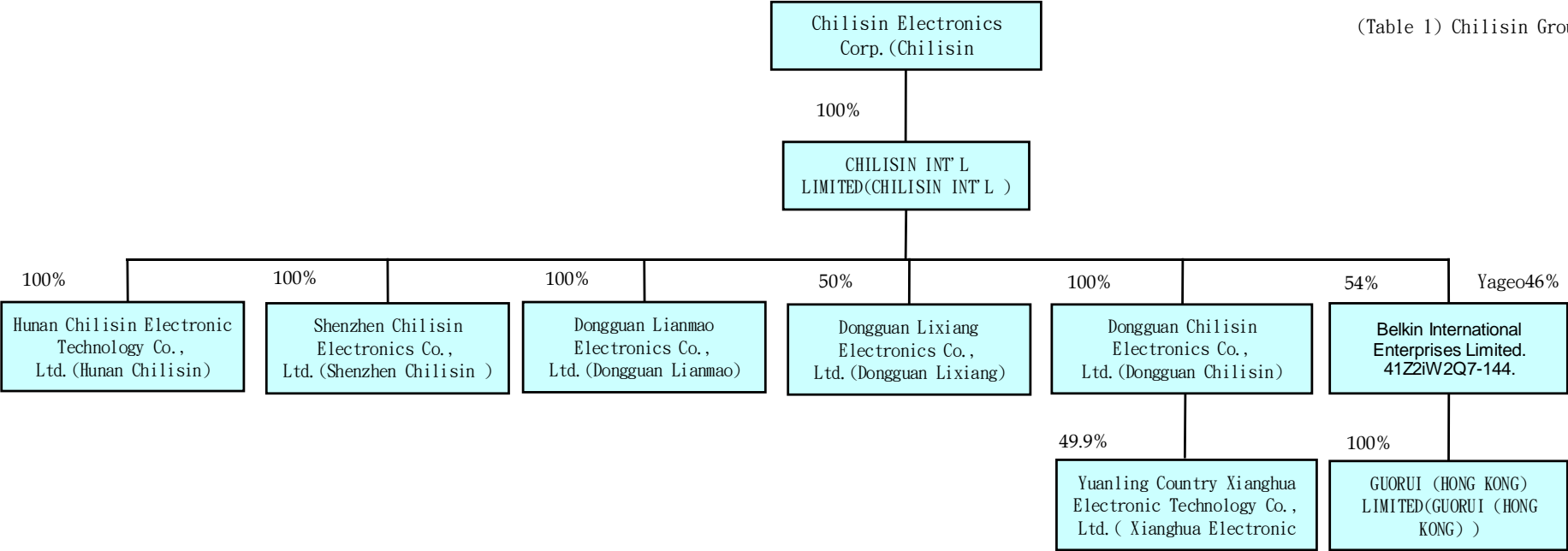
Chilisin Electronics Corp. investment structure chart
(shown by subsidiaries)

"Chilisin Group's" organization structure of affiliated businesses

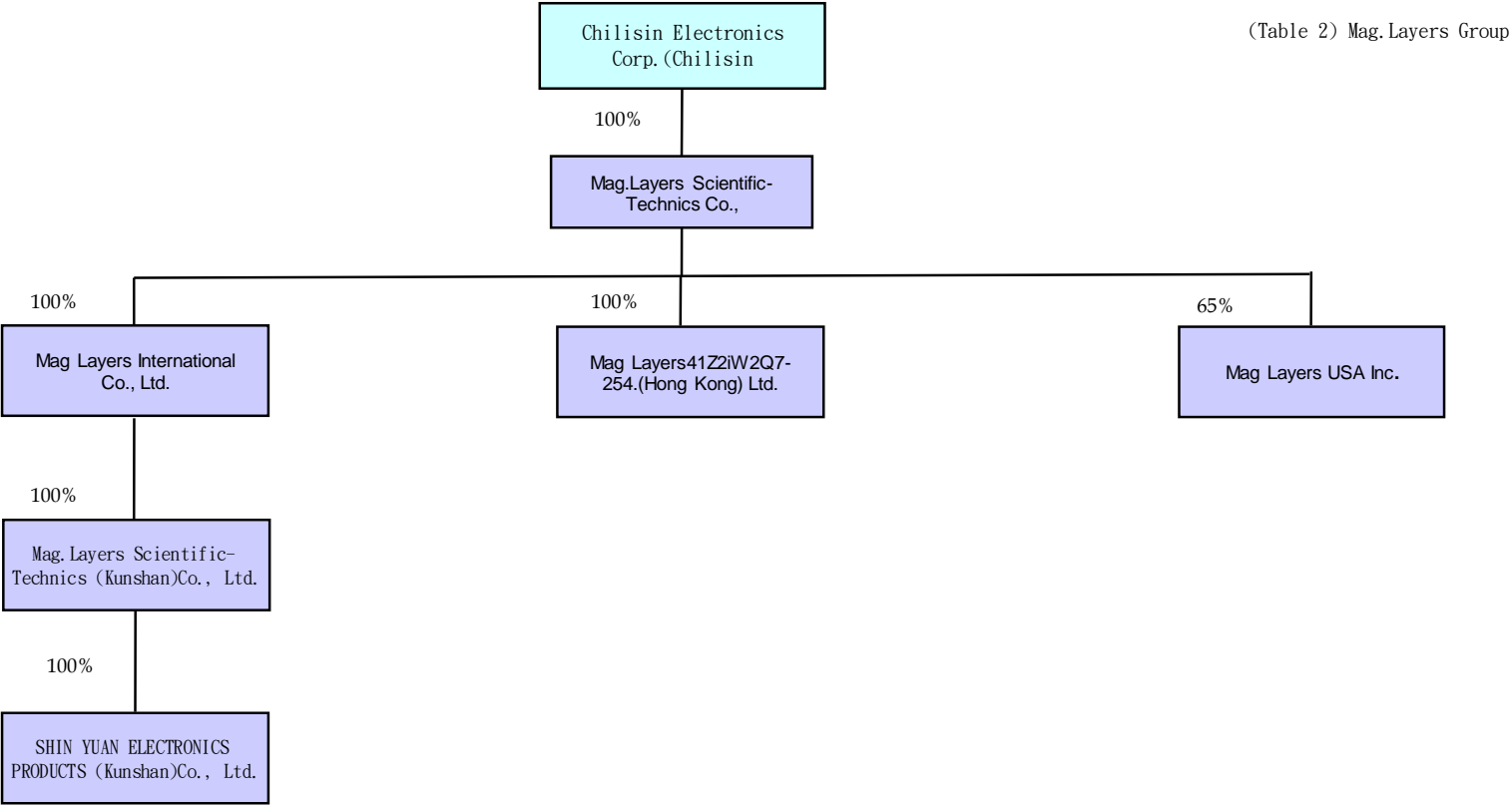
Effective date: January 1, 2021



1. Diagram of Investment Structure of Affiliated Enterprises Organization (Page 2)

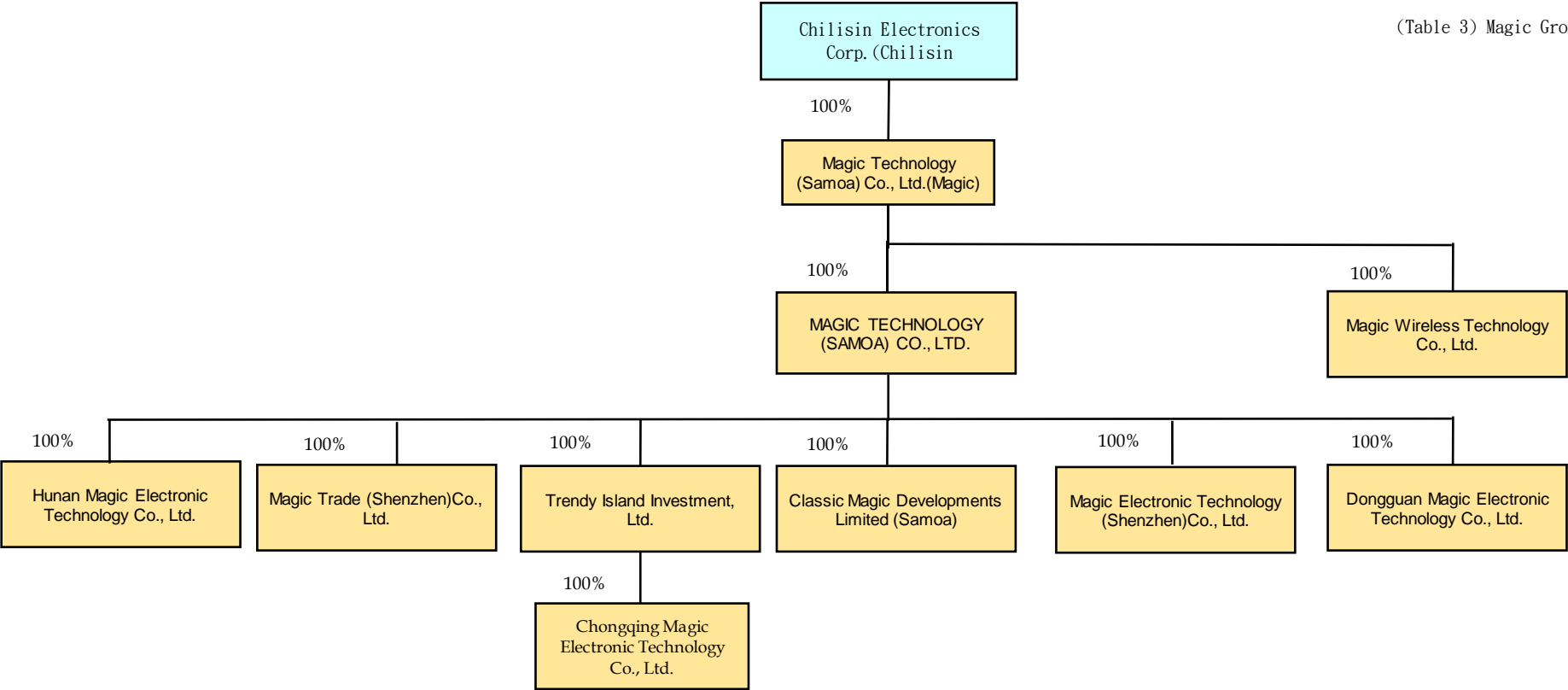


1. Organization Chart of Affiliated Enterprises (Page 3)



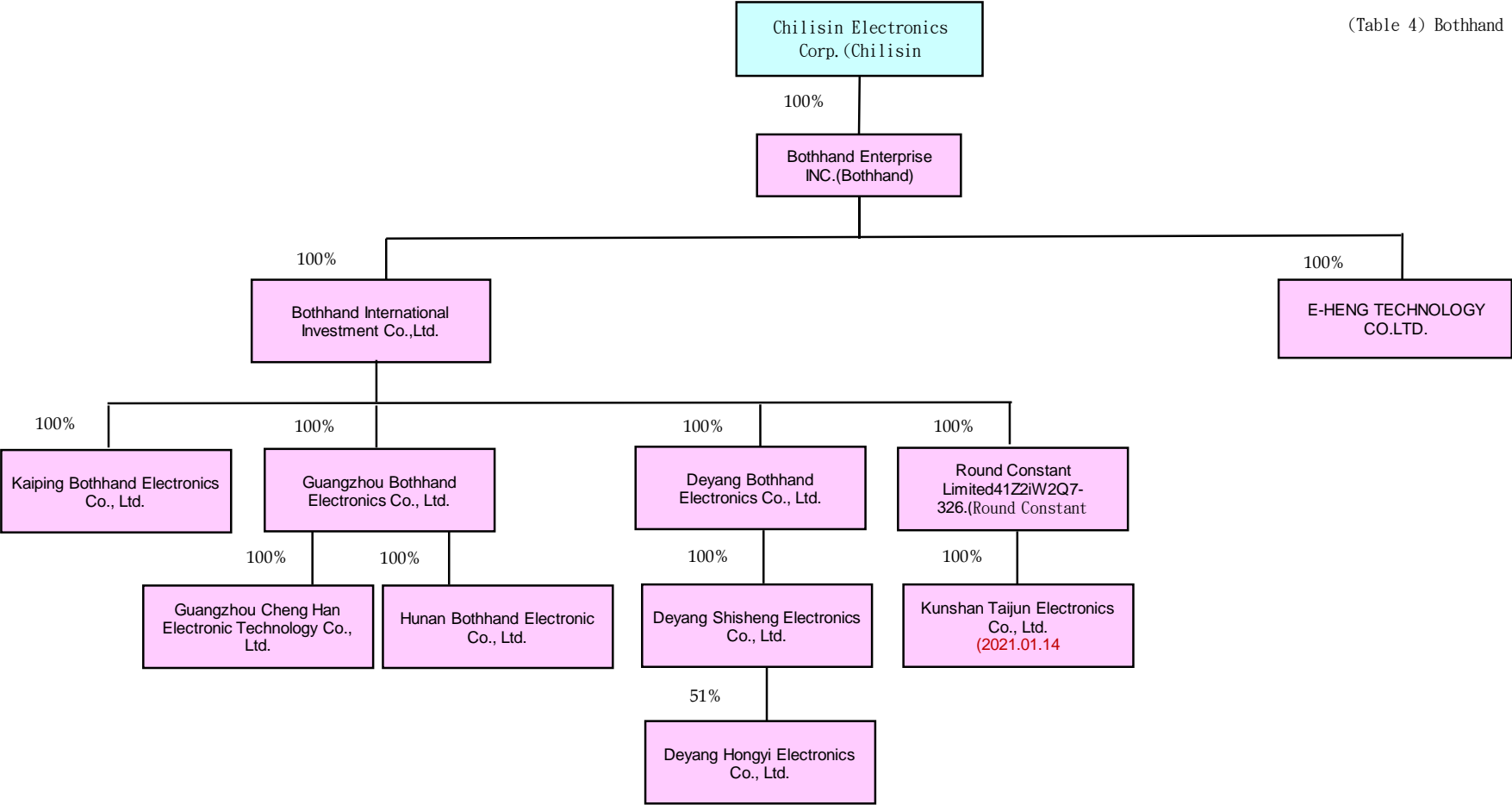
1. Organization Chart of Affiliated Enterprises (Page 4)

(Table 3) Magic Group

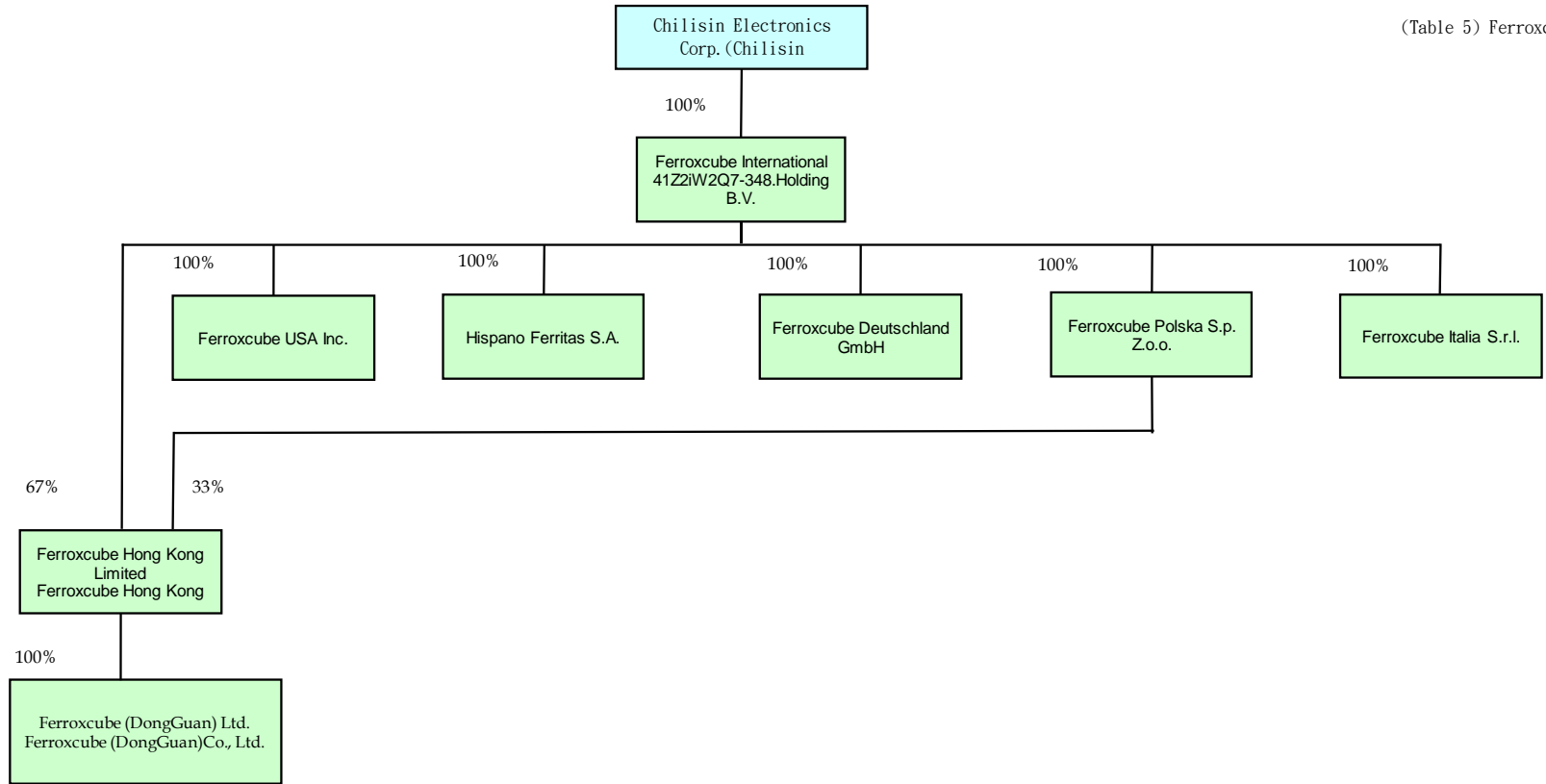


1. Organization Chart of Affiliated Enterprises (Page 5)

(Table 4) Bothhand Group



1. Organization Chart of Affiliated Enterprises (Page 6)



(Table 5) Ferroxcube Group

2. Basic information of affiliates

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
CHILISIN ELECTRONICS CORP.	1972.08.30	No. 29, Lane 301, Dexing Road, Hexing Village, Hukou Township, Hsinchu County	\$2,633,292	Manufacturing and sales of electronic parts and materials
CHILISIN INT'L LIMITED	1998.03.31	Samoa	4,475,613 (US\$156,995 thousand)	Trading of electronic parts
Dongguan Chilisin Electronics Co., Ltd.	1998.07.03	Yuliangwei Management District, Qingxi Town, Dongguan City, Guangdong Province, China	1,820,633 (HK\$495,060 thousand)	Manufacturing and sales of electronic parts
Chu Hsin Investment Ltd.	1998.07.15	No. 29, Lane 301, Dexing Road, Hexing Village, Hukou Township, Hsinchu County	77,156	General investment
Chilisin Holding (Samoa) Ltd.	2001.06.12	Samoa	207,538 (US\$7,280 thousand)	Trading of electronic parts
Chilisin Electronics (Suzhou) Limited	2001.08.17	36 Hengshan Road, Suzhou High-tech Zone, Suzhou City, Jiangsu Province, China	166,772 (US\$5,850 thousand)	Manufacturing and sales of electronic parts
Chilisin Asia Investment Limited	2005.11.14	Samoa	11,371 (US\$360 thousand)	Trading of electronic parts
Chilisin Holding (Hong Kong) Limited	2008.01.09	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	2,573,702 (US\$90,280 thousand)	General investment
BELKIN INTERNATIONAL ENTERPRISES LIMITED	2006.04.01	Samoa	68,702 (US\$2,400 thousand)	General investment
GUORUI (HONG KONG) LIMITED	2007.11.30	Unit 7 1/F, South Seas Centre 75 Mody Roap , Tsimshatsui East Kl, Hong Kong	73,609 (US\$2,445 thousand) (US\$1,000 thousand)	General investment
Chilisin Electronics (Henan) Co., Ltd.	2010.12.24	Industrial Cluster Area, Xiuwu County, Jiaozuo City, Henan Province	114,032 (US\$4,000 thousand)	Manufacturing and sales of electronic parts
Chilisin America Ltd.	2011.10.17	433 California Street, Suite 810, San Francisco, CA 94104, USA	5,702 (US\$200 thousand)	Trading of electronic parts
Dongguan Lixiang Electronics Co., Ltd.	2014.05.12	No. 76, Puxing East Road, Yuliangwei Industrial Zone, Qingxi Town, Dongguan	28,508 (US\$1,000 thousand)	Manufacturing and sales of electronic parts

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
		City, Guangdong Province, China		
Dongguan Lianmao Electronics Co., Ltd.	2014.05.30	No. 76, Puxing East Road, Yuliangwei Industrial Zone, Qingxi Town, Dongguan City	5,702 (US\$200 thousand)	Trading of electronic parts
Suzhou Qiyixin Electronics Co., Ltd.	2015.05.04	Building 12, No. 18, Huaxu Road, Tong'an Town, Suzhou High-tech Zone, Suzhou City, Jiangsu Province, China	57,016 (US\$2,000 thousand)	Trading of electronic parts
Chilisin Electronics (Vietnam) Limited company	2015.10.01	No.143.-145, Road No.10, VSIP Hai Phong Township, Industrial and Service Park, Lap Le Commune, Thuy Nguyen District, , Hai Phong City, Vietnam.	2,423,180 (US\$85,000 thousand)	Manufacturing and sales of electronic parts
Chilisin Electronics Japan Corp.	2017.07.07	Room 303, Koike Building, 18-4 Kusunoki-cho, Nishi-ku, Yokohama-shi, Kanagawa 220-0003	24,867 (JP\$90,000 thousand)	Trading of electronic parts
Shenzhen Chilisin Electronics Co. Ltd.	2017.06.01	A, 8th Floor, Baohonglin Building, District 84, Baocheng, Haiwang Community, Xin'an Street, Bao'an District, Shenzhen	25,657 (US\$900 thousand)	Trading of electronic parts
Hunan Chilisin Electronic Technology Co., Ltd.	2017.04.06	No. 8 Shasha'ao Village, Liangshuijing Town, Yuanling County, Huaihua City, Hunan Province (No. 8 Shasha'ao Village, Industrial Park, Yuanling County, Hunan Province)	1,843,042 (US\$64,650 thousand)	Manufacturing and sales of electronic parts
Ralec Electronic Corporation	1994.02.12	No. 1, Zhonger Street, Nanzi Processing Zone, Kaohsiung City, 811	826,668	Manufacturing and sales of electronic parts
Ralec Technology (H.K.) Limited	2000.09.15	Room 501, 5 / F, Hing Yip Commercial Centre, 272 - 284 Des Voeux Road Central, Central, Hong Kong	1,222,736	General investment
Ralec Technology (KUNSHAN) Limited	2000.12.26	215300 No.333 Huangpujiang Middle Road, Kunshan City, Jiangsu Province, China	1,054,796 (US\$37,000 thousand)	Manufacturing and sales of electronic parts
Ralec Trading (KUNSHAN) Limited	2010.05.25	215300 No.333 Huangpujiang Middle Road, Kunshan City, Jiangsu Province,	28,508 (US\$1,000 thousand)	Sales of resistors, capacitors, inductors, etc.

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
		China		
Hunan Ralec Electronics Technology Co., Ltd	2018.06.07	8 Shazi'ao Village, Liangshuijing Town, Yuanling County, Huaihua City, Hunan Province	427,202 (RMB\$98,000 thousand)	Manufacturing and sales of electronic parts
ASJ Holdings Pte Ltd	1996.03.13	514 Chai Chee Lane #05-05/06 Bedok Industrial Estate Singapore 469029	423,187	General investment
ASJ Pte. Limited	1980.01.14	514 Chai Chee Lane #05-05/06 Bedok Industrial Estate Singapore 469029	148,484	Sales of electronic parts
ASJ (Hong Kong) Limited	2003.11.12	No.50, Shek Wu Wai Rd, San Tin, Yuen Long, New Territories Hong Kong	5	Warehousing, logistics and distribution businesses
ASJ Components (M) Sdn. Bhd.	1997.03.21	PTD 37440, JALAN PERINDUSTRIAN SENAI 3, KAWASAN PERINDUSTRIAN SENAI FASA II, 81400 SENAI, JOHOR D.T. MALAYSIA	90,308	Manufacturing and sales of electronic parts
CRL Components (S) Pte. Ltd.	1997.07.25	514 Chai Chee Lane #05-05/06 Bedok Industrial Estate Singapore 469029	6,311	Sales of electronic related products and components
Xinyuan Electron Products (Kunshan) Limited Company	2003.03.21	No. 95, Shunchang Road, Zhoushi Town, Kunshan City, Jiangsu Province	180,671 (RMB\$41,466 thousand)	Manufacturing and sales of electronic parts
FerroxcubeInternation Holding B.V	2000/4/14	Beekstraat 54, Cwartier Room 323, 6001GJ Weert	5,255 (EUR150 thousand)	General investment
Ferroxcube Hong Kong Limited	1997/12/17	RM 7 1/F SOUTH SEA CENTRE 75 MODY ROAD TSIM SHA TSUI EAST KL	-	Manufacturing and sales of electronic parts
Ferroxcube Electronics (Dongguan)	2001/3/15	Yuliangwei Village, Qingxi Town, Dongguan City	635,728 (US\$22,300 thousand)	Manufacturing and sales of electronic parts
Ferroxcube USA Inc.	2000/6/9	1200 Golden Key Circle, Suite 233, El Paso, TX79925, USA.	489,628 (EUR13,976 thousand)	Sales of electronic parts
Hispano Ferritas S.A.	2000/4/28	Paseo Ocio 4 3-Oficina 5-6, Guadalajara (Spain)	317,514 (EUR9,063 thousand)	Sales of electronic parts
Ferroxcube Deutschland GmbH	1999/10/28	Ramskamp 70 D-25337 Elmshorn	487,526	Sales of electronic parts

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
		Germany	(EUR13,916 thousand)	
Ferroxcube Polska S.p.Z.o.o	2001/5/9	Ul. Zwierzyniecka 2 96-100 Skierniewice Poland	686,135 (EUR 19,418 thousand)	Manufacturing and sales of electronic parts
Ferroxcube Italia S.r.l.	2000/4/3	Viale Brianza, 20 20092 Cinisello Balsamo (MI) Italy	420 (EUR 12 thousand)	Sales of electronic parts
Mag.Layers Scientific-Technics Co., Ltd.	1990.04.03	No. 270, Nanfeng Road, Pingzhen District, Taoyuan City	934,674	Manufacturing and sales of electronic parts
Mag Layers(Hong Kong) Ltd.	1999.10.11	Room 2210, C C Wu Building,302 Hennessy Road, Wanchai, Hong Kong	66 (HK\$ 18 thousand)	Trading of electronic equipment
Mag Layers International Co., Ltd.	2000.10.31	Road Town, Tortola, British Virgin Islands	659,019 (US\$23,117 thousand)	General investment
Mag.Layers Electronic Technology (Kunshan) Co., Ltd.	2001.04.02	240 Binjiang South Road, Zhangpu Town, Kunshan City, Jiangsu Province	781,323 (US\$28, 500 thousand)	Production and sales of passive components (inductor, etc.)
Mag Layers USA, Inc.	2001.03.01	5406 Bolsa Ave, Huntington Beach, CA92649	10,263 (US\$360 thousand)	Trading of electronic equipment
Magic Technology (Samoa) Co., Ltd.	1996.02.02	15th Floor-3, No. 716, Zhongzheng Road, Zhonghe District, New Taipei City	470,606	Sales of electronic parts
MAGIC TECHNOLOGY (SAMOA) CO., LTD	2002.09.18	Portcullis TrustNet Chambers,P.O.Box 1225,Apia,SAMOA	580,366 (US\$20,358 thousand)	Investment holding
Magic Electronic Technology (Shenzhen) Co., Ltd.	2005.03.09	No. 1, Heting Fourth Industrial Zone, Shajing Town, Baoan District, Shenzhen	36,690 (USD1,287 thousand)	Sales of electronic parts
CLASSIC MAGIC DEVELOPMENTS LIMITED	2008.02.04	Portcullis TrustNet Chambers,P.O.Box 1225,Apia,SAMOA	213,525 (US\$7,490 thousand)	Sales of electronic parts
TRENDY ISLAND INVESTMENT LIMITED	2009.11.04	Portcullis TrustNet Chambers,P.O.Box 1225,Apia,SAMOA	370,633 (US\$13,001 thousand)	Investment holding
Magic Wireless Technology Co., Ltd.	2010.09.21	15th Floor, No. 716, Zhongzheng Road, Zhonghe District, New Taipei City	38,000	Sales of electronic parts
Chongqing Magic Electronic Technology Co., Ltd.	2011.08.10	No.108, Jingfong Road, Jiulongpo Dist., Chongqing	370,604 (US\$13,000 thousand)	Sales of electronic parts

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Magic Trade (Shenzhen) Co., Ltd	2011.12.12	No. 1, Heting Fourth Industrial Zone, Shajing Town, Baoan District, Shenzhen	2,252 (US\$79 thousand)	Sales of electronic parts
Dongguan Magic Electronic Technology Co., Ltd.	2017.03.14	No. 7, Shangxing West Road, Shangjiao Community, Chang'an Town, Dongguan City	-	R&D, production, processing and sales of new electronic components and wholesale of other electronic components, import and export of goods and import and export of technology
Hunan Magic Electronic Technology Co., Ltd.	2019.08.08	Centralized Zone, Industrial Park, Yuanling County, Huaihua City, Hunan Province (No. 8 Shashaao, Liangshuijing Town, Yuanling County)	28,508 (US\$1,000 thousand)	Research and development, manufacture and operation of electronic components, import and export of goods and technology

Note: Conversion is based on the exchange rate USD\$1=28.5080, EUR\$1=35.0335, RMB\$1=4.3592, HKD\$1=3.6776 on December 31, 109.

3. Information for Common Shareholders of Treated-as Controlled Companies and Affiliates: Not Applicable
4. The relationship between the controlling company and the affiliated company

Name of Company	Control (subsidiary) Company	Control (subordinate) Relations	Mutual dealings and division of work among affiliates
CHILISIN ELECTRONICS CORP.	Control company	-	Manufacturing and sales of electronic parts and materials
CHILISIN INT'L LIMITED	Subsidiary company	Holding control	Trading of electronic parts
Dongguan Chilisin Electronics Co., Ltd.	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Chu Hsin Investment Ltd.	Subsidiary company	Holding control	General investment
Chilisin Electronics Japan Corp.	Subsidiary company	Holding control	Trading of electronic parts
Chilisin Holding (Samoa) Ltd.	Subsidiary company	Holding control	Trading of electronic parts
Chilisin Electronics (Suzhou) Limited	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Chilisin Asia Investment Limited	Subsidiary company	Holding control	Trading of electronic parts
Chilisin Holding (Hong Kong) Limited	Subsidiary company	Holding control	General investment
Chilisin Investment (Hong Kong) Limited	Subsidiary company	Holding control	General investment
BELKIN IN'L ENTERPRISES LIMITED	Subsidiary company	Holding control	General investment
GUORUI (HONG KONG) LIMITED	Subsidiary company	Holding control	General investment
Chilisin Electronics (Henan) Co., Ltd.	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Chilisin America Ltd.	Subsidiary company	Holding control	Trading of electronic parts
Dongguan Lixiang Electronics Co., Ltd.	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Dongguan Lianmao Electronics Co., Ltd.	Subsidiary company	Holding control	Trading of electronic parts
Suzhou Qiyixin Electronics Co., Ltd.	Subsidiary company	Holding control	Trading of electronic parts
Chilisin Electronics (Vietnam) Limited company	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Shenzhen Chilisin Co., Ltd.	Subsidiary company	Holding control	Trading of electronic parts
Hunan Chilisin Electronic Technology Co., Ltd.	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Yuanling Country Xianghua Electronic Technology Co. Ltd.	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Ralec Electronic Corporation	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Ralec Technology (H.K.) Limited	Subsidiary	Holding	General investment

Name of Company	Control (subsidiary) Company	Control (subordinate) Relations	Mutual dealings and division of work among affiliates
	company	control	
Ralec Technology (KUNSHAN) Limited	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Ralec Trading (KUNSHAN) Limited	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Hunan Ralec Electronics Technology Co., Ltd	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
ASJ Holdings Pte Ltd	Subsidiary company	Holding control	General investment
ASJ Pte. Limited	Subsidiary company	Holding control	Sales of electronic parts
ASJ (Hong Kong) Limited	Subsidiary company	Holding control	Warehousing, logistics and distribution businesses
ASJ Components (M) Sdn. Bhd.	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
CRL Components (S) Pte. Ltd.	Subsidiary company	Holding control	Sales of electronic related products and components
Xinyuan Electron Products (Kunshan) Limited Company	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Ferroxcube Internation Holding B.V	Subsidiary company	Holding control	General investment
Ferroxcube Hong Kong Limited	Subsidiary company	Holding control	Resource allocation center and general investment
Ferroxcube Electronics (Dongguan)	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Ferroxcube USA Inc.	Subsidiary company	Holding control	Sales of electronic parts
Hispano Ferritas S.A.	Subsidiary company	Holding control	Sales of electronic parts
Ferroxcube Deutschland GmbH	Subsidiary company	Holding control	Sales of electronic parts
Ferroxcube Polska S.p.Z.o.o	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Ferroxcube Italia S.r.l.	Subsidiary company	Holding control	Sales of electronic parts
Mag.Layers Scientific-Technics Co., Ltd.	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
MAG.LAYERS (HONG KONG) LIMITED	Subsidiary company	Holding control	Trading of electronic equipment
MAGLAYERS. LTD.	Subsidiary company	Holding control	General investment
Mag.Layers Electronic Technology (Kunshan) Co., Ltd.	Subsidiary company	Holding control	Production and sales of passive components (inductor, etc.)
Mag Layers USA, Inc.	Subsidiary company	Holding control	Sales of electronic parts
Magic Technology (Samoa) Co., Ltd.	Control company	Holding control	Trading of electronic parts
MAGIC TECHNOLOGY (SAMOA)	Subsidiary	Holding	General investment

Name of Company	Control (subsidiary) Company	Control (subordinate) Relations	Mutual dealings and division of work among affiliates
CO., LTD	company	control	
Magic Electronic Technology (Shenzhen) Co., Ltd.	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
CLASSIC MAGIC DEVELOPMENTS LIMITED	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
TRENDY ISLAND INVESTMENT LIMITED	Subsidiary company	Holding control	General investment
Magic Wireless Technology Co., Ltd.	Subsidiary company	Holding control	Trading of electronic parts
Chongqing Magic Electronic Technology Co., Ltd.	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Magic Trade (Shenzhen) Co., Ltd	Subsidiary company	Holding control	Trading of electronic parts
Dongguan Magic Electronic Technology Co., Ltd.	Subsidiary company	Holding control	Manufacturing and sales of electronic parts
Hunan Magic Electronic Technology Co., Ltd.	Subsidiary company	Holding control	Manufacturing and sales of electronic parts

5. Directors, Supervisors and General Manager of Affiliated Enterprises

As of Dec. 31, 2020; Unit: Shares/ %

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares (Shares)	Shareholding (%)
CHILISIN ELECTRONICS CORP.	Chairman	President and Chief Executive Officer, Yageo Corp.-Chen Tie-Min	25,276,032	9.59
	Vice-Chairman	Shi Hen Enterprise Limited-Lee Hwei-Jan	1,694,658	0.64
	General manager	Kuo Yao-Ching	147,837	0.06
	Director	Shi Hen Enterprise Limited-Lai Yuan-Ho	1,694,658	0.64
	Director	Shi Hen Enterprise Limited-Chang Ta-Wei	1,694,658	0.64
	Director	Shi Hen Enterprise Limited-Wang Chin-Shan	1,694,658	0.64
	Director	Shi Hen Enterprise Limited-Wang Pao-Yuan	1,694,658	0.64
	Director	Shi Hen Enterprise Limited-Kuo Yao-Ching	1,694,658	0.64
	Independent Director	Chang, Wei-Tsu	-	-
	Independent Director	Chao, Hui-Chuan	-	-

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares (Shares)	Shareholding (%)
CHILISIN INT'L LIMITED	Independent Director	Lin, Yu-Chang	-	-
Dongguan Chilisin Electronics Co., Ltd.	Responsible person	Kuo Yao-Ching	141,995,270	100
Chu Hsin Investment Ltd.	Responsible person	Tien Ching-Wei	Note 1	100
Chilisin Holding (Samoa) Ltd.	Responsible person	Kuo Yao-Ching	Note 1	100
Chilisin Electronics (Suzhou) Limited	Responsible person	Kuo Yao-Ching	7,280,000	100
Chilisin Asia Investment Limited	Responsible person	Yuan-Ho Lai	Note 1	100
Chilisin Holding (Hong Kong) Limited	Responsible person	Kuo Yao-Ching	360,000	100
BELKIN INTERNATIONAL ENTERPRISES LIMITED	Responsible person	Kuo Yao-Ching	62,500,000	100
GUORUI (HONG KONG) LIMITED	Chairman	Chang Ta-Wei	1,296,000	54
Chilisin Electronics (Henan) Co., Ltd.	Responsible person	Tien Ching-Wei	Note 1	100
Chilisin America Ltd.	Responsible person	Hsieh Ching-Liang	Note 1	100
Suzhou Qiyixin Electronics Co., Ltd.	Responsible person	Kuo Yao-Ching	200,000	100
Dongguan Lixiang Electronics Co., Ltd.	Responsible person	Kuo Yao-Ching	Note 1	100
Dongguan Lianmao Electronics Co., Ltd.	Responsible person	Chung Shih-Ying	Note 1	50
Chilisin Electronics (Vietnam) Limited company	Responsible person	Tien Ching-Wei	Note 1	100
Chilisin Electronics Japan Corp.	Responsible person	Tien Ching-Wei	62,500,000	100
Shenzhen Chilisin Co., Ltd.	Responsible person	Kuo Yao-Ching	1,800	100
Hunan Chilisin Electronics Technology Co., Ltd.	Responsible person	Kuo Yao-Ching	Note 1	100
Chilisin Investment (Hong Kong) Limited	Responsible person	Tien Ching-Wei	Note 1	100
Yuanling Country Xianghua Electronic Technology Co. Ltd.	Responsible person	Kuo Yao-Ching	10,000	100
Ralec Electronic Corporation	Responsible person	Yang Hsiao-Ying	Note 1	49.9
Ralec Technology (H.K.) Limited	Responsible person	Chung Shih-Ying	82,666,764	100
Ralec Technology (KUNSHAN)	Responsible person	Kuo Yao-Ching	10,000	100
		Kuo Yao-Ching	Note 1	100

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares (Shares)	Shareholding (%)
Limited	person			
Ralec Trading (KUNSHAN) Limited	Responsible person	Kuo Yao-Ching	Note 1	100
Hunan Ralec Electronics Technology Co., Ltd	Responsible person	Kuo Yao-Ching	Note 1	100
ASJ Holdings Pte Ltd	Director	Yeam Chong Hock, Kuo Yao-Ching, Tien Ching-Wei	272,846,146	100
ASJ Pte. Limited	Director	Yeam Chong Hock, Kuo Yao-Ching, Tien Ching-Wei	2,000,000	100
ASJ (Hong Kong) Limited	Director	Kuo Yao-Ching, Tien Ching-Wei	100	100
ASJ Components (M) Sdn. Bhd.	Director	Wen Shu-Yi, Lee Sai Fong, Kuo Yao-Ching, Tien Ching-Wei	8,000,000	100
CRL Components (S) Pte. Ltd.	Director	Yeam Chong Hock, Kuo Yao-Ching, Tien Ching-Wei	300,000	100
Xinyuan Electron Products (Kunshan) Limited Company	Responsible person	Tsao, Shou-Yi	Note 1	100
Ferroxcube Internation Holding B.V	Responsible person	Tien Ching-Wei	Note 1	100
Ferroxcube Hong Kong Limited	Responsible person	Tien Ching-Wei	Note 1	100
Ferroxcube Electronics (Dongguan)	Responsible person	Tien Ching-Wei	Note 1	100
Ferroxcube USA Inc.	Responsible person	Wei, Tsun-Chih	Note 1	100
Hispano Ferritas S. A.	Responsible person	Helge Peter	Note 1	100
Ferroxcube Deutschland GmbH	Responsible person	Helge Peter	Note 1	100
Ferroxcube Polska S.p.Z.o.o	Director	Helge Peters, Jerzy Dubel, Pawel Sadowniczy, Renata Szalinska, Tien Ching-Wei, Chung Shih-Ying	Note 1	100
Ferroxcube Italia S.r.l.	Responsible person	Wei, Tsun-Chih	Note 1	100
Mag.Layers Scientific-Technics Co., Ltd.	Responsible person	Kuo Yao-Ching	93,467,444	100
MAG.LAYERS (HONG KONG) LIMITED	Responsible person	Kuo Yao-Ching	Note 1	100
MAGLAYERS.INTERNATIONAL LTD.	Responsible person	Kuo Yao-Ching	Note 1	100

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares (Shares)	Shareholding (%)
Mag.Layers Electronic Technology (Kunshan) Co., Ltd.	Responsible person	Kuo Yao-Ching	Note 1	100
Mag Layers USA, Inc.	Responsible person	Steve Tennessen	Note 1	65
Magic Technology (Samoa) Co., Ltd.	Responsible person	Lo Peng-Cheng	47,060,614	100
MAGIC TECHNOLOGY (SAMOA) CO., LTD.	Responsible person	Lo Peng-Cheng	Note 1	100
Magic Wireless Technology Co., Ltd.	Responsible person	Lo Peng-Cheng	Note 1	100
CLASSIC MAGIC DEVELOPMENTS LIMITED (SAMOA)	Responsible person	Lo Peng-Cheng	Note 1	100
TRENDY ISLAND INVESTMENT LIMITED	Responsible person	Lo Peng-Cheng	Note 1	100
Magic Electronic Technology (Shenzhen) Co., Ltd.	Responsible person	Lo Peng-Cheng	Note 1	100
Magic Trading (Shenzhen) Co., Ltd.	Responsible person	Lo Peng-Cheng	Note 1	100
Chongqing Magic Electronic Technology Co., Ltd.	Responsible person	Lo Peng-Cheng	Note 1	100
Magic (Suzhou) Optoelectronics Technology Co., Ltd.	Responsible person	Lo Peng-Cheng	Note 1	100
Hunan Magic Electronic Technology Co., Ltd.	Responsible person	Lo Peng-Cheng	Note 1	100
Dongguan Magic Electronic Technology Co., Ltd.	Responsible person	Lo Peng-Cheng	Note 1	100

Note 1: This is a limited company with no issued shares.

Note 2: On May 1, 2020, Shi Heng Xing Ye Limited, a juristic person Director, was re-designated as its representative and Mr. Chen En retired and Mr. Guo Yao-Jing was appointed as a new director.

Note 3: The juristic-person director YCSY Co., Ltd. Disposed of its shareholding on December 8, 2020, and therefore had its shareholding be less than

This juristic-person director and its representative were automatically removed from his position on December 8, 2020.

6. Financial status and operating performance of affiliates:
Dec.31, 2020 In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Sales Revenue	Net Operating Profit (Loss)	Profit (after Tax)	Earnings per Share (NT\$) (after Tax)
CHILISIN ELECTRONICS CORP.	\$2,633,292	\$34,038,154	\$8,567,901	\$25,515,253	\$4,413,381	\$63,289	\$1,524,542	\$5.91
CHILISIN INT'L LIMITED	4,475,613 (US\$141,995 thousand)	12,567,495 (US\$443,076 thousand)	5,999,513 (US\$210,450 thousand)	6,567,982 (US\$232,626 thousand)	6,356,074 (US\$214,852 thousand)	255,042 (US\$7,607 thousand)	407,602 (US\$15,914 thousand)	-
Chu Hsin Investment Ltd.	77,156	59,603	918	58,685	0	-5,033	-3,746	-
Chilisin Holding (Samoa) Ltd.	244,045 (US\$7,280 thousand)	419,467 (US\$12,983 thousand)	44,707 (US\$33 thousand)	375,964 (US\$12,950 thousand)	165,986 (US\$12 thousand)	36,185 (US\$-8 thousand)	46,867 (US\$662 thousand)	-
Chilisin Asia Investment Limited	10,263 (US\$360 thousand)	23,091 (US\$810 thousand)	- -	23,091 (US\$810 thousand)	- -	- -	2,840 (US\$96 thousand)	-
Chilisin Holding (Hong Kong) Limited	2,573,702 (US\$90,280 thousand)	3,039,238 (US\$106,610 thousand)	- -	3,039,238 (US\$106,610 thousand)	- -	- -	121,647 (US\$4,112 thousand)	-
Chilisin Electronics Japan Corp.	24,867 (JP\$90,000 thousand)	9,794 (JP\$35,448 thousand)	190 (JP\$686 thousand)	9,580 (JP\$34,674 thousand)	- -	4,250 (JP\$15,336 thousand)	4,255 (JP\$15,355 thousand)	-
Dongguan Chilisin Electronics Co., Ltd.	1,820,633 (HK\$495,060 thousand)	6,950,022 (US\$243,792 thousand)	3,713,908 (US\$130,276 thousand)	3,236,114 (US\$113,516 thousand)	3,640,338 (US\$123,053 thousand)	24,761 (US\$837 thousand)	-20,020 (US\$-667 thousand)	-
BELKIN	68,419	39,341		39,341	-	-200	2,145	-

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Sales Revenue	Net Operating Profit (Loss)	Profit (after Tax)	Earnings per Share (NT\$) (after Tax)
INTERNATIONAL ENTERPRISES LIMITED	(US\$2,400 thousand)	(US\$1,380 thousand)		(US\$1,380 thousand)	-	(US\$-7thousand)	(US\$77 thousand)	
GUORUI (HONG KONG) LIMITED	69,702 (US\$2,445 thousand)	32,414 (US\$1,137 thousand)	- -	32,414 (US\$1,137 thousand)	- -	- -	67,165 (US\$2,356 thousand)	-
Chilisin Electronics (Henan) Co., Ltd.	114,032 (US\$4,000 thousand)	- -	- -	- -	- -	- -	1,627 (US\$55 thousand)	-
Chilisin America Ltd.	5,702 (US\$200 thousand)	24,004 (US\$842 thousand)	3,564 (US\$125 thousand)	20,440 (US\$717 thousand)	40,470 (US\$1,368 thousand)	4,053 (US\$137 thousand)	2,840 (US\$96 thousand)	-
Dongguan Lixiang Electronics Co., Ltd.	28,508 (US\$1,000 thousand)	80,022 (US\$2,827 thousand)	8,655 (US\$479 thousand)	66,366 (US\$2,328 thousand)	107,181 (US\$3,623 thousand)	18,697 (US\$632 thousand)	15,793 (US\$534 thousand)	-
Dongguan Lianmao Electronics Co., Ltd.	5,702 (US\$200 thousand)	37,146 (US\$1,303 thousand)	1,026 (US\$36 thousand)	36,120 (US\$1,267 thousand)	547 (US\$18 thousand)	59 (US\$2 thousand)	643 (US\$22 thousand)	-
Chilisin Electronics (Suzhou) Limited	166,772 (US\$5,850 thousand)	- (US\$- thousand)	- (US\$- thousand)	- (US\$- thousand)	- -	- -	4,399 (US\$146 thousand)	-
Suzhou Qiyixin Electronics Co., Ltd.	57,016 (US\$2,000 thousand)	80,934 (US\$2,839 thousand)	12,258 (US\$430 thousand)	68,687 (US\$2,409 thousand)	7,153 (US\$241 thousand)	-15,943 (US\$-539 thousand)	9,046 (US\$306 thousand)	-
Chilisin Electronics (Vietnam) Limited company	2,423,180 (US\$85,000 thousand)	4,493,200 (US\$157,612 thousand)	1,604,992 (US\$56,300 thousand)	2,888,208 (US\$101,312 thousand)	2,000,439 (US\$67,620 thousand)	160,563 (US\$5,247 thousand)	146,081 (US\$4,938 thousand)	-
Shenzhen Chilisin Electronics Co. Ltd.	25,657 (US\$900 thousand)	1,151,445 (US\$40,390	1,131,534 (US\$39,692	19,911 (US\$698	1,988,7	77,118 (US\$2,607	71,624 (US\$2,421	-

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Sales Revenue	Net Operating Profit (Loss)	Profit (after Tax)	Earnings per Share (NT\$) (after Tax)
		thousand)	thousand)	thousand)	78 (US\$67,226 thousand)	thousand)	thousand)	
Hunan Chilisun Electronic Technology Co., Ltd.	1,843,042 (US\$64,650 thousand)	3,279,713 (US\$75,045 thousand)	1,026,289 (US\$36,000 thousand)	2,253,425 (US\$79,045 thousand)	1,900,285 (US\$64,235 thousand)	234,789 (US\$7,937 thousand)	176,295 (US\$5,959 thousand)	-
Ralec Electronic Corporation	826,668	8,874,566	4,353,172	4,521,394	2,197,455	128,772	482,581	5.84
Ralec Technology (H.K.) Limited	1,222,736	5,103,099	0	5,103,099	-	(828)	323,330	-
Ralec Technology (KUNSHAN) Limited	1,054,796	5,151,101	1,052,555	4,098,546	3,217,559	217,497	296,271	-
Ralec Trading (KUNSHAN) Limited	28,508	1,130,865	922,758	208,107	1,437,264	32,392	25,703	-
Hunan Ralec Electronics Technology Co., Ltd	427,202	489,535	114,055	375,480	336,191	(3,545)	(3,861)	-
ASJ Holdings Pte Ltd	423,187	356,293 (US\$12,498 thousand)	11,888 (US\$417 thousand)	344,402 (US\$12,081 thousand)	- -	-845 (US\$-28 thousand)	-2,328 (US\$-78 thousand)	-
ASJ Pte. Limited	148,484	179,600 (US\$6,300 thousand)	10,947 (US\$384 thousand)	168,653 (US\$5,916 thousand)	23,457 (US\$783 thousand)	23,978 (US\$801 thousand)	21,883 (US\$731 thousand)	-
ASJ (Hong Kong) Limited	5	2,879 (US\$101 thousand)	855 (US\$30 thousand)	2,027 (US\$71 thousand)	- -	434 (US\$14 thousand)	110 (US\$4 thousand)	-

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Sales Revenue	Net Operating Profit (Loss)	Profit (after Tax)	Earnings per Share (NT\$) (after Tax)
ASJ Components (M) Sdn. Bhd.	90,308	1,352,705 (US\$47,450 thousand)	728,636 (US\$25,559 thousand)	624,070 (US\$417 thousand)	908,107 (US\$30,325 thousand)	-35,462 (US\$-1,184 thousand)	-15,073 (US\$-503, thousand)	-
CRL Components (S) Pte. Ltd.	6,311	233,680 (US\$8,197 thousand)	17,247 (US\$605 thousand)	216,423 (US\$7,592 thousand)	156,899 (US\$5,239 thousand)	-8,881 (US\$-297 thousand)	-17,064 (US\$-570 thousand)	-
Xinyuan Electron Products (Kunshan) Limited Company	180,671	710,583	103,981	606,602	363,913	27,150	29,492	-
Ferroxcube Internation Holding B.V	5,255	2,328,345	68,672	2,259,786	597,395	69,249	58,771	
Ferroxcube Hong Kong Limited	-	802,579	182,505	620,074	385,180	-9,556	-4,983	
Ferroxcube Electronics (Dongguan)	635,728	954,836	281,229	673,607	657,852	-27,877	-68,618	
Ferroxcube USA Inc.	489,628	37,395	6,698	30,698	37,920	4,639	4,039	
Hispano Ferritas S.A.	317,514	427,215	398,001	29,213	10,626	1,021	1,279	
Ferroxcube Deutschland GmbH	487,526	181,913	14,327	167,587	18,479	1,544	2,019	
Ferroxcube Polska S.p.Z.o.o	686,135	1,764,485	186,110	1,578,376	1,235,659	52,168	40,882	
Ferroxcube Italia S.r.l.	420	40,021	4,760	35,260	11,311	2,356	2,506	
Mag.Layers Scientific-Technics	934,674	4,263,625	2,379,847	1,883,778	2,993,051	327,274	357,488	3.82

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Sales Revenue	Net Operating Profit (Loss)	Profit (after Tax)	Earnings per Share (NT\$) (after Tax)
Co., Ltd.								
Mag Layers International Co., Ltd.	659,019 (US\$23,117 thousand)	1,230,435 (US\$43,161 thousand)	736,426 (US\$23,117 thousand)	494,009 (US\$20,044 thousand)	-	-	59,416 (US\$2,008 thousand)	-
Mag.Layers Electronic Technology (Kunshan) Co., Ltd.	781,323 (US\$28, 500 thousand)	2,315,848	1,085,414	1,230,434	2,318,317	114,612	59,416	
Mag Layers(Hong Kong) Ltd.	66 (HK\$ 18 thousand)	816	577	239	-	(30)	(28)	-
Mag Layers USA, Inc.	10,263 (US\$360 thousand)	81,153	29,072	52,081	191,468	(9,065)	(9,103)	-
Magic Technology (Samoa) Co., Ltd.	470,606	2,088,230	1,001,973	1,086,257	1,238,619	184,762	217,057	4.61
MAGIC TECHNOLOGY (SAMOA) CO., LTD	580,366	1,467,382	-	1,467,382	-	(54)	127,996	
Magic Electronic Technology (Shenzhen) Co., Ltd.	36,690	363,447	181,011	182,422	503,037	82,499	36,446	
CLASSIC MAGIC DEVELOPMENTS LIMITED	213,525	696,958	396,398	300,560	1,271,376	6,223	(44,783)	
TREDNY ISLAND INVESTMENT LIMITED	370,633	866,856	468	866,388	-	(38)	120,070	
Magic Wireless Technology Co., Ltd.	38,000	3,394	442	2,952	978	429	(8,150)	(2.14)
Chongqing Magic	370,604	1,097,922	231,006	866,916	768,900	165,268	120,129	

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Sales Revenue	Net Operating Profit (Loss)	Profit (after Tax)	Earnings per Share (NT\$) (after Tax)
Electronic Technology Co., Ltd.								
Magic Trade (Shenzhen) Co., Ltd	2,252	288,396	197,760	90,635	116,313	20,527	20,129	
Dongguan Magic Electronic Technology Co., Ltd.	-	-	-	-	-	(107)	57	
Hunan Magic Electronic Technology Co., Ltd.	28,508	30,508	4,947	25,559	24,976	88	(3,871)	

Note 1: The exchange rates translated at the end of the year (Dec.31) are as follows: USD\$1 = NTD\$28.5080, RMB\$1 = NTD\$4.3592, EUR\$1 = NTD\$35.0335, 1HKD\$1 = NTD\$3.6776, JPY\$1 = NTD\$0.2763.

Note 2: The exchange rates translated during the year (annual average) are as follows: USD\$1 = NTD\$29.5835, RMB\$1 = NTD\$4.2874, EUR\$1 = NTD\$33.7631, 1HKD\$1 = NTD\$3.8143, JPY\$1 = NTD\$0.2771.

(II). Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

(III). Acquisition or Disposal of Catcher's Shares by Subsidiaries: None.

(IV). Other Supplementary Information: None.

(V). Any Events in 2019 and as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan:

Position	Date	Former (Name)	Current (Name)	Reason
General Manager	May 1, 2020	Shi-ying, Zhong	Yao-Ching Kuo	Position Adjustment

CHILISIN ELECTRONICS CORP.

Chairman: Chen, Tie-Min