

Etron Technology, Inc.

Annual Report 2020

(Translation)

Published on April 19, 2021

Annual Report is available at <http://mops.twse.com.tw/>
<http://www.etrn.com.tw>

I 、Spokesperson 、Deputy Spokesperson

Spokesperson	Deputy Spokesperson
Name : Justine Tsai	Name : Eason Cheng
Title : Director.	Title : Supervisor
TEL : (03) 5782345	TEL : (03) 5782345
E-mail : invest@etron.com	E-mail : invest@etron.com

II 、Address and telephone number of the Company

Address : No. 6, Technology Road 5, Hsinchu Science Park, Hsinchu Taiwan
TEL : (03) 578-2345
Taipei Office : 10F, No. 22, Lane 35, Jihu Rd., Neihu District, Taipei City, Taiwan
TEL : (02) 8751-2838

III 、Stock Transfer Agency

CTBC Transfer Agency Dept
Address : 5F., No.83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Website : <https://www.ctbcbank.com>
TEL : (02) 6636-5566

IV 、Certified Public Accountant

Name of CPA firm:PricewaterhouseCoopers Taiwan
Names of the CPA: Tsai-Yen, Chiang, Fang-Yu, Wen
Address : : 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan
Website : <https://www.pwc.tw>
TEL : (02) 2729-6666

V 、The Company does not issue any overseas securities.

VI 、Company Website : <http://www.etron.com.tw>

Table of Contents

Chapter I. Letter to Shareholders	1
Chapter II. Company Profile	4
I. Date of Incorporation.....	4
II. Company History	4
Chapter III. Corporate Governance.....	12
I. Organizational System	12
II. Information on the Directors, General Managers, Deputy General Managers, Assistant Managers, and Heads of Divisions and Branch Units	14
III. Remuneration Paid to the Directors, General Managers, and Deputy General Managers....	19
IV. Implementation of Corporate Governance	22
V. Information on CPA Professional Fees	45
VI. Information on Replacement of CPA.....	45
VII. The Company's Chairman, General Managers, or Managerial Officers in Charge of Finance or Accounting Held any Positions in CPA Firm or Its Affiliates in the Most Recent One Year.....	46
VIII. Change in the Shareholding of and the Shares Pledged by the Directors, Managerial Officers, and Shareholders Holding More Than 10% Shares in the Company	46
IX. Relationship among the Top 10 Shareholders in Shareholding Percentage	48
X. Number of Shares and Total Equity Stake Held in the Same Reinvested Companies by the Company, Its Directors, Managerial Officers, and Any Companies Controlled Directly or Indirectly by the Company.....	49
Chapter IV. Capital Overview	50
I. Capital and Shares	50
II. Issuance of Corporate Bonds.....	53
III. Issuance of Preferred Shares	53
IV. Issuance of Overseas Depository Receipts (GDRs).....	53
V. Issuance of Employee Stock Options	53
VI. Issuance of New Restricted Employee Shares.....	54
VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies	54
VIII. Implementation of Capital Allocation Plans	54
Chapter V. Operational Highlights	56
I. Business Contents	56
II. Analysis of the market and production and marketing.....	62
III. Number of employees, average length of service, average age, and education distribution	66
IV. Environmental Protection Expenditure	66
V. Labor-management Relations	66
VI. Important Agreements.....	68
Chapter VI. Financial Information.....	70
I. Condensed Financial Statements for the Most Recent Five Years.....	70
II. Financial Analyses for the Most Recent Five Years	72
III. Audit Committee's Report for the Most Recent Year's Financial Statements	75
IV. Financial Report for the Most Recent Year	75
V. Individual Financial Report for the Most Recent Year	75
VI. In the Most Recent Year and As of the Date of Publication of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and How Said Difficulties Will Affect the Company's Financial Status.....	75
Chapter VII. Review and Analysis on Financial Status and Financial Performance and Risk.....	76
I. Financial Status.....	76

II. Financial Performance.....	76
III. Cash Flows.....	77
IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Year.....	77
V. Reinvestment Policy for the Most Recent Year, Main Reasons for Profits/Losses Generated Thereby, Improvement Plan, and Investment Plans for Coming Year	77
VI. Risk Assessment and Management.....	78
VII. Other Important Issues	80
Chapter VIII. Special Records	81
I. Relevant Information on Affiliates	81
II. Issuance of Private Placement Securities in the Most Recent Year and As of the Date of Publication of the Annual Report.....	86
III. Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Year and Up to the Date of Publication of the Annual Report	86
IV. Other Necessary and Supplemental Description.	86
V. Conditions that Materially Affect Shareholders' Interests or Price of Securities.....	86

Chapter I. Letter to Shareholders

Dear Shareholders,

As affected by COVID-19, 2020 was a year suffered globally material economic recession. However, as for the semiconductor industry in Taiwan, a great increase occurred in the demands for computer information, home entertainment, and communication products, thus more robust demands for semiconductors, due to the new normal of work-from-home and study-at-home developed throughout the word, as a result of the isolation policies for the epidemic, in addition to the opportunities in the reorganization of global supply chain brought by US-China trade war and technology war.

The Company's managements, at such a turbulent time, adopted the specialty policies of the previous year, continued to make reform, improved its business operation, and also completed the non-core strategic reinvestment businesses to make profits, and thereby strengthened resources to focus on three core product sectors, so as to make breakthrough quickly to add value to the accumulated innovations and intellectual properties with considerable strength. In addition, they reorganized the Company's financial structure, and introduced new funds to enrich operating activities, and the Company's interest expenses were reduced significantly after repayment of debts. As compared with the previous year, the Company's net worth per share, debt ratio, asset return ratio, and equity return ratio were improved specifically. After the specialty transformation made in 2020, the team is confident that it will welcome 2021 with growth.

2020 Operating Achievements

The Company's consolidated net operating income of 2020 was NT\$3.551 billion, a decrease of 3.53% as compared with NT\$3.681 billion of 2019. But its optimized product portfolio strategies worked, and its gross operating profits increased; In addition, there was a significant decrease in its operating expenses, through active control over costs, as compared with the previous year; As for non-operating income and expenses, except for the increase in the exchange losses caused by the appreciation of Taiwan dollars in the fourth quarter as compared with that expected, there was a decrease in the recognized losses from active long-term equity investments and the disposal of poor reinvestments of sub-operations; Due to the said factors, its consolidated net loss after tax of 2020 was NT\$268 million, a decrease of 50% as compared with NT\$534 million of the previous year.

Development of Products, Integration in the Group

Etron Group continued to adopt "Eye-Brain-Nerve Convergence" strategy and imitated ergonomics based on the aspects of eyes, brains, and nerves, so as to develop innovative products and enrich the value of life:

I. Specialty Buffer Memory

Etron Technology's specialty DRAM products were always known for their high quality, high performance, and high economic efficiency, and they also had the advantages of Ultra-High Bandwidth and Super-Low Power Consumption, which were conducive to promoting the smart development of End Points. At present, full series product include SDR, DDR, DDR2, DDR3, DDR3L, DDR4, and LP DDR2, with 4 to 64 bits of input and output, as well as a capacity covering 16Mb to 8Gb, among which 2x nano advanced manufacturing process is adopted for the mass production of the high-capacity products DDR2, DDR3, DDR3L, and DDR4. As for products, the Company not only can provide the commercial specifications for consumer market, the industrial specifications for strict use environments, or the automotive specifications with the highest quality and reliability depending on customer's demands, but also can provide high-quality customized KGD (Known Good Die) solutions. The full series products were not only widely used by and

in Netcom, set-top boxes, digital TVs, surveillance equipment, and other applications, but also used in the mass production and shipment of emerging applications such as 5G broadband communications, AI terminals, and cloud storage, etc. in the supply chains of large-sized manufacturers.

In addition, Etron Technology also proposed memory solutions for the design of the AI chips required for AI generation, i.e., the first RPC[®] DRAM adopting WLCSP packaging technology in the world, which was a micro DRAM with the smallest Form Factor and can be used in high-frequency bandwidth, and which was more suitable for AI End Points, such as wearable devices, the micro AI cameras on mobile devices, etc.

In addition to satisfaction with the needs of End Points, Etron accelerated the innovations with DWB (Direct Wide Bus) and RAL (Reduced Access and Latency) memory, and it is making in-depth research and development for future products to meet the challenges of the demands for 10GB/s or more to 400GB/s bandwidth for GDDR5 by adopting the methods different from HBM, so as to meet the increasing demands for computing and data throughput of AI SoC, and it provided controller + DRAM combined one-stopped solutions based on customer's demands to initiate a new business mode .

II. The Leading IC Solutions in the World for the Two Major Transmission Interfaces, USB Type-C and Thunderbolt that Meet USB 4 Specifications

Etron Group introduced new underlying protocol for the latest USB 4 specifications, which also supports existing USB3.2, USB2.0, Thunderbolt 3 and other compatibility to achieve the best interoperability of connected devices. The customers who formerly used USB PD3.0 can promote products for a variety of different applications, such as AC Adaptor, Power Bank, Car Charger, Video Dongle, in addition to allowing them to continue to launch products on/for PC, NB, Tablet, Docking and other applications and thus improve their competitiveness. In addition, the Company successfully and recently developed new product lines for the IC products for USB audio and video capture for the live games on e-sports platforms, which can perform audio and video capture by taking advantage of USB control technologies, and which are adopted by important customers.

III. Mass Production and Sales of 2D/3D Machine-Vision Sensing Modules and Cameras, Depthmap Processing Units, and Possible Addition of AI Application Technologies for Serving for Customers

The Company developed ultra-wide vision imaging technology and depth-of-field point cloud depth algorithm, and integrated the manufacturing of Machine-Vision Sensing Modules as well as monocular, binocular

, and multi-eye 3D ThingCapture[™] Vision cameras, and combined exclusive SDK development kit for making Machine Learning models to be applied in image recognition, 3D gesture recognition, 3D Hologram (hologram projection), etc.; and it ranked among the leading technology groups in the world, and became the designated partner of the international manufacturers of AR/VR HMD, Thing Capture, Robot, Logistic and other products, by virtue of the diversified product lines derived by it due to the improved image pixels, update rate, large viewing angle and Depthmap processing algorithm offered by Depthmap Processing Units. All of the above can become the tools for AI Edge End Point computing as well as depth learning and development.

Research and Development

Specialty Buffer Memory was adopted in 25 nano advanced manufacturing process for mass production of advanced manufacturing process related products and, in terms of speed, supported 2133 Mbps per pin bandwidth. The Company will continue to develop the Specialty Buffer Memory with high quality, high performance, low power consumption, and optimized cost-competitiveness in the future. The Company continued to research and develop revolutionary RPC[®]DRAM archi-

itecture and provided x16 DDR3 SDRAM data bandwidth, with the pin count only half of standard DRAM. The Company created the smallest DRAM package in the world by taking advantage of WLCSP (Wafer Level Chip Scale Package) package technology, which can realize the miniaturization required for target applications; The Company also adopted the new DRAM memory with DWB (Direct Wide Bus) and RAL (Reduced Access and Latency); The IC Division was committed to providing higher-end product portfolios to drive the concept of "Eye-Brain-Nerve Convergence" strategy for imitating ergonomics and put into play "hard and soft" design abilities as well as independent software, hardware and firmware R&D technologies, so as to create higher added value for products. As of the end of 2020, Etron (including eEver, eYs3D, and other subsidiaries) obtained 713 patents both at domestic and abroad, and had another 108 patents being applied.

Business Strategies

The Company actively made good use of its advantages of geographical location in Taiwan, the Pan Pacific Center, focused on the marketing strategies of leading quality and technical services, and thus won long-term and stable cooperation relationship with many international leading customers; The Company rapidly developed emerging markets in Asia, and cooperated with a number of system manufacturers, and gave full play to its abilities in technology and business integration, which laid a stable foundation for its long-term development.

Future Operating Outlook

Taiwan has become the most important region with semiconductor supply chain in the world. The Company continues to develop high-speed, high-bandwidth, low-voltage, low-power-consumption, large-capacity, and low-cost specialty DRAM products to meet the demands for broadband communications, wireless networks, virtual reality, consumer electronics, smart home and security surveillance, as well as other products in the fast-growing electronics industry, and it enters the industrial and automotive specification sectors. It is expected that Etron's operating in 2021 will be improved stably as driven by the overall optimistic market conditions and the optimized product portfolios. Through integration of resources in the Group, the USB Type-C PD3.0 controls IC-fully compatible PD2.0 specifications, update firmware faster, maximize the efficiency of power truly, and increase the function of authentication information exchange between USB Type-C interfaces and cables; In addition, the Company promotes advanced products by taking advantage of the AI Edge End Point computing as well as value-added depth learning software and hardware development platform, so as to improve the competitiveness of system-level customers!

The Company is a world-renowned fabless manufacturer of memory ICs, and always a leader in the long-term development of Specialty Buffer Memory based on consumer electronics products. It has successfully deployed diversified product lines and supplied for many international customers for a long term. The Company will follow the trend of Heterogeneous Integration in the industry to continue to develop more Specialty Buffer Memory and logic chip products, new customers, and new markets, so as to increase its market share of target applications steadily. We would like to thank all Shareholders, customers, and employees sincerely for the long-term supports and contributions they provided and made for and to the Company. Etron team will continue to work hard with a professional and dedicated attitude at work to enable Etron's operation to grow in the future, so as to achieve good performance and bring profits for Shareholders.

Chairman & CEO: Nicky Lu

Manager: Elvis Deng

Chief Accounting Officer:
Yu-Chia, Cheng

Chapter II. Company Profile

I. Date of Incorporation

The Company was founded in February 1, 1991

II. Company History

- 1991 ■ Worked with the Electronic Research Laboratory, Industrial Technology Research Institute (ITRI), to implement the national sub-micron program to define the 0.5-micron logic, 16Mb DRAM, and 4Mb SRAM technologies independently developed by Taiwan, and developed such technologies on a trial basis; developed Taiwan's first 4Mb DRAM in the same year.
 - Chairman Nicky Lu was awarded the Honorary Fellow of the Institute of Electrical and Electronics Engineers (IEEE).
- 1993 ■ Developed Taiwan's first 16Mb DRAM and 4Mb SRAM.
- 1994 ■ Successfully completed the national sub-micron program, enabling the Republic of China to independently manufacture 8-inch wafers and to design sub-micron products. The industry has thus begun to invest heavily in the semiconductor industry, so it has been awarded the medal of "Achievement in Sub-Micron" by the Electronic Research Laboratory, ITRI.
- 1995 ■ Successfully verified 256Kb×16 graphics display DRAM as Taiwan's first EDO DRAM and won the "Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park.
 - Won the second place in the excellent business growth performance in Hsinchu Science Industrial Park and the third place in productivity in the design industry.
- 1996 ■ Ranked 10th in the comprehensive index of private manufacturing industry of large enterprises in Taiwan by China Credit Information Service Ltd. and 13th in the semiconductor manufacturing industry of the "Top 1000 Manufacturing Enterprises" by Business Weekly.
 - Chairman Lu was elected as the first director of Taiwan Semiconductor Industry Association (TSIA).
 - Chairman Lu was elected as one of the five IEEE Solid-State Circuits Society AdCom members worldwide.
- 1997 ■ Developed the 8Mb SGRAM, the first in the ethnic-Chinese community and the sixth in the world, and the 16Mb SGRAM, the first in the world, and began mass production.
 - Won the second place in the single-quarter evaluation of Intel memory strategic suppliers.
- 1998 ■ Chairman Lu won the highest honorary technological medal in the international semiconductor electronics industry: "1998 IEEE Solid-State Circuits Award" with the citation "for pioneering contributions to high speed dynamic memory design and cell technology".
 - Officially listed for trading on Taipei Exchange.
 - Passed ISO 9001 quality certification awarded by KEMA.
 - 16Mb SGRAM won the "Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park.
- 1999 ■ Won the 7th "Industrial Technology Development Outstanding Award" from the Ministry of Economic Affairs.
 - Chairman Lu was elected as a member of the National Academy of Engineering

(NAE).

- 2001 ■Chairman Lu and Joe Ting, Senior Vice President, were awarded the "National Outstanding Science and Technology Award" by the Executive Yuan.
- EL7300 high-performance liquid crystal display controller chip product won the "Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park and the first "Outstanding Product Award of Flat-Panel Display Device Technology Award" from the Ministry of Economic Affairs.
- Led the development of the world's most competitive 8Mb LP SRAM die products.
- Won the Excellent Smart Building Award from the Ministry of Interior.
- Led the development of 1.8V 4Mb and 8Mb low-power SRAM products for portable electronic products.
- 2002 ■Low-power SRAM product line won the 10th Taiwan Excellence Award.
- Took the lead in the introduction of 4Mb×32 DDR DRAM with a transmission speed of 2.4GB per second and began mass production.
- Passed the INTEL SSQA_Lite Supplier Self Quality Assessment quality system verification.
- Took the lead in the launch of 4Mb×32 low-power SDRAM products, stepping into the portable information device market.
- EL7301 liquid crystal display control IC won the second "Outstanding Product Award of Display Components Product Technology Award".
- Won the Silver Medal of the 11th "National Invention Award" from the Ministry of Economic Affairs.
- Passed ISO 9001: 2000 quality certification awarded by Underwriters Laboratories Inc.
- The 8Mb low-power SRAM Known-Good-Die product won the "Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park.
- Won the Seagate "Partners Strengthen the Chain" award.
- 2003 ■The LCD Controller IC product line won the 11th Taiwan Excellence Award.
- Launched the world's first 8 Mb×32 DDR memory product as the best solution to laptops and graphics cards.
- Won the Sony's "Certificate of Green Partner".
- Won Intel's Certified Supplier Quality Award.
- Won the ABIT COMPUTER CORP.'s "Outstanding Partnership" award.
- 2004 ■Chairman Lu was the first ethnic-Chinese to be invited to deliver a keynote speech at International Solid-State Circuits Conference (ISSCC) hosted by the IEEE. In his speech, he stated that the heterogeneous integration generation of semiconductors was approaching. After Moore's Law, human beings would begin the application of mD-IC to work towards the integration of multiple nanodevices.
- Selected by the Executive Yuan as a "Excellent Business Unit that Values Female Human Resources".
- Won the MCP Award from Seagate.
- Won the Intel's Preferred Quality Supplier Award (PQS) of the year; the news of the award was published in the Wall Street Journal.
- Chairman Lu was appointed as the chair of the Asia-Pacific Fabless Leadership Council of Fabless Semiconductor Association (FSA).
- Chairman Lu was awarded the "Excellent Director and Supervisor Medal of the

- Industrial and Mining Organization of Republic of China".
- Chairman Lu was awarded a fellow of the Chinese Society for Management of Technology (CSMOT) of the Republic of China.
- 2005 ■ Ranked among the top 500 importers and exporters by the Ministry of Economic Affairs.
- Won the "Best Partner Award" of Powerchip Semiconductor Manufacturing Corporation.
 - Passed ISO 14001:2004 environmental management system certification.
- 2006 ■ Ranked among "2006 Top 100 Tech Companies in Taiwan" by the BusinessNext Magazine.
- Won Seagate's "In Appreciation of Your Valuable Contributions".
 - Chairman Lu was appointed as a director of FSA.
 - Won the "R&D Achievement Award" from the Hsinchu Science Industrial Park Administration.
- 2007 ■ Participated in the private placement project of TXC Corporation (5468).
- Signed a 10-year industry-academia collaboration agreement with National Taiwan University.
 - Recognized by the Tax Collection Office of the Hsinchu City Government for honest tax payment.
 - Chairman Lu was approved by the Ministry of Economic Affairs as the Excellent Merchant of the Republic of China in 2007, and was received by the President and awarded the Golden Merchant Award by the General Chamber of Commerce of the Republic of China.
- 2008 ■ Passed Underwriters Laboratories Inc.'s ISO 14001 quality certification.
- Passed the OHSAS 18001:2007 occupational safety and health management system.
 - Launched DDR and SDR product lines designed through 90 nm process.
 - Won the "Performance Achievement Award" from WD in the U.S.
 - Won the national-level "Friendly Workplace" certification mark by the Council of Labor Affairs, Executive Yuan.
- 2009 ■ Launched DDR and SDR DRAM product lines designed through 70 nm process.
- Certified as a member of the U.S. Customs-Trade Partnership Against Terrorism (C-TPAT).
 - Rated grade A in the information evaluation of listed companies.
 - Chairman Lu was appointed as the chair of the board of Global Semiconductor Alliance (GSA).
- 2010 ■ Chairman Lu won the 2010 ERSO Award.
- Ranked among the top 500 importers and exporters by the Bureau of Foreign Trade and won the label.
 - USB3.0 host-side controller IC chip product EJ168 was certified with the Windows Logo by Microsoft's Windows Hardware Quality Labs (WHQL) and won the "2010 Information Month Outstanding Information Application and Product Award" as the only USB3.0 technology application product in the award. In the same year, it was officially mass-produced and launched to the market. The Company was the first domestic semiconductor company that mass-produced USB3.0 host controllers, and became the world's leading manufacturer of the official version of USB3.0 host controllers with the latest HCI 1.0 specifications.

- 2011
- Accepted the invitation of the USB Implementers Forum (USB-IF) to reveal Etron's development of technology based on the concept of " Eye-Brain-Nerve Convergence " at the Consumer Electronics Show (CES).
 - Won the "Best Quality Award" from Arcadyan Technology Corporation of the Compal and two excellent supplier awards from DRAM key customers.
 - USB3.0 host controller chip EJ168 and USB3.0 dual-channel flash memory drive controller chip EV268 passed the Super Speed USB international certification of the USB-IF. EJ168 also won the "2011 Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park.
 - Passed Underwriters Laboratories Inc.'s BS OHSAS quality certification.
 - Launched 2Mb×16 A/D Mux Pseudo SRAM products designed through 6X nm process.
 - The eSP 868 3D image capture and somatosensory recognition single chip won the "2021 Information Month Outstanding Information Application and Product Award".
 - Won the "Top 10 Best Operational Efficiency Award" from the Hsinchu Science Industrial Park.
 - Selected as an enterprise for offering an excellent "Employee Assistance Program (EAP)" by the Council of Labor Affairs
- 2012
- Chairman Lu won the "2011 Outstanding Evening Session Award" from the ISSCC.
 - USB3.0 single-channel flash memory drive controller chip EV166 and USB3.0 four-port host controller chip EJ188 passed the SuperSpeed USB international certification of the USB-IF as the first Taiwanese manufacturer to have passed the USB-IF xHCI 1.0 certification.
 - EJ198 USB3.0 four-port host controller chip passed the international USB-IF x HCI 1.0 certification.
 - USB3.0 host controller chip product line: Dual-port EJ168, four-port EJ188, and four-port EJ198 were certified by Microsoft's Windows 8 ahead of other suppliers.
 - Chairman Lu won the "Management of Technology Award of the Chinese Society For Management Of Technology".
 - The single-chip eSP868 for 3D image capture and somatosensory recognition won the "2012 Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park.
- 2013
- Chairman Lu was elected as the 9th Chairman of the TSIA.
 - Participated in the Intel Developer Forum to exhibit USB3.0 host controller chip, USB3.0 flash memory drive controller chip, and USB3.0 3D image capture and somatosensory recognition single chip total solution.
- 2014
- Chairman Lu was invited to discuss "Future Innovation and Prospects of the Semiconductor Industry" at the evening forum of ISSCC.
 - 3D dual image capture and in-depth recognition single-chip SoC eSP870 won the "Best Choice Golden Award" at the Computex Taipei.
 - TSIA held the World Semiconductor Council (WSC), chaired by Dr. Nicky Lu, Chairman of TSIA and Chairman of Etron Technology, which enabled Taiwan's semiconductor industry to contribute to the world's technological and human progress and greatly enhance Taiwan's image in the international community.
 - Won the Family LOHAS Award and the Health LOHAS Award of the first

- Work-Life Balance Award launched by the Ministry of Labor, which were the highest national honor for the Company's promotion of work-life balance.
- Launched 3D scanning and imaging system (in both desktop and mobile forms) and 3D somatosensory game box to create new human-computer interaction experience for consumers.
 - Etron Technology delivered a speech on "The Capabilities, Approaches, and Future Applications of Three-Dimensional Image Capture" and gave an on-site demonstration at the Image Sensors Americas 2014
 - Took the lead in the introduction of the switch control IC-EJ179 that supported the USB Type-C connector with the transmission rate of as high as 10Gbps.
 - Chairman Lu served as the chair of the 2014 Asian Solid-State Circuits Conference (A-SSCC).
 - Chairman Lu was awarded the "2014 Excellent Director and Supervisor Medal of the Industrial and Mining Organization of Republic of China" by the Chinese National Federation of Industries
 - Introduced the "ThingCapture™" platform and eSP870 IC to launch the "OK360™". Individuals can use the "ThingCapture™" system to convert images into 3D data or use 3D printing to create a three-dimensional model. It is a brand-new "thing capturing" technology in addition to photo, photography, and 3D Video.
 - Took the lead in introduction of three IC products EJ898 (USB PD 2.0), EJ179V (USB Type-C Switch plus integrated control function), and EJ988 (the world's first integrated Type-C switch and PD2.0 multifunctional IC).
- 2015
- Demonstrated USB Type-C and Power Delivery series of IC products at Intel IDF Spring Technology Summit.
 - Chairman Lu was re-elected as the 10th Chairman of the TSIA.
 - Developed random access time from 30ns (nanoseconds) of traditional DRAM to <10ns significantly, and the ultra-high-speed DRAM design through heterogeneous integration with the bandwidth as high as 100GB/s, which was published at 2015 VLSI Symposium.
 - Complete the design of 128Mb DDR2/DDR DRAM products with 45nm process, which was put into trial production.
 - USB Type-C data switching/power transmission controller EJ988 won the "Best Choice Golden Award" at the Computex Taipei.
 - Presented "A Computer Designed Half Gb 16-Channel 819Gb/s High-bandwidth and 10ns Low-Latency DRAM for 3D Stacked Memory Device Using TSVs" at the 2015 VLSI Circuit Symposium.
 - USB Type-C E-Marker transmission line control IC-EJ901 passed the certification of the USB-IF.
 - Conducted demerger of the business groups. The high-speed interface control chip business segment and the 3D image control chip business segment were divided into 100%-owned subsidiaries Eever Technology, Inc. and Eys3d Microelectronics, Co., respectively.
 - Participated in the USB Developer Days held by the USB-IF to exhibit the USB Type-C fast charge control chip.
 - Chairman Lu was invited to give a special speech on "Hsinchu Science Industrial Park Talents Achieve Technological Innovation as Global Heroes" at the 35th anniversary of the Hsinchu Science Industrial Park.

- Launched the 3D OK363™ mobile imaging system for mobile phones as the first in the world.
 - Released the USB3.0 video and audio capture solution GamePtS, which could record the game process on-site and share it on the Internet.
 - USB Type-C E-Marker transmission line control IC-EJ901 and USB Alternate Mode Micro-Controller chipset EJ898 passed the USB Type-C™ certification of the USB-IF.
 - Launched the "eYsGlobe™" 360-degree camera.
- 2016
- USB Display Alternate Mode chipset EJ898A entered the systems Intel advised as a world-class recognized Type-C participating brand.
 - Chairman Lu was elected as a member of the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA).
 - HIWIN, Etron Technology, and Eys3d Microelectronics, Co. took the lead in developing the "Industry 4.0 Robot Vision Application" to introduce IC design into industrialization so as to develop a layout in industrial IC, increase added value, and optimize manufacturing processes.
 - Eys3d Microelectronics, Co. and Etron Technology jointly launched NR/VR 3D eYsGlobe™—a good mobile phone partner with 3D virtual reality function; successfully developed controller single chip eSP876 with the world's highest speed 3D image capture technology which was up to 60 HD 720P 3D depth maps per second and the depth recognition function.
 - Invested in eCapture Technologies and launched LyfieEye™ fundraising event on the crowdfunding platform, raising a fund reaching 200% of the target.
- 2017
- Invested in eCapture Technologies to launch LyfieEye™, the world's first 360-degree camera that supports Android phones, and officially launched it to the markets in the U.S. and Taiwan, which won the Best Choice Award and the Computex D&I Award 2017 at the Computex Taipei.
 - Etron Technology released 30nm high-bandwidth, energy-efficient specialty buffer memory products, which could be introduced to advanced driver assistance systems (ADAS) and audio-visual information platforms, supporting 4K ultra-high-quality display panels and VR photography sampling applications.
 - Eys3d Microelectronics, Co. and Etron Technology jointly released the IC+Module for Cyber6d-Vision&Sense™ for the business opportunities from new technology applications, such as VR/NR/AR, AI, robots, and smart cars.
 - Chairman Lu was awarded the Industry Contribution Award from the Semiconductor Equipment and Materials Institute (SEMI) and the President of the Republic of China at the SEMICON Taiwan Leadership Gala Dinner.
 - The highly integrated USB PD3.0 controller IC-EJ899 of Eever Technology, Inc. and Etron Technology passed Quick Charge 3.0 certification, which could double the charging speed of mobile phones.
 - Etron Technology took the lead in launching high-performance low-power memory 256Mb Mobile DDR2 and 512Mb DDR3, which specialized in AR/VR high-bandwidth image processing, and provide complete memory product lines for broadband communication.
- 2018
- Etron Technology, Inc. and Eever Technology, Inc. jointly launched the EJ515 USB bridge and control solution for consumers to play mobile games across different platforms.
 - Etron Technology, Inc. and Eys3d Microelectronics, Co. jointly launched the 3D-MAMEC (Multiple-Aperture Measurement+Eye+Capture) Sub-System

EX8038, which adopted 3D natural light depth map vision IC/platform technology, and won the Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park Administration.

- Invested in Ecapture Co., Limited Taiwan Branch (Hong Kong) to release the world's smallest and lightest 360° panoramic camera LyfieEye200™ with LyfieRoam™ app, which was designed for AR/VR and commercial applications and supported Android and Windows systems, and won the Computex D&I Award 2018; the fund raised for this product on the crowdfunding platform reached 141% of the target
- Etron Technology's 3D sensing wide-angle ranging/gesture recognition module-EX8036 won the Best Choice Award at the Computex Taipei, and Etron Technology was invited to exhibit the medical applications with the 3D gesture control system adopted.
- Etron Technology, Inc. and Eys3d Microelectronics, Co. jointly launched the world's smallest and lightest "4Kx2K Industrial 360° Eye", "3Kx1.5K Industrial 360° Eye" and "3Kx1.5K Automotive 180° Eye". The 360°/180° panoramic image capture solution was expanded from commercial applications to industrial and automotive panoramic vision applications.
- Etron Technology exhibited the world's smallest and lightest 360° panoramic camera LyfieEye series of products at the Hsinchu 300 Expo and the IC60 Special Exhibition at the 60th anniversary of the invention of the integrated circuit.
- 2019 ■ Etron Technology, Inc. released the new DRAM-RPC® (Reduced Pin Count) technology required by the small form factor of artificial intelligence (AI) end points, which could minimize the system, making it easy to be applied to devices around so as to accelerate the popularization of IA in terminal devices.
- Eever Technology, Inc. and Etron Technology's USB PD3.0 control dual-channel output 1A+1C power smart distribution transmission solution EJ899V was certified by Qualcomm QC4+ and passed the USB-IF's PD3.0 PPS compatibility test.
- Eever Technology, Inc. and Etron Technology's USB Type-C E-Marker transmission line control IC-EJ903 passed the USB-IF's certification and Intel's and Apple's Thunderbolt™ 3 40Gbps certification.
- Etron Technology, Inc. and Eys3d Microelectronics, Co. participated in "NEPCON Japan 2019", exhibiting 3D Depth-Map Modules & Platforms in the Taiwan Pavilion in the theme of "Automotive World 2019" and deliver a keynote speech on "3D Depth Sensing for Enhanced ADAS".
- Etron Technology's 180°, 4K high-definition, 6-DoF IMU 3D depth map camera EX8040S won the Best Choice Award at the Computex Taipei.
- Etron Technology was invited to showcase and deliver a speech on "Use of Sensor Fusion to Accelerate AIOT Ecosystem" in the AI Application Zone and InnoVEX Forum at the 2019 Computex.
- Etron Technology released the world's first WLCSP (wafer-level die packaging) DRAM in VLSI Symposia, which was the world's smallest RPC® DRAM designed for AI-Edge/Wearable/FPGA.
- The world's smallest RPC® DRAM of Etron Technology won the Enterprise Excellence Award at the 3rd Innovative and Smart Application Contest. Eys3d Microelectronics, Co.'s 3D, four-eye, natural light depth map visual 3D sensing sub-system EX8038 won the Innovation Excellence Award. Both were invited to exhibit said products at TAITRONICS and AIoT Taiwan. Etron Technology also delivered a keynote speech on "AIoT: Application and Opportunity for Memory" at

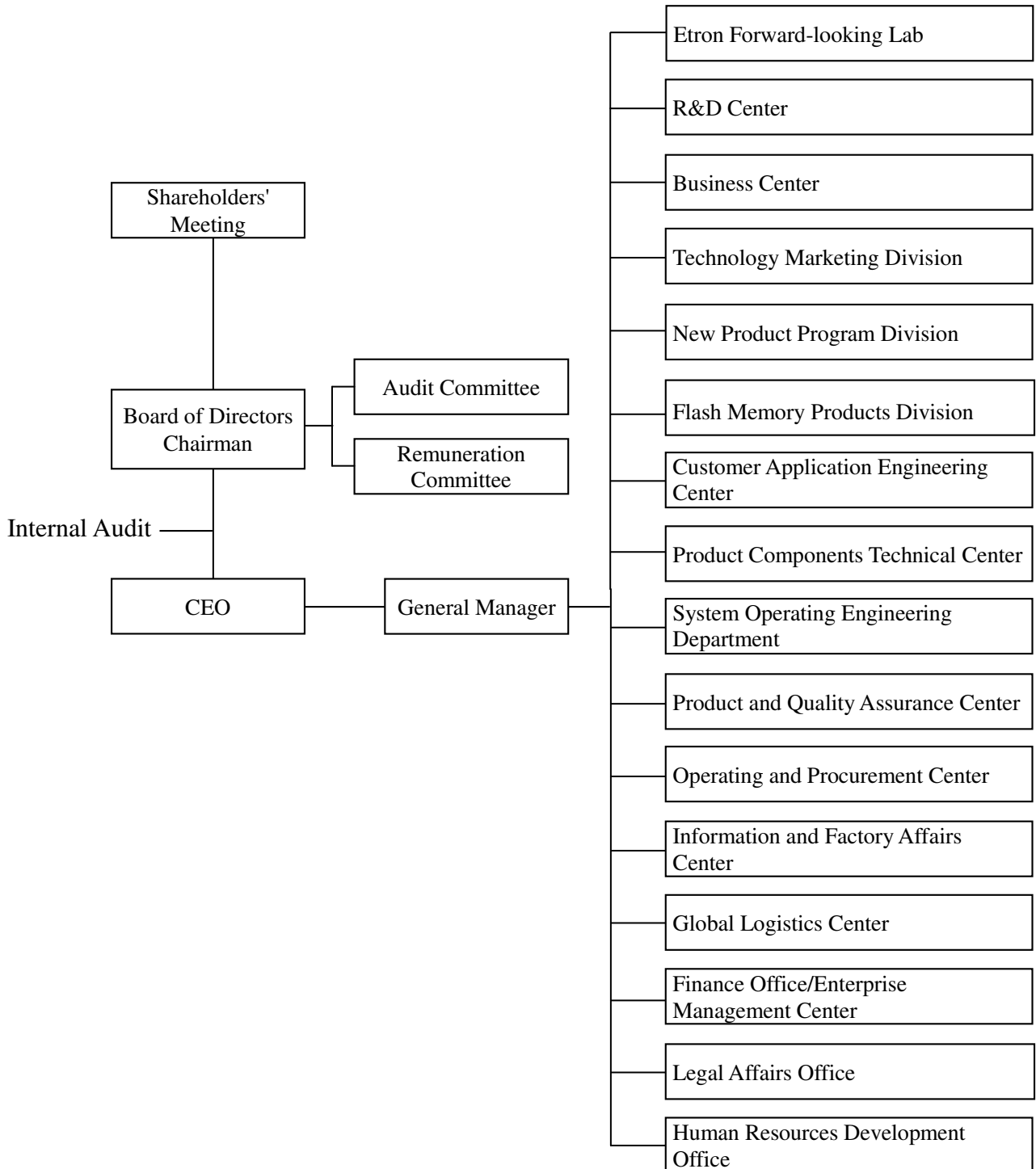
the exhibition.

- 2020
- Eys3d Microelectronics, Co. and Etron Technology jointly released AI machine-human eSP678, eSP778, and eSP777 image processing controller ICs to meet developers' increasing demand for software and hardware development platforms that adopt AI/ML machine vision.
 - Eever Technology, Inc. and Etron Technology's USB Type-C E-Marker transmission line control IC-EJ903 passed both USB-IF's 40Gbps USB4™ certification and Intel's Thunderbolt™4 certification as the only manufacturer in the world that has passed the USB4™ and Thunderbolt™4 certifications.
 - BizLink, Eever Technology, Inc., and Etron Technology took the lead in launching high-quality certified USB4 Gen 3 Type-C transmission line products, which have been officially mass-produced.
 - Eys3d Microelectronics, Co. released the high-precision and cost-effective 3D depth system EX8052, which was the top choice for the new anti-pandemic technology—contact-free human-machine interface.

Chapter III. Corporate Governance

I. Organizational System

(I) Organizational Chart



(II) Divisions in Charge

Division	Introduction to Division
Etron Forward-looking Lab	Be responsible for the research and development of forward-looking technologies and products.
R&D Center	Be responsible for the research and development of forward-looking technologies, as well as memory IC circuit design, simulation, and layout.
Business Center	Be responsible for the global sales strategies, product sale, and customer services of and for memory ICs.
Technology Marketing Division	Be responsible for the market planning for and analysis on memory products, the co-development of advanced manufacturing process related product technologies together with customers, and the assistance in the collection of market information to facilitate planning for, analysis on and launch of new products.
New Product Program Division	Plan for the development of new products, track and urge the progress, and make coordination in solving technical problems.
Flash Memory Products Division	Be responsible for chip IC design, firmware design, and the research and development of other related technologies, as well as chip sales strategies, product sale, customer services, and product applications, for Flash systems.
Customer Application Engineering Center	Make coordination in meeting and resolving client's technical requirements, as well as product application issues and complaints.
Product Components Technical Center	Be responsible for the improvement of components, software, hardware, wafer process, masks, trial production, and yield, product feature analysis, as well as the research and development of testing software, hardware and other related technologies.
System Operating Engineering Department	Be responsible for product feature analysis, the research and development of testing software, hardware, and other related technologies, as well as the application engineering of system
Product and Quality Assurance Center	Be responsible for quality inspection, and establishment of ISO quality system to ensure the quality of products, documents and processes.
Operating and Procurement Center	Be responsible for operating management, production planning, outsourcing strategies, and warehousing management; general procurement, wafer procurement businesses.
Information and Factory Affairs Center	Be responsible for computerized system planning, programming, and management of network information security, factory affairs, general affairs, environmental safety and health, etc.
Global Logistics Center	Be responsible for the administrative operating of businesses, and coordination in production and sale.
Finance Office/Enterprise Management Center	Be responsible for the preparation of and analysis on accounting data, financial scheduling and funds management, etc.; the convening of Shareholders' Meetings, the issuance of new shares, as well as Shareholders' equity and other shareholders' affairs related operations. Preparation of and control over budgets, analysis on business performance and related financial competitiveness, public relations marketing, investment relations.
Legal Affairs Office	Corporate legal affairs, contracts, patents, and other intellectual property rights management.
Human Resources Development Office	Be responsible for making coordination in human resources, and the short-, mid- and long-term planning for talents development to assist various divisions in achieving the Company's overall operating goals.

II. Information on the Directors, General Managers, Deputy General Managers, Assistant Managers, and Heads of Divisions and Branch Units

(I) Directors

April 19, 2021
Unit: shares, %

Position	Nationality or Place of Registration	Name	Gender	Date Elected (or Taking Office)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Current Shareholding of Spouse & Minor Child(ren)		Shareholding under Others' Names		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Other Heads, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Position	Name	Relationship	
Chairman	R.O.C	Nicky Lu	Male	107.6.15	Three years	80.2.1	29,255,858	6.72	14,613,757	5.46	11,380,694	4.25	0	0.00	Master and PhD in Electrical Engineering, Stanford University, USA Bachelor's Degree in Electrical Engineering, National Taiwan University Manager, IBM Technology Headquarter and R&D Center, USA President, National Academy of Engineering (NAE) IEEE Fellow The Highest Honor Medal for IEEE Solid State and Integrated Circuit Technology The Honor Medal of the Executive Yuan for National Outstanding Science and Technology Director, Co-founder and First Chairman, GLOBAL UNICHIP CORP. Co-founder, Ardentec President, the Management Institute of R.O.C. Outstanding Alumni, National Taiwan University Outstanding Alumni and Chair Professor, National Chiao Tung University Director-general, World Semiconductor Council (WSC) Chairman of the Board, Global Semiconductor Alliance (GSA) Director-general, Taiwan Semiconductor Industry Association (TSIA)	CEO, Etron Technology CEO, eEver Technology Founder or CEO, eYs3D Microelectronics Director, eEver Technology Limited Director, eYs3D Microelectronics, Inc. Director Representative, East China Science & Technology President, AI on Chip Taiwan Alliance (AITA) Standing Director, Taiwan Semiconductor Industry Association (TSIA) Director, Global Semiconductor Alliance (GSA); Chairman, Asia Pacific Leadership Council Standing Director, The Allied Association for Science Park Industries Member of Technical Committee, VLSI Symposia Standing Director, Monte Jade Science & Technology Association of Taiwan Director, Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	None	None	None	Note 2
Director	R.O.C	Elvis Deng	Male	107.6.15	Three years	104.6.24	1,000,000	0.23	587,490	0.22	0	0.00	0	0.00	Bachelor of Engineering, National Chiao Tung University Master of Business, National Taiwan University Electronics Research and Service Organization, Industrial Technology Research Institute Office Chief, Vanguard International Semiconductor-America Co-founder and Deputy General Manager, Ardentec Technology Marketing and Business Deputy General Manager, COO, General Manager and Other Positions, CSMC CEO and Executive Director, CR Micro	General Manager, Etron Technology Director, Etron Technology America, Inc. Director, Anzon Technology, Inc. Chairman or General Manager, eEver Technology Chairman, eYs3D Microelectronics Director, eCapture Ltd. Co. Director, eCapture Co., Limited Director, Insignis Technology, Inc. Director, Insignis Technology Corporation Director, eEver Technology Limited Director, eYs3D Microelectronics, Inc. Director, Great Team Backend Foundry, Inc. Independent Director, Episil Holdings	None	None	None	None
Director	R.O.C	Chiu Chiang Investment Co., Ltd.	N/A	107.6.15	Three years	84.4.17	1,253,544	0.29	735,027	0.27	0	0.00	0	0.00	Bachelor in Enterprise Management, California State University, USA	Chairman and CEO, Hong Tai Electric Industrial Co., Ltd.	None	None	None	None
		Representative: CHEN SHYH YI	Male				0	0.00	0	0.00	0	0.00	0	0.00	Bachelor, National Taiwan University YAMAHA MOTORS CORP USA General Manager, Hong Tai Electric Industrial Co., Ltd.	Chairman, Xinfu Investment				

Position	Nationality or Place of Registration	Name	Gender	Date Elected (or Taking Office)ted	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Current Shareholding of Spouse & Minor Child(ren)		Shareholding under Others' Names		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Other Heads, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Position	Name	Relationship	
Director	R.O.C.	Kai Chun Investment Inc.	N/A	107.6.15	Three years	98.6.19	10,763	0.00	6,310	0.00	0	0.00	0	0.00	Bachelor, National Taiwan University CFO, Mycenax Biotech Inc. CFO, G-tech Optoelectronics Corporation. CFO, Member of Management Committee and Supervisor, LINLI WEDDING STUDIO Co.Ltd Member of Remuneration Committee, Hong Tai Electric Industrial Co., Ltd.	Supervisor, Kai Chun Investment Supervisor Representative, eEver Technology Supervisor Representative, eYs3D Microelectronics Director, eEver Technology Limited Director, eYs3D Microelectronics, Inc.	None	None	None	None
		Representative: Mei-Ling,Hsu	Female				102,974	0.02	51,507	0.02	0	0.00	0	0.00						
Director	R.O.C.	Kai Chun Investment Inc.	N/A	107.6.15	Three years	98.6.19	10,763	0.00	6,310	0.00	0	0.00	0	0.00	Bachelor in Marine Engineering, Tamkang University Section Chief, Electronics Research and Service Organization, Industrial Technology Research Institute Manager, Procurement, Import & Export Department, Vanguard International Semiconductor Corporation Office Chief, E-procurement Department, Quanta Display Inc. Manager, Equipment Purchase Department, AUO Director Representative, Li Yi Technology	Senior Deputy General Manager, Etron Technology Director, Kai Chun Investment Director Representative, Wafer Pioneer Technology	None	None	None	None
		Representative: David Leu	Male				94,468	0.02	126,298	0.05	0	0.00	0	0.00						
Director	R.O.C.	Kai Chun Investment Corp.	N/A	107.6.15	Three years	98.6.19	10,763	0.00	6,310	0.00	0	0.00	0	0.00	Bachelor of Laws, Soochow University Master of Laws, National Cheng Kung University Layer, R.O.C.	Office Chief, Etron Technology				
		Representative: Warren Chen (Note 3)	Male				0	0.00	0	0.00	0	0.00	0	0.00						
Independent Director	R.O.C.	Ai-Chen, Wang	Female	107.6.15	Three years	104.6.24	0	0.00	0	0.00	0	0.00	0	0.00	Banking Team, Department of Business, National Taiwan University Analyst, Taiwan Branch, HSBC Securities Investment Consulting Inc. Head of Research Department, Tainan Branch, Asia Securities Director, Southern District, Crown Do Well CFO, Crown Global Chinese Co., Ltd.	Supervisor, NETKLASS TECHNOLOGY INC. Member of Remuneration Committee, Fintek Convener of Remuneration Committee and Audit Committee, Etron Technology	None	None	None	None
Independent Director	R.O.C.	Jen-Hung, Tseng	Male	107.6.15	Three years	95.6.12	0	0.00	0	0.00	0	0.00	0	0.00	Master, Department of Business & Management, National Chiao Tung University Bachelor Degree in Electrical Engineering, National Taiwan University General Manager, K Laser General Manager, Taijie Technology CEO, Great Team Backend Foundry, Inc.	Member of Remuneration Committee and Audit Committee, Etron Technology	None	None	None	None
Independent Director	R.O.C.	Yun-Chieh, Huang (Note 4)	Female	109.5.13	Note	109.5.13	0	0.00	0	0.00	0	0.00	0	0.00	Department of Finance and Taxation, Chung Hsing University Director, Jingjing Technology Director, JUMBO HARVEST INTERNATIONAL CO., LTD. Director, Moneywin International Limited Supervisor, Raffar Technology Supervisor, Exploit Technology Investment Manager, Hong Tai Electric Industrial Co., Ltd.	Member of Audit Committee, Etron Technology Supervisor, Lumimore				None

Note 1: The total number of shares issued by the Company on April 17, 2018: 436,939,837 shares; the total number of shares issued on April 19, 2021: 267,707,347 shares.

Note 2: Explanation of the reason, reasonableness and necessity of concurrently serving as a CEO: the Chairman, Nicky Lu, has been committed to making contributions to global IC design and semiconductor industry for many years, focusing on the innovation of technologies, academic research, and corporate management, and creating a number of new businesses, thus, it is reasonable and necessary for him to hold the concurrent position.

Responsive measures: The Company will make increase in the number of Independent Directors at the 2021 Regular Shareholders' Meeting in response thereto.

Note 3: Kai Chun Investment Corp. re-appointed Warren Chen as its representative on March 1, 2021, because its former representative, Bob Jih passed away (release of the office was announced on February 1, 2021).

Note 4: The Company re-elected an Independent Director and Ms. Yun-Chieh, Huang took the office on May 13, 2020, since the former Independent Director, Chia-Ying, Chen, has resigned on January 14, 2020.

(II) Directors who are the Representatives of Corporate Shareholders. The Major Shareholders of Such Corporate Shareholders.

Name of Corporate Shareholder	Major Shareholder
Chiu Chiang Investment Co.,Ltd.	CHEN, ISAAC (47.67%), CHEN, LAWRENCE LI (32.56%), CHEN SHYH YI (11.03%), HSU, WEI CIH (4.64%), CHANG, CHUN FEI (4.10%)
Kai Chun Investment Corp.	David Leu (20%), Bor-Doou Rong (20%), Li Weiqian (20%), Yao, Tzu-Chin (20%), Hung, Fu-Yung (20%)

(III) The Major Shareholders of Corporate Shareholders who are Corporations. The Major Shareholders of such Corporations: None.

(IV) Professional Qualifications and Independence of Directors

April 19, 2021

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	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	
Name																
Nicky Lu	✓		✓						✓		✓	✓	✓	✓	✓	0
Chiu Chiang Investment Co.,Ltd., represented by: CHEN SHYH YI			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Elvis Deng			✓			✓		✓	✓		✓	✓	✓	✓	✓	1
Kai Chun Investment Corp., represented by: Mei-Ling,Hsu			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓		0
Kai Chun Investment Corp., represented by: David Leu			✓			✓	✓		✓	✓	✓	✓	✓	✓		0
Kai Chun Investment Corp., represented by: Warren Chen		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Ai-Chen, Wang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Jen-Hung, Tseng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Yun-Chieh, Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

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

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a Director or Supervisor of the Company or any of its affiliated companies (Not applicable in cases where the person is an Independent Director of the Company, and its parent company, subsidiary, or the subsidiary under the same one parent company appointed according to these Regulations or local laws and regulations).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, children (minors), 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 ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of the Managerial Officers specified in preceding (1) subparagraph, or of any of the persons specified in the preceding (2) and (3) subparagraphs.
- (5) Not a Director, Supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings or any of the authorized representatives of a company referred to in Paragraphs I and II of Article 27 of the Company Act (Not applicable in cases where the person is an Independent Director of the Company, and its parent company, subsidiary, or the subsidiary under the same one parent company appointed according to these Regulations or local laws and regulations).
- (6) Not a Director, Supervisor, or employee of other company who has a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person (Not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary under the same one parent company appointed according to these Regulations or local laws and regulations).
- (7) Not a Director, Supervisor, or employee of other company or institutions who is the Chairman, General Manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses (Not applicable in cases where the person is an Independent Director of the Company, and its parent company, subsidiary, or the subsidiary under the same one parent company appointed according to these Regulations or local laws and regulations).
- (8) Not a Director, Supervisor, Managerial Officer, or shareholder with over 5% shareholding of any specific company or institution which has financial or business relationships with the Company (Not applicable in cases where the specific company or institution holds more than 20% but less than 50% of the total issued shares of the Company, and is an Independent Director of the Company, and its parent company, subsidiary, or the subsidiary under the same one parent company appointed according to these Regulations or local laws and regulations).
- (9) Not a professional or the owner, partner, Director, Supervisor, or Managerial Officer of any sole proprietorship, partnership, company, or institution in business, legal, financial, or accounting services, and their spouse who or which provided auditing to, or obtained less than NT\$500,000 remuneration accumulatively in the most recent two years from, the Company or affiliated companies. 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 a spouse or relative within the second degree of kinship of any other Directors.
- (11) Not under any of the categories stated in Article 30 of the Company Act.
- (12) Not a Government Apparatus agency, juristic person or its representative elected under Article 27 of the Company Act.

(V) General Manager, Deputy General Managers, Assistant Managers, and Heads of Divisions and Branch Units

April 19, 2021
Unit: shares, %

Position	Nationality	Name	Gender	Date Taking Office	Shareholding		Spouse & Minor Child(ren) Shareholding		Shareholding under Others' Names		Major Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Position	Name	Relationship	
CEO	R.O.C.	Nicky Lu	Male	80.2.01	14,613,757	5.46	11,380,694	4.25	0	0.00	Master and PhD in Electrical Engineering, Stanford University, USA Bachelor's Degree in Electrical Engineering, National Taiwan University Manager, IBM Technology Headquarter and R&D Center, USA President, National Academy of Engineering (NAE) IEEE Fellow The Highest Honor Medal for IEEE Solid State and Integrated Circuit Technology The Honor Medal of the Executive Yuan for National Outstanding Science and Technology Director, Co-founder and First Chairman, GLOBAL UNICHIP CORP. Co-founder, Ardentec President, the Management Institute of R.O.C. Outstanding Alumni, National Taiwan University Outstanding Alumni and Chair Professor, National Chiao Tung University Director-general, World Semiconductor Council (WSC) Chairman of the Board, Global Semiconductor Alliance (GSA) Director-general, Taiwan Semiconductor Industry Association (TSIA)	CEO, Etron Technology CEO, eEver Technology Founder or CEO, eYs3D Microelectronics Director, eEver Technology Limited Director, eYs3D Microelectronics, Inc. Director Representative, East China Science & Technology President, AI on Chip Taiwan Alliance (AITA) Standing Director, Taiwan Semiconductor Industry Association (TSIA) Director, Global Semiconductor Alliance (GSA); Chairman, Asia Pacific Leadership Council Standing Director, The Allied Association for Science Park Industries Member of Technical Committee, VLSI Symposia Standing Director, Monte Jade Science & Technology Association of Taiwan Director, Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	None	None	None	Note 2
General Manager	R.O.C.	Elvis Deng	Male	103.8.12	587,490	0.22	0	0.00	0	0.00	Bachelor of Engineering, National Chiao Tung University Master of Business, National Taiwan University Electronics Research and Service Organization, Industrial Technology Research Institute Office Chief, Vanguard International Semiconductor-America Co-founder and Deputy General Manager, Ardentec Technology Marketing and Business Deputy General Manager, COO, General Manager and Other Positions, CSMC CEO and Executive Director, CR Micro	General Manager, Etron Technology Director, Etron Technology America, Inc. Director, Anzon Technology, Inc. Chairman or General Manager, eEver Technology Chairman, eYs3D Microelectronics Director, eCapture Ltd. Co. Director, eCapture Co., Limited Director, Insignis Technology, Inc. Director, Insignis Technology Corporation Director, eEver Technology Limited Director, eYs3D Microelectronics, Inc. Director, Great Team Backend Foundry, Inc. Independent Director, Episil Holdings	None	None	None	None
Senior Deputy General Manager	R.O.C.	David Leu	Male	101.11.01	126,298	0.05	0	0.00	0	0.00	Bachelor in Marine Engineering, Tamkang University Section Chief, Electronics Research and Service Organization, Industrial Technology Research Institute Manager, Procurement, Import & Export Department, Vanguard International Semiconductor Corporation Office Chief, E-procurement Department, Quanta Display Inc. Manager, Equipment Purchase Department, AUO Director Representative, Li Yi Technology	Director Representative, Etron Technology Director Representative, Wafer Pioneer Technology Director, Kai Chun Investment	None	None	None	None
Senior Deputy General Manager and R&D Director	R.O.C.	Bor-Doo u Rong	Male	104.12.8	347,962	0.13	50,880	0.02	0	0.00	Master of Electrical Engineering, Arizona State University, USA Assistant Manager, Etron Technology	None	None	None	None	None
Deputy General Manager and R&D Director	R.O.C.	Chun Shiah	Male	104.12.8	300,213	0.11	6,158	0.00	0	0.00	Master of Electronic Engineering, Syracuse University, New York State, USA Assistant Manager, Etron Technology	None	None	None	None	None
Deputy General Manager	R.O.C.	Kuo, Ming-Hong (Note 3)	Male	110.1.14	0	0.00	0	0.00	0	0.00	Master of Electronics, National Chiao Tung University Office Chief, Operating Office, mCube Assistant Manager of Components and Technology Office, Etron Technology Quality Assurance and Technical Assistant Manager, Taiwan Semiconductor Manufacturing Company R&D Process Integration Manager, Vanguard International Semiconductor Corporation Assistant Manager, Electronics Research and Service Organization, Industrial Technology Research Institute	Director Representative, Ardentec Director Representative, SuperMCPCB	None	None	None	None
Assistant Manager	R.O.C.	Mei-li, Lin	Female	83.11.29	0	0.00	0	0.00	0	0.00	Bachelor in Information Management, University of Michigan, USA Manager, Chi Sheng Chemical Corp.	None	None	None	None	None
Assistant Manager	R.O.C.	Wen-Chi, Wang	Male	108.10.9	310,608	0.12	0	0.00	0	0.00	Bachelor in Electrical Engineering, Chung Hua University Section Chief, Powerchip Semiconductor Office Chief, Etron Technology	None	None	None	None	None
Assistant Manager	R.O.C.	Hung, Fu-Yung	Male	108.10.9	33,368	0.02	0	0.00	0	0.00	Master, Department of Information Science, State University of New York Office Chief, Etron Technology	None	None	None	None	None
Assistant Manager	R.O.C.	Chung, Jung-Kun (Note 4)	Male	109.8.15	48	0.00	0	0.00	0	0.00	Master, Department of Business Administration, Chuo University Office Chief, Etron Technology	None	None	None	None	None
Assistant Manager	R.O.C.	Yao, Tzu-Chin (Note 4)	Male	109.8.15	0	0.00	0	0.00	0	0.00	MBA, Emory University Office Chief, Etron Technology Manager, Jietai Technology Section Chief, Mosel Vitelic Inc.	None	None	None	None	None

Position	Nationality	Name	Gender	Date Taking Office	Shareholding		Spouse & Minor Child(ren) Shareholding		Shareholding under Others' Names		Major Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Position	Name	Relationship	
Chief Financial Officer	R.O.C.	Hsieh, Jui-Ling	Female	105.3.23	0	0.00%	0	0.00%	0	0.00%	Master, Department of Management Science, National Chiao Tung University Senior Audit Specialist and Vice Programme Manager, Tecom Co., Ltd. Supervisor, GLOBAL UNICHIP CORP. Supervisor Representative, Hong Tai Electric Industrial Co., Ltd.	Director Representative, Jinyu Investment Director, Kingford Corp. Director, Plusway Corp. Director Representative, Jinzan Investment Director, Intercosmos Group Limited Director, Grandsino Technology Limited Director, Creative Ally Limited Director Representative, Invention and Collaboration Laboratory, Inc. Director Representative, Wafer Pioneer Technology Director Representative, SILICON SPINTRONICS INC.	None	None	None	None
Chief Accounting Officer	R.O.C.	Cheng, Yu-Chia	Female	100.12.23	3,926	0.00%	0	0.00%	0	0.00%	Bachelor, Department of Accounting, Fu-Jen Catholic University Team Leader, Deloitte & Touche Firm Financial and Accounting Section Chief, OSG Financial and Accounting Director, Asia Microelectronics	None	None	None	None	None

Note 1: The total number of shares issued on April 19, 2021: 267,707,3477 shares.

Note 2: The reason, reasonableness and necessity of concurrently serving as a Chairman: the Chairman, Nicky Lu, has been committed to making contributions to global IC design and semiconductor industry for many years, focusing on the innovation of technologies, academic research, and corporate management, and creating a number of new businesses, thus, it is reasonable and necessary for him to hold the concurrent position.

Responsive measures: The Company will make increase in the number of Independent Directors at the 2021 Regular Shareholders' Meeting in response thereto.

Note 3: Kuo, Ming-Hong took the office of Deputy General Manager on January 14, 2021; The Deputy General Manager, Wan-Ta, Kan, retired on January 15, 2021.

Note 4: Chung, Jung-Kun and Yao, Tzu-Chin were promoted to Assistant Managers on August 15, 2020.

III. Remuneration Paid to the Directors, General Managers, and Deputy General Managers

(I) Remuneration Paid to General Directors and Independent Directors

Unit: NT\$ thousand; %

Position	Name	Remuneration Paid to Directors								Proportion of the Total Amount of A, B, C and D in Net Earnings after Tax		Relevant Remuneration Received by Directors who Are Also Employees								Proportion of the Total Amount of A, B, C, D, E, F and G in Net Earnings after Tax		Remuneration from Re-invested Companies Other than Subsidiaries or the Parent Company
		Remuneration A		Severance Pay and Pension B		Director Remuneration C		Business Execution Expenses D				Salary, Bonus and Special Expenses E		Severance Pay and Pension F		Employee Remuneration G						
		The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company	All Companies in Financial Report			
																				Cash	Stock	
Chairman	Nicky Lu	0	0	0	0	0	0	36	50	(0.01)	(0.02)	8,941	9,002	0	0	0	0	0	0	(3.53)	(3.56)	None
Director	Chiu Chiang Investment Co.,Ltd., represented by: CHEN SHYH YI	0	0	0	0	0	0	120	120	(0.05)	(0.05)	0	0	0	0	0	0	0	0	(0.05)	(0.05)	
Director	Elvis Deng	0	0	0	0	0	0	36	50	(0.01)	(0.02)	6,076	6,098	167	167	0	0	0	0	(2.47)	(2.47)	
Director	Kai Chun Investment Corp., represented by:	0	0	0	0	0	0	120	160	(0.05)	(0.06)	0	0	0	0	0	0	0	0	(0.05)	(0.06)	
Director	Kai Chun Investment Corp., represented by:	0	0	0	0	0	0	120	176	(0.05)	(0.07)	0	0	0	0	0	0	0	0	(0.05)	(0.07)	
Director	Kai Chun Investment Corp., represented by:	0	0	0	0	0	0	36	36	(0.01)	(0.01)	4,739	4,775	182	182	0	0	0	0	(1.95)	(1.96)	
Independent Director	Ai-Chen, Wang	120	120	0	0	0	0	120	120	(0.09)	(0.09)	0	0	0	0	0	0	0	0	(0.09)	(0.09)	
Independent Director	Jen-Hung, Tseng	120	120	0	0	0	0	120	120	(0.09)	(0.09)	0	0	0	0	0	0	0	0	(0.09)	(0.09)	
Independent Director	Chia-Ying, Chen (Note 2)	5	5	0	0	0	0	5	5	(0.00)	(0.00)	0	0	0	0	0	0	0	0	(0.00)	(0.00)	
Independent Director	Yun-Chieh, Huang	76	76	0	0	0	0	76	76	(0.06)	(0.06)	0	0	0	0	0	0	0	0	(0.06)	(0.06)	
* The Company has formulated the Measures for Remuneration to Directors, specifying the related policies, systems, standards, and structure of and for payment of remuneration. In addition to travelling expenses, Independent Directors shall perform businesses independently and participate in corporate governance based on their duties, and thus shall receive fixed remuneration every month; if Directors Remuneration shall be paid, the remuneration shall be calculated respectively by using weight ratio based on their annual incumbency ratio and their status as directors after the proportion of the remuneration to be paid to Independent Directors is kept according to the Measures.																						
* Unless otherwise disclosed in the above table, the remuneration received in the most recent year by the Company's Directors for providing services (e.g. serving as a non-employee consultant) to all the companies listed in the Financial Report: The remuneration paid to Ai-Chen, Wang and Jen-Hung, Tseng for serving as the members of the Company's Remuneration Committee in 2020 was NT\$180 thousand and NT\$120 thousand respectively.																						

Note 1: The current net loss specified in 2020 Individual Financial Report was NT\$254,393 thousand; No Director Remuneration nor Employee Remuneration was paid in 2020. Fixed remuneration was paid to Directors, but no variable remuneration was paid.

Note 2: Bob Jih was relieved of his office on February 1, 2021 as he passed away. Chia-Ying, Chen was relieved of her office on January 14, 2021. Yun-Chieh Huang took office on May 13, 2020.

(II) Remuneration Paid to General Managers and Deputy General Managers

Unit: NT\$ thousand; %

Position	Name	Salary A		Severance Pay and Pension B		Bonus and Special Expenses C		Employee Remuneration D				Proportion of the Total Amount of A, B, C and D in Net Earnings after Tax		Remuneration from Re-invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company		All Companies in Financial Report		The Company	All Companies in Financial Report	
								Cash	Stock	Cash	Stock			
CEO	Nicky Lu	23,856	23,856	724	724	8,961	9,079	0	0	0	0	(13.18)	(13.23)	None
General Manager	Elvis Deng													
Senior Deputy General Manager	David Leu													
Senior Deputy General Manager	Bor-Doou Rong													
Deputy General Manager	Wan-Ta, Kan													
Deputy General Manager	Chun Shiah													

Note: The current net loss specified in 2020 Individual Financial Report was NT\$254,393 thousand; No Employee Remuneration was paid in 2020.

Range of Remuneration Table

Range of Remuneration Paid to the Company's General Managers and Deputy General Managers	Name of General Manager and Deputy General Manager	
	The Company	All Companies in Financial Report
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	David Leu, Bor-Doou Rong, Wan-Ta, Kan	David Leu, Bor-Doou Rong, Wan-Ta, Kan
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Nicky Lu, Elvis Deng, Chun Shiah	Nicky Lu, Elvis Deng, Chun Shiah
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	6 persons in total	6 persons in total

(III) Remuneration Paid to Top Five Heads in Remuneration

Unit: NT\$ thousand; %

Position	Name	Salary A		Severance Pay and Pension B		Bonus and Special Expenses C		Employee Remuneration D				Proportion of the Total Amount of A, B, C and D in Net Earnings after Tax		Remuneration from Re-invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company		All Companies in Financial Report		The Company	All Companies in Financial Report	
								Cash	Stock	Cash	Stock			
CEO	Nicky Lu	5,406	5,406	0	0	3,535	3,596	0	0	0	0	(3.51)	(3.54)	None
General Manager	Elvis Deng	5,186	5,186	108	108	890	912	0	0	0	0	(2.43)	(2.44)	
Deputy General Manager	Chun Shiah	2,526	2,526	158	158	2,491	2,491	0	0	0	0	(2.03)	(2.03)	
Senior Deputy General Manager	David Leu	3,750	3,750	182	182	989	1,025	0	0	0	0	(1.93)	(1.95)	
Senior Deputy General Manager	Bor-Doou Rong	3,902	3,902	167	167	518	518	0	0	0	0	(1.80)	(1.80)	

Note: The current net loss specified in 2020 Individual Financial Report was NT\$254,393 thousand; No Employee Remuneration was paid in 2020.

(IV) Payment of Employee Remuneration to Managerial Officers and Their Names: None

(V) Remuneration Paid to Directors, Supervisors, General Managers, and Deputy General Managers in the Most Recent Two Years.

1. The proportion of the total remuneration paid to the Directors, Supervisors, General Managers, and Deputy General Managers in the net earnings after tax specified in the Individual Financial Report

Year & Proportion Position	2019		2020	
	The Company	All Companies in Financial Report	The Company	All Companies in Financial Report
Director	(0.24%)	(0.28%)	(0.42%)	(0.47%)
General Manager and Deputy General Manager	(6.94%)	(7.10%)	(13.18)	(13.23)

Note: The Company's net earnings after tax specified in 2019 Individual Financial Report was NT\$498,906 thousand, and its current net loss specified in 2020 Individual Financial Report was NT\$254,393 thousand. The Company established Audit Committee to fulfill the duties of Supervisors for substitution.

2. The policies, standards, combinations, procedures for determination of remunerations, and their relation with business performance and future risks.

The Company has formulated the Measures for Remuneration to Directors, the Measures for Performance Assessment and Remuneration Management of Managerial Officers, and other measures to specify the standards for payment of remuneration to Directors and improve the Company's system for performance assessment on and remuneration management of its Managerial Officers. And the Company has established Remuneration Committee to be responsible for establishing and assessing the policies, systems, standards, and structure of the remuneration to Directors and Managerial Officers, and submit their suggestions to the Board of Directors for discussion. The Company shall establish the procedures, standards, and combinations for and of remuneration cautiously, by considering its overall operating performance and future risks with priority, then by referring to individual performance achievement rate, scope of rights and responsibilities, and the level in the industry both at home and abroad. Affiliated companies were handled according to their respective Consolidated Financial Reports and Articles of Incorporation.

For the remuneration paid to Directors in the most recent two years, operating performance and future risks were considered, and only travelling expenses to Directors and fixed remuneration to Independent Directors were paid.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors

1. A total of 4 Board of Directors' meetings were held in 2020. The attendance of the Directors was as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Chairman	Nicky Lu	4	0	100%	None
Director	Elvis Deng	4	0	100%	None
Director	Chiu Chiang Investment Co.,Ltd. represented by: CHEN SHYH YI	4	0	100%	None
Director	Kai Chun Investment Corp. represented by: Mei-Ling,Hsu	4	0	100%	None
Director	Kai Chun Investment Corp. represented by: Bob Jih	3	1	75%	None
Director	Kai Chun Investment Corp. represented by: David Leu	4	0	100%	None

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Independent Director	Ai-Chen, Wang	4	0	100%	None
Independent Director	Jen-Hung, Tseng	4	0	100%	None
Independent Director	Yun-Chieh, Huang	2	0	100%	Took office on May 13, 2020, shall attend 2 meetings
■ Other matters to be recorded:					
I. With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, sessions of the meetings, contents of proposals, all Independent Directors’ opinions and the Company’s response to such opinions shall be specified					
(I) Matters referred to in Article 14-3 of the Securities and Exchange Act					
Date & Session	Contents of Proposals		All Independent Directors' Opinions	The Company's Response	
The 8th Session of the 10th Board of Directors' Meeting on 2/24/2020	■ Proposal for not to proceed with the private security offering approved at 2019 Regular Shareholders' Meeting ■ Proposal for private offering of ordinary shares for cash capital increase ■ Proposal for change to the Audit Supervisor		None	N/A	
The 9th Session of the 10th Board of Directors' Meeting on 5/7/2020	■ Proposal for amendment to the "Internal Control System" and "Internal Audit Rules"		None	N/A	
Date & Session	Contents of Proposals		All Independent Directors' Opinions	The Company's Response	
The 10th Session of the 10th Board of Directors' Meeting on 8/11/2020	■ Proposal for issuance of ordinary shares for cash capital increase		None	N/A	
The 11th Session of the 10th Board of Directors' Meeting on 11/12/2020	■ Proposal for cash capital increase and share subscription by Managerial Officers in 2020		None	N/A	
The 12th Session of the 10th Board of Directors' Meeting on 3/24/2021	■ Proposal for not to proceed with the private security offering approved at 2020 Regular Shareholders' Meeting		None	N/A	
(II) Any recorded or written resolutions made by the Board of Directors to which Independent Directors have objections or reservations in addition to the above: None.					
II. Abstentions of Directors from Voting due to Conflicts of Interests					
Session	Name	Contents of Proposals	Reason for Abstention	Voting	
The 8th Session of the 10th Board of Directors' Meeting on 2/24/2020	Nicky Lu Elvis Deng David Leu	■ Proposal for private offering of ordinary shares for cash capital increase	Parties to the Proposal	Not participated in the discussion and voting	
The 10th Session of the 10th Board of Directors' Meeting on 8/11/2020	Nicky Lu	■ Proposal for establishment of Invention and Collaboration Laboratory Pte. Ltd.	Parties to the Proposal	Not participated in the discussion and voting	
The 11th Session of the 10th Board of Directors' Meeting on 11/12/2020	Nicky Lu Elvis Deng David Leu	■ Proposal for cash capital increase and share subscription by Managerial Officers in 2020	Parties to the Proposal	Not participated in the discussion and voting	

III. Assessment and Implementation by the Board of Directors				
Frequency of Assessment	Period of Assessment	Scope of Assessment	Method of Assessment	Contents of Assessment
Once a year	2020	<ul style="list-style-type: none"> ■ Board of Directors ■ Individual Members of Board of Directors ■ Functional Committees 	Self-assessment by the Board of Directors, the members of the Board of Directors, and functional committees through questionnaire	<p>The Board of Directors made assessment from the following 5 aspects based on 30 indicators in total:</p> <ul style="list-style-type: none"> ● Participation in the Company's operating ● Improvement of the Board of Directors' decision-making quality ● Composition and structure of the Board of Directors ● Election and continued education of the Directors ● Internal Control <p>Individual members of the Board of Directors made assessment from the following 6 aspects based on 17 indicators in total:</p> <ul style="list-style-type: none"> ● Grasping of the Company's goals and tasks ● Understanding of the Director's duties ● Participation in the Company's operating ● Management and communication of the internal relations ● Expertise and continued education of the Directors ● Internal Control <p>Functional committees made assessment from the following 5 aspects, Audit Committee and Remuneration Committee made assessment based on 37 indicators in total:</p> <ul style="list-style-type: none"> ● Participation in the Company's operating ● Understanding of the functional committee's duties ● Improvement of the functional committee's decision-making quality ● Composition and structure of the Board of functional committees ● Internal Control
<p>IV. Goals for Strengthening the Functions of the Board of Directors in the Current Year and the Most Recent Year, and its Implementation Status</p> <p>(I) Has Established the Remuneration Committee and Audit Committee to Submit the Suggestions to the Board of Directors Based on Their Duties for Discussion.</p> <p>(II) Has Formulated Internal Regulations and Rules such as the "Organizational Rules for the Special Committee for Mergers and Acquisitions", "Diversity Policy for the Members of Board of Directors", and the "Guidelines for the Adoption of Codes of Ethical Conduct for a Director, or Managerial Officer" to strengthen the functions of the Board of Directors.</p> <p>(III) Has Formulated the "Board of Directors' Performance Evaluation Regulations" and Implemented Board of Directors' Performance Evaluation in 2020.</p> <p>(IV) It is Expected to Increase one Seat of Independent Director in 2021, and the Ratio of Independent Directors to All Directors will increase from.</p>				

(II) Operations of Audit Committee

1. Operations of Audit Committee: 4 meetings of the Audit Committee were held in 2020. The attendance of the Independent Directors was as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Convener	Ai-Chen, Wang	4	0	100%	None
Committee Member	Jen-Hung, Tseng	4	0	100%	None
Committee Member	Yun-Chieh, Huang	2	0	100%	Took office on May 13, 2020, shall attend 2 meetings
Note: The member, Chia-Ying, Chen, resigned on January 14, 2020, and did not have to attend the meeting.					
■ Other matters to be recorded:					
I. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, sessions of the meetings, contents of proposals, Audit Committee's resolutions, and the Company's response to such resolutions shall be specified.					
(I) Matters referred to in Article 14-5 of the Securities and Exchange Act					
Date & Session of Board of Directors'	Contents of Proposals			Audit Committee's Resolutions	The Company's Response
The 8th Session of the 10th Board of Directors' Meeting on 2/24/2020	<div><div>■ 2019 Final Statement</div><div>■ 2019 Loss Recovery Plan</div><div>■ 2019 Statement on Internal Control System</div><div>■ Proposal for not to proceed with the private security offering approved at 2019 Regular Shareholders' Meeting</div><div>■ Proposal for private offering of ordinary shares for cash capital increase</div><div>■ Proposal for change to the Audit Supervisor</div></div>			Approved	No comments, not applicable.
The 9th Session of the 10th Board of Directors' Meeting on	<div><div>■ Proposal for amendment to the "Internal Control System" and "Internal Audit Rules"</div></div>			Approved	No comments, not applicable.
The 10th Session of the 10th Board of Directors' Meeting on 8/11/2020	<div><div>■ Consolidated Financial Report for the second quarter of 2020</div><div>■ Proposal for issuance of ordinary shares for cash capital increase</div></div>			Approved	The Audit Committee suggested the Company to accelerate the disposal of non-core businesses and cash capital increase. The Company completed the cash capital increase in 2020, and successively started to dispose the non-core strategic reinvestment businesses.
The 11th Session of the 10th Board of Directors' Meeting on	<div><div>■ Proposal for cash capital increase and share subscription by Managerial Officers in 2020</div></div>			Approved	No comments, not applicable.
The 12th Session of the 10th Board of Directors' Meeting on 3/24/2021	<div><div>■ 2020 Final Statement</div><div>■ 2020 Loss Recovery Plan</div><div>■ 2020 Statement on Internal Control System</div><div>■ Proposal for not to proceed with the private security offering approved at 2020 Regular Shareholders' Meeting</div></div>			Approved	No comments, not applicable.
(II) In addition to the above-mentioned, any other proposals which failed to obtain the approval of the Audit Committee, but were approved by over two-thirds of all Directors: None.					
II. If there were Independent Directors who abstained from voting due to conflict of interests, the Independent					

Directors' names, contents of the proposals, and causes of abstention and voting shall be specified: None

III. Communication of Independent Directors with Internal Audit Supervisor and CPAs:

The major annual work of the Company's Audit Committee (Independent Directors) and the communication with Internal Audit Supervisor and CPA are as follows:

- (I) Disposal progress of Internal Audit Reports and internal control tracking matters: The Audit Department sends relevant data every month, and makes report at the Audit Committee's meeting every quarter.
- (II) Assessment on the effectiveness of internal control system: The Audit Department submits the Statement on Internal Control System at the Audit Committee's meeting every year.
- (III) Review on Financial Reports and the Company's important proposals: The Audit Committee communicates with the Internal Audit Supervisor and CPAs at the Audit Committee's meeting every quarter. The discussion and resolutions on relevant important proposals are shown in the above table.
- (IV) Communication about the Company's financial and business status: The Audit Committee holds communication meetings or makes communications and discussions by means of letters, telephone calls, etc. in the Company from time to time.

(III) Implementation of Corporate Governance 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
	Yes	No	Description	
I. Does the Company formulate and disclose the "Corporate Governance Best-practice Principles" according to the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"?	✓		The Company has formulated the "Corporate Governance Best-practice Principles" and disclosed the principles on the Market Observation Post System (MOPS) and the Company website.	No deviation
II. Shareholding structure & Shareholders' rights		✓	(I) In practice, the Company handles Shareholder's suggestions or disputes through spokesperson system, corporate communication, as well as shareholders' affairs, legal affairs and other relevant departments based on the their duties.	Description
(I) Does the Company establish internal operating procedures to handle Shareholder's suggestions, doubts, disputes, and lawsuits, and implemented such procedures?				
(II) Has the Company possessed a list of the major Shareholders who actually control the Company, and the ultimate owners of these major shareholders?	✓		(II) The Company has possessed a list of the major Shareholders who actually control the Company, and the ultimate owners of these major shareholders	No deviation
(III) Has the Company established and implemented risk control and firewall systems with its affiliate companies?	✓		(III) As for internal control system, the Company has formulated the management rules such as "Subsidiary Supervision and Management Operations" and "Related Person Transaction Management Operations", etc. to specify the management rights and responsibilities as well as control methods related to affiliated companies. It supervises the establishment and implementation of necessary internal control systems by subsidiaries. If there are business with affiliated companies, they are deemed as independent third parties, and abnormal transactions are completely eradicate, so as to establish a good risk control	No deviation
(IV) Has the Company formulated internal rules prohibiting the Company's insiders from trading securities by using information not disclosed to the market?	✓		(IV) The Company has formulated the "Codes of Ethical Conduct", the "Guidelines for the Adoption of Codes of Ethical Conduct for a director, or managerial officer", and the "Management Procedures for Disposal of Internal Significant Information and Prevention of Insider Transactions", etc., expressly prohibiting the occurrence of related incidents.	No deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
III. Composition and duties of the Board of Directors				
(I) Has the Board of Directors established and implemented diversity policies for its composition?	✓		(I) In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company has formulated the “Diversity Policy for the Members of Board of Directors”, and disclosed the Policy on the Company website and the Market Observation Post System (MOPS), and selected the members of the Board of Directors according to the policy. Implementation status is as follows: <ul style="list-style-type: none"> • The Company has set up nine Directors to meet the Company’s needs for development. • The Company’s female Directors account for 1/3 of all Directors. • The professionals with different professional backgrounds in technology, management, industry, accounting, and laws, etc. have been elected to serve as the members of the Company’s Board of Directors. • Independent Directors hold the positions of the Company’s Independent Directors for no more than three terms. 	No deviation
(II) In addition to the Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?	✓		(II) The Company will establish Special Committee for Mergers and Acquisitions, in accordance with the Business Mergers and Acquisitions Act and the Organizational Rules for the Special Committee for Mergers and Acquisitions, to perform relevant businesses, if the Company needs to deal with mergers and	No deviation
(III) Has the Company established the measures to evaluate the performance of the Board of Directors, and does the Company implement performance evaluation annually? Does it report the performance evaluation results to the Board of Directors and use them as a reference for individual Director's remuneration and nomination of term renewal?	✓		(III) The Company has formulated the Board of Directors’ Performance Evaluation Regulations, and it conducts performance evaluation annually, reports the results of the performance evaluation and submits the information at the Board of Directors’ meeting in the first quarter of the next year, and adopts them as a reference for relevant remuneration and nomination.	No deviation
(IV) Does the Company regularly assess on the independence of CPAs?	✓		(IV) The Company assesses the independence of CPAs annually, and fills in Assessment Form and submits it to the Board of Directors for review together with the Independence Statements issued by CPAs; The contents of the assessment is that whether the CPAs comply with Article 47 of the CPA Act, whether they have been punished by the FSC, and whether they have visa experience in related industries,	No deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			etc. The 2021 assessment has been approved by the Board of Directors on March 24, 2021.	
IV. Does the Company appoint adequate and appropriate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing Directors and Supervisors with their required information for business execution, assisting Directors and Supervisors in following laws and regulations, handling matters in relation to the Board of Directors' meetings and Shareholders' Meetings, and keeping minutes of the Board of Directors meetings and Shareholders' Meetings according to law)?		✓	<p>The Company's Shareholders' Affairs Department is responsible for providing Directors with their required information for business execution, handling matters in relation to the meetings of Audit Committee, Board of Directors, and Shareholders' Meetings, and keeping meeting minutes, conducting registration and change registration for the Company, handling the Company's information disclosure and other businesses, and providing the basis for assessment on corporate governance. The Company is expected to establish a corporate governance officer by the end of June 2021.</p> <p>Implementation of corporate governance by Shareholders' Affairs Department in 2020 was as follows:</p> <ol style="list-style-type: none"> 1. Provided the members of the Board of Directors with the financial and business information, changes to laws and regulations, and other related information required for operating, from time to time. 2. Dealt with the affairs related to the meetings of the Audit Committee, the Board of Directors, and the Shareholders' Meeting, and implemented related issues, in accordance with laws. 3. Was responsible for the disclosure of information on the Company's MOPS. 4. Handled change registration for the Company. 5. Made cooperation in the assessment on corporate governance to strengthen corporate governance. 	Subject to the regulations of competent authority, the Company shall establish a corporate governance officer by the end of June 2021.
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?	✓		<p>The Company has established a dedicated section for stakeholders, and it communicates with stakeholders in the following ways.</p> <p>(I) Company website: Provide the Company's contact methods, and update the various information related to the Company.</p> <p>(II) Industry value chain information platform: The Company's business philosophy, product information, etc. can be inquired on the common platform established by the counter-based purchase center.</p> <p>(III) Daily communication: Dedicated units are set for different stakeholders to maintain communication with them through daily meetings, visits, phone calls, emails, etc.</p> <p>(IV) Exchanges in the industry: Actively participate in the representative organizations</p>	No deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			and related activities in the academic and industrial circles, such as GSA, TSIA, labor union of the Park, so as to maintain a good communication with the overall industry.	
VI. Does the Company appoint a professional shareholder service agency to deal with the affairs of Shareholders' Meeting?	✓		The Company has entrusted the Shareholder Service Department of CTBC to deal with the affairs of the Company's Shareholders' Meeting act an agency.	No deviation
VII. Information disclosure				
(I) Has the Company established a corporate website to disclose information regarding the Company's financial, business, and corporate governance status?	✓		(I) The Company has established a corporate website both in Chinese and English to disclose various related information.	No deviation
(II) Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating dedicated persons to be responsible for collection and disclosure of the Company's information, implementing spokesperson system, webcasting investors' conference, etc.)?	✓		(II) In addition to the corporate website both in Chinese and English, the Company has adopted the following information disclosure methods: 1. The Company has established Corporate Communication Department, Shareholders' Affairs Department, and other related units for dedicated persons to collect and disclose the Group's information based on their duties. 2. The Company has established a spokesperson system, and it provides its contact information on the Company's website for investors to contact with the Company and inquire about the Company's publicized information; if the Company will hold investors' conference, the information related thereto will also be put on its website for investors' reference.	No deviation
(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?		✓	(III) In 2020, the Company announces and declares its financial reports as well as its operating conditions of each month by the deadline stipulated by competent authority.	Description
VIII. 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, care for employees, investor relations, supplier relations, stakeholder	✓		(I) The Company's organizational structure and management, internal control system, corporate governance-related rules, corporate social responsibility policies, the dedicated sections for stakeholders, and other related contents have been disclosed on the Company website. (II) The information about the continued education of the members of the Company's	No deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
rights, Directors' and Supervisors' continued education, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and purchase of liability insurance by the Company for its Directors and Supervisors)?			Board of Directors has been disclosed on the MOPS. (III) The Company purchases director, supervisor and important employee liability insurance for its Board of Directors' members and important personnel every year. Such insurance purchased in 2020 has been reported to the Board of Directors on November 12, 2020, and disclosed on the MOPS.	
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center in the most recent year, and provide the priorities and plans for improvement with items yet to be improved. (I) In the 6th (2019) corporate governance evaluation, the Company was in the 36%~50% among the listed companies, maintaining the same level in the 5th (2018) corporate governance evaluation. As of March 31, 2021, the competent authority has not announced the result of the 7th (2020) corporate governance evaluation. In the future, the Company will optimize corporate governance related matters gradually depending on its status. (II) The Company makes cooperation in corporate governance evaluation, revises the corporate governance related rules, evaluates and improves the information disclosed in its annual reports and on its website, and improves the completeness of the description of various indicators.				

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

1. Information on the Remuneration Committee Members

Title	Qualifications	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience			Compliance with Independence										Number of Other Public Companies where the Individual Concurrently Serves as a Remuneration Committee Member	Note
		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	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		
Independent Director	Ai-Chen, Wang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	None
Independent Director	Jen-Hung, Tseng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Others	Hsiang-Lan, Kuo			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None

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

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a Director or Supervisor of the Company or any of its affiliated companies. Not applicable in cases where the person is an Independent Director of the Company, and its parent company, subsidiary, or the subsidiary under the same one parent company appointed according to these Regulations or local laws and regulations.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, children (minors), 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 ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of the Managerial Officers specified in preceding (1) subparagraph, or of any of the persons specified in the preceding (2) and (3) subparagraphs.
- (5) Not a Director, Supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings or any of the authorized representatives of a company referred to in Paragraphs I and II of Article 27 of the Company Act (Not applicable in cases where the person is an Independent Director of the Company, and its parent company, subsidiary, or the subsidiary under the same one parent company appointed according to these Regulations or local laws and regulations).
- (6) Not a Director, Supervisor, or employee of other company who has a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person (Not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary under the same one parent company appointed according to these Regulations or local laws and regulations).
- (7) Not a Director, Supervisor, or employee of other company or institutions who is the Chairman, General Manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses (Not applicable in cases where the person is an Independent Director of the Company, and its parent company, subsidiary, or the subsidiary under the same one parent company appointed according to these Regulations or local laws and regulations).
- (8) Not a Director, Supervisor, Managerial Officer, or shareholder with over 5% shareholding of any specific company or institution which has financial or business relationships with the Company (Not applicable in cases where the specific company or institution holds more than 20% but less than 50% of the total issued shares of the Company, and is an Independent Director of the Company, and its parent company, subsidiary, or the subsidiary under the same one parent company appointed according to these Regulations or local laws and regulations).
- (9) Not a professional or the owner, partner, Director, Supervisor, or Managerial Officer of any sole proprietorship, partnership, company, or institution in business, legal, financial, or accounting, or consulting services, and their spouse who or which provided auditing to, or obtained less than NT\$500,000 remuneration accumulatively in the most recent two years from, the Company or its affiliated companies. 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. Duties of Remuneration Committee

The Remuneration Committee of the Company shall exercise the care of an administrator with good faith, faithfully fulfill the following functions and powers, and submit the suggestions to the Board of Directors for discussion.

- (1) Review these Regulations and make amendment suggestions as appropriate in response to environmental change.
- (2) Establish and regularly review the Company's Directors' and Managerial Officers' performance evaluation and remuneration policies, systems, standards, and structure.
- (3) Regularly assess and determine the Director's and Managerial Officer's remuneration.

3. Information on the Operations of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members in total.
- (2) Term of this Remuneration Committee: June 27, 2018 to June 14, 2021. 2 Remuneration Committee meetings were held in 2020. The qualifications and attendance of the members was as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Convener	Ai-Chen, Wang	2	0	100%	None
Committee Member	Jen-Hung, Tseng	2	0	100%	None
Committee Member	Hsiang-Lan, Kuo	2	0	100%	None
<p>■ Other matters to be recorded:</p> <p>I. If the Board of Directors declines to adopt or revise a suggestion of the Remuneration Committee, the dates, sessions of the meetings, contents of proposals, Board of Directors' resolutions, and the Company's response to such resolutions shall be specified: None.</p> <p>II. If there are recorded or written resolutions of the Remuneration Committee to which members have objections or reservations, the dates, sessions of the meetings, contents of proposals, all members' opinions, and the Company's response to such resolutions shall be specified: None.</p>					

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

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
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?	✓		The Company implements risk management, according to the materiality of risks and prior improvement directions, strategies, and responsive measures determined based on the Company's operating status and various indicators, after making risk evaluation and analysis based on the needs and expectations of all stakeholders for various related issues as well as the advantages and disadvantages in and outside the organization, and the Company has formulated the "Organization Situation and Risk Management Procedures for Stakeholders" and other related risk management policies for compliance.	No deviation
(II) Does the Company establish exclusively (or concurrently) dedicated units to promote corporate social responsibility, and allow senior managements authorized by the Board of Directors to propose and report the handling situation to the Board of Director?		✓	The Company's various departments are responsible for complying with the Corporate Social Responsibility Best Practice Principles and related policies formulated by the Company to perform corporate social responsibility.	Description
III. Environmental issues				
(I) Does the Company establish proper environmental management systems based on the characteristics of its industry?	✓		(I) The Company has established proper environmental management systems based on the characteristics of its industry. In addition to meeting the requirements of EU Restriction of Hazardous Substances Directive (RoHS-2011/65/EU) and thus being recognized by major international manufacturers as a green partner, the Company has obtained ISO 14001 environmental management system certification, and it continues to improve environmental performance, formulate relevant management rules on environmentally restricted substances, and complete the adjustments to design and production processes.	No deviation
(II) Does the Company is committed to utilizing all resources more efficiently and using renewable materials which have low impact on the environment?	✓		(II) The Company improves the utilization efficiency of resources through recycling of product packaging materials, composting and recycling of dry branches and fallen leaves, recycling of the heat generated by freezers and the drainage of cooling water towers, as well as other measures, and implements control on environmentally restricted substances for outsourcers and suppliers.	No deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof												
	Yes	No	Description													
(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?	✓		(III) The Company has evaluated the potential risks and opportunities in climate change with regard to the present and future of its business, and it has formulated and it implements various strategies, such as classification of plastic wastes, control over sanitary consumables, improvement of freezer balance, reduction of disposable tableware and paper cups, setting of the water temperature of cooling water towers, limitation and control over air-conditioning temperature, automatic sensor lighting and inspection, adjustment to electric power factor, more than 90% use of rechargeable batteries, promoting employees to take park tour bus, etc., as well as replacement of heat dissipation materials by updating Led lamp and using the equipment with frequency conversion function, and other measures.	No deviation												
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of wastes in the last two years, and formulate policies on energy saving and carbon reduction, greenhouse gas reduction, water reduction, or wastes management?	✓		(IV) The Company has made statistics of relevant information, and formulated the above management policies to respond thereto. The Company is expected to take reduction of 1% carbon emission per year in the future three years as its goals for energy saving as well as carbon and greenhouse gas reduction. <table><tr><th>Item/Year</th><th>2019</th><th>2020</th></tr><tr><td>Carbon Emission</td><td>3,230 tons of CO2e/year</td><td>3,052 tons of CO2e/year</td></tr><tr><td>Water Consumption</td><td>56 thousand cubic meters</td><td>69 thousand cubic meters</td></tr><tr><td>Total Wastes</td><td>33 thousand tons</td><td>35 thousand tons</td></tr></table>	Item/Year	2019	2020	Carbon Emission	3,230 tons of CO2e/year	3,052 tons of CO2e/year	Water Consumption	56 thousand cubic meters	69 thousand cubic meters	Total Wastes	33 thousand tons	35 thousand tons	No deviation
Item/Year	2019	2020														
Carbon Emission	3,230 tons of CO2e/year	3,052 tons of CO2e/year														
Water Consumption	56 thousand cubic meters	69 thousand cubic meters														
Total Wastes	33 thousand tons	35 thousand tons														
IV. Social issues																
(I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company’s appointment policy complies with internationally recognized international conventions (including the "Universal Declaration of Human Rights", "International Covenant on Economic, Social and Cultural Rights", “International Covenant on Civil and Political Rights”, and “Declaration of Fundamental Principles and Rights of the International Labor Organization”, as well as other laws and regulations. The Company does not treat people in different ways due to their race, socioeconomic class, language, ideology, religion, party, birthplace, gender, marriage, appearance, physical obstacles or previous union memberships. The Company has established appropriate internal management methods and procedures, and regularly accepts the audit conducted by its internal units, certification units and customers, so as to ensure the implementation	No deviation												

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) Has the Company established and does it implement reasonable benefits for employees (including remuneration, leave, and other benefits), and reflects the business performance or results in employee's remuneration appropriately?	✓		(II) As for the Company's benefits to its employees, the Company provides its employees with the flexible leave superior to that stipulated by Labor Standard Act, in addition to compliance with Labor Standard Act, as well as related laws and regulations. Remuneration: The Company has established internally the bonus payment principles and incentive bonus implementation methods, and it provides employee with stock trusts and employee stock options to reward employees. Other benefits: The Company has established Employee Benefit Committee, group insurance measures, health examinations for senior managers, as well as marriage, funeral, celebration, paternal, and emergency subsidiaries, and it provides family security services to take and send employee's child(ren) after school for free, after-school guidance, and other childcare measures. The Company was awarded the "Friendly Workplace" certification mark granted by the Labor Committee of Executive Yuan in 2008, commended by the Labor Committee of Executive Yuan as an excellent EAPs business unit in 2011, and granted with the Family LOHAS Award and Health LOHAS Award in the first "Work-Life Balance Award" granted by the Ministry of Labor in 2014.	No deviation
(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?	✓		(III) The Company has established a healthy and safe working environment, by introducing effective methods, technologies and equipment, to prevent occupational disasters and diseases, improve employee's morale and health, and maintain product quality and service level. And the Company has set work safety management goals, and it regularly tracks, improves and formulates standardized emergency response procedures, provides various safety response drills as well as first aid educations and trainings every year, and offers health examination as well as safety and health education, etc. to employees, and it has passed the International Standards ISO 45001 Occupational Health and Safety Management Systems - Requirements: 2018.	No deviation
(IV) Does the Company provide its employees with effective career ability development and training plans?	✓		(IV) The Company plans for and encourages employees to accept continued education, and provides them with continued education courses, channels, subsidies and leave, as well as continued education without payment but with positions kept, based on their functions and class, so as to improve their professional skills and encourage diversified development.	No deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(V) Does the Company's products and services comply with related regulations and international rules for customers' health and safety, privacy, marketing, and marks, and set related policies and compliant procedures to protect consumers' rights and interest?	✓		(V) The Company has obtained ISO 9001:2015 and other international certifications to ensure that customers satisfy with its product quality and services, and established customer communication channels. And it complies with international rules and relevant regulations to safeguard customer's safety and privacy. The Company also has formulated the "Procedures for Management of the Relationships with Customers", the "Procedures for Dealing with Customer Complaints", the "Packaging Operation Methods", as well as other measures and policies related to consumer rights and interests.	No deviation
(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?	✓		(VI) In order to achieve a sustainable development of the supply chain, the Company has formulated the "Supplier Management Procedures" and other related procedures managing suppliers in accordance with RoHS, Supply Chain Security Management System (C-TPAT), Code of Conduct - Responsible Business Alliance (RBA), and other relevant international regulations, and it implements the following policies for supply chain, so as to work together to improve corporate social responsibility: 1. Require suppliers to sign "EICC (RBA) Code of Conduct", "Environmental Protection Statement", "Non-use of Conflict Minerals Statement", and other related documents. 2. Etron's outsourcers shall have IECQ QC080000 or SONY GP (Green Partner) certification, sign the "Environmental Protection Statement", and provide the RoHS ICP test report on various raw materials issued by third-party laboratories to confirm the composition of hazardous substances, and they may be listed into the list of qualified suppliers after they are qualified as evaluated by the Company, in order to promote green procurement. 3. Require suppliers to establish an environmental, safety and health management system, and urge them to promote their sub-suppliers to implement Etron's environmentally restricted substances management and establish environmentally restricted substances system. 4. Regularly review and audit internal and external labor, ethics, environmental safety and health to confirm the effectiveness of the management system.	No deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
V. Does the Company refer to internationally-used standards or guidelines for the preparation of reports to prepare CSR and other reports to disclose the Company's non-financial information? Are the reports certified or assured by a third-party accreditation body?		✓	The Company does not prepare corporate social responsibility report yet.	The Company does not have to prepare corporate social responsibility report at present.
VI. If the Company has established corporate social responsibility best-practice principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", describe the implementation and any deviations from such principles: The Company has established "Etron Corporate Social Responsibility Best Practice Principles" based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" to fulfill its corporate social responsibility and promote the balance among and sustainable development of economy, society and environmental ecology. The actual implementation status is consistent with the Principles formulated by the Company.				
VII. Other important information to facilitate a better understanding of corporate social responsibility practices: (I) The Company has implemented and promoted corporate social responsibility from the five aspects, i.e. labor, health and safety, environment, ethics, and management system, in accordance with the Code of Conduct - Responsible Business Alliance (RBA), and made disclosure the Company website. (II) Please refer to the Company website (http://www.etrn.com.tw/tw/aboutus/rba.php) for further information about the implementation of corporate social responsibility.				

(VI) Implementation of ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(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?	✓		(I) The Company has established the “Codes of Ethical Conduct”, the “Guidelines for the Adoption of Codes of Ethical Conduct for A Director, or Managerial Officer”, and “Etron Ethical Corporate Management Best Practice Principles”, as approved by the Board of Directors, requiring the Board of Directors, senior managements and all employees to make commitment for and actively implement ethical corporate management.	No deviation
(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis the 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 the prevention measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) The Company has established the “Guidelines for the Adoption of Codes of Ethical Conduct for a Director, or Managerial Officer”, the “Codes of Ethical Conduct”, “Etron Ethical Corporate Management Best Practice Principles”, “Etron Corporate Social Responsibility Best Practice Principles”, and other related rules, in order to allow its employees to be aware of and understand ethical acts, and it will publish its internal PDMS in ethical management-related rules and documents for employee’s inquiry at any time. In addition, the Company has established accounting system and internal control system. The internal auditors and external auditors regularly and irregularly inspect and review the compliance with and implementation of the said systems.	Description
(III) Has the Company provided any solutions to prevent the unethical conducts, and specify the definite procedures, conduct guidelines, punishment for violation as well as appeals system, and put them into practice, and review and revise on a regular basis the aforesaid solutions?	✓		(III) The Company has established related rules, specifying the definite procedures, conduct guidelines, punishment for violation as well as appeals system, and put them into practice, review the aforesaid solutions regularly, and revise them depending on actual situation.	No deviation
II. Implementation of ethical corporate management				
(I) Does the Company evaluate counterparties' ethical records and expressly specify ethics-related clauses in the business contracts signed with counterparties?	✓		(I) The Company makes relevant evaluations on all of its counterparties, and signs similar clauses. In the future, it will continue to comprehensively implement the policies of signing relevant	No deviation

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			statements with its counterparties or incorporating such clauses into the contracts.	
(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?		✓	(II) The Company is committed to promoting the matters related to corporate social responsibility and ethical corporate management. However, no regular report is made to the Board of Directors at present.	Description
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) The Company has specified related policies in the “Codes of Ethical Conduct”, and required employees to sign relevant commitments upon employing them, and has set up whistle-blowing systems on the Company's internal and external websites. If any reports are accepted, a special team will be established to make investigation.	No deviation
(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 has established effective accounting systems and internal control systems, and had its internal audit unit to conduct regular audit to ensure their design and implementation continue to be effective, and entrusted a CPA to conduct the audit.	No deviation
(V) Does the Company regularly hold internal and external educations and trainings on ethical management?	✓		(V) The Company holds 4 labor-management meetings every year, and promotes ethical management in the meetings, and it includes ethical management in the irregular educations and trainings held for new employees which were held for 22 times in 2020.	No deviation

III. Operation of the whistle-blowing system				
(I) Does the Company establish specific whistle-blowing system, reward/punishment system, and convenient whistle-blowing channels, and appoint proper dedicated person for the whistle-blowing objects?	✓		(I) In case of serious violation by any employee, necessary criminal and civil lawsuits will be made against him/her in accordance with laws, in addition to appropriate handling or termination of employment according to internal rules. Employees may submit reports to their direct supervisors or human resources supervisor via e-mail, whistle-blowing hotline, or confidential written documents. If the report is accepted, a special team will be established to make investigation.	No deviation
(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) The Company has established the "Codes of Ethical Conduct". There are clear operating procedures for making complaints, investigations, and completion of investigations. The Company keeps confidential all related personnel who report or are reported.	Description
(III) Does the Company take measures to protect whistleblowers against improper treatment due to whistle-blowing?	✓		(III) The Company shall be obligated to keep confidential the identity of whistleblowers. If it is deemed as necessary during the investigation, the whistleblowers and the reported persons may be notified to make explanation, provide evidences, or conduct defend separately, so as to prevent whistleblowers from being treated improperly due to the whistle-blowing.	No deviation
IV. Enhanced disclosure of information		✓		
(I) Does the Company disclose its Ethical Corporate Management Best Practice Principles and the results of its implementation on the Company website and MOPS?			The Company has disclosed its Ethical Corporate Management Best Practice Principles on the Company website and MOPS. Please refer to http://www.etrn.com.tw/tw/ir/audit.php? #01	There's no significant deviation, except for the effectiveness of its
V. If the Company has established its Ethical Corporate Management Best Practice Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe any deviation of implementation from the Principles: The Company's has established "Etron Ethical Corporate Management Best Practice Principles" requiring all Etron employees to conduct businesses under the Principles, so as to establish the corporate culture and sound development of ethical management. No deviation of implementation from the Principles formulated by the Company.				
VI. Other important information to facilitate the understanding of the implementation of ethical corporate management: The Company also has established the "Codes of Ethical Conduct" expressly specifying the terms and provisions related to employees' acts and code of ethics.				

(VII) Method for Inquiring the "Corporate Governance Best Practice Principles" and Relevant Regulations

1. Refer to the Company's website (<http://www.etrn.com.tw>) for downloads related to investment relations and corporate governance.
2. The Company has established its related rules for corporate governance. Please refer to Market Observation Post System.

(VIII) Other important information to facilitate a better understanding of the Company's corporate governance implementation status: none

(IX) Implementation status of internal control system

1. Statement on Internal Control

Etron Technology, Inc.
Statement on Internal Control System

Date: March 24, 2021

The Company hereby states the results of the self-evaluation on the internal control system for 2020 as follows:

- I. The Company duly understands that it is the responsibility of its Board of Directors and Managerial Officers to establish, implement, and maintain an internal control system, and the Company has established such system. Its purpose is to reasonably ensure the achievement of the goals for the effectiveness and efficiency of operations (including income, performance, and asset safety), the reliability, timeliness, and transparency of reporting, 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 the changes in environment and circumstances. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate correction 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 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. 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 said criteria.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 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 disclosed to the public. Any falsehood, concealment, or other illegality in the contents disclosed to the public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. It is hereby stated that this Statement was approved by the Board of Directors on March 24, 2021, and none of the nine Directors in attendance objected to it and all consented to the contents expressed in this Statement.

Etron Technology, Inc.

Chairman & CEO: Nicky Lu

General Manager: Elvis Deng

2. If a CPA has been engaged to carry out an audit on the internal control system, the CPA audit report shall be disclosed: None.
- (X) Penalty imposed on the Company or its personnel in accordance with laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules in 2020 and as of the date of the publication of the Annual Report, as well as details of the penalties, major deficiencies and subsequent improvements if any possible significant impact of the penalties on shareholder's interests or security price: None.
- (XI) Important Resolutions made by the Shareholders' Meeting and Board of Directors in 2020 and As of the Date of Publication of the Annual Report
1. Important Resolutions made by the Shareholders' Meeting and Implementation Status

Proposal in 2020 Shareholders' Meeting	Subsequent Implementation Status
Proposal for ratification of the Company's 2019 Business Report and Financial Statement.	N/A
Ratification of the Company's 2019 Loss Recovery Plan	N/A
Amendment to Articles of Incorporation	The amended one have become effective and applicable on the current day when they were approved by the Shareholders' Meeting
Proposal for amendment to the "Regulations Governing the Election of Directors"	The amended one have become effective and applicable on the current day when they were approved by the Shareholders' Meeting
Proposal for capital decrease for loss recovery	This proposal was approved by the JGZFF No. 1090346676 document issued by FSC of the Executive Yuan on June 23, 2020. Capital decrease was approved and registered by ZSZ No. 1090019261 document issued by Hsinchu Science Park Administration of the Ministry of Science and Technology on July 9, 2020. And the capital decrease and change of stock certificates were
Proposal for private offering of ordinary shares for cash capital increase	It was approved by the Board of Directors on March 24, 2021 that not to continue to handle this proposal, and it will be reported at 2021 Shareholders' Meeting
Proposal for re-election of an Independent Director	Election of Ms. Yun-Chieh, Huang to act as an Independent Director

2. Important resolutions made by the Board of Directors

Date	Session	Summary
2/24/2020	The 8th session of the 10th meeting	<ul style="list-style-type: none"> ■ 2019 Final Statement ■ 2019 Loss Recovery Plan ■ 2019 Statement on Internal Control System ■ Proposal for capital decrease for loss recovery ■ Proposal for not to proceed with the private security offering approved at 2019 Regular Shareholders' Meeting ■ Proposal for private offering of ordinary shares for cash capital increase ■ Proposal for amendments to the "Article of Incorporation" and "Regulations Governing the Election of Directors." ■ Proposal for re-election of an Independent Director and nomination of Independent Director candidate ■ List of nominated Independent Director candidates ■ Matters related to convening 2020 Regular Shareholders' Meeting ■ Proposal for change to the Audit Supervisor

Date	Session	Summary
5/7/2020	The 9th session of the 10th meeting	<ul style="list-style-type: none"> ■ Consolidated Financial Report for the first quarter of 2020 ■ Proposal for amendment to the "Internal Control System" and "Internal Audit Rules"
8/11/2020	The 10th session of the 10th meeting	<ul style="list-style-type: none"> ■ Consolidated Financial Report for the second quarter of 2020 ■ Business plan for capital decrease and change of stock certificates ■ Proposal for issuance of ordinary shares for cash capital increase
11/12/2020	The 11th session of the 10th meeting	<ul style="list-style-type: none"> ■ Consolidated Financial Report for the third quarter of 2020 ■ 2021 audit plan
3/24/2021	The 12th session of the 10th meeting	<ul style="list-style-type: none"> ■ 2020 Final Statement ■ 2020 Loss Recovery Plan ■ 2020 Statement on Internal Control System ■ Proposal for not to proceed with the private security offering approved at 2020 Regular Shareholders' Meeting ■ Proposal for Re-election and acceptance of nomination for the Board of Directors ■ The list of candidates to be nominated by the Board of Directors and the proposal for releasing the non-competition restrictions on new Directors at the Regular Shareholders' Meeting ■ Matters related to convening 2021 Regular Shareholders' Meeting ■ 2021 business plan

- (XII) If there are recorded or written important resolutions approved by the Board of Directors to which Directors or Audit Committee have/has different opinions in 2020 and as of the date of publication of the Annual Report, their major contents shall be specified: None.
- (XIII) Resignation or dismissal of the Company's Chairman, General Manager, Chief Accounting Officer, Chief Financial Officer, Internal Audit Supervisor, Chief Governance Officer, and R&D Director, etc. in 2020 and as of the date of publication of the Annual Report

POSITION	NAME	DATE OF APPOINTMENT	DATE OF TERMINATION	REASONS FOR RESIGNATION OR DISMISSAL
Internal Audit Supervisor	Li-Fen, Lu	3/25/2014 (Note)	2/24/2020	Changed into a special assistant in the Group

Note: Fill in the date when taking the office of udit Supervisor.

V. Information on CPA Professional Fees

(I) CPA Professional Fees

Unit: NT\$ thousand

Name of CPA Firm	Name of CPA	Audit Fees	Non-audit Fees					Audit Period	Note
			System Design	Company Registration	Human Resources	Others	Subtotal		
PricewaterhouseCoopers, Taiwan	Tsai-Yen, Chiang, Fang-Yu, Wen	6,300	0	240	0	800	1,040	1/1/2020 ~ 12/31/2020	NT\$800 thousand of non-audit fees was the fees for auditing pricing report in 2020.

(II) When the CPA Firm is changed, and decrease in the audit fees paid for the year when such change is made as compared with the previous year: None.

(III) Audit fees paid for the year are at least 10% less than those paid for the previous year: None.

VI. Information on Replacement of CPA

(I) Regarding the former CPAs

Date of Replacement		March 23, 2018	
Replacement Reasons and Explanations		Internal adjustment of PricewaterhouseCoopers, Taiwan	
Termination or refusal of appointment by the Company the CPAs	Party	CPA	The Company
	Condition		
	Termination by the Company	N/A	N/A
	Termination by the CPAs	N/A	N/A
Opinions (Other than Unmodified Opinions) in the Past 2 Years and Reasons		N/A	
Deviation form the Issuer		Yes	Accounting Principles or Practices
			Disclosure of Financial Reports
			Audit Scope or Steps
			Other
		None	✓
		Description: N/A	
Other Disclosures		N/A	

(II) Regarding the succeeding CPAs

Name of CPA Firm	PricewaterhouseCoopers, Taiwan
Name of CPA	Tsai-Yen, Chiang/Fang-Yu, Wen
Date of Appointment	March 23, 2018
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	N/A
Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

- (III) Former CPAs' reply to disclosures under items 1 and 2-3, subparagraph 6, Article 10 of the Guidelines for the Items to be Recorded in the Annual Reports of Public Companies: N/A.

VII. The Company's Chairman, General Managers, or Managerial Officers in Charge of Finance or Accounting Held any Positions in CPA Firm or Its Affiliates in the Most Recent One Year

None

VIII. Change in the Shareholding of and the Shares Pledged by the Directors, Managerial Officers, and Shareholders Holding More Than 10% Shares in the Company

- (I) Change in the shareholding of the Directors, Managerial Officers, and major shareholders

Position	Name	2020		The year as of April 19, 2021	
		Shareholding Increase (Decrease)	Pledged Shares Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shares Increase (Decrease)
Chairman & CEO	Nicky Lu	100,000 (14,502,101)	0	0	0
Director	Chiu Chiang Investment Co.,Ltd.	108,004 (626,521)	0	0	0
Director and General Manager	Elvis Deng	87,290 (499,800)	0	0	0
Director	Kai Chun Investment Corp.	927 (5,380)	0	0	0
Independent Director	Ai-Chen, Wang	0	0	0	0
Independent Director	Jen-Hung, Tseng	0	0	0	0
Independent Director	Chia-Ying, Chen (Note 1)	0	0	N/A	N/A
Independent Director	Yun-Chieh, Huang (Note 1)	0	0	0	0
Director Representative and Senior Deputy General Manager	David Leu	99,054 (27,224)	0	0	0
Senior Deputy General Manager and R&D Director	Bor-Dooou Rong	73,781 (576,863)	0	0	0
Deputy General Manager and R&D Director	Chun Shiah	(6,210)	0	294,000	0
Deputy General Manager	Wan-Ta, Kan (Note 1)	(10,996)	0	0	0
Deputy General Manager	Kuo, Ming-Hong (Note 1)	N/A	N/A	0	0
Assistant Manager	Mei-li, Lin	0	0	0	0
Assistant Manager	Wen-Chi, Wang	130,317 (330,087)	0	0	0
Assistant Manager	Hung, Fu-Yung	(33,360)	0	0	0
Assistant Manager	Li-Fen, Lu (Note 1)	0	0	N/A	N/A
Assistant Manager	Chung, Jung-Kun (Note 1)	(48)	0	0	0
Assistant Manager	Yao, Tzu-Chin (Note 1)	0	0	0	0

Position	Name	2020		The year as of April 19, 2021	
		Shareholding Increase (Decrease)	Pledged Shares Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shares Increase (Decrease)
Chief Financial Officer	Hsieh, Jui-Ling	0	0	0	0
Chief Accounting Officer	Cheng, Yu-Chia	11,255 (12,670)	0	0	0

Note 1: Chia-Ying, Chen was released of her office on January 14, 2020; Yun-Chieh, Huang took the office on May 13, 2020; Wan-Ta, Kan retired on January 15, 2021; Kuo, Ming-Hong took the office on January 14, 2021; Li-Fen, Lu was released of her office on February 29, 2020; Chung, Jung-Kun and Yao, Tzu-Chin took the office on August 15, 2020; This Table only discloses the changes in their shareholding during their tenure.

Note 2: The Company conducted capital decrease for loss recovery in 2020 (capital decrease ratio: about 49.98%), thus the changes in shareholding in 2020 also includes the changes in shareholding caused by capital decrease and cash capital increase.

(II) Shares pledged: None.

(II) Equity changed: None.

IX. Relationship among the Top 10 Shareholders in Shareholding Percentage

April 19, 2021; Unit: shares, %

NAME	CURRENT SHAREHOLDING		SPOUSE & MINOR CHILD(REN) SHAREHOLDING		SHAREHOLDING UNDER OTHERS' NAMES		AMONG THE TOP TEN SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANY ONE WHO IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP		NOTE
	Number of Shares	Sharehoding %	Number of Shares	Sharehoding %	Number of Shares	Sharehoding %	Name	Relationship	
Nicky Lu	14,613,757	5.46	11,380,694	4.25	0	0.00	Shu-Chuan, Liao	Spouse	NONE
							Min-Chuan, Liao	Relative within the Second Degree of Kinship	
Shu-Chuan, Liao	11,380,694	4.25	14,613,757	5.46	0	0.00	Nicky Lu	Spouse	NONE
							Min-Chuan, Liao	Relative within the Second Degree of Kinship	
Mei-Chen, Liao	4,112,885	1.54	2,300,053	0.86	0	0.00	Ming-Yu, Tsai	Spouse	NONE
JPMorgan Chase Bank N.A. Taipei Branch - Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	2,881,960	1.08	N/A						NONE
Ming-Yu, Tsai	2,300,053	0.86	4,112,885	1.54	0	0.00	Min-Chuan, Liao	Spouse	NONE
JPMorgan Chase Bank N.A. - Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1,812,651	0.68	N/A						NONE
Min-Chuan, Liao	1,714,185	0.64	0	0.00	0	0.00	Nicky Lu	Relative within the Second Degree of Kinship	NONE
							Shu-Chuan, Liao	Relative within the Second Degree of Kinship	
Baolu Management Consulting Co.Ltd	1,240,851	0.46	N/A						NONE
Citibank - Barclays Capital Securities Ltd., SBL/PB	1,240,004	0.46	N/A						NONE
JPMorgan Chase Bank N.A. - JP Morgan Securities LLC	1,196,307	0.45	N/A						NONE

X. Number of Shares and Total Equity Stake Held in the Same Reinvested Companies by the Company, Its Directors, Managerial Officers, and Any Companies Controlled Directly or Indirectly by the Company

December 31, 2020; Unit: shares, %

Re-invested Business	Investment by the Company		Investment by Directors, Managerial Officers and by the companies directly or indirectly controlled by the Company		Comprehensive Investment	
	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %
Eutrend Technology, Inc.	2,702,522	93.57	54	0.00	2,702,576	93.57
Kinglord Corp.	25,458	100.00	0	0.00	25,458	100.00
Plusway Corp.	9,485	100.00	0	0.00	9,485	100.00
Kingwell Investment Corp.	13,183,000	100.00	0	0.00	13,183,000	100.00
Kingcharm Investment Corp.	18,000,000	100.00	0	0.00	18,000,000	100.00
Intercosmos Group Ltd.	8,062	100.00	0	0.00	8,062	100.00
Creative Ally Limited	3,720	100.00	0	0.00	3,720	100.00
Invention and Collaboration Laboratory, Inc.	300,000	100.00	0	0.00	300,000	100.00
eEver Technology Limited	14,250,001	50.42	6,230,978	22.05	20,480,979	72.47
eYs3D Microelectronics, Inc.	25,765,272	61.22	6,848,484	16.27	32,613,756	77.49
eCapture Ltd. Co.	11,666,667	100.00	0	0.00	11,666,667	100.00
Insignis Technologies, Inc.	24,500,000	100.00	0	0.00	24,500,000	100.00
DeCloak Intelligences Co.	450,000	62.94	200,000	27.97	650,000	90.91

Note: It is the long-term investment made by the Company by adopting equity method.

Chapter IV. Capital Overview

I. Capital and Shares

(I) Source of capital

1. formation of capital stock

April 19, 2021

Year	Month	Issuing Price (NT\$)	Authorized Capital		Paid-in Capital		Note		
			Number of Shares (thousand shares)	Amount (NT\$ thousand)	Number of Shares (thousand shares)	Amount (NT\$ thousand)	Source of Capital	Payment for Shares by Assets Other than Cash	Others
109	7	N/A	650,000	6,500,000	217,707.3	2,177,073	Capital Decrease 217,532,490 Shares	None	Note 1
109	12	14.6	650,000	6,500,000	267,707.3	2,677,073	Cash Capital Increase 50,000,000 Shares	None	Note 2

Note 1: It was approved for registration by ZSZ No. 1090019261 document on July 9, 2020.

Note 2: It was approved for registration by ZSZ No. 1090034389 document on December 4, 2020.

2. Type of shares

April 19, 2021

Type of Shares	Authorized Capital			Note
	Issued Shares	Unissued Shares	Total	
Registered Ordinary Shares	267,707 thousand shares	382,293 thousand shares	650,000 thousand shares	1. 65,000 thousand shares were reserved for employee to exercise their stock options related to stock warrants. 2. The Company's ordinary shares are listed in TPEx.

3. Shelf Registration-related information: The Company has not handled Shelf Registration.

(II) Structure of shareholders

April 19, 2021

Structure of Shareholders Number	Government Agencies	Financial Institutions	Other Corporate Shareholders	Foreign Institutions and Natural Persons	Individual	Total
Number of Shareholders	2	3	162	89	57,136	57,392
Shares Held	51	641,481	4,938,324	15,140,082	246,987,409	267,707,347
Shareholding %	0.00%	0.24%	1.84%	5.66%	92.26%	100.00%

(III) Distribution of Shares

April 19, 2021; Unit: shares

Range of Shares	Number of Shareholders	Shares Held	Shareholding %
1-999	30,769	4,544,646	1.70%
1,000-5,000	19,269	39,803,766	14.87%
5,001-10,000	3,850	27,971,250	10.45%
10,001-15,000	1,106	13,401,712	5.01%
15,001-20,000	654	11,712,212	4.38%
20,001-30,000	634	15,926,694	5.95%
30,001-40,000	300	10,498,012	3.92%
40,001-50,000	180	8,251,307	3.08%
50,001-100,000	335	23,300,721	8.70%
100,001-200,000	169	23,503,232	8.78%
200,001-400,000	73	19,970,343	7.46%
400,001-600,000	28	13,636,911	5.09%
600,001-800,000	7	4,840,628	1.81%
800,001-1,000,000	4	3,533,044	1.32%
1,000,001 shares and above	14	46,812,869	17.48%
Total	57,392	267,707,347	100.00%

(IV) List of major shareholders

April 19, 2021; Unit: shares

Name of Major Shareholders	Number of Shares	Shareholding %
Nicky Lu	14,613,757	5.46
Shu-Chuan, Liao	11,380,694	4.25
Mei-Chen, Liao	4,112,885	1.54
JPMorgan Chase Bank N.A. Taipei Branch - Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	2,881,960	1.08
Ming-Yu, Tsai	2,300,053	0.86
JPMorgan Chase Bank N.A. - Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1,812,651	0.68
Min-Chuan, Liao	1,714,185	0.64
Baolu Management Consulting Corporation Ltd.	1,240,851	0.46
Citibank - Barclays Capital Securities Ltd., SBL/PB	1,240,004	0.46
JPMorgan Chase Bank N.A. - JP Morgan Securities LLC	1,196,307	0.45

(V) Market price per share, net worth, earnings, dividends, and related information in the most recent two years

Unit: NT\$; shares

Item \ Year		2019	2020	Current Year as of March 31, 2021
Market Price per Share	Highest	12.25	27.70	25.60
	Lowest	8.65	4.14	19.70
	Average	10.56	16.27	23.04
Net Worth per Share	Before Distribution	5.29	10.76	Note 2
	After Distribution	5.29	Note 1	Note 2
Earnings per Share	Weighted Average Shares	434,989	223,463	Note 2
	Original Earnings per Share	(1.15)	(1.14)	Note 2
	Adjusted Earnings per Share	(2.29)	(1.14)	Note 2
Dividends per Share	Cash Dividends		-	Note 1
	Stock Dividends	Stock Dividends Appropriated from Earnings	-	Note 1
		Stock Dividends Appropriated from Capital	-	Note 1
	Accumulated Unpaid Dividends		-	Note 1
Return on Investment	Price/Earnings Ratio		-	Note 1
	Price/Dividend Ratio		-	Note 1
	Cash Dividends Yield		-	Note 1

Note1: It shall be determined by the resolution made at 2020 Shareholders' Meeting.

Note2: Until Annual Report published day, there are no CPA's informations.

(VI) The Company's dividends policy and Implementation status

1. Dividend policy in the Articles of Incorporation

If the Company has earnings in its final account for the year, it shall first use the earnings to pay taxes and recover losses, and then set aside 10% as statutory surplus reserve and set aside or write off special surplus reserve according to the resolutions made by the Shareholders' Meeting or competent authority's order. Thereafter, the Board of Directors shall draft distribution proposal for any re-

maintaining balance in retained earnings and previously accumulated undistributed earnings, and shall make request to the Shareholders' Meeting for its resolution to distribute the same. The Company's dividends policy is formulated by its Board of Directors, based on the Company's mid- and long-term operating plans, investment plans, capital budgeting and changes in internal and external circumstances, by considering the rights and interests of shareholders. In addition to the distribution of earnings according to the provisions of the preceding paragraph, the cash dividends paid to shareholders in current year shall not be less than 5%

2. Distribution of dividends proposed at this Shareholders' Meeting: The Company did not plan to distribute dividends in 2020.
 3. No significant change is expected to occur in the Company's dividends policy..
- (VII) Effect on the Company's operating performance and earnings per share of distribution of stock dividends proposed at the Shareholders' Meeting: None.
- (VIII) Remuneration paid to employees, Directors, and Supervisors

1. Percentage or range of the remuneration paid to employees and Directors as set forth in the Articles of Incorporation

The Company shall distribute no less than 12% of the current year's earnings as the remuneration to employees, and no more than 2% of the current year's earnings as the remuneration to Directors. If there are accumulated losses, the Company shall recover them. The employees to whom remuneration shall be paid in share or cash and the objects to whom shares or cash shall be distributed may include the employees of the Company's subordinated companies that meet certain criteria. The current year's earnings referred in paragraph one shall mean the pre-tax earnings of the current year before deduction of the remuneration to employees and Directors. Distribution of remuneration to employees and Directors shall be implemented as approved by more than half of the Directors attended at the Board of Directors' meeting attended by over two-thirds Directors, and shall be reported to the Shareholders' Meeting.

2. The basis for estimating the amount of employee and Director remunerations, and 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

The remuneration to employees and Directors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be estimated reliably. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. In addition, the Company calculates the number of bonus shares by using the fair value per share on the date before the resolution date of the Shareholders' Meeting in the following year of the publication date of the Financial Report and after considering the impact of ex-dividends amount.

3. Distribution of remuneration as approved by the Board of Directors
 - (1) The amount of employee remuneration and Director remuneration paid in cash or shares: None.
 - (2) Proportion of employee remuneration paid by shares in the after-tax net profits specified in the Individual Financial Report of current period, and in the total employee remuneration: N/A

4. Actual distribution of employee and Director remunerations for the previous year: None.

(IX) The Company's shares repurchased by the Company: None.

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Overseas Depository Receipts (GDRs): None.

V. Issuance of Employee Stock Options

(I) Information on the employee stock options not due

April 19, 2021

Type of Employee Stock Option	The 1st Stock Options in 2015	The 2nd Stock Options in 2015	The 3rd Stock Options in 2015
Effectiveness Date of Declaration	1/12/2016		
Issuance Date	3/23/2016	8/10/2016	11/10/2016
Number of Issued Units	7,300 units	300 units	400 units
Ratio of Issued Subscriptions in the Total Number of Shares Issued	1.67%	0.07%	0.09%
Stock Option Survival Period	8 years		
Method of Performance	Issuance of New Shares		
Restricted Subscriptions Period and Ratio	For a period of two years: 40%; for a period of three years: 70%; for a period of four years: 100%		
Shares Received	0 share	0 share	0 share
Amount of Subscription Executed	NT\$ 0	NT\$ 0	NT\$ 0
Unexecuted Subscription Quantity	5,100,000 shares	0 share (all have expired)	0 share (all have expired)
Subscription Price per Share for Individuals with Share Options	NT\$25.5	N/A	N/A
Proportion of Unexecuted Shares in Total Issued Shares	1.91%	0%	0%
Impact on Shareholder's Interests	Small Proportion in Total Issued Shares, with little impact		

Note: The total number of issued shares is 267,707,347 shares. The expired subscriptions have been deducted from the unexecuted subscriptions.

- (II) The names, acquisition, and subscription status of the Managerial Officers who accumulatively obtained employee stock options and the top ten employees who obtained the subscriptions

April 19, 2021; Unit: thousand shares; NT\$ thousand; %

Position	Name	Stock Subscriptions Obtained	Proportion of the Stock Subscriptions Obtained in the Total Number of Shares Issued	Executed				Unexecuted			
				Subscription Quantity	Subscription Price (NT\$)	Subscription Amount	Proportion of Subscription Quantity in the Total Number of Shares Issued	Subscription Quantity	Subscription Price (NT\$)	Subscription Amount	Proportion of Subscription Quantity in the Total Number of Shares Issued
Managerial Officer	General Manager	Elvis Deng	3,300	0	0	0	0.00	3,300	25.5	84,150	1.23
	Senior Deputy General Manager	David Leu									
	Senior Deputy General Manager and R&D Director	Bor-Doou Rong									
	Deputy General Manager	Wan-Ta, Kan(Note 2)									
	Deputy General Manager and R&D Director	Chun Shiah									
	Assistant Manager	Mei-li, Lin									
	Assistant Manager	Wen-Chi, Wang									
	Assistant Manager	Hung, Fu-Yung									
	Assistant Manager	Chung, Jung-Kun									
	Assistant Manager	Yao, Tzu-Chin									
	Chief Financial Officer	Hsieh, Jui-Ling									
	Chief Accounting Officer	Cheng, Yu-Chia									
Employee	Office Chief	Kuo-Pin, Wang	1,900	0	0	0	0.00	1,900	25.5	48,450	0.71
	Office Chief	Liang-Neng, Chang									
	Office Chief	Tun-Chih, Chan									
	Office Chief	Ming-Sung, Lin									
	Office Chief	Hsiu-Ling, Kuo									
	Office Chief	Chun-I, Liu									
	Office Chief	Liang-Yun, Shih									
	Office Chief	Justine Tsai									

Note 1: The total number of issued shares is 267,707,347 shares.

Note 2: Wan-Ta, Kan retired on January 15, 2021

Note 3: The 2nd and the 3rd employee stock options in 2015 are all expired, and their information is not included in this table.

VI. Issuance of New Restricted Employee Shares: None.

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

VIII. Implementation of Capital Allocation Plans

The Company made cash capital increase as approved by JGZFF No. 1090358063 document issued by FSC on October 6, 2020.

(I) Contents of program

Unit: NT\$ thousand

Item of Program	Estimated Completion Date	Total Funds Required	Estimated Fund Using Schedule			
			2020	2021		
			Q4	Q1	Q2	Q3
Repayment of Bank Loan	Q3 of 2021	800,000	180,000	216,500	24,000	379,500
Source of Funds	NT\$730,000 thousand was raised in the fourth quarter of 2020 through this fundraising program, and the remaining amount, NT\$70,000 thousand, was provided by its self-owned funds. The total NT\$800,000 thousand was used in full for repayment of bank loan					

Note: The Company did not change the program.

(II) Implementation status

Unit: NT\$ thousand; %

Estimated Fund Use	Estimated Implementation	Q4 of 2020		Q1 of 2021		Accumulated	
		Amount	Progress	Amount	Progress	Amount	Progress
Repayment of Bank Loan	Estimated Implementation	180,000	22.50	216,500	27.06	396,500	49.56
	Actual Implementation	180,000	22.50	216,500	27.06	396,500	49.56

Unit: NT\$ thousand; %

Item	Before Fundraising	After Fundraising	Balance	Percentage of Change
	December 31, 2019	December 31, 2020		
Current Assets	3,308,972	3,537,225	228,253	6.90
Current Liabilities	1,788,260	1,634,675	(153,585)	(8.59)
Total Liabilities	3,798,808	3,176,995	(621,813)	(16.37)
Interest Expenses	66,767	51,318	(15,449)	(23.14)
Retrospective Net Loss per Share (NT\$)	(2.29)	(1.14)	1.15	50.22
Liability Ratio	62.29	52.44	(9.85)	(15.81)
Current Ratio	185.04	216.39	31.35	16.94
Quick Ratio	86.38	116.53	30.15	34.90

Note: Compared with the information specified in the Individual Financial Report audited and certified by CPAs.

The Company implemented the program as scheduled, and is expected to complete the program in the third quarter of 2021. The above table shows the benefits of fundraising by the Company, and that various financial data were improved.

Chapter V. Operational Highlights

I. Business Contents

(I) Scope of Business

1. Major lines of business

- (1) Research, development, manufacturing (outsourcing), testing, and sales of semiconductor devices, including various types of integrated circuits and components thereof;
- (2) Management advisory, consulting service, and technology transfer regarding the products in the preceding paragraph;
- (3) Concurrent operation of the import and export trade of the Company's business.

2. Proportion of main products

Unit: NT\$ thousand; %

Type of Product \ Year	2019		2020	
	Amount	%	Amount	%
Memory and analog logic ICs	3,534,521	96.01	3,545,232	99.85
LED optical communication power analog ICs	99,159	2.69	0	0.00
Others	47,788	1.30	5,312	0.15
Total	3,681,468	100.00	3,550,544	100.00

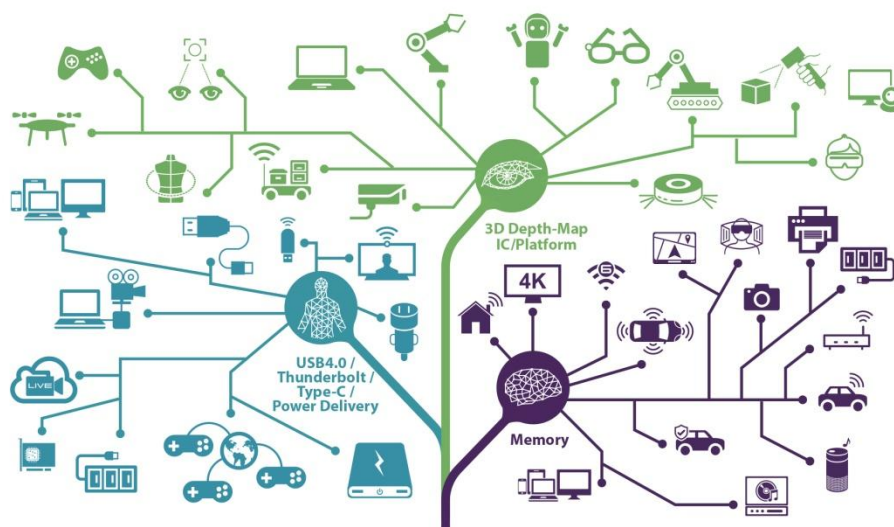
3. Current products and services:

The Company is an IC Fabless company whose main business is the design, development, sales and technical services of application-driven buffer memory and system chip products. The products are mainly applied to various products in broadband communications, wireless networks, virtual reality, digital audio and video, consumer electronics, smart homes, and security surveillance. With the strong growth in demand driven by 5G, AI end points, and automotive electronics, the Company has gradually introduced a series of products required for relevant applications.

Memory products include dynamic random-access memory (DRAM) and SPI NAND. System chip products include 3D binocular depth-map vision processing chip, 3D binocular image capture control chip, spherical 360° image capture chip, USB Type-C Switch, and Power Delivery.

4. New products planned to be developed

Develop more critical chips required for DRAM, system chips, multiple baseline 3D ThingCapture & imaging controller, 360 degree 3D sensing chips and modules, Type-C switch, Power Delivery, and other relevant new products.



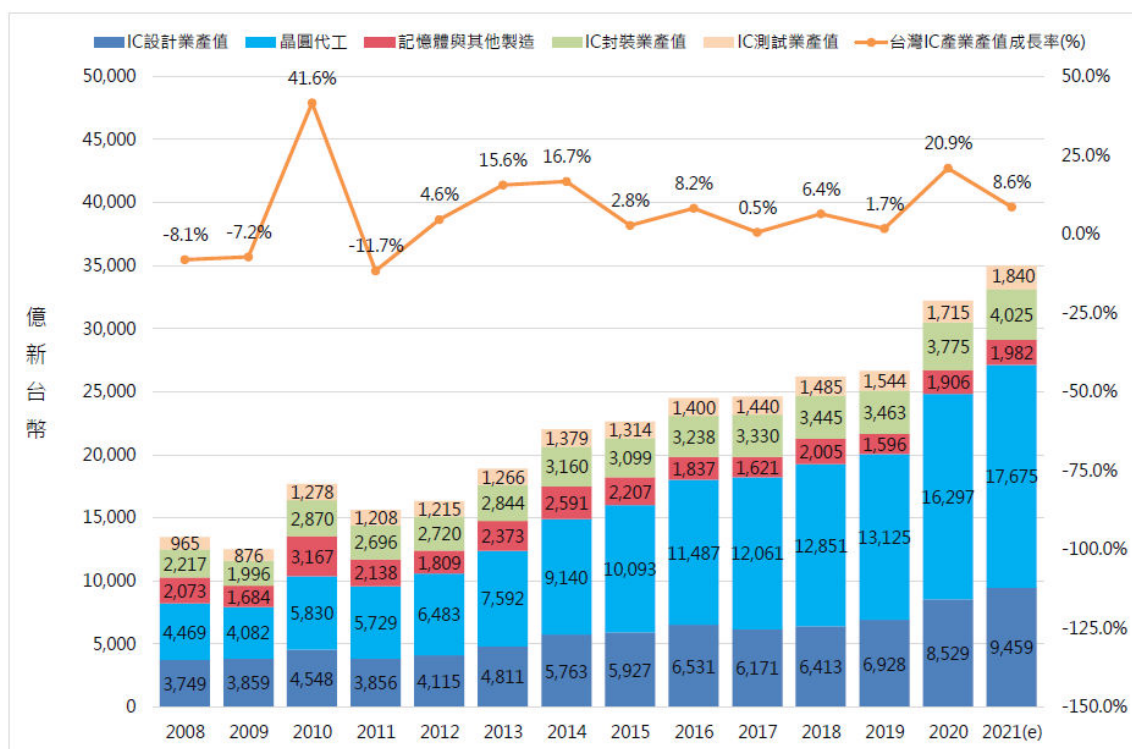
(II) Industry overview

1. Industry status and development trends and competition

In 2020, with the ravage of the COVID-19 pandemic, the world has entered a "new normal" different from the past. This not only facilitated the relevant stay-at-home economy directly and zero-contact business opportunities but accelerated the application of many emerging technologies, making 2020 the year of growth for the global semiconductor industry. According to the statistics of WSTS, the revenue in the global semiconductor industry reached US\$440.4 billion in 2020, with an annual growth rate of 6.8%. With the popularization of vaccines and the gradual recovery of the economy, the revenue in the semiconductor market will continue to grow in 2021, with an estimated annual growth rate of over 10%.

Benefiting from the proper control of the pandemic and due to the key role in the global supply chain, the output value of Taiwan's semiconductor market in 2020 exceeded the NT\$3 trillion mark for the first time, with an increase of 20.9%, which was far better than expected and the global growth rate. The output values of IC design, IC manufacturing, and IC packaging and testing in the upstream, midstream, and downstream sections of the industry were NT\$852.9 billion (annual growth of 23.1%), NT\$1820.3 billion (annual growth of 23.7%), and 549 billion (annual growth of 9.6%). The output values of foundry in IC manufacturing were NT\$1.629.7 billion (annual growth of 24.2%), and memory and other manufacturing categories were NT\$190.6 billion (annual growth of 19.4%). Looking ahead to 2021, the demand for digital technology in the post-pandemic era will remain strong. The demand for smartphones and automotive electronics has rebounded. Coupled with the demand for higher capacity of 5G, AI, and high-performance computing applications, it is expected that Taiwan's semiconductor industry will continue to grow in

2020 as a critical role in domestic economic growth.



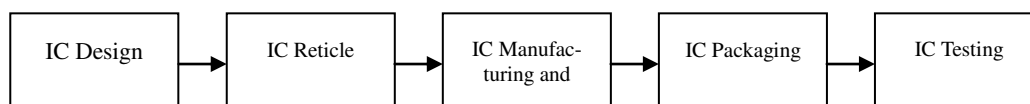
(1) IC Design (2) IC Manufacturing (3) Memory&Other Manufacturing (4) IC Packaging (5) IC Testing

Source: Industrial Technology Research Institute (ITRI) (February 2021)

2. The relationship of the upstream, midstream, and downstream sections of the industry

The semiconductor industry can be divided into sub-industries, including sensor, discrete, optoelectronics, and IC. Among them, the IC sub-industry can be subdivided into four categories: analog IC, memory, microprocessor, and logic IC depending per the product type. Meanwhile, the IC sub-industry can be divided into IC design, IC wafer manufacturing, IC packaging, and IC testing as per the vertical division of labor among the upstream, midstream, and downstream. Even within the same technology category or industry, the capital and technology intensities vary.

The foundry that Taiwan's semiconductor industry has pioneered and the IC design models have developed rapidly. In addition, under the structure of a complete supply chain as required by the PC industry, many IC companies have emerged. With the complete vertical division of labor in the supply chain, the effect of "industrial cluster" has shown, and businesses can engage in division of labor with domestic and overseas businesses in any section of the supply chain, and then concentrate resources on a single field in the industry. This model has witnessed a positive effect. As per the industrial characteristics of the vertical division of labor in the IC industry, the upstream, midstream, and downstream sections can be subdivided into:



(1) IC Design

An IC design company is an integrated circuit product design company, and its main business is to design products on its own or accept design projects entrusted by clients. A professional IC design company will understand a client's needs for IC functions first, and then leverage its expertise to design the most efficient layout with the simplest circuits so as to produce a wafer that represents an integration of multiple chips.

(2) IC Manufacturing and Foundry

The operation of IC manufacturing is to print basic circuit patterns on wafers made by fabs with masks; then, fabricate circuits and their components on the wafers through oxidation, diffusion, CVD, etching, ion implantation and other methods. As the circuit design on the IC is a layered structure, it is necessary to go through the procedure of masks, pattern production, and formation of circuits and components repetitively before a complete integrated circuit can be made.

(3) IC Packaging and Testing

The packaging and testing industry is the back-end process of IC, which is often referred to as the packaging and testing industry. IC packaging mainly provides IC protection, heat dissipation, and circuit conduction. The processed wafers and the diced dies are coated with plastic, ceramic, and metal to protect the dies from external pollution and make it easier to be assembled and applied.

IC testing is to detect whether the IC function is normal. As in the IC design industry, the Company is in the upstream section of the overall IC industry value chain. IC design does not require too much investment in hardware equipment for mass production, but requires high-quality human resources. Taiwan's IC design industry has gradually played a leading role in the market against the background of the growing consumer electronics and communications industries.

3. Various development trends and competition of products

(1) Product development trends

DRAM is an indispensable critical component in electronic products. Mobile phones, servers, and personal computers are the top three applications in the current market in terms of the demand, and the integration and development of AI, 5G network, and the Internet of Things (IoT) have driven more innovative applications. Driven by the demand for these end products, the development of DRAM in recent years has shown the trends below:

A. Low power consumption

In recent years, energy efficiency is a major requirement for the increasingly common wearable electronic products and relevant IoT applications, and therefore there are stricter requirements for the power consumption of DRAM.

B. High speed

With the stricter requirements for the speed of end products, the transmission specifications of DRAM are also evolving. It is expected that 2021 will be the first year of DDR5 memory.

C. Miniaturisation

To continuously enhance the competitiveness and cost effectiveness of products, the size of DRAM chips is bound to become smaller; as such, the output of chips from a single wafer will increase.

D. Diverse applications

With the emergence of more emerging applications, the application of DRAM will be more extensive. Either artificial intelligence of things (AIoT) or automotive or 5G applications, DRAM plays an crucial role.

(2) Competition

After many changes in the industry, the DRAM industry has entered an oligopolistic state. The top three players are Samsung, SK Hynix and Micron, collectively accounting for more than 90% of the market. In order to be differentiated from these three major players, the Company mainly produces and sells IC products and solutions, including specialty DRAM and known-good-die (KGD) memory, and serves as product service providers while stepping into the specialty and application-driven buffer memory required for IoT-related products, such as cloud computing, automotive electronics, wireless communications, and wearable devices.

(III) Technology and R&D Status

Within the Etron Group, the companies engaged in R&D are Etron Technology, Eever Technology, and Eys3d Microelectronics, Co. The technologies and R&D status are described as follows:

(1) Etron Technology

The Company is a leading manufacturer of specialty buffer memory with consumer electronic products as the main market for a long time. We are committed to developing high-performance, low-power consumption specialty buffer memory products. The current full range of products include SDR, DDR, DDR2, DDR3, DDR3L, DDR4, and LP DDR2, with 4 to 64 bits of input and output, as well as a capacity covering 16Mb to 8Gb, among which 2x nano advanced manufacturing process is adopted for the mass production of the high-capacity products DDR2, DDR3, DDR3L, and DDR4. As for products, the Company not only can provide the commercial specifications for consumer market, the industrial specifications for strict use environments, or the automotive specifications with the highest quality and reliability depending on customer's demands, but also can provide high-quality customized KGD (Known Good Die) solutions. The full series products were not only widely

used by and in Netcom, set-top boxes, digital TVs, surveillance equipment, and other applications, but also used in the mass production and shipment of emerging applications such as 5G broadband communications, AI end points, and cloud storage, etc. in the supply chains of large-sized manufacturers.

In addition, Etron Technology also proposed memory solutions for the design of the AI chips required for AI generation, i.e., the first RPC[®] DRAM adopting WLCSP packaging technology in the world, which was a micro DRAM with the smallest form factor and can be used in high-frequency bandwidth, and which was more suitable for AI end points, such as wearable devices, the micro AI cameras on mobile devices, etc.

In addition to satisfaction with the needs of end points, Etron accelerated the innovations with DWB (Direct Wide Bus) and RAL (Reduced Access and Latency) memory, and it is making in-depth research and development for future products to meet the challenges of the demands for 10GB/s or more to 400GB/s bandwidth for GDDR5 by adopting the methods different from HBM, so as to meet the increasing demands for computing and data throughput of AI SoC, and it provided controller + DRAM combined one-stopped solutions based on customer's demands to initiate a new business mode.

(2) Eever Technology, Inc.

The company is mainly engaged in USB Type-C high-speed interface chip products, and its products cover integrated USB high-speed transmission interface, power supply, Type-C, audio-visual capture, and other technologies. It also introduced new underlying protocol for the latest USB 4 specifications, which supports existing USB3.2, USB2.0, Thunderbolt 3 and other compatibility to achieve the best interoperability of connected devices. The customers who formerly used Eever Technology, Inc.'s USB PD3.0 can expand their products to a variety of different applications, such as AC Adaptor, Power Bank, Car Charger, Video Dongle, in addition to allowing them to continue to launch products on/for PC, NB, Tablet, Docking and other applications, and thus improve their competitiveness. In addition, the company successfully developed new product lines for the IC products for USB audio and video capture for the live games on e-sports platforms recently, which can perform audio and video capture by taking advantage of USB control technologies, and which are adopted by important customers.

(3) Eys3d Microelectronics, Co.

The company is mainly engaged in 3D imaging chip products and adopts ultra-wide vision imaging technology and depth-of-field point cloud depth algorithm to integrate and develop machine-vision sensing modules as well as monocular, binocular, and multi-eye 3D ThingCaptureTM Vision cameras, and combined exclusive SDK development kit for making machine learning models to be applied in image recognition, 3D gesture recognition, and 3D hologram (hologram projection). With improved image pixels, update rate, large viewing angles, and refined depth map processing algorithms of the depth map processing units, the company's derived product lines have ranked among the world's leading technology groups, and it has become a designated partner of international companies in AR /VR HMD, Thing Capture, Robot, and Logistic. All of the above can become the tools for AI Edge End Point computing as well as depth learning and development.

1. Costs of R&D in the last year and up to the publication date of the annual report

Unit: NT\$ thousand; %

Item	2019	2020
R&D Expense	567,070	482,179
Proportion to revenue	15.40	13.58

2. Technologies or products successfully developed during the last year

Company	Technologies or Products
Etron	Developed 25nm 1Gb DDR3/512 M DDR2
Eever Technology	Developed USB4/TBT4 Emarker IC
Eys3d Microelectronics	Developed 55nm eSP876 3D Depthmap / Stereo Chip ROS platform

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

1. Short-term business development plan

- (1) Accelerate global business expansion and continue to increase the business growth from strategic clients and regional clients.
- (2) Introduce new specialty memory, increase the sales of KGD and industrial and automotive application memory, thereby expanding the market and strengthening the stability of the long-term market layout and profitability.
- (3) Develop a global layout together with clients and grasp new business opportunities arising from the reorganization of global supply chains.
- (4) Keep abreast of the USB Type-C interface standard trends and accelerate the expansion of the Type-C product line and the revenue and client base of audio and video capture systems.
- (5) Committed to occupying the emerging 3D depth image application market by means of the outstanding R&D achievements in 3D depth imaging technology.

2. Long-term development plan

- (1) Continue to take advanced process technology as the core of development, and provide global clients with specialty, stacked, customized, and application-driven memory products and services through the most competitive advantages in the market.
- (2) Break through and innovate the business model of non-standard memory products to accelerate the market penetration.
- (3) Undertake multi-faceted product integration to expand services to international, strategically important clients.
- (4) R&D new memory technologies required for the advent of the AI generation, and innovate the business models for the cooperative application of IP achievements.

II. Analysis of the market and production and marketing

(I) Market analysis

1. Sales regions of main products

Unit: NT\$ thousand; %

Region \ Year		2019		2020	
		Amount	%	Amount	%
Domestic Sales		1,468,696	39.89	1,538,896	43.34
Foreign Sales	Asia	1,971,856	53.56	1,797,370	50.62
	Others	240,916	6.55	214,278	6.04
Total		3,681,468	100.00	3,550,544	100.00

2. Market Share

According to the statistics of a research institution, the scale of the overall global DRAM market in 2020 was approximately US\$67.1 billion. As per the Company's revenue in 2020, the share of the global market is around 0.2%.

3. The future supply and demand and growth of the market

The COVID-19 pandemic in 2020 has led to the rise of global contact-free business opportunities, and the memory market has rebounded from the bottom. The overall supply growth rate of the DRAM market in 2021 will be 17.9%, an increase from 14% in 2020, but it is still low as compared to the industry's level in the past. On the demand side, it is estimated that the demand for automotive electronics and smartphones, which have been declining due to the pandemic, will recover significantly this year. Also, as 5G will further facilitate the demand for end products, the overall growth rate of the DRAM demand in 2021 is expected to reach 21.6%. The market may be in short supply throughout the year.

4. Competitive niche, favorable and unfavorable factors of development prospects, and countermeasures.

The Company's competitive niche, favorable and unfavorable factors of development prospects, and countermeasures are as follows:

(1) Competitive niche

- A. The Company has become a major supplier of specialty and application-driven memory in the markets of consumer electronics and computer peripheral products and applications in the world, and has established an image as a world-class high-quality memory supplier.
- B. The Company has become a world-class professional supplier of known-good-die as well as customized and other specialty and application-driven memory.
- C. The Company has formed various design alliances with world-class clients.
- D. The alliance relationship with various foundries has become more stable, and the partnership with upstream and downstream partners is excellent.
- E. The Company's R&D and design teams have developed world-class design capabilities and an excellent image as professional leading teams.
- F. The Company has a strong team and completely independent management and R&D and design teams.
- G. The Company has complete R&D and testing equipment.

(2) Favorable factors

- A. With the popularization of mobile devices, smart applications derived from the integration of AI and IoT, and the rise of 5G, end applications of DRAM will become more extensive, and the Company aims to address the needs from emerging AI applications through product innovation.
- B. The product development of the logic business department has been recognized by clients, and it has gradually established a stable partnership with them. In particular, Eever Technology, which is mainly engaged in USB Type-C IC, turned a profit in 2020.
- C. Major players gradually withdraw from the supply of specialty memory, such as DDR3, which has released some space for professional memory IC design companies.
- D. With the rise of AIoT applications, the demand for innovative inventions of AI memory creates new and emerging opportunities for professional memory IC design companies.
- E. In the new normal of the post-pandemic era, consumer electronic products are expected to further become the devices for multi-functional interactive applications, and to integrate AI-related technologies, which will continue to drive the demand for relevant memory products.

(3) Unfavorable factors

- A. The DRAM market is extremely sensitive to changes in the supply and demand structure, and the foundry market is in tight supply, which may further lead to price fluctuations in the supply chain, thereby increasing pressure on operations and undermining the growth.
- B. When entering the high-capacity and high-end memory product market, to compete with mainstream companies, the cost pressure will increase as compared with the old 3x and 2x nano process technologies.
- C. The increase in semiconductor miniaturization costs has led to an increase in the costs of foundries, masks, Probe Cards, testing machines, wafers, and packaging. It has also led to an increase in design companies' R&D investment costs and the time to cover the costs.
- D. As the global geopolitical risks have risen in recent years, once the industry is affected, it may have a considerable impact on the overall industry.

(4) Countermeasures

- A. Implement global business development strategies, strengthen the regionalization and localization of business manpower, and provide instant services.
- B. Continue to increase the number of strategic clients groups through a certain share of the memory market for most consumer and communications electronic products.
- C. Introduce advanced 2x nanometer manufacturing process, and develop high value-added special memory product lines through innovative inventions.
- D. Prioritize profit for both memory and SOC products, and then seek to accelerate business expansion.
- E. Pay close attention to the international situation and the trends in the industry, adjust response strategies flexibly, and implement comprehensive risk control.

(II) Important functions and production process of main products

Company	Category	Major products	Functions of products
Etron	Memory IC	DRAM-DDRX	It is mainly used for key components necessary for high-tech and high-value system products, such as mid-end and high-end computer peripherals, communications systems, consumer electronics, and automotive electronics while used in the memory of systems to store the commands needed to execute operations and data access. It also serves as the main buffer memory for multimedia images and sounds of system products. The scope of application is as follows: 1. Computers and peripherals: Digital subscriber loop (xDSL), passive optical network (xPON), and cable modem 2. Wireless communications/network: Network base stations and routers (WiFi AP/Router), power line communication network, femto-cell base stations. 3. TV and multimedia: TV, set top box, Over The Top, and IP-Camera. 4. Mobile IoT: Tablets, mobile internet devices, and personal data terminals 5. Products, such as Smart Cities and Smart Homes.
		DRAM-SDR	It is mainly used in common computer peripherals, communications systems, and consumer electronics, as low-speed small buffer memory or as the system working memory concurrently. The scope of application is as follows: 1. Computers and peripherals: Adapters, dongles, optical disc drives, hard drives, displays, printers, and other electronic products. 2. Consumer electronics: Digital cameras, digital TVs, DVD players, set-top boxes, MP3/4 players, game consoles, tablet computers, and other electronic products. 3. Communications system: Mobile communication devices, monitoring systems, WiFi communication, modems, wireless access points, and optical communications systems. 4. Car electronics: Acoustic systems, automotive multimedia systems, GPS, dashboard cameras, and automotive security systems.
	Analog logic System IC	Flash Controller	In addition to the traditional single-connector high-speed, high-capacity USB3.0 flash drive controller, the Company provides dual-connector USB flash drive solutions (Type A-C) that can be applied to mobile phones, tablets, and ultra-thin laptops. The Company has also developed a total solution for new STB, TV, and router products and applications, to replace the next generation of built-in storage devices.
		Webcam	It is mainly used for image processing and transmission. It is applied to general plug-in PC cam, built-in NB cam, smart TV, dash cam, IP cam, digital signage, and game consoles.
Eever Technology	Analog logic System IC	USB Power Delivery + USB BC1.2	It is mainly used for USB power transmission, applied to a full range of electronic products.
Eys3d Microelectronics	Analog logic System IC	3D Thing Capture	The capture of 3D digital data can be done through ambient light sources, and the technology can be used for the capture of human body shape data and reproduction, non-contact object volume measurement and analysis, and support of multi-module synchronous panoramic capture

3. Production and manufacturing process

The IC production and manufacturing process is mainly divided into four stages:

(1) Circuit design stage

Circuit design starts with the definition of product functions, followed by the design of relevant logic and analog circuits, then simulation, verification, and graphical layout, and finally the circuit layout pattern is converted into electronic data for making masks and stored on tapes or optical discs.

(2) Wafer manufacturing stage

The wafer manufacturing process is based on the repetitive processes of photolithography, etching, oxidation, and diffusion to produce the designed circuit pattern (i.e. the circuit pattern on the mask) on a silicon wafer layer by layer.

(3) Wafer testing stage

There are hundreds to thousands of dies on a manufactured wafer, which must be tested one by one to select the integrated circuit dies which functions well. As die products do not need to undergo the packaging and testing stage, additional testing procedures are required to ensure product quality.

(4) Packaging and testing stage

In response to customers' demand for packaging of products, tiny dies must go through the assembly processes of cutting, bonding, soldering, and packaging. Final testing is required to ensure quality so as to conclude the entire production process.

(III) Supply of the major raw materials

The Company's major raw material is silicon wafer. The Company continues to maintain long-term collaboration with at least three foundries, so there should be no concern about the sources of wafer supply.

(IV) The names of individual customers/suppliers who have accounted for at least 10% of the total purchases (sales) in any of the last two years, their purchase (sale) amounts and proportions, and the reasons for the changes

1. Information on major suppliers in the last two years

Unit: NT\$ thousand

Item	2019				2020			
	Name	Amount	Proportion to net purchase for the year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchase for the year (%)	Relationship with the issuer
1	A	1,619,389	60.36	None	A	1,644,601	60.64	None
2	B	369,084	13.76	None	B	396,385	14.62	None
	Others	694,376	25.88		Others	670,890	24.74	-
	Net purchase	2,682,849	100.00		Net purchase	2,711,876	100.00	

Reasons for the increase or decrease: The changes in customer demand have led to a change in customers' proportions and the increase or decrease.

2. Information on major sales customers in the last two years

Unit: NT\$ thousand

Item	2019				2020			
	Name	Amount	Proportion to net sales for the year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales for the year (%)	Relationship with the issuer
1	B	376,340	10.22	None	Others	3,550,544	100.00	None
	Others	3,305,128	89.78					
	Net sales	3,681,468	100.00		Net sales	3,550,544	100.00	

Reasons for the increase or decrease: The changes in the demand for end products have led to a change in the customers' product mixes and the increase or decrease. In 2020, there was no individual customers who accounted for at least 10% of the total sales.

(V) Production volume and value in the last two years

Unit: Thousand units; NT\$ thousand

Year Production volume and value Main products	2019			2020		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Memory and analog logic ICs	-	338,755	2,996,136	-	319,069	2,805,118
LED optical communication power analog ICs		13,168	62,005		0	0
Others		24,504	22,812		0	0
Total	-	376,427	3,080,953	-	319,069	2,805,118

(VI) Sales volume and value in the last two years

Unit: Thousand units; NT\$ thousand

Year Production volume and value Main products	2019				2020			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Memory and analog logic ICs	195,049	1,432,936	133,405	2,101,586	194,868	1,536,780	122,772	2,008,452
LED optical communication power analog ICs	2,224	19,220	13,210	79,938	0	0	0	0
Others	15,133	16,540	8,734	31,248	0	2,116	0	3,196
Total	212,406	1,468,696	155,349	2,212,772	194,868	1,538,896	122,772	2,011,648

III. Number of employees, average length of service, average age, and education distribution

Year		2019	2020	As of April 19, 2021
Number of employees	R&D personnel	222	241	245
	Management and marketing personnel	170	155	160
	Technicians	12	12	12
	Total	404	408	417
Average age		42.52	42.79	42.38
Average years of service		8.08	8.39	8.32
Distribution of education	Doctoral degree	0.50%	1.96%	1.92%
	Master's degree	45.79%	46.08%	46.52%
	University and college	48.51%	46.81%	46.52%
	Senior high school	4.95%	4.90%	4.80%
	Below senior high school	0.25%	0.25%	0.24%

IV. Environmental Protection Expenditure

- (I) Information on losses incurred due to environmental pollution in 2020 and as of the publication date of the annual report: None.
- (II) The estimated amount that may be incurred at present and in the future and countermeasures: The Company is a professional IC design company and did not cause material environmental pollution. In the future, we may adopt relevant operational control or filing operations in response to changes in laws and regulations. The current potential environmental protection expenditures include pollution prevention facility improvement expenses and disposal costs for environmental protection, and the annual amount is estimated to be less than NT\$600,000.

V. Labor-management Relations

- (I) Employee benefit plans, continuing education, training, and pension systems and the status of the implementation, and the status of labor-management agreements and measures for safeguarding employees' rights and interests
- Employee benefits
 - The Company's employee benefits are handled as per the Labor Standards Act and relevant laws, and also include an employee stock ownership trust system and group insurance policy, so that employees can devote themselves to work more fully.
 - The Company has set up an Employee Welfare Committee to provide various allowances or subsidies for marriage, funerals, national holidays, childbirth, and emergencies, as well as various employee travel activities, birthday parties, and club activities to en-

hance employees' physical and psychological health and strengthen the interaction and relations among them. The employees have been satisfied with the benefits above since the implementation.

- (3) To alleviate the burden on employees, the Company has set up after-school club, providing free childcare measures, such as after-school children pick-up service and after-school tutoring, and childcare facilities, such as children's playrooms, libraries, toilets, and showers; as such, employees can work without worries.
- (4) To take care of employees' health and diet balance, we hire a group of professional chefs to provide services lunch, dinner, noodle dishes, vegetarian meals, and children's meals.
- (5) The Company was awarded the National "Friendly Workplace" by the Council of Labor Affairs (currently known as the Ministry of Labor) in 2008, and selected as an enterprise for offering an excellent "Employee Assistance Program (EAP)" by the Council of Labor Affairs (currently known as the Ministry of Labor) in 2011. We were also awarded the Family LOHAS Award and the Health LOHAS Award of the 1st Work-Life Balance Award launched by the Ministry of Labor, which were the highest national honor for the Company's promotion of work-life balance.

2. Pension system

Etron has formulated the "Employee Pension Measures of Etron Technology Inc." and established a Supervisory Committee of Labor Retirement Reserve as per the Labor Standards Act and the Labor Pension Act.

- (1) For employees to whom the retirement criteria of the Labor Standards Act apply, the pension is calculated based on the years of service and average monthly salary in the month in which the retirement is approved. Employees will be given two base points for every full year of service in the first 15 years (inclusive), and will be given one base point for every full year of service thereafter, but the cumulative number of base points is limited to a maximum of 45. The Company sets aside 2% of the employee's total salary each month as pension funds and deposit it to the designated account under the name of the Supervisory Committee of Labor Retirement Reserve at the Bank of Taiwan, and the committee is responsible for supervision, custody, and utilization of the funds.
- (2) For employees to whom the retirement criteria of the Labor Pension Act apply, the Company will contribute 6% of the monthly salary as per the monthly contribution range table approved by the Executive Yuan to the individual pension account of the Bureau of Labor Insurance according to an employee's salary while cooperating with employees' voluntary contribution.

3. Employee education and training

Etron adheres to the concept of lifelong learning, encourages employees to learn actively and spontaneously, and focuses on the internalization of knowledge and the display of work performance. As such, we have formulated "Education and Training Regulations", "Employee On-the-job Training Regulations", and other relevant training regulations, and provide diverse training models. The training cost in 2020 was around NT\$226,000. The average number of training sessions per person was 3.23, and the average training hours per person was 6.03.

Since 2005, we have been granted with separate course subsidies under the Enterprise Human Resources Improvement Program launched by Workforce Development Agency, Ministry of Labor. In 2020, we were awarded the Bronze Award by the Talent Quality-management System (TTQS) in the Taoyuan, Hsinchu and Miaoli region.

The Company's training methods are divided into three models: internal training, industry

learning, and self-development, which are described as follows:

- (1) "Internal training" focuses on departmental independent training and inter-departmental integrated training to leverage the effects of internal knowledge dissemination and teaching while learning.
- (2) "Industry learning" refers to external courses and international seminars, which are arranged to strengthen the connectivity between knowledge, technology, and industry, and the information absorbed and integrated will be shared internally.
- (3) As for "Self-development", self-growth space is provided to enhance individuals' learning willingness through resources, such as internal learning platforms, IEEE Database, and libraries.

The Company's training system is divided into the components below:

- A. In "management competency training" professional management training is provided to managers at all levels; lectures for managers are organized regularly, and outstanding leaders are trained actively.
 - B. As for "Departmental professional competency courses", professional knowledge, skills, and attitude that employees should possess in different job positions are drawn up as per the annual training plan.
 - C. The "School of Life and Knowledge" is planned to provide knowledge related to humanities, social sciences, and natural sciences to promote personal self-growth, expand the horizon exploration, and diversify the knowledge.
 - D. "Corporate culture" aims to cultivate the necessary skills that should be possessed by Etron's employees, such as new employee training to help new employees quickly understand the Company's philosophy, spirit, system, and culture.
 - E. "Language training" trains employees to possess the language skills needed for internationalization and to enhance individual competitiveness.
 - F. As for "annual certifications" that need to be passed by specific professionals, such as quality inspectors, environmental safety and health personnel, and chefs, we arrange regular annual training sessions, and have formulated "specific personnel qualification certification implementation regulations" for personnel who are critical to product quality to ensure employees' skills are qualified for their jobs.
- (II) In 2020 and up to the publication date of the annual report, the situation of labor disputes and the estimated amount that may be incurred in the future and countermeasures : The Company did not suffer loss due to labor disputes, and the Company's labor-management relationship is harmonious. It is estimated that the possibility of losses incurred due to labor disputes in the future is extremely low.

VI. Important Agreements

Type of Contract	Party	Contract Duration	Main Content	Restrictive Clauses
Syndicated Loan	A group of banks led by Land Bank of Taiwan	103.11.28~112.2.16	Repayment of existing debts and replenishment of working capital	Note
Insurance	Insurance Company of North America, Taiwan Branch	109.9.16 ~110.9.16	Liability insurance for directors, supervisors, and important employees	None

Note: For this syndicated loan project, the Company promises to the group of banks that it shall maintain the financial ratios below based on the annual consolidated financial statements:

- (1) The ratio of current assets divided by current liabilities shall be 100% or higher.
- (2) The ratio of total liabilities divided by shareholders' equity shall be less than 120% (inclusive).
- (3) Interest coverage ratio [(Pre-tax profit or loss + Depreciation + Amortization + Interest expenses)/Interest

expenses] shall be 3 times (inclusive) or more.

Where there is a violation of any of the financial ratios and the improvement is not made within the specified period as agreed, the syndicated loan arranger will require the Company to pay interest accrued based on the agreed interest rate plus an annual interest rate of 0.125% until the date improvement is made.

Chapter VI. Financial Information

I. Condensed Financial Statements for the Most Recent Five Years

(I) Condensed Consolidated Balance Sheets

Unit: NT\$ thousand

Year		2016	2017	2018	2019	2020
Item						
Current Assets		4,983,908	4,563,601	4,092,687	3,582,080	3,951,619
Property, Plant and Equipment, Net		1,019,820	1,047,146	1,099,409	810,414	689,421
Intangible Assets, Net		192,072	178,877	148,935	31,277	27,056
Other Assets		1,931,542	1,753,974	1,616,250	1,788,907	1,511,141
Total Assets		8,127,342	7,543,598	6,957,281	6,212,678	6,179,237
Current Liabilities	Before Distribution	1,916,804	2,200,133	1,949,612	1,859,229	1,750,292
	After Distribution	1,916,804	2,200,133	1,949,612	1,859,229	To be distributed
Non-current Liabilities		2,083,540	1,776,477	2,173,649	2,021,217	1,511,821
Total Liabilities	Before Distribution	4,000,344	3,976,610	4,123,261	3,880,446	3,262,113
	After Distribution	4,000,344	3,976,610	4,123,261	3,880,446	To be distributed
Equity Attributable to Owners of the Parent		3,999,734	3,447,251	2,734,926	2,300,215	2,881,220
Share Capital		4,370,053	4,369,398	4,369,398	4,352,398	2,677,073
Capital Surplus		62,007	98,081	100,474	190,706	496,457
Retained Earnings	Before Distribution	(465,284)	(1,017,640)	(1,654,762)	(2,175,325)	(260,481)
	After Distribution	(465,284)	(1,017,640)	(1,654,762)	(2,175,325)	To be distributed
Other Equity		56,953	21,382	(56,214)	(64,024)	(31,829)
Treasury Stock		(23,995)	(23,970)	(23,970)	(3,540)	0
Non-controlling Interests		127,264	119,737	99,094	32,017	35,904
Total Equity	Before Distribution	4,126,998	3,566,988	2,834,020	2,332,232	2,917,124
	After Distribution	4,126,998	3,566,988	2,834,020	2,332,232	To be distributed

(II) Condensed Individual Balance Sheets

Unit: NT\$ thousand

Year		2016	2017	2018	2019	2020
Item						
Current Assets		4,490,301	3,991,394	3,791,631	3,308,972	3,537,225
Investments Accounted for Using Equity Method		1,872,117	1,803,194	1,401,540	1,332,290	1,231,908
Property, Plant and Equipment, Net		894,449	927,715	944,978	791,245	676,503
Intangible Assets, Net		48,491	48,941	31,877	25,310	19,817
Other Assets		455,811	488,513	469,793	641,206	592,762
Total Assets		7,761,169	7,259,757	6,639,819	6,099,023	6,058,215
Current Liabilities	Before Distribution	1,728,479	2,043,242	1,756,950	1,788,260	1,634,675
	After Distribution	1,728,479	2,043,242	1,756,950	1,788,260	To be distributed
Non-current Liabilities		2,032,956	1,769,264	2,147,943	2,010,548	1,542,320
Total Liabilities	Before Distribution	3,761,435	3,812,506	3,904,893	3,798,808	3,176,995
	After Distribution	3,761,435	3,812,506	3,904,893	3,798,808	To be distributed

Year		2016	2017	2018	2019	2020
Item						
Share Capital		4,370,053	4,369,398	4,369,398	4,352,398	2,677,073
Capital Surplus		62,007	98,081	100,474	190,706	496,457
Retained Earnings	Before Distribution	(465,284)	(1,017,640)	(1,654,762)	(2,175,325)	(260,481)
	After Distribution	(465,284)	(1,017,640)	(1,654,762)	(2,175,325)	To be distributed
Other Equity		56,953	21,382	(56,214)	(64,024)	(31,829)
Treasury Stock		(23,995)	(23,970)	(23,970)	(3,540)	0
Total Equity	Before Distribution	3,999,734	3,447,251	2,734,926	2,300,215	2,881,220
	After Distribution	3,999,734	3,447,251	2,734,926	2,300,215	To be distributed

(III) Condensed Consolidated Statements of Comprehensive Income

Unit: NT\$ thousand

Year		2016	2017	2018	2019	2020
Item						
Operating Revenue		6,475,051	6,167,146	4,840,161	3,681,468	3,550,544
Operating Gross Profit		853,197	759,194	687,278	470,706	565,473
Operating Income		(333,538)	(478,298)	(649,338)	(523,084)	(222,561)
Non-operating Income and Expenses		(96,917)	(75,437)	(25,004)	1,038	(34,014)
Income before Tax		(430,455)	(553,735)	(674,342)	(522,046)	(256,575)
Income (Loss) from Continuing Operations		(439,757)	(586,881)	(689,137)	(533,914)	(268,444)
Loss from Discontinued Operations		0	0	0	0	0
Net Loss		(439,757)	(586,881)	(689,137)	(533,914)	(268,444)
Other Comprehensive Income after Tax		(43,449)	(48,186)	(69,013)	(24,429)	24,698
Total Comprehensive Loss		(483,206)	(635,067)	(758,150)	(558,343)	(243,746)
Net Loss Attributable to Owners of the Parent		(408,095)	(546,855)	(650,587)	(498,906)	(254,393)
Net Loss Attributable to Non-controlling Interests		(31,662)	(40,026)	(38,550)	(35,008)	(14,051)
Comprehensive Income Attributable to Owners of the Parent		(451,596)	(589,287)	(714,987)	(521,754)	(229,078)
Comprehensive Income Attributable to Non-controlling Interests		(31,610)	(45,780)	(43,163)	(36,589)	(14,668)
Earnings per Share		(1.88)	(2.51)	(2.99)	(2.29)	(1.14)

(IV) Condensed Individual Statements of Comprehensive Income

Unit: NT\$ thousand

Year		2016	2017	2018	2019	2020
Item						
Operating Revenue		6,224,700	5,853,144	4,418,591	3,359,337	3,267,841
Operating Gross Profit		758,843	586,047	507,229	326,773	393,352
Operating Income		(50,668)	(192,485)	(393,957)	(317,129)	(128,590)
Non-operating Income and Expenses		(348,139)	(341,350)	(241,768)	(169,909)	(113,934)
Income before Tax		(398,807)	(533,835)	(635,725)	(487,038)	(242,524)
Income (Loss) from Continuing Operations		(408,095)	(546,855)	(650,587)	(498,906)	(254,393)
Loss from Discontinued Operations		0	0	0	0	0
Profit for the year		(408,095)	(546,855)	(650,587)	(498,906)	(254,393)
Other Comprehensive Income after Tax		(43,501)	(42,432)	(64,400)	(22,848)	25,315
Total Comprehensive Income		(451,596)	(589,287)	(714,987)	(521,754)	(229,078)
Earnings per Share		(1.88)	(2.51)	(2.99)	(2.29)	(1.14)

(V) Names and Opinions of the CPAs for the Most Recent Five Years

Year	Name of CPA Firm	Name of CPA	Opinion
2016	PricewaterhouseCoopers, Taiwan	Fang-Yu, Wen and Wei-Chen, Wang	Unmodified opinion
2017	PricewaterhouseCoopers, Taiwan	Fang-Yu, Wen and Tsai-Yen, Chiang	Unmodified opinion
2018	PricewaterhouseCoopers, Taiwan	Fang-Yu, Wen and Tsai-Yen, Chiang	Unmodified opinion
2019	PricewaterhouseCoopers, Taiwan	Fang-Yu, Wen and Tsai-Yen, Chiang	Unmodified opinion
2020	PricewaterhouseCoopers, Taiwan	Tsai-Yen, Chiang and Fang-Yu, Wen	Unmodified opinion

II. Financial Analyses for the Most Recent Five Years

(I) Consolidated Financial Analyses

Year Analysis Item		2016	2017	2018	2019	2020
Financial Structure (%)	Debt Ratio	49.23	52.72	59.27	62.46	52.79
	Ratio of Long-term Capital to Property, Plant and Equipment	608.98	510.29	455.49	537.19	642.42
Solvency (%)	Current Ratio	259.88	207.42	209.92	192.66	225.77
	Quick Ratio	160.79	123.65	95.32	95.99	129.23
	Interest Coverage Ratio	-	-	-	-	-
Operating Ability	Accounts Receivable Turnover Rate (Times)	4.00	3.52	3.15	3.16	3.58
	Average Days for Cash Receipts	91	104	116	116	102
	Inventory Turnover Rate (Times)	2.30	2.42	1.73	1.31	1.36
	Accounts Payable Turnover Rate (Times)	6.98	6.76	6.57	5.61	5.0
	Average Days for Sale of Goods	159	151	211	279	269
	Property, Plant and Equipment Turnover Rate (Times)	6.42	5.97	4.51	3.86	4.73
	Total Assets Turnover Rate (Times)	0.79	0.79	0.67	0.56	0.57
Profitability	Return on Assets (%)	(4.85)	(6.88)	(8.75)	(7.18)	(3.57)
	Return on Equity (%)	(10.08)	(15.26)	(21.53)	(20.67)	(10.23)
	Ratio of Income before Tax to Paid-in Capital (%)	(9.85)	(12.67)	(15.43)	(11.99)	(9.58)
	Net Profit Margin (%)	(6.79)	(9.52)	(14.24)	(14.50)	(7.56)
	Earnings per Share (NT\$)	(1.88)	(2.51)	(2.99)	(2.29)	(1.14)
Cash Flow	Cash Flow Ratio (%)	1.84	-	-	29.10	6.48
	Cash Flow Adequacy Ratio (%)	24.56	24.81	2.41	23.90	42.41
	Cash Reinvestment Ratio (%)	0.37	-	-	6.97	1.42
Leverage	Operating Leverage	-	-	-	-	-
	Financial Leverage	-	-	-	-	-
Note	Reason for the changes in the financial ratio in the most recent two years: 1. Increase in quick ratio: Mainly due to an increase in cash. 2. Increase in property, plant and equipment turnover rate: Mainly due to a decrease in net property, plant and equipment caused by the disposal of property and subsidiaries in 2019. 3. Increase in return on assets, return on equity, and net profit margin: Mainly due to a decrease in loss. 4. Increase in ratio of income before tax to paid-in capital and earnings per share: Mainly due to a decrease in net loss. 5. Decrease in cash flow ratio and cash reinvestment ratio: Mainly due to a decrease in cash flows generated from operating activities. 6. Increase in cash flow adequacy ratio: Mainly due to a decrease in capital expenditures and inventories in the most recent five years.					

Note: The calculation formula for financial analysis is presented 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 property, plant and equipment.
2. Solvency
 - (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (Current assets - Inventory - Prepayments) / 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 from operations) turnover rate = Net sales / Balance of average accounts receivable (including accounts receivable and notes receivable from operations).
 - (2) Average days for cash receipts = 365 / Accounts receivable turnover rate.
 - (3) Inventory turnover rate = Cost of sales / Average inventory.
 - (4) Accounts payable (including accounts payable and notes payable from operations) turnover rate = Cost of sales / Balance of average accounts payable (including accounts payable and notes payable from operations).
 - (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 - Dividends on preferred stock) / Weighted average of issued shares.
5. Cash flow
 - (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities.
 - (2) Cash flow adequacy ratio = Net cash flows from operating activities in the most recent five years / (Capital expenditures + Increase in inventory + Cash dividends) in the most recent five years.
 - (3) Cash reinvestment ratio = (Net cash flows from operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage
 - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.
 - (2) Financial leverage = Operating income / (Operating income - Interest expenses).

(II) Individual Financial Analyses

Analysis Item \ Year		2016	2017	2018	2019	2020
Financial Structure (%)	Debt Ratio	48.46	52.52	58.81	62.29	52.44
	Ratio of Long-term Capital to Property, Plant and Equipment	674.46	562.30	516.72	544.81	653.88
Solvency (%)	Current Ratio	259.78	195.35	215.81	185.04	216.39
	Quick Ratio	154.07	110.30	93.77	86.38	116.53
	Interest Coverage Ratio	-	-	-	-	-
Operating Ability	Accounts Receivable Turnover Rate (Times)	4.05	3.45	3.01	2.98	3.36
	Average Days for Cash Receipts	91	106	121	122	109
	Inventory Turnover Rate (Times)	2.32	2.45	1.7	1.28	1.34
	Accounts Payable Turnover Rate (Times)	6.98	6.79	6.39	5.43	4.93
	Average Days for Sale of Goods	158	149	214	286	273
	Property, Plant and Equipment Turnover Rate (Times)	7.00	6.42	4.72	3.87	4.45
	Total Assets Turnover Rate (Times)	0.80	0.78	0.64	0.53	0.54

Analysis Item \ Year		2016	2017	2018	2019	2020
Profitability	Return on Assets (%)	(4.73)	(6.69)	(8.62)	(6.94)	(3.46)
	Return on Equity (%)	(9.67)	(14.69)	(21.05)	(19.82)	(9.82)
	Ratio of Income before Tax to Paid-in Capital (%)	(9.13)	(12.22)	(14.55)	(11.19)	(9.06)
	Net Profit Margin (%)	(6.56)	(9.34)	(14.72)	(14.85)	(7.78)
	Earnings per Share (NT\$)	(1.88)	(2.51)	(2.99)	(2.29)	(1.14)
Cash Flow	Cash Flow Ratio (%)	10.33	-	-	37.82	7.19
	Cash Flow Adequacy Ratio (%)	33.18	29.76	8.30	29.59	46.28
	Cash Reinvestment Ratio (%)	1.93	-	-	9.07	1.52
Leverage	Operating Leverage	-	-	-	-	-
	Financial Leverage	-	-	-	-	-
Reason for the changes in the financial ratio in the most recent two years:						
1. Increase in ratio of long-term capital to property, plant and equipment: Mainly due to a decrease in net fixed assets.						
2. Increase in quick ratio: Mainly due to an increase in cash.						
3. Increase in return on assets, return on equity, net profit margin, and earnings per share: Mainly due to a decrease in loss.						
4. Decrease in cash flow ratio and cash reinvestment ratio: Mainly due to a decrease in cash flows generated from operating activities.						
5. Increase in cash flow adequacy ratio: Mainly due to a decrease in capital expenditures and inventories in the most recent five years.						

Note: The calculation formula for financial analysis is the same as that under (I) Consolidated Financial Analyses.

III. Audit Committee's Report for the Most Recent Year's Financial Statements

Audit Committee's Review Report

The Board of Directors has submitted the Company's 2020 Financial Statements, 2020 Loss Recovery Statements, and 2020 Business Report, among which the Financial Statements have been audited, and Audit Report has been issued, by PwC Taiwan. The said Financial Statements, Loss Recovery Statements, and Business Report have been reviewed by us, the Audit Committee. We have not found any inconsistencies. Therefore, we, the Audit Committee, issue this Report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, for your review.

Sincerely,
2021 Regular Shareholders' Meeting of Etron Technology, Inc.

Convener of Audit Committee's Meeting: Ai-Chen, Wang

M a r c h 2 4 , 2 0 2 1

IV. Financial Report for the Most Recent Year: Refer to pages 87 to 188 of the Annual Report.

V. Individual Financial Report for the Most Recent Year: Refer to pages 189 to 272 of the Annual Report.

VI. In the Most Recent Year and As of the Date of Publication of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and How Said Difficulties Will Affect the Company's Financial Status: None.

Chapter VII. Review and Analysis on Financial Status and Financial Performance and Risk

I. Financial Status

Unit: NT\$ thousand

Item	Year	December 31, 2019	December 31, 2020	Difference	
				Amount	%
Current Assets		3,582,080	3,951,619	369,539	10.32
Financial Assets at Fair Value through Other Comprehensive Income - Non-current and Investments Accounted for Using Equity Method		1,197,836	954,107	(243,729)	(20.35)
Property, Plant and Equipment, Net		810,414	689,421	(120,993)	(14.93)
Other Assets		622,348	584,090	(38,258)	(6.15)
Total Assets		6,212,678	6,179,237	(33,441)	(0.54)
Current Liabilities		1,859,229	1,750,292	(108,937)	(5.86)
Long-term Borrowings		1,663,209	1,292,184	(371,025)	(22.31)
Other Liabilities		358,008	219,637	(138,371)	(38.65)
Total Liabilities		3,880,446	3,262,113	(618,333)	(15.93)
Share Capital		4,352,398	2,677,073	(1,675,325)	(38.49)
Capital Surplus		190,706	496,457	305,751	160.33
Retained Earnings		(2,175,325)	(260,481)	1,914,844	88.03
Other Equity		(64,024)	(31,829)	32,195	50.29
Treasury Stock		(3,540)	0	3,540	100.00
Non-controlling Interests		32,017	35,904	3,887	12.14
Total Equity		2,332,232	2,917,124	584,892	25.08
Explanation of the proportion of the changes (%):					
1. Financial assets at fair value through other comprehensive income - non-current and investments accounted for using equity method: Mainly due to the buyback of shares by investee companies accounted for using equity method.					
2. Long-term borrowings: Mainly due to the repayment of long-term borrowings.					
3. Other liabilities: Mainly due to a decrease in lease liabilities and other non-current liabilities.					
4. Share capital and earnings per share: Mainly due to capital reduction to make up for losses.					
5. Capital surplus: Mainly due to premiums from the issuance of shares.					
6. Other equity: Mainly due to an increase in gains on the valuation of financial assets at fair value through other comprehensive income.					
7. Treasury stock: Mainly due to the disposal of the parent's shares by subsidiaries as treasury stock.					

II. Financial Performance

(I) Analysis of Financial Performance

Unit: NT\$ thousand

Item	Year		Amount of Change	Percentage of Change (%)
	2019	2020		
Operating Revenue	3,681,468	3,550,544	(130,924)	(3.56)
Operating Costs	(3,210,762)	(2,985,071)	225,691	7.03
Operating Gross Profit	470,706	565,473	94,767	20.13
Operating Expenses	(1,036,487)	(846,006)	190,481	18.38
Other Income and Expenses	42,697	57,972	15,275	35.78
Operating Income (Loss)	(523,084)	(222,561)	300,523	57.45
Non-operating Income and Expenses	1,038	(34,014)	(35,052)	(3,376.88)
Income (Loss) from Continuing Operations before Tax	(522,046)	(256,575)	265,471	50.85
Income Tax (Expenses)	(11,868)	(11,869)	(1)	(0.01)
Net Income (Loss)	(533,914)	(268,444)	265,470	49.72
Net Income (Loss) Attributable to Owners of the Parent	(498,906)	(254,393)	244,513	49.01
Description of the percentage of change:				
1. Operating gross profit: Mainly due to the benefits of portfolio optimization.				
2. Other income and expenses: Mainly due to an increase in rental income.				
3. Non-operating income and expenses: Mainly due to a decrease in gains on the disposal of subsidiaries.				
4. Operating loss and net loss: Mainly due to active control over operating expenses.				

(II) Expected Sales Volume in the Coming Year and Its Basis

The Company is an IC design house specializing in specialty DRAM and logic ICs such as USB chips and 3D image chips. These products have various applications in consumer electronics and artificial intelligence. The expected sales volume and operations in the future are based on the changes in demand for consumer electronics.

III. Cash Flows

(I) Analysis of the Changes in Cash Flows for the Most Recent Year

Unit: %

Item \ Year	2019	2020	Percentage of Change
Cash Flow Ratio	29.10	6.48	(77.73)
Cash Flow Adequacy Ratio	23.90	42.41	77.45
Cash Reinvestment Ratio	6.97	1.42	(79.63)
Description of the percentage of change: 1. Cash flow ratio: Mainly due to a decrease in cash flows generated from operating activities. 2. Cash flow adequacy ratio: Mainly due to a decrease in capital expenditures and inventories in the most recent five years. 3. Cash reinvestment ratio: Mainly due to a decrease in cash flows generated from operating activities.			

(II) Remedial Plans for Liquidity Shortfalls: Not applicable as the Company does not expect any liquidity shortfalls.

(III) Analysis of Liquidity for the Coming Year: Liquidity for the coming year is expected to be better than that in the previous year.

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Year

(I) Major Capital Expenditures and Source of Capital

Unit: NT\$ thousand

Program	Actual or Projected Source of Funds	Actual or Projected Completion Date	Total Funds Required	Actual or Projected Capital Expenditures		
				2018	2019	2020
Purchase of Equipment	Own funds and bank loans	December 2020	471,648	346,958	79,170	45,520

(II) Expected Benefits: Such capital expenditures are expected to bring positive benefits to the production and sales of products.

V. Reinvestment Policy for the Most Recent Year, Main Reasons for Profits/Losses Generated Thereby, Improvement Plan, and Investment Plans for Coming Year

(I) Reinvestment Policy for the Most Recent Year

For long-term strategic purposes, the Company's reinvestment policy targets companies in the relevant sectors of the industry. Getting a hold of integrated trends in the relevant sectors of the industry, the Company expects to develop new products, new customers, and new markets, so as to maximize the profits with augmented market share.

(II) Main Reasons for Profits/Losses Generated Thereby and Improvement Plan

Some subsidiaries of the Company are yet to make a profit despite their continuing investments in new technologies and new products; yet, the business results of most of the subsidiaries have started to roll in as investee companies accounted for using the equity

method continue to grow, resulting in a significant decrease in investment losses in 2020 from the previous year. In the future, the Company will continue assisting the investee companies in improving their competitiveness and business results, so as to increase the Company's profitability as a whole.

(III) Investment Plans for Coming Year

The Company will continue to prudently evaluate its investment plans for long-term strategic purposes.

VI. Risk Assessment and Management

(I) 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. Effect of interest rate fluctuations and response measures to be taken in the future

In the most recent year, the interest rate remained relatively flat, coupled with a stable ratio of net interest income and expenses to operating revenue. Interest rate fluctuations had no significant impact on the Company's business operations and profit or loss. The Company will constantly monitor interest rate movements in the financial market, regularly assess bank interest rates, and closely communicate with banks to obtain more favorable interest rates.

2. Effect of exchange rate fluctuations and response measures to be taken in the future

The Company's operating revenue was mainly denominated in USD. Net of certain payables on purchases denominated in foreign currencies, USD-denominated assets constituted most of the net position. Therefore, exchange rate fluctuations between the New Taiwan Dollar and the U.S. dollar could have an impact on the Company's profit or loss. In addition to natural hedging, the Company entered into forward contracts to mitigate the impact of exchange rate fluctuations on its profit and loss. To keep abreast of trends and changes in exchange rates, the Company's finance department constantly monitors changes in international financial markets, maintains close contact with banks, collects information on exchange rate fluctuations and financial markets; it also adjusts the USD position in a timely manner to reduce the exchange rate risk.

3. Effect of changes in the inflation rate and response measures to be taken in the future

In the most recent year, inflation had an insignificant impact on the Company's business operations and profit or loss. In the future, the Company will closely monitor the changes in the international prices of raw materials and products, maintain good relationships with customers and suppliers, and adjust the selling prices of products and inventories in a timely manner in order to reduce the effect of changes in the inflation rate.

(II) Policies on High Risk or Highly Leveraged Investments, Loans to Others, Endorsements and Guarantees, as Well as Derivatives Trading, Main Reasons for Profits or Losses, and Response Measures to Be Taken in the Future: The Company did not engage in any high risk or highly leveraged investments. To ensure sound financial management and to reduce the operational risks, the Company has formulated the "Operating Procedures for Loans to Others" and "Operating Procedures for Endorsements and Guarantees" according to law and required that all subsidiaries should comply when providing loans or endorsements/guarantees to others. The Company engaged in derivatives trading mainly conducted on a hedging basis, using forward contracts and currency swaps to reduce the adverse impact on the business results of exchange rate fluctuations.

(III) Future R&D Plan and Projected R&D Expenses: In the future, the Company will introduce more advanced processes to develop specialty DRAM with low power consumption, high speed, small and medium capacity, and maximized benefits; the system IC business unit strains to build a higher-end portfolio, promote the concept of ergonomics (eye-brain-nerve convergence), and create more added value of products. The R&D expenses in 2020

amounted to approximately NT\$482,179 thousand, accounting for 14% of the Company's operating revenue. The equivalent percentage is expected in terms of the R&D expenses in 2021.

- (IV) Effect of Changes in Major Domestic and International Policies and Laws on the Company's Finances and Business Operations and Response Measures to Be Taken in the Future: The changes in major domestic and international policies and laws this year did not have any major impact on the Company's finances and business operations. In the future, the Company will keep itself timely updated on relevant information and develop timely and necessary responses to meet the Company's operational needs.
- (V) Effect of Changes in Technology and the Industry on the Company's Finances and Business Operations and Response Measures to Be Taken in the Future: The Company strengthened the R&D capabilities and followed technological developments and market trends at home and abroad to respond to changes in technology and the industry; in terms of financial management, the Company focused on cash flow management to keep the operations sound and robust. In addition, the Company has adopted the following controls to reduce the impact of information security risks on its finances and business operations:
1. The firewall policy protects the network connection inside and outside the Company.
 2. The Intrusion Prevention System (IPS) blocks external attacks.
 3. The mail protection system protects the Company from threatened mail attacks through email content checks, spam filtering, and virus protection.
 4. Anti-virus software protects the Company's computers from any malware.
 5. Data Loss Prevention (DLP) prevents the leaks of company information.
- (VI) Effect of Changes in Corporate Image on Corporate Risk Management and Measures Taken in Response: The Company is a world-class fabless IC design house for cutting-edge CEDRAM and KGDM. With "honor, courage, innovation, teamwork" as the core, the Company continues to develop advanced technologies and enhance customer service, forging long-term and stable partnerships with many leading customers around the world. In terms of corporate image, the Company presents its core values, business strategies, visions, market trends, and other product or financial information through disclosures and channels of communication such as company website, DMs, press release, awards and credentials, participation in industry events; it also engages with the media and investors to increase the public's understanding and recognition of its business goals and to create a positive corporate image.
- (VII) Expected Benefits and Possible Risks Associated with Mergers and Acquisition and Measures Taken in Response: None.
- (VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion and Measures Taken in Response: None.
- (IX) Risks Associated with Excessively Centralized Purchases or Sales and Measures Taken in Response: The Company sells to customers all over the world. Our products are used in a variety of consumer electronics and more fields to come. In the most recent year, there were no excessively centralized sales. The Company's management has over 20 years of work experience in semiconductor IC products. The Company has formed stable and close partnerships with the upstream portion of the supply chain such as wafer fabs and packaging testing labs. In the most recent year, there were no excessively centralized purchases.
- (X) Effect upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10 Percent Stake in the Company Has Been Transferred or Has Otherwise Changed Hands, and Measures Taken in Response: The changes in the equity of such parties concerned were mainly made for personal wealth management purposes. Given the small amount, the probability of risking the Company's

business operations was low.

(XI) Effect of Changes in Management on the Company, Related Risks, and Measures Taken in Response: None.

(XII) Litigation or Non-litigation Events: In January 2016, former Chairman Wu of TM Technology, Inc. ("TM Technology"), the former subsidiary of the Company, was accused of violating the Securities and Exchange Act. After the Taiwan New Taipei District Court brought in an acquittal on November 22, 2019, the prosecution appealed the case to the Taiwan High Court. The case is currently being heard by the Taiwan High Court. In February 2017, on behalf of the investors of TM Technology, the Securities and Futures Investors Protection Center (the "SFIPC") filed two civil actions against the Company and TM Technology and its former Chairman Wu in the Taiwan Hsinchu District Court and the Taiwan New Taipei District Court, respectively, for former Chairman Wu's being charged with violating the Securities and Exchange Act in January 2016. The said two district courts dismissed the actions requesting joint and several liability on November 13, 2018 and March 18, 2019, respectively. The SFIPC objected to the ruling and appealed to the Taiwan High Court in April 2019. On February 26, 2021, the Taiwan High Court dismissed the appeal filed by the SFIPC. On March 24, 2021, the SFIPC filed an appeal against the ruling by the Taiwan High Court.

(XIII) Other Major Risks and Countermeasures: None.

VII. Other Important Issues: None.

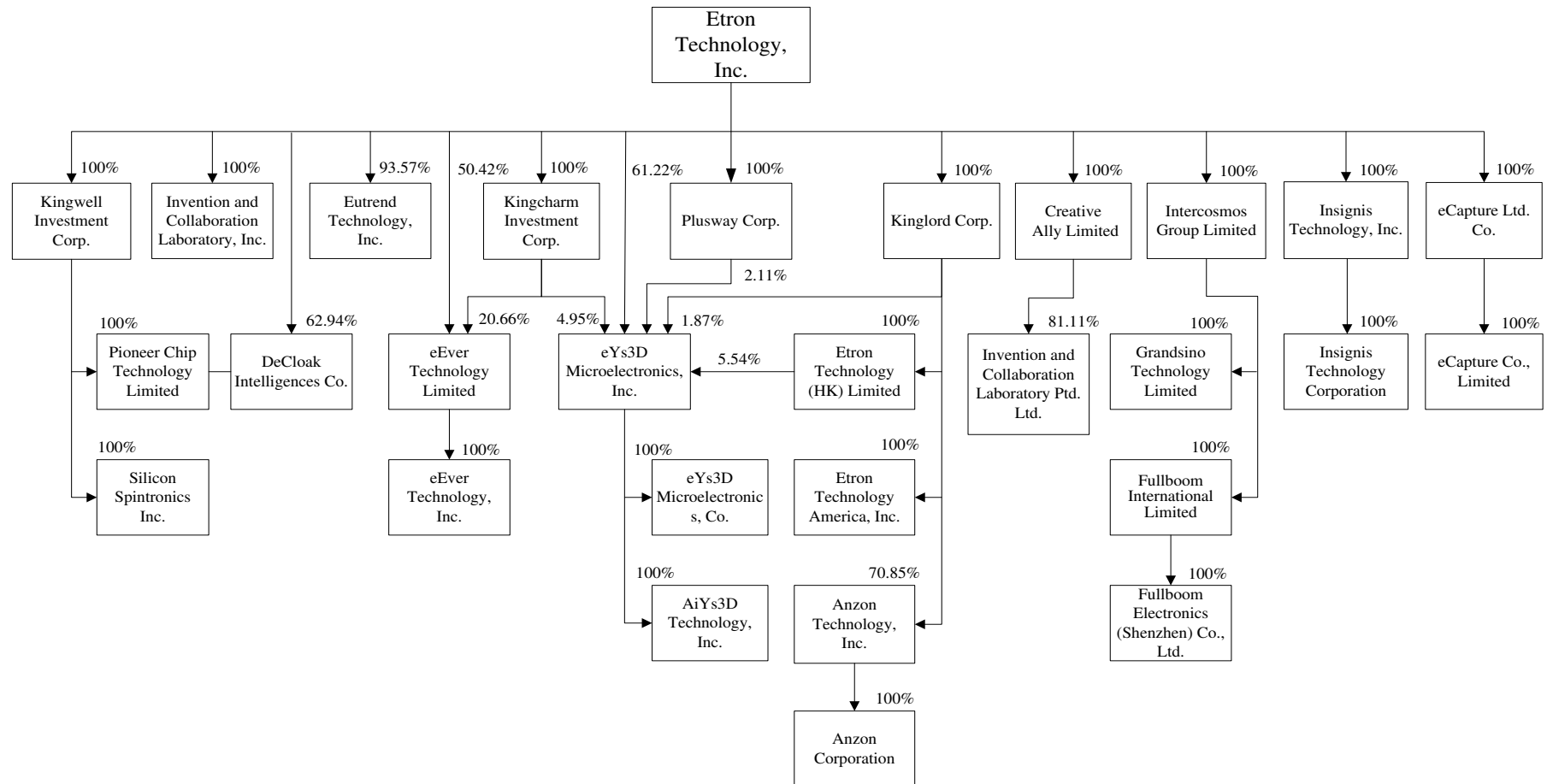
Chapter VIII. Special Records

I. Relevant Information on Affiliates

(I) Consolidated Business Reports of Affiliates

1. Organizational chart of affiliates

December 31, 2020



2. Information on affiliates

December 31, 2020, Unit: NT\$ thousand					
Name of Affiliate	Date of Incorporation	Company Address	Currency	Paid-in Capital	Scope of Business
Kingwell Investment Corp.	1995/10/17	10F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	131,830.00	Investment in production and service businesses
Kinglord Corp.	1996/8/13	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	27,107.62	General investment
Plusway Corp.	1997/11/24	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	15,681.00	General investment
Etron Technology America, Inc.	2000/3/28	3375 Scott BLVD, Suite 128, Santa Clara, CA95054, U.S.A.	USD	5,620.00	Sale and purchase of integrated circuits
Eutrend Technology Inc.	1997/4/1	1F, No. 6, Keji 5th Road, Hsinchu Science Park	TWD	28,883.69	Testing of high frequency or high power RF, analog, and digital mixed components
Kingcharm Investment Corp.	2000/5/10	10F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	180,000.00	General investment
Anzon Technology, Inc.	2003/1/21	P.O. Box 3152, Road Town, Tortola, British Virgin Islands	USD	584.50	General investment
Anzon Corporation	2004/1/16	3-4-1, Kami-osaki, Shinagawa-ku, Tokyo	JPY	9,250.00	Sales agency
Etron Technology (HK) Limited	2005/3/16	Unit 615, Lakeside 2, East Wing, No. 10 Science Park West Avenue, HK Science Park Phase II, Shatin, N.T., Hong Kong	HKD	37,440.00	Sale and purchase of integrated circuits
Intercosmos Group Limited	2005/7/6	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	8,062.00	General investment
Grandsino Technology Limited	2005/7/6	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	7,181.00	General investment
Fullboom International Limited	2007/1/8	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	1,050.00	General investment
Fuyubang Electron (Shenzhen) Co., Ltd.	2007/11/1	25F, Building A, Galaxy WORLD, No. 1, Yabao Road, Longgang District, Shenzhen City, China	USD	1,000.00	Wholesale and international trade of electronic components
Creative Ally Limited	2011/7/13	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	3,200.00	General investment
Invention and Collaboration Laboratory, Inc.	2012/6/20	10F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	3,000.00	Manufacturing of electronic components
Pioneer Chip Technology Limited	2012/10/26	5F, No. 158, Section 1, Jiafeng 2nd Street, Zhubei City, Hsinchu County	TWD	2,000.00	Manufacturing of electronic components
eEver Technology, Inc.	2015/7/30	2F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	257,000.00	Manufacturing of electronic components
eYs3D Microelectronics, Co.	2015/7/30	2F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	388,000.00	Manufacturing of electronic components
eCapture Ltd. Co.	2015/5/19	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	USD	1,001.67	General investment
eCapture Co., Limited	2016/9/12	Room 615, 6/F, Lakeside 2, East Wing, No. 10 Science Park West Avenue, HK Science Park Phase II, Shatin, N.T., Hong Kong	USD	950.00	Development, marketing and sale of electronic products
Insignis Technology, Inc.	2016/11/3	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 - 1205	USD	1,955.00	General investment
Insignis Technology Corporation	2016/11/28	160 Greentree Drive, Suite 101, Dover, DE 19904	USD	1,915.00	Sale and purchase of electronic components
eEver Technology Limited	2017/7/4	Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands	USD	6,756.97	General investment
eYs3D Microelectronics, Inc.	2017/7/4	Suite 102, Cannon Place, North Sound Road, George Town, Grand Cayman, KY1-9006, Cayman Islands	USD	10,249.43	General investment
Silicon Spintronics Inc.	2015/10/12	5F, No. 158, Section 1, Jiafeng 2nd Street, Zhubei City, Hsinchu County	TWD	100.00	Manufacturing of electronic components
DeCloak Intelligences Co.	2020/1/21	10F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	7,150.00	Manufacturing of electronic components
AiYs3D Technology, Inc.	2020/1/23	3375 Scott Blvd., Suite 128, Santa Clara, CA 95054	USD	10.00	Marketing and customer service
Invention and Collaboration Laboratory Pte. Ltd.	2020/5/5	160 Robinson Rd., #23-02, Singapore 068914	USD	600.43	Development, consulting, and design of semiconductor technology

3. Shareholders of the companies presumed to have a control and affiliation relation: None.

4. The industries overall covered by the businesses of affiliates: The scope of business of the Company and its affiliates mainly covers the research and development, production, and sale of integrated circuits and peripherals, as well as related consulting service and general investment.

5. Information on directors, supervisors, and presidents of affiliates

December 31, 2020; Unit: Share, %

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
Kingwell Investment Corp.	Chairman	Etron Technology, Inc. (Representative: Yao, Tzu-Chin)	13,183,000	100.00
	Director	Etron Technology, Inc. (Representative: Chung, Chia-Pao)	13,183,000	100.00
	Director	Etron Technology, Inc. (Representative: Hsieh, Jui-Ling)	13,183,000	100.00
	Supervisor	Etron Technology, Inc. (Representative: Shih, Pei-Shan)	13,183,000	100.00
Kinglord Corp.	Chairman	Yao, Tzu-Chin	0	0.00
	Director	Chung, Chia-Pao	0	0.00
	Director	Hsieh, Jui-Ling	0	0.00
Plusway Corp.	Director	Yao, Tzu-Chin	0	0.00
	Director	Hsieh, Jui-Ling	0	0.00
	Director	Chung, Chia-Pao	0	0.00
Etron Technology America, Inc.	Director	Elvis Deng	0	0.00
	Director	Yao, Tzu-Chin	0	0.00
Eutrend Technology Inc.	Chairman	Nicky Lu	24	0.00
	Director	Etron Technology, Inc. (Representative: Chi, Yu-Cheng)	2,702,522	93.57
	Director	Etron Technology, Inc. (Representative: Chung, Chia-Pao)	2,702,522	93.57
	Supervisor	Yao, Tzu-Chin	0	0.00
Kingcharm Investment Corp.	Chairman	Etron Technology, Inc. (Representative: Yao, Tzu-Chin)	18,000,000	100.00
	Director	Etron Technology, Inc. (Representative: Hsieh, Jui-Ling)	18,000,000	100.00
	Director	Etron Technology, Inc. (Representative: Chung, Chia-Pao)	18,000,000	100.00
	Supervisor	Etron Technology, Inc. (Representative: Shih, Pei-Shan)	18,000,000	100.00
Anzon Technology, Inc.	Director	Hsiu-Ling, Kuo	0	0.00
	Director	Shinya Zhoujin	0	0.00
	Director	Yao, Tzu-Chin	0	0.00
	Director	Elvis Deng	0	0.00
	Director	Chikagami, Yasushi	0	0.00
Anzon Corporation	Representative Director	Shinya Zhoujin	0	0.00
	Director	Yao, Tzu-Chin	0	0.00
	Supervisor	Hsiu-Ling, Kuo	0	0.00
Etron Technology (HK) Limited	Director	Yao, Tzu-Chin	0	0.00
	Director	Chung, Chia-Pao	0	0.00
Intercosmos Group Limited	Director	Chung, Chia-Pao	0	0.00
	Director	Yao, Tzu-Chin	0	0.00
	Director	Hsieh, Jui-Ling	0	0.00
Grandsino Technology Limited	Director	Yao, Tzu-Chin	0	0.00
	Director	Hsieh, Jui-Ling	0	0.00
	Director	Chung, Chia-Pao	0	0.00
Fullboom International Limited	Director	Intercosmos Group Limited (Representative: Yao, Tzu-Chin)	1,050,000	100.00
Fullboom Electronics (Shenzhen) Co., Ltd.	Executive Director	Fullboom International Ltd. (Representative: Yao, Tzu-Chin)	1,000,000	100.00
	Supervisor	Fullboom International Ltd. (Representative: Chung, Chia-Pao)	1,000,000	100.00
Creative Ally Limited	Director	Hsieh, Jui-Ling	0	0.00
	Director	Yao, Tzu-Chin	0	0.00
	Director	Chung, Chia-Pao	0	0.00
Invention and Collaboration Laboratory, Inc.	Chairman	Etron Technology, Inc. (Representative: Yao, Tzu-Chin)	300,000	100.00
	Director	Etron Technology, Inc. (Representative: Chung, Chia-Pao)	300,000	100.00
	Director	Etron Technology, Inc. (Representative: Hsieh, Jui-Ling)	300,000	100.00
	Supervisor	Etron Technology, Inc. (Representative: Shih, Pei-Shan)	300,000	100.00
Pioneer Chip Technology Limited	Chairman	Kingwell Investment Corp. (Representative: Yao, Tzu-Chin)	200,000	100.00
	Director	Kingwell Investment Corp. (Representative: Hsieh, Jui-Ling)	200,000	100.00
	Director	Kingwell Investment Corp. (Representative: David Leu)	200,000	100.00
	Supervisor	Kingwell Investment Corp. (Representative: Chung, Chia-Pao)	200,000	100.00
eCapture Ltd. Co.	Director	Yao, Tzu-Chin	0	0.00
	Director	Elvis Deng	0	0.00
eCapture Co., Limited	Director	Yao, Tzu-Chin	0	0.00
	Director	Elvis Deng	0	0.00
Insignis Technology, Inc.	Director	Yao, Tzu-Chin	0	0.00
	Director	William Lauer	0	0.00
	Director	Elvis Deng	0	0.00
Insignis Technology Corporation	Director	Elvis Deng	0	0.00
	Director	Yao, Tzu-Chin	0	0.00
	Director	William Lauer	0	0.00

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
eEver Technology, Inc.	Chairman	eEver Technology Limited (Representative: Elvis Deng)	25,700,000	100.00
	Director	eEver Technology Limited (Representative: Nicky Lu)	25,700,000	100.00
	Director	eEver Technology Limited (Representative: Hsu, Shih-Min)	25,700,000	100.00
	Director	eEver Technology Limited (Representative: Chi, Chen-Tung)	25,700,000	100.00
	Director	eEver Technology Limited (Representative: Yang, Pang-Yen)	25,700,000	100.00
	Supervisor	eEver Technology Limited (Representative: Hsu, Mei-Ling)	25,700,000	100.00
	Supervisor	eEver Technology Limited (Representative: Yao, Tzu-Chin)	25,700,000	100.00
eYs3D Microelectronics, Co.	Chairman	eYs3D Microelectronics, Inc. (Representative: Elvis Deng)	45,250,000	100.00
	Director	eYs3D Microelectronics, Inc. (Representative: Nicky Lu)	45,250,000	100.00
	Director	eYs3D Microelectronics, Inc. (Representative: Chi, Chen-Tung)	45,250,000	100.00
	Supervisor	eYs3D Microelectronics, Inc. (Representative: Hsu, Mei-Ling)	45,250,000	100.00
	Supervisor	eYs3D Microelectronics, Inc. (Representative: Yao, Tzu-Chin)	45,250,000	100.00
eEver Technology Limited	Director	Hsu, Shih-Min	17,001	0.06
	Director	Hsu, Mei-Ling	0	0.00
	Director	Nicky Lu	123,001	0.44
	Director	Yang, Pang-Yen	0	0.00
	Director	Elvis Deng	252,296	0.89
	Director	Chi, Chen-Tung	0	0.00
	Director	Nicky Lu	524,913	1.25
eYs3D Microelectronics, Inc.	Director	Elvis Deng	216,918	0.52
	Director	Chi, Chen-Tung	0	0.00
	Director	Hsu, Mei-Ling	0	0.00
	Director	Max Wu	0	0.00
	Director	Kingwell Investment Corp. (Representative: Yao, Tzu-Chin)	10,000	100.00
Silicon Spintronics Inc.	Director	Kingwell Investment Corp. (Representative: Hsieh, Jui-Ling)	10,000	100.00
	Director	Kingwell Investment Corp. (Representative: Chung, Chia-Pao)	10,000	100.00
	Supervisor	Kingwell Investment Corp. (Representative: Shih, Pei-Shan)	10,000	100.00
	Supervisor	Kingwell Investment Corp. (Representative: Shih, Pei-Shan)	10,000	100.00
DeCloak Intelligences Co.	Chairman	Etron Technology, Inc. (Representative: Yao, Tzu-Chin)	450,000	62.94
	Director	Nicky Lu	200,000	27.97
	Director	Tsou, Yao-Tung	15,000	2.10
	Supervisor	Elvis Deng	0	0.00
	Supervisor	Wang, Ching-Jung	0	0.00
AiYs3D Technology, Inc.	Director	Elvis Deng	0	0.00
	Director	Yao, Tzu-Chin	0	0.00
Invention and Collaboration Laboratory Pte. Ltd.	Director	Yao, Tzu-Chin	0	0.00
	Director	Huang, Yen-Chin	0	0.00

6. Operational overview of affiliates

December 31, 2020; Unit: NT\$ thousand

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income (after Tax)	Earnings per Share (NT\$) (after Tax)
Kingwell Investment Corp.	131,830	359,155	181	358,974	12,337	11,110	11,110	0.84
Kinglord Corp.	762,057	300,434	1,127	299,307	22,503	22,550	22,550	885.77
Plusway Corp.	361,149	142,856	1,235	141,621	4,486	4,002	4,002	401.47
Etron Technology America, Inc.	160,058	24,829	7,381	17,448	45,002	9,685	9,726	0.20
Eutrend Technology Inc.	28,884	345	45	300	0	(4,459)	(5,380)	(1.86)
Kingcharm Investment Corp.	180,000	32,695	2,859	29,836	2,639	(1,069)	(1,069)	(0.06)
Anzon Technology, Inc.	16,419	4,855	0	4,855	0	(603)	(552)	(0.23)
Anzon Corporation.	2,556	5,057	262	4,795	5,131	(454)	(567)	(3,066.58)

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income (after Tax)	Earnings per Share (NT\$) (after Tax)
Etron Technology (HK) Limited	136,704	287,730	37,741	249,989	102,809	(2,920)	12,750	0.34
Intercosmos Group Limited	229,606	313,411	0	313,411	20,119	20,068	20,033	2,311.14
Grandsino Technology Limited	204,515	301,594	0	301,594	19,527	19,468	19,468	2,515.54
Fullboom International Limited	32,582	10,368	0	10,368	820	771	817	0.78
Fullboom Electronics (Shenzhen) Co., Ltd.	28,480	12,612	3,187	9,425	25,824	1,276	817	0.00
Creative Ally Limited	105,946	22,888	0	22,888	249	203	203	63.23
Invention and Collaboration Laboratory, Inc.	3,000	338	0	338	0	(36)	(35)	(0.12)
Pioneer Chip Technology Limited	2,000	136	2	134	0	(2,598)	(2,595)	(12.98)
eEver Technology, Inc.	257,000	121,816	38,106	83,710	185,174	16,776	14,589	0.57
eYs3D Microelectronics, Co.	452,500	73,886	84,409	(10,523)	88,370	(103,602)	(104,214)	(2.51)
eCapture Technologies, Inc.	0	0	0	0	0	(44)	576	0.00
eCapture Ltd. Co.	28,527	2,537	0	2,537	323	178	178	0.02
eCapture Co. Limited	27,056	3,061	1,245	1,816	0	323	322	0.34
Insignis Technology, Inc.	55,678	103	0	103	0	(3,884)	(3,884)	(0.14)
Insignis Technology Corporation	54,539	5,891	6,073	(182)	28,225	(3,852)	(3,852)	(2.03)
eEver Technology Limited	192,438	123,991	134	123,857	15,431	13,689	13,689	0.48
eYs3D Microelectronics, Inc.	291,904	4,486	54,388	(49,902)	43	(111,512)	(111,512)	(3.31)
Insignis Technology Limited	0	0	0	0	0	(0)	(1)	0.00
Silicon Spintronics Inc.	100	86	0	86	0	(1)	(1)	(0.10)
DeCloak Intelligences Co.	7,150	3,451	495	2,956	1,500	(4,196)	(4,194)	(6.67)
AiYs3D Technology, Inc.	285	2,230	1,623	607	16,049	362	362	45.13
Invention And Collaboration Laboratory Pte. Ltd.	17,100	17,100	0	17,100	0	0	0	0.00

(II) Consolidated Financial Statements of Affiliates

Etron Technology Inc. and Subsidiaries Statement on the Consolidated Financial Statements of Affiliates

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. The Company hereby produces this statement to the effect that no preparation for the separate consolidated financial statements of affiliates is required.

Sincerely,

Company: Etron Technology Inc.

Chairman: Nicky Lu

March 24, 2021

(III) Affiliation Reports: Not applicable.

II. Issuance of Private Placement Securities in the Most Recent Year and As of the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Year and Up to the Date of Publication of the Annual Report

Name of Subsidiary	Paid-in Capital	Source of Funds	The Company's Shareholding Ratio	Date of Acquisition or Disposal	Number and Amount of Shares Acquired	Number and Amount of Shares Disposed of	Investment Income	Number and Amount of Shares Held up to the Date of Publication of the Annual Report	Pledge	Making of Endorsements/Guarantees to Subsidiary	Loaning of Funds to Subsidiary
Pioneer Chip Technology Limited Ltd.	NT\$2,000 thousand	Not applicable as shares are acquired through donation	100%	2019/6/17	400,000 shares NT\$3,540 thousand	N/A	N/A	400,000 shares NT\$3,540 thousand	None	None	None
		N/A		2020/8/4~ 2020/8/5	N/A	200,000 shares NT\$3,912 thousand	NT\$372 thousand	0 share NT\$0	None	None	None

IV. Other Necessary and Supplemental Description: None.

V. Conditions that Materially Affect Shareholders' Interests or Price of Securities: None.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Etron Technology, Inc.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the republic of China. Our responsibilities under those standards are further described in the *Auditor's 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 Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Group's consolidated financial statements. These matters were addressed in the context of

our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Key audit matters - Valuation of accounts receivable

Description

Please refer to Note 4(10) for accounting policies on valuation of accounts receivable, Note 5 for the uncertainty of accounting estimates and assumptions related to valuation of accounts receivable, and Note 6(5) for details of accounts receivable. As of December 31, 2020, the total amount of accounts receivable and allowance for uncollectible accounts were NT\$947,846 thousand and NT\$122,272 thousand, respectively.

The Group assesses the allowance for uncollectible accounts receivable by each individual counterparty when there are significant past due accounts receivable arising from each individual counterparty. The valuation of allowance for uncollectible accounts receivable for the remaining counterparties is based on the default risk and expected loss rate. The amount of accounts receivable is material to the consolidated financial statements and the valuation involves subjective judgment made by management. Thus, we consider the valuation of accounts receivable a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter, these procedures included: obtained an understanding and evaluated the design and operating effectiveness of internal controls related to revenue and receivable business process, obtained the aging report of accounts receivable and validated the accuracy, obtained and validated the assessment made by management in identifying significant expected credit loss for each individual counterparty and respective supporting documents, obtained and validated the expected credit loss ratios calculated by management based on the Company's historical data of similar credit risk and forward-looking information, and tested subsequent collection in order to assess the reasonableness of allowance for uncollectable accounts.

Key audit matters - Valuation of inventories

Description

Refer to Note 4(14) for accounting policies on valuation of inventories, Note 5 for the uncertainty of accounting estimates and assumptions related to valuation of inventories, and Note 6(6) for details of inventories. As of December 31, 2020, the total amount of inventories and allowance for inventory valuation loss were NT\$2,125,233 thousand and NT\$465,600 thousand, respectively.

The Group is primarily engaged in the design, manufacture and sale of niche memory chips. Due to rapidly technology changes and fluctuation in market demands, there is a higher risk of decline in market values of inventories or obsolescence. The Group's inventories are measured at the lower of cost and net realizable value. The estimation of net realizable value for inventories aged over a certain period of time and individually identified as obsolete involves management's subjective judgment and the amount of inventories is material to the consolidated financial statements. Thus, we consider the valuation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter, these procedures included: assessed the reasonableness of policies regarding valuation of inventories and provision of allowance for inventory valuation loss, validated the consistency of quantities and amounts of inventories between inventory aging report at year end and inventory sub-ledger, sample tested the accuracy of categorization of inventory aging report, sample tested individually identified inventory items and the reasonableness of the estimation of net realisable values in order to ensure the sufficiency of allowance of inventory valuation loss.

Other matter – Parent company only financial reports

We have audited and expressed on unqualified opinion on the parent company only financial statements of Etron Technology, Inc. as at end for the years ended December 31, 2020 and 2019.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Chiang, Tsai-yen

Wen, Fang-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2021

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

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

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 1,395,380	23	\$ 841,114	14
Financial assets at fair value through profit or loss - current	6(2)	2,965	-	7,415	-
Financial assets at amortised cost-current	6(4) and 8	15,684	-	9,060	-
Accounts receivable, net	6(5)	825,574	13	889,748	14
Other receivables	7	22,275	-	37,292	1
Current income tax assets		179	-	489	-
Inventories, net	6(6) and 8	1,659,633	27	1,775,329	29
Prepayments		28,227	1	19,862	-
Other current assets		1,702	-	1,771	-
Total current assets		3,951,619	64	3,582,080	58
Non-current assets					
Financial assets at fair value through other comprehensive income-non-current	6(3) and 8	637,937	10	571,188	9
Financial assets at amortised cost-non-current	6(4) and 8	68,941	1	68,480	1
Investments accounted for using equity method	6(7)	316,170	5	626,648	10
Property, plant and equipment	6(8)(12) and 8	689,421	11	810,414	13
Right-of-use assets	6(9) and 7	166,355	3	192,681	3
Intangible assets	6(11)	27,056	1	31,277	1
Deferred income tax assets	6(30)	309,374	5	321,243	5
Other non-current assets		12,364	-	8,667	-
Total non-current assets		2,227,618	36	2,630,598	42
Total assets		\$ 6,179,237	100	\$ 6,212,678	100

(Continued)

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Short-term borrowings	6(13) and 8	\$ 143,635	2	\$ 482,454	8
Financial liabilities at fair value through profit or loss - current	6(14)	42,722	1	-	-
Contract liabilities-current	6(22)	8,527	-	1,392	-
Notes payable		1,987	-	2,290	-
Accounts payable		596,157	10	585,027	10
Accounts payable - related parties	7	-	-	1,205	-
Other payables		178,877	3	184,525	3
Current lease liabilities	7	22,906	-	22,737	-
Long-term liabilities, current portion	6(15) and 8	673,097	11	494,983	8
Other current liabilities, others	6(10) and 7	82,384	1	84,616	1
Total current liabilities		<u>1,750,292</u>	<u>28</u>	<u>1,859,229</u>	<u>30</u>
Non-current liabilities					
Financial liabilities at fair value through profit or loss-non-current	6(14)	-	-	59,960	1
Long-term borrowings	6(15) and 8	1,292,184	21	1,663,209	26
Non-current lease liabilities	7	146,306	3	172,427	3
Other non-current liabilities	6(10) and 7	73,331	1	125,621	2
Total non-current liabilities		<u>1,511,821</u>	<u>25</u>	<u>2,021,217</u>	<u>32</u>
Total Liabilities		<u>3,262,113</u>	<u>53</u>	<u>3,880,446</u>	<u>62</u>
Equity attributable to owners of parent					
Share capital	6(17)				
Common stock		2,677,073	43	4,352,398	70
Capital surplus	6(18)				
Capital surplus		496,457	8	190,706	3
Retained earnings	6(19)				
Accumulated deficit		(260,481)	(4)	(2,175,325)	(35)
Other equity interest	6(20)				
Other equity interest		(31,829)	-	(64,024)	(1)
Treasury stocks	6(17)	-	-	(3,540)	-
Equity attributable to owners of parent		<u>2,881,220</u>	<u>47</u>	<u>2,300,215</u>	<u>37</u>
Non-controlling interests	4(3)	<u>35,904</u>	<u>-</u>	<u>32,017</u>	<u>1</u>
Total equity		<u>2,917,124</u>	<u>47</u>	<u>2,332,232</u>	<u>38</u>
Significant contingent liabilities and unrecognized contractual commitments	9				
Significant events after the balance sheet date	11				
Total liabilities and equity		<u>\$ 6,179,237</u>	<u>100</u>	<u>\$ 6,212,678</u>	<u>100</u>

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except loss per share)

Items	Notes	Year ended December 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(22) and 7	\$ 3,550,544	100	\$ 3,681,468	100
Operating costs	6(6)(27)(28) and 7	(2,985,071)	(84)	(3,210,762)	(87)
Gross profit from operations		565,473	16	470,706	13
Operating expenses	6(27)(28) and 7				
Selling expenses		(145,456)	(4)	(194,454)	(5)
General and administrative expenses		(228,589)	(6)	(274,963)	(8)
Research and development expenses		(482,179)	(14)	(567,070)	(15)
Expected credit impairment gain	12(2)	10,218	-	-	-
Total operating expenses		(846,006)	(24)	(1,036,487)	(28)
Other operating income and expenses-net	6(23) and 7	57,972	2	42,697	1
Operating loss		(222,561)	(6)	(523,084)	(14)
Non-operating income and expenses					
Interest income	6(24)	1,034	-	5,623	-
Other income	6(25) and 7	29,439	1	32,720	1
Other gains and losses	6(26)	(32,424)	(1)	33,879	1
Finance costs	6(29) and 7	(59,285)	(2)	(76,609)	(2)
Expected credit impairment loss	12(2)	-	-	(4,250)	-
Share of profit of associates and joint ventures accounted for using equity method	6(7)	27,222	1	9,675	-
Total non-operating income and expenses		(34,014)	(1)	1,038	-
Loss before income tax		(256,575)	(7)	(522,046)	(14)
Income tax expense	6(30)	(11,869)	(1)	(11,868)	-
Net loss for the year		<u>(\$ 268,444)</u>	<u>(8)</u>	<u>(\$ 533,914)</u>	<u>(14)</u>

(Continued)

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except loss per share)

Items	Notes	Year ended December 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
Gain (losses) on remeasurements of defined benefit plans	6(16)	(\$ 390)	-	\$ 1,917	-
Unrealised gains on valuation of equity instruments at fair value through other comprehensive income	6(3)(20)	49,847	2	12,857	-
Items that will be reclassified to profit or loss					
Currency translation differences of foreign operations	6(20)	(33,340)	(1)	(14,816)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(7)(20)	8,581	-	(24,387)	(1)
Other comprehensive income (loss) for the year		<u>\$ 24,698</u>	<u>1</u>	<u>(\$ 24,429)</u>	<u>(1)</u>
Total comprehensive loss for the year		<u>(\$ 243,746)</u>	<u>(7)</u>	<u>(\$ 558,343)</u>	<u>(15)</u>
Loss attributable to:					
Owners of the parent company		(\$ 254,393)	(7)	(\$ 498,906)	(13)
Non-controlling interest		(14,051)	(1)	(35,008)	(1)
		<u>(\$ 268,444)</u>	<u>(8)</u>	<u>(\$ 533,914)</u>	<u>(14)</u>
Total comprehensive loss attributable to:					
Owners of the parent company		(\$ 229,078)	(7)	(\$ 521,754)	(14)
Non-controlling interest		(14,668)	-	(36,589)	(1)
		<u>(\$ 243,746)</u>	<u>(7)</u>	<u>(\$ 558,343)</u>	<u>(15)</u>
Basic loss per share		<u>(\$ 1.14)</u>		<u>(\$ 2.29)</u>	
Diluted loss per share		<u>(\$ 1.14)</u>		<u>(\$ 2.29)</u>	

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent							
	Notes	Common stock	Capital surplus	Accumulated deficit	Other equity interest	Treasury stocks	Total	Non-controlling interest	Total equity
2019									
Balance at January 1, 2019		\$ 4,369,398	\$ 100,474	(\$ 1,654,762)	(\$ 56,214)	(\$ 23,970)	\$ 2,734,926	\$ 99,094	\$ 2,834,020
Net loss for the year		-	-	(498,906)	-	-	(498,906)	(35,008)	(533,914)
Other comprehensive income (loss) for the year	6(7)(16)(20)	-	-	1,917	(24,765)	-	(22,848)	(1,581)	(24,429)
Total comprehensive income (loss)		-	-	(496,989)	(24,765)	-	(521,754)	(36,589)	(558,343)
Retirement of treasury share	6(17)(18)	(17,000)	(59)	(6,911)	-	23,970	-	-	-
Shares of the Company donated to the subsidiaries by the shareholders	6(17)(18)	-	3,540	-	-	(3,540)	-	-	-
Capital contribution from non-controlling interests	6(18)(33)	-	66,711	-	-	-	66,711	35,890	102,601
Net change in equity of associates	6(18)(33)	-	19,537	(3,755)	-	-	15,782	(2,155)	13,627
Share-based compensation	6(18)(21)(28)	-	2,112	-	-	-	2,112	1,189	3,301
Disposal of investments in equity instruments designated at fair value through other comprehensive income or loss	6(3)(20)	-	-	4,269	(4,269)	-	-	-	-
Disposal of subsidiary	6(18)(20)	-	(1,609)	(17,177)	21,224	-	2,438	(65,412)	(62,974)
Balance at December 31, 2019		\$ 4,352,398	\$ 190,706	(\$ 2,175,325)	(\$ 64,024)	(\$ 3,540)	\$ 2,300,215	\$ 32,017	\$ 2,332,232
2020									
Balance at January 1, 2020		\$ 4,352,398	\$ 190,706	(\$ 2,175,325)	(\$ 64,024)	(\$ 3,540)	\$ 2,300,215	\$ 32,017	\$ 2,332,232
Net loss for the year		-	-	(254,393)	-	-	(254,393)	(14,051)	(268,444)
Other comprehensive income (loss) for the year	6(7)(16)(20)	-	-	(390)	25,705	-	25,315	(617)	24,698
Total comprehensive income (loss)		-	-	(254,783)	25,705	-	(229,078)	(14,668)	(243,746)
Capital reduction to cover accumulated deficits	6(17)	(2,175,325)	-	2,175,325	-	-	-	-	-
Issuance of common stock	6(17)(18)	500,000	227,041	-	-	-	727,041	-	727,041
Share based compensation cost for issuance of common stock reserved for employee preemption	6(18)(21)	-	6,420	-	-	-	6,420	-	6,420
Conversion of subsidiaries' convertible bonds	6(18)(33)	-	51,924	-	-	-	51,924	12,359	64,283
Disposal of company's share by subsidiaries recognised as treasury share transactions	6(17)(18)	-	372	-	-	3,540	3,912	-	3,912
Net change in equity of associates	6(18)	-	20,948	792	-	-	21,740	-	21,740
Share based compensation	6(18)(21)(28)	-	375	-	-	-	375	1,872	2,247
Capital contribution from non-controlling interests	6(18)(33)	-	1,167	-	-	-	1,167	4,337	5,504
Disposal of investments accounted for using the equity method	6(7)(18)	-	(2,032)	-	-	-	(2,032)	-	(2,032)
Disposal of investments in equity instruments designated at fair value through other comprehensive income or loss	6(3)(20)	-	-	(6,490)	6,490	-	-	-	-
Liquidation of subsidiaries	4(3), 6(18)(20)	-	(464)	-	-	-	(464)	(13)	(477)
Balance at December 31, 2020		\$ 2,677,073	\$ 496,457	(\$ 260,481)	(\$ 31,829)	\$ -	\$ 2,881,220	\$ 35,904	\$ 2,917,124

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 256,575)	(\$ 522,046)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (gain) loss	12(2)	(10,218)	4,250
Depreciation	6(8)(9)(27)	208,669	269,088
Amortization	6(11)(27)	47,887	57,591
Gain on financial assets at fair value through profit or loss	6(2)(26)	(569)	(2,314)
Share based compensation	6(21)	8,667	3,301
Interest expense	6(29)	55,575	71,950
Interest expense from lease liabilities	6(9)(29) and 7	3,710	4,659
Interest income	6(24)	(1,034)	(5,623)
Dividend income	6(25)	(22,801)	(21,310)
Share of profit of associates accounted for using equity method	6(7)	(27,222)	(9,675)
Impairment loss on financial assets	6(26)	-	8,783
(Gain) loss on disposal of investments	6(26)	(1,436)	134
Disposal associates accounted for using equity method	6(7)(26)	2,307	-
Gain on liquidation of subsidiaries	6(26)	(412)	-
Gain on disposal of subsidiaries	6(7)	-	(59,772)
Impairment loss on property, plant and equipment	6(8)(26)	-	3,613
(Loss) gain on disposal of property, plant and equipment	6(26)	36	(2,738)
(Gain) loss on lease termination	6(9)(34)	(1,405)	(3)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		3,378	(370)
Notes receivable		-	78,524
Accounts receivable - net		74,392	167,702
Other receivables		14,478	(29,951)
Inventories, net		115,696	351,508
Prepayments		(8,365)	45,831
Other current assets		69	3,203
Changes in operating liabilities			
Contract liabilities		7,135	(6,184)
Notes payable		(303)	(3,114)
Accounts payable		11,130	59,117
Accounts payable - related parties		(1,205)	1,134
Other payables		(14,566)	(35,581)
Other current liabilities		(54,370)	85,256
Net defined benefit liability		(1,469)	(3,117)
Other non-current liabilities		-	75,013
Cash inflow generated from operations		151,179	588,859
Interest received		1,250	5,462
Dividends received		22,801	21,310
Interest paid		(62,067)	(74,613)
Income tax received		321	-
Net cash flows from operating activities		113,484	541,018

(Continued)

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(3)	(\$ 36,281)	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	14,803	25,972
(Increase) decrease on financial assets on amortised cost		(7,085)	4,222
Acquisition of property, plant and equipment	6(32)	(45,520)	(79,170)
Proceeds from disposal of property, plant and equipment		-	31,447
Acquisition of intangible assets	6(32)	(43,666)	(48,149)
(Increase) decrease in refundable deposits		(4,313)	3,074
Proceeds from disposal associates accounted for using equity method	6(7)	668	-
Proceeds from disposal of subsidiaries	6(32)	-	146,484
Cash decrease due to disposal of subsidiaries	6(26)(32)	-	(33,519)
Refund from associates accounted for using equity method to buy back capital	6(7) and 7	333,023	-
Refund of capital reduction from financial assets at fair value through other comprehensive income	6(3)	-	8,234
Increase in other non-current assets		(2,702)	(3,970)
Net cash flows from investing activities		<u>208,927</u>	<u>54,625</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease on short-term notes and bills	6(34)	-	(69,914)
Increase in short-term loans	6(34)	517,047	955,860
Decrease in short-term loans	6(34)	(855,866)	(1,397,387)
Proceeds from issuance of subsidiaries' bonds	6(34)	43,650	62,080
Increase in long-term loans	6(34)	112,614	57,615
Decrease in long-term loans	6(34)	(305,525)	(116,016)
Increase in guarantee deposits	6(34)	1,444	1,017
Payment of lease principal	6(34)	(22,606)	(23,661)
Capital contribution from non-controlling interests	6(33)	5,504	102,601
Issuance of common stock	6(17)	727,041	-
Proceeds from disposal of treasury share	6(17)	3,912	-
Net cash flows from (used in) financing activities		<u>227,215</u>	<u>(427,805)</u>
Effect of change in exchange rate		<u>4,640</u>	<u>(8,218)</u>
Net increase in cash and cash equivalents		554,266	159,620
Cash and cash equivalents at beginning of year		841,114	681,494
Cash and cash equivalents at end of year		\$ 1,395,380	\$ 841,114

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. History and Organization

Etron Technology, Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacturing and design of various integrated circuits.

2. The Date of Authorisation for Issuance of the Consolidated Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 24, 2021.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with “IFRSs” requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained

in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B . Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
Etron Technology, Inc.	Kingwell Investment Corp.	Investment holdings	100	100	
Etron Technology, Inc.	Kingcharm Investment Corp.	Investment holdings	100	100	
Etron Technology, Inc.	Eutrend Technology, Inc.	Testing service for high-frequency or high-power radio frequency, analog, digital, and mixed-signal components	93.57	93.57	
Etron Technology, Inc.	Kinglord Corp.	Investment holdings	100	100	
Etron Technology, Inc.	Intercosmos Group Limited	Investment holdings	100	100	
Etron Technology, Inc.	Plusway Corp.	Investment holdings	100	100	
Etron Technology, Inc.	Creative Ally Limited	Investment holdings	100	100	
Etron Technology, Inc.	Invention and Collaboration Laboratory, Inc.	Electronic components manufacturing, design, research, development, sales and marketing	100	100	
Etron Technology, Inc.	eEver Technology Limited	Investment holdings	50.42	50.42	Note 4
Etron Technology, Inc.	eYs3D Microelectronics, Inc.	Investment holdings	61.22	83.93	Note 3
Etron Technology, Inc.	eCapture Technologies, Inc.	Design, sales of electronic products	-	15.46	Note 1, Note 5
Etron Technology, Inc.	eCapture Ltd. Co.	Investment holdings	100	100	
Etron Technology, Inc.	Insignis Technology, Inc.	Investment holdings	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
Etron Technology, Inc.	DeCloak Intelligences Co.	Electronic components manufacturing, design, research, development, sales and marketing	62.94	100	
eEver Technology Limited	eEver Technology, Inc.	Electronic components manufacturing, design, research, development, sales and marketing	100	100	
eYs3D Microelectronics, Inc.	eYs3D Microelectronics, Co.	Electronic components manufacturing, design, research, development, sales and marketing	100	100	
eYs3D Microelectronics, Inc.	AiYs3D Technology, Inc.	Marketing and customer services	100	-	
Kingwell Investment Corp.	Pinoeer Chip Technology Limited	Electronic components manufacturing, design, research, development, sales and marketing	100	100	
Kingwell Investment Corp.	Energyplus Technology, Inc	Renewable energy power generation equipment and technical service	-	14.52	Note 2
Kingwell Investment Corp.	Silicon Spintronics Inc.	Electronic components manufacturing, design, research, development, sales and marketing	100	100	
Kingcharm Investment Corp.	Energyplus Technology, Inc	Renewable energy power generation equipment and technical service	-	23.81	Note 2
Kingcharm Investment Corp.	eEver Technology Limited	Investment holdings	20.66	20.66	Note 4
Kingcharm Investment Corp.	eYs3D Microelectronics, Inc.	Investment holdings	4.95	-	Note 3
Kinglord Corp.	Etron Technology America, Inc.	Integrated circuits sales	100	100	
Kinglord Corp.	Anzon Technology, Inc.	Investment holdings	70.85	70.85	
Kinglord Corp.	Etron Technology (HK) Limited	Sales agent of electronic components	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
Kinglord Corp.	eYs3D Microelectronics, Inc.	Investment holdings	1.87	-	Note 3
Anzon Technology, Inc.	Anzon Corporation	Sales agent of electronic components	100	100	
Etron Technology (HK) Limited	eYs3D Microelectronics, Inc.	Investment holdings	5.54	-	Note 3
Plusway Corp.	eYs3D Microelectronics, Inc.	Investment holdings	2.11	2.89	Note 3
Intercosmos Group Limited	Grandsino Technology Limited	Investment holdings	100	100	
Intercosmos Group Limited	Fullboom International Limited	Investment holdings	100	100	
Fullboom International Limited	Fullboom Electronics (Shenzhen) Co., Ltd.	Sales agent of electronic components and technical service	100	100	
Creative Ally Limited	eCapture Technologies, Inc.	Design & sales of electronic products	-	80.68	Note 1, Note 5
Creative Ally Limited	Invention and Collaboration Laboratory Pte. Ltd.	Research and development, consulting and design services of semiconductor technology	81.11	-	
eCapture Ltd. Co.	eCapture Co., Limited	Marketing, sales and development of electronic products	100	100	
Insignis Technology, Inc.	Insignis Technology Corporation	Sales of electronic components	100	100	
Insignis Technology, Inc.	Insignis Technology Limited	Sales of electronic components	-	100	Note 6

Note 1: As of December 31, 2019, the comprehensive shareholding ratio held by the Group in eCapture Technologies, Inc. was 96.14%.

Note 2: As of December 31, 2019, the comprehensive shareholding ratio held by the Group in Energyplus Technology, Inc. was 38.33%. TM Technology, Inc. and its subsidiary, Energyplus Technology, Inc. are no longer included in the consolidated financial statements after the Group sold all its shares in TM Technology, Inc. on October 25, 2019. In the second quarter of 2020, the Group disposed all its shares in Energyplus Technology, Inc..

Note 3: As of December 31, 2020 and 2019, the comprehensive shareholding ratios held by the Group in eYs3D Microelectronics, Inc. were 75.69% and 86.82%, respectively.

Note 4: As of December 31, 2020 and 2019, the comprehensive shareholding ratios held by the Group in eEver Technology Limited were both 71.08%.

Note 5: On September 6, 2019, the Board of Directors of eCapture Technologies, Inc. resolved the liquidation, and it completed in June 2020.

Note 6: On November 21, 2019, Insignis Technology Limited went to the liquidation process, which was completed in the end of May 2020.

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

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

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

As of December 31, 2020 and 2019, the non-controlling interest amounted to \$35,904 and \$32,017, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2020		December 31, 2019	
		Amount	Ownership (%)	Amount	Ownership (%)
eEver Technology Limited	Cayman Islands	\$ 40,061	28.92%	\$ 35,330	28.92%

Summarized financial information of the subsidiaries:

Balance sheets

	eEver Technology Limited	
	December 31, 2020	December 31, 2019
Current assets	\$ 40,281	\$ 42,242
Non-current assets	83,710	69,104
Current liabilities	(134)	(150)
Non-current liabilities	-	-
Total net assets	<u>\$ 123,857</u>	<u>\$ 111,196</u>

Statements of comprehensive income

	eEver Technology Limited	
	Year ended December 31	
	2020	2019
Revenue	\$ 20,144	\$ 680
Profit (loss) before income tax	13,689	(27,941)
Income tax expense	-	-
Profit (loss) for the year	13,689	(27,941)
Other comprehensive income (loss), net of tax	3,684	2,504
Total comprehensive income (loss)	\$ 17,373	\$ 25,437

Statements of cash flows

	eEver Technology Limited	
	Year ended December 31	
	2020	2019
Net cash flows from (used in) operating activities	\$ 54	(\$ 188)
Net cash flows used in investing activities	-	(59,453)
Net cash flows from financing activities	-	102,099
Effect of exchange rates on cash and cash equivalents	(2,100)	(1,275)
(Decrease) Increase in cash and cash equivalents	(2,046)	41,183
Cash and cash equivalents at beginning of year	41,948	765
Cash and cash equivalents at end of year	\$ 39,902	\$ 41,948

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences

arising upon re-translation at the balance sheet date are recognized in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be

sold or consumed within the normal operating cycle;

- (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities resulting from operating activities that are expected to be pay off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be pay off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

- A. For financial assets at amortized cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.
- B. For accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Lease receivables/ leases (lessor)

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

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(15) Investments accounted for using the equity method / associates

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

amount is recognized in profit or loss.

- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If the Group reduces its ownership percentage of the associate but retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.
- C. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of the main property, plant and equipment are as follows:

Buildings and structures	3 ~ 50 years
Machinery and equipment	2 ~ 10 years
Other equipment	2 ~ 10 years

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

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of Fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost. Cost recognized is the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(18) Intangible assets

A. Patents and special technology

Separately acquired patents and special technology are stated at historical cost. Patents and special technology have a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 2 to 20 years.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 to 5 years

C. Goodwill

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

(19) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to

benefit from the synergies of the business combination.

(20) Borrowings

- A. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(21) Accounts and notes payable

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

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

Mandatory convertible bonds

- A. Mandatory convertible bonds issued by the Group are initially recognized at fair value. The bonds will be settled by exchanging a fixed amount for an unfixed number of shares, which does not meet the definition of an equity component, and therefore are classified as liabilities. The bonds are subsequently remeasured at the present value of the redemption amount over the period of circulation.
- B. The mandatory convertible bonds are transferred from liabilities to equity when the bonds are converted at maturity.

(23) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when

they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds instead and conducts an actuarial valuation at the end of the year.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(27) Share capital

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

(28) Dividends

Dividends are recorded in the Group's financial statements in the period in which they are resolved by the Group's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Sales of goods

- (a) The Group designs, manufactures and sells integrated circuits. Sales are recognized when

control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

- (b) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Group provides semiconductor assembly and testing services. Revenue from delivering services is recognized under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognized only to the extent that contract costs incurred are likely to be recoverable.

(30) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Estimates and related assumptions are continually evaluated and adjusted based on historical experience and other relevant factors. The Group makes estimates and assumptions based on the reasonable expectation of future events under the circumstances at the end of the reporting period although the result of accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Valuation of accounts receivable

The Company values the allowance for uncollectible accounts receivable by individual

counterparties when there are significant past due accounts receivable arising from those individual counterparties. The valuation of allowance for uncollectible accounts receivable for the remaining counterparties is based on the default risk and expected loss rate. The Group considers the historical experience in determining the assumptions adopted and the inputs used when calculating the impairment. Such valuation of accounts receivable is estimated based on the credit risk of the counterparty within the specified period in the future. Therefore, there might be material changes to the valuation.

As of December 31, 2020, the carrying amount of accounts receivable was \$825,574.

B. Valuation of inventories

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

As of December 31, 2020, the carrying amount of inventories was \$1,659,633.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	\$ 2,353	\$ 2,374
Checking accounts and demand deposits	1,209,758	772,684
Time deposits	183,269	66,056
	<u>\$ 1,395,380</u>	<u>\$ 841,114</u>

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

B. The Group's cash and cash equivalents shown on the balance sheet were not pledged to others as collateral. Details of the Group's cash and cash equivalents (shown as current and non-current financial assets at amortized cost) which pledged to others as collateral are provided in Note 8.

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

A. Financial assets at fair value through profit or loss:

	December 31, 2020	December 31, 2019
Current items:		
Listed stocks	\$ 2,997	\$ 5,191
Hybrid instrument	-	2,998
Valuation adjustment		
Forward exchange contracts	411	-
Equity instruments	(443)	(774)
	<u>\$ 2,965</u>	<u>\$ 7,415</u>

- B. The Group recognized net profit amounting to \$2,007 and \$2,180 on financial assets at fair value through profit or loss for the years ended December 31, 2020 and 2019, respectively.
- C. The Group's hybrid instruments were all converted into preferred shares in the second quarter of 2020 and shown as 'non-current financial assets at fair value through other comprehensive income'.
- D. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2020		
	Contract amount		
Financial instruments		(notional principal)	Contract period
Assets - current items:			
Forward exchange contracts	USD	\$ 1,000 (thousands)	2020.12.1~2021.1.5

December 31, 2019: None.

- E. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.
- F. The Group entered into forward foreign exchange contracts to sell USD (sell USD buy NTD) to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

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

Items	December 31, 2020	December 31, 2019
Non-current items:		
Listed stocks	\$ 85,921	\$ 84,778
Unlisted stocks	490,704	477,980
Valuation adjustment	61,312	8,430
	<u>\$ 637,937</u>	<u>\$ 571,188</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$637,937 and \$571,188 as at December 31, 2020 and 2019, respectively.
- B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2020	2019
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	\$ 49,847	\$ 12,857
Cumulative gains (losses) reclassified to retained earnings due to derecognition - disposal of financial assets	\$ 6,490	(\$ 4,269)
Cumulative gains (losses) reclassified to retained earnings due to derecognition - disposal of subsidiaries	\$ -	\$ 17,177
Dividend income recognised in profit or loss		
Held at end of year	\$ 22,721	\$ 21,196

C. The Group's investee conducted a share swap in the fourth quarter of 2020. The Group assesses that the risk and return have been transferred to the new investee from the old one, and therefore the Group derecognized the original investee. The derecognition was considered as disposal and the cumulative losses from original investee recognized in other comprehensive income were reclassified to retained earnings in the amount of \$10,157.

D. For the year ended December 31, 2020, the Group disposed its investee, Raytek Semiconductor, Inc. for proceeds of \$14,803.

E. For the year ended December 31, 2019, the Group disposed its investees Mosa Industrial Corporation, Anging Innovation Investment Co., Ltd and Ardentec Corporation for proceeds of \$25,972.

F. For the year ended December 31, 2019, the Group received proceeds from capital reduction of Qunyang Venture Co., Ltd and Digitimes Inc. totalling \$8,234.

G. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral as of December 31, 2019 are provided in Note 8.

H. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortized cost

	December 31, 2020	December 31, 2019
Current items		
Time deposits for more than three months	\$ -	\$ 3,147
Restricted time deposits and performance guarantee	15,684	5,913
	<u>\$ 15,684</u>	<u>\$ 9,060</u>
Non-current items		
Preference share	\$ 63,000	\$ 63,000
Restricted time deposits	5,941	5,480
	<u>\$ 68,941</u>	<u>\$ 68,480</u>

- A. The Group recognized interest income of \$32 and \$64 for amortized cost in profit or loss for the years ended December 31, 2020 and 2019, respectively.
- B. The preference shares are invested for a period of 7 years from May 6, 2017 to May 5, 2024 and cannot be converted into ordinary shares. The issue company may redeem the shares at the actual issue price at the maturity. The investors have no right to ask for early redemption of preference shares. The dividends are cumulative at the rate of 5% per annum. If the dividends are undistributed or are not distributed in full, it will be accumulated for deferred payment in the subsequent years when there are earnings.

(5) Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable	\$ 947,846	\$ 1,036,447
Less: Allowance for uncollectible accounts	(122,272)	(146,699)
	<u>\$ 825,574</u>	<u>\$ 889,748</u>

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

	December 31, 2020	December 31, 2019
	Accounts receivable	Accounts receivable
Not past due	\$ 740,760	\$ 726,285
Up to 30 days	44,625	54,276
31 to 90 days	115,291	139,493
91 to 120 days	-	22,221
121 to 180 days	-	1,219
Over 181 days	47,170	92,953
	<u>\$ 947,846</u>	<u>\$ 1,036,447</u>

The above aging analysis for was based on past due payment date.

- B. As of December 31, 2020 and 2019, and January 1, 2019, the balances of receivables (including notes receivable) from contracts with customers amounted to \$947,846, \$1,036,447 and \$1,295,011, respectively.
- C. Information relating to credit risk is provided in Note 12(2).

(6) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 197,891	(\$ 50,492)	\$ 147,399
Semi - finished goods	919,909	(191,345)	728,564
Work in progress	213,187	(12,109)	201,078
Finished goods	794,246	(211,654)	582,592
	<u>\$ 2,125,233</u>	<u>(\$ 465,600)</u>	<u>\$ 1,659,633</u>

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 186,762	(\$ 49,014)	\$ 137,748
Semi-finished goods	877,847	(155,648)	722,199
Work in progress	232,181	(21,310)	210,871
Finished goods	925,045	(220,534)	704,511
	<u>\$ 2,221,835</u>	<u>(\$ 446,506)</u>	<u>\$ 1,775,329</u>

The cost of inventories recognized as expense for the year:

	Year ended December 31	
	2020	2019
Cost of goods sold (including cost of services)	\$ 2,965,561	\$ 3,168,888
Loss on decline in market value	19,510	41,874
Transferred to expenses	12,374	20,139
	<u>\$ 2,997,445</u>	<u>\$ 3,230,901</u>

Information about the inventories that were pledged to others as collateral is provided in Note 8.

(7) Investments accounted for using the equity method

A. Details of changes in investments accounted for using the equity method are as follows:

<u>Investees</u>	December 31, 2020		December 31, 2019	
	Carrying amount	Shareholding ratio	Carrying amount	Shareholding ratio
Investments accounted for using the equity method				
Great Team Backend Foundry, Inc.	\$ 307,486	40.25%	\$ 610,055	39.76%
NetVinci, Inc.	8,684	56.51%	9,364	57.75%
Optromax Corporation	-	-	208	29.88%
Energyplus Technology, Inc.	-	-	7,021	38.33%
	<u>\$ 316,170</u>		<u>\$ 626,648</u>	

B. The summarised financial information of the associates that are material to the Group is as follows:

	December 31, 2020	December 31, 2019
Assets	\$ 3,372,893	\$ 2,841,333
Liabilities	<u>\$ 1,520,950</u>	<u>\$ 1,443,933</u>
	Year ended December 31	
	2020	2019
Revenue	\$ 2,240,478	\$ 2,163,684
Profit (loss) for the year	<u>\$ 73,087</u>	<u>\$ 29,260</u>

C. For the years ended December 31, 2020 and 2019, the investment profit (loss) and other

comprehensive income (loss) of investments accounted for using the equity method amounted to \$27,222 and \$9,675, \$8,581 and (\$24,387), respectively.

- D. As of December 31, 2020 and 2019, the comprehensive shareholding ratios held by the Group in NetVinci, Inc. were 56.51% and 57.75%, respectively. The investee's total assets is 0.25% and 0.27% of the consolidated assets as of December 31, 2020 and 2019, respectively, and the Group could not obtain more than half seats on the Board, which indicated that the Group has no right to direct the operating decisions. Thus, the investee was accounted for using the equity method.
- E. For the year ended December 31, 2019, the Group recognized impairment loss amounted to \$8,783 on the investment in NetVinci, Inc., which is accounted for using the equity method.
- F. The Group is the largest shareholder of Great Team Backend Foundry, Inc. with a 40.25% equity interest. However, in accordance with rule for director election stated in the Articles of Incorporation of the investee, the Group could not obtain more than half seats on the Board, which indicated that the Group has no right to direct the operating decisions. Thus, the investee was accounted for using the equity method.
- G. On October 22, 2019, the Board of Directors of the Company and a subsidiary resolved to sell all its shares in the subsidiary, TM Technology Inc., and the transaction was settled on October 25, 2019. After the transaction, the comprehensive shareholding ratio held by the Group in Energyplus Technology, Inc. (a subsidiary of TM Technology Inc.) reached 38.33%, which indicated that the Group has significant influence over the investee. Thus, it was reclassified to 'investments accounted for using the equity method'. In the second quarter of 2020, the Company's subsidiary sold all its shares in Energyplus Technology, Inc., an investment accounted for using the equity method, for proceeds of \$658, which resulted in losses on disposal of \$2,214.
- H. For the year ended December 31, 2020, the investee accounted for using the equity method, Great Team Backend Foundry, Inc. reduced its capital and repurchased its shares from the Group in the number of 21,369 thousand totaling \$333,023.

(8) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Others	Total
At January 1, 2020				
Cost	\$ 544,148	\$ 866,258	\$ 2,806,903	\$ 4,217,309
Accumulated depreciation and impairment	(219,917)	(786,355)	(2,400,623)	(3,406,895)
	<u>\$ 324,231</u>	<u>\$ 79,903</u>	<u>\$ 406,280</u>	<u>\$ 810,414</u>
<u>2020</u>				
Opening net book amount as at January 1	\$ 324,231	\$ 79,903	\$ 406,280	\$ 810,414
Additions	-	822	62,608	63,430
Disposals	-	-	(36)	(36)
Depreciation charge for the year	(11,908)	(27,089)	(145,358)	(184,355)
Net exchange differences	-	-	(32)	(32)
Closing net book amount as at December 31	<u>\$ 312,323</u>	<u>\$ 53,636</u>	<u>\$ 323,462</u>	<u>\$ 689,421</u>
December 31, 2020				
Cost	\$ 544,148	\$ 845,620	\$ 2,863,287	\$ 4,253,055
Accumulated depreciation and impairment	(231,825)	(791,984)	(2,539,825)	(3,563,634)
	<u>\$ 312,323</u>	<u>\$ 53,636</u>	<u>\$ 323,462</u>	<u>\$ 689,421</u>

	Buildings and structures	Machinery and equipment	Others	Total
At January 1, 2019				
Cost	\$ 535,618	\$ 1,049,514	\$ 3,243,711	\$ 4,828,843
Accumulated depreciation and impairment	(207,020)	(879,497)	(2,642,917)	(3,729,434)
	<u>\$ 328,598</u>	<u>\$ 170,017</u>	<u>\$ 600,794</u>	<u>\$ 1,099,409</u>
<u>2019</u>				
Opening net book amount as at January 1	\$ 328,598	\$ 170,017	\$ 600,794	\$ 1,099,409
Additions	1,110	3,281	61,288	65,679
Disposals	- (	24,806) (	3,903) (	28,709)
Reclassifications	-	55,294 (	52,151)	3,143
Depreciation charge for the year	(12,664)	(44,353)	(185,200)	(242,217)
Effect of disposal of subsidiaries	7,187 (	80,744) (	9,704) (	83,261)
Impairment loss	- (	3,613)	- (	3,613)
Net exchange differences	-	-	(17)	(17)
Closing net book amount as at December 31	<u>\$ 324,231</u>	<u>\$ 75,076</u>	<u>\$ 411,107</u>	<u>\$ 810,414</u>
<u>December 31, 2019</u>				
Cost	\$ 536,596	\$ 875,695	\$ 2,812,013	\$ 4,224,304
Accumulated depreciation and impairment	(212,365)	(800,619)	(2,400,906)	(3,413,890)
	<u>\$ 324,231</u>	<u>\$ 75,076</u>	<u>\$ 411,107</u>	<u>\$ 810,414</u>

A. Information about the property and plant that were pledged to others as collateral is provided in Note 8.

B. Information about the effect of disposal of subsidiaries is provided in Note 6(32).

(9) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 3 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. Short-term leases with a lease term of 12 months or less comprise parking spaces and business vehicles. Low-value assets comprise photocopiers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 127,135	\$ 131,519
Buildings	34,307	53,792
Transportation equipment (Business vehicles)	4,913	7,370
	<u>\$ 166,355</u>	<u>\$ 192,681</u>

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 4,384	\$ 5,173
Buildings	17,473	19,128
Transportation equipment (Business vehicles)	2,457	2,570
	<u>\$ 24,314</u>	<u>\$ 26,871</u>

- D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$4,229 and \$4,369, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,710	\$ 4,659
Expense on short-term lease contracts	\$ 7,699	\$ 12,263
Expense on leases of low-value assets	\$ 62	\$ 160
Net gain on lease termination	\$ 1,405	\$ 3

- F. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were \$34,077 and \$40,743, respectively.
- G. The Group recognized gains on the lease termination amounting to \$1,405 due to the early termination of the lease contract for office in July 2020, which did not incur any penalties.
- H. The Group recognized gains on the lease termination amounting to \$3 due to the early

termination of the lease contract for transportation equipment in July 2019, and paid penalties amounting to \$62.

I. Information about the effect of disposal of subsidiaries is provided in Note 6(32).

(10) Leasing arrangements – lessor

- A. The Group leases various assets including buildings and machinery and equipment. Rental contracts are typically made for periods of 2 to 8 years.
- B. For the years ended December 31, 2020 and 2019, the Group recognized rent income in the amounts of \$65,872 and \$58,935, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2020	December 31, 2019
2020	\$ -	\$ 61,604
2021	59,789	54,200
2022	53,547	49,173
2023	56,278	52,620
2024	56,192	52,534
2025	56,192	52,534
2026	55,163	52,534
2027	27,581	26,267
	<u>\$ 364,742</u>	<u>\$ 401,466</u>

The amounts include the received in advance rent of \$75,044 and \$134,104 (shown as ‘other current liabilities, others’ and ‘other current liabilities’) as of December 31, 2020 and 2019, respectively. Refer to Note 7 for advance rent made by the related parties.

(11) Intangible assets

	Patent and special technology	Computer software	Other	Total
<u>At January 1, 2020</u>				
Cost	\$ 131,872	\$ 243,757	\$ 223	\$ 375,852
Accumulated amortisation and impairment	(115,010)	(229,342)	(223)	(344,575)
	<u>\$ 16,862</u>	<u>\$ 14,415</u>	<u>\$ -</u>	<u>\$ 31,277</u>
<u>2020</u>				
Opening net book amount as at January 1	\$ 16,862	\$ 14,415	\$ -	\$ 31,277
Additions	6,631	37,035	-	43,666
Amortisation charge for the year	(7,935)	(39,952)	-	(47,887)
Closing net book amount as at December 31	<u>\$ 15,558</u>	<u>\$ 11,498</u>	<u>\$ -</u>	<u>\$ 27,056</u>
<u>At December 31, 2020</u>				
Cost	\$ 134,383	\$ 280,792	\$ 223	\$ 415,398
Accumulated amortisation and impairment	(118,825)	(269,294)	(223)	(388,342)
	<u>\$ 15,558</u>	<u>\$ 11,498</u>	<u>\$ -</u>	<u>\$ 27,056</u>

	Patent and special technology	Computer software	Goodwill	Other	Total
<u>At January 1, 2019</u>					
Cost	\$ 218,811	\$ 277,907	\$ 103,396	\$ 2,475	\$ 602,589
Accumulated amortisation and impairment	(133,175)	(256,399)	(61,605)	(2,475)	(453,654)
	<u>\$ 85,636</u>	<u>\$ 21,508</u>	<u>\$ 41,791</u>	<u>\$ -</u>	<u>\$ 148,935</u>
<u>2019</u>					
Opening net book amount as at January 1	\$ 85,636	\$ 21,508	\$ 41,791	\$ -	\$ 148,935
Additions	10,356	37,588	-	-	47,944
Effect of disposal of subsidiaries	(68,751)	-	(41,791)	286	(110,256)
Reclassifications	2,245	-	-	-	2,245
Amortisation charge for the year	(12,624)	(44,681)	-	(286)	(57,591)
Closing net book amount as at December 31	<u>\$ 16,862</u>	<u>\$ 14,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,277</u>
<u>At December 31, 2019</u>					
Cost	\$ 229,167	\$ 315,495	\$ 103,396	\$ 2,475	\$ 650,533
Accumulated amortisation and impairment	(212,305)	(301,080)	(103,396)	(2,475)	(619,256)
	<u>\$ 16,862</u>	<u>\$ 14,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,277</u>

Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2020	2019
Operating costs	\$ 199	\$ 119
Operating expenses	47,688	57,472
	<u>\$ 47,887</u>	<u>\$ 57,591</u>

The Group disposed TM Technology Inc. on October 25, 2019, and therefore derecognized the goodwill arising from the acquisition of TM Technology Inc.

(12) Impairment of non-financial assets

Idle assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Idle assets (shown as machinery and equipment and other equipment)	\$ 158,394	\$ 158,394
Less: Accumulated depreciation	(158,394)	(158,394)
Net realisable value	<u>\$ -</u>	<u>\$ -</u>

(13) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank borrowings		
Unsecured borrowings	\$ 143,635	\$ 413,343
Other borrowings		
Secured borrowings	-	69,111
	<u>\$ 143,635</u>	<u>\$ 482,454</u>

A. The interest rate ranges as of December 31, 2020 and 2019 were 1.05%~1.98% and 1.46%~6.53%, respectively.

B. Information on the collateral provided for secured borrowings as of December 31, 2019 is provided in Note 8.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Items</u>		
Current items:		
Mandatory convertible bonds	\$ 42,720	\$ -
Forward exchange contracts	2	-
	<u>\$ 42,722</u>	<u>\$ -</u>
<u>Items</u>		
Non-current items:		
Mandatory convertible bonds	<u>\$ -</u>	<u>\$ 59,960</u>

- A. For the years ended December 31, 2020 and 2019, the Group recognized net losses on financial liabilities at fair value through profit or loss in the amounts of \$2 and \$0, respectively.
- B. The Group's subsidiary - eYs3D Microelectronics, Inc. issued mandatory convertible bonds for USD 1,500,000 in total, bearing 0% rate. The period between the contract signing date and the bond conversion date is less than a year. On the issuer's next financing, the bonds will be mandatorily converted into the issuer's stock. The conversion price was stipulated in the contract.
- C. The Group subsidiary – eYs3D Microelectronics, Inc. issued mandatory convertible bonds for USD 3,700,000 in total, bearing 10% coupon rate. All bonds have a maturity of 2 years. The maturity dates ranged from July 1, 2019 to January 29, 2022. The Group's Subsidiaries, Kinglord Corp., Etron Technology(HK) Limited and Kingcharm Investment Corp., purchased the aforementioned bonds in the amount of USD 250,000, USD 750,000 and USD 700,000, respectively. In September 2020, all bonds have been converted into the issuer's ordinary stocks in the amount of principal. The conversion price was stipulated in the contract.
- D. The Group designated this convertible bond as a financial liability measured at fair value through profit or loss. The main reason is that the number of convertible shares in the future will change due to change in the conversion price. Therefore, the Group intends to use fair value as measurement of the liability in the future. Change are recognized in the current profit and loss.
- E. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows

	December 31, 2020	
	Contract amount	
Financial instruments	(Notional principal)	Contract period
Liabilities - current items:		
Forward foreign exchange contracts	USD \$ <u>1,000 (thousands)</u>	2020.12.30 ~ 2021.3.5

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

(15) Long-term borrowings

Type of borrowings	Repayment term	December 31, 2020	December 31, 2019
Secured syndicated loan - Land Bank of Taiwan and five other banks	Installment before 2023.2.16(Refer to Note 5 for details)	\$ 1,834,929	\$ 2,051,429
Secured borrowings - Land Bank of Taiwan	Installment before 2031.2.17	12,776	13,919
Secured borrowings - Sunny Bank	Installment before 2024.9.27	21,927	22,389
Secured borrowings - First Securities Inc.	Full repayment before 2020.5.27	-	16,000
No-banking financial institution secured borrowings - SinoPac Leasing	Installment repayments before 2021.12.29	20,185	-
No-banking financial institution secured borrowings - SinoPac Leasing	Installment repayments before 2022.3.25	16,455	-
No-banking financial institution secured borrowings - Chailease Finance Co., Ltd.	Installment repayments before 2020.12.28	-	29,830
No-banking financial institution - IBT Leasing Co., Ltd.	Installment repayments before 2021.8.30	10,149	24,751
No-banking financial institution secured borrowings - Robina Finance & Leasing Corp.	Installment repayments before 2022.6.29	46,302	-
U.S. Small Business Administration (SBA) secured borrowings	Installment repayments before 2050.10.7	2,558	-
		1,965,281	2,158,318
Less: Arrangement fees for the syndicated loans		-	(126)
Less: Current portion		(673,097)	(494,983)
		<u>\$ 1,292,184</u>	<u>\$ 1,663,209</u>

- A. Interest rate ranges as of December 31, 2020 and 2019 for the above borrowings were 1.59%~6.89% and 1.7%~5.87%, respectively.
- B. Considering the Group's financial plan, in the first quarter of 2020, the Group made an early full repayment of the long-term borrowings due on May 27, 2020.
- C. Information about the collateral pledged for the aforementioned secured borrowings is provided in Note 8.
- D. The Company entered into a 2.4 billion five-year syndicated loan agreement with the Land Bank of Taiwan and five other banks. The Company is committed to maintain the following financial covenants calculated based on the annual consolidated financial statements.
 - (1) Current ratio is greater than 100%.
 - (2) Debt ratio is less than 120%.
 - (3) Interest coverage ratio is greater than 300% ((Profit or loss before tax + interest expense + depreciation and amortisation)/ interest expense)

In case of any breach of financial covenants and failure to make an improvement within a prescribed deadline as specified in the agreement, the lead bank will demand the Company to pay additional interest rate of 0.125% per annum over the interest rate applicable to the agreement as default penalty until improvement is made. The penalty will be transferred to other creditor banks by the lead bank according to the ratio of their participation in the loan.
- E. On August 13, 2020, the Company entered into the second supplemental agreement with the Land Bank of Taiwan and five other banks to extend the borrowing period for another one year. The maturity date was extended from February 16, 2022 to February 16, 2023.
- F. The undrawn borrowing facilities for short- and long-term borrowings for the years ended December 31, 2020 and 2019 were \$303,681 and \$263,048, respectively.

(16) Pensions

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

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	(\$ 89,006)	(\$ 90,123)
Fair value of plan assets	<u>55,352</u>	<u>55,000</u>
Net defined benefit liability (shown as other non - current liabilities)	<u>(\$ 33,654)</u>	<u>(\$ 35,123)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2020			
At January 1	(\$ 90,123)	\$ 55,000	(\$ 35,123)
Current service cost	(442)	-	(442)
Interest(expense) income	(649)	392	(257)
Settlement profit or loss	<u>4,463</u>	<u>(3,564)</u>	<u>899</u>
	<u>(86,751)</u>	<u>51,828</u>	<u>(34,923)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,865	1,865
Change in demographic assumptions	(33)	-	(33)
Change in financial assumptions	(3,968)	-	(3,968)
Experience adjustments	<u>1,746</u>	<u>-</u>	<u>1,746</u>
	<u>(2,255)</u>	<u>1,865</u>	<u>(390)</u>
Pension fund contribution	<u>-</u>	<u>1,659</u>	<u>1,659</u>
At December 31	<u>(\$ 89,006)</u>	<u>\$ 55,352</u>	<u>(\$ 33,654)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2019			
At January 1	(\$ 94,886)	\$ 56,645	(\$ 38,241)
Current service cost	(602)	-	(602)
Interest(expense) income	(941)	570	(371)
Settlement profit or loss	2,114	(1,689)	425
	<u>(94,315)</u>	<u>55,526</u>	<u>(38,789)</u>

Remeasurements:

Return on plan assets

(excluding amounts included in interest income or expense)

	-	1,967	1,967
Change in demographic assumptions	(396)	-	(396)
Change in financial assumptions	(2,344)	-	(2,344)
Experience adjustments	<u>2,690</u>	<u>-</u>	<u>2,690</u>
	(50)	1,967	1,917
Benefits paid	4,242	(4,242)	-
Pension fund contribution	<u>-</u>	<u>1,749</u>	<u>1,749</u>
At December 31	<u>(\$ 90,123)</u>	<u>\$ 55,000</u>	<u>(\$ 35,123)</u>

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

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

	Year ended December 31	
	2020	2019
Discount rate	0.3%	0.75%
Future salary increases	2.5%	2.50%

Assumption regarding future mortality rate are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 2,116)	\$ 2,192	\$ 2,139	(\$ 2,076)
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 2,307)	\$ 2,394	\$ 2,347	(\$ 2,274)

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

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

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$1,635.

(h) As of December 31, 2020, the weighted average duration of the retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

	Amount
Within 1 year	\$ 7,906
1-2 year(s)	3,909
2-5 years	6,191
Over 5 years	72,668
	<u>\$ 90,674</u>

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company

and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The Company's mainland China subsidiaries, Fullboom Electronic (Shenzhen) and Triumph Technology (Shenzhen) co., Ltd (Note), have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) Etron Technology (HK) Limited and eCapture Co., Limited have a defined contribution plan. Annually pension contributions or retirement allowance for the locally hired employees are based on their salaries and wages. Other than the annually contributions, the Group has no further obligations.
- (d) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2020 and 2019, were \$21,434 and \$26,145, respectively.

Note: Triumph Technology (Shenzhen) co., Ltd is no longer a consolidated entity after the Group sold all its shares in TM Technology, Inc. on October 25, 2019.

(17) Share capital

A. As of December 31, 2020, the Company's authorised capital was \$6,500,000, consisting of 650 million shares of ordinary stock (including 65 million shares reserved for employee stock options), and the paid-in capital was \$2,677,073 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (excluding treasury shares):

	Expressed in thousands of shares	
	2020	2019
January 1	\$ 434,839	\$ 435,239
Shares of the Company donated to the subsidiaries by the shareholders	-	(400)
Capital reduction to offset accumulated deficits (less treasury shares)	(217,332)	-
Disposal of treasury shares	200	-
Cash capital increase	50,000	-
December 31	<u>\$ 267,707</u>	<u>\$ 434,839</u>

B. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Reasons for reacquisition	Expressed in thousands of share 2020			
	January 1	Addition	Decrease	December 31
Shares of the Company donated to the subsidiaries by the shareholders	<u>400</u>	<u>-</u>	<u>(400)</u>	<u>-</u>

Reasons for reacquisition	Expressed in thousands of share 2019			
	January 1	Addition	Decrease	December 31
Shares repurchased at the request of dissenting shareholders	1,700	- (\$	1,700)	\$ -
Shares of the Company donated to the subsidiaries by the shareholders	<u>-</u>	<u>400</u>	<u>-</u>	<u>400</u>
	<u>1,700</u>	<u>400</u>	<u>(1,700)</u>	<u>400</u>

- (b) In June 2020, the Company reduced its capital to offset accumulated deficits, which decreased treasury shares by 200 thousand shares. In the third quarter of 2020, the Company's subsidiaries sold 200 thousand shares that it held in the Company for proceeds of \$3,912, and gain \$372.
- (c) The shares of the Company donated to the subsidiaries by the shareholders have no voting rights before transfers.
- (d) Pursuant to the Business Mergers and Acquisitions Act, the treasury shares purchased at the request of dissenting shareholders should not be pledged as collateral and are not entitled to the shareholder's rights, such as dividends and voting rights, before such shares are sold.
- (e) Pursuant to the Business Mergers and Acquisitions Act, treasury shares should be sold at the market price within three years from the repurchase date and shares not sold within the three-year period will be retired. The treasury shares have been purchased for three years in the fourth quarter of 2018 and were retired on April 15, 2019.

- C. On August 11, 2020, the Board of Directors of the Company resolved to increase its capital by issuing no more than 80 million ordinary shares and authorise the chairman with full rights to adjust the final number of shares. The chairman decided to raise additional cash by issuing 50 million shares with a par value of \$10 (in dollars) per share and an issuance price of \$14.6 (in

dollars) per share. The capital increase effective date was set on November 19, 2020. The registration of capital increase was completed on December 4, 2020.

D. On May 13, 2020, the shareholders of the Company resolved to reduce its capital to offset accumulated deficits. As of December 31, 2019, the Company decreased capital by \$2,175,325 to offset the same amount of deficits, and the capital reduction ratio was 49.979913%. The capital reduction effective date was set on June 24, 2020. The registration of capital reduction was completed on July 9, 2020.

E. On May 13, 2020, the shareholders of the Company at their meeting resolved to increase its capital by issuing the maximum of 60 million ordinary shares through private placement for the purpose of repaying bank borrowings.

(18) Capital surplus

Pursuant to the R.O.C. Group Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Items	Share premium	Net change in equity of associates	Changes in ownership interests in subsidiaries	Employee stock options	Treasury share transactions	Others
At January 1, 2020	\$ 15,122	\$ 58,652	\$ 94,764	\$ 20,078	\$ -	\$ 2,090
Cash capital increase	227,041	-	-	-	-	-
Share-based on compensation cost for cash capital increase reserved for employee preemption	5,340	-	-	-	-	1,080
Conversion of subsidiaries' convertible bonds	-	-	51,924	-	-	-
Disposal of company's share by subsidiaries recognised as treasury share transactions	-	-	-	-	372	-
Net change in equity of associates	-	20,948	-	-	-	-
Share-based compensation	-	-	-	375	-	-
Capital contribution from non-controlling interests	-	-	1,167	-	-	-
Disposal of investments accounted for using the equity method	-	(2,032)	-	-	-	-
Liquidation of subsidiaries	-	-	(464)	-	-	-
December 31, 2020	<u>\$ 247,503</u>	<u>\$ 77,568</u>	<u>\$ 147,391</u>	<u>\$ 20,453</u>	<u>\$ 372</u>	<u>\$ 3,170</u>

Items	Share premium	Net change in equity of associates	Changes in ownership interests in subsidiaries	Employee stock options	Others
At January 1, 2019	\$ 15,181	\$ 40,724	\$ 24,513	\$ 17,966	\$ 2,090
Retirement of treasury share	(59)	-	-	-	-
Shares of the Company donated to the subsidiaries by the shareholders	-	-	3,540	-	-
Capital contribution from non-controlling interests	-	-	66,711	-	-
Net change in equity of associates	-	19,537	-	-	-
Share-based compensation	-	-	-	2,112	-
Disposal of subsidiaries	-	(1,609)	-	-	-
December 31, 2019	<u>\$ 15,122</u>	<u>\$ 58,652</u>	<u>\$ 94,764</u>	<u>\$ 20,078</u>	<u>\$ 2,090</u>

(19) Retained earnings

- A. Under the Group's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, the Group shall set aside or reverse special reserve as resolved by the stockholders, or by order of the competent authority. The appropriation of remaining earnings along with accumulated unappropriated earnings from prior years shall be proposed by the Board of Directors and approved by the shareholders.
- B. The Group's dividend policy is set out by the Board of Directors according to the Group's medium- and long-term operational plan, investment plans, capital budget as well as internal and external situations, while considering the interests of stockholders. Except for the aforementioned regulations, cash dividends shall not be less than 5% of total dividends when appropriating the dividends to stockholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Group's paid-in capital.
- D. In accordance with the regulations, the Group shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. Information about the loss make-up proposal as resolved by the Board of Directors on March 19, 2021 and resolved by the stockholders on May 13, 2020 will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Other equity interest

	Currency translation	Financial assets at fair value through other comprehensive income	Total
At January 1, 2020	(\$ 72,454)	\$ 8,430	(\$ 64,024)
Revaluation - Group	-	49,847	49,847
Revaluation transferred to retained earnings – disposal of financial assets	-	6,490	6,490
Currency translation differences:			
-Group	(32,771)	-	(32,771)
-Associates	8,581	-	8,581
Revaluation transferred to profit or loss - liquidation of subsidiaries	48	-	48
At December 31, 2020	<u>(\$ 96,596)</u>	<u>\$ 64,767</u>	<u>(\$ 31,829)</u>

	Currency translation	Financial assets at fair value through other comprehensive income	Total
At January 1, 2019	(\$ 36,059)	(\$ 20,155)	(\$ 56,214)
Revaluation - Group	-	15,677	15,677
Revaluation transferred to retained earnings - disposals of subsidiaries	-	17,177	17,177
Revaluation transferred to retained earnings – disposal of financial assets	- (	4,269)	(4,269)
Currency translation differences:			
-Group	(16,055)	-	(16,055)
-Associates	(24,387)	-	(24,387)
- Group - disposal transferred to profit or loss	4,047	-	4,047
At December 31, 2019	<u>(\$ 72,454)</u>	<u>\$ 8,430</u>	<u>(\$ 64,024)</u>

(21) Share-based payment

A. (a) For the years ended December 31, 2020 and 2019, the Company's share-based payment arrangements are as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 4 th employee stock options plan	2016.03.23	7,300	8 years	40% vested after two years of issuance; 70% after three years; 100% after four years
The 4 th employee stock options plan	2016.08.10	300	8 years	40% vested after two years of issuance; 70% after three years; 100% after four years
The 4 th employee stock options plan	2016.11.10	400	8 years	40% vested after two years of issuance; 70% after three years; 100% after four years
Cash capital increase reserved for employee preemption	2020.11.12	7,500	NA	Vested immediately

The share-based payment arrangements above are settled by equity.

(b) For the years ended December 31, 2020 and 2019, details of the share-based payment arrangements are as follows:

Options	December 31, 2020		December 31, 2019	
	No. of (share in thousands options)	Weighted-average exercise price (in dollars)	No. of (share in thousands options)	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	5,600	\$ 26.70	6,550	\$ 13.24
Options forfeited due to resignations	-	-	(950)	-
Outstanding at the end of the year	<u>5,600</u>	26.70	<u>5,600</u>	13.35
Exercisable at the end of the year	<u>5,600</u>	26.70	<u>3,920</u>	13.35

(c) Details of stock options outstanding are as follows:

Date	Weighted-average period remaining contractual life	Range of exercise prices (in dollars)
December 31, 2020	3.23 years	\$23 ~ \$26.7
December 31, 2019	4.23 years	\$11.5 ~ \$13.35

(d) The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Grant date March 23, 2016	Grant date August 10, 2016	Grant date November 10, 2016
Dividend yield	0.00%	0.00%	0.00%
Expected price volatility	44.51%~4.71%	43.38%~45.60%	41.80%~44.32%
Risk-free interest rate	0.375%~0.400%	0.375%~0.500%	0.375%~0.625%
Expected option life	8 years	8 years	8 years
	3.73 ~ 4.92	3.45~4.64	3.02~4.18
Fair value (dollar/share)	(in dollars)	(in dollars)	(in dollars)

B (a) For the years ended December 31, 2020 and 2019, the eEver Technology Inc.'s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousand)	Contract period	Vesting conditions
The 1st employee stock options plan in 2016 (Note 2)	2016.1.8	2,300	8 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 2nd employee stock options plan in 2016 (Note 2)	2016.8.10	40	8 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 3rd employee stock options plan in 2016 (Note 2)	2016.11.10	40	8 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 1st employee stock options plan in 2019 (Note 1)	2019.8.6	1,080	10 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 1st employee stock options plan in 2020 (Note 1)	2020.5.5	30	10 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 2nd employee stock options plan in 2020 (Note 1)	2020.10.1	3,040	10 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services

The share-based payment arrangements above are settled by equity.

Note 1: It refers to the employee stock options issued by eEver Technology Limited to the employees of its subsidiary, eEver Technology Inc.

Note 2: Due to the reorganisation, eEver Technology Limited assumed the eEver Technology Inc.'s liabilities to issue employee stock options.

(b) For the years ended December 31, 2020 and 2019, the quantity and weighted average exercise price of eEver Technology Inc.'s employee stock options plans were as follows:

Options	2020		2019	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at the beginning of the year	3,220	\$ 10.00	2,340	\$ 10.00
Options granted	3,070	10.00	1,080	10.00
Options forfeited due to resignations	(40)	-	(200)	-
Outstanding at the beginning of the year	<u>6,250</u>	10.00	<u>3,220</u>	10.00
Exercisable at the end of the year	<u>2,460</u>	10.00	<u>1,680</u>	10.00

(c) Details of eEver Technology Inc.'s stock options outstanding are as follows:

Date	Weighted-average remaining contractual life	Range of exercise price (in dollars)
December 31, 2020	7.2 years	\$ 10
December 31, 2019	5.73 years	\$ 10

(d) The fair value of stock options granted eEver Technology Inc. on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Grant date 2020.05.05	Grant date 2020.10.01	Grant date 2019.8.6
Expected dividend yield	0%	0%	0%
Expected price volatility	39.54%~43.32%	39.54%~43.32%	38.72%~42.04%
Risk-free interest rate	0.50%	0.50%	0.50%
Expected option life	4.5 years	4.5 years	4.5 years
Fair value per share	1.77~2.98(in dollars)	1.77~2.98(in dollars)	1.90~3.13(in dollars)
	Grant date 2016.1.18	Grant date 2016.8.10	Grant date 2016.11.10
Expected dividend yield	0%	0%	0%
Expected price volatility	35.16%~39.47%	35.61%~40.70%	34.9%~40.05%
Risk-free interest rate	0.38%~0.50%	0.38%~0.50%	0.38%~0.62%
Expected option life	4.5 years	4.5 years	4.5 years
Fair value per share	1.93~3.31(in dollars)	1.99~3.08(in dollars)	1.96~2.99(in dollars)

C.(a) For the years ended December 31, 2020 and 2019, the eYs3D Microelectronics, Co.'s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousand)	Contract period	Vesting conditions
The 1st employee stock options plan in 2016 (Note 2)	2016.1.18	2,580	8 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 2nd employee stock options plan in 2016	2016.8.10	260	8 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 3rd employee stock options plan in 2016	2016.11.10	210	8 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 1st employee stock options plan in 2017	2017.1.13	962	8 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 2nd employee stock options plan in 2017	2017.2.23	150	8 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 3rd employee stock options plan in 2017	2017.5.10	330	8 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 4th employee stock options plan in 2017	2017.8.9	180	8 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services

The share-based payment arrangements above are settled by equity.

Note: Due to the reorganisation, eEver Technology Limited assumed the eYs3D Microelectronics, Co.'s liabilities to issue employee stock options.

(b) For the years ended December 31, 2020 and 2019, the quantity and weighted average exercise price of eYs3D Microelectronics, Co.'s employee stock options plans were as follows:

Options	Year ended December 31,			
	2020		2019	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at the beginning of the year	1,712	\$ 10.00	2,060	\$ 10.00
Options forfeited due to resignations	(56)	-	(348)	-
Outstanding at the beginning of the year	<u>1,656</u>	10.00	<u>1,712</u>	10.00
Exercisable at the end of the year	<u>1,492</u>	10.00	<u>1,114</u>	10.00

(c) Details of eYs3D Microelectronics, Co.'s employee stock options outstanding are as follows:

Date	Weighted-average remaining contractual life	Range of exercise price (in dollars)
December 31, 2020	3.59 years	\$ 10
December 31, 2019	4.59 years	\$ 10

E. The fair value of stock options granted eYs3D Microelectronics, Co. on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Grant date 2016.1.18	Grant date 2016.8.10	Grant date 2016.11.10
Expected dividend yield	0%	0%	0%
Expected price volatility	35.16%~39.47%	35.61%~40.70%	34.89%~40.04%
Risk-free interest rate	0.375%~0.500%	0.375%~0.500%	0.375%~0.625%
Expected option life	4.5 years	4.5 years	4.5 years
Fair value per share	1.9327~3.3143(in dollars)	1.9908~3.0816(in dollars)	1.9597~2.9876(in dollars)
	Grant date 2017.1.13	Grant date 2017.2.23	Grant date 2017.5.10
Expected dividend yield	0%	0%	0%
Expected price volatility	34.00%~38.16%	33.97%~36.56%	27.45%~35.58%
Risk-free interest rate	0.375%~0.500%	0.175%~0.375%	0.375%~0.750%
Expected option life	4.5 years	4.5 years	4.5 years
Fair value per share	1.8706~2.8977(in dollars)	1.7948~2.8424(in dollars)	1.3592~2.9208(in dollars)
	Grant date 2017.8.9		
Expected dividend yield	0%		
Expected price volatility	30.68%~38.68%		
Risk-free interest rate	0.375%~0.500%		
Expected option life	4.5 years		
Fair value per share	1.5142~2.9292(in dollars)		

D. For the years ended December 31, 2020 and 2019, expenses incurred on equity-settled share-based payment transactions amounted to \$8,667 and \$3,301, respectively.

E. For the year ended December 31, 2020, the compensation cost for cash capital increase reserved for employee pre-emption amounted to \$6,420.

(22) Operating revenue

	Year ended December 31	
	2020	2019
Sales revenue	\$ 3,545,232	\$ 3,637,198
Testing revenue	-	22,812
Other operating revenue	5,312	21,458
	<u>\$ 3,550,544</u>	<u>\$ 3,681,468</u>

A. Disaggregation of revenue from contracts with customers

The Group derives its revenue from the followings:

<u>Year ended December 31,2020</u>	Etron Technology Inc. and other subsidiaries	TM Technology Inc.(information provided as of the date of disposal, October 25, 2019)	Total
Revenue from integrated circuits	\$ 3,545,232		
Other operating revenue	5,312		
	<u>\$ 3,550,544</u>		
<u>Year ended December 31,2019</u>	Etron Technology Inc. and other subsidiaries		
Revenue from integrated circuits	\$ 3,538,036	\$ 99,162	\$ 3,637,198
Testing revenue	22,812	-	22,812
Other operating revenue	17,940	3,518	21,458
	<u>\$ 3,578,788</u>	<u>\$ 102,680</u>	<u>\$ 3,681,468</u>

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Contract liabilities	<u>\$ 8,527</u>	<u>\$ 1,392</u>	<u>\$ 7,576</u>

Year ended December 31

2020	2019
------	------

Revenue recognised that was included
in the contract liability balance at
the beginning of the year

\$ 1,392	\$ 1,498
----------	----------

(23) Other income and expenses – net

Year ended December 31

2020	2019
------	------

Rent income,net

\$ 57,972	\$ 42,697
-----------	-----------

(24) Interest income

Year ended December 31

2020	2019
------	------

Interest income from bank deposits

\$ 1,034	\$ 5,623
----------	----------

(25) Other income

Year ended December 31

2020	2019
------	------

Dividend income

\$ 22,801	\$ 21,310
-----------	-----------

Other income - others

6,638	11,410
<u>\$ 29,439</u>	<u>\$ 32,720</u>

(26) Other gains and losses

	Year ended December 31	
	2020	2019
(Losses) gains on disposal of property, plant and equipment	(\$ 36)	\$ 2,738
Gains (losses) on disposal of investments	1,436	(134)
Losses on disposal investments accounted for using the equity method	(2,307)	-
Gains on liquidation of subsidiaries	412	-
Gains on disposal of subsidiaries	-	59,772
Gains (losses) on lease termination	1,405	(56)
Foreign exchange losses	(33,903)	(15,150)
Net gains on financial assets at fair value through profit or loss	569	2,314
Impairment loss on investments accounted for using the equity method	-	(8,783)
Impairment loss on property, plant and equipment	-	(3,613)
Miscellaneous disbursements	-	(3,209)
	<u>(\$ 32,424)</u>	<u>\$ 33,879</u>

(27) Expenses by nature

	Years ended December 31,	
	2020	2019
Employee benefit expense	<u>\$ 612,752</u>	<u>\$ 697,858</u>
Depreciation charges (Note)	<u>\$ 208,669</u>	<u>\$ 269,088</u>
Amortisation charges on intangible assets	<u>\$ 47,887</u>	<u>\$ 57,591</u>

Note: Including the depreciation charges presented as a deduction item to rent income under other income.

(28) Employee benefit expense

	Year ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 21,434	\$ 26,145
Defined benefit plans	(200)	548
	21,234	26,693
Other personnel expenses	591,518	671,165
	<u>\$ 612,752</u>	<u>\$ 697,858</u>

A. In accordance with the Articles of Incorporation of the Group, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees'

compensation and directors' remuneration. The ratio shall not be lower than 12% for employees' compensation and shall not be higher than 2% for directors' remuneration. The employees' compensation can be distributed in the form of shares or cash. Including the employees of subsidiaries of the company meeting certain specific requirements, are entitled to receive aforementioned shares or cash.

B. The Group incurred losses for the years ended December 31, 2020 and 2019 and thus did not distribute employees' compensation and directors' remuneration.

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

(29) Finance costs

	Year ended December 31	
	2020	2019
Interest expense – borrowing interests	\$ 55,575	\$ 71,950
Interest expense on lease liabilities	3,710	4,659
	<u>\$ 59,285</u>	<u>\$ 76,609</u>

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ -	\$ -
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	2,715 (	14,355)
Change in tax losses	9,154	26,223
Total deferred tax	11,869	11,868
Income tax expense	<u>\$ 11,869</u>	<u>\$ 11,868</u>

(b) Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2020	2019
Tax calculated based on loss before tax and statutory tax rate	(\$ 65,698)	(\$ 127,914)
Effects from items disallowed by tax regulation	(2,053)	(20,301)
Temporary difference not recognised as deferred tax assets	7,830	10,345
Change in assessment of realisation of deferred tax assets	14,847	54,289
Taxable loss not recognised as deferred tax assets	56,943	95,449
Income tax expenses	<u>\$ 11,869</u>	<u>\$ 11,868</u>

B. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

2020				
	January 1	Recognised in profit or loss	Recognised in equity	December 31
Temporary differences:				
— Deferred tax assets:				
Unrealised allowance for inventory valuation losses	\$ 89,301	\$ 3,819	\$ -	\$ 93,120
Unrealised investment losses	171,603	-	-	171,603
Others	42,866	(6,534)	-	36,332
Tax losses	17,473	(9,154)	-	8,319
	<u>\$ 321,243</u>	<u>(\$ 11,869)</u>	<u>\$ -</u>	<u>\$ 309,374</u>
— Deferred tax liabilities:				
Unrealised exchange gain	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2019				
	January 1	Recognised in profit or loss	Recognised in equity	December 31
Temporary differences:				
— Deferred tax assets:				
Unrealised allowance for inventory valuation losses	\$ 82,028	\$ 7,273	\$ -	\$ 89,301
Unrealised investment losses	171,603	-	-	171,603
Others	36,267	6,599	-	42,866
Tax losses	43,696	(26,223)	-	17,473
	<u>\$ 333,594</u>	<u>(\$ 12,351)</u>	<u>\$ -</u>	<u>\$ 321,243</u>
— Deferred tax liabilities:				
Unrealised exchange gain	<u>(\$ 483)</u>	<u>\$ 483</u>	<u>\$ -</u>	<u>\$ -</u>

C. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2020

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011	\$ 1,068,768	\$ 1,068,768	\$ 1,068,768	2021
2012	461,037	461,037	461,037	2022
2015	72,139	70,139	70,139	2025
2016	252,201	252,201	252,201	2026
2017	398,825	398,825	398,825	2027
2018	574,580	574,580	574,580	2028
2019	775,512	775,512	775,512	2029
2020	214,645	214,645	173,050	2030
	<u>\$ 3,817,707</u>	<u>\$ 3,815,707</u>	<u>\$ 3,774,112</u>	

December 31, 2019

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2010	\$ 3,378	\$ 3,378	\$ 3,378	2020
2011	1,068,768	1,068,768	1,068,768	2021
2012	461,037	461,037	461,037	2022
2015	72,139	70,139	70,139	2025
2016	252,201	252,201	252,201	2026
2017	398,825	398,825	398,825	2027
2018	574,580	574,580	574,580	2028
2019	775,512	775,512	688,147	2029
	<u>\$ 3,606,440</u>	<u>\$ 3,604,440</u>	<u>\$ 3,517,075</u>	

D. The Company's, Kingcharm Investment Corp.'s, Kingwell Investment Corp.'s, eYs3D Microelectronics, Co.'s, Eutrend Technology, Inc.'s, Invention and Collaboration Laboratory, Inc.'s, Pinoer chip Technology Ltd.'s and Silicon Spintronics Inc.'s income tax returns through 2018 have been assessed and approved by the Tax Authority. The eEver Technology Inc.'s income tax returns through 2019 have been assessed and approved by the Tax Authority.

(31) Loss per share

Year ended December 31, 2020		
	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Amount after tax</u>		
<u>Basic loss per share</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 254,393) 223,463	(\$ 1.14)
<u>Diluted loss per share</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 254,393) 223,463	(\$ 1.14)
Year ended December 31, 2019		
	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Amount after tax</u>		
<u>Basic loss per share</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 498,906) 217,581	(\$ 2.29)
<u>Diluted loss per share</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 498,906) 217,581	(\$ 2.29)

- A. On May 13, 2020, the shareholders of the Company at their meeting resolved to reduce its capital to offset accumulated deficits and authorise the chairman to set the capital reduction effective date on June 24, 2020. The capital reduction decreased 217,532 thousand shares, and the capital reduction ratio was 49.979913%. The weighted average number of ordinary shares outstanding for the years ended December 31, 2020 and 2019 have been adjusted retrospectively.
- B. The weighted average number of treasury shares outstanding had been deducted from the weighted average number of ordinary shares outstanding for the years ended December 31, 2020 and 2019.
- C. The employee stock options and interests on bonds issued by subsidiaries had anti-dilution effect, and therefore were not included in the calculation.

(32) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year Ended December 31	
	2020	2019
Purchase of property, plant, equipment and	\$ 107,096	\$ 113,623
Add: Opening balance of payable on equipment	1,532	15,228
Less: Ending balance of payable on	(19,442)	(1,532)
Cash paid during the year	<u>\$ 89,186</u>	<u>\$ 127,319</u>

B. On October 25, 2019, the Group sold all its shares in the subsidiary, TM Technology, Inc., and therefore lost control over the subsidiary. TM Technology, Inc. and its subsidiaries are no longer included in the Group's consolidated financial statement ever since the date. This transaction resulted in gains on disposal of \$59,772, which was recognized in the statement of comprehensive income within other gains and losses. The amount transferred to retained earnings was (\$17,177). The details of the consideration received from the transaction and assets and liabilities relating to the subsidiary are as follows:

	October 25, 2019
Consideration received	
Cash	<u>\$ 146,484</u>
Carrying amount of the assets and liabilities of the subsidiary	
Cash	33,519
Financial assets at fair value through other comprehensive income	6,249
Notes and accounts receivable	10,328
Other receivables	546
Inventories	25,686
Property, plant and equipment	83,261
Right-of-use assets	20,249
Intangible assets	110,256
Other assets	16,940
Bank borrowings	(48,921)
Accounts payable	(10,748)
Other payables	(21,765)
Lease liabilities	(24,383)
Other liabilities	(5,802)
Others	(65,412)
Total net assets	<u>\$ 130,003</u>
The Group's comprehensive shareholding ratio on disposal date	<u>66.7%</u>
Book value on disposal date	<u>\$ 86,712</u>

(33) Transactions with non-controlling interest

- A. The Group's Invention and Collaboration Laboratory Pte. Ltd. increased its capital by issuing new shares in December 2020. As a result, the Group decreased its share interest by 18.89%.
- B. The Group's DeCloak Intelligences Co. increased its capital by issuing new shares in April 2020. As a result, the Group decreased its share interest by 37.06%.
- C. The convertible bonds issued by the Group's eYs3D Microelectronics, Inc. were converted into stocks in September 2020. As a result, the Group decreased its share interest by 11.13%.
- D. The Group's eEver Technology Limited increased its capital by issuing new shares in June 2019. As a result, the Group decreased its share interest by 26.97%.
- E. The Group's EnergyPlus Technology, Inc. increased its capital by issuing new shares in March 2019. As a result, the Group increased its share interest by 1.81%. However, the Group sold all its shares in TM Technology Inc. On October 25, 2019 and therefore lost control over EnergyPlus Technology, Inc. ever since the date.

The effect of change in interest contributed to the aforementioned transactions on the equity attributable to owners of the parent for the year ended December 31, 2020 is shown below:

	Year ended December 31	
	2020	2019
Cash contributed by non-controlling interests	\$ 5,504	\$ 102,601
Conversion of the subsidiaries' convertible bonds by non-controlling interests	64,283	-
Changes in ownership interests in subsidiaries	(16,696)	(35,890)
	<u>\$ 53,091</u>	<u>\$ 66,711</u>
Increase in capital surplus attributable to:		
Owners of the parent	<u>\$ 53,091</u>	<u>\$ 66,711</u>

(34) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Financial liabilities at fair value through profit or loss
At January 1, 2020	\$ 482,454	\$ 2,158,192	\$ 195,164	\$ 15,450	\$ 59,960
Changes in cash flow from financing activities	(338,819)	(192,911)	(22,606)	1,444	43,650
Changes in other non-cash items					
Changes in leases	-	-	(3,395)	-	-
Conversion of bonds	-	-	-	-	(58,200)
Net exchange differences	-	-	49	-	(2,688)
December 31, 2020	<u>\$ 143,635</u>	<u>\$ 1,965,281</u>	<u>\$ 169,212</u>	<u>\$ 16,894</u>	<u>\$ 42,722</u>

		Short-term			Guarantee	Financial
	Short-term	notes and	Long-term	Lease	deposits	liabilities at
	borrowings	bills payable	borrowings	liabilities	received	through profit
						or loss
At January 1, 2019	\$ 972,902	\$ 69,914	\$2,216,593	\$235,683	\$ 14,433	\$ -
Changes in cash flow from financing activities	(441,527)	(69,914)	(58,401)	(28,320)	1,017	62,080
Changes in other non-cash items						
Changes in leases	-	-	-	8,649	-	-
Transfers out due to disposal of subsidiaries	(48,921)	-	-	(21,188)	-	-
Net exchange differences	-	-	-	340	-	(2,120)
December 31, 2019	\$ 482,454	\$ -	\$2,158,192	\$195,164	\$ 15,450	\$ 59,960

7. Related Party Transactions

(1) Names of related parties and relationship

A. Operating revenue:

Names of related parties	Relationship with the Group
Macronix International Co., Ltd.	The general manager of the investee and the chairman of the Company are relatives within the second degree of kinship
Ardentec Corporation	The chairman of the investee and the chairman of the Company are relatives within the second degree of kinship
Giga Solution Tech. Co., Ltd.	The chairman of the investee and the chairman of the Company are relatives within the second degree of kinship
Great Team Backend Foundry, Inc.	An indirect investee accounted for using the equity method
Great Team Backend Foundry, Inc. Taiwan Branch (B.V.I)	An indirect investee accounted for using the equity method
Mainstone International Ltd.	An indirect investee accounted for using the equity method
Energyplus Technology, Inc.	An indirect investee accounted for using the equity method
Great Team Backend (HK) Foundry, Inc.	An indirect investee accounted for using the equity method
Kai Chun Investment Corp.	The Company's corporate director
Chao-Chun Lu	The Company's chairman
Mao - Song Deng	The Company's director general manager

Note: In the second quarter of 2020, the Group sold all its shares in the investee, and therefore the investee was no longer a related party since the disposal date.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2020	2019
Sales of goods:		
Associates	\$ -	\$ 316
Other related parties	91	809
	<u>\$ 91</u>	<u>\$ 1,125</u>

Goods sold to related parties are based on normal commercial terms and conditions.

B. Purchases and processing fees

	Year ended December 31	
	2020	2019
Purchases and processing fees		
Associates	\$ -	\$ 6,493
Other related parties	-	1,931
	<u>\$ -</u>	<u>\$ 8,424</u>

Goods purchased from related parties are based on normal commercial terms and conditions.

C. Receivables from related parties

	December 31, 2020	December 31, 2019
Other receivables:		
-Other related parties	<u>\$ 4,418</u>	<u>\$ 2,287</u>

Other receivables arose from leasing assets to related parties and are collected within 30 days after the invoices are issued. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties

	December 31, 2020	December 31, 2019
Accounts payable:		
Associates	<u>\$ -</u>	<u>\$ 1,205</u>

Accounts payable to related parties arise mainly from purchases and processing of goods and payment term is 90 days after the inspection. The payables bear no interest.

E. Advance receipts

	December 31, 2020	December 31, 2019
Other related parties		
Giga Solution Tech. Co., Ltd.		
-Current	\$ 47,927	\$ 50,192
-Non-current	22,782	70,709
	<u>\$ 70,709</u>	<u>\$ 120,901</u>

The Company leased plant to other related parties and entered into a supplemental agreement in September 2019 with the advance rents amounting to \$42,777 collected at once for period from

October 2019 to August 2020. In December 2019, the Company renewed the agreement, modified the lease term from January 1, 2020 to June 30, 2027, broadened the lease range, and agreed to collect the 30 months advance rents amounting to \$90,031 after netting the aforementioned advance rents collected. As of December 31, 2020 and 2019, the advance rents collected from related parties amounted to \$70,709 and \$120,901, respectively.

F. Guarantee deposits received

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other related parties		
Giga Solution Tech. Co., Ltd.	\$ 14,234	\$ 13,133
Others	<u>3</u>	<u>-</u>
	<u>\$ 14,237</u>	<u>\$ 13,133</u>

It refers to lease deposits.

G. Lease transactions — lessee

(a) The Group leases buildings from associates. Rental contracts are typically made for periods from 2020 to 2023. Rents are paid at the end of month.

(b) Acquisition of right-of-use assets

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Associates	<u>\$ 3,262</u>	<u>\$ -</u>

(c) Lease liabilities

(i) Outstanding balance

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Associates	<u>\$ 3,086</u>	<u>\$ -</u>

(ii) Interest expense

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Associates	<u>\$ 11</u>	<u>\$ -</u>

H. Other transactions

(a) Other related party transactions are summarised below:

	Year ended December 31	
	2020	2019
Rent income:		
-Other related parties		
Giga Solution Tech. Co., Ltd.	\$ 54,850	\$ 47,888
Others	11	-
Other income:		
-Associates	613	588
-Other related parties	11	-
Other expenses		
-Associates	598	-
-Other related parties	-	10
	<u>\$ 56,083</u>	<u>\$ 48,486</u>

(b) Information on the issuance of second-tier subsidiary's - Invention and Collaboration Laboratory Pte. Ltd. ordinary and preferred shares to other related parties is as follows:

Counterparty	Accounts	No. of shares	Objects	Consideration
Other related parties	Property transactions	1,214,000	Invention and Collaboration Laboratory Pte. Ltd.'s ordinary share and preference share	<u>\$ 2,854</u>

(c) For the year ended December 31, 2020, the Group's investee accounted for using the equity method, Great Team Backend Foundry, Inc. reduced its capital and repurchased its shares from the Group in the number of 21,369 thousand totalling \$333,023.

(d) Information on the issuance of subsidiary – Decloak Intellegences Co.'s ordinary shares to related parties for the year ended December 31, 2020 is as follows:

Counterparty	Accounts	No. of shares	Objects	Consideration
Other related parties	Property transactions	200,000	Decloak Intellegences Co.'s ordinary share	<u>\$ 2,000</u>

- (e) Information on the issuance of the Company's ordinary shares donated by the shareholders to the second-tier subsidiary -Pinoeer Chip Technology Limited. for the year ended December 31, 2019 is as follows:

Counterparty	Accounts	No. of shares donated	Stock price per share	Donated objects	Carrying amount
Other related parties	Property transactions	400,000	8.85	The Company's ordinary share	<u>\$ 3,540</u>

Note: The number of shares donated and stock price per share are based on the amounts before the capital reduction.

- (f) Information on the issuance of subsidiary - eEver Technology Limited's ordinary shares to related parties for the year ended December 31, 2019 is as follows:

Counterparty	Accounts	No. of shares	Objects	Consideration
Other related parties	Property transactions	235,295	eEver Technology Limited's ordinary share	<u>\$ 3,097</u>

I. Others

In July 2017, the preferred shares held by the Company's subsidiary – kingwell Investment Corp. in Energyplus Technology, Inc. (Note) have been converted into ordinary shares. As of December 31, 2019, the dividends from preferred shares yet to be paid by Energyplus Technology, Inc. amounted to \$22.

Note: In the second quarter of 2020, the Group sold all its shares in Energyplus Technology, Inc. and therefore the investee was no longer a related party since the disposal date.

(3) Key management compensation

	Year ended December 31	
	2020	2019
Salaries and other short-term employee benefits	\$ 53,249	\$ 68,784
Post-employment benefits	1,223	1,510
Services expenses	1,012	2,157
Share-based payments	709	3,583
	<u>\$ 56,193</u>	<u>\$ 76,034</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2020	December 31, 2019	
Time deposits (shown as "Current financial assets at amortised cost")	\$ 15,684	\$ 5,913	Government subsidy projects, tariff guarantees and short-term borrowings
Time deposits (shown as "Non-current financial assets at amortised cost")	5,941	5,480	Land lease agreement guarantee
Inventories	80,009	80,066	Long-term borrowings
Buildings and structures	305,970	315,845	Long-term borrowings
Other equipment	47,597	72,784	Long and Short-term borrowings
Equity instruments (shown as "Non-current financial assets at fair value through other comprehensive income")	-	33,565	Long-term borrowings
	<u>\$ 455,201</u>	<u>\$ 513,653</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments Contingencies

In February 2017, Securities and Futures Investors Protection Center (the "SFIPC") filed a civil lawsuit against the Company, the former subsidiary, TM Technology Inc. and other defendants, claiming that they are jointly liable for compensation, on behalf of the investors of the former subsidiary, TM Technology Inc., as the company's former director Mr. Wu was sued for violating the Securities and Exchange Act in January 2016. On March 18, 2019, Taiwan HsinChu District Court dismissed the lawsuit. However, the SFIPC filed an appeal with Taiwan High Court, which was dismissed on February 26, 2021.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

In accordance with the Securities and Exchange Act, paragraph 7 of Article 43-6, the private placement shall be carried out by installments within one year of the date of the resolution of the shareholders meeting. The expiry date is on May 12, 2021, the Company will not conduct the aforementioned private placement considering the capital market situation and the Company needs.

12. Others

(1) Capital management

The Group must maintain adequate capital to expand product lines and that sales could achieve economic of scale. The Group's objectives when managing capital are to secure necessary financial resources to meet the needs of operating funds for the next year, capital expenditure and

research and development activities expenditures, debt repayment.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 2,965	\$ 7,415
Financial assets at fair value through other comprehensive income	637,937	571,188
Designation of equity instrument		
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	1,395,380	841,114
Financial assets at amortised cost	84,625	77,540
Accounts receivable	825,574	889,748
Other receivables	22,275	37,292
Guarantee deposits paid (shown as other non-current assets)	8,823	4,510
	<u>\$ 2,977,579</u>	<u>\$ 2,428,807</u>
<u>Financial liabilities</u>		
Financial liabilities designated at fair value through profit or loss	\$ 42,722	\$ 59,960
Short-term borrowings	143,635	482,454
Notes payable	1,987	2,290
Accounts payable (including related parties)	596,157	586,232
Other payables	178,877	184,525
Long-term borrowings (including current portion)	1,965,281	2,158,192
Guarantee deposits received (shown as other non-current liabilities)	16,894	15,450
	<u>\$ 2,945,553</u>	<u>\$ 3,489,103</u>
Lease liability	<u>\$ 169,212</u>	<u>\$ 195,164</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's entire risk management policies focus on unpredictable matters in financial market and reducing the potential negative effects on the Group's financial condition and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and reduce financial risks in close co-operation with the Group's operating units. The Group provides written principles for specific areas and matters, such as use of derivative financial

instruments.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The consolidated entities exposed to the exchange rate risk arising from operating activities which were denominated in non-functional currency. The Group's functional currency includes New Taiwan dollars, US Dollars, RMB and JPY. Those transactions were mainly denominated in New Taiwan dollars, US Dollars, RMB, HKD and JPY. In addition, the consolidated entities implement natural hedge in accordance with the capital needs of each currency and the net position of assets and liabilities denominated in foreign currencies, and implements hedge on the risk exposures in accordance with the foreign exchange market conditions.
- ii. If monetary assets and liabilities denominated in short-term foreign currencies were unbalanced, the consolidated entities purchase or sell foreign currencies at spot rate to ensure exposure is maintained at an acceptable level.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2020		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 39,437	28.480	\$ 1,123,159
RMB:NTD	285	4.3770	1,247
JPY:NTD	3,882	0.2763	934
<u>Non-monetary items</u>			
USD:NTD	60,483	28.480	1,722,560
JPY:NTD	17,353	0.2763	4,795
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	17,791	28.480	506,694

(Foreign currency: functional currency)	December 31, 2019		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 45,667	29.980	\$ 1,369,097
RMB:NTD	346	4.3050	1,490
JPY:NTD	3,692	0.2760	1,019
<u>Non-monetary items</u>			
USD:NTD	69,178	29.980	2,073,961
JPY:NTD	19,373	0.2760	5,347
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	19,678	29.980	589,946

- iv. The unrealised exchange gain (loss) arising from the monetary items with significant influence held by the Group for the years ended December 31, 2020 and 2019, amounted to (\$12,503) and (\$14,159), respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

(Foreign currency: functional currency)	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effects on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 11,232	\$ -
RMB:NTD	1%	12	-
JPY:NTD	1%	9	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	17,226
JPY:NTD	1%	-	48
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	5,067	-

(Foreign currency: functional currency)	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effects on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 13,691	\$ -
RMB:NTD	1%	15	-
JPY:NTD	1%	10	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	20,740
JPY:NTD	1%	-	53
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	5,899	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign listed and unlisted shares. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$128 and \$371, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$31,897 and \$28,559, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from time deposits, Time deposits maturing over three months and long-term borrowings at variable rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2020 and 2019, the Group's borrowings were denominated in New Taiwan dollars and US Dollars.

- ii. On December 31, 2020 and 2019, if the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have decreased / increased by \$3,739 and \$4,175, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.
- iii. On December 31, 2020 and 2019, if the borrowing interest rate of New Taiwan dollars time deposits and Time deposits maturing over three months had increased/decreased by 0.25% with all other variables held constant, the impact to profit, net of tax for the years ended December 31, 2020 and 2019 would be immaterial. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. Policy for credit risk management of the Group's operating units. is as follows:
 - (i) The Group sets the relevant procedures to monitor, manage and reduce the credit risk of accounts receivable, however, it is not guaranteed that the procedures can effectively exclude the credit risk and avoid losses. The exposure of such credit risk will increase in the deteriorating economic environment.
 - (ii) The Group periodically monitors, reviews and adjusts the credit limits based on the market conditions and credit status of counterparties to timely manage the credit risk. The Group only transacts with banks and financial institutions with high credit quality, and therefore does not expect to assume the credit risk.
 - (iii) The main credit risks arise from deposits with bank and financial institutions and accounts receivable.
- ii. The situation that the Group regards as breach of contract specified in the contract are as follows: when the contract payments may not be recovered and have to be transferred to overdue receivables, the default has occurred.
- iii. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.
- iv. The Group adopts following assumptions to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments.
- vi. The Group used the historical information and the forecastability of Taiwan Institute of Economic Research boom observation report to assess the default possibility of accounts receivable.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- viii. The Group used the forecastability information to adjust historical and timely information to assess the default possibility of accounts receivable and lease payments receivable. On December 31, 2020 and 2019, the loss rate methodology is as follows:

Accounts and notes receivable			
December 31, 2020	Individual	Group	Total
Expected loss rate	100%	2.22%~14.47%	
Total book value	\$ 47,170	\$ 900,676	\$ 947,846
Loss allowance	\$ 47,170	\$ 75,102	\$ 122,272

Accounts and notes receivable			
December 31, 2019	Individual	Group	Total
Expected loss rate	100%	0.16%~8.89%	
Total book value	\$ 92,427	\$ 944,020	\$ 1,036,447
Loss allowance	\$ 92,427	\$ 54,272	\$ 146,699

- ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

2020	
Accounts and notes receivable	
At January 1	\$ 146,699
Gain on reversal of expected credit loss	(10,218)
Write-offs	(14,209)
At December 31	\$ 122,272

	2019	
	Accounts and notes receivable	Lease receivables
At January 1	\$ 148,707	\$ 8,205
Provision for impairment	-	4,250
Write-offs	(1,988)	-
Transfer out due to disposal of subsidiaries	(20)	(12,455)
At December 31	<u>\$ 146,699</u>	<u>\$ -</u>

- x. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable notes receivable and Lease receivables held by the Group was \$825,574 and \$889,748, respectively.
- xi. As of December 31, 2020 and 2019, the collateral held by the Group as security for accounts receivable was letters of credit, promissory note and cheques amounting to \$732,971 and \$1,095,055, respectively.

(c) Liquidity risk

- i. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs for the next one year.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

	Between 1		
	Less than 1 year	and 5 years	Over 5 years
December 31, 2020			
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 144,163	\$ -	\$ -
Notes payable	1,987	-	-
Accounts payable	596,157	-	-
(including related parties)			
Other payables	178,877	-	-
Lease liability	26,112	46,059	142,965
Long-term liabilities, current portion	745,443	-	-
Long-term borrowings	-	1,301,512	105,561
Guarantee deposits received	-	16,893	-
<u>Derivative financial liabilities</u>			
Forward exchange contracts	\$ 2	\$ -	\$ -

	Between 1		
	Less than 1 year	and 5 years	Over 5 years
December 31, 2019			
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 486,113	\$ -	\$ -
Notes payable	2,290	-	-
Accounts payable	586,232	-	-
(including related parties)			
Other payables	184,525	-	-
Lease liability	26,796	67,670	148,406
Long-term liabilities, current portion	533,945	-	-
Long-term borrowings	-	1,682,431	-
Guarantee deposits received	-	15,450	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in the listed stocks classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is included in Level 1.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables lease liabilities and long-term borrowings are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2020 and 2019 are as follows:

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets:</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities and hybrid instrument	\$ 2,554	\$ -	\$ -	\$ 2,554
Forward exchange contracts	-	411	-	411
Financial assets at fair value through other comprehensive income				
Equity securities	146,224	-	491,713	637,937
	<u>\$ 148,778</u>	<u>\$ 411</u>	<u>\$ 491,713</u>	<u>\$ 640,902</u>
<u>Liabilities:</u>				
Financial liabilities at fair value through profit or loss				
Mandatory convertible bonds	-	-	42,720	42,720
Forward exchange contracts	-	2	-	2
	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 42,720</u>	<u>\$ 42,722</u>
<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets:</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities and hybrid instrument	\$ 4,018	\$ -	\$ 3,397	\$ 7,415
Financial assets at fair value through other comprehensive income				
Equity securities	116,136	-	455,052	571,188
	<u>\$ 120,154</u>	<u>\$ -</u>	<u>\$ 458,449</u>	<u>\$ 578,603</u>
<u>Liabilities:</u>				
Financial liabilities at fair value through profit or loss				
Mandatory convertible bonds	\$ -	\$ -	\$ 59,960	\$ 59,960

D. The methods and assumptions the Group used to measure fair value are as follows:

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

	<u>Listed share</u>
Market quoted price	Closing price
(b) When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.	
(c) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.	

E. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

F. If one or more of the significant inputs are not based on observable market data, such financial instrument is included in level 3.

G. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	<u>Equity securities</u>	
	2020	2019
At January 1	\$ 458,449	\$ 496,574
Gains and losses recognised in profit or loss	669	33
Gain or loss recognised in other comprehensive income	18,099 (	892)
Acquired in the year	41,377	4,419
Disposal in the year	(11,136)	(16,248)
Proceeds from capital reduction	-	(8,234)
Transfers into level 1	(430)	(7,030)
Effect of disposal of subsidiaries	-	(6,249)
Effect of exchange rate changes	(15,315)	(3,924)
At December 31	<u>\$ 491,713</u>	<u>\$ 458,449</u>

H. The investee, Mosa Industrial Corporation, has quoted market prices for the year ended December 31, 2019 as it has been listed on Taiwan Stock Exchange since March 7, 2019. Thus, it was transferred into Level 1.

I. Investment segment is in charge of valuation procedures for fair value measurements being adopted within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the

exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 174,715	Market price method	Discount for lack of marketability	15%~60%	Discount for lack of marketability
Venture capital shares	316,998	Net asset value	Net asset value	10%~35%	The higher the net asset value, the higher the fair value
	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 213,113	Market price method	Discount for lack of marketability	15%~60%	Discount for lack of marketability
	54,023	Discounted cash flow method	Weighted average cost of capital, long- term revenue growth rate	3.88% ~6.8%	The higher the long-term revenue growth rate, the higher the fair value; the higher the weighted average cost of capital, the lower the fair value
Venture capital shares	203,114	Net asset value	Net asset value	10%	The higher the net asset value, the higher the fair value

K. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income

from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2020			
			Recognised in		Recognised in other	
			profit or loss		comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
			change	change	change	change
	Input	Change				
Financial assets						
Equity instrument	Discount for lack of marketability, weighted average cost of capital and long-term revenue growth rate	±1%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,910</u>	<u>(\$ 4,910)</u>
			December 31, 2019			
			Recognised in		Recognised in other	
			profit or loss		comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
			change	change	change	change
	Input	Change				
Financial assets						
Equity instrument	Discount for lack of marketability, weighted average cost of capital and long-term revenue growth rate	±1%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,695</u>	<u>(\$ 4,695)</u>

(4) The impact of the COVID-19 pandemic to the Group's operation in 2020

The COVID-19 pandemic affects some customers' sales in 2020. However, the aforementioned situation tentatively has no significant impact to the Group's operation based on the Group's assessment. The Group will continue to follow the development of pandemic and adjust its strategies in time.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Note 6(2) and 6(14).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: The details of commissions expense and service expense paid by the Group to Fullboom Electronics (Shenzhen) Co., Ltd for the year ended December 31, 2020, and their outstanding (shown as ‘other payables’) as of December 31, 2020 are as follows:

	Year ended December 31, 2020
Commissions expense	\$ 11,288
Service expense	\$ 11,769
Other payables	\$ 6,721

(4) Major shareholders information

Major shareholders information: Please refer to table 6.

14. Segment Information

(1) General information

Year ended December 31, 2020

The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment. The Group manages the business from each consolidated entity’s perspective. The Company and the subsidiary, TM Technology Inc., (as of the disposal date, October 25, 2019) are primarily engaged in the manufacturing and design of various integrated circuits.

(2) Segment information

Year ended December 31, 2020: Only one reportable operating segment. Refer to the statements of comprehensive income for details.

The accounting policies of the operating segments are no significant different to the significant accounting policies summarised in Note 4. The Company's reportable segment income or loss are measured using the income/(loss) before tax.

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2019:

	Etron Technology Inc. and other subsidiaries	TM Group (information provided as of the date of disposal, October 25, 2019)	Adjustments and eliminations	Consolidated amount
Revenue from external customers	\$ 3,578,789	\$ 102,679	\$ -	\$ 3,681,468
Inter-segment revenue	\$ 196,601	\$ -	(\$ 196,601)	\$ -
Segment income (loss)	(\$ 620,814)	(\$ 38,106)	\$ 136,874	(\$ 522,046)

December 31, 2019:

	Etron Technology Inc. and other subsidiaries	TM Group	Adjustments and eliminations	Consolidated amount
Segment assets	\$ 7,758,576	\$ -	(\$ 1,545,898)	\$ 6,212,678
Segment liabilities	(\$ 4,123,683)	\$ -	\$ 243,237	(\$ 3,880,446)

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of income/(loss) before tax from continuing operations is provided as follows:

Year ended December 31, 2020: Only one reportable operating segment. Refer to the statements of comprehensive income for details.

Year ended December 31, 2019:

	Etron Technology Inc. and other subsidiaries	TM Group (information provided as of the date of disposal, October 25, 2019)	Adjustments and eliminations	Consolidated amount
Segment income (loss)	(\$ 620,814)	(\$ 38,106)	\$ 136,874	(\$ 522,046)
Segment income (loss) including:				
Interest revenue	7,804	69	(2,250)	5,623
Interest expense	(74,714)	(3,401)	1,506	(76,609)
Depreciation expense	(275,810)	(12,375)	19,097	(269,088)
Amortization expense	(67,896)	(3,962)	14,267	(57,591)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(155,977)	3,249	162,403	9,675

(4) Information on products and services

Revenue from external customers is mainly from design, manufacturing and testing of integrated circuits. Components of revenue are as follows:

	Year ended December 31	
	2020	2019
Sales revenue	\$ 3,545,232	\$ 3,637,198
Testing revenue	-	22,812
Other operating revenue	5,312	21,458
	<u>\$ 3,550,544</u>	<u>\$ 3,681,468</u>

(5) Geographical information

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

	Year ended December 31			
	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 1,538,896	\$ 887,077	\$ 1,468,696	\$ 1,029,461
Hong Kong	1,259,585	3,490	1,401,274	8,492
China	183,318	384	104,348	277
Others	568,745	703	707,150	651
	<u>\$ 3,550,544</u>	<u>\$ 891,654</u>	<u>\$ 3,681,468</u>	<u>\$ 1,038,881</u>

(6) Major customer information

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

	Year ended December 31,2020			Year ended December 31,2019	
	Revenue	Segment		Revenue	Segment
TNOV	<u>\$ 259,872</u>	The Group	TMAR	<u>\$ 376,340</u>	The Group

Etron Technology, Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2020

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				
					Number of shares	Book value	Ownership (%)	Fair value	Footnote
Etron Technology, Inc.	Stock	UNRE AI Limited	None	Non-current financial assets at fair value through other comprehensive income	59,753	\$ -	5.98%	\$ -	
Etron Technology, Inc.	Stock	PLSense Ltd.	None	Non-current financial assets at fair value through other comprehensive income	14,611	40,444	8.96%	40,444	
Etron Technology, Inc.	Preferred share	Foho Technology Corp.	None	Non-current financial assets at amortised cost	4,200,000	63,000	-	63,000	
Kinglord Corp.	Stock	Adata Technology Co., Ltd	None	Current financial assets at fair value through profit or loss	22,637	1,652	-	1,652	
Kingwell Investment Corp.	Stock	Macronix International Co., Ltd.	The general manager of the investee and the chairman of the Company are relatives within second degree of kinship	Current financial assets at fair value through profit or loss	15,840	670	-	670	
Kingcharm Investment Corp.	Stock	Walton Advanced Engineering, Inc	The investor is the corporate director of the investee	Current financial assets at fair value through profit or loss	10,000	138	-	138	
Kingcharm Investment Corp.	Stock	Winbond Electronics Corporation	None	Current financial assets at fair value through profit or loss	1,000	29	-	29	
Kingcharm Investment Corp.	Stock	Elite Semiconductor Microelectronics Technology Inc.	None	Current financial assets at fair value through profit or loss	1,000	65	-	65	
Kingcharm Investment Corp.	Stock	Promos Technology Inc.	None	Current financial assets at fair value through profit or loss	6	-	-	-	
Creative Ally Limited	Stock	MedicusTek International Inc.	None	Non-current financial assets at fair value through other comprehensive income	1,010,101	-	1.26%	-	
Etron Technology (HK) Limited	Equity investment	Shanghai Walden Venture Capital Enterprise	None	Non-current financial assets at fair value through other comprehensive income	-	113,540	1.52%	113,540	
Etron Technology (HK) Limited	Equity investment	China Walden Venture Investments II,L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	116,151	2.64%	116,151	
Etron Technology (HK) Limited	Equity investment	Arm IoT Fund, L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	20,141	4.74%	20,141	
Kinglord Corp.	Stock	Senti Bioscience	The chairman of the investee and the chairman of the Company are relatives within second degree of	Non-current financial assets at fair value through other comprehensive income	211,933	8,428	0.53%	8,428	
Kinglord Corp.	Stock	PERSONAL GENOMICS, INC.	None	Non-current financial assets at fair value through other comprehensive income	741,926	16,652	1.86%	16,652	
Plusway Corp.	Stock	PERSONAL GENOMICS, INC.	None	Non-current financial assets at fair value through other comprehensive income	594,790	18,560	1.49%	18,560	
Plusway Corp.	Preferred share	PLSense Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,186	3,283	0.73%	3,283	
Kingwell Investment Corp.	Stock	Foho Technology Corp.	None	Non-current financial assets at fair value through other comprehensive income	3,872,234	57,000	19.54%	57,000	
Kingwell Investment Corp.	Stock	Bridge Semiconductor Corporation	None	Non-current financial assets at fair value through other comprehensive income	1,375,000	-	5.75%	-	
Kingwell Investment Corp.	Stock	Innorich Venture Capital Corp.	None	Non-current financial assets at fair value through other comprehensive income	6,000,000	44,232	11.19%	44,232	

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
Kingwell Investment Corp.	Stock	Centillion III Venture Capital Corp.	None	Non-current financial assets at fair value through other comprehensive income	50,400	667	7.38%	667	
Kingwell Investment Corp.	Stock	Reytek Semiconductor, Inc.	None	Non-current financial assets at fair value through other comprehensive income	1,852,000	29,632	1.55%	29,632	
Kingwell Investment Corp.	Stock	Ardentec Corporation	The chairman of the investee and the chairman of the Company are relatives within second degree of	Non-current financial assets at fair value through other comprehensive income	3,712,457	143,486	0.76%	143,486	
Kingwell Investment Corp.	Stock	Anqing Innovation Investment Co., Ltd.		Non-current financial assets at fair value through other comprehensive income	2,000,000	15,553	4.33%	15,553	
Kingwell Investment Corp.	Stock	Mosa Industrial Corporation		Non-current financial assets at fair value through other comprehensive income	38,000	1,140	0.02%	1,140	
Kingwell Investment Corp.	Stock	IQE PLC		Non-current financial assets at fair value through other comprehensive income	55,916	1,598	0.01%	1,598	
Kingwell Investment Corp.	Equity investment	Arm IoT Fund, L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	6,714	1.58%	6,714	
Kingcharm Investment Corp.	Stock	Bridge Semiconductor Corporation	None	Non-current financial assets at fair value through other comprehensive income	1,988,970	-	8.32%	-	
Kingcharm Investment Corp.	Stock	Digitime Inc.	None	Non-current financial assets at fair value through other comprehensive income	78,750	716	0.42%	716	

Etron Technology, Inc.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts (payable)	
Etron Technology, Inc.	Etron Technology(HK) Limited	A subsidiary directly owned by the Company	Sales	(\$ 101,000)	3.09%	90 days end of month	Not applicable	Not applicable	\$ 31,551	3.90%	

Etron Technology, Inc.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms (Note 4)	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Service expense	\$ 38,978	-	1.10%
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Commissions expense	5,858	-	0.16%
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Other accrued expense	1,463	-	0.02%
0	Etron Technology, Inc.	Anzon Corporation	1	Service expense	3,900	-	0.11%
0	Etron Technology, Inc.	Fullboom Electronics (Shenzhen) Co., Ltd.	1	Commissions expense	11,288	-	0.32%
0	Etron Technology, Inc.	Fullboom Electronics (Shenzhen) Co., Ltd.	1	Service expense	3,226	-	0.09%
0	Etron Technology, Inc.	Fullboom Electronics (Shenzhen) Co., Ltd.	1	Other accrued expense	4,581	-	0.07%
0	Etron Technology, Inc.	Etron Technology (HK) Limited	1	Sales revenue	101,000	-	2.84%
0	Etron Technology, Inc.	Etron Technology (HK) Limited	1	Accounts receivable	31,551	-	0.51%
0	Etron Technology, Inc.	eEver Technology Inc.	1	Support service income	3,172	-	0.09%
0	Etron Technology, Inc.	eEver Technology Inc.	1	Other receivables	5,851	-	0.09%
0	Etron Technology, Inc.	eEver Technology Inc.	1	Other income	20,166	-	0.57%
0	Etron Technology, Inc.	eYs3D Microelectronics, Co.	1	Support service income	9,018	-	0.25%
0	Etron Technology, Inc.	eYs3D Microelectronics, Co.	1	Other receivables	49,907	-	0.81%
0	Etron Technology, Inc.	eYs3D Microelectronics, Co.	1	Other income	21,845	-	0.62%
0	Etron Technology, Inc.	Insignis Technology Corporation	1	Sales revenue	17,501	-	0.49%
0	Etron Technology, Inc.	Insignis Technology Corporation	1	Accounts receivable	3,581	-	0.06%
0	Etron Technology, Inc.	Decloak Intellegences Co.	1	Other income	3,810	-	0.11%
0	Etron Technology, Inc.	Decloak Intellegences Co.	1	Other accrued expense	1,575	-	0.03%
0	Etron Technology, Inc.	Decloak Intellegences Co.	1	Service expense	1,500	-	0.04%
1	eYs3D Microelectronics, Co.	Fullboom Electronics (Shenzhen) Co., Ltd.	3	Service expense	6,034	-	0.17%
1	eYs3D Microelectronics, Co.	Fullboom Electronics (Shenzhen) Co., Ltd.	3	Other accrued expense	1,937	-	0.03%
1	eYs3D Microelectronics, Co.	AiYs3D Technology, Inc.	3	Service expense	16,207	-	0.46%
1	eYs3D Microelectronics, Co.	AiYs3D Technology, Inc.	3	Other accrued expense	1,775	-	0.03%
1	eYs3D Microelectronics, Co.	Anzon Corporation	3	Service expense	1,190	-	0.03%
2	eEver Technology Inc.	Fullboom Electronics (Shenzhen) Co., Ltd.	3	Service expense	2,509	-	0.07%
3	eYs3D Microelectronics, Inc.	Etron Technology (HK) Limited	3	Interest expense	1,587	-	0.04%
3	eYs3D Microelectronics, Inc.	Kingcharm Investment Corp.	3	Interest expense	1,316	-	0.04%
4	AiYs3D Technology, Inc.	eYs3D Microelectronics, Co.	3	Other operating revenue	16,049	-	0.45%
4	AiYs3D Technology, Inc.	eYs3D Microelectronics, Co.	3	Other receivables	1,761	-	0.03%
4	AiYs3D Technology, Inc.	Etron Technology America Inc.	3	Other accrued expenses	1,404	-	0.02%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Transaction							Percentage of consolidated total operating revenues or total assets (Note 3)
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms (Note 4)	

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The prices and credit terms for the transactions between parent company and subsidiaries would be available for third parties. The terms for incomparable transactions are negotiated by the both parties.

Table 4

Etron Technology, Inc.
Information on investees
Year ended December 31, 2020

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended	Investment income(loss) recognised by the Company for the year ended	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value			
				December 31, 2020	December 31, 2019				December 31, 2020	December 31, 2020	
Etron Technology, Inc.	Eutrend Technology, Inc.	Taiwan	Testing service for high-frequency or high-power radio frequency, analog, digital, and mixed-signal components	\$ 112,098	\$ 112,098	2,702,522	93.57%	\$ 901	(\$ 5,380)	(\$ 4,414)	Subsidiary
Etron Technology, Inc.	Kinglord Corp.	British Virgin Islands	Investment holdings	853,849	853,849	25,458	100.00%	299,307	22,550	22,550	Subsidiary
Etron Technology, Inc.	Plusway Corp.	British Virgin Islands	Investment holdings	484,315	521,077	9,485	100.00%	141,621	4,002	4,002	Subsidiary
Etron Technology, Inc.	Kingwell Investment Corp.	Taiwan	Investment holdings	27,475	57,796	13,183,000	100.00%	358,974	11,110	11,110	Subsidiary
Etron Technology, Inc.	Kingcharm Investment Corp.	Taiwan	Investment holdings	188,512	188,512	18,000,000	100.00%	29,836	(1,069)	(1,069)	Subsidiary
Etron Technology, Inc.	Intercosmos Group Limited	British Virgin Islands	Investment holdings	248,646	363,158	8,062	100.00%	313,411	20,033	20,033	Subsidiary
Etron Technology, Inc.	Creative Ally Limited	British Virgin Islands	Investment holdings	111,921	97,267	3,720	100.00%	22,888	203	203	Subsidiary
Etron Technology, Inc.	Invention and Collaboration Laboratory Inc.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	3,000	3,000	300,000	100.00%	338	(35)	(35)	Subsidiary
Etron Technology, Inc.	NetVinci, Inc.	Cayman Islands	Investment holdings	38	38	761,206	4.48%	689	(369)	(18)	Investee company
Etron Technology, Inc.	eCapture Technologies, Inc.	U.S.A	Design & sales of electronic products	-	52	-	-	-	576	89	Subsidiary, Note 1
Etron Technology, Inc.	eCapture Ltd. Co.	Cayman Islands	Investment holdings	31,051	31,051	11,666,667	100.00%	2,537	178	178	Subsidiary
Etron Technology, Inc.	Insignis Technology, Inc.	Cayman Islands	Investment holdings	60,488	58,986	24,500,000	100.00%	103	(3,884)	(3,884)	Subsidiary
Etron Technology, Inc.	eEver Technology Limited	Cayman Islands	Investment holdings	44,857	44,857	14,250,001	50.42%	59,443	13,689	6,552	Subsidiary
Etron Technology, Inc.	eYs3D Microelectronics ,Inc.	Cayman Islands	Investment holdings	139,047	139,047	25,765,272	61.22%	(34,656)	(111,512)	(88,854)	Subsidiary
Etron Technology, Inc.	Decloak Intellegences Co.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	4,500	4,500	450,000	62.94%	1,860	(4,194)	(4,182)	Subsidiary
Kingwell Investment Corp.	Optromax Corporation	Taiwan	Design and manufacturing of IC	-	10,758	-	-	-	(106)	(34)	Investee company of the subsidiary
Kingwell Investment Corp.	Pioneer Chip Technology Limited	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	2,000	2,000	200,000	100.00%	134	(2,595)	(2,595)	Second-tier subsidiary
Kingwell Investment Corp.	Energyplus Technology, Inc.	Taiwan	Renewable energy power generation equipment and technical service	-	26,000	-	-	-	(5,857)	(829)	Investee company of the subsidiary, Note 2
Kingwell Investment Corp.	Silicon Spintronics Inc.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	93	93	10,000	100.00%	86	(1)	(1)	Second-tier subsidiary
Kingwell Investment Corp.	Great Team Backend Foundry,Inc.	British Virgin Islands	Investment holdings	33,737	77,215	1,868,009	5.15%	33,451	79,420	3,797	Investee company of the subsidiary
Kingcharm Investment Corp.	Energyplus Technology, Inc.	Taiwan	Renewable energy power generation equipment and technical service	-	40,391	-	-	-	(5,857)	(1,360)	Investee company of the subsidiary, Note 2
Kingcharm Investment Corp.	eEver Technology Limited	Cayman Islands	Investment holdings	58,969	58,969	5,838,680	20.66%	24,356	13,689	2,685	Subsidiary
Kingcharm Investment Corp.	eYs3D Microelectronics,Inc.	Cayman Islands	Investment holdings	21,654	-	2,084,340	4.95%	(2,634)	(111,512)	(1,153)	Subsidiary
Kinglord Corp.	Etron Technology America,Inc.	U.S.A	Integrated circuits sales	160,058	168,488	47,666,666	100.00%	17,448	9,726	9,829	Second-tier subsidiary
Kinglord Corp.	Anzon Technology, Inc.	British Virgin Islands	Investment holdings	10,281	10,823	1,681,000	70.85%	3,440	(552)	(385)	Second-tier subsidiary
Kinglord Corp.	Etron Technology (HK) Limited	Hong Kong	Sales of electronic components	136,704	143,904	37,440,000	100.00%	249,989	12,750	12,750	Second-tier subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended	Investment income(loss) recognised by the Company for the year ended	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value			
				December 31, 2020	December 31, 2019				December 31, 2020	December 31, 2020	
Kinglord Corp.	eYs3D Microelectronics,Inc.	Cayman Islands	Investment holdings	7,984	-	785,273	1.87% (	995) (	111,512) (	447)	Subsidiary
Etron Technology (HK) Limited	eYs3D Microelectronics,Inc.	Cayman Islands	Investment holdings	23,689	-	2,329,918	5.54% (	2,948) (	111,512) (	1,325)	Subsidiary
Anzon Technology, Inc.	Anzon Corporation	Japan	Sales agent of electronic components	16,107	16,955	185	100.00%	4,795 (	567) (	559)	Third-tier subsidiary
Intercosmos Group Limited	Grandsino Technology Limited	British Virgin Islands	Investment holdings	180,923	304,147	7,181	100.00%	301,594	19,468	19,468	Second-tier subsidiary
Intercosmos Group Limited	Fullboom International Limited	Samoa	Investment holdings	29,904	31,479	1,050,000	100.00%	10,368	817	649	Second-tier subsidiary
Grandsino Technology Limited	Great Team Backend Foundry,Inc.	British Virgin Islands	Investment holdings	69,726	302,634	9,583,909	26.40%	190,640	79,420	19,465	Investee company of the second-tier subsidiary
Plusway Corp.	Great Team Backend Foundry,Inc.	British Virgin Islands	Investment holdings	70,621	149,900	2,755,508	8.70%	83,395	79,420	6,415	Investee company of the subsidiary
Plusway Corp.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	8,338	8,777	887,121	2.11% (	1,123) (	111,512) (	3,066)	Subsidiary
Creative Ally Limited	NetVinci, Inc.	Cayman Islands	Investment holdings	36,663	38,594	8,835,398	52.03%	7,995 (	369) (	214)	Investee company of the subsidiary
Creative Ally Limited	eCapture Technologies, Inc.	U.S.A	Design and sales of electronic products	-	26,083	-	-	-	576	465	Subsidiary, Note 1
Creative Ally Limited	Invention and Collaboration Laboratory Pte, Ltd.	Singapore	Research and development, consulting and design services of semiconductor technology	14,246	-	5,214,000	81.11%	13,870	-	-	Second-tier subsidiary
eCapture Ltd. Co.	eCapture Co. Limited.	Hong Kong	Marketing, sales and dvelopment of electronic products	27,056	28,481	950,000	100.00%	1,816	322	322	Second-tier subsidiary
Insignis Technology, Inc.	Insignis Technology Corporation	U.S.A	Sales of electronic components	54,539	55,913	1,915,000	100.00% (	182) (	3,852) (	3,804)	Second-tier subsidiary
Insignis Technology, Inc.	Insignis Technology Limited	Hong Kong	Sales of electronic components	-	300	-	-	- (	1) (	1)	Second-tier subsidiary, Note 3
eEver Technology Limited	eEver Technology Inc.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	149,101	156,953	25,700,000	100.00%	83,710	14,589	14,589	Second-tier subsidiary
eYs3D Microelectrions, Inc.	eYs3D Microelectronics, Co.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	319,074	255,104	45,250,000	100.00% (	10,523) (	104,214) (	104,214)	Second-tier subsidiary
eYs3D Microelectrions, Inc.	AiYs3D Technology, Inc.	U.S.A	Marketing and customer services	285	-	10,000	100.00%	607	362	335	Second-tier subsidiary

Note 1: On September 6, 2019, the Board of Directors resolved the liquidation of eCapture Technologies, Inc. and the liquidation was completed in June 2020.

Note 2: In the second quarter of 2020, the Group sold all its shares in Energyplus Technology, Inc..

Note 3: On November 21, 2019, Insignis Technology Limited was under the liquidation process, which was completed in the end of May 2020.

Etron Technology, Inc.
Information on investments in Mainland China
Year ended December 31, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

1. Basic information

Investee in	Main business		Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
Mainland China	activities	Paid-in capital	(Note 1)	January 1, 2020	Mainland China	to Taiwan	December 31, 2020	2020		(Note 2)	December 31, 2020	December 31, 2020	
Great Team Backend Foundry (Donguan), Ltd.	Other transistors	\$ 2,509,561	(2)	\$ 550,254	\$ -	\$ 174,815	\$ 375,439	\$ 165,026	12.08%	\$ 35,466	\$ 205,006	\$ -	Notes 3, 4 and 5
Fullboom Electronics (Shenzhen) Co., Ltd.	Wholesale and international trading of electronic	28,480	(2)	32,285	-	-	32,285	817	100.00%	817	9,425	-	Note 6
Shanghai Walden Venture Capital Enterprise	Investment in new venture companies	36,761	(2)	572	-	-	572	-	1.52%	-	113,540	13,151	Note 7
CHINA WALDEN VENTURE INVESTMENTS II, L.P.	Investment in new venture companies	3,120,001	(2)	89,465	5,977	-	95,442		2.64%	-	116,151	-	Note 7

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

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income or loss is recognised based on the investees' unaudited financial statements for the corresponding period.

Note 3: Investing through Great Team Backend Foundry Inc., which is invested by Kingwell Investment Corp..

Note 4: Investing through Great Team Backend Foundry Inc., which is reinvested by Grandsino Technology Limited and Grandsino Technology Limited is reinvested by Intercosmos Group Limited.

Note 5: Investing through Great Team Backend Foundry Inc., which is invested by Plusway Corp.

Note 6: Investing through Fullboom International Limited, which is reinvested by Intercosmos Group Limited.

Note 7: Investing through Etron Technology (HK) Limited, which is reinvested Kinglord Corp.

2. Ceiling on reinvestments in Mainland China:

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Etron Technology, Inc.	\$ 503,738	\$ 527,222	\$ 1,750,274

Etron Technology, Inc.
Major shareholders information
December 31, 2020

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Chao-Chun Lu	14,613,757	5.45%

Description: If company applies Taiwan Depository & Clearing Corporation for the information of the table, the followings can be explained in the notes of the table.

- (1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.
- (2) If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Etron Technology, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Etron Technology, Inc. (the “Company”) as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

Key audit matters - Valuation of notes and accounts receivable

Description

Please refer to Note 4(9) for accounting policies on valuation of notes and accounts receivable, Note 5 for the uncertainty of accounting estimates and assumptions related to valuation of notes and accounts receivable, and Note 6(5) for details of notes and accounts receivable. As of December 31, 2020, the total amount of accounts receivable and allowance for uncollectible accounts were NT\$930,158 thousand and NT\$122,045 thousand, respectively.

The Company assesses the allowance for uncollectible accounts receivable by each individual counterparty when there are significant past due accounts receivable arising from each individual counterparty. The valuation of allowance for uncollectible accounts receivable for the remaining counterparties is based on the default risk and expected loss rate. The amount of accounts receivable is material to the parent company financial statements and the valuation involves subjective judgment made by management. Thus, we consider the valuation of accounts receivable a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter, these procedures

included: obtained an understanding and evaluated the design and operating effectiveness of internal controls related to revenue and receivable business process, obtained the aging report of accounts receivable and validated the accuracy, obtained and validated the assessment made by management in identifying significant expected credit loss for each individual counterparty and respective supporting documents, obtained and validated the expected credit loss ratios calculated by management based on the Company's historical data of similar credit risk and forward-looking information, and tested

subsequent collection in order to assess the reasonableness of allowance for uncollectable accounts.

Key audit matters - Valuation of inventories

Description

Refer to Note 4(13) for accounting policies on valuation of inventories, Note 5 for the uncertainty of accounting estimates and assumptions related to valuation of inventories, and Note 6(6) for details of inventories. As of December 31, 2020, the total amount of inventories and allowance for inventory valuation loss were NT\$2,073,413 thousand and NT\$465,600 thousand, respectively.

The Company is primarily engaged in the design, manufacture and sale of niche memory chips. Due to rapidly technology changes and fluctuation in market demands, there is a higher risk of decline in market values of inventories or obsolescence. The Company's inventories are measured at the lower of cost and net realizable value. The estimation of net realizable value for inventories aged over a certain period of time and individually identified as obsolete involves management's subjective judgment and the amount of inventories is material to the Company's financial statements. Thus, we consider the valuation of inventories a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above matter in order to ascertain the adequacy of allowance for inventory valuation losses include assessing the reasonableness of the provision policies on allowance for inventory valuation losses, checking whether the inventory quantities and amounts at the end of the year on the inventory aging report were consistent with those on the inventory subsidiary ledger, selecting samples to verify the accuracy of the inventory aging report, as well as assessing and verifying the reasonableness of the estimation of the net realisable value by sampling and testing the individual inventory items.

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 Preparations of Financial Reports by

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional 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 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 auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chiang, Tsai-yen

Wen, Fang-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2021

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

ETRON TECHNOLOGY, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

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

Assets	Notes	December 31, 2020		December 31, 2019	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 1,018,590	17	\$ 616,805	10
Financial assets at fair value through profit or loss - current	6(2)	411	-	-	-
Financial assets at amortised cost - current	6(4) and 8	2,000	-	5,512	-
Notes receivable - related parties	6(5) and 7	20	-	-	-
Accounts receivable, net	6(5)	772,961	13	788,667	13
Accounts receivable - related parties	6(5) and 7	35,132	1	78,518	1
Other receivables		15,535	-	30,540	1
Other receivables - related parties	7	60,182	1	24,715	-
Current income tax assets	6(29)	166	-	439	-
Inventories, net	6(6) and 8	1,607,813	26	1,746,875	29
Prepayments		23,614	-	16,078	-
Other current assets		801	-	823	-
Total current assets		3,537,225	58	3,308,972	54
Non-current assets					
Financial assets at fair value through other comprehensive income-non-current	6(3)	40,444	1	58,402	1
Financial assets at amortised cost-non-current	6(4) and 8	68,941	1	68,480	1
Investments accounted for using equity method	6(7)	1,231,908	21	1,332,290	22
Property, plant and equipment	6(8) and 8	676,503	11	791,245	13
Right-of-use assets	6(9)	163,606	3	185,033	3
Intangible assets	6(11)	19,817	-	25,310	1
Deferred income tax assets	6(29)	309,374	5	321,243	5
Other non-current assets		10,397	-	8,048	-
Total non-current assets		2,520,990	42	2,790,051	46
Total assets		\$ 6,058,215	100	\$ 6,099,023	100

(Continued)

ETRON TECHNOLOGY, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

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

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Short-term borrowings	6(13) and 8	\$ 143,635	2	\$ 472,454	8
Financial liabilities at fair value through profit or loss-current	6(2)	2	-	-	-
Notes payable		110	-	392	-
Accounts payable		581,283	10	576,315	9
Other payables	7	145,708	3	155,633	3
Current lease liabilities	6(32)	21,854	-	21,011	-
Long-term liabilities, current portion	6(14) and 8	673,097	11	478,983	8
Other current liabilities, others	6(21) and 7	68,986	1	83,472	1
Total current liabilities		1,634,675	27	1,788,260	29
Non-current liabilities					
Long-term borrowings	6(14) and 8	1,289,626	21	1,663,209	27
Non-current lease liabilities	6(32)	144,597	2	165,654	3
Other non-current liabilities	6(7)(15) and 7	108,097	2	181,685	3
Total non-current liabilities		1,542,320	25	2,010,548	33
Total Liabilities		3,176,995	52	3,798,808	62
Equity					
Share capital	6(16)				
Common stock		2,677,073	44	4,352,398	72
Capital surplus	6(17)				
Capital surplus		496,457	8	190,706	3
Retained earnings	6(18)				
Accumulated deficit		(260,481)	(4)	(2,175,325)	(36)
Other equity interest	6(18)(19)	(31,829)	-	(64,024)	(1)
Treasury stocks	6(16)	-	-	(3,540)	-
Total equity		2,881,220	48	2,300,215	38
Significant contingent liabilities and unrecognised contract commitments	9				
Significant events after the balance sheet date	11				
Total liabilities and equity		\$ 6,058,215	100	\$ 6,099,023	100

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

ETRON TECHNOLOGY, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except loss per share)

Items	Notes	Year ended December 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(21) and 7	\$ 3,267,841	100	\$ 3,359,337	100
Operating costs	6(6)(26)(27) and 7	(2,874,444)	(88)	(3,032,643)	(90)
Gross profit		393,397	12	326,694	10
Unrealized loss (profit) from sales		44	-	(56)	-
Realized (loss) profit from sales		(89)	-	135	-
Gross profit, net		393,352	12	326,773	10
Operating expenses	6(26)(27) and 7				
Selling expenses		(132,571)	(4)	(151,647)	(5)
General & administrative expenses		(174,591)	(5)	(171,645)	(5)
Research and development expenses		(289,565)	(9)	(376,749)	(11)
Expected credit impairment gain	12(2)	10,218	-	-	-
Total operating expenses		(586,509)	(18)	(700,041)	(21)
Other operating income and expenses - net	6(22) and 7	64,567	2	56,139	1
Operating loss		(128,590)	(4)	(317,129)	(10)
Non-operating income and expenses					
Interest income	6(23)	339	-	5,007	-
Other income	6(24) and 7	6,867	-	2,312	-
Other gains and losses	6(25)	(28,496)	(1)	39,622	1
Finance costs	6(28)	(54,905)	(2)	(70,763)	(2)
Share of loss of associates and joint ventures accounted for using equity method	6(7)	(37,739)	(1)	(146,087)	(4)
Total non-operating revenue and expenses		(113,934)	(4)	(169,909)	(5)
Loss before income tax		(242,524)	(8)	(487,038)	(15)
Income tax expense	6(29)	(11,869)	-	(11,868)	-
Net loss		(\$ 254,393)	(8)	(\$ 498,906)	(15)
Other comprehensive income(loss)					
Items that will not be reclassified to profit or loss					
Gain (losses) on remeasurements of defined benefit plans	6(15)	(\$ 390)	-	\$ 1,917	-
Unrealised gains (loss) on investment in equity instruments measured at fair value through other comprehensive income	6(3)(19)	(17,958)	-	(3,028)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(19)	67,805	2	18,705	-
Items that will be reclassified to profit or loss					
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(19)	(24,142)	(1)	(40,442)	(1)
Other comprehensive income for the year		\$ 25,315	1	(\$ 22,848)	(1)
Total comprehensive income for the year		(\$ 229,078)	(7)	(\$ 521,754)	(16)
Basic loss per share	6(30)	(\$ 1.14)		(\$ 2.29)	
Diluted loss per share	6(30)	(\$ 1.14)		(\$ 2.29)	

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

ETRON TECHNOLOGY, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital-common stock	Capital surplus	Accumulated deficit	Other equity interest	Treasury stocks	Total equity
2019							
Balance at January 1, 2019		\$ 4,369,398	\$ 100,474	(\$ 1,654,762)	(\$ 56,214)	(\$ 23,970)	\$ 2,734,926
Net loss for the year		-	-	(498,906)	-	-	(498,906)
Other comprehensive income (loss) for the year	6(7)(15)(19)	-	-	1,917	(24,765)	-	(22,848)
Total comprehensive income		-	-	(496,989)	(24,765)	-	(521,754)
Retirement of treasury share	6(16)(17)	(17,000)	(59)	(6,911)	-	23,970	-
Shares of the Company donated to the subsidiaries by the shareholders	6(16)(17)	-	3,540	-	-	(3,540)	-
Capital contribution from non-controlling interests	6(17)	-	66,711	-	-	-	66,711
Net change in equity of associates	6(17)	-	19,537	(3,755)	-	-	15,782
Share-based compensation	6(17)(20)(27)	-	2,112	-	-	-	2,112
Disposal of investments in equity instruments designated at fair value through other comprehensive income from subsidiary	6(3)(19)	-	-	4,269	(4,269)	-	-
Disposal of subsidiary	6(7)(17)(19)	-	(1,609)	(17,177)	21,224	-	2,438
Balance at Decmeber 31, 2019		\$ 4,352,398	\$ 190,706	(\$ 2,175,325)	(\$ 64,024)	(\$ 3,540)	\$ 2,300,215
2020							
Balance at January 1, 2020		\$ 4,352,398	\$ 190,706	(\$ 2,175,325)	(\$ 64,024)	(\$ 3,540)	\$ 2,300,215
Net loss for the year		-	-	(254,393)	-	-	(254,393)
Other comprehensive income (loss) for the year	6(7)(15)(19)	-	-	(390)	25,705	-	25,315
Total comprehensive income		-	-	(254,783)	25,705	-	(229,078)
Capital reduction to cover accumulated deficits		(2,175,325)	-	2,175,325	-	-	-
Issuance of common stock	6(16)(17)	500,000	227,041	-	-	-	727,041
Share based compensation cost for issuance of common stock	6(17)(20)	-	6,420	-	-	-	6,420
Conversion of subsidiaries' convertible bonds	6(17)	-	51,924	-	-	-	51,924
Disposal of the Parent company's share by subsidiaries recognised as treasury share transactions	6(16)(17)	-	372	-	-	3,540	3,912
Net change in equity of associates	6(17)	-	20,948	792	-	-	21,740
Share-based compensation	6(17)(20)(27)	-	375	-	-	-	375
Capital contribution from non-controlling interests	6(17)	-	1,167	-	-	-	1,167
Disposal of investments accounted for using the equity method from subsidiary	6(7)(17)	-	(2,032)	-	-	-	(2,032)
Disposal of investments in equity instruments designated at fair value through other comprehensive income from subsidiary	6(3)	-	-	(6,490)	6,490	-	-
Liquidation of subsidiaries	6(7)(17)(19)	-	(464)	-	-	-	(464)
Balance at Decmeber 31, 2020		\$ 2,677,073	\$ 496,457	(\$ 260,481)	(\$ 31,829)	\$ -	\$ 2,881,220

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

ETRON TECHNOLOGY, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(\$ 242,524)	(\$ 487,038)
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealized profit from sales		(44)	56
Realized profit from sales		89	(135)
Expected credit impairment gain	12(2)	10,218	-
Depreciation	6(8)(9)(26)	194,500	231,386
Amortization	6(11)(26)	42,252	48,631
Gain on financial assets at fair value through profit or loss	6(25)	(409)	-
Interest expense	6(28)	51,318	66,767
Interest expense from lease liabilities	6(9)(28)	3,587	3,996
Interest income	6(23)	(339)	(5,007)
Share based compensation	6(17)(20)(27)	6,795	2,112
Share of loss (profit) of associates accounted for using the equity method	6(7)	37,739	146,087
Gain on disposals of property, plant and equipment	6(25)	-	(716)
Gain on disposal of subsidiaries	6(7)(25)	(414)	(55,924)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(20)	77,369
Notes receivable - related parties		-	600
Accounts receivable		5,488	153,530
Notes receivable - related parties		43,386	(5,679)
Other receivables		14,955	(28,245)
Other receivables - related parties		(35,467)	28,813
Inventories		139,062	336,942
Prepayments		(7,536)	39,409
Other current assets		22	3,158
Changes in operating liabilities			
Notes payable		(282)	(5,003)
Accounts payable		4,968	57,128
Accounts payable - related parties		-	(1,225)
Other payables		(26,243)	(28,605)
Contract liability		4,182	(405)
Other current liabilities		(18,667)	77,135
Provisions for liabilities		(1,859)	(1,201)
Other non-current liabilities		(52,261)	74,774
Cash inflow generated from operations		172,496	728,710
Interest received		341	5,005
Dividends received		-	9,228
Interest paid		(55,643)	(66,705)
Income tax refund		321	-
Net cash flows from operating activities		117,515	676,238

(Continued)

ETRON TECHNOLOGY, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease on financial assets on amortised cost		\$ 3,051	(\$ 472)
Loan to related parties	7	-	(53,000)
Decrease in loan to related parties	7	-	103,000
Acquisition of investments accounted for using equity method - subsidiaries	7	(16,156)	(52,620)
Acquisition of property, plant and equipment		(40,243)	(61,794)
Proceeds from disposal of property, plant and equipment		-	1,597
Acquisition of intangible assets		(36,759)	(40,023)
Prepaid equipment		(2,166)	-
(Increase) decrease in refundable deposits		(5,000)	19
Proceeds from disposal of subsidiary	6(7)	-	141,355
Proceeds from capital reduction of investment accounted for using equity method	6(7)	152,273	-
Cash dividends from capital surplus from investments accounted for using equity method	6(7)	30,321	-
Prepaid investment		-	(4,500)
Net cash flows from investing activities		85,321	33,562
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(32)	524,840	955,860
Decrease in short-term loans	6(32)	(853,659)	(1,360,959)
Decrease in short-term notes and bills payable	6(32)	-	(69,914)
Decrease in long-term loans	6(32)	(294,828)	(100,034)
Increase in long-term loans	6(32)	115,359	57,615
Issuance of common stock	6(16)	727,041	-
Payment of lease principal	6(32)	(21,250)	(20,590)
Increase in guarantee deposits	6(32)	1,446	986
Net cash flows from (used in) financing activities		198,949	(537,036)
Net increase in cash and cash equivalents		401,785	172,764
Cash and cash equivalents at beginning of year		616,805	444,041
Cash and cash equivalents at end of year		\$ 1,018,590	\$ 616,805

ETRON TECHNOLOGY, INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. History and Organization

Etron Technology, Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in the manufacturing and design of various integrated circuits.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 24, 2021.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

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

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

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

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

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

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

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

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

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

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC International, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional presentation currency.

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

(4) Classification of current and non-current items

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

- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
- E. The Company entered into forward exchange contracts to sell USD and buy TWD to hedge exchange rate risk of export proceeds. However, these forward exchange contracts are not accounted for under hedge accounting.
- F. The Company has no financial assets at fair value through profit or loss pledged to others.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the

Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

- A. For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.
- B. For accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

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

(12) Leasing arrangements (lessor) - operating leases

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

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(14) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains or losses on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If the Company reduces its ownership percentage of the associate but retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- M. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of the main property, plant and equipment are as follows:

Buildings and structures	3 ~ 50 years
Machinery and equipment	2 ~ 10 years
Other equipment	2 ~ 10 years

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

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

(17) Intangible assets

- A. Patents and special technology

Separately acquired patents and special technology are stated at historical cost. Patents and special technology have a finite useful life and are amortised on a straight-line basis.

- B. Computer software

Computer software is stated at cost and amortised on a straight-line basis.

(18) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(19) Borrowings

- A. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(20) Accounts and notes payable

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

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds instead and conducts an actuarial valuation at the end of the year.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(25) Share capital

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

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

The Company designs, manufactures and sells integrated circuits. Sales are recognized when control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(28) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates are continually evaluated and adjusted based on historical experience and other factors. The Company makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates may differ from the related actual results. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Evaluation of accounts and notes receivable

The Company evaluates the allowance for uncollectible accounts and notes receivable by individual counterparties when there are significant past due accounts receivable arising from those individual counterparties. The evaluation of allowance for uncollectible accounts and notes receivable for the remaining counterparties is based on the default risk and expected loss rate. The Company considers the historical experience in determining the assumptions adopted and the inputs used when calculating the impairment. Such evaluation of accounts and notes receivable is estimated based on the credit risk of the counterparty within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2020, the carrying amount of accounts receivable was \$808,113.

B. Evaluation of inventories

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

As of December 31, 2020, the carrying amount of inventories was \$1,607,813.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 2,274	\$ 2,295
Checking accounts and demand deposits	1,016,316	614,510
	<u>\$ 1,018,590</u>	<u>\$ 616,805</u>

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

B. The Company's cash and cash equivalents shown on the balance sheet were not pledged to others as collateral. Details of the Company's cash and cash equivalents (shown as current and non-current financial assets at amortised cost) pledged to others as collateral are provided in Note 8.

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

	<u>December 31, 2020</u>
Assets	
Current items:	
Valuation adjustment	
Forward foreign exchange contracts	\$ <u>411</u>
Liabilities	
Current items:	
Valuation adjustment	
Forward foreign exchange contracts	\$ <u>2</u>

December 31, 2019: None

A. The Company recognized net profit amounting to \$409 on financial assets at fair value through profit or loss for years ended December 31, 2020.

B. The non-hedging derivative instrument transaction and contract information are as follows:

		<u>December 31, 2020</u>	
		<u>Contract amount</u>	
<u>Financial instruments</u>		<u>(national principal)</u>	<u>Contract period</u>
Assets - current items:			
Forward foreign exchange contracts	USD	\$ <u>1,000 (thousands)</u>	2020.12.1~2021.1.5
Liabilities - current items:			
Forward foreign exchange contracts	USD	\$ <u>1,000 (thousands)</u>	2020.12.30~2021.3.5

C. The Company entered into forward foreign exchange contracts to sell USD and buy NTD to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

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

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

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current items:		
Unlisted stocks	\$ 63,870	\$ 63,870
Valuation adjustment	(23,426)	(5,468)
	<u>\$ 40,444</u>	<u>\$ 58,402</u>

- A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$40,444 and \$58,402 as at December 31, 2020 and 2019, respectively.
- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income - the Company	(\$ 17,958)	(\$ 3,028)
Fair value change recognised in other comprehensive income - subsidiaries	67,805	18,705
	<u>\$ 49,847</u>	<u>\$ 15,677</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition - disposal of financial assets by subsidiaries	<u>\$ 6,490</u>	<u>(\$ 4,269)</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition - disposal of subsidiaries	<u>\$ -</u>	<u>\$ 17,177</u>

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

(4) Financial assets at amortised cost

	December 31, 2020	December 31, 2019
<u>Current items</u>		
Restricted time deposits and performance guarantee	<u>\$ 2,000</u>	<u>\$ 5,512</u>
<u>Non-current items</u>		
Preference share	\$ 63,000	\$ 63,000
Restricted time deposits	<u>5,941</u>	<u>5,480</u>
	<u>\$ 68,941</u>	<u>\$ 68,480</u>

- A. The Company recognized interest income of \$29 and \$26 for amortised cost in profit or loss for the years ended December 31, 2020 and 2019, respectively.

B. The preference shares are invested for a period of 7 years from May 6, 2017 to May 5, 2024 and cannot be converted into ordinary shares. The issue company may redeem the shares at the actual issue price at the maturity. The investors have no right to ask for early redemption of preference shares. The dividends are cumulative at the rate of 5% per annum. If the dividends are undistributed or are not distributed in full, it will be accumulated for deferred payment in the subsequent years where there are earnings.

(5) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable(including related parties)	\$ 20	\$ -
Accounts receivable(including related parties)	930,138	1,013,657
Less: Allowance for uncollectible accounts	(122,045)	(146,472)
	<u>\$ 808,113</u>	<u>\$ 867,185</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not past due	\$ 725,606	\$ 708,250
Up to 30 days	42,130	53,448
31 to 90 days	115,232	138,240
91 to 180 days	-	21,292
Over 180 days	47,170	92,427
	<u>\$ 930,138</u>	<u>\$ 1,013,657</u>

The above aging schedule for ageing analysis was calculated based on expected payment date.

The ageing analysis of notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not past due	\$ 20	\$ -

The above aging schedule for ageing analysis was calculated based on expected payment date.

B. As of December 31, 2020 and 2019, and January 1, 2019, the balances of receivables (including notes receivable) from contracts with customers amounted to \$930,158, \$1,013,657 and \$1,240,865, respectively.

C. Information relating to credit risk is provided in Note 12(2).

(6) Inventories

December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 195,023	(\$ 50,492)	\$ 144,531
Semi - finished goods	913,622	(191,345)	722,277
Work in progress	183,714	(12,109)	171,605
Finished goods	781,054	(211,654)	569,400
	<u>\$ 2,073,413</u>	<u>(\$ 465,600)</u>	<u>\$ 1,607,813</u>

December 31, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 185,759	(\$ 49,014)	\$ 136,745
Semi-finished goods	870,633	(155,648)	714,985
Work in progress	224,518	(21,310)	203,208
Finished goods	912,471	(220,534)	691,937
	<u>\$ 2,193,381</u>	<u>(\$ 446,506)</u>	<u>\$ 1,746,875</u>

The cost of inventories recognized as expense for the year:

Year ended December 31			
	2020		2019
Cost of goods sold	\$	2,854,934	\$ 2,992,510
Loss on decline in market value		19,510	40,133
Transferred to expenses		9,765	20,109
	<u>\$</u>	<u>2,884,209</u>	<u>\$ 3,052,752</u>

Information about the inventories that were pledged to others as collateral is provided in Note 8.

(7) Investments accounted for using the equity method / other liabilities

A. The information on investments accounted for using the equity method is as follows:

	December 31, 2020		December 31, 2019	
	Carrying amount	Shareholding ratio	Carrying amount	Shareholding ratio
<u>Investees</u>				
<u>Subsidiaries</u>				
Eutrend Technology Inc.	\$ 901	93.57%	\$ 5,315	93.57%
Kinglord Corp.	299,307	100%	236,042	100%
Plusway Corp.	141,621	100%	175,528	100%
Kingwell Investment Corp.	358,974	100%	352,186	100%
Kingcharm Investment Corp.	29,836	100%	78,034	100%
Intercosmos Group Limited	313,411	100%	399,809	100%
Creative Ally Limited	22,888	100%	25,343	100%
Invention and Collaboration Laboratory, Inc.	338	100%	373	100%
eCapture Technologies, Inc. (Note 1)	-	- (	89)	15.46%
eCapture Ltd. Co.	2,537	100%	2,472	100%
Insignis Technology, Inc.	103	100%	2,627	100%
eEver Technology Limited	59,443	50.42%	53,818	50.42%
eYs3D Microelectronics, Inc.	(34,656)	61.22% (	55,595)	83.93%
DeCloak Intelligences Co.(Note 2)	1,860	62.94%	-	100.00%
<u>Associates</u>				
NetVinci, Inc. (Note 3)	689	4.48%	743	4.58%
	1,197,252		1,276,606	
Credit balance of investments accounted for using the equity method (shown as other liabilities)	34,656		55,684	
	<u>\$ 1,231,908</u>		<u>\$ 1,332,290</u>	

Note 1: For the years ended December 31, 2020, the comprehensive shareholding ratio held by the Company and subsidiary in eCapture Technologies, Inc. were 96.14%.

Note 2: The Company invested in shares (prepaid investment funds are lists in the accounts) in December 2019, and the establishment of the company was approved on January 21, 2020.

Note 3: For the years ended December 31, 2020 and 2019, the comprehensive shareholding ratio held by the Company in NetVinci, Inc. were 56.51% and 57.75%, respectively. The investee's total assets is 0.26% and 0.27% of the consolidated assets as of December 31, 2020 and 2019, respectively, and the Company could not obtain more than half seats on the Board, which indicated that the Group has no right to direct the operating decisions. Thus, the investee was accounted for using the equity method.

B. The information on the Company's subsidiaries is provided in Note 4(3) in the consolidated financial statements for the year ended December 31, 2020.

C. The Company's subsidiary - Kingwell Investment Corp. process the cash issued from capital reserve to the amount of \$30,321 in November, 2020.

- D. The Company's subsidiary - Eutrend Technology Inc. process the capital reduction for cover accumulated deficits to the amount of \$12,000 in December, 2020.
- E. The Company's subsidiary – eCapture Technologies, Inc. has resolved by the Board of Directors to process the liquidation on September 6, 2019, and completed the liquidation in June, 2020.
- F. The subsidiaries of the Company, Plusway Corp, and Intercosmos Group Limited reduced their capital and repurchased their shares from the Company in the number of 5,758 totaling \$ 152,273 in February and March, 2020, respectively.
- G The Company increased the capital of its subsidiaries Insignis Technology, Inc. and Creative Ally Limited in April and December, 2020, respectively. In total share capital of \$16,156, acquired 500,520 shares, the shareholding ratio has not changed.
- H. On October 22, 2019, the Board of Directors of the Company and its subsidiaries resolved to sell all shares in the subsidiary, TM Technology, Inc., for a consideration of \$146,484, which resulted in gains on disposal of \$55,924 and \$3,848 recognized by the Company and subsidiaries, respectively. The amount transferred to retained earnings due to the derecognition of the subsidiary was (\$17,177). This transaction was settled on October 25, 2019.
- I. The summarised financial information of the associates that are material to the Company is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Assets	<u>\$ 15,724</u>	<u>\$ 16,817</u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Revenue	<u>\$ -</u>	<u>\$ -</u>
Profit (loss) for the year	<u>(\$ 369)</u>	<u>(\$ 327)</u>

- J. The investment loss and other comprehensive loss recognized for the investments accounted for using the equity method for the years ended December 31, 2020 and 2019 amounted to \$37,739 and \$146,087 as well as \$43,663 and (\$21,737), respectively.

(8) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Others	Total
At January 1, 2020				
Cost	\$ 544,147	\$ 826,286	\$ 2,747,194	\$ 4,117,627
Accumulated depreciation and impairment	(219,917)	(757,996)	(2,348,469)	(3,326,382)
	<u>\$ 324,230</u>	<u>\$ 68,290</u>	<u>\$ 398,725</u>	<u>\$ 791,245</u>
<u>2020</u>				
Opening net book amount as at January 1	\$ 324,230	\$ 68,290	\$ 398,725	\$ 791,245
Additions	-	3,500	53,795	57,295
Depreciation charge for the year	(11,907)	(21,356)	(138,774)	(172,037)
Closing net book amount as at December 31	<u>\$ 312,323</u>	<u>\$ 50,434</u>	<u>\$ 313,746</u>	<u>\$ 676,503</u>
December 31, 2020				
Cost	\$ 544,147	\$ 818,013	\$ 2,795,338	\$ 4,157,498
Accumulated depreciation and impairment	(231,824)	(767,579)	(2,481,592)	(3,480,995)
	<u>\$ 312,323</u>	<u>\$ 50,434</u>	<u>\$ 313,746</u>	<u>\$ 676,503</u>

	Buildings and structures	Machinery and equipment	Others	Total
At January 1, 2019				
Cost	\$ 543,037	\$ 855,074	\$ 3,027,648	\$ 4,425,759
Accumulated depreciation and impairment	(207,253)	(762,641)	(2,510,887)	(3,480,781)
	<u>\$ 335,784</u>	<u>\$ 92,433</u>	<u>\$ 516,761</u>	<u>\$ 944,978</u>
<u>2019</u>				
Opening net book amount as at January 1	\$ 335,784	\$ 92,433	\$ 516,761	\$ 944,978
Additions	1,109	422	54,301	55,832
Disposals	-	(789)	(92)	(881)
Reclassifications	-	480	-	480
Depreciation charge for the year	(12,663)	(24,256)	(172,245)	(209,164)
Closing net book amount as at December 31	<u>\$ 324,230</u>	<u>\$ 68,290</u>	<u>\$ 398,725</u>	<u>\$ 791,245</u>
<u>December 31, 2019</u>				
Cost	\$ 544,147	\$ 826,286	\$ 2,747,194	\$ 4,117,627
Accumulated depreciation and impairment	(219,917)	(757,996)	(2,348,469)	(3,326,382)
	<u>\$ 324,230</u>	<u>\$ 68,290</u>	<u>\$ 398,725</u>	<u>\$ 791,245</u>

A. Impairment information about the property, plant and equipment is provided in Note 6(12).

B. Information about the property and plant that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements — lessee

- A. The Company leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 3 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. Short-term leases with a lease term of 12 months or less comprise parking spaces and business vehicles.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 127,135	\$ 131,519
Buildings	31,558	46,145
Transportation equipment (Business vehicles)	4,913	7,369
	<u>\$ 163,606</u>	<u>\$ 185,033</u>
	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 4,384	\$ 4,384
Buildings	15,623	15,382
Transportation equipment (Business vehicles)	2,456	2,456
	<u>\$ 22,463</u>	<u>\$ 22,222</u>

- D. For the years ended December 31, 2020, the additions to right-of-use assets amounted to \$1,036 and 2019, the Company had no additions to right-of-use assets.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,587	\$ 3,996
Expense on short-term lease contracts	\$ 777	\$ 978

- F. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were \$25,614 and \$25,564, respectively.

(10) Leasing arrangements – lessor

- A. The Company leases various assets including buildings and machinery and equipment. Rental contracts are typically made for periods of 2 to 5 years.

B. For the years ended December 31, 2020 and 2019, the Company recognized rent income in the amounts of \$108,447 and \$101,446, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2020	December 31, 2019
2020	\$ -	\$ 104,789
2021	98,396	54,392
2022	53,724	49,339
2023	56,314	52,620
2024	56,192	52,570
2025	56,192	52,534
2026	55,164	52,534
2027	27,581	26,267
	<u>\$ 403,563</u>	<u>\$ 445,045</u>

For the years ended December 31, 2020 and 2019, The amounts include the advance rent of \$75,056 and \$134,116, respectively. Refer to Note 7 for advance rent made by the related parties.

(11) Intangible assets

	Patent and special technology	Computer software	Total
<u>At January 1, 2020</u>			
Cost	\$ 132,633	\$ 313,605	\$ 446,238
Accumulated amortisation and impairment	(121,587)	(299,341)	(420,928)
	<u>\$ 11,046</u>	<u>\$ 14,264</u>	<u>\$ 25,310</u>
<u>2020</u>			
Opening net book amount as at January 1	\$ 11,046	\$ 14,264	\$ 25,310
Additions	-	36,759	36,759
Amortisation charge for the year	(2,516)	(39,736)	(42,252)
Closing net book amount as at December 31	<u>\$ 8,530</u>	<u>\$ 11,287</u>	<u>\$ 19,817</u>
<u>At Deember 31, 2020</u>			
Cost	\$ 113,885	\$ 175,025	\$ 288,910
Accumulated amortisation and impairment	(105,355)	(163,738)	(269,093)
	<u>\$ 8,530</u>	<u>\$ 11,287</u>	<u>\$ 19,817</u>

	Patent and special technology	Computer software	Total
<u>At January 1, 2019</u>			
Cost	\$ 128,063	\$ 276,111	\$ 404,174
Accumulated amortisation and impairment	(117,478)	(254,819)	(372,297)
	<u>\$ 10,585</u>	<u>\$ 21,292</u>	<u>\$ 31,877</u>
<u>2019</u>			
Opening net book amount as at January 1	\$ 10,585	\$ 21,292	\$ 31,877
Additions	2,325	37,494	39,819
Reclassifications	2,245	-	2,245
Amortisation charge for the year	(4,109)	(44,522)	(48,631)
Closing net book amount as at December 31	<u>\$ 11,046</u>	<u>\$ 14,264</u>	<u>\$ 25,310</u>
<u>At December 31, 2019</u>			
Cost	\$ 132,633	\$ 313,605	\$ 446,238
Accumulated amortisation and impairment	(121,587)	(299,341)	(420,928)
	<u>\$ 11,046</u>	<u>\$ 14,264</u>	<u>\$ 25,310</u>

Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2020	2019
Operating costs	\$ 199	\$ 119
Operating expenses	42,053	48,512
	<u>\$ 42,252</u>	<u>\$ 48,631</u>

(12) Impairment of non-financial assets

The information on impairment of non-financial assets at the end of the year is as follows:

	December 31, 2020	December 31, 2019
Idle assets (shown as machinery and equipment and other equipment)	\$ 158,394	\$ 158,394
Less: Accumulated depreciation	(158,394)	(158,394)
Net realisable value	<u>\$ -</u>	<u>\$ -</u>

(13) Short-term borrowings

Type of borrowings	December 31, 2020	December 31, 2019
Bank unsecured borrowings	\$ 143,635	\$ 403,343
Other secured borrowings	-	69,111
	<u>\$ 143,635</u>	<u>\$ 472,454</u>

The interest rate ranges as of December 31, 2020 and 2019 were 1.05%~1.98% and 1.46%~6.53%, respectively.

(14) Long-term borrowings

Type of borrowings	Repayment term	December 31, 2020	December 31, 2019
Secured syndicated loan - Land Bank of Taiwan and five other banks	Installment repayments before 2023.2.16 (refer to D)	1,834,929	\$ 2,051,429
Secured borrowings - Land Bank of Taiwan	Installment repayments before 2031.2.17	12,776	13,919
Secured borrowings - Sunny Bank	Installment repayments before 2024.9.27	21,927	22,389
No-banking financial institution secured borrowings - SinoPac Leasing	Installment repayments before 2021.12.29	20,185	-
No-banking financial institution secured borrowings - SinoPac Leasing	Installment repayments before 2022.3.25	16,455	-
No-banking financial institution secured borrowings - Robina Finance & Leasing Corp.	Installment repayments before 2022.6.29	46,302	-
No-banking financial institution secured borrowings - Chailease Finance Co., Ltd.	Installment repayments before 2020.12.28	-	29,830

Type of borrowings	Repayment term	December 31, 2020	December 31, 2019
No-banking financial institution secured borrowings	Installment repayments before 2021.8.30		
- IBT International Leasing Co., Ltd.		10,149	24,751
		1,962,723	2,142,318
Less: Arrangement fees for the syndicated loans		- (126)	
Less: Current portion		(673,097)	(478,983)
		<u>\$ 1,289,626</u>	<u>\$ 1,663,209</u>

- A. Interest rate ranges as of December 31, 2020 and 2019 for the above borrowings were both 1.59%~6.89% and 1.84%~5.87%.
- B. Information about the collateral pledged for the aforementioned secured borrowings is provided in Note 8.
- C. The Company entered into a 2.4 billion five-year syndicated loan agreement with the Land Bank of Taiwan and five other banks. The Company is committed to maintain the following financial covenants calculated based on the annual consolidated financial statements.
- (1) Current ratio is greater than 100%.
 - (2) Debt ratio is less than 120%.
 - (3) Interest coverage ratio is greater than 300% ((Profit or loss before tax + interest expense + depreciation and amortisation)/ interest expense)
- In case of any breach of financial covenants and failure to make an improvement within a prescribed deadline as specified in the agreement, the lead bank will demand the Company to pay additional interest rate of 0.125% per annum over the interest rate applicable to the agreement as default penalty. The penalty will be charged along with the interest on the monthly interest payment date until improvement is made and will be transferred to other creditor banks by the lead bank according to the ratio of their participation in the loan.
- D. On August 13, 2020, the Company entered into the second supplemental agreement with the Land Bank of Taiwan and five other banks, to extend the borrowing period for another one year, The maturity date was extended from February 16, 2022 to February 16, 2023.
- E. The undrawn borrowing facilities for short- and long-term borrowings for the years ended December 31, 2020 and 2019 were \$299,965 and \$263,048, respectively.

(15) Pensions

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

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	(\$ 89,006)	(\$ 90,123)
Fair value of plan assets	<u>55,352</u>	<u>55,000</u>
Net defined benefit liability (shown as other non - current liabilities)	<u>(\$ 33,654)</u>	<u>(\$ 35,123)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2020			
At January 1	(\$ 90,123)	\$ 55,000	(\$ 35,123)
Current service cost	(442)	-	(442)
Interest(expense) income	(649)	392	(257)
Settlement profit or loss	<u>4,463</u>	<u>(3,564)</u>	<u>899</u>
	<u>(86,751)</u>	<u>51,828</u>	<u>(34,923)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,865	1,865
Change in demographic assumptions	(33)	-	(33)
Change in financial assumptions	(3,968)	-	(3,968)
Experience adjustments	<u>1,746</u>	<u>-</u>	<u>1,746</u>
	<u>(2,255)</u>	<u>1,865</u>	<u>(390)</u>
Pension fund contribution	<u>-</u>	<u>1,659</u>	<u>1,659</u>
At December 31	<u>(\$ 89,006)</u>	<u>\$ 55,352</u>	<u>(\$ 33,654)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2019			
At January 1	(\$ 94,886)	\$ 56,645	(\$ 38,241)
Current service cost	(602)	-	(602)
Interest(expense) income	(941)	570	(371)
Settlement profit or loss	2,114	(1,689)	425
	<u>(94,315)</u>	<u>55,526</u>	<u>(38,789)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,967	1,967
Change in demographic assumptions	(396)	-	(396)
Change in financial assumptions	(2,344)	-	(2,344)
Experience adjustments	2,690	-	2,690
	<u>(50)</u>	<u>1,967</u>	<u>1,917</u>
Benefits paid	4,242	(4,242)	-
Pension fund contribution	-	1,749	1,749
At December 31	<u>(\$ 90,123)</u>	<u>\$ 55,000</u>	<u>(\$ 35,123)</u>

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

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

	Year ended December 31	
	2020	2019
Discount rate	0.30%	0.75%
Future salary increases	2.50%	2.50%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 2,116)	\$ 2,192	\$ 2,139	(\$ 2,076)
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 2,307)	\$ 2,394	\$ 2,347	(\$ 2,274)

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

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

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2021 amount to \$1,635.

(g) As of December 31, 2020, the weighted average duration of the retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

	Amount
Within 1 year	7,906
1-2 year(s)	3,909
2-5 years	6,191
Over 5 years	72,668
	<u>\$ 90,674</u>

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2020 and 2019, were \$14,942 and \$16,266, respectively.

(16) Share capital

A. As of December 31, 2020, the Company’s authorised capital was \$6,500,000, consisting of 650 million shares of ordinary stock (including 65 million shares reserved for employee stock options), and the paid-in capital was \$2,677,073 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding are as follows (excluding treasury shares):

	Expressed in thousands of shares	
	2020	2019
January 1	\$ 434,839	\$ 435,239
Shares of the Company donated to the subsidiaries by the shareholders	- (400)	
Capital reduction to offset accumulated deficits (less treasury shares)	(217,332)	-
Disposal of treasury shares	200	-
Cash capital increase	50,000	-
December 31	<u>267,707</u>	<u>434,839</u>

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company’s treasury shares are as follows:

Reasons for reacquisition	Expressed in thousands of share			
	2020			
	January 1	Addition	Decrease	December 31
Shares of the Company donated to the subsidiaries by the shareholders	<u>400</u>	<u>- (400)</u>		<u>-</u>

Reasons for reacquisition	Expressed in thousands of share 2019			
	January 1	Addition	Decrease	December 31
Shares repurchased at the request of dissenting shareholders	1,700	-	(1,700)	-
Shares of the Company donated to the subsidiaries by the shareholders	-	400	-	400
	<u>1,700</u>	<u>400</u>	<u>(1,700)</u>	<u>400</u>

- (b) In June 2020, the Company reduced its capital to offset accumulated deficits, which decreased treasury shares by 200 thousand shares. In the third quarter of 2020, the Company's subsidiaries sold 200 thousand shares that it held in the Company for proceeds of \$3,912, and gain \$372.
- (c) The shares of the Company donated to the subsidiaries by the shareholders have no voting rights before transfers.
- (d) Pursuant to the Business Mergers and Acquisitions Act, the treasury shares purchased at the request of dissenting shareholders should not be pledged as collateral and are not entitled to the shareholder's rights, such as dividends and voting rights, before such shares are sold.
- (e) Pursuant to the Business Mergers and Acquisitions Act, treasury shares should be sold at the market price within three years from the repurchase date and shares not sold within the three-year period are to be retired. The treasury shares have been purchased for three years in the fourth quarter of 2018 and were retired on April 15, 2019.
- C. On August 11, 2020, the Board of Directors of the Company resolved to increase its capital by issuing no more than 80 million ordinary shares and authorise the chairman with full rights to adjust the final number of shares. The chairman decided to raise additional cash by issuing 50 million shares with a par value of \$10 (in dollars) per share and an issuance price of \$14.6 (in dollars) per share. The capital increase effective date was set on November 19, 2020. The registration of capital increase was completed on December 4, 2020.
- D. On May 13, 2020, the shareholders of the Company resolved to reduce its capital to offset accumulated deficits. As of December 31, 2019, the Company decreased capital by \$2,175,325 to offset the same amount of deficits, and the capital reduction ratio was 49.979913%. The capital reduction effective date was set on June 24, 2020. The registration of capital reduction was completed on July 9, 2020.
- E. On May 13, 2020, the shareholders of the Company at their meeting resolved to increase its capital by issuing the maximum of 60 million ordinary shares through private placement for the purpose of repaying bank borrowings.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Items	Share premium	Net change in equity of associates	Changes in ownership interests in subsidiaries	Employee stock options	Treasury share transactions	Others
At January 1, 2020	\$ 15,122	\$ 58,652	\$ 94,764	\$ 20,078	\$ -	\$ 2,090
Cash capital increase	227,041	-	-	-	-	-
Share-based on compensation cost for cash capital increase reserved for employee preemption	5,340	-	-	-	-	1,080
Conversion of subsidiaries' convertible bonds	-	-	51,924	-	-	-
Disposal of company's share by subsidiaries recognised as treasury share transactions	-	-	-	-	372	-
Net change in equity of associates	-	20,948	-	-	-	-
Share-based payments	-	-	-	375	-	-
Capital contribution from non-controlling interests	-	-	1,167	-	-	-
Disposal of investments accounted for using the equity method	-	(2,032)	-	-	-	-
Liquidation of subsidiaries	-	-	(464)	-	-	-
December 31, 2020	<u>\$ 247,503</u>	<u>\$ 77,568</u>	<u>\$ 147,391</u>	<u>\$ 20,453</u>	<u>\$ 372</u>	<u>\$ 3,170</u>

Items	Share premium	Net change in equity of associates	Changes in ownership interests in subsidiaries	Employee stock options	Others
At January 1, 2019	\$ 15,181	\$ 40,724	\$ 24,513	\$ 17,966	\$ 2,090
Retirement of treasury share	(59)	-	-	-	-
Shares of the Company donated to the subsidiaries by the shareholders	-	-	3,540	-	-
Net change in equity of subsidiaries arising from not participate in the capital increase raised by the subsidiaries proportionally to its interest	-	-	66,711	-	-
Net change in equity of associates	-	19,537	-	-	-
Share-based payments	-	-	-	2,112	-
Disposal of subsidiaries	-	(1,609)	-	-	-
December 31, 2019	<u>\$ 15,122</u>	<u>\$ 58,652</u>	<u>\$ 94,764</u>	<u>\$ 20,078</u>	<u>\$ 2,090</u>

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, the Company shall set aside or reverse special reserve as resolved by the stockholders, or by order of the competent authority. The appropriation of remaining earnings along with accumulated unappropriated earnings from prior years shall be proposed by the Board of Directors and approved by the stockholders.
- B. The Company's dividend policy is set out by the Board of Directors according to the Company's medium- and long-term operational plan, investment plans, capital budget as well as internal and external situations, while considering the interests of stockholders. Except for the aforementioned regulations, cash dividends shall not be less than 5% of total dividends when appropriating the dividends to stockholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. Information about the deficit compensation as proposed by the Board of Directors on March 24, 2021 and resolved by the stockholders on May 13, 2020 will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(19) Other equity interest

	Currency translation	Financial assets at fair value through other comprehensive income	Total
At January 1, 2020	(\$ 72,454)	\$ 8,430	(\$ 64,024)
Revaluation – the parent company	-	(17,958)	(17,958)
Revaluation – subsidiaries	-	67,805	67,805
Revaluation transferred to retained earnings – disposal of financial assets by subsidiaries	-	6,490	6,490
Currency translation differences:			
Subsidiaries	(32,771)	-	(32,771)
-Associates	8,581	-	8,581
-Subsidiaries - disposal transferred to profit or loss	48	-	48
At December 31, 2020	(\$ 96,596)	\$ 64,767	(\$ 31,829)

	Currency translation	Financial assets at fair value through other comprehensive income	Total
At January 1, 2019	(\$ 36,059)	(\$ 20,155)	(\$ 56,214)
Revaluation – the parent company	-	(3,028)	(3,028)
Revaluation – subsidiaries	-	18,705	18,705
Revaluation transferred to retained earnings - disposal of subsidiaries	-	17,177	17,177
Revaluation transferred to retained earnings – disposal of financial assets by subsidiaries	-	(4,269)	(4,269)
Currency translation differences:			
– Subsidiaries	(16,055)	-	(16,055)
-Associates	(24,387)	-	(24,387)
-Subsidiaries - disposal transferred to profit or loss	4,047	-	4,047
At December 31, 2019	(\$ 72,454)	\$ 8,430	(\$ 64,024)

(20) Share-based payment

A. (a) For the years ended December 31, 2020 and 2019, the Company's share-based payment arrangements are as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 4 th employee stock options plan	2016.03.23	7,300	8 years	40% vested after two years of issuance; 70% after three years; 100% after four years
The 4 th employee stock options plan	2016.08.10	300	8 years	40% vested after two years of issuance; 70% after three years; 100% after four years
The 4 th employee stock options plan	2016.11.10	400	8 years	40% vested after two years of issuance; 70% after three years; 100% after four years
Cash capital increase reserved for employee preemption	2020.11.12	7,500	NA	Vested immediately

The share-based payment arrangements above are settled by equity.

(b) For the years ended December 31, 2020 and 2019, details of the share-based payment arrangements are as follows:

Options	December 31, 2020		December 31, 2019	
	No. of (share in thousands) options	Weighted-average exercise price (in dollars)	No. of (share in thousands) options	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	5,600	\$ 26.70	6,550	\$ 13.24
Options forfeited due to resignations	-	-	(950)	-
Outstanding at the end of the year	<u>5,600</u>	26.70	<u>5,600</u>	13.35
Exercisable at the end of the year	<u>5,600</u>	26.70	<u>3,920</u>	13.35

(c) Details of stock options outstanding are as follows:

Date	Weighted-average remaining contractual life	Range of exercise prices (in dollars)
December 31, 2020	3.23 years	\$23~26.7
December 31, 2019	4.23 years	\$11.5~13.35

(d) For the 4th employee stock options plan, the fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Grant date March 23, 2016	Grant date August 10, 2016	Grant date November 10, 2016
Dividend yield	0.00%	0.00%	0.00%
Expected price volatility	44.51%~44.71%	43.38%~45.60%	41.80%~44.32%
Risk-free interest rate	0.375%~0.400%	0.375%~0.500%	0.375%~0.625%
Lifetime	8 years	8 years	8 years
	3.73 ~ 4.92	3.45~4.64	3.02~4.18
Fair value (dollar/share)	(in dollars)	(in dollars)	(in dollars)

B. For the years ended December 31, 2020 and 2019, expenses incurred on equity-settled share-based payment transactions amounted to \$375 and \$2,112, respectively.

C. For the year ended December 31, 2020, the compensation cost for cash capital increase reserved for employee pre-emption amounted to \$6,420.

(21) Operating revenue

	Year ended December 31	
	2020	2019
Sales revenue	\$ 3,267,721	\$ 3,354,624
Other operating revenue	120	4,713
	<u>\$ 3,267,841</u>	<u>\$ 3,359,337</u>

A. Disaggregation of revenue from contracts with customers

The Company derives its revenue from the followings:

	Year ended December 31	
	2020	2019
Revenue from integrated circuits	<u>\$ 3,267,841</u>	<u>\$ 3,359,337</u>

B. Contract liabilities

The Company has recognized the following revenue-related contract liabilities:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities	<u>\$ 5,271</u>	<u>\$ 1,089</u>	<u>\$ 1,494</u>

		Year ended December 31	
		2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the year		\$ 1,089	\$ 1,458
(22) <u>Other income and expenses – net</u>			
		Year ended December 31	
		2020	2019
Rent income, net		\$ 64,567	\$ 56,139
(23) <u>Interest income</u>			
		Year ended December 31	
		2020	2019
Interest income		\$ 339	\$ 5,007
(24) <u>Other income</u>			
		Year ended December 31	
		2020	2019
Miscellaneous income		\$ 6,867	\$ 2,312
(25) <u>Other gains and losses</u>			
		Year ended December 31	
		2020	2019
Gains on financial assets at fair value through profit or loss		\$ 409	\$ -
Foreign exchange losses	(	29,319)	(14,019)
Gains on disposal of subsidiaries		414	55,924
Gains on disposal of property, plant and equipment			716
Miscellaneous disbursements		-	(2,999)
	(\$	28,496)	\$ 39,622
(26) <u>Expenses by nature</u>			
		Years ended December 31,	
		2020	2019
Employee benefit expense		\$ 384,877	\$ 418,430
Depreciation charges on property, plant and equipment (Note)		\$ 194,500	\$ 231,386
Amortisation charges on intangible assets		\$ 42,252	\$ 48,631

Note: Including the depreciation charges presented as a deduction item to rent income under other income.

(27) Employee benefit expense

	Year ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 14,942	\$ 16,266
Defined benefit plans	(200)	548
	14,742	16,814
Other personnel expenses	370,135	401,616
	<u>\$ 384,877</u>	<u>\$ 418,430</u>

- A. In accordance with the Articles of Incorporation of the Company, the distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 12% for employees' compensation and shall not be higher than 2% for directors' remuneration. The employees' compensation can be distributed in the form of shares or cash. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, are entitled to receive aforementioned shares or cash.
- B. The Company incurred losses for the years ended December 31, 2020 and 2019 and thus did not distribute employees' compensation and directors' remuneration.
- C. Information about employees' compensation and directors' remuneration of the Company as approved by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Finance costs

	Year ended December 31	
	2020	2019
Interest expense	\$ 51,318	\$ 66,767
Interest expense on lease liabilities	3,587	3,996
	<u>\$ 54,905</u>	<u>\$ 70,763</u>

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2020	2019
Current tax:		
Prior year income tax overestimation	\$ -	\$ -
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	2,715 (	14,355)
Change in tax losses	9,154	26,223
Total deferred tax	11,869	11,868
Income tax expense	\$ 11,869	\$ 11,868

(b) Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2020	2019
Tax calculated based on loss before tax and statutory tax rate	(\$ 48,505)	(\$ 97,408)
Effects from items disallowed by tax regulation	(282) (	26,656)
Temporary difference not recognised as deferred tax assets	7,830	17,073
Change in assessment of realisation of deferred tax assets	18,216	31,494
Taxable loss not recognised as deferred tax assets	34,610	87,365
Income tax expenses	\$ 11,869	\$ 11,868

B. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

2020				
	January 1	Recognised in profit or loss	Recognised in equity	December 31
Temporary differences:				
— Deferred tax assets:				
Unrealised allowance for inventory valuation losses	\$ 89,301	\$ 3,819	\$ -	\$ 93,120
Unrealised investment losses	171,603	-	-	171,603
Others	42,866	(6,534)	-	36,332
Tax losses	17,473	(9,154)	-	8,319
	<u>\$ 321,243</u>	<u>(\$ 11,869)</u>	<u>\$ -</u>	<u>\$ 309,374</u>
2019				
	January 1	Recognised in profit or loss	Recognised in equity	December 31
Temporary differences:				
— Deferred tax assets:				
Unrealised allowance for inventory valuation losses	\$ 82,028	\$ 7,273	\$ -	\$ 89,301
Unrealised investment losses	171,603	-	-	171,603
Others	36,267	6,599	-	42,866
Tax losses	43,696	(26,223)	-	17,473
	<u>\$ 333,594</u>	<u>(\$ 12,351)</u>	<u>\$ -</u>	<u>\$ 321,243</u>
— Deferred tax liabilities:				
Unrealised exchange gain	<u>(\$ 483)</u>	<u>\$ 483</u>	<u>\$ -</u>	<u>\$ -</u>

C. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2020					
Year incurred	Amount filed/ assessed	Unused amount	deferred tax assets	Expiry year	
2011	\$ 1,063,150	\$ 1,063,150	\$ 1,063,150	2021	
2012	461,037	461,037	461,037	2022	
2015	54,485	52,485	52,485	2025	
2016	65,732	65,732	65,732	2026	
2017	258,859	258,859	258,859	2027	
2018	355,747	355,747	355,747	2028	
2019	631,711	631,711	631,711	2029	
2020	214,645	214,645	173,050	2030	
	<u>\$ 3,105,366</u>	<u>\$ 3,103,366</u>	<u>\$ 3,061,771</u>		

December 31, 2019

Year incurred	Amount filed/ assessed	Unused amount	deferred tax assets	Expiry year
2011	\$ 1,063,150	\$ 1,063,150	\$ 1,063,150	2021
2012	461,037	461,037	461,037	2022
2015	54,485	52,485	52,485	2025
2016	65,732	65,732	65,732	2026
2017	258,859	258,859	258,859	2027
2018	355,747	355,747	355,747	2028
2019	631,711	631,711	544,346	2029
	<u>\$ 2,890,721</u>	<u>\$ 2,888,721</u>	<u>\$ 2,801,356</u>	

D. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(30) Loss per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss for the year	<u>(\$ 254,393)</u>	<u>223,463</u>	<u>(\$ 1.14)</u>
<u>Diluted loss per share</u>			
Loss for the year	<u>(\$ 254,393)</u>	<u>223,463</u>	<u>(\$ 1.14)</u>
	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss for the year	<u>(\$ 498,906)</u>	<u>217,581</u>	<u>(\$ 2.29)</u>
<u>Diluted loss per share</u>			
Loss for the year	<u>(\$ 498,906)</u>	<u>217,581</u>	<u>(\$ 2.29)</u>

A. On May 13, 2020, the shareholders of the Company at their meeting resolved to reduce its capital to offset accumulated deficits and authorise the chairman to set the capital reduction effective date on June 24, 2020. The capital reduction decreased 217,532 thousand shares, and the capital reduction ratio was 49.979913%. The weighted average number of ordinary shares outstanding for the years ended December 31, 2020 and 2019 have been adjusted retrospectively.

B. The weighted average number of treasury shares outstanding had been deducted from the

weighted average number of ordinary shares outstanding for the years ended December 31, 2020 and 2019.

C. The employee stock options had anti-dilution effect, and therefore were not included in the calculation.

(31) Supplemental cash flow information

Investing activities with partial cash payments

	December 31, 2020	December 31, 2019
Purchase of property, plant, equipment and intangible assets	\$ 94,054	\$ 95,651
Add: Opening balance of payable	1,264	7,430
Less: Ending balance of payable	(18,316)	(1,264)
Cash paid during the year	<u>\$ 77,002</u>	<u>\$ 101,817</u>

(32) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liability	Guarantee deposits received
At January 1, 2020	\$ 472,454	\$ 2,142,192	\$ 186,665	\$ 15,560
Changes in cash flow from financing activities	(328,819)	(179,469)	(21,250)	1,446
Increase in lease principal	-	-	1,036	-
December 31, 2020	<u>\$ 143,635</u>	<u>\$ 1,962,723</u>	<u>\$ 166,451</u>	<u>\$ 17,006</u>

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liability	Guarantee deposits received
At January 1, 2019	\$ 877,553	\$ 69,914	\$ 2,184,611	\$ 207,255	\$ 14,574
Changes in cash flow from financing activities	(405,099)	(69,914)	(42,419)	(20,590)	986
December 31, 2019	<u>\$ 472,454</u>	<u>\$ -</u>	<u>\$ 2,142,192</u>	<u>\$ 186,665</u>	<u>\$ 15,560</u>

7. Related Party Transactions

(33) Names of related parties and relationship

A. Operating revenue:

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Eutrend Technology Inc.	A subsidiary directly owned by the Company
Kinglord Corp.	A subsidiary directly owned by the Company
Plusway Corp.	A subsidiary directly owned by the Company
Kingwell Investment Corp.	A subsidiary directly owned by the Company
Kingcharm Investment Corp.	A subsidiary directly owned by the Company
TM Technology Inc. (Note 1)	A subsidiary directly owned by the Company
Invention and Collaboration Laboratory, Inc.	A subsidiary directly owned by the Company
eEver Technology, Inc.	A subsidiary indirectly owned by the Company
eYs3D Microelectronics, Co.	A subsidiary indirectly owned by the Company
eEver Technology Limited	A subsidiary directly owned by the Company
eYs3D Microelectronics Inc.	A subsidiary directly owned by the Company
eCapture Ltd. Co.	A subsidiary directly owned by the Company
eCapture Co., Limited	A subsidiary indirectly owned by the Company
eCapture Technologies, Inc. (Note 2)	A subsidiary directly owned by the Company
Etron Technology America, Inc.	A subsidiary indirectly owned by the Company
Etron Technology (HK) Limited	A subsidiary indirectly owned by the Company
Anzon Corporation	A subsidiary indirectly owned by the Company
Insignis Technology Limited (Note 3)	A subsidiary indirectly owned by the Company
Insignis Technology Corporation	A subsidiary indirectly owned by the Company
Fullboom Electronics (Shenzhen) Co., Ltd	A subsidiary indirectly owned by the Company
Decloak Intelligence Co.	A subsidiary directly owned by the Company
Ardentec Corporation	The chairman of the investee and the chairman of the Company are relatives within the second degree of kinship
Macronix International Co., Ltd.	The chairman of the Company and the general manager of the investee are relatives within the second degree of kinship
Mainstone International Ltd.	An indirect investee accounted for using the equity method
Great Team Backend Foundry (HK) Limited	An indirect investee accounted for using the equity method
Giga Solution Tech. Co., Ltd.	The chairman of the investee and the chairman of the Company are relatives within the second degree of kinship

Names of related parties	Relationship with the Company
eCapture Co., Limited Taiwan Branch (Hong Kong)	A subsidiary indirectly owned by the Company
Kai Chun Investment Corp.	The Company's corporate director

Note 1: On October 25, 2019, the Company sold all its shares in TM Technology, Inc. Thus, it is no longer a related party ever since.

Note 2: The company was liquidated in June, 2020.

Note 3: The company was liquidated in May, 2020.

(34) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2020	2019
Sales of goods:		
-Subsidiaries	\$ 118,568	\$ 106,678
-Other related parties	91	809
	<u>\$ 118,659</u>	<u>\$ 107,487</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases and processing fees

	Year ended December 31	
	2020	2019
Purchases and processing fees		
-Subsidiaries	<u>\$ 242</u>	<u>\$ 1,089</u>

Goods purchased from subsidiaries are based on normal commercial terms and conditions.

C. Receivables from related parties

	December 31, 2020	December 31, 2019
Notes receivable:		
- Other related parties	<u>\$ 20</u>	<u>\$ -</u>
Accounts receivable:		
-Subsidiaries	<u>35,132</u>	<u>78,518</u>
Other receivables:		
-Subsidiaries		
eYs3D Microelectronics, Co.	49,907	14,424
eEver Technology, Inc.	5,851	8,002
Others	6	2
-Other related parties	<u>4,418</u>	<u>2,287</u>
	<u>60,182</u>	<u>24,715</u>
	<u>\$ 95,334</u>	<u>\$ 103,233</u>

The receivables from related parties arise mainly from sales transactions. The receivables are due 30 to 90 days after the shipment. The receivables are unsecured in nature and bear no interest.

Other receivables refer to rent income and service revenue.

D. Payables to related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other payables:		
-Subsidiaries	\$ 8,821	\$ 10,026

Other payable to related parties arise mainly from service expense and commission expense.

E. Advance receipts

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries	\$ 12	\$ 12
Other related parties		
Giga Solution Tech. Co., Ltd.		
-Current	47,927	50,192
-Non-current	22,782	70,709
	<u>\$ 70,721</u>	<u>\$ 120,913</u>

The Company leased plant to other related parties and entered into a supplemental agreement in September 2019 with the advance rents amounting to \$42,777 collected at once for period from October 2019 to August 2020. In December 2019, the Company renewed the agreement, modified the lease term from January 1, 2020 to June 30, 2027, broadened the lease range, and agreed to collect the 30 months advance rents amounting to \$90,031 after netting the aforementioned advance rents collected of \$42,777. As of December 31, 2020 and 2019, the advance rents collected from related parties amounted to \$70,721 and \$120,913, respectively.

F. Guarantee deposits received

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries	\$ 114	\$ 111
Other related parties		
Giga Solution Tech. Co., Ltd.	14,234	13,133
Other	3	-
	<u>\$ 14,351</u>	<u>\$ 13,244</u>

It refers to lease deposits.

H. Other transactions

	Year ended December 31	
	2020	2019
Commissions expense and service expense		
-Subsidiaries	\$ 64,970	\$ 71,578
Others:		
- Subsidiaries	541	1,213
Support service income (Note):		
- Subsidiaries	12,190	7,307
Other income (rent income):		
- Subsidiaries		
eEver Technology, Inc.	20,166	19,387
eYs3D Microelectronics, Co.	21,845	21,196
TM Technology, Inc.		
(information provided as of the date of disposal, October 25, 2019)	-	2,387
Other subsidiaries	217	218
- Other related parties		
Giga Solution Tech. Co., Ltd.	54,850	47,888
Other	11	-
Other income:		
- Subsidiaries	3,979	630
- Other related parties	11	588
- Associates	468	-
	<u>\$ 179,248</u>	<u>\$ 172,392</u>

Note: Shown as the deduction of expense.

I. Loans to /from related parties

Loans to related parties:

(a) Outstanding balance:

For the year ended December 31, 2020: None.

For the year ended December 31, 2019:

Debtor	Loan period	December 31, 2019	Interest income
Subsidiaries	2019.08.07~2019.10.25	<u>\$ -</u>	<u>\$ 1,212</u>

J. Capital investment to related parties

			Year ended December 31, 2020	
Subsidiaries	Accounts	No. of shares	Consideration	
Creative Ally Limited	Investments accounted for using the equity method	520,000	\$	14,654
Insignis Technology Inc.	Investments accounted for using the equity method	500,000		1,502
			\$	16,156
			Year ended December 31, 2019	
Subsidiaries	Accounts	No. of shares	Consideration	
Kingwell Investment Corp.	Investments accounted for using the equity method	1,600,000	\$	48,000
Insignis Technology Inc.	Investments accounted for using the equity method	1,500,000		4,620
DeCloak Intelligences Co.	Prepayments for investments	450,000		4,500
			\$	57,120

(35) Key management compensation

		Year ended December 31	
		2020	2019
Salaries and other short-term employee benefits	\$	32,569	\$ 34,260
Post-employment benefits		724	783
Service expenses		789	828
Share-based payments		114	818
	\$	34,196	\$ 36,689

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2020	December 31, 2019	
Time deposits (shown as current financial assets at amortised cost)	\$ 2,000	\$ 5,512	Customs duty guarantee
Time deposits (shown as non-current financial assets at amortised cost)	5,941	5,480	Land lease agreement guarantee
Buildings and structures	305,970	315,845	Long-term borrowings
Inventories	80,009	80,066	Long-term borrowings
Other equipment	47,597	72,784	Long and Short-term borrowings
	<u>\$ 441,517</u>	<u>\$ 479,687</u>	

The short-term borrowings on December 31, 2020 are all credits borrowings.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments Contingencies

In February 2017, Securities and Futures Investors Protection Center (the "SFIPC") filed a civil lawsuit against the Company, the former subsidiary, TM Technology, Inc. and other defendants, claiming that they are jointly liable for compensation, on behalf of the investors of the former subsidiary, TM Technology, Inc., as the company's former director Mr. Wu was sued for violating the Securities and Exchange Act in January 2016. On March 18, 2019, Taiwan HsinChu District Court dismissed the lawsuit. However, the SFIPC filed an appeal with Taiwan High Court, which was dismissed on February 26, 2021.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

In accordance with the Securities and Exchange Act, paragraph 7 of Article 43-6, the private placement shall be carried out by installments within one year of the date of the resolution of the shareholders meeting. The expiry date is on May 12, 2021, the Company will not conduct the aforementioned private placement considering the capital market situation and the Company needs.

12. Others

(1) Capital management

The Company must maintain adequate capital to expand product lines and that sales could achieve economic of scale. The Company's objectives when managing capital are to secure necessary financial resources to meet the needs of operating funds for the next year, capital expenditure, research and development activities expenditures, debt repayment and dividend payment.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 411	\$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	40,444	58,402
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	1,018,590	616,805
Financial assets at amortised cost	70,941	73,992
Notes receivable (including related parties)	20	-
Accounts receivable (including related parties)	808,093	867,185
Other receivables (including related parties)	75,717	55,255
Guarantee deposits paid (shown as other non-current assets)	8,231	3,231
	<u>\$ 2,022,447</u>	<u>\$ 1,674,870</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Financial liabilities designated at fair value through profit or loss	\$ 2	\$ -
Financial liabilities at amortised cost		
Short-term borrowings	143,635	472,454
Notes payable	110	392
Accounts payable	581,283	576,315
Other payables (including related parties)	145,708	155,633
Long-term borrowings (including current portion)	1,962,723	2,142,192
Guarantee deposits received (shown as other non-current liabilities)	17,006	15,560
	<u>\$ 2,850,467</u>	<u>\$ 3,362,546</u>
Lease liability	<u>\$ 166,451</u>	<u>\$ 186,665</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's entire risk management policies focus on unpredictable matters in financial market and reducing the potential negative effects on the Company's financial condition and financial performance.

- (b) Risk management is carried out by a central treasury department (the Company treasury) under policies approved by the Board of Directors. During the implementation of financial plans, the central treasury department complied with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.
- C. Significant financial risks and degrees of financial risks
- (a) Market risk

Exchange rate risk

- i. The Company exposed to the exchange rate risk arising from operating activities which were denominated in non-functional currency. Those transactions were mainly denominated in New Taiwan dollars, US Dollars and RMB. In addition, the Company implements natural hedge in accordance with the capital needs of each currency and the net position of assets and liabilities denominated in foreign currencies, and implements hedge on the risk exposures in accordance with the foreign exchange market conditions.
- ii. If monetary assets and liabilities denominated in short-term foreign currencies were unbalanced, the Company purchases or sells foreign currencies at spot rate to ensure exposure is maintained at an acceptable level.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: New Taiwan dollars). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 38,122	28.480	\$ 1,085,715
RMB:NTD	257	4.377	1,125
<u>Non-monetary items</u>			
USD:NTD	28,277	28.480	\$ 805,343
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	16,871	28.480	\$ 480,486

(Foreign currency: functional currency)	December 31, 2019		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 44,882	29.980	\$ 1,345,562
RMB:NTD	261	4.305	1,124
<u>Non-monetary items</u>			
USD:NTD	28,042	29.980	840,699
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	19,346	29.980	\$ 579,993

iv. The unrealised exchange gain (loss) arising from the monetary items with significant influence held by the Company for the years ended December 31, 2020 and 2019, amounted to (\$11,868) and (\$13,178), respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

(Foreign currency: functional currency)	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effects on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 10,857	\$ -
RMB:NTD	1%	11	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	8,053
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	4,805	-

(Foreign currency: functional currency)	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effects on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 13,456	\$ -
RMB:NTD	1%	11	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	8,407
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	5,800	-

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.
- ii. The Company's investments in equity securities comprise domestic and foreign listed and unlisted shares. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, the effect of other comprehensive income for the years ended December 31, 2020 and 2019 would have increased/decreased by \$2,022 and \$2,920, respectively, as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from time deposits, restricted time deposits and long-term borrowings at variable rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2020 and 2019, the Company's borrowings were denominated in New Taiwan dollars and US Dollars.

- ii. On December 31, 2020 and 2019, if the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have decreased / increased by \$3,739 and \$4,175, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.
- iii. On December 31, 2020 and 2019, if the interest rate of New Taiwan dollars time deposits (shown as financial assets at amortised cost) had increased/decreased by 0.25% with all other variables held constant, the impact to profit, net of tax for the years ended December 31, 2020 and 2019 would be immaterial. The main factor is that changes in interest income result in floating-rate time deposits.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the counterparties on the contract obligations. Policy for credit risk management of the Company is as follows:
 - (i) The Company sets the relevant procedures to monitor, manage and reduce the credit risk of accounts receivable, however, it is not guaranteed that the loss incurred from credit risk can be completely avoided by the procedures. The exposure of such credit risk will increase in the deteriorating economic environment.
 - (ii) The Company periodically monitors, reviews and adjusts the credit limits based on the market conditions and credit status of counterparties to manage the credit risk. The Company only transacts with banks and financial institutions all with high credit quality to reduce credit risk.
 - (iii) The main credit risks arise from accounts receivable generated from operating activities and cash in banks generated from investing activities.
- ii. The situation that the Company regards as breach of contract specified in the contract are as follows: when the contract payments may not be recovered and have to be transferred to overdue receivables, the default has occurred.
- iii. The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies loss rate methodology to estimate expected credit loss under the provision matrix basis.
- iv. The Company adopts following assumptions to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial

- reorganisation due to their financial difficulties;
- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
- (iii) Default or delinquency in interest or principal repayments.
- vi. The Company used the historical information and the forecastability of Taiwan Institute of Economic Research boom observation report to assess the default possibility of accounts receivable.
- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- viii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2020 and 2019, the loss rate methodology is as follows:

December 31, 2020	Accounts and notes receivable		
	Individual	Group	Total
Expected loss rate	100%	2.22% ~ 14.47%	
Total book value	\$ 47,170	\$ 882,988	\$ 930,158
Loss allowance	\$ 47,170	\$ 74,875	\$ 122,045

December 31, 2019	Accounts and notes receivable		
	Individual	Group	Total
Expected loss rate	100%	0.16% ~ 8.89%	
Total book value	\$ 92,427	\$ 921,230	\$ 1,013,657
Loss allowance	\$ 92,427	\$ 54,045	\$ 146,472

- ix. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2020
	Accounts receivable
At January 1	\$ 146,472
Gain on reversal of expected credit loss	(10,218)
Write-offs	(14,209)
At December 31	\$ 122,045

	2019
	Accounts and notes receivable
At January 1	\$ 148,460
Write-offs	(1,988)
At December 31	<u>\$ 146,472</u>

- x. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts and notes receivable held by the Company was \$808,113 and \$867,185, respectively.
- xi. As of December 31, 2020 and 2019, the collateral held by the Company as security for accounts receivable was letters of credit, promissory note and cheques with fair value amounting to \$615,699 and \$977,605, respectively.

(c) Liquidity risk

- i. The objective of liquidity risk management is to ensure sufficient liquidity to meet operating requirements for the coming year.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

Non-derivative financial liabilities	Less than 1 year	Between 1 and 5 years	Over 5 years
December 31, 2020			
Short-term borrowings	\$ 144,163	\$ -	\$ -
Notes payable	110	-	-
Accounts payable	581,282	-	-
Other payables	145,708	-	-
Lease liability	25,014	44,413	142,965
Long-term liabilities, current portion	745,364	-	-
Long-term borrowings	-	1,300,940	7,048
Guarantee deposits received	-	17,006	-
<u>Derivative financial liabilities</u>			
Forward foreign exchange	\$ 2	\$ -	\$ -

<u>Non-derivative financial liabilities</u>	<u>Less than 1 year</u>	<u>5 years</u>	<u>Over 5 years</u>
December 31, 2019			
Short-term borrowings	\$ 476,097	\$ -	\$ -
Notes payable	392	-	-
Accounts payable	576,315	-	-
Other payables	155,633	-	-
Lease liability	24,587	61,046	148,406
Long-term liabilities, current portion	517,835	-	-
Long-term borrowings	-	1,682,431	-
Guarantee deposits received	-	15,560	-

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in financial assets at fair value through other comprehensive income is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in Forward foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

- B. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings are approximate to their fair values.
- C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2020 and 2019 are as follows:

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Forward foreign exchange contracts	\$ -	\$ 411	\$ -	\$ 411
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	40,444	40,444
	<u>\$ -</u>	<u>\$ 411</u>	<u>\$ 40,444</u>	<u>\$ 40,855</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss Mandatory convertible bonds				
Forward foreign exchange contracts	\$ -	\$ 2	\$ -	\$ 2
	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>
<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 58,402	\$ 58,402

D. The methods and assumptions the Company used to measure fair value are as follows:

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

Listed share

Market quoted price

Closing price

- (b) When assessing non-standard and low-complexity financial instruments, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (c) Forward foreign exchange contracts usually valued based on the current forward exchange rate.
- (d) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

E. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and

Level 2.

F. If one or more of the significant inputs are not based on observable market data, such financial instrument is included in level 3.

G. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	Equity securities	
	2020	2019
At January 1	\$ 58,402	\$ 61,430
Gain or loss recognised in other comprehensive	(17,958)	(3,028)
At December 31	<u>\$ 40,444</u>	<u>\$ 58,402</u>

H. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

I. Investment segment is in charge of valuation procedures for fair value measurements being adopted within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 40,444	Market price method	Discount for lack of marketability	20%~60%	Discount for lack of marketability

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 66,977	Market price method	Discount for lack of marketability	35%~60%	Discount for lack of marketability

K. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2020				
		Recognised in profit or loss		Recognised in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets	Input	Change				
Equity instrument	Discount for lack of marketability	±1%	\$ -	\$ -	\$ 404	\$ (404)

		December 31, 2019				
		Recognised in profit or loss		Recognised in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets	Input	Change				
Equity instrument	Discount for lack of marketability	±1%	\$ -	\$ -	\$ 670	(\$ 670)

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None

B. Provision of endorsements and guarantees to others: None

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Note6 (2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: The details of commissions expense and service expense paid by the Company to Fullboom Electronics (Shenzhen) Co., Ltd for the year ended December 31, 2020, and their outstanding (shown as 'other payables') as of December 31, 2020 are as follows:

	Year ended December 31,2020	
Commissions expense	\$	11,288
Service expense		3,226
Other payables		4,581

(4) Information on major shareholders

Please refer to table 6.

Etron Technology, Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2020

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				
					Number of shares	Book value	Ownership (%)	Fair value	Footnote
Etron Technology, Inc.	Stock	UNRE AI Limited	None	Non-current financial assets at fair value through other comprehensive income	59,753	\$ -	5.98%	\$ -	
Etron Technology, Inc.	Stock	PLSense Ltd.	None	Non-current financial assets at fair value through other comprehensive income	14,611	40,444	8.96%	40,444	
Etron Technology, Inc.	Preferred share	Foho Technology Corp.	None	Non-current financial assets at amortised cost	4,200,000	63,000	-	63,000	
Kinglord Corp.	Stock	Adata Technology Co., Ltd	None	Current financial assets at fair value through profit or loss	22,637	1,652	-	1,652	
Kingwell Investment Corp.	Stock	Macronix International Co., Ltd.	The general manager of the investee and the chairman of the Company are relatives within second degree of kinship	Current financial assets at fair value through profit or loss	15,840	670	-	670	
Kingcharm Investment Corp.	Stock	Walton Advanced Engineering, Inc	The investor is the corporate director of the investee	Current financial assets at fair value through profit or loss	10,000	138	-	138	
Kingcharm Investment Corp.	Stock	Winbond Electronics Corporation	None	Current financial assets at fair value through profit or loss	1,000	29	-	29	
Kingcharm Investment Corp.	Stock	Elite Semiconductor Microelectronics Technology Inc.	None	Current financial assets at fair value through profit or loss	1,000	65	-	65	
Kingcharm Investment Corp.	Stock	Promos Technology Inc.	None	Current financial assets at fair value through profit or loss	6	-	-	-	
Creative Ally Limited	Stock	MedicusTek International Inc.	None	Non-current financial assets at fair value through other comprehensive income	1,010,101	-	1.26%	-	
Etron Technology (HK) Limited	Equity investment	Shanghai Walden Venture Capital Enterprise	None	Non-current financial assets at fair value through other comprehensive income	-	113,540	1.52%	113,540	
Etron Technology (HK) Limited	Equity investment	China Walden Venture Investments II,L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	116,151	2.64%	116,151	
Etron Technology (HK) Limited	Equity investment	Arm IoT Fund, L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	20,141	4.74%	20,141	
Kinglord Corp.	Stock	Senti Bioscience	The chairman of the investee and the chairman of the Company are relatives within second degree of	Non-current financial assets at fair value through other comprehensive income	211,933	8,428	0.53%	8,428	
Kinglord Corp.	Stock	PERSONAL GENOMICS, INC.	None	Non-current financial assets at fair value through other comprehensive income	741,926	16,652	1.86%	16,652	
Plusway Corp.	Stock	PERSONAL GENOMICS, INC.	None	Non-current financial assets at fair value through other comprehensive income	594,790	18,560	1.49%	18,560	
Plusway Corp.	Preferred share	PLSense Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,186	3,283	0.73%	3,283	
Kingwell Investment Corp.	Stock	Foho Technology Corp.	None	Non-current financial assets at fair value through other comprehensive income	3,872,234	57,000	19.54%	57,000	
Kingwell Investment Corp.	Stock	Bridge Semiconductor Corporation	None	Non-current financial assets at fair value through other comprehensive income	1,375,000	-	5.75%	-	
Kingwell Investment Corp.	Stock	Innorich Venture Capital Corp.	None	Non-current financial assets at fair value through other comprehensive income	6,000,000	44,232	11.19%	44,232	

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
Kingwell Investment Corp.	Stock	Centillion III Venture Capital Corp.	None	Non-current financial assets at fair value through other comprehensive income	50,400	667	7.38%	667	
Kingwell Investment Corp.	Stock	Reytek Semiconductor, Inc.	None	Non-current financial assets at fair value through other comprehensive income	1,852,000	29,632	1.55%	29,632	
Kingwell Investment Corp.	Stock	Ardentec Corporation	The chairman of the investee and the chairman of the Company are relatives within second degree of	Non-current financial assets at fair value through other comprehensive income	3,712,457	143,486	0.76%	143,486	
Kingwell Investment Corp.	Stock	Anqing Innovation Investment Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	2,000,000	15,553	4.33%	15,553	
Kingwell Investment Corp.	Stock	Mosa Industrial Corporation	None	Non-current financial assets at fair value through other comprehensive income	38,000	1,140	0.02%	1,140	
Kingwell Investment Corp.	Stock	IQE PLC	None	Non-current financial assets at fair value through other comprehensive income	55,916	1,598	0.01%	1,598	
Kingwell Investment Corp.	Equity investment	Arm IoT Fund, L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	6,714	1.58%	6,714	
Kingcharm Investment Corp.	Stock	Bridge Semiconductor Corporation	None	Non-current financial assets at fair value through other comprehensive income	1,988,970	-	8.32%	-	
Kingcharm Investment Corp.	Stock	Digitime Inc.	None	Non-current financial assets at fair value through other comprehensive income	78,750	716	0.42%	716	

Etron Technology, Inc.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts (payable)	
Etron Technology, Inc.	Etron Technology(HK) Limited	A subsidiary directly owned by the Company	Sales	(\$ 101,000)	3.09%	90 days end of month	Not applicable	Not applicable	\$ 31,551	3.90%	

Etron Technology, Inc.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms (Note 4)	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Service expense	\$ 38,978	-	1.10%
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Commissions expense	5,858	-	0.16%
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Other accrued expense	1,463	-	0.02%
0	Etron Technology, Inc.	Anzon Corporation	1	Service expense	3,900	-	0.11%
0	Etron Technology, Inc.	Fullboom Electronics (Shenzhen) Co., Ltd.	1	Commissions expense	11,288	-	0.32%
0	Etron Technology, Inc.	Fullboom Electronics (Shenzhen) Co., Ltd.	1	Service expense	3,226	-	0.09%
0	Etron Technology, Inc.	Fullboom Electronics (Shenzhen) Co., Ltd.	1	Other accrued expense	4,581	-	0.07%
0	Etron Technology, Inc.	Etron Technology (HK) Limited	1	Sales revenue	101,000	-	2.84%
0	Etron Technology, Inc.	Etron Technology (HK) Limited	1	Accounts receivable	31,551	-	0.51%
0	Etron Technology, Inc.	eEver Technology Inc.	1	Support service income	3,172	-	0.09%
0	Etron Technology, Inc.	eEver Technology Inc.	1	Other receivables	5,851	-	0.09%
0	Etron Technology, Inc.	eEver Technology Inc.	1	Other income	20,166	-	0.57%
0	Etron Technology, Inc.	eYs3D Microelectronics, Co.	1	Support service income	9,018	-	0.25%
0	Etron Technology, Inc.	eYs3D Microelectronics, Co.	1	Other receivables	49,907	-	0.81%
0	Etron Technology, Inc.	eYs3D Microelectronics, Co.	1	Other income	21,845	-	0.62%
0	Etron Technology, Inc.	Insignis Technology Corporation	1	Sales revenue	17,501	-	0.49%
0	Etron Technology, Inc.	Insignis Technology Corporation	1	Accounts receivable	3,581	-	0.06%
0	Etron Technology, Inc.	Decloak Intellegences Co.	1	Other income	3,810	-	0.11%
0	Etron Technology, Inc.	Decloak Intellegences Co.	1	Other accrued expense	1,575	-	0.03%
0	Etron Technology, Inc.	Decloak Intellegences Co.	1	Service expense	1,500	-	0.04%
1	eYs3D Microelectronics, Co.	Fullboom Electronics (Shenzhen) Co., Ltd.	3	Service expense	6,034	-	0.17%
1	eYs3D Microelectronics, Co.	Fullboom Electronics (Shenzhen) Co., Ltd.	3	Other accrued expense	1,937	-	0.03%
1	eYs3D Microelectronics, Co.	AiYs3D Technology, Inc.	3	Service expense	16,207	-	0.46%
1	eYs3D Microelectronics, Co.	AiYs3D Technology, Inc.	3	Other accrued expense	1,775	-	0.03%
1	eYs3D Microelectronics, Co.	Anzon Corporation	3	Service expense	1,190	-	0.03%
2	eEver Technology Inc.	Fullboom Electronics (Shenzhen) Co., Ltd.	3	Service expense	2,509	-	0.07%
3	eYs3D Microelectronics, Inc.	Etron Technology (HK) Limited	3	Interest expense	1,587	-	0.04%
3	eYs3D Microelectronics, Inc.	Kingcharm Investment Corp.	3	Interest expense	1,316	-	0.04%
4	AiYs3D Technology, Inc.	eYs3D Microelectronics, Co.	3	Other operating revenue	16,049	-	0.45%
4	AiYs3D Technology, Inc.	eYs3D Microelectronics, Co.	3	Other receivables	1,761	-	0.03%
4	AiYs3D Technology, Inc.	Etron Technology America Inc.	3	Other accrued expenses	1,404	-	0.02%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Transaction							Percentage of consolidated total operating revenues or total assets (Note 3)
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms (Note 4)	

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The prices and credit terms for the transactions between parent company and subsidiaries would be available for third parties. The terms for incomparable transactions are negotiated by the both parties.

Table 4

Etron Technology, Inc.
Information on investees
Year ended December 31, 2020

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended	Investment income(loss) recognised by the Company for the year ended	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value			
				December 31, 2020	December 31, 2019				December 31, 2020	December 31, 2020	
Etron Technology, Inc.	Eutrend Technology, Inc.	Taiwan	Testing service for high-frequency or high-power radio frequency, analog, digital, and mixed-signal components	\$ 112,098	\$ 112,098	2,702,522	93.57%	\$ 901	(\$ 5,380)	(\$ 4,414)	Subsidiary
Etron Technology, Inc.	Kinglord Corp.	British Virgin Islands	Investment holdings	853,849	853,849	25,458	100.00%	299,307	22,550	22,550	Subsidiary
Etron Technology, Inc.	Plusway Corp.	British Virgin Islands	Investment holdings	484,315	521,077	9,485	100.00%	141,621	4,002	4,002	Subsidiary
Etron Technology, Inc.	Kingwell Investment Corp.	Taiwan	Investment holdings	27,475	57,796	13,183,000	100.00%	358,974	11,110	11,110	Subsidiary
Etron Technology, Inc.	Kingcharm Investment Corp.	Taiwan	Investment holdings	188,512	188,512	18,000,000	100.00%	29,836	(1,069)	(1,069)	Subsidiary
Etron Technology, Inc.	Intercosmos Group Limited	British Virgin Islands	Investment holdings	248,646	363,158	8,062	100.00%	313,411	20,033	20,033	Subsidiary
Etron Technology, Inc.	Creative Ally Limited	British Virgin Islands	Investment holdings	111,921	97,267	3,720	100.00%	22,888	203	203	Subsidiary
Etron Technology, Inc.	Invention and Collaboration Laboratory Inc.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	3,000	3,000	300,000	100.00%	338	(35)	(35)	Subsidiary
Etron Technology, Inc.	NetVinci, Inc.	Cayman Islands	Investment holdings	38	38	761,206	4.48%	689	(369)	(18)	Investee company
Etron Technology, Inc.	eCapture Technologies, Inc.	U.S.A	Design & sales of electronic products	-	52	-	-	-	576	89	Subsidiary, Note 1
Etron Technology, Inc.	eCapture Ltd. Co.	Cayman Islands	Investment holdings	31,051	31,051	11,666,667	100.00%	2,537	178	178	Subsidiary
Etron Technology, Inc.	Insignis Technology, Inc.	Cayman Islands	Investment holdings	60,488	58,986	24,500,000	100.00%	103	(3,884)	(3,884)	Subsidiary
Etron Technology, Inc.	eEver Technology Limited	Cayman Islands	Investment holdings	44,857	44,857	14,250,001	50.42%	59,443	13,689	6,552	Subsidiary
Etron Technology, Inc.	eYs3D Microelectronics ,Inc.	Cayman Islands	Investment holdings	139,047	139,047	25,765,272	61.22%	(34,656)	(111,512)	(88,854)	Subsidiary
Etron Technology, Inc.	Decloak Intellegences Co.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	4,500	4,500	450,000	62.94%	1,860	(4,194)	(4,182)	Subsidiary
Kingwell Investment Corp.	Optromax Corporation	Taiwan	Design and manufacturing of IC	-	10,758	-	-	(106)	(34)	Investee company of the subsidiary	
Kingwell Investment Corp.	Pioneer Chip Technology Limited	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	2,000	2,000	200,000	100.00%	134	(2,595)	(2,595)	Second-tier subsidiary
Kingwell Investment Corp.	Energyplus Technology, Inc.	Taiwan	Renewable energy power generation equipment and technical service	-	26,000	-	-	(5,857)	(829)	Investee company of the subsidiary, Note 2	
Kingwell Investment Corp.	Silicon Spintronics Inc.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	93	93	10,000	100.00%	86	(1)	(1)	Second-tier subsidiary
Kingwell Investment Corp.	Great Team Backend Foundry,Inc.	British Virgin Islands	Investment holdings	33,737	77,215	1,868,009	5.15%	33,451	79,420	3,797	Investee company of the subsidiary
Kingcharm Investment Corp.	Energyplus Technology, Inc.	Taiwan	Renewable energy power generation equipment and technical service	-	40,391	-	-	(5,857)	(1,360)	Investee company of the subsidiary, Note 2	
Kingcharm Investment Corp.	eEver Technology Limited	Cayman Islands	Investment holdings	58,969	58,969	5,838,680	20.66%	24,356	13,689	2,685	Subsidiary
Kingcharm Investment Corp.	eYs3D Microelectronics,Inc.	Cayman Islands	Investment holdings	21,654	-	2,084,340	4.95%	(2,634)	(111,512)	(1,153)	Subsidiary
Kinglord Corp.	Etron Technology America,Inc.	U.S.A	Integrated circuits sales	160,058	168,488	47,666,666	100.00%	17,448	9,726	9,829	Second-tier subsidiary
Kinglord Corp.	Anzon Technology, Inc.	British Virgin Islands	Investment holdings	10,281	10,823	1,681,000	70.85%	3,440	(552)	(385)	Second-tier subsidiary
Kinglord Corp.	Etron Technology (HK) Limited	Hong Kong	Sales of electronic components	136,704	143,904	37,440,000	100.00%	249,989	12,750	12,750	Second-tier subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended	Investment income(loss) recognised by the Company for the year ended	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value			
				December 31, 2020	December 31, 2019						
Kinglord Corp.	eYs3D Microelectronics,Inc.	Cayman Islands	Investment holdings	7,984	-	785,273	1.87% (	995) (	111,512) (	447)	Subsidiary
Etron Technology (HK) Limited	eYs3D Microelectronics,Inc.	Cayman Islands	Investment holdings	23,689	-	2,329,918	5.54% (	2,948) (	111,512) (	1,325)	Subsidiary
Anzon Technology, Inc.	Anzon Corporation	Japan	Sales agent of electronic components	16,107	16,955	185	100.00%	4,795 (	567) (	559)	Third-tier subsidiary
Intercosmos Group Limited	Grandsino Technology Limited	British Virgin Islands	Investment holdings	180,923	304,147	7,181	100.00%	301,594	19,468	19,468	Second-tier subsidiary
Intercosmos Group Limited	Fullboom International Limited	Samoa	Investment holdings	29,904	31,479	1,050,000	100.00%	10,368	817	649	Second-tier subsidiary
Grandsino Technology Limited	Great Team Backend Foundry,Inc.	British Virgin Islands	Investment holdings	69,726	302,634	9,583,909	26.40%	190,640	79,420	19,465	Investee company of the second-tier subsidiary
Plusway Corp.	Great Team Backend Foundry,Inc.	British Virgin Islands	Investment holdings	70,621	149,900	2,755,508	8.70%	83,395	79,420	6,415	Investee company of the subsidiary
Plusway Corp.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	8,338	8,777	887,121	2.11% (	1,123) (	111,512) (	3,066)	Subsidiary
Creative Ally Limited	NetVinci, Inc.	Cayman Islands	Investment holdings	36,663	38,594	8,835,398	52.03%	7,995 (	369) (	214)	Investee company of the subsidiary
Creative Ally Limited	eCapture Technologies, Inc.	U.S.A	Design and sales of electronic products	-	26,083	-	-	-	576	465	Subsidiary, Note 1
Creative Ally Limited	Invention and Collaboration Laboratory Pte, Ltd.	Singapore	Research and development, consulting and design services of semiconductor technology	14,246	-	5,214,000	81.11%	13,870	-	-	Second-tier subsidiary
eCapture Ltd. Co.	eCapture Co. Limited.	Hong Kong	Marketing, sales and dvelopment of electronic products	27,056	28,481	950,000	100.00%	1,816	322	322	Second-tier subsidiary
Insignis Technology, Inc.	Insignis Technology Corporation	U.S.A	Sales of electronic components	54,539	55,913	1,915,000	100.00% (	182) (	3,852) (	3,804)	Second-tier subsidiary
Insignis Technology, Inc.	Insignis Technology Limited	Hong Kong	Sales of electronic components	-	300	-	-	- (	1) (	1)	Second-tier subsidiary, Note 3
eEver Technology Limited	eEver Technology Inc.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	149,101	156,953	25,700,000	100.00%	83,710	14,589	14,589	Second-tier subsidiary
eYs3D Microelectrions, Inc.	eYs3D Microelectronics, Co.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	319,074	255,104	45,250,000	100.00% (	10,523) (	104,214) (	104,214)	Second-tier subsidiary
eYs3D Microelectrions, Inc.	AiYs3D Technology, Inc.	U.S.A	Marketing and customer services	285	-	10,000	100.00%	607	362	335	Second-tier subsidiary

Note 1: On September 6, 2019, the Board of Directors resolved the liquidation of eCapture Technologies, Inc. and the liquidation was completed in June 2020.

Note 2: In the second quarter of 2020, the Group sold all its shares in Energyplus Technology, Inc..

Note 3: On November 21, 2019, Insignis Technology Limited was under the liquidation process, which was completed in the end of May 2020.

Etron Technology, Inc.
Information on investments in Mainland China
Year ended December 31, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

1. Basic information

Investee in	Main business		Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
Mainland China	activities	Paid-in capital	(Note 1)	January 1, 2020	Mainland China	to Taiwan	December 31, 2020	2020		(Note 2)	December 31, 2020	December 31, 2020	
Great Team Backend Foundry (Donguan), Ltd.	Other transistors	\$ 2,509,561	(2)	\$ 550,254	\$ -	\$ 174,815	\$ 375,439	\$ 165,026	12.08%	\$ 35,466	\$ 205,006	\$ -	Notes 3, 4 and 5
Fullboom Electronics (Shenzhen) Co., Ltd.	Wholesale and international trading of electronic	28,480	(2)	32,285	-	-	32,285	817	100.00%	817	9,425	-	Note 6
Shanghai Walden Venture Capital Enterprise	Investment in new venture companies	36,761	(2)	572	-	-	572	-	1.52%	-	113,540	13,151	Note 7
CHINA WALDEN VENTURE INVESTMENTS II, L.P.	Investment in new venture companies	3,120,001	(2)	89,465	5,977	-	95,442		2.64%	-	116,151	-	Note 7

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

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income or loss is recognised based on the investees' unaudited financial statements for the corresponding period.

Note 3: Investing through Great Team Backend Foundry Inc., which is invested by Kingwell Investment Corp..

Note 4: Investing through Great Team Backend Foundry Inc., which is reinvested by Grandsino Technology Limited and Grandsino Technology Limited is reinvested by Intercosmos Group Limited.

Note 5: Investing through Great Team Backend Foundry Inc., which is invested by Plusway Corp.

Note 6: Investing through Fullboom International Limited, which is reinvested by Intercosmos Group Limited.

Note 7: Investing through Etron Technology (HK) Limited, which is reinvested Kinglord Corp.

2. Ceiling on reinvestments in Mainland China:

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Etron Technology, Inc.	\$ 503,738	\$ 527,222	\$ 1,750,274

Etron Technology, Inc.
Major shareholders information
December 31, 2020

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Chao-Chun Lu	14,613,757	5.45%

Description: If company applies Taiwan Depository & Clearing Corporation for the information of the table, the followings can be explained in the notes of the table.

- (1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.
- (2) If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

Etron Technology, Inc.
Chairman:Nicky Lu