Stock Code: 2355

CHIN-POON INDUSTRIAL CO., LTD.

2020 ANNUAL REPORT

(Translation)

June 23, 2021

Taiwan Stock Exchange Market Observation Post System: http://mops.twse.com.tw

CHIN-POON Website: http://www.cppcb.com.tw

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   Changshu Plant (China):
   No.98, Huangpujiang Road, Changshu National New & Hi-tech Industrial Development Zone of Jiangsu, Jiangsu Province 215500, China
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   Name: Concord Securities Co., Ltd. Registrar Agency Department
   Address: B1, No. 176, Sec. 1, Keelung Rd., Taipei City, Taiwan
   Telephone: +886 2 8787-1888
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3. Spokesperson's and deputy spokesperson's name, title, telephone, and email address:
   Spokesperson : Alex Hsiao
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4. Names, firm name, address, telephone number, and website address of the certified public accountant of the latest annual financial statements:
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5. Name of overseas securities exchange: None
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1. Letter to Shareholders

Dear Shareholders

We really appreciate your continuous support all these years. We are reporting the following items here so that you can understand more about what we have done, what we are planning to do and what challenges we are facing.

Our Performance in 2020

Our consolidated operating revenue in 2020 was NT$ 15,313,285 thousand and decreased by 14.2% and by NT$ 2,535,213 thousand from 2019. The main reason for the decline in revenue was that the Company has been focusing on the automotive business and the global auto market in 2020 experienced the largest decline in recent years due to the covid-19 pandemic, which resulted in a significant decrease in demand. Our operating loss in 2020 was NT$ 123,771 thousand and the operating income was decreased by NT$ 421,913 thousand from 2019. The decline in operating income was mainly due to the impact of the covid-19 pandemic on auto market demand in 2020, resulting in a rapid decline in capacity utilization, even reaching only 50%. Therefore, the related costs were pushed up, which affected the gross profit margin and operating income ratio. At the same time, the sharp depreciation of U.S. dollar against Taiwan dollar and Renminbi also severely affected the gross profit margin. Our profit before tax fell from NT$ 832,354 thousand in 2019 to NT$ 24,726 thousand in 2020, a decrease of 97.03%. Compared with the operating loss, the net profit before tax could be turned positive, mainly due to interest income and other non-operating income. Our net income in 2020 was NT$ 45,702 thousand and decreased by 93.08% and by NT$ 614,270 thousand from 2019. So, our earnings per share (EPS) also decreased from NT$ 1.66 in 2019 to NT$ 0.12 in 2020.

Operating Results in 2020

Unit: NT$ in thousands

Item \ Amount	2020	2019	Plus or Minus (Amount)	Plus or Minus (%)
Operating Revenue	15,313,285	17,848,498	(2,535,213)	(14.20%)
Operating Costs	14,443,453	16,453,990	(2,010,537)	(12.22%)
Gross Profit	869,832	1,394,508	(524,676)	(37.62%)
Operating Expenses	993,603	1,096,366	(102,763)	(9.37%)
Operating Income	(123,771)	298,142	(421,913)	(141.51%)
Non-operating Income and Expenses	148,497	534,212	(385,715)	(72.20%)
Profit before Tax	24,726	832,354	(807,628)	(97.03%)
Consolidated Profit	45,702	659,972	(614,270)	(93.08%)
Profit, attributable to Owners of Parent Company	46,118	660,825	(614,707)	(93.02%)

Our budget achievement of operating revenue and operating costs were 72% and 78% of the 2020 budget targets. The main reason for its deviation from the budget is that the global auto market has fallen significantly in 2020 due to the COVID-19 pandemic, and there is a considerable gap between the actual demand and the customer's commitment during the budget preparation. Our budget achievement of Profit before Tax was 2%, which was directly related to lower capacity utilization, higher cost, and the sharp depreciation of U.S. dollar against Taiwan dollar and Renminbi, resulting in the gross profit achievement rate of only 33%.

Budget Achievement in 2020

Unit: NT$ in thousands

Item \ Amount	Actual Amount	Budget Amount	Achievement Rate (%)
Operating Revenue	15,313,285	21,219,205	72%
Operating Costs	14,443,453	18,547,250	78%
Gross Profit	869,832	2,671,955	33%
Operating Expenses	993,603	1,366,607	73%
Operating Income	(123,771)	1,305,348	(9%)
Non-operating Income and Expenses	148,497	36,096	411%
Profit before Tax	24,726	1,341,444	2%

Although the Company's business in 2020 was greatly affected by the significant decline in the global automotive market, from the first quarter of 2020 on, we immediately adjusted our operating strategy and changed our focus from aggressive expansion to stable operation and strengthened the control of operating expenses, so that it was able to maintain its profitability before and after tax for the year, despite the extremely low capacity utilization. And our long-term and short-term financial position remained healthy. The debt-to-asset ratio in 2020 was 31.90%, which was similar to 31.89% in 2019. The current ratio and quick ratio in 2020 were 191% and 144%, which was also similar to the current and quick ratios in 2019 of 204% and 154%. Although the Company's operations were greatly affected by the impact of the COVID-19 pandemic, the Company's debt-to-assets ratio, current ratio and quick ratio remained flat, indicating the Company's strong financial strength and excellent operational management.

We have been dedicating significant efforts on R&D for our development in the future. We manage to keep ahead of our competitors in development of new products and new technology. The following was our results of R&D in 2020.

Results of R&D in 2020

A. Development of modified copper inlay process for cost reduction
B. Middle/High current carrying PCB - Mini-busbar
C. Partial thermal management PCB – Inlay + blind vias
D. Partial thermal management PCB – Square inlay
E. Partial thermal management PCB – Convex
F. Partial thermal management PCB – AlN
G. Development of rigid flex
H. Development of cavity PCB
I. Development of radio frequency PCB
J. Development of advanced HDI
K. Assisting overseas factories to upgrade the capabilities
L. Others

Our Plan for 2021

I. Operating Strategies:

We have been focusing on the niche market of printed circuit board (PCB) for automobiles and of PCB of medium volume, which are hugely demanding on more flexible production capability. We also have been facing the challenges of how to deal with the micro-profit era and the fast changes of global economy. We have set the following operating strategies to cope with those challenges and to respond to the changes in the markets and in the environments.

1. The Executives Committee plays a key role of integrating all departments, realigning resources and converging all efforts to fulfill our visions and strategies.
2. Dynamically target the potential products and niche markets to respond to global competitions and rapidly changing markets.
3. Realign all our resources to develop creativity of R&D, to build excellent production capability and to setup effective cost control systems in order to provide value-added products, services and total solutions with innovativeness and cost-competitiveness.
4. Build a cluster of Asian production and service bases which has a center in Taiwan and supporting bases in Mainland China and Thailand.
5. Provide Taiwan's resources of technology, marketing, and administration to our bases in Mainland China and Thailand in order for them to rapidly upgrade their operating capabilities and to grasp the opportunities in the local markets of Mainland China, Southeast Asia and South Asia.
6. Integrate production processes and managerial resources to strengthen the supportive systems for production and to promote specialization center and sophisticated technical capabilities.
7. Enhance automation and smart production to raise production efficiency, to improve quality and to reduce costs.
8. Implement total quality control and utilize the Six Sigma methodology to build an edge in competitiveness of stable quality.
9. Continue to upgrade the capabilities of ERP (Enterprise Resource Planning), CIM (Computer integrated manufacturing) and Industrial 4.0, and to participate in government-subsidized Technology Development Programs in order to strengthen our abilities and efficiency of operation and administration and to complete the planning and its implementation of Smart Factory.
10. Build a learning organization and knowledge management system to store, accumulate and share management wisdom among all employees in the Company. Activate a cost control system and an incentive plan to guide resources of knowledge into increasing high value-added activities, reducing activities of low efficiency and of low value, and strengthen our core competitiveness. The cultivation of talents is centered on this knowledge management structure and learning organization in order to reserve enough talents for future challenges.

II. Operational Goals:

Volume of Single-sided:	1,672,072 M^2 (square meter)
Volume of Double-sided & Multilayer:	4,194,162 M^2 (square meter)

III. Strategies for Marketing and Production:

1. Production Strategies

Grasp the trends of technology and products and continue to improve our costs, quality, speed, flexibility and services.

(1) Enhance the quality systems of ISO-9002、ISO-14001、QS-9000、TL9000、TS 16949 and AS 9100 Aerospace Quality Management System which was acquired in 2020, and utilize the six sigma methodology to achieve the targets of our quality policy.

(2) Upgrade our capabilities of fine line, high density and micro via.

(3) Strengthen our capabilities of HDI (High Density Interconnect) and other high value-added technology.

(4) Continues to expand niche products such as aluminum PCB, Middle/High current carrying PCB, heavy copper board, etc.

(5) Upgrade automation, enhance our analytic ability for big data of production and enhance smart production. Our vision is to build smart factories.

(6) Build a cluster of Asian production and service bases. Especially, strengthen the manufacturing site in Thailand and capitalize on its double edges on low cost structure and nearness to the biggest automobiles manufacturing site in Southeast Asia.

2. Marketing Strategies

Keep up with market trends.

(1) Actively develop global markets and be a key supplier of global main players in different electronics industries. Simultaneously, increase the pocket share of our customers.

(2) Develop the markets in Mainland China, Southeast Asia, South Asia and other emerging countries.

(3) Build global marketing channels and strengthen global competitiveness.

(4) Build a complete platform of logistics and provide our customers more value-added services.

IV. R&D Plans:

1. Upcoming R&D plans:

- Development of middle/high current carrying PCBs
- Development of partial heat dissipation PCBs
- Development of semi-flex with 3 flex layers
- Development of rigid flex – flex tail
- Development of radio frequency PCBs
- Development of cavity PCB
- Development of advanced HDI
- Application of periodic pulse reverse plating
- Evaluation of thermally conductive materials for EPS PCB
- Evaluation of automatic robot arm for precise handling and automatic process flow of production

2. R&D Budget

The total budget for research and development is around NT$ 83.6 million.

Our Strategies

1. Continue to expand the niche market of printed circuit board (PCB) for automobiles and of PCB of medium volume.
2. Build a cluster of Asian manufacturing sites. We are planning to simultaneously expand the manufacturing sites in Taiwan, in China and in Thailand in the next 2-3 years. Our new plant in Changshu, China, with a total investment of NT$ 2.1 billion, is expected to start mass production in 2019. There is still plenty of room for our capacity expansion in the future. We have increased our ownership on Draco, our manufacturing site in Thailand, to 99.73% in 2020. We are planning to build more capacity in Thailand. New capacity in Thailand has a very important significance to our strategy of grasping the opportunities of Southeast Asia and South Asia, providing extra capacity to our manufacturing site in Taiwan and Mainland China, and becoming our main source of future growth.
3. Strengthen R&D of niche products to avoid shrinking of profit margins owing to excessive competition in the industry.
4. Enhance automation and smart production to improve quality and to enhance production flexibility.

Challenges

Taiwan's PCB industry has been developing for more than 30 years and has built a complete supply chain and industrial clusters. Taiwan's PCB makers have an edge on yield, quality, price, speed and service over global competitors and have a great share of global demand of PCB for automotive electronics, telecommunication, information technology and consumers' electronics. According to the statistics of TPCA and IEK, total revenue of Taiwan's PCB makers in 2020 was NT$ 696 billion and increased by 5.1%.

Under the strong impact of the COVID-19 pandemic in 2020, the global economy has further declined, resulting in a 3.5% decline in global economic growth (IMF estimate), the lowest in recent years. Although the U.S. Federal Reserve, the European Central Bank and Bank of Japan have released large amounts of funds, it is difficult to reverse the global economic downturn. At the same time, the trade war between the U.S. and China, which has led to the restructuring of the global supply chain, and the process of Brexit have added to the uncertainty of the global economy. However, with the global economic turmoil, exporters will barely make it through 2020.

Looking forward to 2021, Europe and American are planning to accelerate COVID-19 vaccination. And it is expected that the global economy will have a chance to bottom out and rebound, driven by the recovery of the U.S. economy. According to the IMF's original forecast, global economic growth is expected to rise from -3.5% in 2020 to 5.5% in 2021. This year is expected to be a year of high uncertainty for the global economy as well as a possible rebound.

According to the forecast of IEK, total revenue of Taiwan's PCB makers in 2021 is expected to be NT$ 726 billion and increased by 4.3%. Taiwan's PCB makers have always beaten the market and got a bigger share even in global adverse economic situations. They are competitive in the aspects of cost and manufacturing sites so they will remain profitable in the future of expanding electronics industries.

Our production bases are located in Taiwan, China and Thailand. The local laws and regulations in different countries have been changed from time to time. The Company is based on the principle of legal business and complies with local laws and regulations. Moreover, in recent years, the Taiwan authorities have gradually improved the relevant laws and regulations on corporate governance and social responsibility. The Company has complied with the changes in laws and regulations, gradually completed the establishment of corporate governance systems, and fulfilled corporate social responsibilities in order to balance the Company's shareholders' equity and the interests of all interested parties.

Taiwan PCB industry are facing many challenges and rapidly changing external environments which have a great impact on Taiwan's PCB industry. In 2021, the global economy is expected to bottom out and rebound. Chin-poon has aligned our strategy to enhance our edge on integration, globalization, niche products, key technology, logistics platform, cost control and knowledge management to achieve our business goals.

In addition, the Company recognizes the advent of the era of smart manufacturing and knowledge management. We continually cultivate talents, appreciate valuable human resources, and has got certain progress and achievements in system management and organizational learning. We also aggressively implement ERP and CIM systems, Six Sigma, intelligent manufacturing and various projects in order to enable the Company's internal resources to be used most effectively and its production efficiency to be significantly improved. In the future, we will adopt a more active strategy in the expansion of our manufacturing sites in Asia to grasp the business opportunities provided by the growth of electronic industries around the world.

Over the past year, the Company has achieved a certain level of profitability in the face of the global auto market downturn and fierce competition in the auto business, thanks to the efforts and dedication of all employees. We expect the competition in the future will be still extremely intensive. We are going to continue improving our core competitiveness to enhance our performance so that we can keep enhancing shareholders' equity.

Sincerely yours,

Chairperson   Chief Executive Officer   Principal Accounting Officer

2.Company Profile

2.1 Founding Date

September 26, 1979.

2.2 Milestones

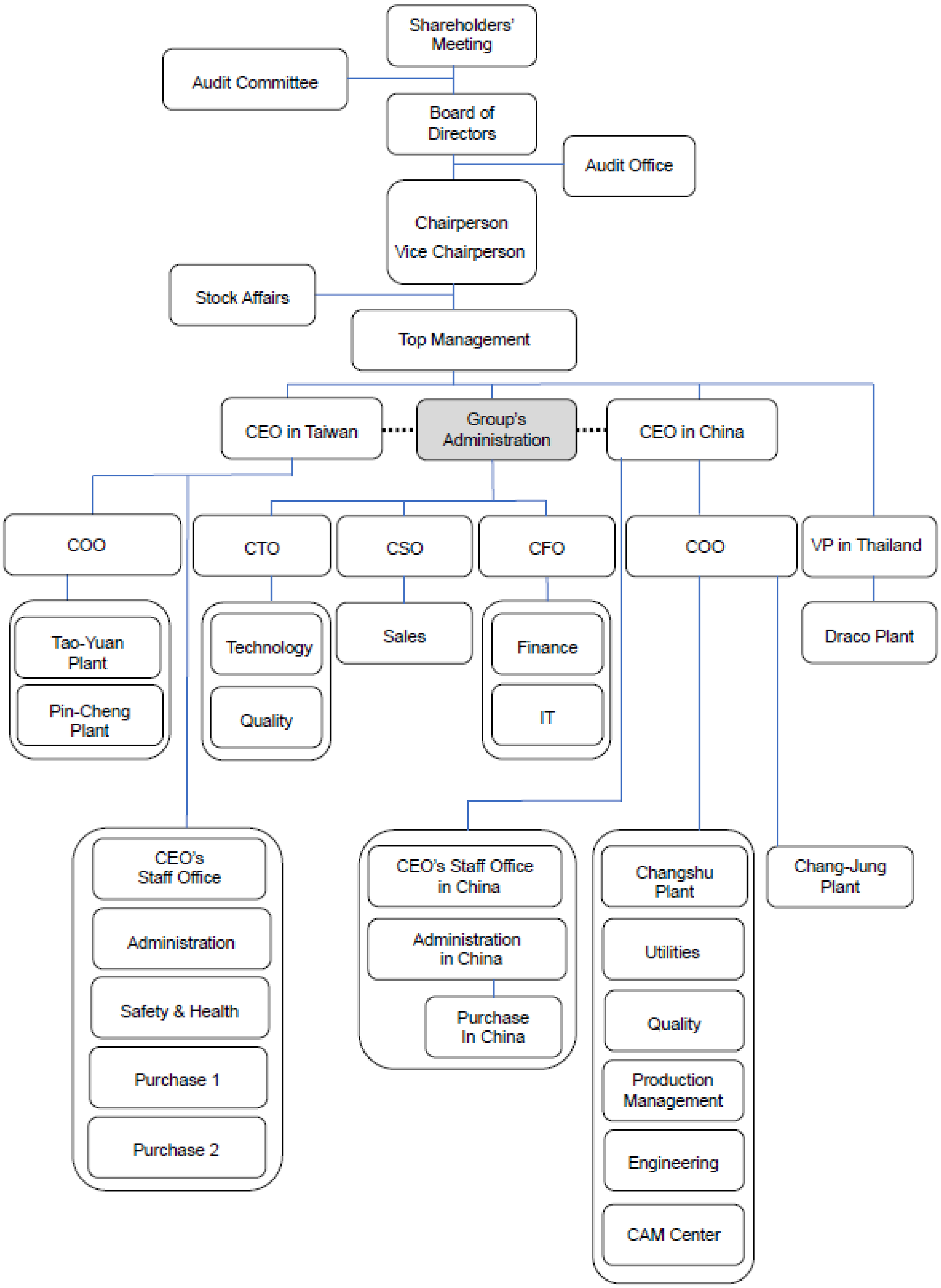
Year	Milestones
1979	Chin Poon Industrial Co., Ltd. founded with a share capital of NTD 2 million.
1984	T1 plant established.
1988	Acquired Da-Hong Industrial Co., Ltd..
1989	Invested in Draco PCB Public Co., Ltd. in Thailand to expand the market in South East Asia.
1990	Became a public-held company.
1991	Acquired Pin-Cheng Plant.
1994	Certificated with ISO-9002.
1995	T2 plant established.
1996	Listed on Taiwan Stock Exchange on October 14.
1998	Certificated with ISO-14001.
	Chin-Poon (Suzhou) Electronics Co., Ltd founded in Suzhou China to expand the market in China.
1999	Certificated with QS-9000.
2000	Chin-Poon (Suzhou) Electronics Co., Ltd certificated with ISO-9002, QS-9000 and TL-9000.
	Joint venture with Aspocomp from Finland to expand HDI business by restructuring Chin-Poon (Suzhou) Co., Ltd. into ACP Electronics Co., Ltd..
2001	Certificated with TL-9000.
	HDI (microvia) business started.
2002	Established P3 plant in Taiwan.
	Certificated with ISO-14000, ISO 9001:2000, TL 9000 Rel.3.0 and TS 16949:2002.
2003	Mr. Vincent Huang became the chairperson in September.
2004	Established Chang-Jung Plant in Taiwan
	New office building built.
2005	Acquired Shun-Hong Investment Co., Ltd..

2006	Chin-Poon (Changshu) Electronics Co., Ltd founded in Changshu China to expand the capacity in China.
2007	Sold 49% ownership of Chin-Poon (Suzhou) Electronics Co., Ltd to our joint venture partner in March.
	Established S1 and S2 plant of Chin-Poon (Changshu) Electronics Co., Ltd in China.
2008	Established P5 plant in Taiwan.
2010	Chin Poon Japan founded in January.
2012	Increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 43.25%.
2014	Built a new plant of Draco in Thailand.
2015	Increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 52.59%.
	New capacity of T2 plant expanded.
2016	Increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 95.53%.
2017	Delisted Draco PCB Public Co., Ltd. from Thailand Stock Exchange in June and increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 99.58% in July.
2018	Fire incident at P2 plant and P3 Plant in April.
	New expansion of Changshu plant established in December.
2019	Increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 96.65%.
2020	Mrs Yu-Chih Tseng-Liu elected as the new chairperson in June.
	T2 plant acquired the certificate of AS 9100 Aerospace Quality Management System in October.
	Acquired the certificate of ISO 45001 Occupational Health&Safety Management System in November.
	Increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 99.73%.

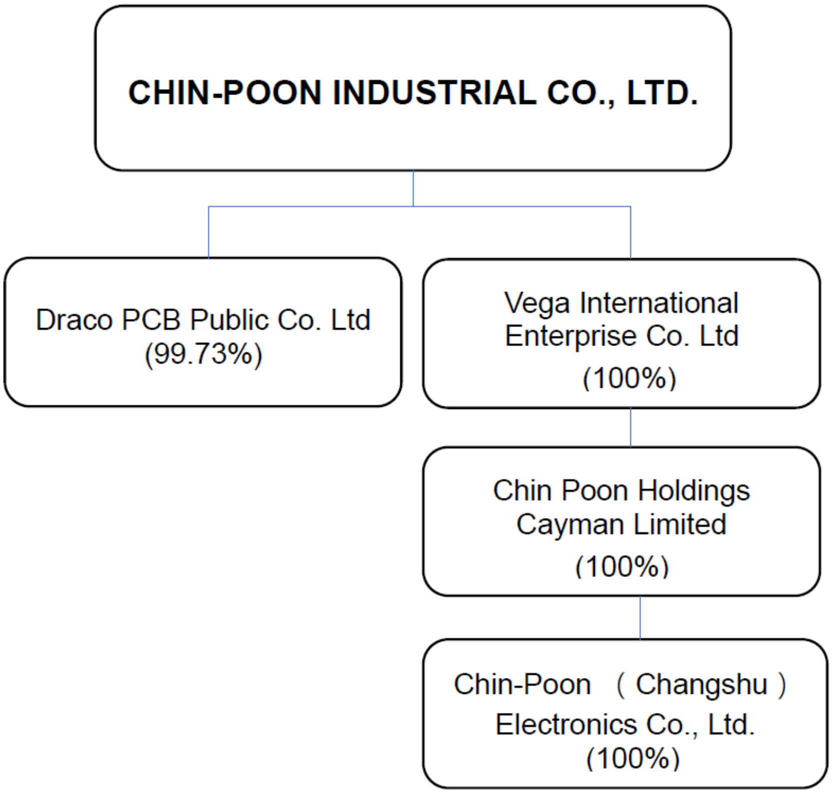
3. Corporate Governance

3.1 Organization

3.1.1 Organization Chart



3.1.2 Family Tree



3.1.3 Primary Operational Departments

Top Management	The inter-departmental integration is organized as a variety of committees participated by top management in order to integrate the Company's resources and build consensus, which is conducive to the alignment of operations and the improvement of performance and efficiency. A variety of committees includes a product committee, a price committee, a budget committee, and a manpower committee.
CEO's Staff Office	a. Responsible for planning the Company's long-term and short-term business strategy and effectively supporting all units to complete their business objectives, for assessing the performance of each unit on regular or irregular basis according to the Company's internal regulations, and for ensuring the safety of the

	Company's assets and the effective operation of the business.
	b. In charge of investors relationship.
Audit Office	a. Assesses the appropriateness and effectiveness of the internal control system and make appropriate recommendations. b. Makes sure that all transactions comply with the Company's policies, plans, systems and related laws and regulations. c. Prevents anyone from falling foul of malpractice or unethical behavior. When the fraud event is discovered, the management can be notified in time to reduce the Company's losses. d. Makes sure that the Company's resources and assets are effectively used and properly protected.
Sales	a. Formulates and implements the annual sales plan. b. Transforms marketing strategies immediately and effectively to respond to market changes. c. Executes routine sales operations such as quotation, credit line application and collection of accounts receivable. d. Deals with customers' complaints and claim. e. Formulates and implements a variety of promotion strategies. f. Formulates and implements new product development and new market development. g. Manages the supply chain and collects information on the markets. h. Plans sales operation and manpower development. i. Assists implementation of environmental policy and environmental management.
COO & Plants	a. Plans the overall development of plants management. b. In charge of planning and establishment of plants. c. In charge of planning and selection of equipment and of establishment and implementation of equipment maintenance.

	d. Plans and enhances manufacturing capabilities. e. Establishes and implements quality systems. f. Researches and develops new processes and new products. g. Establishes and implements a production management system. h. Establishes and implements environmental protection systems. i. Plans and implements employee education and training. j. Implements cost management and control.
Administration	a. In charge of human resources planning and development and of education and training. b. Manages the routine operations of promotion, salary, welfare and attendance management. c. In charge of general administration and fixed asset management.
Safety & Health	a. Plans safety and health management to prevent occupational disasters and occupational diseases b. Provides information and recommendations on labor safety and health management.
IT	a. Establishes an enterprise information policy to integrate and manage enterprise information resources. b. Plans and implements information systems to improve the efficiency of business management.
Stock Affairs	in charge of the routines of stock affairs and of the matters of the shareholders' meeting.
Finance	a. In charge of fund planning, cash management and assets and risk management. b. In charge of affairs on accounting, tax, cost analysis and management.
Purchase	a. In charge of supplier selection and supplier development. b. Provides the raw materials to the demanding units at reasonable prices and in proper quantity, which is beneficial to the operation of manufacturing.

3.2 Information on the Directors, CEO, VP, AVP, and Supervisors in Each Department and Branch Office

3.2.1 Information on Directors and Independent Directors

April 25, 2021

Title	Nationality or Place of Registration	Name	Gender	Date of Being Elected	Terms	Date of Being First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Selected Education and Past Positions	Current Positions at Chin-poon and other companies	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairperson	R.O.C.	Tseng-Liu, Yu-Chih	Female	June 23, 2020	3	Aug. 11, 1979	9,603,279	2.42%	9,603,279	2.42%	1,372,422	0.35%	-	-	Chairperson, Chin-Poon Industrial Co., Ltd. St. Francis Xavier High School	Chairperson, Chin-Poon Industrial Co., Ltd. Chairperson, VEGA International Enterprise Co., Ltd. Chairperson, Chin-Poon Holdings Cayman Limited Chairperson, Chin-Poon (Changshu) Electronics Co., Ltd.		None	
Director	R.O.C.	Lin, Pi-Chi	Male	June 23, 2020	3	Aug. 11, 1979	7,750,649	1.95%	7,462,649	1.88%	2,591,839	0.65%	-	-	Manager, Chin-Poon Industrial Co., Ltd. National Tao-yuan Agricultural & Industrial Vocational High School	Director, Draco PCB Public Co., Ltd Director, Chin-Poon (Changshu) Electronics Co., Ltd. Director, Dalux Technology Co., Ltd		None	
Director	R.O.C.	Huang, Wei-Jin	Male	June 23, 2020	3	Aug. 11, 1979	13,238,409	3.33%	11,238,409	2.83%	2,642	0.00%	-	-	Chairperson and CEO, Chin-Poon Industrial Co., Ltd. National Cheng Kung University	Director, Chin-Poon (Changshu) Electronics Co., Ltd. Director, Draco PCB Public Co., Ltd		None	
Director	R.O.C.	Tung, Hsiao-Hung	Female	June 23, 2020	3	May 18, 2005	6,308,043	1.59%	6,308,043	1.59%			-	-	Chairperson, Wei Ze Investment Co., Ltd. National Taipei College of Business	Chairperson, Tongli Investment CO., LTD. Director, Chin-Poon (Changshu) Electronics Co., Ltd.		None	
Director	R.O.C.	Lai, Hwei-Shan	Male	June 23, 2020	3	May 2, 1990	6,283,114	1.58%	6,283,114	1.58%			-	-	Chairperson, Liangpin Industrial Co., Ltd. National Chung Hsing University	None		None	
Director	R.O.C.	Tseng, Wen-Yu	Male	June 23, 2020	3	Feb. 5, 1988	5,546,357	1.40%	5,546,357	1.40%	183,630	0.05%	-	-	Chairperson, One Hsiang Restaurant Co., Ltd. LeeMing Institute of Technology	Director, Chin-Poon (Changshu) Electronics Co., Ltd.		None	
Independent Director	R.O.C.	Chen, Hsiang-Sheng	Male	June 23, 2020	3	June 22, 2017	88,637	0.02%	88,637	0.02%			-	-	Vice President, Chin-Poon Industrial Co., Ltd. National Taiwan Normal University	None		None	
Independent Director	R.O.C.	Chen, Shi-Shu	Male	June 23, 2020	3	June 22, 2017	0	0%	0	0%			-	-	CPA, Kudos & Co., C.P.A.s National Chung Hsing University	None		None	
Independent Director	R.O.C.	Hsu, Sung-Tsai	Male	June 23, 2020	3	June 22, 2017	1,242	0.00%	1,242	0.00%			-	-	Senior Assistant Manager, Standard Chartered Bank (Taiwan) Limited Chinese Culture University	None		None	

3.2.2 Professional Qualifications and Independence Analysis of Directors and Independent Directors

April 25, 2021

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria												Number of Other Public Companies in Which the Individual is Concurrently Serving 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 of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who Has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Having Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Lin, Pi-Chi			V	V	V		V	V	V	V	V	V	V	V	V	
Tseng-Liu, Yu-Chih			V	V	V		V	V	V	V	V	V	V	V	V	
Tseng, Wen-Yu			V	V	V		V	V	V	V	V	V	V	V	V	
Huang, Wei-Jin			V		V		V	V	V	V	V	V	V	V	V	
Lai, Hwei-Shan			V	V	V	V	V	V	V	V	V	V	V	V	V	
Tung, Hsiao-Hung			V	V	V		V	V	V	V	V	V	V	V	V	
Chen, Hsiang-Sheng			V	V	V	V	V	V	V	V	V	V	V	V	V	
Chen, Shi-Shu		V		V	V	V	V	V	V	V	V	V	V	V	V	
Hsu, Sung-Tsai			V	V	V	V	V	V	V	V	V	V	V	V	V	

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or 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 affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, any of its subsidiaries, or any of its parent company's subsidiaries, who is appointed as an independent director in some of the preceding entities at the same time in compliance with the laws and regulations.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person

under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in shareholding.

4. Not a spouse, a relative within the second degree of kinship, or a lineal relative within the fifth degree of kinship, who is related to anyone of the managers in the first subparagraphs or to anyone of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of an institutional shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or whose shareholding ranks in the top five or who has designated a natural person as its proxy to exercise, on its behalf, the duties of the Company's director in compliance with Paragraph I and Paragraph II of Article 27 of Company Act. Not applicable in cases where the person is an independent director of the Company, its parent company, any of its subsidiaries, or any of its parent company's subsidiaries, who is appointed as an independent director in the different entities at the same time in compliance with the laws and regulations.
6. Not a director, supervisor, or employee of a company which is controlled by a person who holds more than 50 percent of the Company's directors or voting shares. Not applicable in cases where the person is an independent director of the Company, its parent company, any of its subsidiaries, or any of its parent company's subsidiaries, who is appointed as an independent director in some of the preceding entities at the same time in compliance with the laws and regulations.
7. Not a director, supervisor, or employee of a company which is controlled by a person who is the Company's chairperson, CEO or his/her spouse. Not applicable in cases where the person is an independent director of the Company, its parent company, any of its subsidiaries, or any of its parent company's subsidiaries, who is appointed as an independent director in some of the preceding entities at the same time in compliance with the laws and regulations.
8. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. Not applicable in cases where the person is an independent director of the specified company or institution which holds more than 20% but less than 50% of the Company's outstanding shares and is also an independent director of the Company, its parent company, any of its subsidiaries, or any of its parent company's subsidiaries, who is appointed as an independent director in in some of the preceding entities at the same time in compliance with the laws and regulations.
9. Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides auditing, commercial, legal, financial, accounting services or consultation, the accumulative expenditure for the services except auditing in the recent two years are less than NT$ 500,000, to the Company or to any affiliate of the Company, or a spouse thereof. Not applicable in cases where the person is a member of the compensation committee, the public tender offer review committee, or the special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Act.
12. Not a governmental, a juridical person or its representative as defined in Article 27 of the Company Act.

3.2.3 Major Shareholders of the Institutional Shareholders

April 25, 2021

Name of Institutional Shareholders	Major Shareholders
No director appointed by any institutional shareholder.	None

3.2.4 CEO, VP, AVP, and Supervisors in Each Department and Branch Office

April 25, 2021

Title	Nationality	Name	Gender	Date of Assuming the Position	Current Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Primary Experiences & Education	Positions Presently Held in Other Companies	Managers who are a Spouse or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
CEO	R.O.C.	Alan Hwang	Male	Jul. 12, 2019	150,955	0.04%	-	-	-	-	M.S., National Cheng Kung University	None		None	
CEO in China	R.O.C.	Charlie Tseng	Male	Jan. 1, 2007	176,682	0.04%	20,000	0.01%	-	-	Soochow University	Supervisor, Chime Ball Technology Co., Ltd		None	
VP	R.O.C.	Catherine Hsing	Female	Jan. 1, 2007	64,205	0.02%	-	-	-	-	Ming Chuan University	None		None	
VP	R.O.C.	Rachel Lin	Female	Jan. 1, 2002	80,217	0.02%	-	-	-	-	MBA, National Taiwan University	Independence Director & Member of Compensation Committee, Sitronix Technology Corporation		None	
VP	R.O.C.	Jack Lin	Male	Jan. 1, 2007	16,353	0.00%	-	-	-	-	National Central University	None		None	
AVP	R.O.C.	Phil Su	Male	Aug. 13, 2019	5,000	0.00%	215	-	-	-	M.S., National Sun Yat-sen University	None		None	
Internal Auditing Officer	R.O.C.	Candy Sung	Female	Feb. 21, 2008	2,162	0.00%	-	-	-	-	Hsing Wu Commercial College	None		None	
Chief Corporate Governance Officier	R.O.C.	Yu-Chiao Huang	Female	Mar. 19, 2020	276,360	0.07%	512,650	0.13%			Hsing Wu Commercial College	None		None	

3.3 Remuneration for the Directors, CEO, and VPs, etc. for this Fiscal Year

3.3.1 Remuneration for Directors

3.3.1.1 Remuneration for Directors except Independent Directors

Unit: NT$ thousand

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Compensation Earned by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation Paid from Non-consolidated Investees or the parent company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay & Pensions (B)		Remuneration to Directors (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay & Pensions (F)		Employees' Profit-sharing Bonus (G) (Note 6)						
		The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company		From All Consolidated Entities (Note 7)		The Company	From All Consolidated Entities (Note 7)	
																Cash	Stock	Cash	Stock			
Director	Huang, Wei-Jin	8,216	8,216	0	0	0	0	1,440	1,440	20.94%	20.94%	0	0	0	0	0	0	0	0	20.94%	20.94%	0
Director	Lin, Pi-Chi																					
Director	Tseng-Liu, Yu-Chih																					
Director	Tung, Hsiao-Hung																					
Director	Lai, Hwei-Shan																					
Director	Tseng, Wen-Yu																					

In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compens directors for their services, such as being independent contractors.

3.3.1.2 Remuneration for Independent Directors

Unit: NT$ thousand

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Compensation Earned by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation Paid from Non-consolidated Investees or the parent company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay & Pensions (B)		Remuneration to Directors (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay & Pensions (F)		Employees' Profit-sharing Bonus (G) (Note 6)						
		The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company		From All Consolidated Entities (Note 7)		The Company	From All Consolidated Entities (Note 7)	
																Cash	Stock	Cash	Stock			
Independent Director	Chen, Hsiang-Sheng	0	0	0	0	00	0	1,800	1,800	3.90%	3.90%	0	0	0	0	0	0	0	0	3.90%	3.90%	0
Independent Director	Chen, Shi-Shu																					
Independent Director	Hsu, Sung-Tsai																					

In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compens directors for their services, such as being independent contractors.

Note 1: The names of directors are individually presented and the amount of each payment is disclosed in a consolidated manner. The directors except independent directors and the independent directors are shown separately in different tables.

Note 2: This refers to directors' remuneration (including directors' salary, bonuses associated with their assignment, severance pay, various bonuses and incentives etc.) for the most recent fiscal year.

Note 3: This refers to the amount of remuneration for directors, which is approved by the Board of Directors for the most recent fiscal year.

Note 4: This refers to the directors' business-associated expenditures for the most recent fiscal year (including transportation fees, special expenses, various allowances, boarding, and company cars etc.). If housing, vehicles and other methods of transportation, or individual exclusive spending are offered, the characteristics and costs of the assets offered, the real or fair market value of rental expenses, gas allowance, and other payments should be disclosed. If a chauffeur is offered to a director, the payment to the chauffeur by the Company should be disclosed, but need not be counted within the allowance.

Note 5: This refers to the packages for the directors who also serve as employees (including serving as President, VP, other managers and staff) for the most recent fiscal year, which includes their salaries, bonuses associated with their assignment, severance pay, various bonuses, incentives, transportation fees, special expenses, various allowances, boarding, and company cars etc. If housing, vehicles and other methods of transportation, or individual exclusive spending are offered, the characteristics and costs of the assets offered, the real or fair market value of rental expenses, gas allowance, and other payments should be disclosed. If a chauffeur is offered to a director, the payment to the chauffeur by the Company should be disclosed, but need not be counted within the category. And the listed salary costs of IFRS 2 "share-based payment", including the acquisition of employee stock option certificate, New Restricted Employee Shares and participation in subscription to an increase in share capital, etc., should also be included in the category.

Note 6: This refers to the employee remuneration (including shares and cash) for those directors who also serve as employees (including serving as President, VPs, other managers, and staff) for the most recent fiscal year. The profit-sharing bonus to be paid to the employees, which has been approved by the Board of Directors for the most recent fiscal year, should be disclosed. If the bonuses cannot be estimated, the intended amount this year should be calculated based on last year's actual paid amount, and be disclosed in a separate form.

Note 7: The total amount of all payment paid to directors of The Company from all consolidated entities (including The Company) included in this report should be disclosed in its entirety.

Note 8: The names of directors are put in the range according to their total payment by The Company.

Note 9: The names of directors are put in the range according to their total payment by all consolidated entities (including The Company).

Note 10: Net income refers to the net income of the most recent fiscal year. If the IFRS has been adopted, the net income means the net income of the parent company only financial statements in the most recent year.

Note 11: a. The amount of compensation paid to directors from non-consolidated investees or the parent company should be disclosed clearly.

b. If a company director has received compensation from non-consolidated investees or the parent company, the amount received under this category should be included in the (I) column of the table in 3.3.2, and revise the name of the column as "From All Investees or the parent company ".

c. This refers to the compensation, remuneration (including remuneration paid to employees, directors, supervisors or managers), and business-related allowance for the directors served as employees, directors, supervisors or managers in all non-consolidated investees or the parent company.

* the compensation as disclosed in the tables is not in accordance with the concept of Income Tax Act. Hence, this table is solely for the purpose of information disclosure, and not for income tax return.

3.3.1.3 Policy, System, Standards and Composition for the Remuneration of Independent Directors

The Company has only one policy on the remuneration of independent directors, i.e., a fixed amount of remuneration with each independent director paid at NT$600,000 per year. Defined benefit remuneration allows independent directors to maintain independence in their decision-making, as the performance and profitability of any material decision is independent of the independent director's compensation, avoiding the risk that the independent director will lose his or her independent judgment by having an interest in a material decision. The payment of NT$600,000 for each independent director is above the average, which allows our independent directors to be reasonably compensated as well.

3.3.2 Remuneration Range of Directors

Range of Remuneration (X)	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	From All Consolidated Entities (H) (Note 9)	The Company (Note 8)	From All Consolidated Entities (I) (Note 9)
X < NT$ 1,000,000	Lin, Pi-Chi, Tung, Hsiao-Hung Lai, Hwei-Shan Tseng, Wen-Yu Chen, Hsiang-Sheng Chen, Shi-Shu Hsu, Sung-Tsai	Lin, Pi-Chi, Tung, Hsiao-Hung Lai, Hwei-Shan Tseng, Wen-Yu Chen, Hsiang-Sheng Chen, Shi-Shu Hsu, Sung-Tsai	Lin, Pi-Chi, Tung, Hsiao-Hung Lai, Hwei-Shan Tseng, Wen-Yu Chen, Hsiang-Sheng Chen, Shi-Shu Hsu, Sung-Tsai	Lin, Pi-Chi, Tung, Hsiao-Hung Lai, Hwei-Shan Tseng, Wen-Yu Chen, Hsiang-Sheng Chen, Shi-Shu Hsu, Sung-Tsai
NT$1,000,001 ≤ X < NT$2,000,000				
NT$2,000,001 ≤ X < NT$3,500,000				
NT$3,500,001 ≤ X < NT$5,000,000	Huang, Wei-Jin, Tseng-Liu, Yu-Chih	Huang, Wei-Jin, Tseng-Liu, Yu-Chih	Huang, Wei-Jin, Tseng-Liu, Yu-Chih	Huang, Wei-Jin, Tseng-Liu, Yu-Chih
NT$5,000,001 ≤ X < NT$10,000,000				
NT$10,000,001 ≤ X < NT$15,000,000				
NT$15,000,001 ≤ X < NT$30,000,000				
NT$30,000,001 ≤ X < NT$50,000,000				
NT$50,000,001 ≤ X < NT$100,000,000				
X ≥ NT$100,000,000				
Total				

3.3.3 Remuneration and Remuneration Range of Supervisors

Not applicable.

3.3.4 Compensation for CEO and VPs, etc.

Unit: NT$ thousands

Title	Name (note 1)	Salary (A) (note 2)		Severance Pay & Pensions (B)		Bonuses & Allowances etc. (C) (note 3)		Employees' Profit-sharing Bonus (D) (note 4)				Total Compensation (A+B+C+D) as a % of Net Income (note 8)		Compensation Paid from Non-consolidated Investees (note 9)
		The Company	From All Consolidated Entities (note 5)	The Company	From All Consolidated Entities (note 5)	The Company	From All Consolidated Entities (note 5)	The Company		From All Consolidated Entities (note 5)		The Company	From All Consolidated Entities (note 5)	
								Cash	Share	Cash	Share			
CEO	Wei-Jin Huang	12,580	13,584	890	890	9,133	9,197	0	0	0	0	49.01%	51.33%	0
CEO	Alan Hwang													
CEO in China	Charlie Tseng													
VP	Catherine Hsing													
VP	Rachel Lin													
VP	Jack Lin													
AVP	Phil Su													

3.3.5 Compensation Range of CEO and VPs

Unit: NT$ thousands

Range of Compensation (X)	Names of CEO and VPs	
	The Company (Note 6)	From All Consolidated Entities (E) (Note 7)
X < NT$ 1,000,000		
NT$1,000,001 ≤ X < NT$2,000,000		
NT$2,000,001 ≤ X < NT$3,500,000	Phil Su	Phil Su
NT$3,500,001 ≤ X < NT$5,000,000	Alan Hwang Charlie Tseng Catherine Hsing Rachel Lin Jack Lin	Alan Hwang Charlie Tseng Catherine Hsing Rachel Lin Jack Lin
NT$5,000,001 ≤ X < NT$10,000,000		
NT$10,000,001 ≤ X < NT$15,000,000		
NT$15,000,001 ≤ X < NT$30,000,000		
NT$30,000,001 ≤ X < NT$50,000,000		
NT$50,000,001 ≤ X < NT$100,000,000		
X ≥ NT$100,000,000		
Total		

Note 1: The names of CEO and VPs, etc. are individually presented and the amount of each payment is disclosed in a consolidated manner. If a director is also CEO or VP, he/she should be listed in this table and in the tables in 3.3.1 and 3.3.2.

Note 2: This refers to CEO's and VPs' salary, bonuses associated with their assignment and severance pay for the most recent fiscal year.

Note 3: This refers to CEO's and VPs' various bonuses, incentives, transportation fees, special expenses, various allowances, boarding, and company cars etc. If housing, vehicles and other methods of transportation, or individual exclusive spending are offered, the characteristics and costs of the assets offered, the real or fair market value of rental expenses, gas allowance, and other payments should be disclosed. If a chauffeur is offered to a director, the payment to the chauffeur by the Company should be disclosed, but need not be counted within the category. And the listed salary costs of IFRS 2 "share-based payment", including the acquisition of employee stock option certificate, New Restricted Employee Shares and participation in subscription to an increase in share capital, etc., should also be included in the category.

Note 4: This refers to the profit-sharing bonus (including shares and cash) to be paid to CEO and VPs, etc., which has been approved by the Board of Directors for the most recent fiscal year. If the bonuses cannot be estimated, the intended amount this year should be calculated based on last year's actual paid amount, and be disclosed in a separate form.

Note 5: The total amount of all payment paid to CEO and VPs, etc. of The Company from all consolidated entities (including The Company) included in this report should be disclosed in its entirety.

Note 6: The names of CEO and VPs, etc. are put in the range according to their total payment by The Company.

Note 7: The names of CEO and VPs, etc. are put in the range according to their total payment by all consolidated entities (including The Company).

Note 8: Net income refers to the net income of the most recent fiscal year. If the IFRS has been adopted, the net income means the net income of the parent company only financial statements in the most recent year.

Note 9: a. The amount of compensation paid to CEO and VPs, etc. from non-consolidated investees or the parent company should be disclosed clearly.

b. If CEO and VPs, etc. has received compensation from non-consolidated investees or the parent company, the amount received under this category should be included in the (E) column of the table in 3.3.2, and revise the name of the column as "From All Investees or the parent company ".

c. This refers to the compensation, remuneration (including remuneration paid to employees, directors, supervisors or managers), and business-related allowance for CEO and VPs, etc. served as employees, directors, supervisors or managers in all non-consolidated investees or the parent company.

Note 10: Mr. Wei-Jin Huang discharged from CEO on 12 July, 2019. His compensation has been proportionally included in the above table.

* the compensation as disclosed in the tables is not in accordance with the concept of Income Tax Act. Hence, this table is solely for the purpose of information disclosure, and not for income tax return.

3.3.6 Employees' Bonus Paid to Management Team

March 31, 2021; Unit: NT$ thousands

<table>
<tr><th></th><th>Title
(note 1)</th><th>Name
(note 1)</th><th>Shares</th><th>Cash</th><th>Total</th><th>Total Employees' Bonus Paid to Management Team as a % of Net Income</th></tr>
<tr><td rowspan="7">Managers</td><td>CEO</td><td>Alan Hwang</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">0%</td></tr>
<tr><td>CEO in China</td><td>Charlie Tseng</td></tr>
<tr><td>VP</td><td>Catherine Hsing</td></tr>
<tr><td>CFO</td><td>Rachel Lin</td></tr>
<tr><td>VP</td><td>Jack Lin</td></tr>
<tr><td>AVP</td><td>Phil Su</td></tr>
<tr><td>Internal Auditing Officer</td><td>Candy Sung</td></tr>
</table>

Note 1: Individual names and titles should be disclosed separately, but the bonuses can be disclosed collectively.

Note 2: The scope of a manager, according to No. 0920001301 letter of the Taiwan Finance and Securities III, includes the following:

a) CEO and the equivalent;
b) VP and the equivalent;
c) AVP and the equivalent;
d) CFO;
e) Accounting supervisor;
f) others who manage company affairs and have authority to sign documents.

Note 3: If the directors, CEO and VPs, etc. have received employee bonuses (including stocks and cash), they should be re-listed in this table in addition to the above tables.

Note 4: Mr. Wei-Jin Huang discharged from CEO on 12 July, 2019. He no longer received Employees' Bonus in 2019.

3.3.7 Compare and illustrate the ratio of the total compensation paid to the Directors, Supervisors, CEO, and VPs, etc. from the Company and all consolidated entities to the net income of the financial statements, and explain the compensation policy, its standard and its combinations, the procedures to decide the amount of the compensation, and its correlation to management performance and expected future risks

3.3.7.1 The ratio of the total compensation paid to the Directors, Supervisors, CEO, and VPs, etc. from the Company and all consolidated entities to the net income of the financial statements

Unit: NT$ thousands

Title	2019		2019	
	The Company	Ratio of Total Compensation to Net Income (%)	All Consolidated Entities	Ratio of Total Compensation to Net Income (%)
Directors	11,118	1.68%	11,118	1.68%
CEO & VPs, etc.	30,995	4.69%	31,952	4.84%

Title	2020		2020	
	The Company	Ratio of Total Compensation to Net Income (%)	All Consolidated Entities	Ratio of Total Compensation to Net Income (%)
Directors	11,456	24.84%	11,456	24.84%
CEO & VPs, etc.	22,603	49.01%	23,671	51.33%

3.3.7.2 The remuneration of the directors and supervisors of the Company is allocated according to the distribution ratio stipulated in the Articles of Association of the Company; the compensation of CEO and VPs are paid according to the Company’s salary policy.

Bonuses and profit-sharing bonuses shall be proposed by the compensation committee according to the Company’s performance and expected future risks, and then approved by the board of directors.

3.4 Implementation of Corporate Governance

3.4.1 Operations of the Board of Directors

In the most recent fiscal year, the Board of Directors have held 7 meetings (A). And the attendance of the Directors are as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Ratio of Attendance [B/A]	Remarks
Chairperson	Tseng-Liu, Yu-Chih	7	0	100	
Director	Huang, Wei-Jin	7	0	100	
Director	Lin, Pi-Chi	7	0	100	
Director	Tung, Hsiao-Hung	7	0	100	
Director	Tseng, Wen-Yu	6	0	86	
Director	Lai, Hwei-Shan	7	0	100	
Independent Director	Chen, Hsiang-Sheng	7	0	100	
Independent Director	Chen, Shi-Shu	7	0	100	
Independent Director	Hsu, Sung-Tsai	7	0	100	

3.4.2 Other Important Information on Operations of the Board of Directors

3.4.2.1 If one of the following circumstances occurs in the board of directors, the date, the period, the content of the proposals, the opinions of all independent directors on them and the Company's response to their opinions shall be stated:

(1) Matters listed in Article 14-3 of Securities Exchange Act: Important resolutions of the board of directors shall be approved by directors and all attending independent directors without no objections or reservations from independent directors. The important resolutions of the board of directors are as follows:

Date	Meeting	Proposal	Resolution and Execution
Jan. 13, 2020	First Meeting in 2020	1. Appointment and Independence Assessment of the Company's CPAs for 2020.	Approved with no objection from all directors and independence directors.
Mar. 20, 2020	Second Meeting in 2020	1. Business Report and Financial Statements for 2019.	Approved with no objection from all directors and independence directors.
		2. Proposal for Distribution of 2019 Profits and Retained Earnings.	Approved with no objection from all directors and independence directors.
		3. Proposal for the Compensation of Employees and the Remuneration of Directors of 2019.	Approved with no objection from all directors and independence directors.
		4. Amendment of the Articles of Incorporation of the Company.	Approved with no objection from all directors and independence directors.
		5. Statement on Effectiveness of the Design and Implementation of the Internal Control System in 2019.	Approved with no objection from all directors and independence directors.
		6. Proposal for Election of New Directors	Approved with no objection from all directors and independence directors.
		7. Proposal for Releasing the Prohibition on the Directors Newly Elected on June 23, 2020 from Participation in Competitive Business	Approved with no objection from all directors and independence directors.
		8. Proposal of the List of the Nominated Candidates for New Directors	Approved with no objection from all directors and independence directors.
		9. Matters related to the 2019 Annual Shareholders' Meeting.	Approved with no objection from all directors and independence directors.
		10. Matters related to Acceptance of Shareholders' Proposals.	Approved with no objection from all directors and independence directors.
		11. Proposal of the Period for Accepting the Nomination of Director Candidates, the Quota of Directors to Be Elected and the Place Designated for Accepting the Roster of Director Candidates Nominated.	Approved with no objection from all directors and independence directors.

		12. Directors & Officers Liability Insurance Policy.	Approved with no objection from all directors and independence directors.
		13. Amendment of the Operational Procedures for Acquisition and Disposal of Assets.	Approved with no objection from all directors and independence directors.
		14. Amendments of the Accounting System and Related Internal Control System.	Approved with no objection from all directors and independence directors.
		15. Proposal of Cash Capital Increase for Draco PCB Public Company Limited.	Approved with no objection from all directors and independence directors.
		16. Abolishment of the Operational Procedures for Investment.	Approved with no objection from all directors and independence directors.
May 13, 2020	Third Meeting in 2020	1. Amendment of the Rules on the Division of Responsibility and the Architecture of Authority in the Company and its Subsidiary “Chin-Poon (Changshu) Electronics Co., Ltd.”.	Approved with no objection from all directors and independence directors.
		2. Proposal of Operational Procedures Governing Major Investment Projects to be renamed as " Operational Procedures Governing New Product Development and Capital Expenditures".	Approved with no objection from all directors and independence directors.
		3. To establish Operational Procedures on Self-Evaluation or Peer Evaluation of the Board of Directors.	Approved with no objection from all directors and independence directors.
		4. Loan Renewal of US$ 5 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all directors and independence directors.
		5. Shareholder Loan Application of US$ 8 Million to the Company by Draco PCB Public Company Limited.	Approved with no objection from all directors and independence directors.

		6. The Company's Guarantee for the short-term credit line of US$ 16 million by ANZ for Draco PCB Public Company Limited.	Approved with no objection from all directors and independence directors.
		7. To change the venue for the Company's 2020 Annual Shareholders' Meeting.	Approved with no objection from all directors and independence directors.
Jun. 23, 2020	Fourth Meeting in 2020	1. Election of the Chairperson.	Approved with no objection from all directors and independence directors.
		2. Appointment of the Members of the Compensation Committee.	Approved with no objection from all directors and independence directors.
		3. Appointment of the Company's CEO.	Approved with no objection from all directors and independence directors with regard to appointing Mr. Alan Hwang as the CEO.
		4. Appointment of the CEO of Chin-Poon (Changshu) Electronics Co., Ltd., and appointment of the Company's Chief Sales Officer, Chief Technology Officer, Chief Finance Officer, Chief Accounting Officer, Internal Auditing Officer, IR Directors and Chief Information Officer.	Approved with no objection from all directors and independence directors.
Jul. 10, 2020	Fifth Meeting in 2020	1. Relevant Matters of the 2020 Cash Dividend Distribution such as the Ex-Dividend Date.	Approved with no objection from all directors and independence directors.
		2. Loan Renewal of US$ 7 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all directors and independence directors.
		3. Change of the Chairperson of Chin-Poon (Changshu) Electronics Co., Ltd., of the Chairperson of Chin-Poon Holdings Cayman Limited and of the Chairperson of Vega International Enterprise Co., Ltd.	Approved with no objection from all directors and independence directors.

Aug. 13, 2020	Sixth Meeting in 2020	1. Loan Renewal of US$ 8 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all directors and independence directors.
		2. Deliberation with regard to whether the Company's accounts receivable (including related parties and non-related parties) that are overdue for more than 3 months and have not been collected and are above materiality threshold in terms of their amount can be considered as non-financial loans.	Approved with no objection from all directors and independence directors.
		3. Renewal of the comprehensive credit line of NT$ 600 million (including the tariff endorsement guarantee of NT$15 million) from Taoyuan Branch of First Commercial Bank.	Approved with no objection from all directors and independence directors.
Nov. 12, 2020	Seventh Meeting in 2020	1. Amendment of the Operational Procedures for Acquisition and Disposal of Assets.	Approved with no objection from all directors and independence directors.
		2. Amendment of the Rules on the Division of Responsibility and the Architecture of Authority of the Company and of its Subsidiaries.	Approved with no objection from all directors and independence directors.
		3. Amendment of the Operational Procedures for Derivatives Transactions of Chin-Poon (Changshu) Electronics Co., Ltd..	Approved with no objection from all directors and independence directors.
		4. To comply with the laws and regulations of the competent authority and to strengthen internal control, the control measures in the " Operational Procedures for Investment" of Chin-Poon (Changshu) Electronics Co., Ltd. have been incorporated into its " Operational	Approved with no objection from all directors and independence directors.

		Procedures for Acquisition and Disposal of Assets ". It is proposed to abolish its " Operational Procedures for Investment".	
		5. Proposal of Operational Procedures Governing Major Investment Projects of Chin-Poon (Changshu) Electronics Co., Ltd. to be renamed as " Operational Procedures Governing New Product Development and Capital Expenditures" in order to comply with the laws and regulations of the competent authority and to meet business needs.	Approved with no objection from all directors and independence directors.
		6. Amendments of the Statutes of Association for Audit Committee.	Approved with no objection from all directors and independence directors.
		7. Amendments of Rules and Procedures for Board Meetings.	Approved with no objection from all directors and independence directors.
		8. Amendments of Operational Procedures on Self-Evaluation or Peer Evaluation of the Board of Directors.	Approved with no objection from all directors and independence directors.
		9. Loan Renewal of US$ 10 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all directors and independence directors.
		10. Approval of the 2021 Annual Audit Plan.	Approved with no objection from all directors and independence directors.
		11. Deliberation with regard to whether the Company's accounts receivable (including related parties and non-related parties) that are overdue for more than 3 months and have not been collected and are above materiality threshold in terms	Approved with no objection from all directors and independence directors.

		of their amount can be considered as non-financial loans.	
		12. The Company's Guarantee for the short-term credit line of US$ 20 million by Taishin International Bank for Chin-Poon Holdings Cayman Limited.	Approved with no objection from all directors and independence directors.
Jan. 18, 2021	First Meeting in 2021	1. Business Plan and Budget for 2021.	Approved with no objection from all directors and independence directors.
		2. Appointment and Independence Assessment of the Company's CPAs for 2021.	Approved with no objection from all directors and independence directors.
Mar. 19, 2021	Second Meeting in 2021	1. Business Report and Financial Statements for 2020.	Approved with no objection from all directors and independence directors.
		2. Proposal for Distribution of 2020 Profits and Retained Earnings.	Approved with no objection from all directors and independence directors.
		3. Proposal for the Compensation of Employees and the Remuneration of Directors of 2020.	Approved with no objection from all directors and independence directors.
		4. Statement on Effectiveness of the Design and Implementation of the Internal Control System in 2020.	Approved with no objection from all directors and independence directors.
		5. Amendment of the Operational Procedures for Derivatives Transactions of the Company and of Chin-Poon Holdings Cayman Limited.	Approved with no objection from all directors and independence directors.
		6. Matters related to the 2020 Annual Shareholders' Meeting.	Approved with no objection from all directors and independence directors.
		7. Matters related to Acceptance of Shareholders' Proposals.	Approved with no objection from all directors and independence directors.
		8. Directors & Officers Liability Insurance Policy.	Approved with no objection from all directors and independence directors.

		9. Appointment of Chief Corporate Governance Officer.	Approved with no objection from all directors and independence directors.

(2) In addition to the above matters, there are other resolutions on which an independent director objects to or expresses reservations and which have been recorded in the board meeting minutes or in a written statement.

Until the annual report was finished, there was no such resolution.

3.4.2.2 Directors' Avoidance of Resolutions with Conflicts of Interest: The Company shall state the name of the directors, the content of the proposals, the reasons for avoidance and the resolutions.

Date	Name	Proposal	Reason of Avoidance	Resolution
Mar. 20, 2020	Huang, Wei-Jin Lin, Pi-Chi Tseng-Liu, Yu-Chih Tung, Hsiao-Hung Lai, Hwei-Shan Tseng, Wen-Yu Chen, Hsiang-Sheng Chen, Shi-Shu Hsu, Sung-Tsai	Proposal for Remuneration of Directors	Each director avoided to participate in his/her own remuneration distribution case.	The directors at the meeting took turns to avoid the discussion of his/her own remuneration due to the principle of avoidance of interest.
Jul. 10, 2020	Huang, Wei-Jin Tseng-Liu, Yu-Chih	Change of the Chairperson of Chin-Poon (Changshu) Electronics Co., Ltd., of the Chairperson of Chin-Poon Holdings Cayman Limited and of the Chairperson of Vega International Enterprise Co., Ltd.	Mr. Huang was the chairperson then and Mrs. Tseng-Liu was going to be elected as the new chairperson.	Mr. Huang and Mrs. Tseng-Liu has avoided the resolution because of conflicts of interest. The resolution has been approved with no objection from all directors and independence directors.
Jul. 10, 2020	Huang, Wei-Jin Tseng-Liu, Yu-Chih	Proposal for Remuneration of Mrs. Tseng-Liu as the chairperson and of Mr. Huang as a director	Mr. Huang was the chairperson then and Mrs. Tseng-Liu was going to be elected as the new chairperson.	Mr. Huang and Mrs. Tseng-Liu has avoided the resolution because of conflicts of interest. The resolution has been approved with no objection from all directors and independence directors.

3.4.2.3 Performance Evaluations of the Board of Directors

Cycle (Note 1)	Period (Note 2)	Scope (Note 3)	Methods (Note 4)	Evaluation (Note 5)
One year	January 1, 2020 to December 31, 2020	the Board as a Whole	Self-Evaluation by the Board	participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors, internal control
		Individual Directors	Self-Evaluation by Directors	alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, internal control
		Each Functional Committee, including Audit Committee and Compensation Committee	Self-Evaluation by Directors	participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, composition of the functional committee and election of its members, internal control

Note 1: It is to fill in the execution cycle of the board performance evaluation, for example, once a year.
Note 2: It is to fill in the period of the board performance to be evaluated, for example, the performance of the board of directors from January 1, 2020 to December 31, 2020.
Note 3: The scope of the evaluation includes the performance evaluation on the board as a whole, on individual directors and on functional committees.
Note 4: Evaluation methods include the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.
Note 5: The evaluation includes at least the following items according to the scope:
(1) Performance evaluation on the board as a whole: at least include participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors, internal control, etc.
(2) Performance evaluation on individual directors: at least include alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, internal control, etc.
(3) Performance evaluation on functional committees: participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, composition of the functional committee and election of its members, internal control, etc.

3.4.2.4 Objectives of enhancing the functions of the board of directors in the current and most recent years (such as establishing an audit committee, improving information transparency, etc.) and its implementation: The Company has established an audit committee on June 22, 2017. And the governance of the board of meeting has been effective and excellent.

3.4.3 Operations of the Audit Committee

For the most recent year, the audit committee has held 7 meetings (A) And the attendance of independent directors as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Ratio of Attendance [B/A]	Remarks
Independent Director	Chen, Hsiang-Sheng	7	0	100	
Independent Director	Chen, Shi-Shu	7	0	100	
Independent Director	Hsu, Sung-Tsai	7	0	100	

3.4.4 Other Important Information on Operations of the Audit Committee

3.4.4.1 If one of the following circumstances occurs in the audit committee, the date, the period, the content of the proposals, the resolutions of the audit committee on them and the Company's response to their opinions shall be stated:

(1) Matters listed in Article 14-5 of Securities Exchange Act: The important resolutions of the audit committee are as follows:

Date	Meeting	Proposal	Resolution and Execution
Jan. 13, 2020	First Meeting in 2020	1. Appointment and Independence Assessment of the Company's CPAs for 2020.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
Mar. 20, 2020	Second Meeting in 2020	1. Business Report and Financial Statements for 2019.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		2. Proposal for Distribution of 2019 Profits and Retained Earnings.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.

		3. Statement on Effectiveness of the Design and Implementation of the Internal Control System in 2019.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		4. Amendment of the Articles of Incorporation of the Company.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		5. Amendment of the Operational Procedures for Acquisition and Disposal of Assets.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		6. Amendments of the Accounting System and Related Internal Control System.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		7. Proposal of Cash Capital Increase for Draco PCB Public Company Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		8. Abolishment of the Operational Procedures for Investment.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
May 13, 2020	Third Meeting in 2020	1. Loan Renewal of US$ 5 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		2. Shareholder Loan Application of US$ 8 Million to the Company by Draco PCB Public Company Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		3. The Company's Guarantee for the short-term credit line of US$ 16 million by ANZ for Draco PCB Public Company Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		4. Amendment of the Rules on the Division of Responsibility and the Architecture of Authority in the Company and its Subsidiary "Chin-Poon (Changshu) Electronics Co., Ltd.".	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.

		5. Proposal of Operational Procedures Governing Major Investment Projects to be renamed as " Operational Procedures Governing New Product Development and Capital Expenditures".	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		6. To establish Operational Procedures on Self-Evaluation or Peer Evaluation of the Board of Directors.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
Jun. 23, 2020	Fourth Meeting in 2020	1. Election of the Convener of Audit Committee.	Approved with no objection from all members of the audit committee with regard to electing Mr. Hsiang-Sheng Chen as the convener and the chairperson of Audit Committee.
Jul. 10, 2020	Fifth Meeting in 2020	1. Loan Renewal of US$ 7 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
Aug. 13, 2020	Sixth Meeting in 2020	1. Loan Renewal of US$ 8 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		2. Deliberation with regard to whether the Company's accounts receivable (including related parties and non-related parties) that are overdue for more than 3 months and have not been collected and are above materiality threshold in terms of their amount can be considered as non-financial loans.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		3. Renewal of the comprehensive credit line of NT$ 600 million (including the tariff endorsement guarantee of NT$15 million) from Taoyuan Branch of First Commercial Bank.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.

Nov. 12, 2020	Seventh Meeting in 2020	1. Amendment of the Operational Procedures for Acquisition and Disposal of Assets.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		2. Amendment of the Rules on the Division of Responsibility and the Architecture of Authority of the Company and of its Subsidiaries.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		3. Amendment of the Operational Procedures for Derivatives Transactions of Chin-Poon (Changshu) Electronics Co., Ltd..	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		4. To comply with the laws and regulations of the competent authority and to strengthen internal control, the control measures in the " Operational Procedures for Investment" of Chin-Poon (Changshu) Electronics Co., Ltd. have been incorporated into its " Operational Procedures for Acquisition and Disposal of Assets ". It is proposed to abolish its " Operational Procedures for Investment".	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		5. Proposal of Operational Procedures Governing Major Investment Projects of Chin-Poon (Changshu) Electronics Co., Ltd. to be renamed as " Operational Procedures Governing New Product Development and Capital Expenditures" in order to comply with the laws and regulations of the competent authority and to meet business needs.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		6. Amendments of the Statutes of Association for Audit Committee.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.

		7. Amendments of Rules and Procedures for Board Meetings.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		8. Amendments of Operational Procedures on Self-Evaluation or Peer Evaluation of the Board of Directors.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		9. Loan Renewal of US$ 10 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		10. Approval of the 2021 Annual Audit Plan.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		11. Deliberation with regard to whether the Company's accounts receivable (including related parties and non-related parties) that are overdue for more than 3 months and have not been collected and are above materiality threshold in terms of their amount can be considered as non-financial loans.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		12. The Company’s Guarantee for the short-term credit line of US$ 20 million by Taishin International Bank for Chin-Poon Holdings Cayman Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
Jan. 18, 2021	First Meeting in 2021	1. Appointment and Independence Assessment of the Company's CPAs’ for 2021.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
Mar. 19, 2021	Second Meeting in 2021	1. Business Report and Financial Statements for 2020.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		2. Proposal for Distribution of 2020 Profits and Retained Earnings.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.

		3. Statement on Effectiveness of the Design and Implementation of the Internal Control System in 2020.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		4. Amendment of the Operational Procedures for Derivatives Transactions of the Company and of Chin-Poon Holdings Cayman Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.

(2) In addition to the above matters, there are other resolutions which have not been approved by the audit committee, but approve by more than two thirds of the attending directors in the board of directors.

There was no such resolution.

3.4.4.2 Independent Directors' Avoidance of Resolutions with Conflicts of Interest: The Company shall state the name of the directors, the content of the proposals, the reasons for avoidance and the resolutions.

There was no such resolution.

3.4.4.3 Communication between independent directors and internal auditing officer and CPAs (including important topics on the Company's financial and business status, their methods of communication and the results):

Independent directors can talk with the internal auditing officer and CPAs at any time on topics such as the Company's finances and business status. They can also listen to various business reports of the management at the board of directors. Moreover, in the interview with the internal auditing officer and CFO, in addition to inquiring about the audit reports and the financial statements, they can also inquire about all the details of various daily operations.

3.4.5 The Differences between the Company's Implementation and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and their Reasons

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
1. Does the Company follow "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its code of practice for corporate governance?	V		The Company has established a code of practice for corporate governance and has been disclosed on the Company's website.	No difference.
2. Shareholding Composition & Shareholders' Rights (1) Does the Company have internal operational procedures for handling shareholders' suggestions, concerns, disputes and litigation matters and have these procedures being implemented accordingly? (2) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company built and executed a risk management system and firewall mechanism between the Company and its affiliates?	V		(1) The Company has a full-time office of stock affairs, and has stipulated its operational procedures to handle the matters on shareholders' suggestions, concerns, disputes and litigation matters. At the same time, the Company has appointed a professional stock service agency and capitalize on its expertise to properly handle such matters. Currently the Company has been dealing with those matters in accordance with the aforementioned procedures. (2) In addition to the shareholdings held by the directors, the Company is mainly held by institutional investors. And the institutional investors hold around 50% of the ownership. At present, the Company has a list of major shareholders and beneficial owners of these major shareholders. (3) In order to implement them, the Company has been dealing with those matters in accordance with "Procedures for Transactions between the Company and its Affiliates, Specified Persons and Related Parties", "Operational Procedures for Acquisition and Disposal of Assets", "Procedures for Supervising	(1) No difference. (2) No difference. (3) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?			Subsidiaries", "Internal Control System" and "Internal Audit System" and related laws and regulations. (4) The Company has established "Rules on Prohibiting Insider Trading" to prevent insiders from trading securities on undisclosed information.	(4) No difference。
3. Composition and Responsibilities of the Board of Directors (1) Has the Company established a diversification policy for the composition of its Board of Directors and had it implemented accordingly? (2) In addition to the Compensation Committee and the Audit Committee which are required by law, is the Company planning to set up other committees to facilitate the board of directors? (3) Has the Company established methodology for evaluating the performance of its Board of Directors and assessed its performance on an annual basis accordingly and reported the results of the performance evaluations to the Board of Directors and apply them to the remuneration of individual directors and the reference for nomination of next term? (4) Does the Company regularly evaluate its CPAs' independence?	V		(1) In order to have a comprehensive view, the board of directors has different expertise and gender, and has implemented this diversification policy. (2) The Company has established a compensation committee in accordance with laws and regulations, and the 2017 shareholders' meeting has established an audit committee. Other types of functional committees are being planned. (3) The Company has implemented the performance evaluation of the board of directors in 2020. (4) The Company has been assessing the independence of CPAs every year.	(1) No difference. (2) No difference. (3) No difference. (4) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
4. Has the Company been staffed with suitable and appropriate number of corporate governance personnel and appointed chief corporate governance officer in charge of corporate governance affairs (including but not limited to providing information required for directors and supervisors to execute their duties, assisting directors and supervisors to comply with laws and regulations, handling matters relating to board meetings and shareholders' meetings in accordance with laws and regulations, and making minutes of board meetings and shareholders' meetings, etc.)?	V		The Company has appointed chief corporate governance officer who is assisted by personnel from of CEO's Staff Office and form Stock Affairs. Their job includes but not limits providing information required for directors and supervisors to execute their business, assisting directors and supervisors to comply with laws and regulations, handling matters relating to board meetings and shareholders' meetings in accordance with laws and regulations, and making minutes of board meetings and shareholders' meetings, etc. The appointment of chief corporate governance officer is also being planned.	No difference.
5. Has the Company established communication channels with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its company website? Does the Company respond to stakeholders' concerns on important issues of corporate social responsibility?	V		The Company has established communication channels with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a Stakeholders Section on its company website. The Company also respond to stakeholders' concerns on important issues of corporate social responsibility appropriately.	No difference.
6. Has the Company appointed a professional stock service agency for handling its shareholders' meetings?	V		The Company has appointed a professional stock service agency for handling its Shareholders 'Meetings	No difference.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate	V		 (1) The Company has been released various financial and business information on the "Market Observation Post System", which is Taiwan official disclosure website for	 (1) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
governance status?			all listed companies in accordance with laws and regulations regularly and irregularly. The website of the Company is www.cppcb.com.tw.	
(2) Does the Company use other channels of information disclosure (e.g. maintaining an English website, designating a dedicated staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?			(2) Yes. The Company has a dedicated staff responsible for information collection and disclosure. Our website is established in three languages which are Chinese, English and Japanese. The spokesperson also communicates with institutional investors and individual investors on the business and operation of the Company on a regular basis.	(2) No difference.
(3) Does the Company announce its annual financial statements within two months after the end of the fiscal year, and announce its financial statements for the first, second and third quarters and its monthly revenue well in advance of the required deadline?			(3) Due to the characteristics of the industry, it is not easy to make early declarations, but all declarations are completed within the reporting period.	(3) No difference.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholders' rights, directors' continuous education and training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance policy for directors and supervisors)?	V		● The Company has established a continuous education and training system for directors and has implemented it. ● When the board of directors was held, most of the directors attended. ● The Company has established a code of practice for ethical corporate management. ● All departments of the Company have established their risk management policies and implemented them and have been improving their practice. ● The Company have got certification of ISO-9001, ISO-9002, ISO-14000, ISO-14001, QS-9000, TL-9000, TS-16949, AS 9100 Aerospace Quality Management	No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
			System and other quality certification. The items listed in these certifications and environmental policies promoted by the Company are implemented on the quality commitment and responsibility for customers. They are facilitating a positive interaction between the Company and our customers. ● There are few resolutions of the Company's board of directors which have conflicts of interest. If there is, the directors who have conflicts of interest will avoid voting in those resolutions.	
9. Please indicate the improvement for the result of Corporate Governance Evaluation announced by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the recent year, and propose priorities and measures for those who have not yet improved. ● For the absence of the English version of the annual report, which has not met the assessment criteria, we have corrected them in the 2019. ● For the absence of independent directors and the audit committee, we have corrected them in the 2017 shareholders' meeting. ● Regarding whether to prepare a corporate social responsibility report, we are assessing its impact on the industry's competitive situation because it involves exposing important information beyond the financials.				

3.4.6 Continuing Education and Training of Directors

Title	Name	Date	Education Center	Course	Hours
Independent Director	Chen, Shi-Shu	Sep. 22, 2020	Taiwan Institute of Directors	How to Implement Corporate Governance and Enhance Sustainable Development In this Rapidly Changing Environment	3
Independent Director	Chen, Shi-Shu	Sep. 30, 2020	Securities and Futures Institute	2020 Seminar on prevention of insider trading and law compliance of securities transactions for insiders of listed and unlisted public company	3
Director	Lai, Hwei-Shan	Sep. 22, 2020	Taiwan Institute of Directors	How to Implement Corporate Governance and Enhance Sustainable Development In this Rapidly Changing Environment	3
Director	Lai, Hwei-Shan	Oct. 22, 2020	Securities and Futures Institute	2020 Seminar on prevention of insider trading and law compliance of securities transactions for insiders of listed and unlisted public company	3
Director	Tseng, Wen-Yu	Sep. 18, 2020	Securities and Futures Institute	2020 Seminar on prevention of insider trading and law compliance of securities transactions for insiders of listed and unlisted public company	3
Director	Tseng, Wen-Yu	Sep. 22, 2020	Taiwan Institute of Directors	How to Implement Corporate Governance and Enhance Sustainable Development In this Rapidly Changing Environment	3
Director	Lin, Pi-Chi	Sep. 18, 2020	Securities and Futures Institute	2020 Seminar on prevention of insider trading and law compliance of securities transactions for insiders of listed and unlisted public company	3
Director	Lin, Pi-Chi	Sep. 22, 2020	Taiwan Institute of Directors	How to Implement Corporate Governance and Enhance Sustainable Development In this Rapidly Changing Environment	3
Independent Director	Hsu, Sung-Tsai	Sep. 22, 2020	Taiwan Institute of Directors	How to Implement Corporate Governance and Enhance Sustainable Development In this Rapidly Changing Environment	3
Independent Director	Hsu, Sung-Tsai	Oct. 14, 2020	Securities and Futures Institute	2020 Seminar on prevention of insider trading and law compliance of securities transactions for insiders of listed and unlisted public company	3

Director	Tung, Hsiao-Hung	Sep. 18, 2020	Securities and Futures Institute	2020 Seminar on prevention of insider trading and law compliance of securities transactions for insiders of listed and unlisted public company	3
Director	Tung, Hsiao-Hung	Sep. 22, 2020	Taiwan Institute of Directors	How to Implement Corporate Governance and Enhance Sustainable Development In this Rapidly Changing Environment	3
Director	Tseng-Liu, Yu-Chih	Sep. 18, 2020	Securities and Futures Institute	2020 Seminar on prevention of insider trading and law compliance of securities transactions for insiders of listed and unlisted public company	3
Director	Tseng-Liu, Yu-Chih	Sep. 22, 2020	Taiwan Institute of Directors	How to Implement Corporate Governance and Enhance Sustainable Development In this Rapidly Changing Environment	3
Director	Tseng-Liu, Yu-Chih	Oct. 23, 2020	Taiwan Stock Exchange	2020 Corporate Governance and Anti-corruption Seminar	3
Independent Director	Chen, Hsiang-Sheng	Sep. 11, 2020	Securities and Futures Institute	2020 Seminar on prevention of insider trading and law compliance of securities transactions for insiders of listed and unlisted public company	3
Independent Director	Chen, Hsiang-Sheng	Sep. 22, 2020	Taiwan Institute of Directors	How to Implement Corporate Governance and Enhance Sustainable Development In this Rapidly Changing Environment	3
Director	Huang, Wei-Jin	Sep. 22, 2020	Taiwan Institute of Directors	How to Implement Corporate Governance and Enhance Sustainable Development In this Rapidly Changing Environment	3
Director	Huang, Wei-Jin	Oct. 22, 2020	Securities and Futures Institute	2020 Seminar on prevention of insider trading and law compliance of securities transactions for insiders of listed and unlisted public company	3

3.4.7 Continuing Education and Training of Manages

Title	Name	Date	Education Center	Course	Hours
CFO	Rachel Lin	Aug. 17~18, 2020	Accounting Research and Development Foundation	Continuing education course for principal accounting officers of issuers, securities firms, and securities exchanges	12
Internal Auditing Officer	Candy Sung	Oct. 6, 2020	Accounting Research and Development Foundation	Seminar on Common Deficiencies in the Preparation of Financial Statements and Internal auditors' practice on compliance with laws and regulations	6
Internal Auditing Officer	Candy Sung	Oct. 19, 2020	Institute of Internal Auditors – Chinese Taiwan	Seminar on Policy analysis and on Internal Audit and Control Practices for Enterprises to Enhance their Ability to Prepare Financial Statements on their Own	6

3.4.8 If the Company has established a compensation committee, it shall disclose its composition, responsibilities and operation:

The compensation committee has been set.

3.4.8.1 Composition:

The compensation committee has three members who have one of the following professional qualifications, and has more than five years of work experience.

(1) Being a Certified Public Accountant or being a professional or technical specialist who has passed a national examination and been awarded a certificate.

(2) Having work experience in the areas of commerce, law, finance, accounting, or otherwise necessary for the business of the Company.

<u>Information on the Members of the Compensation Committee</u>

April 25, 2021

Title (note 1)	Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Compensation Committee Member
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who Has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Having Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Independent Director	Chen, Shi-Shu		V		V	V	V	V	V	V	V	V	V	V	0
Independent Director	Hsu, Sung-Tsai			V	V	V	V	V	V	V	V	V	V	V	0
Independent Director	Chen, Hsiang-Sheng			V	V	V	V	V	V	V	V	V	V	V	0

Note 1: For title, please identify whether the person is a director, independent director, or other.

Note 2: Please tick the boxes below each criterion if a member has passed these thresholds two years prior to being elected and during his/her term of service.

(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 affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, any of its subsidiaries, or any of its parent company’s subsidiaries, who is appointed as an independent director in some of the preceding entities at the same time in compliance with the laws and regulations.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in shareholding.

(4) Not a spouse, a relative within the second degree of kinship, or a lineal relative within the fifth degree of kinship, who is related to anyone of the managers in the first subparagraphs or to anyone of the persons in the preceding two subparagraphs.

(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or whose shareholding ranks in the top five or who has designated a natural person as its proxy to exercise, on its behalf, the duties of the Company's director in compliance with Paragraph I and Paragraph II of Article 27 of Company Act. Not applicable in cases where the person is an independent director of the Company, its parent company, any of its subsidiaries, or any of its parent company's subsidiaries, who is appointed as an independent director in the different entities at the same time in compliance with the laws and regulations.

(6) Not a director, supervisor, or employee of a company which is controlled by a person who holds more than 50 percent of the Company's directors or voting shares. Not applicable in cases where the person is an independent director of the Company, its parent company, any of its subsidiaries, or any of its parent company's subsidiaries, who is appointed as an independent director in some of the preceding entities at the same time in compliance with the laws and regulations.

(7) Not a director, supervisor, or employee of a company which is controlled by a person who is the Company's chairperson, CEO or his/her spouse. Not applicable in cases where the person is an independent director of the Company, its parent company, any of its subsidiaries, or any of its parent company's subsidiaries, who is appointed as an independent director in some of the preceding entities at the same time in compliance with the laws and regulations.

(8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. Not applicable in cases where the person is an independent director of the specified company or institution which holds more than 20% but less than 50% of the Company's outstanding shares and is also an independent director of the Company, its parent company, any of its subsidiaries, or any of its parent company's subsidiaries, who is appointed as an independent director in in some of the preceding entities at the same time in compliance with the laws and regulations.

(9) Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides auditing, commercial, legal, financial, accounting services or consultation, the accumulative expenditure for the services except auditing in the recent two years are less than NT$ 500,000, to the Company or to any affiliate of the Company, or a spouse thereof. Not applicable in cases where the person is a member of the compensation committee, the public tender offer review committee, or the special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations..

(10) There is no circumstance of Article 30 of the Company Act.

Note 3: If the member is a director, please indicate whether it meets the requirements of Article 6.5 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".

3.4.8.2 Responsibility:

The compensation committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors.

(1) To prescribe and periodically assess the policy, system, standards, and structure for reviewing the performance of directors, supervisors and managerial officers, and deciding their remuneration and compensation.

(2) To periodically evaluate and prescribe the remuneration and compensation of directors, supervisors, and managerial officers.

3.4.8.3 Information on the Operations of the Compensation Committee

(1) The Company has three members in the compensation committee.

(2) Term: from June 23, 2020 to June 22, 2023. The compensation committee has held 5 meetings (A) (2 meetings for former committee and 3 meetings for current committee) for the most recent fiscal year (2020). The attendance records of committee members are as followings:

<table>
<tr><th>Title</th><th>Name</th><th>Attendance in Person</th><th>Attendance by Proxy</th><th>Ratio of Attendance [B/A]</th><th>Remarks</th></tr>
<tr><td>Chairperson</td><td>Chen, Hsiang-Sheng</td><td>5</td><td>0</td><td>100</td><td></td></tr>
<tr><td>Member</td><td>Chen, Shi-Shu</td><td>5</td><td>0</td><td>100</td><td></td></tr>
<tr><td>Member</td><td>Hsu, Sung-Tsai</td><td>5</td><td>0</td><td>100</td><td></td></tr>
<tr><td colspan="6">Other Important Information:
1. If the Board of Directors does not adopt or amend the recommendations of the compensation committee, it shall state the date and period of the board of directors, the content of the proposal, the resolutions of the board of directors and the Company’s treatment of the opinions of the compensation committee (e.g. if the remuneration and compensation approved by the board of directors is better than those proposed by the compensation committee, the Company should state the difference and the reasons): None.
2. If members of the compensation committee have objections or reservations in the compensation committee's resolutions, which have been recorded in the minutes or in a written statement, the Company should state the date and period of the compensation committee meetings, the content of the proposals, the opinions of all members and the treatment of members' opinions: None.</td></tr>
</table>

3.4.9 Fulfillment of Social Responsibility: The Company’s systems and measures and implementation of environmental protection, community participation, social contribution, social services, social welfare, consumer rights, human rights, safety and health, and other social responsibility activities.

The Company’s core values extend to every aspect of the business, including commitment to employee benefits, commitment to society and the community, and commitment to the environment.

In promoting environmental protection and enhancing safety and health, the Company not only complies with the relevant domestic laws and regulations, but also meets requirements of internationally recognized standards. The Company’s policies of environmental protection and enhancement of safety and health include pollution prevention, effective usage of resources, prevention of accidents, promotion of employees’ safety and health, protection of company assets, and to provide a work environment that promotes the well-being of all employees and local communities.

3.4.9.1 Environmental Protection

All of the Company’s sites have been got certifications of the Environmental Management System (ISO 14001) as early as 1999, and certified as a Sony's Green Partner (Green Partner) in 2002. In order to reduce potential risks for environment, safety and health, the Company adheres to the spirit of continuous improvement and actively proposes and implements feasible improvement solutions for pollution prevention, energy and resource conservation and waste reduction.

In 2006, the European Union implemented the Restriction of Hazardous Substances (RoHS). The requirements for the management of hazardous substances in products are rather strict. However, the Company has been taking environmental protection as its responsibility in recent years and have adopted this directive already in 2004. The Company has been widely using environmentally friendly materials and lead-free processes since 2004.

Air and water pollution prevention and control: The Company’s factories are equipped with air and water pollution prevention equipment in accordance with regulatory emission standards. This kind of pollution prevention equipment also has designed a backup system including emergency power supply to ensure that if some equipment failure occurs during operation, the backup system can be used as a substitute to reduce the risk of abnormal pollutant discharge. The Company also incorporates all water pollution prevention and air pollution control equipment into the central monitoring system which is monitored by a 24-hour rotating staff to ensure the discharge quality of air and wastewater.

Water conservation: In order to effectively utilize the limited water resources in Taiwan, the Company’s factories are committed to improving the process water recovery rate by adjusting the water consumption of equipment and processes and improving the wastewater recovery system. In addition, the Company has been doing its best in reducing non-manufacturing water, such as reducing air conditioning water, using recycled water in sanitation facilities, controlling the water for external wall cleaning and landscape watering, and saving kitchen water.

Waste management and resource recycle: The Company set up a special unit to coordinate the waste management. In order to achieve sustainable use of resources and efficient waste management, the top priority is on waste reduction in manufacturing. And we also outsource waste recycling to professional companies and capitalize on their specialty on waste recycling. In order to truly grasp the flow of waste, the Company carefully selects companies of waste disposal and recycling and has an annual audit plan to confirm its license documents, on-site operation and driving route in order to ensure that all waste is properly disposed of or recycled properly to avoid secondary environmental pollution.

Other environmental protection plans: The Company has established an accounting system for environmental protection, which combines assessment tools of economic benefit with environmental management systems to assist each factory to calculate the cost saved by or profit created by environmental management programs. We are managing to promote environmental management programs while maximizing their economic benefits.

3.4.9.2 Safety and Health Management

The Company's safety and health management architecture adopt four-step management method of PDCA (plan–do–check–act) to achieve the goal of preventing accidents, promoting employee safety and health, and protecting company assets. In addition to its commitment to accident prevention, the Company also develops disaster emergency procedures to protect the lives of employees and contractors and the property and interests of the Company's investors in the event of a disaster and to avoid or reduce the impact of the disaster on society and on the environment. We have also acquired the certificate of ISO 45001 Occupational Health & Safety Management System.

Safety management can be divided into several categories. On the safety of manufacturing equipment, we mainly establish communication channel with equipment suppliers to enhance safety mechanism and to reduce the potential risks and follow the installation safety control procedures to control the installation risks in every stages of installation. On the safety of factory management, we not only focus on the regular work safety management, but also emphasize more on implementing stricter control of high-risk operation. On the seismic safety, we perform seismic assessment of buildings and enhance the earthquake-resistant capability of equipment to reduce earthquake losses. On the safety of equipment and facilities under control of IT and General Administration, we strengthen safety design planning and regular safety inspection. On health management, in addition to promoting general health improvement and occupational health management, we also prescribe the measures of epidemic prevention to reduce operational risks.

The Company's environmental, safety and health policies are committed to preventing accidents, promoting employee safety and health, protecting company assets, and creating a safe and comfortable working environment. The operation mode of the Company's safety and health management is as follows:

- The hardware safety of facilities used in the manufacturing, factory management, IT and general administration is in accordance with the laws and regulations and internal standards during the installation and expansion. In addition, the Company also establish and maintain checking system and procedures on approving the use of new machines and new materials, activating new machines, modifying safety rules, and implementing anti-seismic measures and other safety measures.

- Regular safety management, training and auditing: All regular reviews of environmental protection, safety and health are held monthly throughout the Company. The Company has adopted a variety of preventive measures, such as high-risk operations management, contractor management, chemical safety management, requirements on personal protective gears and safety audit management. In addition, the Company has prescribed a complete disaster response process and regularly practice its drills to minimize the loss of employees and company assets and the impact on social and the environmental in the event of disasters.
- Measurement of working environment: The Company regularly carries out physical and chemical measurement of the working environment to ensure the health of employees. Measurement items include noise, dust, free radiation, chemical exposure, etc. All measurement items must comply with the statutory requirements. Otherwise, improvement measures should be taken.
- Emergency response: An effective emergency response plan requires comprehensive thinking and continuous improvement and drills. The Company’s emergency response plan includes rapid response to accidents, disaster recovery, and establishment of contingency procedures for potential disasters. All of the Company’s factories hold drills of emergency response and evacuation every year to ensure that the Company minimizes disaster losses.
- Employee health promotion: The Company’s factories provide health care and assistance services, annual health examination and employee assistance programs.

3.4.10 Implementation of Corporate Social Responsibility

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
1. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies in accordance with the principle of materiality?	V		The Company has conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies in accordance with the principle of materiality.	No difference.
2. Does the Company have a dedicated CSR office run by senior management who is authorized by the board of directors and reports to the board of directors?	V		The Company has chief corporate governance officer and a dedicated CSR office in CEO's Staff Office, which is run by senior management who is authorized by the board of directors and reports to the board of directors, to promotes the corporate social responsibility. At the same time, the departments of human resources, general administration, procurement, equipment and utilities, factory management and other units implement the corporate social responsibility in the practical affairs under their scope of duties and responsibilities.	No difference.
3. Environmentally Sustainable Development (1) Has the Company established a suitable environmental management system based on its industrial characteristics? (2) Is the Company committed to improving the utilization efficiency of various resources and using renewable materials with low environmental	V		For details, please refer to “3.4.9.1 Environmental Protection” and “3.4.9.2 Safety and Health Management”.	(1) No difference. (2) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
impact? (3) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and take measures to address climate related issues? (4) Has the Company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies on energy conservation, carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?				(3) No difference. (4) No difference.
4. Promotion of Social Welfare (1) Does the Company set policies and procedures in compliance with relevant laws and regulations and International Bill of Human Rights? (2) Does the Company formulate and implement reasonable employee welfare system (including compensation, vacations, and other benefits), and appropriately reflect its operating performance or results in employee compensation? (3) Does the Company provide a safe and healthy working environment for employees and regularly implement safety and health education for employees? (4) Does the Company establish an effective career development training program for employees? (5) Does the Company comply with relevant	V		(1) For details, please refer to "5.5 Labor Relations". (2) For details, please refer to "5.5 Labor Relations". (3) For details, please refer to "3.4.9.2 Safety and Health Management" and "5.5 Labor Relations". (4) For details, please refer to "5.5 Labor Relations". (5) The customers of the Company are electronic	(1) No difference. (2) No difference. (3) No difference. (4) No difference。 (5) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
regulations and international standards on customer health and safety, customer privacy, marketing and labeling of its products and services, and has it formulated relevant policies and complaint procedures to protect consumer rights?			manufacturers, not consumers. The Company and its customers are partners in collaborative design and manufacturing, and both parties can fully communicate on all topics of their rights, products and services. The Company has been complying with relevant regulations and international standards for the marketing and labeling of products and services.	
(6) Does the Company have a supplier management policy requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or human rights in the workplace, and how is it implemented?			(6) The Company demands its suppliers to sign Supplier Honesty and Integrity Agreement before any business between both parties, and require suppliers to provide raw materials that meet environmental protection standards, and work together to enhance corporate social responsibility. the Company will pay attention to and evaluate its potential suppliers' track records on their environmental and social impact before doing any business with them. The Company's contracts with major suppliers does not include termination clauses for the condition that they violate CSR policy and cause significant environmental and social impact. However, all contracts with them include a breach clause. If the supplier involves a violation of its corporate social responsibility policy, and has a significant impact on the environment and society, it could be in a state of unstable supply. We will be able to use the	(6) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
			breach clause to terminate the contract with it at any time. In the future, we will add a termination clause combined with CSR policies in our new contracts with suppliers.	
5. Does the Company refer to international standards or guidelines for the preparation of corporate social responsibility reports and other reports that disclose non-financial information about the Company? Did you obtain a third-party certification agency's opinion on the previous report?	V		Planning is currently underway. The Company has not yet engaged a third-party certification agency to conduct the review.	No difference。
6. If the Company has established its code of practice for corporate social responsibility according to “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the policies and their implementation. The Company has established its own code of practice for corporate social responsibility according to “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and has implemented various corporate social responsibilities in accordance with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”. For details, please refer to “3.4.9.1 Environmental Protection”, "3.4.9.2 Safety and Health Management", "5.5 Labor Relations" and other sections.				
7. Other important information to facilitate better understanding of the Company’s implementation of corporate social responsibility: The Company has explained them in detail in the “3.4.9.1 Environmental Protection”, "3.4.9.2 Safety and Health Management", "5.5 Labor Relations" and other sections.				

3.4.11 Implementation of Ethical Corporate Management

The Company has established internal control system, internal auditing system, a code of practice for ethical corporate management and various procedures. And internal auditors and external professionals (CPAs) check their implementation on irregular basis. In addition, the Company has a company website for the public to understand the Company. The major financial and business information are properly disclosed for investors' review on the "Market Observation Post System", which is Taiwan official disclosure website for all listed companies. The implementation of corporate social responsibility is disclosed in our annual report and prospectus.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
1. Establishment of Ethical Corporate Management Policy and its Implementation Measures (1) Has the Company formulated the ethical corporate management policy that has been approved by the board of directors, and stated in the regulations and external documents the policies and practices of ethical corporate management? Do the board and senior management demonstrate their commitment to actively implement the ethical corporate management policy? (2) Has the Company established an assessment mechanism against unethical conduct to regularly analyzes and evaluates on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs to prevent them, which at least covers the preventive measures	V		(1) The Company has formulated the ethical corporate management policy that has been approved by the board of directors, and stated in the regulations and annual reports the policies and practices of ethical corporate management. And the board and senior management have demonstrated their commitment to actively implement the ethical corporate management policy as well. (2) The Company has clearly defined in its internal regulations that "the Company and its directors, managers, employees and substantial controllers shall not directly, or indirectly, provide, promise, request or accept any form of illegitimate interests in the execution of business, which include commissions, rebates,	(1) No difference. (2) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
stipulated in the second paragraph of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?			facilitating payment or other improper benefits through other means provided to or received from customers, agents, contractors, suppliers, public officials or other interested parties." And we have been implementing the concepts of employees' integrity and self-discipline in various operational procedures and training programs.	
(3) Does the Company clearly specify the operational procedures, code of conduct, a well-defined disciplinary and appeal system in the prevention programs to prevent unethical conduct, and effectively implement them, and regularly review their adequacy and effectiveness?			(3) The Company expressly prohibits the provision or acceptance of improper benefits and related measures for their violations in its internal regulations and operational procedures. And the Company reviews their adequacy and effectiveness on a regular basis.	(3) No difference.
2. Implementation of Ethical Corporate Management (1) Does the Company assess the integrity records of its counter parties with whom it has business relationship and include a clause of ethical conduct in their contracts? (2) Does the Company set up an office under the board of directors, which is dedicated to promoting the Company's ethical corporate management, and reports its policy, plans, supervision and implementation directly to the board of directors on a regular basis (at least once a year)?	V		(1) Before the Company signs a contract with other parties, it will conduct a credit review and will ask the other party to sign Supplier Honesty and Integrity Agreement. (2) Chief corporate governance officer and CEO's Staff Office is responsible for the amendment and implementation of relevant regulations and procedures of the Company, which are approved by the board of directors when they are amended. And the internal audit unit reports regularly (at least once a year) to the board of directors on its plans to prevent unethical conduct and oversee its implementation.	(1) No difference. (2) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
(3) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels and implement such policies properly?			(3) The Company's internal regulations and operational procedures clearly stipulate the terms on avoidance of conflict of interest. When employees encounter conflicts of interest in the execution of their business, they should report to their immediate supervisor.	(3) No difference.
(4) Has the Company established an effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct? Has the internal audit unit devised relevant audit plans by being based on the results of assessment of the risk of involvement in unethical conduct, and used it to examine accordingly the compliance with the prevention programs? Or has the internal audit unit instead of by itself engaged a certified public accountant to carry out the audit?			(4) The accounting system of the Company is based on Company Act, Securities Exchange Act, Business Entity Accounting Act, Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards and relevant laws and regulations, and take into consideration the Company's characteristics of business, organization and actual needs. The internal control system has been formulated according to " Regulations Governing Establishment of Internal Control Systems by Public Companies " and has been implemented. The Audit Office also regularly reviews the compliance of the accounting system and the internal control system, and tracks its corrections, and reports to the board of directors on a regular basis.	(4) No difference。
(5) Does the Company provide internal and external training programs on ethical corporate management on a regular basis?			(5) The Company has added the education and training program on ethical corporate management in regular education and training for all levels of managers.	(5) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
3. Implementation of Whistleblower System (1) Does the Company establish a whistleblower system and an incentive policy for whistleblowing, set up conveniently accessible whistleblowing channels, and assign a dedicated person for the whistleblowers to handle their reports? (2) Does the Company establish standard operational procedures for investigating the reports of the whistleblowers, follow-up measures to be taken after the completion of the investigation, and relevant confidentiality mechanisms? (3) Does the Company adopt proper measures to prevent whistleblowers from retaliation for their reports?	V		(1) The Company has stipulated a whistleblower system in its internal regulations and operational procedures, and has been educating employees to use it through the education and training programs. A conveniently accessible whistleblowing channels has been established. And we will assign a dedicated person for the whistleblowers to handle their reports to protect them. (2) The Company has not established the standard operational procedures for investigating the reports of the whistleblowers and ensuring such reports are handled in a confidential manner. However, the cases in recent years has been handled in a prudent manner by the senior executives to ensure the rights and interests of the whistleblowers. (3) The Company will take appropriate measures to protect the whistleblowers from improper treatment due to their reports. However, the Company will also conduct cautious investigations to protect the accused from improper or incorrect accusation.	(1) No difference. (2) No difference. (3) No difference.
4. Enhanced Information Disclosure Does the Company disclose its code of practice for ethical corporate management as well as information about	V		The Company has disclosed internal regulations and operational procedures on the Company's	No difference.

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>implementation of such code of practice on its website and on the “Market Observation Post System”, which is Taiwan official disclosure website for all listed companies?</td><td></td><td></td><td>website. The Company has set up a stakeholders’ area on the Company’s website and on the “Market Observation Post System”, which is Taiwan official disclosure website for all listed companies. And we have been responding appropriately to stakeholders’ concern and important issues of ethical corporate management.</td><td></td></tr>
<tr><td colspan="5">5. If the Company has established its code of practice for ethical corporate management according to “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the policies and their implementation.

No difference.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate better understanding on implementation of the Company’s ethical corporate management (e.g., review the Company’s code of practice for ethical corporate management and etc.).

The Company has been commission KPMG to audit and verify the Company’s financial statements and to disclose various financial and business information on the “Market Observation Post System”, which is Taiwan official disclosure website for all listed companies and the Company’s website to enhance operational transparency.</td></tr>
</table>

3.4.12 For the Company’s code of practice for corporate governance and related regulations

Please refer to our website: www.cppcb.com.tw

3.4.13 For other important information that can enhance the understanding of the implementation of corporate governance

Please refer to our website: www.cppcb.com.tw

3.4.14 Implementation status of internal control system:

(1) Statement on Internal Control System: Appendix 1.

(2) If the Company has commissioned CPAs to review the internal control system, it should disclose their review report: None.

3.4.15 The events in which the Company and its employees were punished according to law and the disciplinary actions the Company has put on its employees for violating the internal control system in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, where the result of such punishment and disciplinary actions could have a material effect on shareholder equity or securities prices, the major wrongdoings and their corrections: None.

3.4.16 Important resolutions of the shareholders' meeting and the board of directors in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

3.4.17 Directors’ or supervisors’ different opinions on the important resolutions of the board of directors, which have been recorded in the board meeting minutes or in a written statement, in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report and their key points: None.

3.4.18 Summary of the resignation or dismissal of the Company's chairperson, CEO, chief accounting officer, CFO, internal auditing officer and executives in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Table of the Resignation or Dismissal of the Company's Key Persons

March 31, 2021

Title	Name	Date of Appointment	Date of Resignation or Dismissal	Reason for Resignation or Dismissal
Chairperson	Huang, Wei-Jin	September 12, 2003	June 23, 2020	Retirement

Note: The Company's key persons refer to the chairperson, CEO, chief accounting officer, CFO, internal auditing officer and executives in R&D.

Table of the Resignation or Dismissal of the Persons Involved In Financial Reporting

March 31, 2021

Title	Name	Date of Appointment	Date of Resignation or Dismissal	Reason for Resignation or Dismissal
Chairperson	Huang, Wei-Jin	September 12, 2003	June 23, 2020	Retirement

Note: The persons involved in financial reporting refer to the chairperson, CEO, chief accounting officer and internal auditing officer.

3.5 Information on the Company's Audit Fees

3.5.1 Information on Audit Fee

Accounting Firm	Name of CPA		CPAs' Audit Period	Remarks
KPMG Taiwan	Lily Lu	Victor Wang	Jan. 1, 2020 ~ Dec. 31, 2020	

Unit: NT$ thousand

Fee range \ Fee items		Audit Fee	Non-audit Fee	Total
1	Less than 2,000 thousand		0	0
2	2,000 thousand (inclusive) ~ 4,000 thousand			
3	4,000 thousand (inclusive) ~ 6,000 thousand	5,050		5,050
4	6,000 thousand (inclusive) ~ 8,000 thousand			
5	8,000 thousand (inclusive) ~ 10,000 thousand			
6	Over 10,000 thousand (inclusive)			

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					CPAs' Audit Period	Remarks
			System design	Company Registration	Human resources	Others	Sum		
KPMG Taiwan	Lily Lu Victor Wang	5,050					0	Jan. 1, 2020 ~ Dec. 31, 2020	

3.5.2 State if non-audit fees are more than 25% of the audit fee: None.

3.5.3 State if the Company has replaced the accounting firm and if the audit fee paid in the year after the replacement is less than that in the year before the replacement: No replacement.

3.5.4 State if the audit fee is reduced by more than 15% compared with that in the previous year: None.

3.6 Information on the Change of CPAs

3.6.1 Former CPAs

<table>
<tr><td>Date of Change</td><td colspan="3">March 22, 2017</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="3">Personnel changes in KPMG</td></tr>
<tr><td rowspan="3">State if the appointment is terminated or rejected by the consignor or CPAs.</td><td>Party / Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td>The engagement terminated by which party</td><td>V</td><td></td></tr>
<tr><td>The engagement rejected by which party</td><td></td><td></td></tr>
<tr><td>The opinions other than unqualified opinion issued in the last two years and the reasons for the said opinions.</td><td colspan="3">None</td></tr>
<tr><td rowspan="7">State if there was any different opinion between CPAs and the issuer.</td><td rowspan="5">Yes</td><td></td><td>Accounting Principle or Practice</td></tr>
<tr><td></td><td>Disclosure of Financial Statements</td></tr>
<tr><td></td><td>Auditing Scope or Procedures</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>No</td><td colspan="2">V</td></tr>
<tr><td colspan="3">Explanation</td></tr>
<tr><td>Supplementary Disclosure (Disclosures specified in Article 10.6.1.4 ~ 10.6.1.7 of “Regulations Governing Information to be Published in Annual Reports of Public Companies”)</td><td colspan="3">None</td></tr>
</table>

3.6.2 Successor CPAs

Accounting Firm	KPMG
CPA	CPA Lily Lu and CPA Victor Wang
Date of Engagement	March 22, 2017
State if there was any consultation with the newly engaged CPAs, prior to the formal engagement with them, regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the Company's financial statements.	None
The successor CPAs' written opinions that are different from the former CPAs' opinions	None

3.6.3 Former CPAs' reply letter specified in Article 10.5.1 and 10.5.2.3 of "Regulations Governing Information to be Published in Annual Reports of Public Companies": None.

3.7 Where the Company's chairperson, CEO, or any managerial officer in charge of finance or accounting has in the most recent year held a position at the accounting firm of its CPAs or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed. The term "affiliated enterprise of a CPA's accounting firm" means one in which CPAs at the accounting firm of the Company's CPAs hold more than 50 percent of the shares, or of which such CPAs hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the said accounting firm: None.

3.8 Changes in shareholding of directors, managers and major shareholders with 10% shareholdings or more in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

3.8.1 Net Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2020		Jan. 1, 2021 ~ Apr. 25, 2021	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairperson	Tseng-Liu, Yu-Chih				
Director	Tung, Hsiao-Hung		700,000		
Director	Lin, Pi-Chi	(216,000)		(108,000)	
Director	Huang, Wei-Jin	(1,000,000)		(1,000,000)	
Director	Lai, Hwei-Shan				
Director	Tseng, Wen-Yu				
Independent Director	Chen, Hsiang-Sheng	(18,000)			
Independent Director	Chen, Shi-Shu				
Independent Director	Hsu, Sung-Tsai				
CEO	Alan Hwang				
CEO in China	Charlie Tseng				
VP	Catherine Hsing				
VP	Rachel Lin				
VP	Jack Lin				
AVP	Phil Su				
Internal Auditing Officer	Candy Sung				
Chief Corporate Governance Officer	Yu-Chiao Huang				

3.8.2 Stock Trade with Related Parties: None.

3.8.3 Stock Pledge with Related Parties: None.

3.9 Related Parties among our Top 10 Shareholders

April 25, 2021

Name (Note 1)	Current Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Name and Relationship between Shareholders (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Fubon Life Insurance Co., Ltd. (its representative: Richard M. Tsai)	26,499,000	6.67							
Huang, Wei-Jin	11,238,409	2.83	2,642	0.00					
HSBC in custody for Global Emerging Markets Customized Equity of Eastspring Investments	10,965,000	2.76							
Cathay United Bank (its representative: Andrew Ming-Jian Kuo)	10,134,000	2.55							
Tseng-Liu, Yu-Chih	9,603,279	2.42	1,372,422	0.35					
Lin, Pi-Chi	7,462,649	1.88	2,591,839	0.65					
Tung, Hsiao-Hung	6,308,043	1.59							
Lai, Hwei-Shan	6,283,114	1.58							
Tseng, Wen-Yu	5,546,357	1.40	183,630	0.05					
JPMorgan Chase Bank in custody for Vanguard Emerging Markets Stock Index Fund	4,806,890	1.21							

Note 1: The top 10 shareholders should be listed (If one of them is an institutional shareholder, the name of the institutional shareholder and its representative should be listed simultaneously).

Note 2: The total of the shareholding of a shareholders, his/her spouse and minor children and other shareholders by nominee arrangement shall be used in the calculation of the shareholding ratio of a shareholder.

Note 3: The relationship among the shareholders listed in the above table, including shareholders and institutional shareholders, should be disclosed.

3.10 The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the Company

March 31, 2021

Unit: Shares; %

Investee (Note1)	Ownership by the Company (A)		Ownership by Directors, Managers and Directly/Indirectly Owned Subsidiaries (B)		Total Ownership (A) + (B)	
	Shares	%	Shares	%	Shares	%
Vega International Enterprise Co.,LTD	131,242,925	100%			131,242,925	100%
Chin Poon Holdings Cayman Limited			92,354,035 (Note1)	100%	92,354,035	100%
Chin-Poon (Changshu) Electronics Co., Ltd			120,000,000 (Note1)	100%	120,000,000	100%
Draco PCB Public Co. Ltd	538,481,355	99.73%			538,481,355	99.73%

Note 1: The following are investees indirectly owned by the Company:
Chin Poon Holdings Cayman Limited has a share capital of US$ 92,354,035.
Chin-Poon (Changshu) Electronics Co., Ltd has a share capital of US$ 120,000,000.

4. Information on Shares

4.1 Capital and Shares

4.1.1 Source of Share Capital (up to the date of publication of the annual report)

Unit: Shares; NT$

Year/ Month	Par Value (NT$)	Authorized Share Capital		Share Capital		Remark					
						Source of Share Capital				Payment for Shares by Assets Other than Cash	Other (Note 3)
		Shares	Amount	Shares	Amount	Cash	Retained Earnings	Capital Surplus	Conversion of Convertible Bonds		
1996/8	10	70,000,000	700,000,000	61,050,000	610,500,000	-	33,300,000	22,200,000	0	0	0
1997/8	10	170,000,000	1,700,000,000	96,312,500	963,125,000	200,000,000	152,625,000	-	0	0	0
1998/8	10	170,000,000	1,700,000,000	145,206,250	1,452,062,500	200,000,000	192,625,000	96,312,500	0	0	0
1999/8	10	260,000,000	2,600,000,000	174,247,500	1,742,475,000	-	145,206,250	145,206,250	0	0	0
2000/8	10	260,000,000	2,600,000,000	200,384,625	2,003,846,250	-	87,123,750	174,247,500	0	0	0
2001/7	10	300,000,000	3,000,000,000	232,372,201	2,323,722,010	-	119,491,140	200,384,620	0	0	0
2002/8	10	380,000,000	3,800,000,000	271,242,921	2,712,429,210	-	156,335,000	232,372,200	0	0	0
2003/1	10	380,000,000	3,800,000,000	274,852,991	2,748,529,910	-	-	-	36,100,700	0	0
2003/7	10	380,000,000	3,800,000,000	305,027,493	3,050,274,930	-	95,605,280	206,139,740	0	0	0
2003/10	10	380,000,000	3,800,000,000	305,049,232	3,050,492,320	-	-	-	217,390	0	0
2004/1	10	380,000,000	3,800,000,000	305,099,231	3,050,992,310	-	-	-	499,990	0	0
2004/5	10	380,000,000	3,800,000,000	305,462,867	3,054,628,670	-	-	-	3,636,360	0	0
2004/9	10	450,000,000	4,500,000,000	330,553,310	3,305,533,100	-	22,080,010	228,824,420	-	0	0
2004/10	10	450,000,000	4,500,000,000	331,326,703	3,313,267,030	-	-	-	7,733,930	0	0
2005/6	10	450,000,000	4,500,000,000	348,969,211	3,489,692,110	-	43,894,400	132,530,680	-		
2005/12	10	450,000,000	4,500,000,000	330,490,346	3,304,903,460	-	-	-	-	0	(184,788,650)
2005/12	10	450,000,000	4,500,000,000	332,542,147	3,325,421,470	-	-	-	20,518,010	0	0
2006/4	10	450,000,000	4,500,000,000	343,194,943	3,431,949,430	-	-	-	106,527,960	0	0
2006/7	10	450,000,000	4,500,000,000	343,785,610	3,437,856,100	-	-	-	5,906,670	0	0
2006/10	10	450,000,000	4,500,000,000	348,246,806	3,482,468,060	-	-	-	44,611,960	0	0
2007/5	10	450,000,000	4,500,000,000	382,884,998	3,828,849,980	-	-	-	346,381,920	0	0
2007/7	10	450,000,000	4,500,000,000	409,237,088	4,092,370,880	-	-	-	263,520,900	0	0

2007/10	10	450,000,000	4,500,000,000	412,764,322	4,127,643,220	-	-	-	35,272,340	0	0
2008/9	10	450,000,000	4,500,000,000	406,079,322	4,060,793,220	-	-	-	-	0	(66,850,000)
2008/12	10	450,000,000	4,500,000,000	397,579,322	3,975,793,220	-	-	-	-	0	(85,000,000)
2009/9	10	450,000,000	4,500,000,000	397,976,420	3,979,764,200	-	3,970,980	-	-	0	0
2009/11	10	450,000,000	4,500,000,000	397,495,420	3,974,954,200	-	-	-	-	0	(4,810,000)

Note 1: The Company's share capital in 1995 was NT$ 555,000,000.

Note 2: The Company's previous fundraisings were approved according to the following letter: 85.07.02 (85) Taiwan Finance and Securities (1) Letter No. 41277, 86.05.30 (86) Taiwan Finance and Securities (1) Letter No. 39311, 87.05.21 (87) Taiwan Finance and Securities (1) Letter No. 39137, 87.05.27 (87) Taiwan Finance and Securities (1) Letter No. 46114, 88.07.07 (88) Taiwan Finance and Securities (1) Letter No. 61438, 89.06.15 (89) Taiwan Finance and Securities (1) Letter No. 51185, 90.05.17 (90) Taiwan Finance and Securities (1) Letter No. 130493, 91.06.12 (90) Taiwan Finance and Securities (1) Letter No. 0910131911, 92.01.27 Taiwan Securities Upward Letter No. 0920001822, 92.07.01 Taiwan Finance and Securities (1) Letter No. 0920129138, 92.10.27 Taiwan Securities Upward Letter No. 0920027311, 93.2.3 Taiwan Securities Upward Letter No. 0930001797, 93.5.14 Taiwan Securities Upward Letter No. 0930012041, 93.07.6 Securities and Futures (1) Letter No. 0930129618, 93.10.28 Taiwan Securities Upward Letter No. 0930027762, 94.6.9 FSC Securities (1) Letter No. 0940123159, 94.12.08 Taiwan Securities Upward Letter No. 09400349981, 95.2.6 Taiwan Securities Upward Letter No. 0950002547, 95.4.27 Taiwan Securities Upward Letter No. 0950008649, 95.7.27 Taiwan Securities Upward Letter No. 09500197291, 95.10.26 Taiwan Securities Upward Letter No. 09500282201, 96.05.14 Taiwan Securities Upward Letter No. 0960011571, 96.08.06 Taiwan Securities Upward Letter No. 09000623231, 96.10.24 Taiwan Securities Upward Letter No. 9630015051, 97.9.23 Taiwan Securities Upward Letter No. 09900286131, 98.1.7 Taiwan Securities Upward Letter No. 09800000241, 98.7.2 FSC Securities Letter No. 0980032975 and 98.11.25 Taiwan Securities Upward Letter No. 09800300791.

Note 3: Other in December 2005 was the retired treasury stocks of 11,602,000 shares bought back by the Company and of 6,876,865 shares acquired through the merger with Shunhong Co., Ltd. Others in September of 2008, December of 2008 and November of 2009 were the retired treasury stocks bought back by the Company.

April 25, 2021
Unit: share

Type of Stock	Authorized Share Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common Stock	397,495,420	52,504,580	450,000,000	Listed

4.1.2 Composition of Shareholders

April 25, 2021

Type of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	1	3	102	37,988	152	38,246
Shareholding	763,000	40,533,000	26,474,979	256,067,358	73,657,083	397,495,420
Holding Percentage (%)	0.19%	10.20%	6.66%	64.42%	18.53%	100.00%

4.1.3 Distribution Profile of Ownership

Par Value NT$ 10

April 25, 2021

Ownership of a Single Shareholder (Unit: Share)	Number of Shareholders	Subtotal Ownership	Subtotal Ownership (%)
1 ~ 999	11,238	1,362,547	0.34%
1,000 ~ 5,000	20,410	43,393,756	10.92%
5,001 ~ 10,000	3,391	27,116,857	6.82%
10,001 ~ 15,000	1,000	12,699,335	3.19%
15,001 ~ 20,000	680	12,676,580	3.19%
20,001 ~ 30,000	547	14,161,603	3.56%
30,001 ~ 40,000	236	8,507,331	2.14%
40,001 ~ 50,000	149	6,987,365	1.76%
50,001 ~ 100,000	308	21,738,568	5.47%
100,001 ~ 200,000	132	19,474,553	4.90%
200,001 ~ 400,000	58	16,170,503	4.07%
400,001 ~ 600,000	22	11,013,127	2.77%
600,001 ~ 800,000	21	14,963,325	3.76%
800,001 ~ 1,000,000	9	7,967,121	2.00%
1,000,001 and more	45	179,262,849	45.10%
Total	38,246	397,495,420	100.00%

4.1.4 Major Shareholders

April 25, 2021
Unit: share

Shares / Shareholders	Total Shares Owned	Shareholding (%)
Fubon Life Insurance Co., Ltd. (its representative: Richard M. Tsai)	26,499,000	6.67
Huang, Wei-Jin	11,238,409	2.83
HSBC in custody for Global Emerging Markets Customized Equity of Eastspring Investments	10,965,000	2.76
Cathay United Bank (its representative: Andrew Ming-Jian Kuo)	10,134,000	2.55
Tseng-Liu, Yu-Chih	9,603,279	2.42
Lin, Pi-Chi	7,462,649	1.88
Tung, Hsiao-Hung	6,308,043	1.59
Lai, Hwei-Shan	6,283,114	1.58
Tseng, Wen-Yu	5,546,357	1.40
JPMorgan Chase Bank in custody for Vanguard Emerging Markets Stock Index Fund	4,806,890	1.21

4.1.5 Market Price, Net Worth, Earnings, and Dividends Per Common Share in the Most Recent Two Years

Item	Year		2019	2020	Jan. 1, 2021 ~ Dec. 31, 2021 (Note 8)
Market Price Per Share (Note 1)	Highest Market Price		43.80	34.50	40.45
	Lowest Market Price		29.70	18.70	31.80
	Average Market Price		34.63	27.40	35.86
Net Worth Per Share (Note 2)	Before Distribution		39.59	38.50	38.34
	After Distribution		39.59	(Note 2)	(Note 2)
Earnings Per Share	Weighted Average Shares (thousand shares)		397,495	397,495	397,495
	Earnings Per Share (Note 3)		1.66	0.12	-0.14
Dividends Per Share	Cash Dividends		1.00	(Note 2)	(Note 2)
	Stock Dividend	From retained earnings	0	(Note 2)	(Note 2)
		From capital surplus	0	(Note 2)	(Note 2)
	Accumulated Undistributed Dividend (Note 4)		0	0	0
Return on Investment	Price/Earnings Ratio (Note 5)		20.86	228.33	-64.04
	Price/Dividend Ratio (Note 6)		34.63	(Note 2)	(Note 2)
	Cash Dividend Yield (Note 7)		2.89	(Note 2)	(Note 2)

Note 1: The highest and lowest market prices of common stocks for each year are listed, and the average market price for each year is calculated based on the market price and trade volume of each year.

Note 2: The number of shares that have been issued at the end of the year and the profit distribution approved by the shareholders' meeting next year are used in the calculation.

Note 3: If there is a diluting adjustment due to stock dividend, the earnings per share and the diluted earnings per share should be listed.

Note 4: If there are any term in issuance of equity securities, which allows the Company to hold payment of dividend until the year when there is profit, the Company should separately disclose the accumulated undistributed accrued dividend up to the end of the year.

Note 5: Price/Earnings Ratio = Average Market Price / Earnings Per Share

Note 6: Price/Dividend Ratio = Average Market Price / Cash Dividend Per Share

Note 7: Cash Dividend Yield = Cash Dividend Per Share / Average Market Price

Note 8: The book value per share and earnings per share in the latest quarterly reviewed financial statements in the current year should be presented. The information in the other fields should have the data in the current year until the date of publication of the annual report.

4.1.6 Dividend Policy and Distribution of Earnings

4.1.6.1 Dividend Policy in the Company's Articles of Incorporation

The Company's Articles of Incorporation before 2015 has stipulated as follows:

Should there be any remaining earnings after making the final settlement of account every year, after allocating for tax payments according to law, they shall first be used to cover losses for preceding years, and then setting aside 10% for legal reserve. However, when the cumulative legal reserve has reached the amount of paid-in capital, no more legal reserve shall be allocated. Should there still be remaining earnings, the allocation of a special reserve may be considered or they shall simply be retained. Among the rest of the remaining earnings, the total remunerations for directors and supervisors shall range from 0.5% to 5%, and the bonus to employees shall range from 2% to 10%, and the dividends or bonuses to shareholders shall range from 20% to 80%; the rest is unallocated remaining earnings. The specific part of remaining earnings, which is transferred back from special earnings reserve after the purpose of setting aside special earnings reserve has been satisfied or the cause of setting aside special earnings reserve has been ruled out, is allowed to be distributed as dividends or bonuses. If shareholders are not allotted with stock dividends, the employees shall not be allotted with stock bonus. The employees for bonus distribution shall include qualified employees of subsidiary companies, and the bonus distribution plan for these employees shall be decided by the board of directors.

According to Company Act amended in May 2015, the compensation for employees and the remuneration of directors are not in the category of the profit distribution approved by the shareholders' meeting. The Company has amended its Articles of Incorporation, which was approved by the shareholders' meeting on June 14, 2016, to comply with the newly amended Company Act. The amended articles in its Articles of Incorporation are as follows:

Article 25 " When the Company makes profits in a year, 2%~10% of the yearly profits shall be allocated for employee bonuses, and not more than 3% of the yearly profits for the remuneration of directors. However, when the Company has accumulated losses, the profit shall be used to cover the accumulated losses beforehand. The employees for bonus distribution shall include qualified employees of subsidiary companies."

Article 26 " Should there be any remaining earnings after making the final settlement of account every year and after allocating for tax payments according to laws, they shall first be used to cover accumulated losses, and then setting aside 10% for legal reserve. However, when the cumulative legal reserve has reached the amount of paid-in capital, no more legal reserve shall be allocated. Should there still be remaining earnings, a special reserve can be allocated because of operational consideration and regulatory imperatives. Among the rest of the remaining earnings of the yearly profits, the dividends or bonuses to shareholders shall range from 20% to 80%, The rest is unallocated remaining earnings and will be added to the remaining earnings of previous years. The board can make a proposal of distributing those remaining earnings for the Shareholders' Meeting to approve."

The distribution ratio of cash dividends in the Company's Articles of Incorporation is also clearly defined as follows:

" The dividend policy shall take into consideration the actual business environment and stage of business growth. The board of directors shall prepare and submit the specific distribution plans for implementation after approval by the Shareholders' Meeting, in view of future fund needs and the financial plans under the optimal principle of cash dividend and stock dividend. The cash dividend shall not be less than 20% of the total current-time Distribution, and shall not be less than 50% of the total current-time Distribution if the Company can acquire enough external financing. The actual distribution amount, category and proportions of the earnings shall be decided and adjusted per actual profitability and capital status and be resolved by the Shareholders' Meeting."

4.1.6.2 Proposal for Distribution of 2019 Profits and Retained earnings

Cash Dividend:
It is proposed to allocate NT$ 198,747,710 from the 2020 profits and the retained earnings and to distribute a cash dividend of NT$ 0.50 per share to the shareholders. The total amount of cash dividend is NT$ 198,747,710.

4.1.7 Impact on Business Performance and EPS Resulting from the Proposal for Stock Dividend

Not applicable.

4.1.8 Compensation for Employees and Remuneration for Directors and Supervisors

4.1.8.1 The Percentage and range of Compensation for Employees and of Remuneration for Directors and Supervisors

The Company's Articles of Incorporation before 2015 has stipulated as follows:

> Should there be any remaining earnings after making the final settlement of account every year, after allocating for tax payments according to law, they shall first be used to cover losses for preceding years, and then setting aside 10% for legal reserve. However, when the cumulative legal reserve has reached the amount of paid-in capital, no more legal reserve shall be allocated. Should there still be remaining earnings, the allocation of a special reserve may be considered or they shall simply be retained. Among the rest of the remaining earnings, the total remunerations for directors and supervisors shall range from 0.5% to 5%, and the bonus to employees shall range from 2% to 10%, and the dividends or bonuses to shareholders shall range from 20% to 80%; the rest is unallocated remaining earnings. The specific part of remaining earnings, which is transferred back from special earnings reserve after the purpose of setting aside special earnings reserve has been satisfied or the cause of setting aside special earnings reserve has been ruled out, is allowed to be distributed as dividends or bonuses. If shareholders are not allotted with stock dividends, the employees shall not be allotted with stock bonus. The employees for bonus distribution shall include qualified employees of subsidiary companies, and the bonus distribution plan for these employees shall be decided by the board of directors.

According to Company Act amended in May 2015, the compensation for employees and the remuneration of directors are not in the category of the profit distribution approved by the shareholders' meeting. The Company has amended its Articles of Incorporation, which was approved by the shareholders' meeting on June 14, 2016, to comply with the newly amended Company Act. The amended articles in its Articles of Incorporation are as follows:

Article 25 " When the Company makes profits in a year, 2%~10% of the yearly profits shall be allocated for employee bonuses, and not more than 3% of the yearly profits for the remuneration of directors. However, when the Company has accumulated losses, the profit shall be used to cover the accumulated losses beforehand. The employees for bonus distribution shall include qualified employees of subsidiary companies."

Article 26 " Should there be any remaining earnings after making the final settlement of account every year and after allocating for tax payments according to laws, they shall first be used to cover accumulated losses, and then setting aside 10% for legal reserve. However, when the cumulative legal reserve has reached the amount of paid-in capital, no more legal reserve shall be allocated. Should there still be remaining earnings, a special reserve can be allocated because of operational consideration and regulatory imperatives. Among the rest of the remaining earnings of the yearly profits, the dividends or bonuses to shareholders shall range from 20% to 80%, The rest is unallocated remaining earnings and will be added to the remaining earnings of previous years. The board can make a proposal of distributing those remaining earnings for the Shareholders' Meeting to approve."

4.1.8.2 The basis for accruing the compensation for employees and the remuneration for directors and supervisors in the current period and the accounting for handling the difference between the amount of actual payment, which include the estimated value for employees' stock bonus and the payment of cash bonus, and the accrued amount of employees' compensation:

(1) The basis for accruing the compensation for employees and the remuneration for directors and supervisors:

It is in accordance with the Company's Articles of Incorporation.

(2) The accounting for handling the difference between the amount of actual payment, which include the estimated value for employees' stock bonus and the payment of cash bonus, and the accrued amount of employees' compensation:

There is no employees' stock bonus for this period and no difference between the amount of actual payment and the accrued amount of employees' compensation.

4.1.8.3 Resolution of Employees' Compensation and Directors' Remuneration Approved by the Board of Directors

(1) If the amount of employees' compensation and directors' remuneration in cash or in stock is different from the accrued amount of them, the difference, its reason and the accounting of handling it should be disclosed:

The proposed amount of the compensation of employees in cash is NT$ 0 and the proposed amount of the remuneration of directors in cash is NT$ 0. There are no differences between the amount proposed by the board of directors and the amount of expense for the compensation and the remuneration accrued in the 2019 financial statements of the Company.

(2) The proportion of the employees' stock bonus to the total net income and to the total amount of employee compensation in the 2019 parent company only financial statements of the Company:

There was no employees' stock bonus from the 2019 profit.

(3) The earnings per share after deducting employees' compensation and directors' remuneration in cash or in stock:

It is NT$ 0.12.

4.1.8.4 The distribution of employees' compensation and directors' remuneration in the previous year (including the number of shares, amount and share price): If the amount of employees' compensation and directors' remuneration in cash or in stock were different from the accrued amount of them, the difference, its reason and the accounting of handling it should be disclosed.

(1) The distribution of employees' compensation and directors' remuneration in the previous year:

Unit: NT$

	Resolution by the shareholders' meeting	Resolution by the board of directors	Difference	Reason
A. Distribution				
1. Employees' Compensation	16.239,434	16.239,434	0	-
2. Directors' Remuneration	4,680,000	4,680,000	0	-
B.Earnings Per Share on 2019				
Earnings Per Share in the income statement	1.66	1.66	0	-

(2) If the amount of employees' compensation and directors' remuneration in cash or in stock were different from the accrued amount of them, the difference, its reason and the accounting of handling it should be disclosed:

The amount of the compensation of employees in cash and the amount of the remuneration of directors in cash were NT$ 16,239,434 and NT$ 4,680,000. There are no differences between the amount approved by the shareholders' meeting and the amount of expense for the compensation and the remuneration accrued in the 2019 financial statements of the Company.

4.1.9 Share Repurchases

4.1.9.1 Share Repurchases Already Completed

Round	3rd round
Purpose	For transferring shares to the Company's employees
Duration	Aug. 11, 2006 ~ Oct. 10, 2006
Price Range	NT$ 15 ~ 28
Type and Quantity of shares repurchased	Common Stock, 6,000,000 shares
Total Value of Shares Repurchased	NT$ 125,071,721
The Ratio of the Number of Shares that Were Repurchased to the Planned Number of Shares to Be Repurchased	100%
The Number of Shares Retired or Resold	6,000,000 shares
Quantity of Total Treasury Stock Holdings	-
Total Treasury Stock Holdings as A Percentage of Total Shares Issued (%)	-

Note: In order to motivate employees, the Company decided to buy back common stock from August 11, 2006 to October 10, 2006 and then spent NT$125,071,721 to buy back 6,000,000 shares. After 5,519,000 shares have been transferred to employees, the remaining 481,000 shares were retired in November, 2009 due to their having missed the transfer period.

4.1.9.2 Share Repurchases Still in Progress

None.

4.1.10 Implementation of the Resolutions of the Shareholders' Meeting

Date	Resolutions	Implementation
June 23, 2020	Resolution for Distribution of 2019 Profits (a cash dividend of NT$ 1.0 per share)	The Company has set the ex-dividend date at August 3, 2020 and has paid the cash dividends on August 31, 2020.
	To amend the Articles of Incorporation of the Company	The Company has implemented the amended one.
	To amend the Operational Procedures for Acquisition and Disposal of Assets	The Company has implemented the amended one.

4.2 Issuance of Corporate Bonds.

The convertible bonds were issued on July 24, 2002 and has expired on July 24, 2007.

4.3 Issuance of Preferred Shares

None.

4.4 Issuance of Global Depository Receipts.

None.

4.5 Employee Subscription Warrants

None.

4.6 New Restricted Employee Shares.

None.

4.7 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies.

None.

4.8 Financing Plans and Implementation.

None.

5. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

5.1.1.1 Main Business

(1) Manufacturing, processing and sale of printed circuit boards and electronic materials.
(2) Manufacturing, processing and sale of punching machines and press dies for printed circuit boards.
(3) Manufacturing, processing and sale of insulation boards.
(4) Importing and exporting of the aforesaid items.

5.1.1.2 Business Breakdown:

The Company’s main business is manufacturing, processing and trading of printed circuit boards. They accounted for approximately 100% of its business in 2020.

5.1.1.3 Products:

Single-sided, double-sided, multi-layer printed circuit boards and HDI.

5.1.1.4 New Products Development:

Refer to 5.1.3.3 “Upcoming R&D Plans”.

5.1.2 Industry Overview:

5.1.2.1 The Industry's Current Situation and Development

The Industry of printed circuit board (PCB), which is one of the main components of all electronic products, has been known as the "mother of electronics". Moreover, the PCB industry is the leader of Taiwan's top five electronic components industry. The overall production value of Taiwan's electronic components in 2020 is estimated to be NT$1.3 trillion. And the printed circuit board is the largest electronic component product among them. In 2020, the production value of Taiwan's PCB makers was NT$ 696.3 billion in Taiwan and overseas. That is more than twice that of the passive components industry, which is the second largest electronic component industry in Taiwan. The PCB industry is one of the most complete industry cluster in Taiwan. It is also one of the industries with the most listed companies in Taiwan.

According to the IEK statistics of the Industrial Technology Research Institute (ITRI), the production value of Taiwan's PCB makers in Taiwan totaled NT$ 696.3 billion in 2020, an increase of 5.1% year-on-year. It is obvious that Taiwan's PCB industry has grown a little last year.

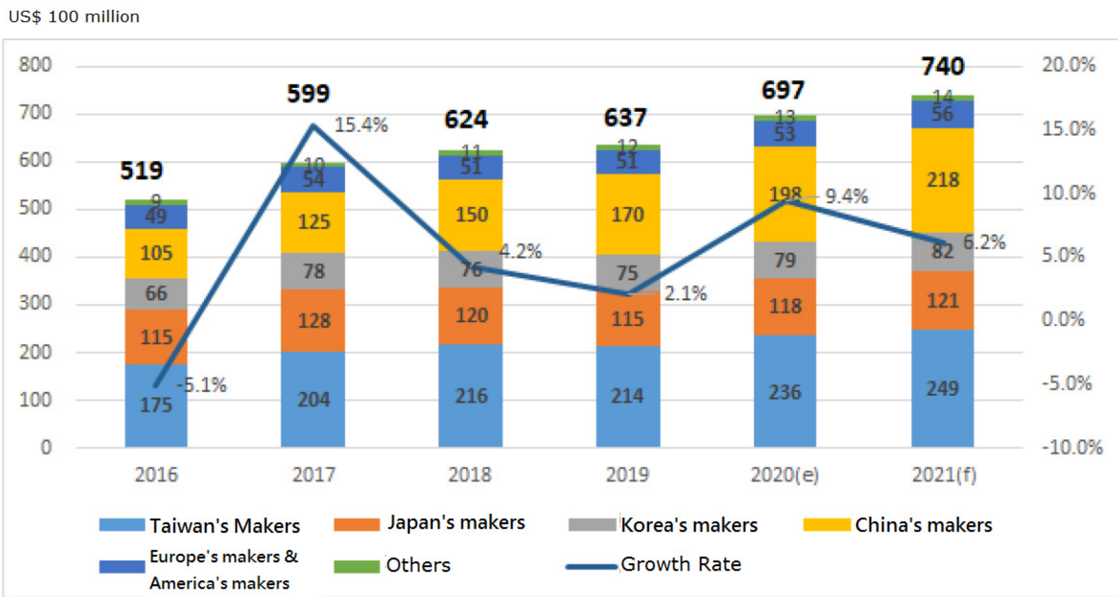
Figure 1 Global PCB Production Value by Region

World PCB Production* by Region (US$ Million)

Region	2018	2019	19/18	19 Share	2020F
America	3,160	3,220	1.9%	4.2%	3,200
Germany	940	841	-10.0%	1.1%	800
Other Europe+Russia	1,330	1,250	-6.0%	1.6%	1,200
Africa & Middle East	142	143	0.0%	0.2%	120
West Total	**5,572**	**5,454**	**3.1%**	**7.2%**	**5,320**
China	40,400	42,250	4.6%	55.7%	41,800
Taiwan	7,780	7,850	0.9%	10.3%	7,800
S. Korea	7,415	7,220	-2.6%	9.5%	6,800
Japan	5,940	5,830	-1.9%	7.7%	5,700
Thailand	3,130	2,810	-10.2%	3.7%	2,650
Vietnam	2,700	2,890	7.0%	3.8%	2,900
Other Asia	1,670	1,590	-4.8%	2.1%	1,450
Asia Total	**69,035**	**70,440**	**2.0%**	**92.8%**	**69,100**
World Total	**74,607**	**75,894**	**1.7%**	**100.0%**	**74,420**

Source: N.T. Information (Nov. 2020)

Figure 2 Global PCB Production Value by Makers' Nationality



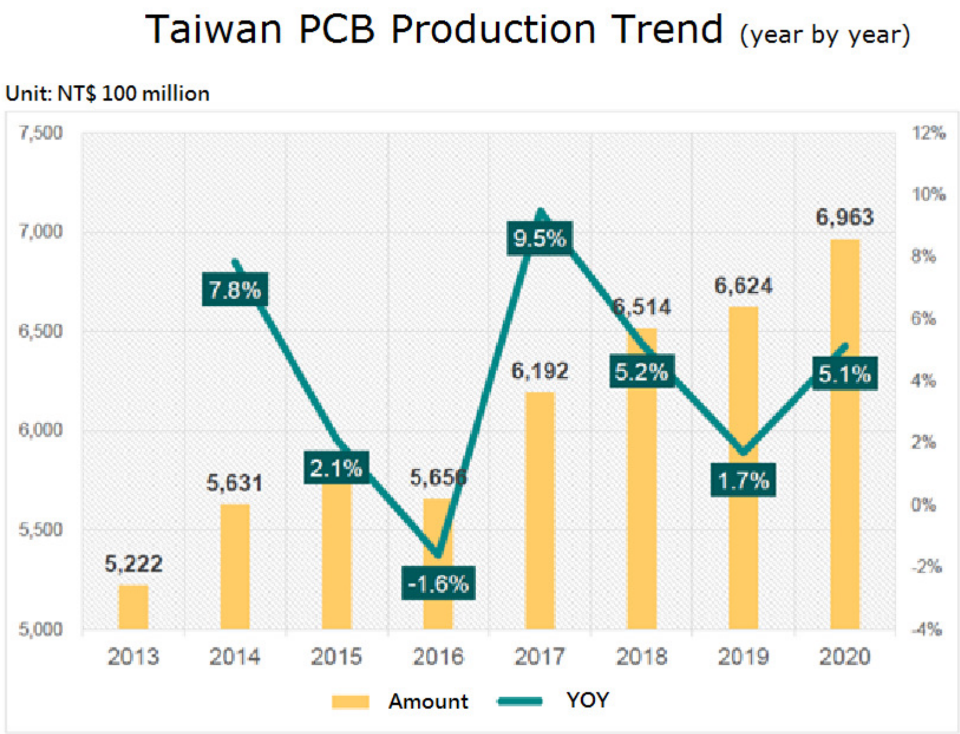
Source: TPCA and IEK (Mar. 2021)

Since 2000, many PCB makers in the United States and Europe have closed their production. Due to the price and quality advantages, Taiwan' PCB makers have been taking business from international manufacturers who consider cost reduction under the recession. In particular, the huge demand for consumer electronics in emerging regions has caused a large influx of PCB orders into Asia and resulted in the prosperity of the PCB industry in Asia since the second half of 2005. However, these orders mainly went to PCB makers located in China. The total production value of PCB in Taiwan and in China is estimated to have reached 66% of the global production value in 2020. PCB production in Taiwan and in China has become the dominant force in the PCB industry. Taiwan's PCB makers are among the major players.

TPCA and IEK estimated that the global PCB production value was US$ 69.7 billion in 2020, up 9.4% from 2019.

Looking forward to this year, the global economy still has a variety of uncertainties. However, with the continual expansion of the global electronics industries, TPCA and IEK estimated that the global PCB production value will be US$ 72.4 billion and grow by 3.9% in 2021. IEK estimates that the Taiwan PCB's production value in 2021 is expected to reach NT$ 725.9 billion with a growth rate of 4.30%. Considering the fact that Taiwan's PCB industry has survived several economic cycles and it has been expanding its market share, Taiwan's PCB industry benefiting from the future growth of the electronics industry will still be able to obtain stable profits under the advantage of cost reduction and of competitive capacity both in Taiwan and in China.

Figure 3 Taiwan PCB Production

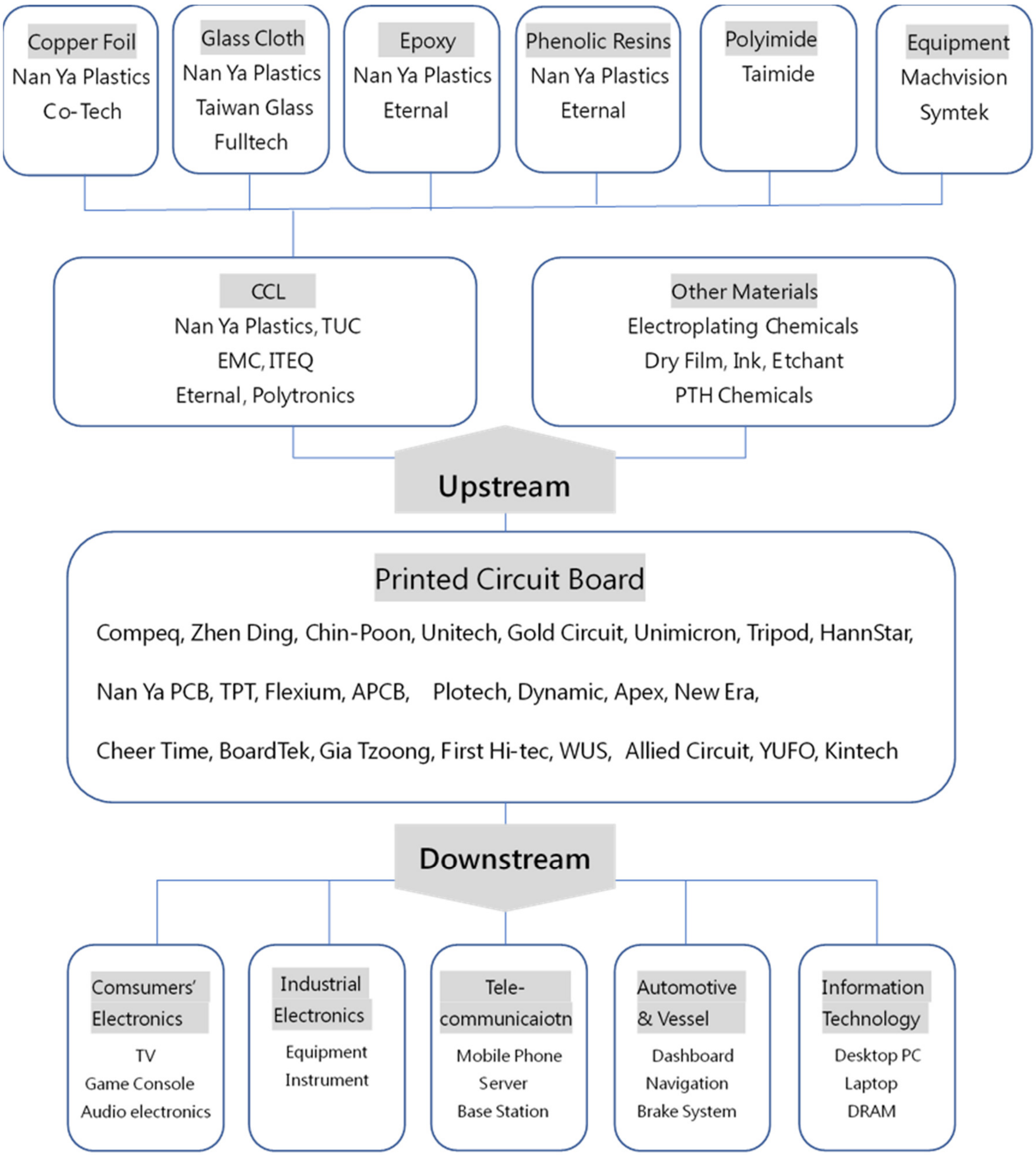


Source: TPCA & IEK (Feb. 2021)

5.1.2.2 Supply Chain of PCB Industry

The PCB industry produces printed circuit boards that carry electronic components. Upstream of the PCB industry, there are makers of CCL (copper clad laminates), such as paper base copper clad laminates and epoxy fiberglass fabric copper clad laminate, and manufacturers of dry film, ink, and etching liquid , etc. More upstream of them, there are manufacturers of copper foil, fiberglass cloth, epoxy resin and other materials. Downstream of the PCB industry, there are manufacturers of home appliances, consumer electronics, computers, telecommunications, and electronic components for vehicles and ships.

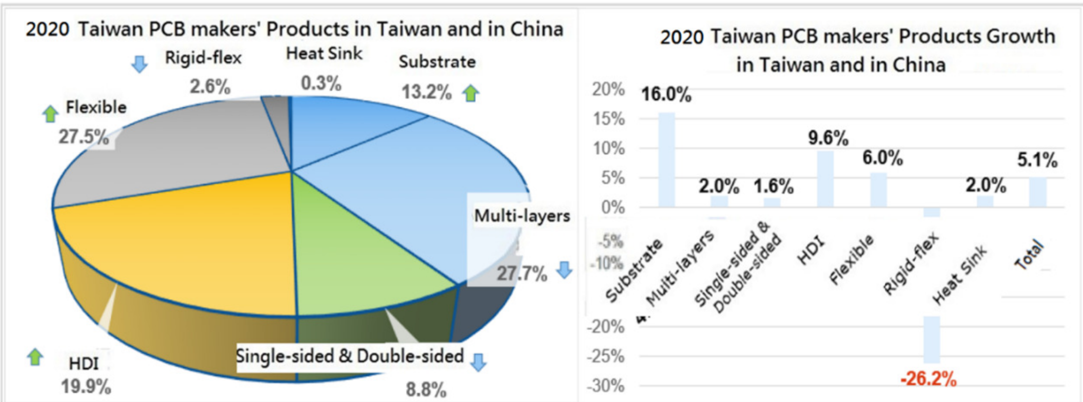
Diagram of PCB Industry Supply Chain



5.1.2.3 Products Development Trends and Competition

According to IEK's statistics, the composition of products in Taiwan's PCB industry can be divided into rigid boards, flexible boards and substrates. Their trends of output value changes are shown in Figure 1. Rigid boards are still the mainstream products due to their low price and wide application. However, the growth of Taiwan PCB makers' capacity expansion for rigid boards will slow down in the future. There is no more waste water permit approved in China's PCB industry clusters where Taiwan PCB makers has been expanding their capacity. Taiwan PCB makers' production of substrate is extremely low overseas. They have even converted their domestic capacity of rigid boards to manufacture substrates. It is expected that the growth of Taiwan's PCB makers' substrates business will mainly come from domestic production in Taiwan. The production of flexible boards in Taiwan is mainly composed of rigid-flex boards and multi-layer flexible boards. The application of flexible boards was based on the development of NB-related products in the past and has been already focused on mobile phones, game consoles and digital cameras that have relatively high margin. Overall, the supply of PCBs will slow down. But it is expected that supply and demand of PCB will be balanced because the global economy can only get a modest growth.

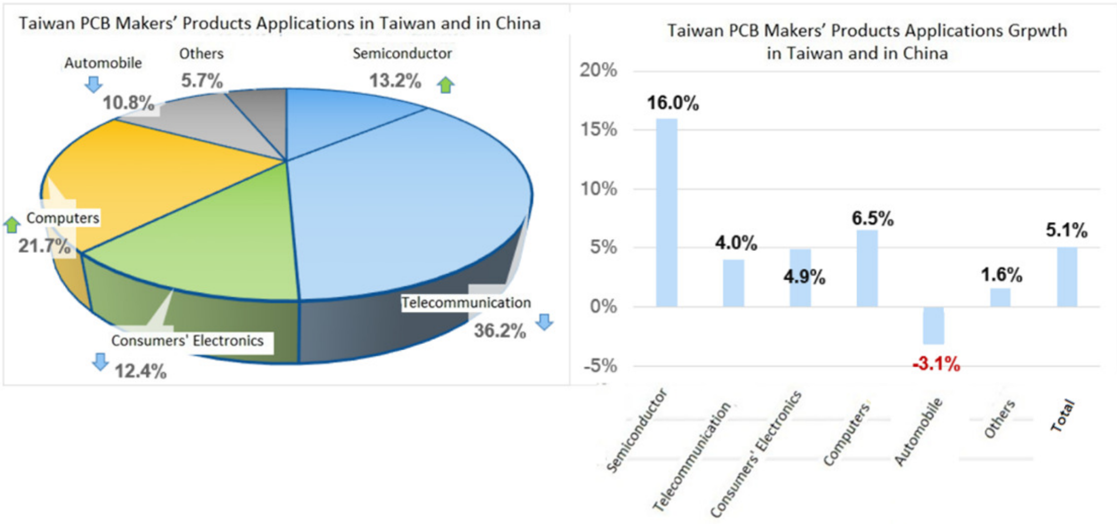
Figure 1 The Weights of Various PCB Products Manufactured by Taiwan PCB Makers in Taiwan and in China



Source: TPCA & IEK (Feb. 2021)

Taiwan PCB makers' products applications were concentrated on the IT-related PCBs in the past. However, due to the rapid decline in the price of the IT-related PCBs in recent years, Taiwan PCB makers has been developing new products in more applications. According to the 2020 statistics of TPCA and IEK telecommunication ranked first in the application of PCBs, accounting for 36.2%; computers ranked second, accounting for 21.7%; semiconductor ranked third, accounting for 13.2%; consumers electronics ranked fourth, accounting for 12.4%; automobile electronics ranked fifth, accounting for 10.8%. The top five applications, which accounted for a high proportion of 94% in 2020, show that the Taiwan PCB industry mainly supplies large-volume products in the market. Their weights are shown in Figure 2.

Figure 2 Taiwan PCB Makers' Products Applications



Source: TPCA & IEK (Feb. 2021)

5.1.3 Technology and R&D Overview

5.1.3.1 The research and development expenses invested by the Company in 2020 and 2021 up to the date of publication of the annual report are NT$ 81,783 thousand and NT$ 73,638 thousand respectively.

5.1.3.2 Results of R&D in 2020

A. Development of modified copper inlay process for cost reduction
B. Middle/High current carrying PCB - Mini-busbar
C. Partial thermal management PCB – Inlay + blind vias
D. Partial thermal management PCB – Square inlay
E. Partial thermal management PCB – Convex
F. Partial thermal management PCB – AlN
G. Development of rigid flex
H. Development of cavity PCB
I. Development of radio frequency PCB
J. Development of advanced HDI
K. Assisting overseas factories to upgrade the capabilities
L. Others

5.1.3.3 Future R&D plan and R&D Budget

- Future R&D plan:
  - Development of middle/high current carrying PCBs
  - Development of partial heat dissipation PCBs
  - Development of semi-flex with 3 flex layers
  - Development of rigid flex – flex tail
  - Development of radio frequency PCBs
  - Development of cavity PCB
  - Development of advanced HDI
  - Application of periodic pulse reverse plating
  - Evaluation of thermally conductive materials for EPS PCB
  - Evaluation of automatic robot arm for precise handling and automatic process flow of production

- R&D Budget:
  The R&D budget is NT$ 83,560 thousand.

5.1.3.4 R&D Expenses as a Percentage of Revenue in the Last Two Years

R&D Expenses as a Percentage of Revenue

Unit: NT$ thousand; %

Year	R&D Expenses	% of Revenue
2019	104,680	0.59%
2020	81,783	0.53%
As of March 31, 2021	73,638	1.73%

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

5.1.4.1 Short-term Business Development Plan

(1) Focus on the global market and work with customers to develop high value-added products with market potential..
(2) Increase products diversification to meet customers' development strategy and their demand for total solutions.
(3) Maintain the leading advantages in single-sided and double-sided boards, and expand the revenue of high value-added products.
(4) Continue to develop niche markets such as heavy copper boards, metal PCBs, and high current carrying PCBs.

(5) Continue to develop the auto PCB market and enhance our comprehensive services.

5.1.4.2 Long-term Business Development Plan

(1) Build a cluster of Asian manufacturing sites. We are planning to simultaneously expand the manufacturing sites in Taiwan, in China and in Thailand in the next 2-3 years. Our new plant in Changshu, China, with a total investment of NT$ 2.1 billion, is expected to start mass production in 2019. There is still plenty of room for our capacity expansion in the future. We have increased our ownership on Draco, our manufacturing site in Thailand, to 99.73% in 2020. We are planning to build more capacity in Thailand. New capacity in Thailand has a very important significance to our strategy of grasping the opportunities of Southeast Asia and South Asia, providing extra capacity to our manufacturing site in Taiwan and Mainland China, and becoming our main source of future growth.
(2) Continue to expand the niche market of printed circuit board (PCB) for automobiles, which has a higher entry barrier for our competitors, and become a professional manufacturer of automotive PCBs.
(3) Continue to develop various niche markets such as heavy copper boards, metal PCBs, high frequency PCBs and high current carrying PCBs to maintain high margins.
(4) Continue to develop a variety of HDIs to meet the large demand for slim type of electronics in the future.
(5) Continue to strengthen the automation and smart manufacturing to enhance the quality of products and the flexibility of production.

5.2 Market Overview and Our Production and Sales

5.2.1 Market Overview

5.2.1.1 Our Sales by Region

Unit: NT$ thousand

Year	2018		2019		2020	
Region	Amount	%	Amount	%	Amount	%
America	4,392,241	21.77%	3,890,887	21.80%	3,251,390	21.23%
Europe	7,564,435	37.50%	6,197,480	34.72%	4,949,916	32.32%
Asia	6,115,888	30.32%	5,793,223	32.46%	5,676,933	37.07%
Others	2,101,324	10.41%	1,966,908	11.02%	1,435,046	9.38%
Total	20,173,888	100.00%	17,848,498	100.00%	15,313,285	100.00%

5.2.1.2 Market Share:

The Company’s business is mainly manufacturing, processing and trading of printed circuit boards. The market share in 2020 was about 1.77%. (calculated based on the statistics of TPCA and IEK)

5.2.1.3 Market Supply and Demand and Growth Potential in the Future

TPCA and ITRI's IEK estimate that global PCB production will grow by 3.9% in 2021, with an output value of US$ 72.4 billion. They also estimate that the Taiwan PCB's output value in 2021 is expected to reach NT$ 725.9 billion, with a growth rate of 4.3%.

5.2.1.4 The Estimated Sales Volume of the Company

Unit: M^2

Business Objectives	2021
Product	Estimated Sales Volume (M^2)
Single-sided	1,672,072
Double-sided and Multilayer	4,194,162
Total	5,866,234

5.2.1.5 Competitiveness and Prospects, Favorable and Unfavorable Factors, and Response Measures:

As far as the development of the printed circuit board industry and the current situation of the Company are concerned, the favorable factors and unfavorable factors affecting our competitiveness and prospects are summarized as follows:

5.2.1.5.1 Favorable Factors:

(1) The industry's supply chain is complete, which is conducive to our competition in the international market.

Taiwan's printed circuit board industry has a complete supply chain. The supply of raw materials such as CCL and chemicals are sufficient, and the competitiveness of their quality and price give Taiwan PCB makers an edge in the international competition. In addition, the electronics industry downstream has been booming. It also provides Taiwan PCB makers a good playground in the world market.

(2) The booming global electronic products drive the continued growth of demand for printed circuit boards.

In recent years, under the trend of convergence among computers, telecommunication and consumers electronics, the output value of the electronics industry has been growing year by year, and printed circuit boards have become an indispensable basic component in the overall industry. With the dramatic changes in the global economic environment, international electronics manufacturers have moved toward the global division of labor and have actively outsourced their manufacturing in the Asia-Pacific region. Taiwan and China have become top choices for the professional manufacturing bases of international electronics manufacturers by virtue of their superior process capability and integrated production environment. Taiwan PCB industry has been benefiting from these trends.

(3) The Company has a strong customers portfolio, which is conducive to the Company's stable growth.

The Company has long been specialized in the production and sales of printed circuit boards. In all aspects of technology, quality, and delivery, we have been appraised by many global manufacturers. We have been maintaining good cooperative relations with them for many years, which is conducive to the Company's stable growth.

(4) The Company has excellent manufacturing capability, good process management, and long-term competitive advantage

The Company has long been dedicated to the development of precision technology, high value-added products, high level of automation, and good management of process capabilities. It is leading the industry in the capabilities of silver through hole, carbon paste, peelable mask and large panel production technology. We also have a competitive advantage on product quality, yield and delivery, etc.

(5) There are more business opportunities after the rise of China and China's accession to the WTO.

Since the introduction of the market economy in China, the vast market has attracted the attention of global manufacturers. The moving of manufacturing to China by the electronics industries has created huge demand for the printed circuit boards in China and in Asia. After China has joined the WTO, the average export tariffs will be reduced year by year, so the PCB makers that has been produced in China can meet the demand of the customers in the near areas in Asia. In addition, the reduction of import tariffs will also reduce the burden on Taiwan's PCB makers to export to China. Therefore, Taiwan PCB makers who operate and produce both in Taiwan and in China are the biggest winner benefiting from those trends.

(6) Our subsidiary in Thailand has an edge on lower cost and nearness to the business opportunities in in Southeast Asia and South Asia

In 2020, our ownership of Draco, our subsidiary in Thailand, has increased to 99.73%. And the expansion plan of Draco's double-sided and multi-layer production capacity has been actively launched to capture business opportunities in Southeast Asia and South Asia and to make up for insufficient capacity in Taiwan and in China.

(7) the trade wars between China and the United States has promoted business opportunities outside China.

In the trade war from 2018 on, downstream customers are highly interested in the capacity outside China in order to diversify their supply. The Company has more production capacity in Taiwan and Thailand than that of our competitors, which will help us to get more business.

5.2.1.5.2 Unfavorable Factors and Response Measures:

(1) Labor shortage and rising labor costs: In recent years, due to the decrease of labors who are interested in manufacturing, labor recruitment is not easy and the cost is increased.

Response measures:

a. Increase automated equipment and reduce dependence on manpower.
b. Introduce computer-aided manufacturing systems to increase production efficiency.
c. Implement quality control circle comprehensively to improve the efficiency of personnel work.
d. Develop automation to reduce labors.

(2). Exchange rate risk: As the Company’s export sales accounted for more than 90% of our revenue, there is a risk of exchange rate.

Response measures:

a. Instantly grasp the exchange rate information.
b. Maintain flexible foreign exchange hedge (such as forward foreign exchange contract) and keep a hedged position to reduce the risk of exchange rate.
c. Use natural hedge to mitigate the risk of exchange rate by buying raw materials in US dollars.

(3) Stricter environmental standards and increasing environmental costs: Waste water, waste gas and scrapped printed circuit boards, etc. will be produced during the manufacturing process of printed circuit boards. The environmental cost for dealing with them has been increasing.

Response measures:

a. Establish solid pollution prevention measures and treatment equipment.
b. Improve the operation of green facilities and reduce human negligence.
c. Use the black hole process to replace the electroless plating in order to simplify the raw materials and to reduce waste as well.
d. Cooperate with professional recyclers approved by the Environmental Protection Administration to recycle and treat waste sludge and scrapped printed circuit boards.

(4) Tight time schedule of delivery and production and challenges of logistics efficiency: Customers require that we have the ability of immediate supply because they need to reduce their inventory but can still remain their just-in-time production.

Response measures:

a. Coordinate the supplier to reduce the time for preparing materials and accelerate the delivery schedule in order to quickly meet customers' needs.
b. Maintain good communication with customers, and instantly grasp the customer's demand for PCBs, which is conducive to the Company's planning of capacity expansion and production.
c. Actively improve manufacturing processes, enhance process efficiency, integrate the entire processes, shorten manufacturing time and strengthen logistics efficiency in order to achieve the goal of just-in-time supply.

(5) The advent of the meager profit era: In recent years, due to the excessive expansion of manufacturers, the imbalance between supply and demand in the market has tilted to over-supply. And the prices of raw materials continue to rise. Manufacturers of products that do not differentiate have to cut their prices to win the competition. Consumers with more choices of supply choose to hold their orders to get better purchase terms, which blocks their demand in a way. All of these have triggered the advent of the era of meager profit.

Response measures:

a. Enhance research and development, innovate products and enhance processes technology.

b. Develop niche markets with high value and high potential, provide quality services and technical support to meet the customers’ need for total solutions.

c. Become customers' outstanding partner in their supply chain, integrate company-wide resources to provide a single window for our customers to get products and services and to reduce their costs and to enhance their value in order to increase customer stickiness.

d. Implement the cost management with excellent performance and quickly response to the dynamics of the market to build the niche products portfolio in order to expand the profit margin and to dampen the threat of the era of meager profit.

(6) The threat of China's transformation into a world factory and a price destroyer since the reforms and opening-up in China: The advantages of low-cost and the abundance of production resources have led to China's transformation into a world factory and a price destroyer.

Response measures:

a. Provide resources of technology, R&D and management to our Changshu Plant in China to facilitate its expansion of operations, services, customers and markets.

b. Create differentiated products and services that are beyond price destroyers by innovative R&D capabilities, superior manufacturing competitiveness, and outstanding customer service systems.

c. The excellent cost control mechanism is launched in our domestic and overseas business. We face the challenge of price destroyers with our competitive advantages in cost, technology and service.

d. Thailand's production cost is lower than that in China. The Company has expanded its production capacity in Thailand since 2015 to meet the opportunities of some price-competitive products.

5.2.1.6 SWOT analysis of Taiwan's printed circuit board industry (source: TPCA)

(1) Strengths of the industry

a. Highly flexible production and short lead time supply.

b. Good cost control systems.

c. Having the same cultural background as that in China.

d. Hard-working and well-educated labors.
e. A well-developed and well-established IT industry supply chain.

(2) Weakness of the industry
a. A certain degree of gap in high-end technology compared with the American and Japanese peers.
b. Some gaps to catch up in the ability to develop and promote the market needs compared with more competitive peers in other countries.
c. Taiwan's printed circuit board industry is not a price maker, but more like a price taker, so it can only obtain less profit.

(3). Opportunities facing the industry
a. North American manufacturers are no longer competitive in terms of cost, so more and more orders for higher-end products are transferred to Taiwan’s makers.
b. China has become the largest and fastest growing market.
c. The market of telecommunications and home appliance in China is growing rapidly.

(4) Threats facing the industry
a. More and more printed circuit board manufacturers have moved their production bases to China.
b. Local PCB makers in China have become more competitive and operationally more efficient.
c. “Made in China” and “China Price” have become the mainstream of the market.
d. Customers are not satisfied with the current price and still expect lower prices.
e. Due to the global economic recession, the demand in Europe and the United States has declined.

(5) Key performance indicators with industry characteristics: Operating Income Ratio and EBITDA

KPI	Definition	Budget in 2020	2020	Achievement Rate
Operating Income Ratio	Operating Income to Operating Revenue	6.15%	-0.81%	-13.14%
EBITDA (NT$ thousand)	Earnings before Interest, Tax, Depreciation and Amortization	2,545,394	1,183,209	46.48%

Our operating loss in 2020 was NT$ 123,771 thousand and the operating income was decreased by NT$ 421,913 thousand from 2019. The operating income ratio for the year was -0.81%, which did not meet the target. This was mainly due to the impact of the covid-19 pandemic on auto market demand in 2020, resulting in a rapid decline in capacity utilization, even reaching only 50%. Therefore, the related costs were pushed up, which affected the gross profit margin and operating income ratio. At the same time, the sharp depreciation of U.S. dollar against Taiwan dollar and Renminbi also severely affected the gross profit margin. As a result, the EBITDA only reached 46.48% of the target.

5.2.2 Important Applications and Manufacturing Processes of the Main Products

5.2.2.1 Important Applications

(1) Single-sided printed circuit board

a. Consumers electronics: TV sets, video recorders, tape recorders, remote controls, handheld game consoles, cameras, alarms, emergency lighting equipment, power supplies, control panels for home appliances, industrial control panels, etc.

b. Telecommunication: telephones, telephone switches, fax machines, etc.

c. Computers: monitors, terminals, keyboards, mouse, etc.

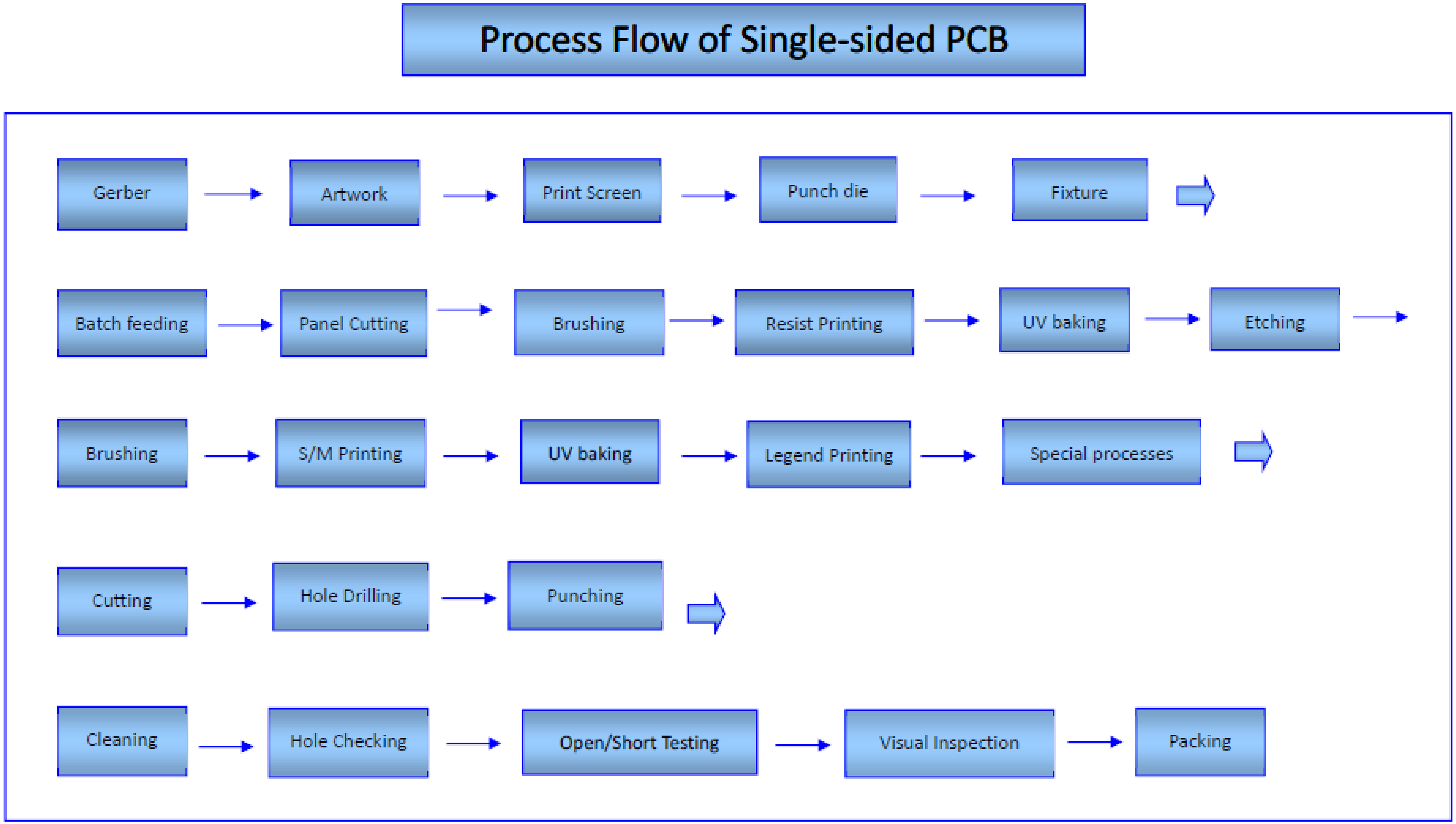
(2) Double-sided and multi-layer printed circuit boards:

a. Consumers electronics: video camera, car audio, CD-Player, TV game consoles, high-end power supply, industrial control panel, car dashboard, uninterruptible power system, etc.

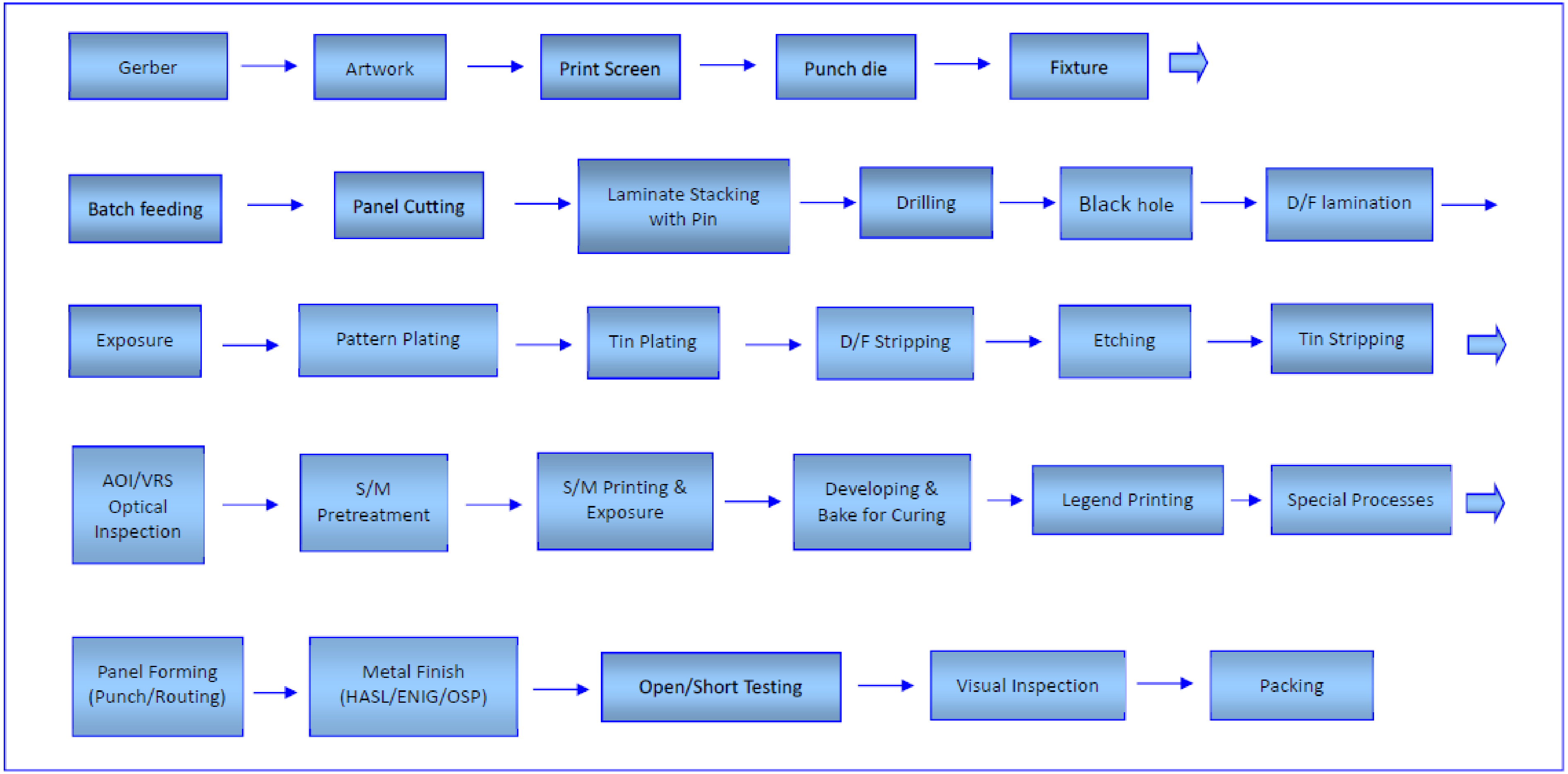
b. Telecommunication: digital telephones, answering machines, private branch exchange, modems, pagers, satellite receivers, personal digital assistants, mobile phones, etc.

c. Computers: high-end monitors, high-end terminals, printers, graphics cards, sound cards, network cards, video cards, scanners, CD players, laptops, etc.

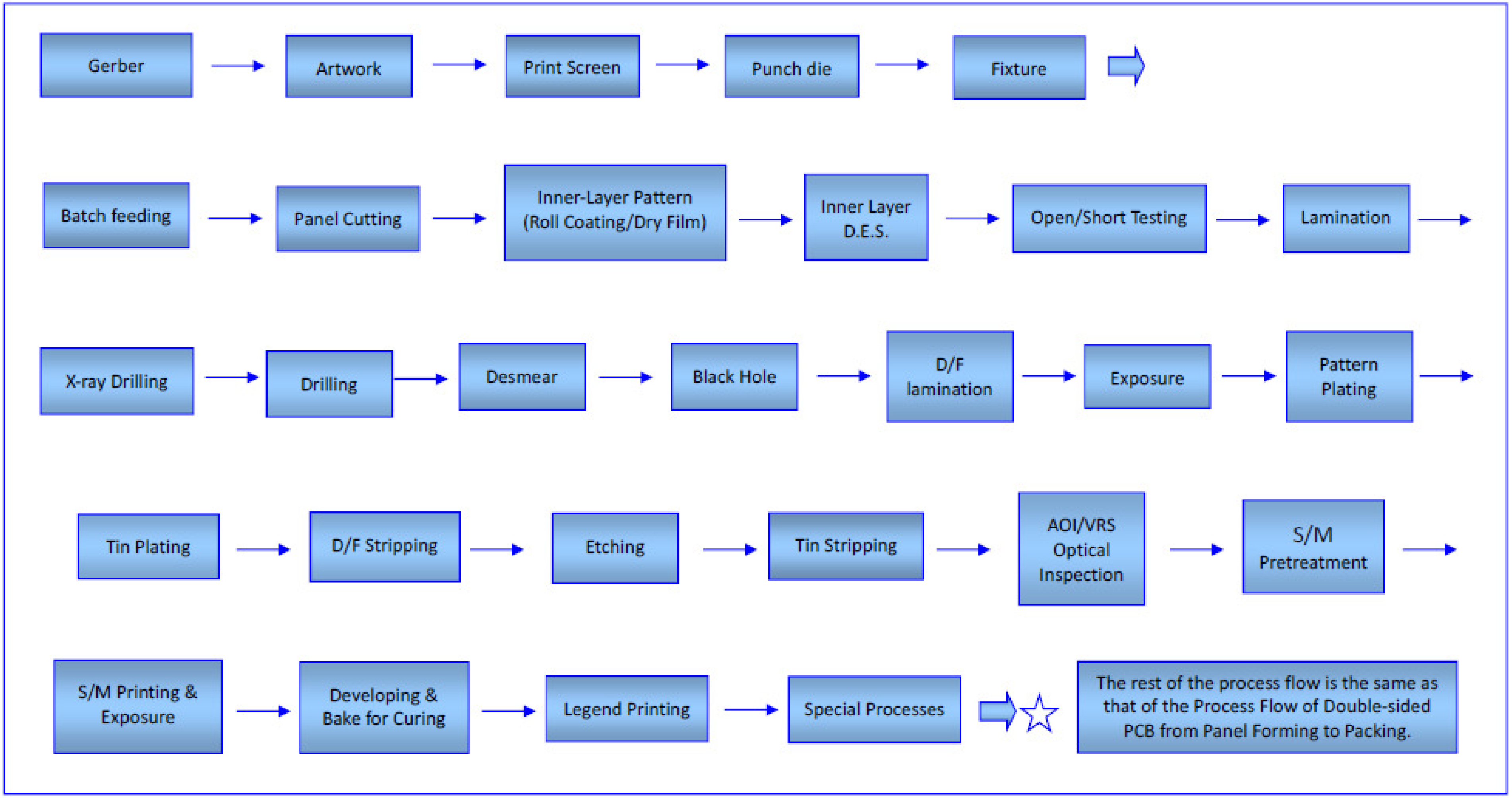
5.2.2.2 Manufacturing Processes



Process Flow of Double-sided PCB



Process Flow of MLB



5.2.3 Supply of Main Raw Materials

The Company's main raw material is copper clad laminate (CCL). In the early stage of the industry's development, PCB makers rely on imported CCL. Recently, with the clustering of the industry, upstream makers of CCL and process chemicals have been setting up factories and expanding their capacity rapidly. At present, except for a few special raw materials that still depend on imports, domestic PCB makers can obtain almost all raw materials from domestic suppliers.

5.2.4 List of Major Suppliers in the Last Two Years

Unit: NT$ thousand

Year	2019				2020				Jan. 1, 2021 ~ Mar. 31, 2021 (Note2)			
Rank	Name	Amount	Purchase %	Related Party	Name	Amount	Purchase %	Related Party	Name	Amount	Purchase %	Related Party
1	Nan Ya Plastics	1,106,913	17.07%	No.	Nan Ya Plastics	1,027,741	16.94%	No.	Nan Ya Plastics	341,663	18.19%	No.
2	Nanya Electron Material Kunshan Company	729,214	11.24%	No.	Nanya Electron Material Kunshan Company	755,984	12.46%	No.	Nanya Electron Material Kunshan Company	206,750	11%	No.
	Others	4,649,535	71.69%		Others	4,283,141	70.60%		Others	1,329,622	70.81%	
	Total	6,485,662	100.00%		Total	6,066,866	100.00%		Total	1,878,035	100.00%	

The top 10 suppliers of the Company are mostly domestic manufacturers. The Company adopts a diversified supplier policy, so only Nan Ya Plastics and Nanya Electron Material Kunshan Company are suppliers with more than 10% of our purchase.

The changes: In the production of printed circuit boards, CCLs take the highest proportion of the raw materials. Therefore, the top ten suppliers are mostly manufacturers of various types of CCLs, such as Nan Ya Plastics, TUC, EMC and ITEQ, etc. Nan Ya Plastics is the manufacturer with the largest supply of CCLs in Taiwan. They have abundant production capacity and can keep stable supply, so it has been our largest supplier in the past three years. The materials we purchase from it include glass fiber epoxy CCLs and composite CCLs. In general, domestic printed circuit board manufacturers have enough domestic supply of raw materials and do not need to rely too much on imports.

5.2.5 Changes of Major Customers in the Last Two Years

The top 10 customers of the Company are mostly international big companies, The Company adopts a diversified customer policy, so it does not have a single customer with more than 10% of our sales. The change of top 10 customers is mainly due to the dynamics in their industries and in their business. In addition, with the expansion of the Company's multi-layer board in recent years, our sales for European, American and Japanese international manufacturers has been increasing.

5.2.6 Production Volume and Value in the Last Two Years

Production Volume and Value in the Last Two Years Unit: NT$ thousand, M^2

Year / Volume & Value / Major Products	2019			2020		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Single-sided	3,226,553	2,468,222	3,718,532	1,888,851	1,565,327	1,887,565
Double-sided & Multilayer	4,430,698	3,088,937	11,791,143	4,590,977	3,274,252	11,702,022
Total	7,657,251	5,557,159	15,509,675	6,479,828	4,839,579	13,589,587

Note: The capacity refers to the volume that can be produced under normal operation of existing production equipment after the Company has considered the necessary stoppages, holidays, etc.

5.2.7 Sales Volume and Value in the Last Two Years

Sales Volume and Value in the Last Two Years Unit: NT$ thousand, M^2

Year / Volume & Value / Major Products	2019				2020			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Single-sided	37,691	109,118	2,405,368	3,917,719	20,567	76,298	1,526,487	1,976,015
Double-sided & Multilayer	47,152	396,452	3,041,682	13,425,209	68,243	477,867	3,202,867	12,783,105
Total	84,843	505,570	5,447,050	17,342,928	88,810	554,165	4,729,354	14,759,120

5.3 Employees' Data of the Last Two Years

Year		2019	2020	Jan. 1, 2021 ~ Mar. 31, 2021 (Note)
Number of employees		8,250	6,357	6,456
Average age		32.63	34.32	34.35
Average Seniority		4.27	5.75	5.62
Education	Ph.D.	1	0	1
	Master	86	85	86
	Bachelor	1,885	1,803	1,810
	High School	4,412	3,367	3,464
	Others	1,866	1,102	1,095

5.4 Environmental Expenditure Information

5.4.1 Losses caused by environmental pollution during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

	2020	Jan. 1, 2021 ~ Mar. 31, 2021
Pollution (type and status)	Waste Water Treatment and Filing Omission	-
Regulator	Department of Environmental Protection, Taoyuan	-
Penalty or Expense	NT$ 154,500 (Note 1)	-
Remark	Water Pollution Control Act and Toxic and Concerned Chemical Substances Control Act, etc.	-

Note 1. There are two fines. One was for waste water spill caused by an accident of pipeline rupture. The other was for omission in filing. Although our chemicals control complied with the Toxic and Concerned Chemical Substances Control Act, our filing time in May exceeded the time limit.

5.4.2 Future Response Measures and Possible Expenditures

5.4.2.1 Strengthening Resources Recovery

(1) The scrapped materials of printed circuit boards are reused or resold as much as possible.
(2) Scrapped boards and waste sludge are recycled to extract copper by professional recyclers.
(3) Set up copper powder recycling machines to make 100% of the washing water of each process be recycled and reused, greatly reducing the water consumption.
(4) Strengthen the recovery of other reusable materials.

5.4.2.2 Enhancing Waste Reduction in the Manufacturing

(1) The PTH process of Pin-Cheng Plant fully adopts the black hole process to greatly reduce wastewater.
(2) Expand the copper powder recycling machines to reduce the volume of wastewater by recycling water resources.
(3) Promote silver through-hole products to reduce chemical pollution of electroplating.

5.4.2.3 Expanding Pollution Prevention Equipment

(1) Upgrade the wastewater treatment equipment of Tao-Yuan Plant.
(2) Add exhaust scrubber systems to make the exhaust gas emission meet the national emission standards.
(3) Strengthen the diversion system of factory drainage to let the wastewater containing high COD pool together for intensive special treatment in order to meet national discharge standards.

5.4.2.4 Responding to the EU Directives on Restriction of Hazardous Substances

Since July 1, 2006, the European Union has imposed restrictions on electronics sold to EU countries. All the electronic and electrical products in the lists cannot contain six hazardous substances regulated in RoHS (The Restriction of Hazardous Substances in Electrical and Electronic Equipment (ROHS) Directive (2002/95/EC)) when they enter the European market.

In recent years, the Company has been taking environmental protection as its own responsibility. It has introduced and widely used environmentally-friendly materials and lead-free processes. Therefore, this limited usage in the directives has little impact on the Company. And environmental protection measures taken by the Company earlier than the directives has also brought more business opportunities to the Company.

5.4.3 Budget of Environmental Investment

Reducing the impact of the manufacturing on the environment and enhancing environmental protection has become the trends of the world. The Company continues to implement the environmental management system, and plans to invest NT$ 63,675 thousand in 2021 to upgrade the pollution prevention equipment, to reduce the impact of the manufacturing on the environment, and then to improve the Company’s corporate image and competitiveness.

5.4.4 Impact of Environmental Investment

5.4.4.1 Impact on Net Income:
The yearly depreciation is increased by approximately NT$ 7,959 thousand.

5.4.4.2 The tax credit from the investment is NT$ 0.

5.4.4.3 Impact on Competitiveness:
Doing a good job in environmental protection is a world trend. The Company actively invests in environmental protection. Although it has a slight impact on earnings, it has won the appraisal of foreign customers, thus strengthening market competitiveness.

5.5 Labor Relations

5.5.1 The Company's employee welfares, education, trainings, retirement plans and their implementation, as well as the negotiation with employees and the measures for protecting employees' rights and interests

5.5.1.1 Employee Welfares and its Implementation

Employees are an important resource for the Company. Therefore, the Company has always been paying great attention to labor relations. In order to fully take care of employee, in addition to complying with the regulations and laws of labor affairs, there are a variety of welfares for our employees.

(1) Employee insurance policy:
   a. All employees participate in labor insurance and health insurance.
   b. All employees participate in casualty insurance. The full premiums for insurance policy are borne by the Company.

(2) Implement a system of employee salary adjustment, bonus distribution and employee stock subscription.

(3) All employees of the Company can get benefits or subsidies on a special occasion, such as marriage, birth, housewarming, hospitalization, death of parents/spouses/children/siblings, children's preschool education, scholarships for the employees themselves and their children, and emergency assistance for employees, etc.

(4) Regular employee health checks.

(5) On-the-job trainings.

(6) Dormitories.

(7) Other welfare measures include voucher on three holidays (Labor Day, Dragon Boat Festival and Mid-Autumn Festival), voucher on employees' birthday and a staff library with more than 15,000 volumes.

5.5.1.2 Education and Trainings

Employees are an important resource for the Company, so the Company always focuses on employees' education and trainings.

(1) The education and trainings are divided into five categories: annual special training projects, trainings for different levels of managers, trainings for different functions, special skills trainings and orientation programs for new employees.
   a. Annual special training projects: The planned trainings of management knowledge and skills for cadres or designated personnel are provided to achieve the Company's annual goals of operation and development.
   b. Trainings for different levels of managers: The necessary competency development trainings for different levels of supervisors, cadres, and personnel in different work areas are provided to build corporate culture and management consensus and to strengthen the skills of each rank.
   c. Trainings for different functions: The trainings to strengthen the capability of each function to perform business are provided to accomplish departmental key development, skills education or building of professional legacy, and to enhance the professional skills and knowledge of each function.
   d. Special skills trainings: We have plans of training all necessary professional skills required in accordance with the laws and regulations, and of helping employees to get those related licenses through all kinds of professional certifications.
   e. Orientation programs for new employees:
      (a) Orientation: The education and training include such topics as company introduction, labor safety and health, quality, environment, etc. to build up their understanding of the Company and its regulations and requirements.
      (b) Probation: For professional training of new employees, the unit supervisor will assign a person to instruct new employees on machine operation and skill development training according to the Company’s operational guidelines and skills trainings, and conduct assessment of their skills proficiency.
(2) Establish an internal lecturer system to inherit the Company’s intellectual assets.
(3) Introduce external training programs to meet some special needs.

(4) Implementation of employees' education and trainings as follows:

Item	Number of Classes	Total Trainees	Total Hours	Total Cost
1. annual special training projects	2	17	13	2,800
2. trainings for different levels of managers	75	2,022	116	40,600
3. trainings for different functions	5,127	61,524	5,958	2,085,300
4. special skills trainings	63	267	2,251	572,944
5. orientation programs for new employees	430	853	3,440	502,240
Total	5,697	64,683	11,778	3,203,884

(5) The certificates got by employees whose jobs are related to financial information transparency:

a. CPA of Taiwan, ROC: 1 person in the accounting department.

(6) Ethical Evaluation of Employee Behavior

a. The Company has established " Code of Practice for Ethical Corporate Management " and " Code of Conduct for Employees " as the codes of conduct for the directors, managers and employees of the Company.

The main contents are as follows:

(a) All employees should be honest and ethical, especially when individuals have a conflict of interest in performing their duties.
(b) The Company's confidential business information should be protected.
(c) Regular reports should be disclosed in a complete, fair, correct, timely and understandable manner.
(d) Treat customers, suppliers and competitors in a fair manner.
(e) Protect the Company's assets for effective application.
(f) Comply with regulations and laws, including that of insider trading.
(g) Report to the supervisors listed in these codes of conduct when there is a violation or a potential violation of these codes of conduct.

b. The Company evaluates employees according to the procedures for employee performance assessment and the procedures for employee reward and discipline. All the rewards and disciplines will be announced to employees, so that employees can clearly understand the codes of conduct. When employees' behaviors pass the threshold of reward or discipline, they will be rewarded or disciplined according to the regulations.

5.5.1.3 Retirement Plans

The Company has an operational procedure for employee retirement plans. Employees who have served a certain number of years or who have reached a certain age or who have lost their capability to work for life are eligible to receive a pension according to this procedure. The Company allocates monthly funds to the pension account in the department of trust of Bank of Taiwan. When an employee retires, the payment will be paid by the pension account. According to the procedure, the pension payment is fully borne by the Company.

With the implementation of Labor Pension Act (hereinafter referred to as the "New System") since July 1, 2005, employees who are applicable to the above procedure but choose to use New System and those who become employees of the Company after July 1, 2005, shall adopt Defined Contribution Plan for their retirement.

According to Defined Contribution Plan stipulated in Labor Pension Act, the Company will contribute funds of six percent of an employee's monthly wage to an employee's individual accounts of labor pension at the Bureau of Labor Insurance.

5.5.1.4 Labor Negotiation

(1) New employees will get a copy of employee work rules which describe the details of working hours, holidays, leave, salary, rewards and disciplines, assessment, dismissal, retirement, occupational injury, welfare, sexual harassment prevention, labor negotiation, etc.
(2) The Company's labor relation is harmonious and the labor issues are handled in a mutual manner. And labor-management meetings are held regularly, so both employers and employees can gain common understanding and make all work smoothly moved.

(3) The Company signs work contracts with all employees to clearly define the rights and obligations of both employers and employees. At the same time, we follow the implementation of Act of Gender Equality in Employment to enhance the protection of employees' rights and interests.

5.5.1.5 Measures for Protecting Employees’ Rights and Interests

(1) The rights and obligations are clearly defined in the employee work contract to protect the employees' rights and interests.
(2) Use labor-management meetings to communicate with each other and to resolve issues through negotiation.
(3) Establish a labor complaints channel to deal with complaints from employees about disciplinary action, mismanagement, sexual harassment, etc.
(4) Set up labor mailboxes and expand communication channels.

5.5.2 Losses caused by labor disputes during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

5.6 Important Contracts: None.

6. Financial Overview

6.1 Condensed Financial Statement and CPAs' Opinions in the Last Five Years

6.1.1 Condensed Balance Sheet

6.1.1.1 Condensed Balance Sheet (consolidated) - in accordance with IFRS

Unit: NT$ thousand

Item \ Year		Last Five Years (Note 1)					Jan. 1, 2021 ~ Mar. 31, 2021 (Note 3)
		2016	2017	2018	2019	2020	
Current Assets		15,261,056	15,225,751	14,306,924	12,906,391	11,981,325	12,441,438
Property, Plant and Equipment (Note 2)		8,372,088	7,766,272	7,117,745	7,863,012	7,331,156	7,111,979
Intangible Assets		0	0	0	0	0	0
Other Assets (Note 2)		1,752,035	2,237,363	1,731,165	2,335,024	3,164,837	3,026,702
Total Assets		25,385,179	25,229,386	23,155,834	23,104,427	22,477,318	22,580,119
Current Liabilities	Before Distribution	8,319,220	8,372,807	7,047,242	6,325,895	6,261,915	6,441,616
	After Distribution	7,047,235	7,478,442	6,848,494	5,928,400	Note 4	Note 4
Noncurrent Liabilities		857,882	670,683	647,120	1,041,234	909,299	896,462
Total Liabilities	Before Distribution	9,177,102	9,043,490	7,694,362	7,367,129	7,171,214	7,338,078
	After Distribution	7,905,117	8,149,125	7,495,614	6,969,634	Note 4	Note 4
Equity Attributable to Shareholders of the Parent		16,136,250	16,171,605	15,448,041	15,735,751	15,305,146	15,241,179
Share Capital		3,974,954	3,974,954	3,974,954	3,974,954	3,974,954	3,974,954
Capital Surplus		1,568,318	1,568,318	1,568,318	1,578,800	1,579,225	1,579,225
Retained Earnings	Before Distribution	10,520,610	10,757,737	10,046,949	10,532,226	10,185,336	10,131,502
	After Distribution	9,248,625	9,863,372	9,848,201	10,134,731	Note 4	Note 4
Other Equity		72,368	(129,404)	(142,180)	(350,229)	(434,369)	(444,502)
Treasury Stock		0	0	0	0	0	0
Noncontrolling Interests		71,827	14,291	13,431	1,547	958	862
Total Equity	Before Distribution	16,208,077	16,185,896	15,461,472	15,737,298	15,306,104	15,242,041
	After Distribution	14,936,092	15,291,531	15,262,724	15,339,803	Note 4	Note 4

Note 1: The financial statements of the past five years have been audited by CPAs.

Note 2: If assets were applied for revaluation in the current year, the date of evaluation and the added value after the revaluation should be disclosed.

Note 3: Reviewed by CPAs.

Note 4: The resolution of the 2021 shareholders meeting is still pending.

6.1.1.2 Condensed Balance Sheet (parent company only) - in accordance with IFRS

Unit: NT$ thousand

Item \ Year		Last Five Years (Note 1)				
		2016	2017	2018	2019	2020
Current Assets		10,551,929	10,011,756	8,447,888	8,654,500	8,298,405
Property, Plant and Equipment (Note 2)		5,083,884	4,730,621	3,997,508	4,129,901	3,829,617
Intangible Assets		0	0	0	0	0
Other Assets (Note 2)		7,646,892	8,720,431	8,938,895	8,988,380	8,889,839
Total Assets		23,282,705	23,462,808	21,384,291	21,772,781	21,017,861
Current Liabilities	Before Distribution	6,488,523	6,784,444	5,308,179	5,028,533	4,836,294
	After Distribution	5,216,538	5,890,079	5,109,431	4,631,038	Note 3
Noncurrent Liabilities		657,932	506,759	628,071	1,008,497	876,421
Total Liabilities	Before Distribution	7,146,455	7,291,203	5,936,250	6,037,030	5,712,715
	After Distribution	5,874,470	6,396,838	5,737,502	5,639,535	Note 3
Share Capital		3,974,954	3,974,954	3,974,954	3,974,954	3,974,954
Capital Surplus		1,568,318	1,568,318	1,568,318	1,578,800	1,579,225
Retained Earnings	Before Distribution	10,520,610	10,757,737	10,046,949	10,532,226	10,185,336
	After Distribution	9,248,625	9,863,372	9,848,201	10,134,731	Note 3
Other Equity		72,368	(129,404)	(142,180)	(350,229)	(434,369)
Treasury Stock		0	0	0	0	0
Total Equity	Before Distribution	16,136,250	16,171,605	15,448,041	15,735,751	15,305,146
	After Distribution	14,864,265	15,277,240	15,249,293	15,338,256	Note 3

Note 1: The financial statements of the past five years have been audited by CPAs.

Note 2: If assets were applied for revaluation in the current year, the date of evaluation and the added value after the revaluation should be disclosed.

Note 3: The resolution of the 2021 shareholders meeting is still pending.

6.1.2 Condensed Income Statement

6.1.2.1 Condensed Income Statement (consolidated) – in accordance with IFRS

Unit: NT$ thousand

Item \ Year	Last Five Years (Note 1)					Jan. 1, 2021 ~ Mar. 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Operating Revenue	23,939,699	23,645,611	20,173,888	17,848,498	15,313,285	4,266,961
Gross Profit	4,383,850	3,290,564	2,075,859	1,394,508	869,832	249,912
Operating Income	3,019,123	2,035,142	895,053	298,142	(123,771)	(97,920)
Non-operating Income and Expenses	302,374	205,760	(519,984)	534,212	148,497	44,568
Profit before Tax	3,321,497	2,240,902	375,069	832,354	24,726	(53,352)
Profit (loss) from continuing operations	2,456,514	1,496,209	162,225	659,972	45,702	(53,833)
Net income (loss)	2,456,514	1,496,209	162,225	659,972	45,702	(53,833)
Other comprehensive income, net of tax	(537,736)	(192,772)	7,716	(184,552)	(79,873)	(10,230)
Total Comprehensive Income	1,918,778	1,303,437	169,941	475,420	(34,171)	(64,063)
Net Income (Loss) Attributable to Shareholders of the Parent	2,489,038	1,500,804	163,311	660,825	46,118	(53,834)
Noncontrolling Interests	(32,524)	(4,595)	(1,086)	(853)	(416)	1
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	1,932,729	1,308,419	170,801	476,043	(33,504)	(63,967)
Total Comprehensive Income (Loss) Attributable to Noncontrolling Interests	(13,951)	(4,982)	(860)	(623)	(667)	(96)
Earnings Per Share (Note 3)	6.26	3.78	0.41	1.66	0.12	(0.14)

Note 1: The financial statements of the past five years have been audited by CPAs.

Note 2: Reviewed by CPAs.

Note 3: Earnings per share is calculated by dividing the net income for the period by the weighted average number of shares of the issued common stock. If new issuance of common stock by using retained earnings or capital surplus, earnings per share shall be adjusted accordingly.

Note 4: The amount of interest capitalization for each year is as follows:

2016: NT$ 0.
2017: NT$ 0.
2018: NT$ 0.
2019: NT$ 0.
2020: NT$ 0.

6.1.2.2 Condensed Income Statement (parent company only) – in accordance with IFRS

Unit: NT$ thousand

Item \ Year	Last Five Years (Note 1)				
	2016	2017	2018	2019	2020
Operating Revenue	18,240,972	18,463,729	15,425,920	13,382,708	11,904,201
Gross Profit	3,192,061	2,237,921	1,307,784	994,049	468,018
Operating Income	2,246,532	1,447,232	619,681	346,391	(157,068)
Non-operating Income and Expenses	843,691	586,964	(361,869)	444,641	137,943
Profit before Tax	3,090,223	2,034,196	257,812	791,032	(19,125)
Profit (loss) from continuing operations	2,489,038	1,500,804	163,311	660,825	46,118
Net income (loss)	2,489,038	1,500,804	163,311	660,825	46,118
Other comprehensive income, net of tax	(556,309)	(192,385)	7,490	(184,782)	(79,622)
Total Comprehensive Income	1,932,729	1,308,419	170,801	476,043	(33,504)
Earnings Per Share (Note 2)	6.26	3.78	0.41	1.66	0.12

Note 1: The financial statements of the past five years have been audited by CPAs.

Note 2: Earnings per share is calculated by dividing the net income for the period by the weighted average number of shares of the issued common stock. If new issuance of common stock by using retained earnings or capital surplus, earnings per share shall be adjusted accordingly.

Note 3: The amount of interest capitalization for each year is as follows:
2016: NT$ 0.
2017: NT$ 0.
2018: NT$ 0.
2019: NT$ 0.
2020: NT$ 0.

6.1.3 CPAs' Opinions in the Past Five Years

Year	CPAs	Opinions	Remark
2016	CPA Lily Lu, CPA Ann-Tien Yu	An Unqualified Opinion	
2017	CPA Lily Lu, CPA Victor Wang	An Unqualified Opinion	
2018	CPA Lily Lu, CPA Victor Wang	An Unqualified Opinion	
2019	CPA Lily Lu, CPA Victor Wang	An Unqualified Opinion	
2020	CPA Lily Lu, CPA Victor Wang	An Unqualified Opinion	

6.2 Financial Analysis for the Last Five Years

6.2.1 Financial Analysis (consolidated) – in accordance with IFRS

Item (Note 3) \ Year (Note 1)		Last Five Years 2016	2017	2018	2019	2020	Jan. 1, 2021 ~Mar. 31, 2021 (Note 2)
Financial structure	Debt Ratio (%)	36	36	33	32	32	32
	Long-term Fund to Property, Plant and Equipment Ratio (%)	196	210	217	200	209	214
Solvency	Current Ratio (%)	183	182	203	204	191	193
	Quick Ratio (%)	135	131	150	154	144	143
	Interest Coverage Ratio (times)	90	47	7	15	2	-9
Operating Performance	Accounts Receivable Turnover (times)	4.87	5.00	4.95	4.89	4.35	4.79
	Average Collection Period	74.95	73.00	73.73	74.64	83.9	76.2
	Average Inventory Turnover (times)	5.46	5.09	4.68	4.87	4.78	5.25
	Accounts Payable Turnover (times)	5.61	5.54	5.25	5.71	5.42	5.55
	Average Inventory Turnover Days	66.85	71.70	77.99	74.94	76.35	69.52
	Property, Plant and Equipment Turnover (times)	2.76	2.93	2.71	2.38	2.02	2.36
	Total Assets Turnover (times)	0.96	0.93	0.83	0.77	0.67	0.76
Profitability	Return on Total Assets (%)	10	6	1	3	0.47	-1
	Return on Equity (%)	15	9	1	4	0.29	-1
	Pre-tax Income to Share Capital Ratio (%)	84	56	9	21	1	-5
	Net Margin (%)	10	6	1	4	0.3	-1
	Earnings Per Share (NT$)	6.26	3.78	0.41	1.66	0.12	-0.14
Cash Flow	Cash Flow Ratio (%)	43	31	26	28	21	-8
	Cash Flow Adequacy Ratio (%)	126	120	116	140	177	136
	Cash Reinvestment Ratio (%)	10	5	3	6	3	-2
Leverage	Operating Leverage	2.56	3.39	5.86	14.27	-27.13	-9.05
	Financial Leverage	1.01	1.02	1.07	1.26	0.79	0.95

Please explain the reasons for the changes in the financial ratios in the last two years. (If the increase or decrease is less than 20%, it can be exempted from explanation)

- Interest coverage ratio: Due to the decrease in net profit before income tax, the interest coverage ratio is decreased as well.
- Profitability: Due to the decrease in net income, return on total assets, return on equity, Pre-tax Income to Share Capital Ratio, net margin and earnings per share decreased as well.
- Cash Flow Ratio: The decrease in net cash flow from operating activities was greater than the decrease in current liabilities, resulting in a lower cash flow ratio.
- Cash flow adequacy ratio: Due to the decrease in inventory, the cash flow adequacy ratio is increased.
- Cash reinvestment ratio: The decrease in net cash inflows from operating activities in the current period led to a decrease in the cash reinvestment ratio.
- Leverage: Operating leverage and financial leverage have decreased due to reduced operating income.

Note 1: The financial statements of the past five years have been audited by CPAs.

Note 2: Reviewed by CPAs.

Note 3: The resolution of the 2021 shareholders meeting is still pending.

6.2.2 Financial Analysis (parent company only) – in accordance with IFRS

Item (Note 2)	Year (Note 1)	Last Five Years				
		2016	2017	2018	2019	2020
Financial structure	Debt Ratio (%)	31	31	28	28	27
	Long-term Fund to Property, Plant and Equipment Ratio (%)	317	342	386	381	400
Solvency	Current Ratio (%)	163	148	159	172	172
	Quick Ratio (%)	121	105	118	131	133
	Interest Coverage Ratio (times)	191	92	9	23	0.21
Operating Performance	Accounts Receivable Turnover (times)	5.23	5.37	5.04	4.98	4.76
	Average Collection Period (days)	69.79	67.97	72.42	73.29	76.68
	Average Inventory Turnover (times)	6.15	5.89	5.69	5.99	5.96
	Accounts Payable Turnover (times)	5.83	6.99	4.99	4.81	4.99
	Average Inventory Turnover Days	59.35	61.97	64.15	60.93	61.24
	Property, Plant and Equipment Turnover (times)	3.57	3.76	3.53	3.29	2.99
	Total Assets Turnover (times)	0.81	0.79	0.69	0.62	0.56
Profitability	Return on Total Assets (%)	11	6	1	3	-0.06
	Return on Equity (%)	16	9	1	4	0.3
	Pre-tax Income to Share Capital Ratio (%)	78	51	6	20	-0.48
	Net Margin (%)	14	8	1	5	0.39
	Earnings Per Share (NT$)	6.26	3.78	0.41	1.66	0.12
Cash Flow	Cash Flow Ratio (%)	38	22	21	26	8
	Cash Flow Adequacy Ratio (%)	109	97	93	108	121
	Cash Reinvestment Ratio (%)	6	1	1	5	-0.01
Leverage	Operating Leverage	2.63	3.70	6.48	9.64	-16.63
	Financial Leverage	1.01	1.02	1.06	1.12	0.87

Please explain the reasons for the changes in the financial ratios in the last two years. (If the increase or decrease is less than 20%, it can be exempted from explanation)

- Interest coverage ratio: Due to the decrease in net profit before income tax, the interest coverage ratio is decreased as well.
- Profitability: Due to the decrease in net income, return on total assets, return on equity, Pre-tax Income to Share Capital Ratio, net margin and earnings per share decreased as well.
- Cash Flow Ratio: The decrease in net cash flow from operating activities was greater than the decrease in current liabilities, resulting in a lower cash flow ratio.
- Cash reinvestment ratio: The decrease in net cash inflows from operating activities in the current period led to a decrease in the cash reinvestment ratio.
- Leverage: Operating leverage and financial leverage have decreased due to reduced operating income.

Note 1: The financial statements of the past five years have been audited by CPAs.

Note 2: The resolution of the 2021 shareholders meeting is still pending.

※ The formulas of financial analysis are as follows:

1. Capital Structure
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Interest Coverage Ratio = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance
   (1) Accounts Receivable Turnover = Net Sales / Average Accounts Receivables
   (2) Average Collection Period = 365 / Accounts Receivable Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory
   (4) Accounts Payable Turnover = Cost of Sales / Average Accounts Payables
   (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability Analysis
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (2) Return on Equity = Net Income / Average Equity
   (3) Pre-tax Income to Share Capital Ratio = Income before Tax / Share Capital
   (4) Net Margin = Net Income / Net Sales
   (5) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage
   (1) Operating Leverage = (Net Sales - Variable Cost and Expense) / Operating Income
   (2) Financial Leverage = Operating Income / (Operating Income – Interest Expenses)

6.3 Audit Committee's Review Report for the Last Annual Financial Statements

CHIN-POON INDUSTRIAL CO., LTD.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statement, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit the Company's Financial Statements. KPMG has completed audit procedures and issued Audit Opinion. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

CHIN-POON INDUSTRIAL CO., LTD.

Chairman of the Audit Committee:

Mr. CHEN, HSIANG-SHENG

March 19, 2021

6.4 The Consolidated Financial Statements of the Most Recent Year with CPA's Audit Report

Stock Code:2355

CHIN-POON INDUSTRIAL CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: **No. 46, Nei-Tsuoh St., 3rd Lin, Nei-Tsuoh Village, Lu-Chu County, Taoyuan City, Taiwan, R.O.C.**

Telephone: **(03)322-2226**

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Chin-Poon Industrial Co., Ltd. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chin-Poon Industrial Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Chin-Poon Industrial Co., Ltd.

Chairman: Zeng , Liu-Yuzhi

Date: March 19, 2021

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
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Independent Auditors' Report

To the Board of Directors Chin-Poon Industrial Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Chin-Poon Industrial Co., Ltd. ("the Company") and its subsidiaries (collectively referred to as "the Consolidated Company"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 Consolidated Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Consolidated Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

As disclosed in note 12(b) of the Consolidated financial statements, a fire occurred in some of the Company's plants on April 28, 2018, which destroyed parts of the building, equipment and inventory, resulting in recovery and indemnity expenses. The estimated loss from the incident amounted to $902,744 thousand, which was recognized under other gains and losses for the year ended December 31, 2018. The related properties mentioned above were insured, its claim is still under negotiation with the insurance companies. As of December 31, 2020, the Company received the cumulated amounts of insurance claim amounting to $700,000 thousand. The aforementioned amounts were recognized under other gains and losses amounting to $350,000 thousand, respectively, for the years ended December 31, 2019 and 2018. As of the reporting date, the insurance compensation has yet to be determined for the reason that the amount is highly subject to investigation. The Consolidated Company will recognize the insurance income in the subsequent periods when the amount can be reasonably estimated. We, therefore, did not modify our audit opinion for that matter.

Key Audit Matters

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

1. Subsequent measurements of inventories

   Please refer to note 4(h), note 5(a) and 6(f) for the related disclosures on subsequent measurements of inventories of the consolidated financial statements.

   Description of key audit matter:

   The inventories of the Consolidated Company are mainly electronic printed circuit boards and electronic materials. The products may be outdated or no longer meet the market demand due to the rapid changes in technology. In addition, with the price competition in the same industry, the demand on related products and their prices may fiercely fluctuate, which may result in a risk wherein the cost of inventories may exceed its net realizable value. As a result, the subsequent measurements of inventories have to be based on the managements' assessment using internal and extermal evidences. Therefore, the subsequent measurements of inventories were identified as one of our key audit matters.

   How the matter was addressed in our audit:

   The procedures included assessing the rationality of accounting policy for inventory subsequent measurements; reviewing the inventory aging documents and analyzing their changes; obtaining the documents of inventory subsequent measurements and understanding the rationality of sales prices adopted by the management; selecting samples and examining relevant documents to verify the accuracy of net realizable value of inventories; and assessing whether the disclosure of the inventory subsequent measurements made by the management was appropriate.

2. Refund liability of sales returns and discounts

   Please refer to note 4(l), note 5(b) and note 6(q) for the related disclosures on the refund liabilities for sales returns and discounts of the consolidated financial statements.

Description of key audit matter:

The Consolidated Company recorded a refund liability for its estimated future returns and discounts for specific electronic circuit boards by using historical trend and other known factors in the same period when related revenues were recorded. Since the refund liability for sales returns and discounts is subject to significant judgment of the management, it was, therefore, identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included understanding the management's methodology used in estimating sales returns and discounts; assessing the reasonableness of relevant assumptions made by the management; obtaining the documents of refund liability for sales returns and discounts, selecting samples and examining relevant documents to verify the reasonableness of the management's methodology used in estimating refund liability of sales returns and discounts; and assessing whether the disclosure on refund liability for sales returns and discounts made by the management was appropriate.

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion on the above paragraph concerning the emphasis of matter.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Consolidated 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 Consolidated Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Consolidated Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated 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 Consolidated Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Consolidated Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our 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.

The engagement partners on the audit resulting in this independent auditors' report are Lily Lu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2021

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 4,110,135	19	4,320,602	19
1110	Financial assets measured at fair value through profit and loss－current (note 6(b))	416,822	2	844,305	4
1150	Notes receivable, net (notes 6(d) and 6(q))	34,747	-	29,586	-
1170	Accounts receivable, net (notes 6(d) and 6(q))	3,383,028	15	3,600,032	16
1200	Other receivables (note 6(e))	113,631	-	62,658	-
1220	Current income tax assets	111,426	-	113,094	-
130x	Inventories (notes 6(f) and 9)	2,941,555	13	3,105,154	13
1410	Prepayments	53,079	-	75,665	-
1476	Other financial assets－current (note 6(c))	656,602	3	610,070	3
1479	Other current assets	160,300	1	145,225	1
	Total current assets	11,981,325	53	12,906,391	56
15xx	Non-current assets:				
1600	Property, plant and equipment (notes 6(h), 7, 8 and 9)	7,331,156	33	7,863,012	34
1755	Right-of-use assets (note 6(i))	409,007	2	434,396	2
1840	Deferred tax assets (note 6(n))	207,994	1	195,370	1
1915	Prepayments for equipment (note 9)	365,177	2	348,479	2
1975	Net defined benefit asset－non-current (note 6(m))	128,510	-	110,928	-
1980	Other financial assets－non-current (note 6(c))	2,054,149	9	1,245,851	5
	Total non-current assets	10,495,993	47	10,198,036	44
1xxx	**Total assets**	**$ 22,477,318**	**100**	**23,104,427**	**100**

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
21xx	**Current liabilities:**				
2100	Short-term loans (notes 6(j), 8 and 9)	$ 1,311,226	6	1,447,057	6
2120	Financial liabilities at fair value through profit or loss－current (note 6(b))	182	-	-	-
2150	Notes payable	485,694	2	514,231	2
2170	Accounts payable	2,271,078	10	2,055,863	10
2219	Other payables (notes 6(m) and 6(r))	1,267,259	6	1,379,003	6
2230	Current tax liabilities	-	-	24,667	-
2280	Current lease liabilities (note 6(l))	49,387	-	45,121	-
2399	Other current liabilities (note 6(q))	877,089	4	859,953	4
	Total current liabilities	6,261,915	28	6,325,895	28
25xx	**Non-Current liabilities:**				
2570	Deferred tax liabilities (note 6(n))	560,091	3	668,685	3
2580	Non-current lease liabilities (note 6(l))	316,330	1	339,812	1
2640	Net defined benefit liability－non-current (note 6(m))	32,878	-	32,737	-
	Total non-current liabilities	909,299	4	1,041,234	4
2xxx	**Total liabilities**	7,171,214	32	7,367,129	32
	Equity attributable to shareholders of the parent (notes 6(g), 6(k) and 6(o)):				
3110	Common stock	3,974,954	18	3,974,954	17
3200	Capital surplus	1,579,225	7	1,578,800	7
3300	Retained earnings:				
3310	Legal reserve	2,404,255	11	2,335,852	10
3320	Special reserve	350,229	1	142,180	1
3350	Unappropriated earnings	7,430,852	33	8,054,194	35
		10,185,336	45	10,532,226	46
3400	Other equity:				
3410	Foreign currency translation differences for foreign operations	(434,369)	(2)	(350,229)	(2)
	Total equity attributable to shareholders of the company	15,305,146	68	15,735,751	68
36xx	**Non-controlling interests (note 6(k))**	958	-	1,547	-
3xxx	**Total equity**	15,306,104	68	15,737,298	68
2-3xxx	**Total liabilities and equity**	**$ 22,477,318**	**100**	**23,104,427**	**100**

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars)

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenue (note 6(q))**	$ 15,313,285	100	17,848,498	100
5000	**Operating costs (notes 6(f), 6(m) and 7)**	14,443,453	94	16,453,990	92
5900	**Gross profit**	869,832	6	1,394,508	8
6000	**Operating expenses (notes 6(d), 6(e), 6(m), 6(r) and 7):**				
6100	Selling expenses	486,778	3	559,522	3
6200	Administrative expenses	433,764	3	444,323	2
6300	Research and development expenses	81,783	1	104,680	1
6450	Reversal of impairment loss for expected credit loss	(8,722)	-	(12,159)	-
	Total operating expenses	993,603	7	1,096,366	6
6900	**Operating income (loss)**	(123,771)	(1)	298,142	2
7000	**Non-operating income and expenses (notes 6(k), 6(l), 6(s) and 12):**				
7100	Interest income	103,360	1	95,082	-
7010	Other income	226,264	1	186,914	1
7020	Other gains and losses	(147,714)	(1)	313,509	2
7050	Finance costs	(33,413)	-	(61,293)	-
	Total non-operating income and expenses	148,497	1	534,212	3
7900	**Income before income tax**	24,726	-	832,354	5
7950	**Less: Income tax expenses (benefit) (note 6(n))**	(20,976)	-	172,382	1
	Net income	45,702	-	659,972	4
8300	**Other comprehensive income (notes 6(n) and 6(o)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	5,647	-	29,069	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	1,129	-	5,814	-
	Total items that will not be reclassified subsequently to profit or loss	4,518	-	23,255	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Foreign currency translation differences for foreign operations	(84,391)	-	(207,807)	(1)
8399	Less: income tax related to items that will be reclassified subsequently to profit or loss	-	-	-	-
	Total items that will be reclassified subsequently to profit or loss	(84,391)	-	(207,807)	(1)
8300	**Other comprehensive income, net of tax**	(79,873)	-	(184,552)	(1)
8500	**Total comprehensive income**	**$ (34,171)**	**-**	**475,420**	**3**
	Net income (loss) attributable to:				
8610	Shareholders of the Company	$ 46,118	-	660,825	4
8620	Non-controlling interests	(416)	-	(853)	-
		$ 45,702	**-**	**659,972**	**4**
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	$ (33,504)	-	476,043	3
8720	Non-controlling interests	(667)	-	(623)	-
		$ (34,171)	**-**	**475,420**	**3**
9750	**Basic earnings per share (expressed in New Taiwan dollars) (note 6(p))**	**$ 0.12**		**1.66**	
9850	**Diluted earnings per share (expressed in New Taiwan dollars) (note 6(p))**	**$ 0.12**		**1.66**	

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the Company									
			Retained earnings				Total other equity interest			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Foreign currency translation differences for foreign operations	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance at January 1, 2019	$ 3,974,954	1,568,318	2,319,521	129,404	7,598,024	10,046,949	(142,180)	15,448,041	13,431	15,461,472
Appropriation and distribution:										
Legal reserve	-	-	16,331	-	(16,331)	-	-	-	-	-
Special reserve	-	-	-	12,776	(12,776)	-	-	-	-	-
Cash dividends	-	-	-	-	(198,748)	(198,748)	-	(198,748)	-	(198,748)
Net income (loss) for the year	-	-	-	-	660,825	660,825	-	660,825	(853)	659,972
Other comprehensive income for the year	-	-	-	-	23,267	23,267	(208,049)	(184,782)	230	(184,552)
Total comprehensive income for the year	-	-	-	-	684,092	684,092	(208,049)	476,043	(623)	475,420
Changes in non-controlling interests	-	10,482	-	-	(67)	(67)	-	10,415	(11,261)	(846)
Balance at December 31, 2019	3,974,954	1,578,800	2,335,852	142,180	8,054,194	10,532,226	(350,229)	15,735,751	1,547	15,737,298
Appropriation and distribution:										
Legal reserve	-	-	68,403	-	(68,403)	-	-	-	-	-
Special reserve	-	-	-	208,049	(208,049)	-	-	-	-	-
Cash dividends	-	-	-	-	(397,495)	(397,495)	-	(397,495)	-	(397,495)
Net income (loss) for the year	-	-	-	-	46,118	46,118	-	46,118	(416)	45,702
Other comprehensive income for the year	-	-	-	-	4,518	4,518	(84,140)	(79,622)	(251)	(79,873)
Total comprehensive income for the year	-	-	-	-	50,636	50,636	(84,140)	(33,504)	(667)	(34,171)
Changes in non-controlling interests	-	-	-	-	(31)	(31)	-	(31)	78	47
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	425	-	-	-	-	-	425	-	425
Balance at December 31, 2020	**$ 3,974,954**	**1,579,225**	**2,404,255**	**350,229**	**7,430,852**	**10,185,336**	**(434,369)**	**15,305,146**	**958**	**15,306,104**

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars)

		2020	2019
Cash flows from operating activities:			
Income before tax	$	24,726	832,354
Adjustments:			
Adjustments to reconcile profit and loss			
Depreciation		1,125,070	1,064,848
Reversal of impairment loss for expected credit loss		(8,722)	(12,159)
Net gain on financial assets measured at fair value through profit or loss		(2,860)	(15,955)
Interest expense		33,413	61,293
Interest income		(103,360)	(95,082)
Loss on disposal of property, plant and equipment		13,976	25,672
Loss on disposal of investments		-	4,265
Unrealized loss (gain) on foreign exchange		(36,960)	38,499
Total adjustments to reconcile profit and loss		1,020,557	1,071,381
Changes in operating assets and liabilities relating:			
Net changes in operating assets:			
Notes receivable		(4,926)	(24,812)
Accounts receivable		152,416	(38,137)
Other receivables		(50,868)	4,619
Inventories		196,449	576,667
Prepayments		22,093	34,573
Other current assets		(15,770)	59,296
Total net changes in operating assets		299,394	612,206
Net changes in operating liabilities:			
Notes payable		(28,537)	(326,028)
Accounts payable		186,085	(270,948)
Other payable		(111,431)	(177,783)
Other current liabilities		71,081	101,503
Net defined benefit liability		(15,292)	(4,111)
Total net changes in operating liabilities		101,906	(677,367)
Total net changes in operating assets and liabilities		401,300	(65,161)
Total adjustments		1,421,857	1,006,220
Cash inflow generated from operations		1,446,583	1,838,574
Interest income received		47,583	129,588
Interest paid		(37,309)	(60,000)
Income tax paid		(118,920)	(124,475)
Net cash flows from operating activities		1,337,937	1,783,687
Cash flows from investing activities:			
Acquisition of financial assets measured at fair value through profit or loss		(626,162)	(625,812)
Proceeds from disposal of financial assets measured at fair value through profit or loss		1,055,357	817,691
Acquisition of property, plant and equipment		(347,129)	(626,240)
Proceeds from disposal of property, plant and equipment		41,786	4,842
Increase in other financial assets－non-current		(781,056)	(431,664)
Increase in prepayments for equipment		(346,326)	(310,486)
Net cash flows used in investing activities		(1,003,530)	(1,171,669)
Cash flows from financing activities::			
Increase in short-term loans		4,254,356	3,490,620
Decrease in short-term loans		(4,330,665)	(3,433,003)
Repayments of bonds		-	(157,557)
Repayments of long-term loans		-	(8,754)
Payment of lease liabilities		(47,008)	(43,307)
Cash dividends paid		(397,495)	(198,748)
Change in non-controlling interests		47	(846)
Net cash flows used in financing activities		(520,765)	(351,595)
Effect of exchange rate changes on cash and cash equivalents		(24,109)	(17,775)
Net increase (decrease) in cash and cash equivalents		(210,467)	242,648
Cash and cash equivalents at beginning of period		4,320,602	4,077,954
Cash and cash equivalents at end of period	$	**4,110,135**	**4,320,602**

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars, unless otherwise stated)

(1) Company history

CHIN-POON INDUSTRIAL CO., LTD. ("the Company") was incorporated in the Republic of China (ROC) on September 26, 1979, as a corporation limited by shares in accordance with the ROC Company Act. The consolidated entities in the consolidated financial statements include the Company and its subsidiaries (collectively referred to as "the Consolidated Company"). The Consolidated Company is mainly engaged in the Manufacturing, producing and selling electronic printed circuit boards.

(2) Approval date and procedures of the consolidated financial statements

These accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 19, 2021.

(3) Application of new and revised standards, amendments and interpretations:

(a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, ROC (“FSC”)

The Consolidated Company has initially adopted the following new amendments, which do not have any material impact on its consolidated financial statements, from January 1, 2020.

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(b) Impact of IFRSs that have been endorsed by the FSC but not yet in effect

The Consolidated Company assesses that the initial adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have any material impact on its consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"

(Continued)

(c) The of IFRSs issued by the IASB but not yet endorsed by the FSC

The Consolidated Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 16 "Property, Plant and Equipmentt－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below. Except for those specially indicated, the significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis except otherwise specified in the notes to accounting policies.

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. The assets and liabilities of foreign operations are translated to the Company's functional currency using the exchange rates on reporting date. The income and expenses of foreign operations are translated to the Company's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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

Changes in the Consolidated Company's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements were as follows:

			Percentage of ownership		
Name of investor	**Name of subsidiary**	**Business activities**	**December 31, 2020**	**December 31, 2019**	**Remarks**
The Company	VEGA International Enterprise Co., Ltd. (VEGA)	Investment	100.00 %	100.00 %	
The Company	Chin-Poon Japan Co., Ltd. (CPCJ)	Trading of PCB	- %	- %	(Note 1)
The Company	Draco PCB Public Co., Ltd. (Draco)	Production and trading of PCB	99.73 %	99.65 %	(Note 2)
VEGA International Enterprise Co., Ltd.	Chin-Poon Holdings Cayman Limited (CPCH)	Investment and trading of PCB	100.00 %	100.00 %	
Chin-Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co., Ltd (CPCS)	Production and trading of PCB	100.00 %	100.00 %	

Note 1: A resolution was passed during the board of directors meeting held on March 20, 2019 and decided May 21, 2019 as the date of liquidation for Chin-Poon Japan Co., Ltd. The procedures of liquidation were completed on November 11, 2019.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 2: In July 2019, the Company acquired the interest of 282 thousand shares in Draco for $846 thousand, recognizing a reduction of $67 thousand in retained earnings.

In May 2020, Draco increased its capital by issuing 121,457 thousand shares, rasing $281,760 thousand (approximately THB300,000 thousand). The Company contributed $281,713 thousand in Draco's equity offering and recognized the amount of $31 thousand as a reduction of its retained earnings.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Foreign currency differences arising from retranslated are recognized in profit or loss, except for the financial assets measured at fair value through other comprehensive income differences, which are recognized in other comprehensive income arising on the retranslated.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income and presented in the translation reserve in equity.

(e) Assets and liabilities classified as current and non-current

Cash or cash equivalents, assets held for trading purposes or short-term and expected to be converted to cash within twelve months after the reporting period or for intention of sales or consumption within its normal operating cycle are classified as current assets; all other assets are classified as noncurrent assets.

Liabilities that must be fully liquidated within twelve months after the reporting period are classified as current liabilities; all other liabilities are classified as non-current liabilities.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits are classified as cash and cash equivalents only when they satisfy the aforementioned definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Financial instruments

(i) Financial assets

The Consolidated Company classifies financial assets into the following categories: financial assets measured at amortized cost and financial assets measured at fair value through profit or loss (FVTPL). A regular way purchase or sale of financial assets is recognized and derecognized, as applicable using trade date accounting.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL, including derivative financial assets. On initial recognition, the Consolidated Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

3) Impairment of financial assets

The Consolidated Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets, etc.).

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Loss allowance for notes and accounts receivable are measured at an amount equal to lifetime ECL. Other financial assets measured at amortized cost are considered reasonable and supportable information that are relevant and available, without undue cost or effort. This includes both quantitative and qualitative information, as well as analysis, based on the Consolidated Company's historical experience, informed credit assessment, and forward-looking information. Loss allowance for other financial assets measured at amortized cost are measured by using the 12-month ECL, in which the credit risk did not increase significantly since initial recognition. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to the lifetime ECL.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Consolidated Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Consolidated Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Consolidated Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire or when the Consolidated Company transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by the Consolidated Company comprise convertible bonds that can be converted to shares capital at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

(Continued)

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

When the company holds the convertible bonds issued by its subsidiary, the bonds held shall be viewed as redeemed bonds of the issuer in the consolidated financial statements.

4) Financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise long-term and short-term loans, accounts payable and other payables, are measured at fair value plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit and loss.

5) Derecognition of financial liabilities

The Consolidated Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

The Consolidated Company presents financial assets and liabilities on a net basis when the Consolidated Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Consolidated Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income and expenses in the statement of comprehensive income. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted-average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, and any borrowing cost that is eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a straight-line basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

(Continued)

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

	December 31, 2020	December 31, 2020
Buildings	8~60 years	8~60 years
Machinery equipment	2~15 years	2~10 years
Other equipment	2~20 years	2~20 years
Leasehold equipment	5~30 years	5~30 years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in an accounting estimate.

(j) Leases

(i) Identifying a lease

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

(ii) As a leasee

The Consolidated Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Consolidated Company's incremental borrowing rate. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term and in future lease payments the lease liability is remeasured, the Consolidated Company remeasures the lease liabilities with a corresponding adjustment to the carrying amount of the right-of-use asset, or in profit and loss, if the carrying amount of the right-of-use asset has been reduced to zero.

The Consolidated Company has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Consolidated Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Impairment－non-financial assets

With regard to non-financial assets (other than inventories, deferred tax assets and employee benefits), the Consolidated Company assesses at the end of each reporting period whether there is any indication that an impairment loss has occurred and estimates the recoverable amount for assets with an indication of impairment. If it is not possible to determine the recoverable amount for the individual asset, then the Consolidated Company will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell or it's value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Consolidated Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. Impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount, increasing the individual asset's or cash-generating unit's carrying amount to its estimated recoverable amount. The reversal of an impairment loss of an individual asset or cash-generating unit cannot exceed the carrying amount of the individual asset or cash-generating unit, less any depreciation or amortization, had it not recognized an impairment loss.

(l) Revenue recognition

Revenue is measured based on the consideration to which the Consolidated Company expects to be entitled in exchange for transferring goods or services to a customer. The Consolidated Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Consolidated Company's main types of revenue are explained below:

(i) Sale of goods

The Consolidated Company is mainly engaged in the manufacture and sale of electronic printed circuit boards and electronic materials. The Consolidated Company recognizes revenue when control of the products has transferred, being 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. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer.

The Consolidated Company's estimated future sales returns and discounts for various goods are generally made and adjusted based on historical trend and other known factors that would significantly affect the sales returns and discounts. A reduction of revenue and refund liabilities (recorded under other current liabilities) are only recognized to the extent that it is highly probable that a significant reversal will not occur.

(Continued)

A receivable is recognized when the goods are delivered as this is the point in time that the Consolidated Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Consolidated Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Consolidated Company does not adjust any of the transaction prices for the time value of money.

(m) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Consolidated Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yields of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Consolidated Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Consolidated Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Consolidated Company. An economic benefit is available to the Consolidated Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

(Continued)

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses; (2) the return on plan assets excluding the amounts included in net interest on the net defined benefit liability (assets); and (3) any change in the effect of the asset ceiling, excluding the amounts included in net interest on the net defined benefit liability (assets); The Consolidated Company recognizes the remeasurements of the defined benefit liability (asset) in other comprehensive.

The Consolidated Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Consolidated Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(n) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Consolidated Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(o) Earnings per share

Earnings per share (EPS) of common stock are calculated by dividing net income (or loss) for the reporting period attributable to common stockholders by the weighted-average number of common shares outstanding during that period. The weighted-average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid-in capital.

Employee bonuses in the form of stock of the Company are potential stock. If the potential stock does not have a dilutive effect, only the basic earnings per share are disclosed; otherwise, diluted earnings per share are disclosed in addition to the basic earnings per share. When computing diluted earnings per share with regard to employee bonuses in the form of stock, the closing price at the reporting date is used as the basis of computation of the number of shares to be issued. When computing diluted earnings per share prior to the following Board of Directors, the effect of dilution from these potential shares is taken into consideration.

(p) Segment information

An operating segment is a component of the Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Consolidated Company). Operating results of the operating segment are regularly reviewed by the Consolidated Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Subsequent measurements of inventories

As inventories are stated at the lower of cost or net realizable value, the Consolidated Company assesses the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The subsequent measurements of inventories are mainly determined based on the current market price. Therefore, there may be significant changes in the net realizable value of inventories due to the rapid change of industrial environment.

(b) Refund liability of sales returns and discounts

The Consolidated Company records a refund liability for its estimated future sales returns and discounts in the same period when related revenues are recorded. Refund liability for estimated sales returns and discounts is generally made and adjusted based on historical trend and other known factors that would significantly affect the sales returns and discounts. The adequacy of estimations is reviewed periodically. Any changes in these estimates might significantly affect the refund liability for sales returns and discounts.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 15,226	2,340
Demand deposits	2,932,726	3,811,019
Time deposits	1,080,701	428,403
Checking deposits	81,482	78,840
Cash and cash equivalents per consolidated statements of cash flows	**$ 4,110,135**	**4,320,602**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Please refer to note 6(t) for the disclosure of the Consolidated Company's interest rate risk and sensitivity analysis related to financial assets and liabilities.

Please refer to note 6(c) for the disclosure of the Consolidated Company's time deposits with a maturity of three months to one year and above one year were recorded under other financial assets －current and other financial assets－non-current.

(b) Financial assets measured at fair value through profit or loss

	December 31, 2020	December 31, 2019
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Current:		
Beneficiary certificates	$ 416,822	844,170
Financial assets (liabilities) held for trading:		
Derivative instruments not used for hedging		
Forward contracts	(182)	135
Total	$ 416,640	844,305

Please refer to note 6(s) for net gains or losses from financial assets measured at fair value through profit or loss.

As of December 31, 2020 and 2019, the Consolidated Company did not pledge its financial assets measured at fair value through profit or loss as collateral.

The Consolidated Company uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. As of December 31, 2020 and 2019, the Consolidated Company reported the following derivatives financial instruments as financial assets and liabilities at fair value through profit or loss without the application of hedge accounting.

	December 31, 2020		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	USD 1,831 / THB 55,009	USD/THB	2021.06

	December 31, 2019		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	USD 2,694 / THB 81,231	USD/THB	2020.03

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Other financial assets

		December 31, 2020	December 31, 2019
Current:			
Bank's time deposit	$	416,415	610,070
Segregated foreign exchange deposits		240,187	-
Subtotal		656,602	610,070
Non-current:			
Bank's time deposit		1,810,982	1,225,400
Segregated foreign exchange deposits		222,581	-
Refundable deposits		20,586	20,451
Subtotal		2,054,149	1,245,851
Total	**$**	**2,710,751**	**1,855,921**

According to the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the Company repatriated its offshore funds back to Taiwan at February 27, 2020, and recorded it under other financial assets— current and other financial assets— non-current based on the Company's investment plan schedule.

As of December 31, 2020 and 2019, the Consolidated Company did not pledge its other financial assets as collateral.

(d) Notes receivable and accounts receivable

		December 31, 2020	December 31, 2019
Notes receivable	$	34,747	29,586
Accounts receivable		3,455,653	3,683,528
Less: loss allowance		72,625	83,496
	$	**3,417,775**	**3,629,618**

The Consolidated Company applies the simplified approach of IFRS 9 to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for notes and accounts receivable. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The Consolidated Company's analysis of the expected credit loss on its notes and accounts receivable in the regions of Taiwan were as follows:

	December 31, 2020		
	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 2,342,037	0.0010%	24
Past due 1~30 days	45,918	0.00271%	12
Past due 31~60 days	8,397	0.3577%	30
Past due 61~90 days	736	0.7923%	6
Past due 91~120 days	125	3.8780%	5
Past due 121 to 180 days	944	3.8780%	37
Past due over 181 days	67,577	100%	67,577
	$ 2,465,734		67,691

	December 31, 2019		
	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 2,527,320	0.0545%	1,376
Past due 1~30 days	41,467	2.3924%	992
Past due 31~60 days	7,035	10.7554%	757
Past due 61~90 days	2,987	28.1910%	842
Past due 91~120 days	636	36.5139%	232
Past due 121 to 180 days	1,201	41.0494%	493
Past due over 181 days	74,650	100%	74,650
	$ 2,655,296		79,342

The Consolidated Company's analysis of the expected credit loss on its notes and accounts receivable in the regions of China were as follows:

	December 31, 2020		
	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 641,634	0%	-
Past due 1~30 days	27,061	0%	-
Past due 31~60 days	1,154	0%	-
	$ 669,849		-

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2019		
	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 675,371	0.0021%	14
Past due 1~30 days	47,080	0.1001%	47
	$ 722,451		61

The Consolidated Company's analysis of the expected credit loss on its notes and accounts receivable in the regions of other were as follows:

	December 31, 2020		
	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 298,193	0.0711%	212
Past due 1~30 days	43,513	0.5837%	254
Past due 31~60 days	5,539	0.6680%	37
Past due 61~90 days	382	2.0942%	8
Past due 91~120 days	1,625	11.4462%	186
Past due 121~180 days	1,999	31.0655%	621
Past due over 181 days	3,566	100%	3,566
	$ 354,817		4,884

	December 31, 2019		
	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 329,043	0.6762%	2,225
Past due 1~30 days	2,221	5.1778%	115
Past due over 181 days	4,103	100%	4,103
	$ 335,367		6,443

The movement in the loss allowance for impairment with respect to notes and accounts receivable was as follows:

	2020	2019
Balance at beginning of the period	$ 83,496	95,422
Reversal of impairment loss	(8,745)	(12,159)
Amounts written off	(1,854)	-
Translation effect	(272)	233
Balance at end of the period	$ 72,625	83,496

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of December 31, 2020 and 2019, the Consolidated Company had not provided its notes and accounts receivable as collateral or factored them for cash.

(e) Other receivables

		December 31, 2019	December 31, 2019
Other receivables	$	113,631	63,716
Less: loss allowance		-	1,058
	$	**113,631**	**62,658**

As of December 31, 2020 and 2019, the Consolidated Company had no other receivables that were past due. Therefore, no provisions for doubtful debt were required after the management's assessment.

The movement in the loss allowance for impairment with respect to other receivables was as follows:

		2020	2019
Balance at beginning of the period	$	1,058	1,058
Impairment loss recognized		23	-
Amounts written off		(1,081)	-
Balance at end of the period	**$**	**-**	**1,058**

(f) Inventories

		December 31, 2020	December 31, 2019
Finished goods	$	1,176,484	1,543,569
Work in progress		1,255,692	1,126,369
Raw materials		509,379	435,216
	$	**2,941,555**	**3,105,154**

Due to the decrease in the realizable value of inventories, the Consolidated Company recognized the inventory pricing loss as cost of goods sold. The amounts were as follows:

		2020	2019
Loss on decline in market value of inventory	$	14,209	8,738
Income from sale of scrap		(422,684)	(404,189)
Unallocated production overhead		521,793	405,778
Total	**$**	**113,318**	**10,327**

As of December 31, 2020 and 2019, the Consolidated Company did not pledge its inventories as collateral.

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CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(g) Acquisitions of NCI

In July 2019, the Company acquired the interests of 282 thousand shares in Draco PCB Public Co., Ltd ("Draco") and from its non-related parties, spending $846 thousand, and increasing its ownership from 99.58% to 99.65%. For the year ended December 31, 2019, the Consolidated Company recognized the amount of $67 thousand as a reduction of its retained earnings.

Due to the issued and paid date of convertible bonds payable issuing by Draco was on August 19, 2019, causing the changes in non-controlling interests. The Company recognized the amount of $10,482 thousand in capital surplus, resulting from abovementioned transaction.

The change in the subsidiary's equity attributed to the Company was as follows:

		December 31, 2019
Carrying amount of non-controlling interest on acquisition	$	779
Consideration paid to non-controlling interests		(846)
Differences between consideration and carrying amounts of subsidiaries acquired	**$**	**(67)**

For the year ended December 31, 2020, the Company did not acquire the interests of Draco's shares from its non-related parties.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Consolidated Company for the years ended December 31, 2020 and 2019 were as follows:

		Land	Buildings	Machinery equipment	Other equipment	Leasehold improvement	Construction in progress	Total
Cost:								
Balance at January 1, 2020	$	846,661	4,055,145	12,061,072	3,120,586	39,982	22,240	20,145,686
Additions		-	44,703	192,165	54,669	5,901	11,321	308,759
Disposals		-	-	(334,782)	(26,365)	-	-	(361,147)
Reclassification		-	32,753	254,952	70,632	1,116	(27,774)	331,679
Translation effect		(5,424)	(11,570)	(60,111)	(8,813)	-	(1,238)	(87,156)
Balance at December 31, 2020	**$**	**841,237**	**4,121,031**	**12,113,296**	**3,210,709**	**46,999**	**4,549**	**20,337,821**
Balance at January 1, 2019	$	841,988	3,455,332	11,354,744	2,967,156	17,124	33,067	18,669,411
Additions		-	156,237	325,364	141,504	5,943	37,681	666,729
Disposals		-	(910)	(185,338)	(31,879)	-	-	(218,127)
Reclassification		-	494,484	641,898	78,524	16,915	(50,348)	1,181,473
Translation effect		4,673	(49,998)	(75,596)	(34,719)	-	1,840	(153,800)
Balance at December 31, 2019	**$**	**846,661**	**4,055,145**	**12,061,072**	**3,120,586**	**39,982**	**22,240**	**20,145,686**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Buildings	Machinery equipment	Other equipment	Leasehold improvement	Construction in progress	Total
Accumulated depreciation and impairment loss:							
Balance at January 1, 2020	$ -	1,600,025	8,393,929	2,280,023	8,697	-	12,282,674
Depreciation	-	118,828	740,347	206,311	6,065	-	1,071,551
Disposal	-	-	(282,273)	(23,112)	-	-	(305,385)
Reclassification	-	-	(1,368)	1,368	-	-	-
Translation effect	-	(8,020)	(27,134)	(7,021)	-	-	(42,175)
Balance at December 31, 2020	**$ -**	**1,710,833**	**8,823,501**	**2,457,569**	**14,762**	**-**	**13,006,665**
Balance at January 1, 2019	$ -	1,513,289	7,890,043	2,144,123	4,211	-	11,551,666
Depreciation	-	100,586	719,860	191,514	4,486	-	1,016,446
Disposals	-	(450)	(158,107)	(29,056)	-	-	(187,613)
Reclassification	-	-	-	432	-	-	432
Translation effect	-	(13,400)	(57,867)	(26,990)	-	-	(98,257)
Balance at December 31, 2019	**$ -**	**1,600,025**	**8,393,929**	**2,280,023**	**8,697**	**-**	**12,282,674**
Carrying amount:							
Balance at December 31, 2020	**$ 841,237**	**2,410,198**	**3,289,795**	**753,140**	**32,237**	**4,549**	**7,331,156**
Balance at December 31, 2019	**$ 841,988**	**1,942,043**	**3,464,701**	**823,033**	**12,913**	**33,067**	**7,117,745**
Balance at January 1, 2019	**$ 846,661**	**2,455,120**	**3,667,143**	**840,563**	**31,285**	**22,240**	**7,863,012**

(i) Loss and gain on disposal

For the years ended December 31, 2020 and 2019, the Consolidated Company recognized loss and gain on disposal of property, plant and equipment, please refer to note 6(s).

(ii) Impairment loss

The movements in accumulated impairment loss of the Consolidated Company's property, plant and equipment were as follows:

	2020	2019
Balance at beginning of the period	$ 459,388	458,478
Disposals during the period	(214)	-
Translation effect	(1,055)	910
Balance at end of the period	**$ 458,119**	**459,388**

(iii) Collateral

As of December 31, 2020 and 2019, the Consolidated Company pledged its property, plant and equipment as collateral for short-term loans, please refer to note 8.

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CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Right-of-use assets

The Consolidated Company leases its assets including its use right of land and buildings. Information about leases for which the Consolidated Company is the lessee is as follow:

	Use right of land	Buildings	Total
Cost:			
Balance at January 1, 2020	$ 54,499	428,240	482,739
Additions	-	27,792	27,792
Translation effect	368	-	368
Balance at December 31, 2020	**$ 54,867**	**456,032**	**510,899**
Balance at January 1, 2019	$ 56,294	397,621	453,915
Additions	346	30,619	30,965
Translation effect	(2,141)	-	(2,141)
Balance at December 31, 2019	**$ 54,499**	**428,240**	**482,739**
Accumulated depreciation:			
Balance at January 1, 2020	$ 1,434	46,909	48,343
Depreciation	1,424	52,095	53,519
Translation effect	30	-	30
Balance at December 31, 2020	**$ 2,888**	**99,004**	**101,892**
Balance at January 1, 2019	$ -	-	-
Depreciation	1,493	46,909	48,402
Translation effect	(59)	-	(59)
Balance at December 31, 2019	**$ 1,434**	**46,909**	**48,343**
Carrying amount:			
Balance at December 31, 2020	**$ 51,979**	**357,028**	**409,007**
Balance at January 1, 2019	**$ 56,294**	**397,621**	**453,915**
Balance at December 31, 2019	**$ 53,065**	**381,331**	**434,396**

(j) Short-term and long-term loans

(i) Short-term loans

	December 31, 2020			
	Currency	**Range of interest rates (%)**	**Year of maturity**	**Amount**
Secured loans	THB	2.10~3.25	2021	$ 50,820
Unsecured loans	USD	0.67~0.94	2021	1,105,979
Unsecured loans	EUR	0.44	2021	69,334
Unsecured loans	THB	3.00	2021	85,093
Total				**$ 1,311,226**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2019			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	THB	2.25~4.0501	2020	$ 387,095
Unsecured loans	USD	2.56~3.28	2020	959,233
Unsecured loans	EUR	0.54	2020	100,729
Total				$ 1,447,057

As of December 31, 2020 and 2019, the unused credit facilities of the Consolidated Company's short-term loans amounted to $5,030,641 thousand and $4,989,869 thousand, respectively.

Please refer to note 6(t) for related information of risk exposure to interest risk, currency risk and liquidity risk.

(ii) Collateral of loans

As of December 31, 2020 and 2019, the Consolidated Company has mortgaged its assets as collateral of loans, please refer to note 8.

(k) Bonds payable

	2019
Interest Expenses (recorded under financial costs)	$ 5,175

(i) On August 20, 2014, Draco issued 6,000,000 unsecured convertible bonds, with a par value of THB100, raising $564,540 thousand (approximately THB600,000 thousand) in cash. The Company purchased 4,417,944 units of shares on August 20, 2014, which amounted to $415,905 thousand (approximately THB441,794 thousand). When a company holds the convertible bonds issued by its subsidiary, the bonds held shall be viewed as redeemed bonds of the issuer. On July 2017, the Company has fully converted its convertibles bonds issued by Draco.

(ii) The information of the outstanding bonds was as follows:

	December 31, 2020	December 31, 2019
Total amount of convertible bonds	$ -	564,540
Accumulated amount of converted bonds	-	(407,495)
Repayment of bonds	-	(162,050)
Translation effect	-	5,005
Bonds payable of ending balance	$ -	-

Due to the issued and paid date of convertible bonds payable issuing by Draco was on August 19, 2019, causing the changes in non-controlling interests. The Company recognized the amount of $10,482 thousand in capital surplus, resulting from abovementioned transaction.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(iii) When the convertible bonds were issued, the call options and put options embedded in bonds payable were separated and recognized as equity and liability as follows:

	Issuance (August 20, 2014)
Present value under compound interest of convertible bonds	$ 524,646
Equity component－conversion option	39,894
	$ 564,540

1) Coupon rate: 5.19%

2) Effective rate: 7.20%, interest is paid on June 30, and December 31, yearly.

3) Period: 5 years (August 20, 2014 to August 19, 2019)

4) Conversion period: From December 31, 2014, the bondholders have the right to ask for conversion of the bonds on June 30, December 31 and the expiry date.

5) Conversion price: The price has been set as THB$5.4 per share at initial issuance. During the convertible period, the price for conversion of the bonds is THB$5.40 (face value THB$100 per bond) into 17.901852 shares and paid the supplementary cash THB$3.33 per share. The total amount of the shares to the conversion shall not be over 107,411 thousand shares.

6) Draco PCB Co., Ltd. has no right to repurchase the bonds in advance and the bondholders have no right to redeem the bonds.

(l) Lease liabilities

The carrying amounts of lease liabilities for the Consolidated Company were as follows:

	December 31, 2020	December 31, 2019
Current	$ 49,387	45,121
Non-current	$ 316,330	339,812

For the maturity analysis, please refer to note 6(t).

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	$ 8,144	8,180
Expenses relating to short-term leases	$ 3,055	1,600
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 10,148	4,642

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CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in the statement of cash flows for the Consolidated Company were as follows:

		2020	2019
Total cash outflow for leases	$	68,355	57,729

(m) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value adjustments of the plan assets for the Consolidated Company were as follows:

		December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$	374,442	385,385
Fair value of plan assets		(470,074)	(463,576)
Net defined benefit asset	$	(95,632)	(78,191)

As of December 31, 2020 and 2019, the Consolidated Company's net defined benefit assets amounted to $95,632 thousand and $78,191 thousand, respectively, deriving from the net defined benefit assets of $128,510 thousand and $110,928 thousand, respectively, recorded by the Company, less, the net defined benefit liabilities of $32,878 thousand and $32,737 thousand, respectively, under Draco's management.

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan and Chunghwa Post Co., Ltd. that provides pensions for employees and managers upon retirement. The plans (covered by the Labor Standard) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

The Company's Bank of Taiwan and Chunghwa Post Co., Ltd. labor pension reserve account balance amounted to $434,284 thousand and $35,790 thousand, respectively, as of December 31, 2020. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Movements in present value of the defined benefit obligations

The movements in present value of the Consolidated Company's defined benefit obligations for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Defined benefit obligation at January 1	$ 385,385	407,830
Current service costs and interest	9,174	9,248
Remeasurements of the net defined benefit liability (asset)		
—Actuarial gains and losses arising from changes in financial assumptions	6,665	(16,039)
Past service cost and settlement gains	-	7,627
Benefits paid	(26,782)	(23,281)
Defined benefit obligation at December 31	**$ 374,442**	**385,385**

3) Movements in fair value of plan assets

The movements in the fair value of the Consolidated Company's plan assets for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Fair value of plan assets at January 1	$ 463,576	454,088
Remeasurements of the net defined benefit liability (asset)		
—The return on plan assets (excluding amounts included in the interest during this period)	5,752	6,055
—Actuarial gains and losses arising from changes in financial assumptions	12,312	13,030
Contributions made	15,216	13,684
Benefits paid	(26,782)	(23,281)
Fair value of plan assets at December 31	**$ 470,074**	**463,576**

4) Expenses recognized in profit or loss

The Consolidated Company's expenses recognized on profit or loss for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Current service costs	$ 2,468	3,683
Net interest on the defined benefit liability (asset)	954	(490)
Past service cost and settlement gains	-	7,627
	$ 3,422	**10,820**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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		2020	2019
Operating costs	$	1,869	2,228
Selling expenses		251	240
Administration expenses		1,302	8,318
Research and development expenses		-	34
	$	3,422	10,820

5) Actuarial assumptions

The Consolidated Company's assumptions used on calculating the present value of the defined benefit obligation at reporting date were as follows:

	2020.12.31	2019.12.31
Discount rate	0.50%~1.51%	0.75%~1.56%
Future salary increases rate	1.00%~5.00%	1.00%~5.00%

The expected contribution to be made by the Consolidated Company to the defined benefit plans for the next annual reporting period is $12,433 thousand.

The Consolidated Company's weighted average duration of the defined benefit obligation of employee and manager are 17.08 years and 6.38 years, respectively.

6) Sensitivity analysis for actuarial assumption

As of December 31, 2020 and 2019, the effect of changes in actuarial assumptions on the present value of the defined benefit obligations were as follows:

		The impact of defined benefit obligation	
		Increase	Decrease
At December 31, 2020			
Discount rate (changes 0.25%)	$	(11,683)	12,216
Future salary increase rate (changes 0.25%)		12,058	(11,593)
At December 31, 2019			
Discount rate (changes 0.25%)		(12,760)	13,359
Future salary increase rate (changes 0.25%)		13,161	(12,640)

The above sensitivity analysis is based on the effect of changes in a single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability (asset) is the same.

The method used for sensitivity analysis for this year is the same as the method used in the previous year.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(ii) Defined contribution plans

The Consolidated Company contributes an amount equal to 6% of the employee's monthly. The Consolidated Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Consolidated Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Consolidated Company's pension costs under the defined contribution method were $118,030 thousand and $160,222 thousand for the years ended December 31, 2020 and 2019, respectively.

(iii) Short-term employee benefit

		December 31, 2020	December 31, 2019
Annual leave benefit (recorded under other payables)	$	**36,151**	**38,766**

(n) Income taxes

(i) Income tax expense (benefit)

The amounts of the Consolidated Company's income tax expense (benefit) for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Current tax expense			
Current period	$	98,674	136,655
Surtax on unappropriated retained earnings		504	-
Adjustment for prior periods		2,193	16,301
		101,371	152,956
Deferred tax expense (benefit)			
Origination and reversal of temporary differences		(122,347)	19,426
Income tax expense (benefit) from continuing operations	$	**(20,976)**	**172,382**

The amounts of the Consolidated Company's income tax expense recognized under other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Items that may not be reclassified into profit and loss:			
Remeasurements of defined benefit plan	$	**1,129**	**5,814**

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Reconciliations of the Consolidated Company's income tax expense (benefit) and income before tax for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Income before tax	$ 24,726	832,354
Income tax using the Company's domestic tax rate	$ 4,945	166,471
Effect of tax rates in foreign jurisdiction	(108,554)	32,024
Under estimate of prior years' income tax	2,193	16,301
Tax-exempt income	(1,252)	(3,836)
Tax expense recognized based on the management, utilization, and taxation of repatriated offshore fund act	47,990	-
Current-year for which no deferred tax asset was recognized	27,999	43,532
Surtax on unappropriated retained earnings	504	-
Adjustment according to tax low	15,418	(66,284)
Tax credits utilized	(10,219)	(15,019)
Others	-	(807)
Income tax expense (benefit)	$ (20,976)	172,382

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred income tax assets

The Consolidated Company's deferred tax assets have not been recognized in respect of the following items:

	December 31, 2020	December 31, 2019
The carryforward of unused tax losses	$ 922,926	890,623

Deferred tax assets have not been recognized in respect of these items because it is not probable that the future taxable profit will be available against which the Consolidated Company can utilize the benefits therefrom.

As of December 31, 2020, the expiration period for abovementioned unrecognized deferred tax assets of unused tax losses carryforwards were as follows:

Year of loss	Unused amount	Year of expiry
2016	$ 131,106	2021
2017	197,104	2022
2018	237,065	2023
2019	217,658	2024
2020	139,993	2025
	$ 922,926	

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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2) Recognized deferred tax assets and liabilities

Changes in the amount of recognized deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 were as follows:

Deferred tax assets:

	Defined benefit plans	Allowance for inventory devaluation loss	Loss allowance	Refund liabilities	Loss carryforwards	Others	Total
Balance at January 1, 2020	$ 6,547	33,348	20,113	129,088	-	6,274	195,370
Recognized in profit or loss	29	632	(1,787)	14,427	3,511	(4,188)	12,624
Balance at December 31, 2020	**$ 6,576**	**33,980**	**18,326**	**143,515**	**3,511**	**2,086**	**207,994**
Balance at January 1, 2019	$ 3,809	38,306	21,682	113,132	-	3,067	179,996
Recognized in profit or loss	1,863	(4,958)	(1,569)	15,956	-	3,207	14,499
Recognized in other comprehensive income	875	-	-	-	-	-	875
Balance at December 31, 2019	**$ 6,547**	**33,348**	**20,113**	**129,088**	**-**	**6,274**	**195,370**

Deferred tax liabilities:

	Gain from investment using equity method	Defined benefit plans	Others	Total
Balance at January 1, 2020	$ 646,310	22,185	190	668,685
Recognized in profit or loss	(111,921)	2,388	(190)	(109,723)
Recognized in other comprehensive income	-	1,129	-	1,129
Balance at December 31, 2020	**$ 534,389**	**25,702**	**-**	**560,091**
Balance at January 1, 2019	$ 614,524	13,061	486	628,071
Recognized in profit or loss	31,786	2,435	(296)	33,925
Recognized in other comprehensive income	-	6,689	-	6,689
Balance at December 31, 2019	**$ 646,310**	**22,185**	**190**	**668,685**

(iii) Examination and approval

The ROC income tax authorities have examined the Company's income tax returns through 2018.

(o) Share capital and other equity

(i) Common stock

As of December 31, 2020 and 2019, the total value of authorized nominal ordinary shares amounted to $4,500,000 thousand, with par value of $10 per share, of which 397,495 thousand shares of common stocks were outstanding. All issued shares were paid up upon issuance.

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(ii) Capital surplus

The balances of the Company's capital surplus were as follows:

		December 31, 2020	December 31, 2019
Paid-in capital in excess of par value	$	630,382	630,382
Conversion of convertible bonds ordinary shares		937,936	937,936
Changes in equity of subsidiaries		10,482	10,482
Non-payment of expired cash dividends from previous years		425	-
	$	**1,579,225**	**1,578,800**

In accordance with the ROC Company Act, realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained earnings

1) Legal reserve

If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

2) Special earnings reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Distribution of earnings

According to the Company's Articles of Incorporation, when allocating the net profits for each fiscal year, the Company should first pay income tax, offset its prior years' losses, and appropriate 10% of net income to legal reserve. Legal reserve should be appropriated until the reserve equals to the Company's paid-in capital. The remainder, if necessary, is subject to special reserve. The distribution of remainder earning should be amounts directors' and supervisors' remuneration, employee bonuses and stockholders' dividends and bonuses in the percentage amounts of 20% to 80%. After the distribution, the remainder is unappropriated earnings.

(Continued)

According to the Company's Articles of Incorporation, the Company's dividend policy will consider its operating environment, steady profitability, sufficiency of its cash for future expansion, financial plan and the balance of dividends. The Board of Directors then proposes the appropriations and presents this proposal for approval at the shareholders' meeting. The Company stipulated a dividend policy that at least 20% of income after tax may be distributed as cash dividends, and if the Company has sufficient cash acquired from the outer, the ratio of distribution as cash dividends will be 50%. The actual appropriations are based on profit and the requirement of cash which are adjusted and approved by the stockholders' meeting.

The appropriations of 2019 and 2018 earnings have been approved by the Company's shareholders in its meetings held on June 23, 2020, and June 27, 2019, respectively. The appropriations and dividends per share were as follows:

	2019		2018	
	Amount per share (NT dollars)	**Total Amount**	**Amount per share (NT dollars)**	**Total Amount**
Dividends distributed to common stockholders:				
Cash	$ 1.00	397,495	0.50	198,748

On March 19, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. These earnings were appropriated as follows:

	2020 (Proposed)	
	Amount per share (NT dollars)	**Total amount**
Dividends distributed to common shareholders:		
Cash	$ 0.50	198,748

(iv) Other equities (net of tax)

	Foreign exchange differences arising from foreign	Non-controlling interests	Total
Balance at January 1, 2020	$ (350,229)	(7,056)	(357,285)
Foreign exchange differences arising from foreign operation	(84,140)	(251)	(84,391)
Balance at December 31, 2020	**$ (434,369)**	**(7,307)**	**(441,676)**

	Foreign exchange differences arising from foreign	Non-controlling interests	Total
Balance at January 1, 2019	$ (142,180)	(7,298)	(149,478)
Foreign exchange differences arising from foreign operation	(208,049)	242	(207,807)
Balance at December 31, 2019	**$ (350,229)**	**(7,056)**	**(357,285)**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(p) Earnings per share

The calculation of the Company's basic and diluted earnings per share for years ended December 31, 2020 and 2019 were as follows:

(i) Basic EPS

	2020	2019
Net income attributable to common shareholders of the Company	$ 46,118	660,825
Weighted-average number of common shares outstanding (thousand shares)	397,495	397,495
Basic EPS (New Taiwan dollars)	$ 0.12	1.66

(ii) Diluted EPS

	2020	2019
Net income attributable to common shareholders of the Company	$ 46,118	660,825
Weighted-average number of common shares outstanding (thousand shares)	397,495	397,495
Influence of potentially dilutive shares－		
Remuneration to employees (thousand shares)	182	537
Weighted-average number of shares outstanding－diluted (thousand shares)	397,677	398,032
Diluted EPS (New Taiwan dollars)	$ 0.12	1.66

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

The Consolidated Company is engaged in one industry which manufactures and sells printed circuit boards. The disaggregation of revenue by primary geographical markets for the years ended December 31, 2020 and 2019 were as follows:

	2020			
	Taiwan	**China**	**Others**	**Total**
Taiwan	$ 447,922	-	-	447,922
United states	2,447,884	5,358	143,072	2,596,314
Germany	1,544,587	123,371	110,218	1,778,176
Japan	1,064,449	72,667	86	1,137,202
Hungary	725,328	42,703	-	768,031
China	1,716,015	1,117,475	5,645	2,839,135
Others	3,917,574	592,296	1,236,635	5,746,505
	$ 11,863,759	1,953,870	1,495,656	15,313,285

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	2019			
	Taiwan	**China**	**Others**	**Total**
Taiwan	$ 482,114	-	-	482,114
United states	3,161,264	14,058	158,274	3,333,596
Germany	1,815,877	149,686	138,971	2,104,534
Japan	922,193	28,499	168,358	1,119,050
Hungary	908,130	60,448	315	968,893
China	1,517,422	1,164,777	242,106	2,924,305
Others	4,345,855	794,111	1,776,040	6,916,006
	$ 13,152,855	**2,211,579**	**2,484,064**	**17,848,498**

(ii) Contract balances

	December 31, 2020	**December 31, 2019**	**January 1, 2019**
Notes receivable	$ 34,747	29,586	6,267
Account receivable	3,455,653	3,683,528	3,755,074
Less: loss allowance	72,625	83,496	95,422
Total	**$ 3,417,775**	**3,629,618**	**3,665,919**

For the details on accounts receivable and allowance for impairment, please refer to note 6(d).

(iii) Refund liabilities (recorded under other current liabilities)

	December 31, 2020	**December 31, 2019**
Sales return and discounts	**$ 691,518**	**624,719**

The refund liabilities are expected payment to customers contingent on sales returns and discounts in the future. The amount recognized for refund liabilities is based on historical experience and other known factors and is treated as reduction of operating revenue when products are sold.

(r) Remuneration to employees and directors

In accordance with the Company's articles of incorporation, the Company should contribute no less than 2%~10% of profit as employee remuneration and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees who are entitled to receive the above- mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

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For the year ended December 31, 2019, the Company accrued and estimated the remuneration to employees and directors amounting to $16,239 thousand and $4,680 thousand, respectively. These amounts are calculated by using the Company's pre-tax net profit for the period before deducting the amount of the remuneration to the employees and directors, multiplied by the distribution ratio of remuneration to the employees and directors under the Company's articles of association, and expensed under operating costs or expenses during 2019. The related information can be accessed from Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2019.

The Company had net loss before income tax for the year ended December 31, 2020, and thus, no remunerations to employees and directors were accrued and estimated during the year in accordance with the Company's articles of incorporation.

(s) Non-operating income and expenses

(i) Interest income

The details of the Consolidated Company's interest income for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Interest income from bank deposits	$ 103,320	95,043
Other interest income	40	39
Total Interest income	**$ 103,360**	**95,082**

(ii) Other income

The details of the Consolidated Company's other income for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Rental income	$ 543	840
Gains on writ-off from accrued expense	75,949	-
Other income－other		
Compensation income	17,045	45,305
Others	132,727	140,769
Subtotal other income－other	149,772	186,074
Total other income	**$ 226,264**	**186,914**

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(iii) Other gains and losses

The details of the Consolidated Company's other gains and losses for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Loss on disposal of property, plant and equipment	$	(13,976)	(25,672)
Loss on disposal of investments		-	(4,265)
Net on foreign exchange gain (loss)		(70,733)	20,745
Gain on financial assets measured at fair value through profit and loss		2,860	15,955
Miscellaneous disbursements		(65,865)	(43,254)
Other gains and losses		-	350,000
Other gains and losses, net	**$**	**(147,714)**	**313,509**

(iv) Finance costs

The details of the Consolidated Company's finance costs for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Interest expense	**$**	**33,413**	**61,293**

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The book value of financial assets and contract assets represents the maximum risk exposure. The maximum risk exposure amounts were $10,352,292 thousand and $9,868,799 thousand as at December 31, 2020 and 2019, respectively.

2) Concentration of credit risk

For the years ended December 31, 2020 and 2019, the Consolidated Company's counterparties of account receivables transaction mainly locate in the United States, China, and Germany. As of December 31, 2020 and 2019, the balance of accounts receivable from those regions accounted for 49% and 46%, respectively, of the total balance.

3) Credit risk of receivables and other financial assets at amortized cost

For the information of credit risk exposure for notes and accounts receivable, please refer to note 6(d).

Other financial assets measured at amortized cost include other receivables, refund deposits and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

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(ii) Liquidity risk

The following table showed the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
December 31, 2020						
Non-derivative financial liabilities						
Secured loans	$ 50,820	52,179	52,179	-	-	-
Unsecured loans	1,260,406	1,272,202	1,272,202	-	-	-
Notes payable	485,694	485,694	485,694	-	-	-
Accounts payable	2,271,078	2,271,078	2,271,078	-	-	-
Other payables	1,267,259	1,267,259	1,267,259	-	-	-
Lease liabilities	365,717	396,591	56,765	59,075	143,545	137,206
Other current liabilities	64,469	64,469	64,469	-	-	-
Derivative financial liabilities						
Other forward contracts:						
Outflow	182	182	182	-	-	-
	$ 5,765,625	**5,809,654**	**5,469,828**	**59,075**	**143,545**	**137,206**
December 31, 2019						
Non-derivative financial liabilities						
Secured loans	$ 387,095	399,289	399,289	-	-	-
Unsecured loans	1,059,962	1,090,913	1,090,913	-	-	-
Notes payable	514,231	514,231	514,231	-	-	-
Accounts payable	2,055,863	2,055,863	2,055,863	-	-	-
Other payables	1,379,003	1,379,003	1,379,003	-	-	-
Lease liabilities	384,933	421,426	52,953	52,715	146,161	169,597
Long-term loans	93,191	93,191	93,191	-	-	-
	$ 5,874,278	**5,953,916**	**5,585,443**	**52,715**	**146,161**	**169,597**

The Consolidated Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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(iii) Currency risk

1) Currency risk exposure

The Consolidated Company's financial assets and liabilities exposured to significant foreign currency risk were as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency (in thousands)	Exchange rate	Amount	Foreign currency (in thousands)	Exchange rate	Amount
Financial assets:						
Monetary items:						
USD	$ 165,023	28.1020	4,637,476	153,447	29.9910	4,602,029
JPY	1,633,820	0.2722	444,726	1,060,370	0.2756	292,238
EUR	13,186	34.6670	457,119	10,450	33.5762	350,871
THB	319,639	0.9390	300,141	308,522	1.0047	309,972
CNY	149,412	4.3215	645,684	137,040	4.2925	588,244
Financial liabilities:						
Monetary items:						
USD	85,458	28.1020	2,401,541	96,865	29.9910	2,905,078
JPY	73,626	0.2722	20,041	46,333	0.2756	12,769
EUR	3,811	34.6670	132,116	4,809	33.5762	161,468
THB	78,593	0.9390	73,799	51,257	1.0047	51,498
CNY	4,270	4.3215	18,453	3,354	4.2925	14,397

2) Sensitivity analysis

The Consolidated Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, other financial assets, loans and accounts and other payables that are denominated in foreign currency. A weakening or strengthening 1% appreciation or depreciation of the NTD against the USD, JPY, EUR, THB and CNY as of December 31, 2020 and 2019, would have increased or decreased the net income before tax by $38,392 thousand and $29,981 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Consolidated Company, the Consolidated Company disclose its exchange gains and losses of monetary items aggregately. The Consolidated Company's exchange gain (loss), including realized and unrealized, were $(70,733) thousand and $20,745 thousand for the years ended December 31, 2020 and 2019, respectively.

(iv) Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Consolidated Company's financial assets and liabilities.

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The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Consolidated Company's assessment on the reasonably possible interval of interest rate change.

With all other variable factors remain constant. If the interest rate increases or decreases by 1%, the Consolidated Company's net income before tax will have increased or decreased by $19,969 thousand and $8,168 thousand, respectively, for the years ended December 31, 2020, and 2019. This were mainly due from the Consolidated Company's loans and time deposits on floating rates.

(v) Fair value information

1) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required :

	December 31, 2020				
	Carrying amount	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss					
Derivative financial assets for hedging	$ 416,822	416,822	-	-	416,822
Financial assets measured at amortized cost					
Cash and cash equivalents	4,110,135	-	-	-	-
Notes and accounts receivable	3,417,775	-	-	-	-
Other receivables	113,631	-	-	-	-
Other financial assets－current and non-current	2,710,751	-	-	-	-
Subtotal	10,352,292	-	-	-	-
Total	**$ 10,769,114**	**416,822**	**-**	**-**	**416,822**

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	December 31, 2020				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities for hedging	$ 182	-	182	-	182
Financial liabilities measured at amortized cost					
Short-term loans	1,311,226	-	-	-	-
Notes and accounts payable	2,756,772	-	-	-	-
Other payables	1,267,259	-	-	-	-
Lease liabilities	365,717	-	-	-	-
Other current liabilities	64,469	-	-	-	-
Subtotal	5,765,443	-	-	-	-
Total	**$ 5,765,625**	**-**	**182**	**-**	**182**

	December 31, 2019				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 844,170	844,170	-	-	844,170
Derivative financial assets	135	-	135	-	135
Subtotal	844,305	844,170	135	-	844,305
Financial assets measured at amortized cost					
Cash and cash equivalents	4,320,602	-	-	-	-
Notes and accounts receivable	3,629,618	-	-	-	-
Other receivables	62,658	-	-	-	-
Other financial assets－current and non-current	1,855,921	-	-	-	-
Subtotal	9,868,799	-	-	-	-
Total	**$ 10,713,104**	**844,170**	**135**	**-**	**844,305**

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	December 31, 2019				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term loans	$ 1,447,057	-	-	-	-
Notes and accounts payable	2,570,094	-	-	-	-
Other payables	1,379,003	-	-	-	-
Lease liabilities	384,933	-	-	-	-
Other current liabilities	93,191	-	-	-	-
Total	$ 5,874,278	-	-	-	-

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

If financial instrument has quoted price in an active market, using the quoted price as fair value.

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (included open-ended funds).

b) Derivative financial instrument

The forward exchange contract is usually priced by the forward exchange rate from financial institutions.

3) Fair value hierarchy

The Consolidated Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

b) Level 2: inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

4) Transfers from Level 1 financial instrument to Level 2 financial instrument

There was no significant transfer from level 2 financial instrument to level 1 financial instrument for the years ended December 31, 2020 and 2019.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(u) Financial risk management

(i) Overview

The Consolidated Company has exposure to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses information about the Consolidated Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risks, and the Consolidated Company's management of capital. Please see other related notes for quantitative information.

(ii) Risk management framework

The Board of Directors of the Consolidated Company is full responsible for the establishment and management of the Consolidated Company's risk management framework and policies. It is developed and managed by the committee which is authorized by the Board of Directors and the committee reports to the Board of Directors regarding the framework's operations regularly.

The Consolidated Company's risk management policies are established to identify and analyze the risks faced by the Consolidated Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Company's activities. The Consolidated Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Consolidated Company's Board of Directors oversees how management monitors compliance with the Consolidated Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Company. The supervisors are assisted in its oversight role by Internal Audit with undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and supervisors.

(Continued)

(iii) Credit risk

Credit risk is the risk of financial loss to the Consolidated Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Company's receivables from customers and investment in debt securities.

1) Trade and other receivables

The Consolidated Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Consolidated Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances.

The Consolidated Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Consolidated Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval; these limits are reviewed on a periodic basis. Customers that fail to meet the Consolidated Company's benchmark creditworthiness may transact with the Consolidated Company only on a prepayment basis.

2) Investments

The credit risk exposure in the bank deposits, fix income investment and other financial instruments are measured and monitored by the Consolidated Company's finance department and reported to the management by authority. Since those who transact with the Consolidated Company are banks and other external parties with good credit standing, financial institutions with a credit rating above investment grade, and government agencies, there are no non-compliance issues. Hence, there is no significant credit risk.

3) Guarantees

The Consolidated Company's policy allows it to provide financial guarantees to directly and indirectly more them 50% owned subsidiaries. Financial guarantees provided by the Consolidated Company as of December 31, 2020 and 2019, are disclosed in note 13.

(iv) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation.

The Consolidated Company uses activity-based costing to estimate the cost of its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Consolidated Company aims to maintain the level of its cash and cash equivalents at an amount in excess of the expected cash flows on operating expenses and financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Consolidated Company has unused short-term bank facilities of $5,030,641 thousand and $4,989,869 thousand, respectively, as of December 31, 2020 and 2019.

(v) Market risk

Market risk represents the potential loss arising from the decrease in the value of a financial instrument caused primarily by changes in interest rates, foreign exchange rates, or the price of financial produces. The Consolidated Company maintains its foreign currency positions within prescribed limits and signs the forward exchange contracts in order to manage market risk from changes in foreign exchange rates.

Financial assets measured at fair value through profit or loss are listed stocks and mutual funds, which may fluctuate with changes in equity price. In order to manage market risk, the Consolidated Company carefully selects trust companies with good reputations to engage in financial instrument transactions.

The Consolidated Company' financial assets－bank balances and time deposits and financial liability－ short-term and long-term loans are exposed to the cash flow risk arising from changes in interest rates. However, the impact of the cash flow risk arising from changes in interest rate is not expected to be significant.

(v) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and non-controlling interests of the Consolidated Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Consolidated Company's debt-to-capital ratio at the end of the reporting period were as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 7,171,214	7,367,129
Less: cash and cash equivalents	4,110,135	4,320,602
Net debt	**$ 3,061,079**	**3,046,527**
Total equity	**$ 15,306,104**	**15,737,298**
Debt-to-capital ratio	**20 %**	**19 %**

As of December 31, 2020, there were no changes in the Consolidated Company's approach of capital management.

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(w) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2020 and 2019 were as follows:

			Non-cash changes			
	January 1, 2020	Cash flows	Acquisition of right-of-use assets	Foreign exchange movement	Interest expenses	December 31, 2020
Short-term loans	$ 1,447,057	(76,309)	-	(59,522)	-	1,311,226
Lease liabilities	384,933	(47,008)	27,792	-	-	365,717
Total liabilities from financing activities	**$ 1,831,990**	**(123,317)**	**27,792**	**(59,522)**	**-**	**1,676,943**

			Non-cash changes			
	January 1, 2019	Cash flows	Acquisition of right-of-use assets	Foreign exchange movement	Interest expenses	December 31, 2019
Long-term loans (including current portion)	$ 8,334	(8,754)	-	420	-	-
Short-term loans	1,406,223	57,617	-	(16,783)	-	1,447,057
Lease liabilities	397,621	(43,307)	30,619	-	-	384,933
Bonds payable	149,396	(157,557)	-	2,986	5,175	-
Total liabilities from financing activities	**$ 1,961,574**	**(152,001)**	**30,619**	**(13,377)**	**5,175**	**1,831,990**

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Consolidated Company.

(b) Management personnel compensation

Key management personnel compensation comprised:

	2020	2019
Short-term employee benefits	$ 52,034	61,447
Post-employment benefits	890	894
Termination benefits	642	2,499
Other long-term benefits	4	4
	$ 53,570	**64,844**

For the years ended December 31, 2020 and 2019, the Consolidated Company both provided five vehicles at cost of $3,268 thousand for key management personnel.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets

The Consolidated Company's carrying amounts of pledged assets were as follows:

Pledged assets	Object		December 31, 2020	December 31, 2019
Property, plant and equipment				
Land	Short-term bank loans	$	31,071	33,245
Buildings	Short-term bank loans		98,545	133,296
		$	**129,616**	**166,541**

(9) Commitments and contingencies

(a) As of December 31, 2020 and 2019, the Consolidated Company provided guarantee notes amounting to $680,000 thousand and $696,400 thousand, respectively, for usance letters of credits, domestic letters of credit and guarantees for the Consolidated Company's hiring of foreign labors. The customs duty guaranteed by the Consolidated Company for importing raw materials were $10,000 thousand and $15,000 thousand, respectively, as of December 31, 2020 and 2019.

(b) For expanding the factory, the Consolidated Company entered contracts of construction and purchase of property, plant and equipment. The total contract amount was $761,097 thousand and $555,139 thousand as of December 31, 2020 and 2019, respectively, of which the Consolidated Company had paid $369,726 thousand and $369,532 thousand, respectively, included in the construction in progress and prepayments for equipment accounts.

(c) On February 25, 2019, the Company received an indictment, with case number 108-Zhen-829 and 108-Zhen-2491, from the Taoyuan District Prosecutors Office. The chairman of the Consolidated Company's board of directors and 6 former and current employees of the Pingzhen third plant were accused of causing fire disaster, which led to an offense of negligent manslaughter resulting from the fire incident that occurred on April 28, 2018. On April 17, 2019, the chairman and the said employees received a notice from criminal court of Taoyuan District Court and will fully cooperate with the Court in its investigation on this matter. So far, the incident did not have any significant impact on the Company's operating and financial activities.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events

The appropriation of 2020 earnings for the Company please refer to note 6(o).

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other

(a) A summary of employee benefit expenses, depreciation, depletion and amortization by function, were as follows:

By function / By nature	Year ended December 31 2020			Year ended December 31 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	2,835,395	330,269	3,165,664	3,101,188	346,220	3,447,408
Labor and health insurance	236,824	23,190	260,014	275,843	25,162	301,005
Pension	106,916	14,536	121,452	142,924	28,118	171,042
Directors' remuneration	-	11,456	11,456	-	11,118	11,118
Others	185,856	23,822	209,678	237,902	29,040	266,942
Depreciation	1,075,532	49,538	1,125,070	1,018,349	46,499	1,064,848
Amortization	-	-	-	-	-	-

(b) A fire occurred in some of the Company's plants on April 28, 2018, which destroyed parts of the building, equipment and inventory, resulting in recovery and indemnity expenses. The estimated loss from the incident amounted to $902,744 thousand, which was recognized under other gains and losses for the year ended December 31, 2019. The related properties mentioned above were insured, its claim is still under negotiation with the insurance companies. As of December 31, 2020, the Company received the cumulated amounts of insurance claim amounting to $700,000 thousand. The aforementioned amounts were recognized under other gains and losses amounting to $350,000 thousand, respectively, for the years ended December 31, 2020 and 2019. As of the reporting date, the insurance compensation has yet to be determined for the reason that the amount is highly subject to investigation. The Company will recognize the insurance income in the subsequent periods when the amount can be reasonably estimated.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Consolidated Company in 2020:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance	Amount actually drawn (Note 4)	Range of interest rates	Purposes of fund financing for the borrowers (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	CHIN-POON INDUSTRIAL CO., LTD.	Draco PCB Public Co., Ltd	Other receivables －related parties	Yes	243,616	224,816	-	1.48388~3.15838	2	-		-	-	-	6,122,058 (Note 2)	6,122,058 (Note 2)
1	Chin Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co., Ltd	Other receivables －related parties	Yes	913,560	843,060	843,060	1.48388~3.15838	2	-		-	-	-	3,353,819 (Note 1)	3,353,819 (Note 1)

Note 1: The total amount lending to the subsidiaries and each borrowing company shall not be over 50% of the net worth of Chin Poon Industrial Co., Ltd.

Note 2: The total amount lending to the subsidiaries and each borrowing company shall not be over 40% of the net worth of Chin-Poon Holdings Cayman Limited.

Note 3: Nature of financing activities as follows:

(1) if there are transactions between these two parties, the number is "1".

(2) if it is necessary to loan to other parities, the number is "2".

Note 4: The transaction has already been written off in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party (Note 2)	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements (Note 2)	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements (Note 2)	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the company (Note 1)										
0	CHIN-POON INDUSTRIAL CO., LTD.	Chin Poon Holdings Cayman Limited	4	3,061,029	609,040	562,040	22,482	-	3.67 %	3,826,287	Y	N	N
0	CHIN-POON INDUSTRIAL CO., LTD.	Draco PCB Public Co., Ltd	4	3,061,029	487,232	449,632	84,306	-	2.94 %	3,826,287	Y	N	N

Note 1: The guarantee's relationship with the guarantor is as follows:

(1) A company with which it does business.

(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The total amount of guarantee shall not exceed 25% of the Company's net worth. The total amount of guarantee provided by the Company to any individual entity shall not exceed 20% of the Company's net worth.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Maximum investment in 2019	Remarks
				Number of units	Book value	Holding percentage	Market value		
The Company	Beneficiary Certificate: Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	13,422,909	200,673	- %	200,673	200,673	
Chin-Poon (Changshu) Electronic Co., Ltd.	CR Yuanta Cash Earnings B	-	Financial assets at fair value through profit or loss - current	50,000,000	216,149	- %	216,149	216,229	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Name of security	Account name	Counterparty	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Units	Amount	Units	Amount	Units	Price	Cost	Disposal gain	Units	Amount
Chin-Poon (Changshu) Electronic Co., Ltd.	CR Yuanta Cash Earnings B	Financial assets at fair value through profit or loss - current	CR Yuanta Fund	-	140,000,000	601,219	100,000,000	426,173	190,000,000	814,759	821,089	3,516	50,000,000	216,149

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount (Note 2)	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance (Note 2)	Percentage of total accounts / notes receivable (payable)	
The Company	Chin-Poon(Changshu) Electronic Co., Ltd.	Investee controlled by the Company	Purchase	3,355,343	43.72 %	Note 1	Note 1	Note 1	(710,259)	(32.61) %	
Chin-Poon(Changshu) Electronic Co., Ltd.	The Company	Ultimate parent company of Chin-Poon (Changshu) Electronic Co., Ltd.	(Sale)	(3,355,343)	(62.00) %	Note 1	Note 1	Note 1	710,259	51.51 %	
The Company	Draco PCB Public Co.,Ltd.	Subsidiary of the Company	Purchase	151,104	1.97 %	Note 1	Note 1	Note 1	(22,446)	(1.03) %	
Draco PCB Public Co.,Ltd	The Company	Parent Company of Draco PCB Public Co., Ltd.	(Sale)	(151,104)	(9.18) %	Note 1	Note 1	Note 1	22,446	6.08 %	

Note 1: The sales and purchase prices are based on the market prices. The terms of collection and payment are not significantly different from those to third parties.

Note 2: The transaction has already been written off in the consolidated financial statement.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note 1)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Chin-Poon(Changshu) Electronic Co., Ltd.	The Company	Ultimate parent company of Chin-Poon (Changshu) Electronic Co., Ltd.	710,259	3.89 %	-		553,586 (As at February 28, 2021)	-
Chin-Poon Holdings Cayman Limited	Chin-Poon(Changshu) Electronic Co., Ltd.	Parent Company of Chin-Poon(Changshu) Electronic Co., Ltd.	846,187 (Note 2)	- %	-	-	3,117 (As at February 28, 2021)	-

Note 1: The transaction has already been written off in the consolidated financial statement.

Note 2: Included principle $843,060 thousand and other receivables of interest $3,127 thousand.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction details			
				Account name	Amount (Note 5)	Trading terms	Percentage of the total consolidated revenue or total assets(Note4)
0	The Company	Chin-Poon(Changshu) Electronic Co., Ltd.	1	Cost of goods sold	3,355,343	Note 3	21.91%
0	The Company	Chin-Poon(Changshu) Electronic Co., Ltd.	1	Account payable - related parties	710,259	Note 3	3.16 %
1	Chin-Poon Holdings Cayman Limited	Chin-Poon(Changshu) Electronic Co., Ltd.	3	Other payables - related parties	846,187	The rate of interests is determined in accordance with mutual agreement.	3.76 %

Note 1: Company numbering is as follows:

(1) Parent company - 0.

(2) Subsidiary starts from 1.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Note 2: The number of the relationship with the transaction counterparty represents the following:
(1) 1 represents downstream transactions.
(2) 2 represents upstream transactions.
(3) 3 represents side stream transactions.

Note 3: The sales and purchase prices are based on the market prices. The terms of collection and payment are not significantly different from those to third parties.

Note 4: For balance sheet items, over 1% of total consolidated assets, and for profit or loss items, over 1% of total consolidated revenue were selected for disclosure.

Note 5: The transactions have already been written off in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year 2020 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Maximum investment amount in 2016	Net income of investee (Note 1)	Investment income (losses) (Note 1)	Remarks
				December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Book value (Note 1)				
The Company	VEGA International Enterprise Co., Ltd.	British Virgin Islands	Investment	3,070,205	3,070,205	131,242,925	100.00 %	6,720,625	131,242,925	215,856	215,856	Subsidiary (Note 2)
The Company	Draco PCB Public Co., Ltd.	Thailand	Production and trading of printed circuit board	2,045,406	1,763,693	538,481,355	99.73 %	1,194,186	538,481,355	(129,490)	(129,074)	Subsidiary (Note 3)
VEGA International Enterprise Co., Ltd.	Chin-Poon Holdings Cayman Limited	Cayman Islands	Trading of printed circuit board	2,756,306	2,756,306	92,354,035	100.00 %	6,707,643	92,354,035	216,976	216,976	Subsidiary (Note 2)

Note 1: The transaction has already been written off in the consolidated financial statements.

Note 2: The investment income (loss) was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 3: The financial statements were audited by on international accounting firm in cooperation with the R.O.C. accounting firm.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2020	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2020	Net income of investee (Notes 2 and 3)	Direct / indirect investment holding percentage	Maximum investment in 2020 (Notes 2 and 3)	Investment income (loss) (Notes 2 and 3)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount							
Chin-Poon (Changshu) Electronic Co., Ltd	Production and trading of printed circuit board	3,372,240	(2)	2,388,670	-	-	2,388,670	200,342	100.00 %	2,568,020	200,342	5,875,495	1,347,795

Note 1: The method of investment is divided into the following three categories:
(1) Invest directly in a company in Mainland China.
(2) Through the establishment of third-region companies then investing in Mainland China. (The Company invests Chin-Poon (Changshu) Electronic Co., Ltd. through Chin Poon Holdings Cayman Limited.)
(3) Other methods.

Note 2: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 3: The transaction has already been written off in the consolidated financial statements.

Note 4: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD28.102)

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of 2020	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
CHIN-POON INDUSTRIAL CO., LTD.	2,388,670	3,512,750	- (Note 1)

Note 1: The Company was certified as an operations center by the Industrial Development Bureau, Ministry of Economic Affairs, in approval letter No. 10720430500, and the certification is valid from October 29, 2018 to October 28, 2021. The Company has no limitation on investment in Mainland China during the abovementioned period.

Note 2: Amounts in foreign currencies were translated based on the exchange rate at the reporting date(USD1 to NTD28.102).

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements for the year ended December 31, 2020, please refer to note 13(a).

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CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders:

Unit: Shares

Shareholder's Name \ Shareholding	Shares	Percentage
Fubon Insurance Co., Ltd.	26,499,000	6.66 %

(14) Segment information:

(a) General information

There are three service departments which should be reported: Taiwan, China and Others. Each department manufactures and sells related products respectively. A reportable department is a strategic business unit providing different products and services. Because each strategic business unit requires different kinds of techniques and marketing tactics, it should be separately managed.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The Consolidated Company uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The measured amounts of the assets and liabilities of the reportable segments of the Consolidated Company are not provided to the chief operating decision maker. Because taxation is managed on a Consolidated Company basis, it is not able to be allocated to each reportable segment. In addition, all profit or loss from reportable segments includes significant non-cash items such as depreciation and amortization. The reportable amount is consistent with that in the report used by the chief operating decision maker.

The operating segment accounting policies are consistent with those described in note 4 "Significant Accounting Policies".

Information on reportable segments and reconciliation for the Consolidated Company is as follows:

	2020				
	Taiwan	**China**	**Others**	**Adjustments or elimination**	**Total**
Revenue:					
Revenue from external customers	$ 11,863,759	1,953,870	1,495,656	-	15,313,285
Inter-segment revenues	40,442	3,406,247	151,104	(3,597,793)	-
Interest revenue	20,078	81,953	22,097	(20,768)	103,360
Total revenue	**$ 11,924,279**	**5,442,070**	**1,668,857**	**(3,618,561)**	**15,416,645**
Interest expenses	**$ 24,167**	**20,602**	**10,682**	**(22,038)**	**33,413**
Depreciation and amortization	**$ 598,135**	**367,164**	**159,771**	**-**	**1,125,070**
Reportable segment profit or loss	**$ 42,958**	**121,482**	**(139,714)**	**-**	**24,726**

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CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2019				
	Taiwan	China	Others	Adjustments or elimination	Total
Revenue:					
Revenue from external customers	$ 13,152,855	2,211,579	2,484,064	-	17,848,498
Inter-segment revenues	229,853	4,085,793	277,061	(4,592,707)	-
Interest revenue	25,135	57,063	48,473	(35,589)	95,082
Total revenue	**$ 13,407,843**	**6,354,435**	**2,809,598**	**(4,628,296)**	**17,943,580**
Interest expenses	**$ 36,482**	**35,798**	**24,564**	**(35,551)**	**61,293**
Depreciation and amortization	**$ 572,002**	**322,327**	**170,519**	**-**	**1,064,848**
Reportable segment profit or loss	**$ 614,838**	**355,593**	**(138,077)**	**-**	**832,354**

The Consolidated Company's chief decision makers create strategies and measure performances based on operating income (losses) before taxation. As the information on segment assets and liabilities was not provided to the chief operating decision maker, the information on segment assets and liabilities was not disclosed.

For the years ended December 31, 2020 and 2019, inter-segment revenues of $3,597,793 thousand and $4,592,707 thousand respectively, should be eliminated from total revenue.

(c) Information on products and services

The Consolidated Company is engaged in one industry which manufactures and sells printed circuit boards. The revenues from outer customers are disclosed on the information of operating segments.

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment non-current assets are based on the geographical location of the assets.

Geographical information	**2020**	**2019**
Revenue from external customers:		
Taiwan	$ 447,922	482,114
United States	2,596,314	3,333,596
Germany	1,778,176	2,104,534
Japan	1,137,202	1,119,050
Hungary	768,031	968,893
China	2,839,135	2,924,305
Other counties	5,746,505	6,916,006
Total	**$ 15,313,285**	**17,848,498**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Geographical information		December 31, 2020	December 31, 2019
Non-current assets:			
Taiwan	$	4,291,211	4,624,511
United States		3,006,637	3,009,704
Thailand		807,492	1,011,672
Total	$	**8,105,340**	**8,645,887**

Non-current assets include property, plant and equipment, right-of-use assets and prepayments for equipment, but do not include financial instruments, and deferred tax assets.

(e) Information about major customers

There was no major customer whose revenue was more than 10% of operating revenue of the Consolidated Company for the years ended December 31, 2020 and 2019.

6.5 The Parent Company Only Financial Statements of the Most Recent Year with CPA's Audit Report

Stock Code:2355

CHIN-POON INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: **No. 46, Nei-Tsuoh St., 3rd Lin, Nei-Tsuoh Village, Lu-Chu County, Taoyuan City, Taiwan, R.O.C.**

Telephone: **(03)3222226**

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors Chin-Poon Industrial Co., Ltd.:

Opinion

We have audited the accompanying parent company only financial statements of Chin-Poon Industrial Co., Ltd. ("the Company"), which comprise the parent company only statements of financial position as of December 31, 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 accompanying parent company only financial position of the Company as of 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.

Basis for Opinion

We conducted our audit of the parent company only financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestatio of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the parent company only financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

As disclosed in note 12(b) of the parent company only financial statements, a fire occurred in some of the Company's plants on April 28, 2018, which destroyed parts of the building, equipment and inventory, resulting in recovery and indemnity expenses. The estimated loss from the incident amounted to $902,744 thousand, which was recognized under other gains and losses for the year ended December 31, 2018. The related properties mentioned above were insured, its claim is still under negotiation with the insurance companies. As of December 31, 2020, the Company received the cumulated amounts of insurance claim amounting to $700,000 thousand. The aforementioned amounts were recognized under other gains and losses amounting to $350,000 thousand, respectively, for the years ended December 31, 2019 and 2018. As of the reporting date, the insurance compensation has yet to be determined for the reason that the amount is highly subject to investigation. The Company will recognize the insurance income in the subsequent periods when the amount can be reasonably estimated. We, therefore, did not modify our audit opinion for that matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2020. 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, and we do not provide a separate opinion on these matters.

1. Subsequent measurements of inventories

   Please refer to note 4(g), note 5(a) and 6(f) for the related disclosures on subsequent measurements of inventories of the parent company only financial statements.

   Description of key audit matter:

   The inventories of the Company are mainly electronic printed circuit boards and electronic materials. The products may be outdated or no longer meet the market demand due to the rapid changes in technology. In addition, with the price competition in the same industry, the demand on related products and their prices may fiercely fluctuate, which may result in a risk wherein the cost of inventories may exceed its net realizable value. As a result, the subsequent measurements of inventories have to be based on the managements' assessment using internal and external evidences. Therefore, the subsequent measurements of inventories were identified as one of our key audit matters.

   How the matter was addressed in our audit:

   The procedures included assessing the rationality of accounting policy for inventory subsequent measurements; reviewing the inventory aging documents and analyzing their changes; obtaining the documents on inventory subsequent measurements, and understanding the rationality of sales prices adopted by the management; selecting samples and examining relevant documents to verify the accuracy of net realizable value of inventories; and assessing whether the disclosure of the inventory subsequent measurements made by the management was appropriate.

2. Refund liability of sales returns and discounts

   Please refer to note 4(l), note 5(b) and note 6(q) for the related disclosures on the refund liabilities for sales returns and discounts of the parent company only financial statements.

   Description of key audit matter:

   The Company recorded a refund liability for its estimated future returns and discounts for specific electronic circuit boards by using historical trend and other known factors in the same period when related revenues were recorded. Since the refund liability for sales returns and discounts is subject to significant judgment of the management, it was, therefore, identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included understanding the management's methodology used in estimating sales returns and discounts; assessing the reasonableness of relevant assumptions made by the management; obtaining the documents of refund liability for sales returns and discounts, selecting samples and examining relevant documents to verify the reasonableness of the management's methodology used in estimating refund liability of sales returns and discounts; and assessing whether the disclosure on refund liability for sales returns and discounts made by the management was appropriate.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit.

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 for the year ended December 31, 2020 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.

The engagement partners on the audit resulting in this independent auditors' report are Lily Lu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2021

Notes to Readers

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

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Financial Position

December 31, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 3,168,790	15	3,234,127	15
1110	Financial assets measured at fair value through profit and loss－current (note 6(b))	200,673	1	242,951	1
1150	Notes receivable, net (notes 6(d) and 6(q))	7,735	-	10,270	-
1170	Accounts receivable, net (notes 6(d) and 6(q))	2,390,308	11	2,565,684	12
1180	Accounts receivable－related parties, net (notes 6(d), 6(q) and 7)	13,644	-	17,564	-
1200	Other receivables (note 6(e))	70,537	-	34,090	-
1210	Other receivables－related parties (notes 6(e) and 7)	2,173	-	102,901	-
1220	Current income tax assets	109,830	1	113,094	1
130x	Inventories (notes 6(f) and 9)	1,834,600	9	2,005,413	10
1410	Prepayments	34,806	-	49,488	-
1476	Other financial assets－current (note 6(c))	385,626	2	229,957	1
1479	Other current assets	79,683	-	48,961	-
	Total current assets	8,298,405	39	8,654,500	40
15xx	Non-current assets:				
1550	Investments accounted for under equity method (notes 6(g) and 6(h))	7,914,811	38	8,230,367	37
1600	Property, plant and equipment (notes 6(i), 7 and 9)	3,829,617	18	4,129,901	19
1755	Right-of-use assets (note 6(j))	357,028	2	381,331	2
1840	Deferred tax assets (note 6(n))	153,831	1	144,121	1
1915	Prepayments for equipment (note 9)	104,566	-	113,279	1
1975	Net defined benefit asset－non-current (note 6(m))	128,510	1	110,928	-
1980	Other financial assets－non-current (note 6(c))	231,093	1	8,354	-
	Total non-current assets	12,719,456	61	13,118,281	60
1xxx	**Total assets**	$ 21,017,861	100	21,772,781	100

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
21xx	**Current liabilities:**				
2100	Short-term loans (notes 6(k) and 9)	$ 1,123,159	5	1,000,459	5
2150	Notes payable	485,694	2	514,231	2
2170	Accounts payable	959,668	5	835,190	4
2180	Accounts payable－related parties (note 7)	732,705	4	1,056,718	5
2200	Other payables (notes 6(m), 6(r) and 7)	808,797	4	895,487	4
2230	Current tax liabilities	-	-	5,008	-
2280	Current lease liabilities (note 6(l))	49,387	-	45,121	-
2399	Other current liabilities (note 6(q))	676,884	3	676,319	3
	Total current liabilities	4,836,294	23	5,028,533	23
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(n))	560,091	3	668,685	3
2580	Non-current lease liabilities (note 6(l))	316,330	1	339,812	2
	Total non-current liabilities	876,421	4	1,008,497	5
2xxx	**Total liabilities**	5,712,715	27	6,037,030	28
	Equity (notes 6(h) and 6(o)):				
3110	Common stock	3,974,954	19	3,974,954	18
3200	Capital surplus	1,579,225	8	1,578,800	7
3300	Retained earnings:				
3310	Legal reserve	2,404,255	11	2,335,852	11
3320	Special reserve	350,229	2	142,180	1
3350	Unappropriated earnings	7,430,852	35	8,054,194	37
		10,185,336	48	10,532,226	49
3400	Other equity:				
3410	Foreign currency translation differences for foreign operations	(434,369)	(2)	(350,229)	(2)
3xxx	**Total equity**	15,305,146	73	15,735,751	72
2-3xxx	**Total liabilities and equity**	$ 21,017,861	100	21,772,781	100

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars)

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(q) and 7)**	$ 11,904,201	100	13,382,708	100
5000	**Operating costs (notes 6(f), 6(m) and 7)**	11,436,183	96	12,389,610	92
	Gross profit	468,018	4	993,098	8
5910	Less: Unrealized gains (losses) on affiliated transactions	-	-	(951)	-
	Gross profit	468,018	4	994,049	8
6000	**Operating expenses (notes 6(d), 6(e), 6(m), 6(s) and 7):**				
6100	Selling expenses	302,628	3	320,662	2
6200	Administrative expenses	279,672	2	266,065	2
6300	Research and development expenses	52,560	-	70,810	1
6450	Reversal of impairment loss for expected credit loss	(9,774)	-	(9,879)	-
	Total operating expenses	625,086	5	647,658	5
6900	**Operating income (loss)**	(157,068)	(1)	346,391	3
7000	**Non-operating income and expenses (notes 6(l), 6(s), 7 and 12):**				
7100	Interest income	20,078	-	25,135	-
7010	Other income	190,811	1	154,819	1
7020	Other gains and losses	(135,561)	(1)	268,608	2
7050	Finance costs	(24,167)	-	(36,482)	-
7070	Share of profit from the subsidiaries, the associates and the joint ventures	86,782	1	32,561	-
	Total non-operating income and expenses	137,943	1	444,641	3
7900	**Income (loss) before income tax**	(19,125)	-	791,032	6
7950	**Less: Income tax expenses (benefit) (note 6(n))**	(65,243)	-	130,207	1
	Net income	46,118	-	660,825	5
8300	**Other comprehensive income (notes 6(m) and 6(n)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	5,647	-	33,445	-
8330	Share of other comprehensive gains (losses) of subsidiaries, associates, and joint ventures accounted for under equity method	-	-	(3,489)	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	1,129	-	6,689	-
	Total items that will not be reclassified subsequently to profit or loss	4,518	-	23,267	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Foreign currency translation differences for foreign operations	(84,140)	-	(208,049)	(1)
8399	Less: income tax related to items that will be reclassified subsequently to profit or loss	-	-	-	-
	Total items that will be reclassified subsequently to profit or loss	(84,140)	-	(208,049)	(1)
8300	**Other comprehensive income (loss), net of tax**	(79,622)	-	(184,782)	(1)
	Total comprehensive income	**$ (33,504)**	**-**	**476,043**	**4**
9750	**Basic earnings per share (expressed in New Taiwan dollars) (note 6(p))**	**$ 0.12**		**1.66**	
9850	**Diluted earnings per share (expressed in New Taiwan dollars) (note 6(p))**	**$ 0.12**		**1.66**	

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars)

			Retained earnings				Other equity interest	
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Foreign currency translation differences for foreign operations	Total equity
Balance at January 1, 2019	$ 3,974,954	1,568,318	2,319,521	129,404	7,598,024	10,046,949	(142,180)	15,448,041
Appropriation and distribution:								
Legal reserve	-	-	16,331	-	(16,331)	-	-	-
Special reserve appropriated	-	-	-	12,776	(12,776)	-	-	-
Cash dividends	-	-	-	-	(198,748)	(198,748)	-	(198,748)
Net income for the year	-	-	-	-	660,825	660,825	-	660,825
Other comprehensive income for the year	-	-	-	-	23,267	23,267	(208,049)	(184,782)
Total comprehensive income for the year	-	-	-	-	684,092	684,092	(208,049)	476,043
Changes in ownership interests in subsidiaries	-	10,482	-	-	(67)	(67)	-	10,415
Balance at December 31, 2019	3,974,954	1,578,800	2,335,852	142,180	8,054,194	10,532,226	(350,229)	15,735,751
Appropriation and distribution:								
Legal reserve	-	-	68,403	-	(68,403)	-	-	-
Special reserve	-	-	-	208,049	(208,049)	-	-	-
Cash dividends	-	-	-	-	(397,495)	(397,495)	-	(397,495)
Net income for the year	-	-	-	-	46,118	46,118	-	46,118
Other comprehensive income for the year	-	-	-	-	4,518	4,518	(84,140)	(79,622)
Total comprehensive income for the year	-	-	-	-	50,636	50,636	(84,140)	(33,504)
Changes in ownership interests in subsidiaries	-	-	-	-	(31)	(31)	-	(31)
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	425	-	-	-	-	-	425
Balance at December 31, 2020	**$ 3,974,954**	**1,579,225**	**2,404,255**	**350,229**	**7,430,852**	**10,185,336**	**(434,369)**	**15,305,146**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars)

	2020	2019
Cash flows from operating activities:		
Income (loss) before tax	$ (19,125)	791,032
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation	598,135	572,002
Reversal of impairment loss for expected credit loss	(9,774)	(9,879)
Net gain on financial assets measured at fair value through profit or loss	(223)	(2,645)
Interest expense	24,167	36,482
Interest income	(20,078)	(25,135)
Share of gain of associates and joint ventures accounts for under equity method	(86,782)	(32,561)
Loss (gain) on disposal of property, plant and equipment	535	(339)
Loss on disposal of investments	-	4,265
Unrealized gain on affiliated transactions	-	(951)
Unrealized loss (gain) on foreign exchange	(22,782)	1,771
Total adjustments to reconcile profit and loss	483,198	543,010
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Notes receivable	2,535	(4,697)
Accounts receivable	135,539	(224,012)
Accounts receivable-related parties	3,920	366,441
Other receivables	(36,069)	9,300
Other receivables-related parties	9,861	18,133
Inventories	170,813	126,218
Prepayments	14,682	67
Other current assets	(30,722)	12,522
Total net changes in operating assets	270,559	303,972
Net changes in operating liabilities:		
Notes payable	(28,537)	(326,028)
Accounts payable	130,867	(109,935)
Accounts payable－related parties	(310,459)	126,303
Other payables	(73,593)	(34,929)
Other current liabilities	17,365	105,807
Net defined benefit liabilities	(11,935)	(12,176)
Total net changes in operating liabilities	(276,292)	(250,958)
Total net changes in operating assets and liabilities	(5,733)	53,014
Total adjustments	477,465	596,024
Cash inflow generated from operations	458,340	1,387,056
Interest income received	20,534	24,568
Interest paid	(27,810)	(35,288)
Income tax paid	(55,934)	(98,845)
Net cash flows from operating activities	395,130	1,277,491
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through profit or loss	(200,000)	-
Proceeds from disposal of financial assets measured at fair value through profit or loss	242,501	-
Acquisition of investments accounted for under equity method	(281,713)	(846)
Acquisition of property, plant and equipment	(163,890)	(274,782)
Proceeds from disposal of property, plant and equipment	28,648	780
Decrease (increase) in other receivables－related parties	89,973	(89,973)
Decrease (increase) in other financial assets－current and non-current	(376,975)	106,104
Increase in prepayments for equipment	(111,365)	(201,415)
Dividend received	599,880	-
Net cash flows used in investing activities	(172,941)	(460,132)
Cash flows from financing activities:		
Increase in short-term loans	3,136,542	2,439,572
Decrease in short-term loans	(2,979,565)	(2,432,977)
Payment of lease liabilities	(47,008)	(43,307)
Cash dividends paid	(397,495)	(198,748)
Net cash flows used in financing activities	(287,526)	(235,460)
Net increase (decrease) in cash and cash equivalents	(65,337)	581,899
Cash and cash equivalents at beginning of period	3,234,127	2,652,228
Cash and cash equivalents at end of period	$ **3,168,790**	**3,234,127**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars, unless otherwise stated)

(1) Company history

CHIN-POON INDUSTRIAL CO., LTD. ("the Company") was incorporated in the Republic of China (ROC) on September 26, 1979, as a corporation limited by shares in accordance with the ROC Company Act. The Company is mainly engaged in the Manufacturing, producing and selling electronic printed circuit boards.

(2) Approval date and procedures of the financial statements

These accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 19, 2021.

(3) Application of new and revised standards, amendments and interpretations:

(a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, ROC (“FSC”)

The Company has initially adopted the following new amendments, which do not have any material impact on its parent company only financial statements, from January 1, 2020.

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(b) Impact of IFRSs that have been endorsed by the FSC but not yet in effect

The Company assesses that the initial adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have any material impact on its parent company only financial statements.

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(c) The of IFRSs issued by the IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent company only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 16 "Property, Plant and Equipmentt－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies

The significant accounting policies applied in the preparation of the parent company only financial statements are set out below. Except for those specially indicated, the significant accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

(a) Statement of compliance

The accompanying parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations).

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent company only financial statements have been prepared on a historical cost basis except otherwise specified in the notes to accounting policies.

(ii) Functional and presentation currency

The functional currency of each individual entity is determined based on the primary economic environment in which the entity operates. The accompanying parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. The assets and liabilities of foreign operations are translated to the Company's functional currency using the exchange rates on reporting date. The income and expenses of foreign operations are translated to the Company's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

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CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Foreign currency differences arising from retranslated are recognized in profit or loss, except for the financial assets measured at fair value through other comprehensive income differences, which are recognized in other comprehensive income arising on the retranslated.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income and presented in the translation reserve in equity.

(d) Assets and liabilities classified as current and non-current

Cash or cash equivalents, assets held for trading purposes or short-term and expected to be converted to cash within twelve months after the reporting period or for intention of sales or consumption within its normal operating cycle are classified as current assets; all other assets are classified as non-current assets.

Liabilities that must be fully liquidated within twelve months after the reporting period are classified as current liabilities; all other liabilities are classified as non-current liabilities.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits are classified as cash and cash equivalents only when they satisfy the aforementioned definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(f) Financial instruments

(i) Financial assets

The Company classifies financial assets into the following categories: financial assets measured at amortized cost and financial assets measured at fair value through profit or loss (FVTPL). A regular way purchase or sale of financial assets is recognized and derecognized, as applicable using trade date accounting.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets, etc.).

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

Loss allowance for notes and accounts receivable are measured at an amount equal to lifetime ECL. Other financial assets measured at amortized cost are considered reasonable and supportable information that are relevant and available, without undue cost or effort. This includes both quantitative and qualitative information, as well as analysis, based on the Company's historical experience, informed credit assessment, and forward-looking information. Loss allowance for other financial assets measured at amortized cost are measured by using the 12-month ECL, in which the credit risk did not increase significantly since initial recognition. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to the lifetime ECL.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

2) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to shares capital at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value. The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

When the company holds the convertible bonds issued by its subsidiary, the bonds held shall be viewed as redeemed bonds of the issuer in the consolidated financial statements.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise short-term loans, accounts payable and other payables, are measured at fair value plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit and loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income and expenses in the statement of comprehensive income. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

(Continued)

(g) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted-average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold.

(h) Investment in subsidiaries

When preparing the parent company only financial statements, the investments in subsidiaries are recognized by the Company using the equity method. Under the equity method, the net income, other comprehensive income, and equity in the parent company only financial statements are equivalent to those attributable to the shareholders of the parent company in the consolidated financial statements.

Changes in the Company's ownership interest in subsidiaries that do not result in the Company losing control over its subsidiaries are accounted for as equity transactions.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, and any borrowing cost that is eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a straight-line basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

Buildings	8~60 years
Machinery equipment	2~10 years
Other equipment	2~20 years
Leasehold equipment	5~30 years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in an accounting estimate.

(j) Leases

(i) Identifying a lease

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

(ii) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term and in future lease payments the lease liability is remeasured, the Company remeasures the lease liabilities with a corresponding adjustment to the carrying amount of the right-of-use asset, or in profit and loss, if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Impairment—non-financial assets

With regard to non-financial assets (other than inventories, deferred tax assets and employee benefits), the Company assesses at the end of each reporting period whether there is any indication that an impairment loss has occurred and estimates the recoverable amount for assets with an indication of impairment. If it is not possible to determine the recoverable amount for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of it's fair value less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. Impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount, increasing the individual asset's or cash-generating unit's carrying amount to its estimated recoverable amount. The reversal of an impairment loss of an individual asset or cash-generating unit cannot exceed the carrying amount of the individual asset or cash-generating unit, less any depreciation or amortization, had it not recognized an impairment loss.

CHIN-POON INDUSTRIAL CO., LTD.
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(l) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

(i) Sale of goods

The Company is mainly engaged in the manufacture and sale of electronic printed circuit boards and electronic materials. The Company recognizes revenue when control of the products has transferred, being 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. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer.

The Company's estimated future sales returns and discounts for various goods are generally made and adjusted based on historical trend and other known factors that would significantly affect the sales returns and discounts. A reduction of revenue and refund liabilities (recorded under other current liabilities) are only recognized to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(m) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yields of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses; (2) the return on plan assets excluding the amounts included in net interest on the net defined benefit liability (assets); and (3) any change in the effect of the asset ceiling, excluding the amounts included in net interest on the net defined benefit liability (assets); The Company recognizes the remeasurements of the defined benefit liability (asset) in other comprehensive.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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(n) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) levied by the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

CHIN-POON INDUSTRIAL CO., LTD.
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(o) Earnings per share

Earnings per share (EPS) of common stock are calculated by dividing net income (or loss) for the reporting period attributable to common stockholders by the weighted-average number of common shares outstanding during that period. The weighted-average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid-in capital.

Employee bonuses in the form of stock of the Company are potential stock. If the potential stock does not have a dilutive effect, only the basic earnings per share are disclosed; otherwise, diluted earnings per share are disclosed in addition to the basic earnings per share. When computing diluted earnings per share with regard to employee bonuses in the form of stock, the closing price at the reporting date is used as the basis of computation of the number of shares to be issued. When computing diluted earnings per share prior to the following Board of Directors, the effect of dilution from these potential shares is taken into consideration.

(p) Segment information

The Company has disclosed segment information in the consolidated financial statements, and hence does not disclose such information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the parent company only financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the parent company only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Subsequent measurements of inventories

As inventories are stated at the lower of cost or net realizable value, the Company assesses the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The subsequent measurements of inventories are mainly determined based on the current market price. Therefore, there may be significant changes in the net realizable value of inventories due to the rapid change of industrial environment.

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CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(b) Refund liability for sales returns and discounts

The Company records a refund liability for its estimated future sales returns and discounts in the same period when related revenues are recorded. Refund liability for estimated sales returns and discounts is generally made and adjusted based on historical trend and other known factors that would significantly affect the sales returns and discounts. The adequacy of estimations is reviewed periodically. Any changes in these estimates might significantly affect the refund liability for sales returns and discounts.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 1,701	1,716
Demand deposits	2,662,079	3,011,066
Time deposits	504,066	220,368
Checking deposits	944	977
Cash and cash equivalents per statements of cash flows	**$ 3,168,790**	**3,234,127**

Please refer to note 6(t) for the disclosure of the Company's interest rate risk and the sensitivity analysis related to financial assets and liabilities.

Please refer to note 6(c) for the disclosure of the Company's time deposits with a maturity of three months to one year were recorded under other financial assets－current.

(b) Financial assets measured at fair value through profit or loss

	December 31, 2020	December 31, 2019
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Current:		
Beneficiary certification	**$ 200,673**	**242,951**

Please refer to note 6(s) for net gains or losses from financial assets measured at fair value through profit or loss.

As of December 31, 2020 and 2019, the Company did not pledge its financial assets measured at fair value through profit or loss as collateral.

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(c) Other financial assets

		December 31, 2020	December 31, 2019
Current:			
Bank's time deposit	$	145,439	229,957
Segregated foreign exchange deposits		240,187	-
		385,626	229,957
Non-current:			
Segregated foreign exchange deposits		222,581	-
Refundable deposits		8,512	8,354
		231,093	8,354
Total	**$**	**616,719**	**238,311**

According to the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the Company repatriated its offshore funds back to Taiwan at February 27, 2020, and recorded it under other financial assets— current and other financial assets— non-current based on the Company's investment plan schedule.

As of December 31, 2020 and 2019, the Company did not pledge its other financial assets as collateral.

(d) Notes receivable and accounts receivable (related parties included)

		December 31, 2020	December 31, 2019
Notes receivable	$	7,735	10,270
Accounts receivable		2,457,999	2,645,026
Accounts receivable—related parties		13,644	17,564
Less: loss allowance		67,691	79,342
	$	**2,411,687**	**2,593,518**

The Company applies the simplified approach of IFRS 9 to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for notes and accounts receivable. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information.

Based on historical default records, the Company did not have any credit losses stemming from transactions with its related parties nor did its related parties' credit quality deteriorate after the credit is granted. Therefore, the Company will not recognize the credit losses for its accounts receivable from its related parties, and the receivables will not be taken into account in the expected credit loss analysis.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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The Company's analysis of the expected credit losses on its notes and accounts receivable of unrelated parties was as follows:

	December 31, 2020		
	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 2,342,037	0.0010%	24
Past due 1~30 days	45,918	0.0271%	12
Past due 31~60 days	8,397	0.3577%	30
Past due 61~90 days	736	0.7923%	6
Past due 91~120 days	125	3.8780%	5
Past due 121 to 180 days	944	3.8780%	37
Past due over 180 days	67,577	100%	67,577
	$ 2,465,734		67,691

	December 31, 2019		
	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 2,527,320	0.0545%	1,376
Past due 1~30 days	41,467	2.3924%	992
Past due 31~60 days	7,035	10.7554%	757
Past due 61~90 days	2,987	28.1910%	842
Past due 91~120 days	636	36.5139%	232
Past due 121 to 180 days	1,201	41.0494%	493
Past due over 180 days	74,650	100%	74,650
	$ 2,655,296		79,342

The movement in the loss allowance for impairment with respect to notes and accounts receivable was as follows:

	2020	2019
Balance at beginning of the period	$ 79,342	89,221
Reversal of impairment loss	(9,797)	(9,879)
Amounts written off	(1,854)	-
Balance at end of the period	$ 67,691	79,342

As of December 31, 2020 and 2019, the Company had not provided its notes and accounts receivable (related parties included) as collateral or factored them for cash.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(e) Other receivables (related parties included)

		December 31, 2020	December 31, 2019
Other receivables	$	70,537	35,148
Other receivables－related parties		2,173	102,901
Less: loss allowance		-	1,058
	$	**72,710**	**136,991**

The movement in the loss allowance for impairment with respect to other receivables was as follows:

		2020	2019
Balance at beginning of the period	$	1,058	1,058
Impairment loss recognized		23	-
Amounts written off		(1,081)	-
Balance at end of the period	**$**	**-**	**1,058**

As of December 31, 2020 and 2019, the Company had no other receivables that were past due. Therefore, no provisions for doubtful debt were required after the management's assessment. For other credit risk information, please refers to note 6(t).

(f) Inventories

		December 31, 2020	December 31, 2019
Finished goods	$	903,284	1,103,130
Work in progress		743,031	735,525
Raw materials		188,285	166,758
	$	**1,834,600**	**2,005,413**

Due to the decrease in the realizable value of inventories, the Company recognized the inventory pricing loss as cost of goods sold. The amounts were as follows:

		2020	2019
Loss on (reversal of) decline in market value of inventory	$	19,468	(1,850)
Income from sale of scrap		(247,553)	(231,029)
Unallocated production overhead		188,968	140,863
Total	**$**	**(39,117)**	**(92,016)**

The Company reversed the allowance for loss on inventory for the year ended December 31, 2019, when the Company sold or used the inventories for which an allowance had been provided for the year ended December 31, 2018.

As of December 31, 2020 and 2019, the Company did not pledge its inventories as collateral.

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CHIN-POON INDUSTRIAL CO., LTD.
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(g) Investments accounted for under the equity method

The details of the investments accounted for under the equity method at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Subsidiaries	$ 7,914,811	8,230,367

(i) Subsidiaries

Please refer to the consolidated financial statements of 2020.

ii) Collateral

As of December 31, 2020 and 2019, the Company did not pledge any collateral on investments accounted for under the equity method.

(h) Changes in subsidiaries' equity

In May 2020, Draco PCB Public Co., Ltd. ("Draco") increased its capital by issuing 121,457 thousand shares, rasing $281,760 thousand (approximately THB300,000 thousand). The Company contributed $281,713 thousand in Draco's equity offering and increasing its ownership from 99.65% to 99.73%. For the year ended December 31, 2020, the Company recognized the amount of $31 thousand as a reduction of its retained earnings.

In July 2019, the Company acquired the interests of 282 thousand shares in Draco and from its non-related parties, spending $846 thousand, and increasing its ownership from 99.58% to 99.65%. For the year ended December 31, 2019, the Company recognized the amount of $67 thousand as a reduction of its retained earnings.

Due to the issued and paid date of convertible bonds payable issuing by Draco was on August 19, 2019, causing the changes in non-controlling interests. The Company recognized the amount of $10,482 thousand in capital surplus, resulting from abovementioned transaction.

The change in the subsidiary's equity attributed to the Company was as follows:

	December 31, 2019
Carrying amount of non-controlling interest on acquisition	$ 779
Consideration paid to non-controlling interests	(846)
Differences between consideration and carrying amounts of subsidiaries acquired	$ (67)

For the year ended December 31, 2020, the Company did not acquire the interests of Draco's shares from its non-related parties.

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CHIN-POON INDUSTRIAL CO., LTD.
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(i) Property, plant and equipment

The cost, depreciation and impairment of the property, plant and equipment of the Company for the years ended December 31, 2020 and 2019 were as follows:

	Land	Buildings	Machinery equipment	Other equipment	Leasehold improvement	Construction in progress	Total
Cost:							
Balance at January 1, 2020	$ 718,069	2,046,864	7,385,652	1,695,055	39,982	2,460	11,888,082
Additions	-	22,841	86,974	36,375	5,901	2,770	154,861
Disposals	-	-	(168,078)	(11,656)	-	-	(179,734)
Reclassification	-	16,466	87,366	16,040	1,116	(910)	120,078
Balance at December 31, 2020	**$ 718,069**	**2,086,171**	**7,391,914**	**1,735,814**	**46,999**	**4,320**	**11,983,287**
Balance at January 1, 2019	$ 718,069	2,020,025	6,901,781	1,612,306	17,124	-	11,269,305
Additions	-	21,202	166,810	50,089	5,943	2,460	246,504
Disposals	-	-	(38,121)	(1,029)	-	-	(39,150)
Reclassification	-	5,637	355,182	33,689	16,915	-	411,423
Balance at December 31, 2019	**$ 718,069**	**2,046,864**	**7,385,652**	**1,695,055**	**39,982**	**2,460**	**11,888,082**
Accumulated depreciation and impairment loss:							
Balance at January 1, 2020	$ -	851,052	5,685,349	1,213,083	8,697	-	7,758,181
Depreciation	-	31,309	400,551	108,115	6,065	-	546,040
Disposals	-	-	(140,935)	(9,616)	-	-	(150,551)
Balance at December 31, 2020	**$ -**	**882,361**	**5,944,965**	**1,311,582**	**14,762**	**-**	**8,153,670**
Balance at January 1, 2019	$ -	821,446	5,336,402	1,109,738	4,211	-	7,271,797
Depreciation	-	29,606	386,714	104,287	4,486	-	525,093
Disposals	-	-	(37,767)	(942)	-	-	(38,709)
Balance at December 31, 2019	**$ -**	**851,052**	**5,685,349**	**1,213,083**	**8,697**	**-**	**7,758,181**
Carrying amount:							
Balance at December 31, 2020	**$ 718,069**	**1,203,810**	**1,446,949**	**424,232**	**32,237**	**4,320**	**3,829,617**
Balance at December 31, 2019	**$ 718,069**	**1,195,812**	**1,700,303**	**481,972**	**31,285**	**2,460**	**4,129,901**
Balance at January 1, 2019	**$ 718,069**	**1,198,579**	**1,565,379**	**502,568**	**12,913**	**-**	**3,997,508**

(i) Loss and gain on disposal

For the years ended December 31, 2020 and 2019, the Company recognized loss and gain on disposal of property, plant and equipment, please refer to note 6(s).

(ii) Impairment loss

The movements in accumulated impairment loss of the Company's property, plant and equipment were as follows:

	2020	2019
Balance at beginning of the period (Balance at end of the period)	**$ 443,234**	**443,234**

(iii) Collateral

As of December 31, 2020 and 2019, the Company did not pledge its property, plant and equipment as collateral.

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CHIN-POON INDUSTRIAL CO., LTD.
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(j) Right-of-use assets

The Company leases its assets including its buildings. Information about leases for which the Company as a lessee is as follows:

		Buildings
Cost:		
Balance at January 1, 2020	$	428,240
Additions		27,792
Balance at December 31, 2020	**$**	**456,032**
Balance at January 1, 2019	$	397,621
Additions		30,619
Balance at December 31, 2019	**$**	**428,240**
Accumulated depreciation:		
Balance at January 1, 2020	$	46,909
Depreciation		52,095
Balance at December 31, 2020	**$**	**99,004**
Balance at January 1, 2019	$	-
Depreciation		46,909
Balance at December 31, 2019	**$**	**46,909**
Carrying amount:		
Balance at December 31, 2020	**$**	**357,028**
Balance at December 31, 2019	**$**	**381,331**
Balance at January 1, 2019	**$**	**397,621**

(k) Short-term loans

(i) The details, terms and clauses of the Company's short-term loans were as follows:

	December 31, 2020				
	Currency	**Range of interest rates (%)**	**Year of maturity**		**Amount**
Unsecured loans	USD	0.67~0.92	2021	$	1,053,825
Unsecured loans	EUR	0.44	2021		69,334
Total				**$**	**1,123,159**

	December 31, 2019				
	Currency	**Range of interest rates (%)**	**Year of maturity**		**Amount**
Unsecured loans	USD	2.56~3.28	2020	$	899,730
Unsecured loans	EUR	0.54	2020		100,729
Total				**$**	**1,000,459**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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As of December 31, 2020 and 2019, the unused credit facilities of the Company's short-term loans amounted to $1,707,297 thousand and $2,429,792 thousand, respectively.

Please refer to note 6(t) for related information of risk exposure to interest risk, currency risk and liquidity risk.

(ii) Collateral of loans

As of December 31, 2020 and 2019, the Company did not pledge its assets as collateral of short-term loans.

(l) Lease liabilities

The carrying amounts of lease liabilities for the Company were as follows:

	December 31, 2020	December 31, 2019
Current	$ **49,387**	**45,121**
Non-current	$ **316,330**	**339,812**

For the maturity analysis, please refer to note 6(t).

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	$ **8,144**	**8,180**
Expenses relating to short-term leases	$ **1,167**	**164**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ **8,776**	**3,434**

The amounts recognized in the statement of cash flows for the Company were as follows:

	2020	2019
Total cash outflow for leases	$ **65,095**	**63,265**

(m) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value adjustments of the plan assets for the Company were as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 341,564	352,648
Fair value of plan assets	(470,074)	(463,576)
Net defined benefit asset	$ **(128,510)**	**(110,928)**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan and Chunghwa Post Co., Ltd. that provides pensions for employees and managers upon retirement. The plans (covered by the Labor Standard) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

The Company's Bank of Taiwan and Chunghwa Post Co., Ltd. labor pension reserve account balance amounted to $434,284 thousand and $35,790 thousand, respectively, as of December 31, 2020. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Company's defined benefit obligations for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Defined benefit obligation at January 1	$	352,648	388,781
Current service costs and interest		5,649	7,311
Remeasurements of the net defined benefit asset			
—Actuarial gains and losses arising from changes in financial assumptions		6,665	(20,415)
Benefits paid		(23,398)	(23,029)
Defined benefit obligation at December 31	**$**	**341,564**	**352,648**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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3) Movements in fair value of plan assets

The movements in the fair value of the Company's plan assets for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Fair value of plan assets at January 1	$	463,576	454,088
Remeasurements of the net defined benefit asset			
－The return on plan assets (excluding amounts included in the interest during this period)		5,134	6,055
－Actuarial gains and losses arising from changes in financial assumptions		12,312	13,030
Contributions made		12,450	13,432
Benefits paid		(23,398)	(23,029)
Fair value of plan assets at December 31	**$**	**470,074**	**463,576**

4) Expenses recognized in profit or loss

The Company's expenses recognized on profit or loss for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Current service costs	$	1,813	2,222
Net interest on the defined benefit asset		(1,298)	(966)
	$	**515**	**1,256**

		2020	2019
Operating costs	$	-	930
Selling expenses		-	71
Administration expenses		515	221
Research and development expenses		-	34
	$	**515**	**1,256**

5) Actuarial assumptions

The Company's assumptions used on calculating the present value of the defined benefit obligation at reporting date were as follows:

	2020.12.31	2019.12.31
Discount rate	0.50%~0.75%	0.750%~1.125%
Future salary increases rate	1.000 %	1.000 %

The expected contribution to be made by the Company to the defined benefit plans for the next annual reporting period is $12,433 thousand.

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CHIN-POON INDUSTRIAL CO., LTD.
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The Company's weighted average duration of the defined benefit obligation of employee and manager are 17.08 years and 6.38 years, respectively.

6) Sensitivity analysis for actuarial assumption

As of December 31, 2020 and 2019, the effect of changes in actuarial assumptions on the present value of the defined benefit obligations were as follows:

		The impact of defined benefit obligation	
		Increase	**Decrease**
At December 31, 2020			
Discount rate (changes 0.25%)	$	(11,044)	11,522
Future salary increase rate (changes 0.25%)		11,283	(10,873)
At December 31, 2019			
Discount rate (changes 0.25%)		(12,093)	12,635
Future salary increase rate (changes 0.25%)		12,429	(11,958)

The above sensitivity analysis is based on the effect of changes in a single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension asset is the same.

The method used for sensitivity analysis for this year is the same as the method used in the previous year.

(ii) Defined contribution plans

The Company contributes an amount equal to 6% of the employee's monthly. The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company's pension costs under the defined contribution method were $73,164 thousand and $84,603 thousand for the years ended December 31, 2020 and 2019, respectively.

(iii) Short-term employee benefit

		December 31, 2020	December 31, 2019
Annual leave benefit (recorded under other payables)	$	**30,481**	**33,134**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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(n) Income taxes

(i) Income tax expense (benefit)

The amounts of the Company's income tax expense (benefit) for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Current tax expense			
Current period	$	47,990	89,283
Surtax on unappropriated retained earnings		504	-
Adjustment for prior periods		5,696	14,570
		54,190	103,853
Deferred tax expense (benefit)			
Origination and reversal of temporary differences		(119,433)	26,354
Income tax expense (benefit) from continuing operations	$	**(65,243)**	**130,207**

The amounts of the Company's income tax expense recognized under other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Items that may not be reclassified into profit and loss:			
Remeasurements of defined benefit plan	$	**1,129**	**6,689**

Reconciliations of the Company's income tax expense (benefit) and income (loss) before tax for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Income (loss) before tax	$	**(19,125)**	**791,032**
Income tax using the Company's domestic tax rate	$	(3,825)	158,206
Under-estimate of prior years' income tax		5,696	14,570
Surtax on unappropriated retained earnings		504	-
Tax expense recognized based on the management, utilization, and taxation of repatriated offshore funds act		47,990	-
Gain on valuation of financial assets at fair value through profit or loss		(45)	(529)
Loss (gain) from investment using equity method		(129,276)	25,273
Adjustments according to tax law		13,713	(67,062)
Others		-	(251)
Income tax expense (benefit)	$	**(65,243)**	**130,207**

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CHIN-POON INDUSTRIAL CO., LTD.
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(ii) Deferred tax assets and liabilities

Changes in the amount of recognized deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 were as follows:

Deferred tax assets:

	Allowance for inventory devaluation loss	Loss allowance	Refund liabilities	Unrealized exchange loss	Loss carryforwards	Total
Balance at January 1, 2020	$ 12,576	19,292	108,364	3,889	-	144,121
Recognized in profit or loss	1,858	(1,943)	9,087	(2,803)	3,511	9,710
Balance at December 31, 2020	**$ 14,434**	**17,349**	**117,451**	**1,086**	**3,511**	**153,831**
Balance at January 1, 2019	$ 16,580	20,877	97,749	1,344	-	136,550
Recognized in profit or loss	(4,004)	(1,585)	10,615	2,545	-	7,571
Balance at December 31, 2019	**$ 12,576**	**19,292**	**108,364**	**3,889**	**-**	**144,121**

Deferred tax liabilities:

	Gain from investment using equity method	Defined benefit plans	Others	Total
Balance at January 1, 2020	$ 646,310	22,185	190	668,685
Recognized in profit or loss	(111,921)	2,388	(190)	(109,723)
Recognized in other comprehensive income	-	1,129	-	1,129
Balance at December 31, 2020	**$ 534,389**	**25,702**	**-**	**560,091**
Balance at January 1, 2019	$ 614,524	13,061	486	628,071
Recognized in profit or loss	31,786	2,435	(296)	33,925
Recognized in other comprehensive income	-	6,689	-	6,689
Balance at December 31, 2019	**$ 646,310**	**22,185**	**190**	**668,685**

(iii) Examination and approval

The ROC income tax authorities have examined the Company's income tax returns through 2018.

(o) Share capital and other equity

(i) Common stock

As of December 31, 2020 and 2019, the total value of authorized nominal ordinary shares amounted to $4,500,000 thousand, with par value of $10 per share, of which 397,495 thousand shares of common stocks were outstanding. All issued shares were paid up upon issuance.

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CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) Capital surplus

The balances of the Company's capital surplus were as follows:

		December 31, 2020	December 31, 2019
Paid-in capital in excess of par value	$	630,382	630,382
Conversion of convertible bonds ordinary shares		937,936	937,936
Changes in equity of subsidiaries		10,482	10,482
Non-payment of expired cash dividends from previous years		425	-
	$	**1,579,225**	**1,578,800**

In accordance with the ROC Company Act, realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained earnings

1) Legal reserve

If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

2) Special earnings reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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CHIN-POON INDUSTRIAL CO., LTD.
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3) Distribution of earnings

According to the Company's Articles of Incorporation, when allocating the net profits for each fiscal year, the Company should first pay income tax, offset its prior years' losses, and appropriate 10% of net income to legal reserve. Legal reserve should be appropriated until the reserve equals to the Company's paid-in capital. The remainder, if necessary, is subject to special reserve. The distribution of remainder earning should be amounts directors' and supervisors' remuneration, employee bonuses and stockholders' dividends and bonuses in the percentage amounts of 20% to 80%. After the distribution, the remainder is unappropriated earnings.

According to the Company's Articles of Incorporation, the Company's dividend policy will consider its operating environment, steady profitability, sufficiency of its cash for future expansion, financial plan and the balance of dividends. The Board of Directors then proposes the appropriations and presents this proposal for approval at the shareholders' meeting. The Company stipulated a dividend policy that at least 20% of income after tax may be distributed as cash dividends, and if the Company has sufficient cash acquired from the outer, the ratio of distribution as cash dividends will be 50%. The actual appropriations are based on profit and the requirement of cash which are adjusted and approved by the stockholders' meeting.

The appropriations of 2019 and 2018 earnings have been approved by the Company's shareholders in its meetings held on June 23, 2020, and June 27, 2019, respectively. The appropriations and dividends per share were as follows:

	2019		2018	
	Amount per share (NT dollars)	**Total Amount**	**Amount per share (NT dollars)**	**Total Amount**
Dividends distributed to common stockholders:				
Cash	$ 1.00	**397,495**	0.50	**198,748**

On March 19, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. These earnings were appropriated as follows:

	2020 (Proposed)	
	Amount per share (NT dollars)	**Total amount**
Dividends distributed to common shareholders:		
Cash	$ 0.50	**198,748**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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(p) Earnings per share

The calculation of the Company's basic and diluted earnings per share for the years ended December 31, 2020 and 2019 were as follows:

(i) Basic EPS

	2020	2019
Net income attributable to common shareholders of the Company	$ **46,118**	**660,825**
Weighted-average number of common shares outstanding (thousand shares)	**397,495**	**397,495**
Basic EPS (New Taiwan dollars)	$ **0.12**	**1.66**

(ii) Diluted EPS

	2020	2019
Net income attributable to common shareholders of the Company	$ **46,118**	**660,825**
Weighted-average number of common shares outstanding (thousand shares)	397,495	397,495
Influence of potentially dilutive shares－		
Remuneration to employees (thousand shares)	182	537
Weighted-average number of shares outstanding－diluted (thousand shares)	**397,677**	**398,032**
Diluted EPS (New Taiwan dollars)	$ **0.12**	**1.66**

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

The Company is engaged in one industry which manufactures and sells printed circuit boards. The disaggregation of revenue by primary geographical markets for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Taiwan	$ 447,922	482,682
United States	2,447,884	3,161,264
Germany	1,544,587	1,815,877
Japan	1,064,449	922,193
Hungary	725,328	908,130
China	1,743,289	1,583,501
Others	3,930,742	4,509,061
	$ **11,904,201**	**13,382,708**

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CHIN-POON INDUSTRIAL CO., LTD.
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(ii) Contract balance

		December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	$	7,735	10,270	6,267
Accounts receivable		2,457,999	2,645,026	2,478,282
Accounts receivable－related parties		13,644	17,564	384,005
Less: loss allowance		67,691	79,342	89,221
Total	$	**2,411,687**	**2,593,518**	**2,779,333**

For the details on accounts receivable and allowance for impairment, please refer to note 6(d).

(iii) Refund liabilities (recorded under other current liabilities)

		December 31, 2020	December 31, 2019
Sales return and discount	$	**587,254**	**541,818**

The refund liabilities are expected payment to customers contingent on sales returns and discounts in the future. The amount recognized for refund liabilities is based on historical experience and other known factors and is treated as reduction of operating revenue when products are sold.

(r) Remuneration to employees and directors

In accordance with the Company's articles of incorporation, the Company should contribute no less than 2%~10% of profit as employee remuneration and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

For the year ended December 31, 2019, the Company accrued and estimated the remuneration to employees and directors amounting to $16,239 thousand and $4,680 thousand, respectively. These amounts are calculated by using the Company's pre-tax net profit for the period before deducting the amount of the remuneration to the employees and directors, multiplied by the distribution ratio of remuneration to the employees and directors under the Company's articles of association, and expensed under operating expenses during 2019. The related information can be accessed from Market Observation Post System website. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2019.

The Company had a net loss before income tax for the year ended December 31, 2020, and thus, no remunerations to employees and directors were accrued and estimated during the year in accordance with the Company's articles of incorporation.

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CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(s) Non-operating income and expenses

(i) Interest income

The details of the Company's interest income for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Interest income from bank deposits	$ 18,924	23,846
Other interest income	1,154	1,289
Total Interest income	**$ 20,078**	**25,135**

(ii) Other income

The details of the Company's other income for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Rental income	$ 543	840
Gains on writ-off from accrued expense	75,949	-
Other income－other		
Compensation income	17,045	45,305
Others	97,274	108,674
Subtotal other income－other	114,319	153,979
Total Other income	**$ 190,811**	**154,819**

(iii) Other gains and losses

The details of the Company's other gains and losses for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Gain (loss) on disposal of property, plant and equipment	$ (535)	339
Loss on disposal of investments	-	(4,265)
Net on foreign exchange loss	(74,390)	(25,219)
Gain on financial assets measured at fair value through profit and loss	223	2,645
Miscellaneous disbursements	(59,343)	(54,892)
Other gains and losses	(1,516)	350,000
Other gains and losses, net	**$ (135,561)**	**268,608**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(iv) Finance costs

The details of the Company's finance costs for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Interest expense	$ 24,167	36,482

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The book value of financial assets and contract assets represents the maximum risk exposure. The maximum credit risk exposure amounts were $6,269,906 thousand and $6,202,947 thousand as at December 31, 2020 and 2019, respectively.

2) Concentration of credit risk

For the years ended December 31, 2020 and 2019, the Company's counterparties of accounts receivable transaction mainly locate in the United States, China, and Germany. As of December 31, 2020 and 2019, the balance of accounts receivable from those regions accounted for 49% and 45%, respectively, of the total balance.

3) Credit risk of receivables and other financial assets at amortized cost

For the information of credit risk exposure for notes and accounts receivable, please refer to note 6(d).

Other financial assets measured at amortized cost include other receivables, refundable deposits and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

The following table showed the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
December 31, 2020						
Non-derivative financial liabilities						
Unsecured loans	$ 1,123,159	1,127,208	1,127,208	-	-	-
Notes payable	485,694	485,694	485,694	-	-	-
Accounts payable (related parties included)	1,692,373	1,692,373	1,692,373	-	-	-
Other payables	808,797	808,797	808,797	-	-	-
Lease liabilities	365,717	396,591	56,765	59,075	143,545	137,206
	$ 4,475,740	**4,510,663**	**4,170,837**	**59,075**	**143,545**	**137,206**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
December 31, 2019						
Non-derivative financial liabilities						
Unsecured loans	$ 1,000,459	1,006,668	1,006,668	-	-	-
Notes payable	514,231	514,231	514,231	-	-	-
Accounts payable (related parties included)	1,891,908	1,891,908	1,891,908	-	-	-
Other payables	895,487	895,487	895,487	-	-	-
Lease liabilities	384,933	421,426	52,953	52,715	146,161	169,597
	$ 4,687,018	**4,729,720**	**4,361,247**	**52,715**	**146,161**	**169,597**

The Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Currency risk exposure

The Company's financial assets and liabilities exposed to significant foreign currency risk were as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency (in thousands)	Exchange rate	Amount	Foreign currency (in thousands)	Exchange rate	Amount
Financial assets:						
Monetary items:						
USD	$ 122,830	28.1020	3,451,777	101,941	29.9910	3,057,312
JPY	1,629,518	0.2722	443,555	1,053,007	0.2756	290,209
EUR	10,904	34.6670	378,015	8,294	33.5762	278,487
THB	2,845	0.9390	2,672	2,796	1.0047	2,809
CNY	149,410	4.3215	645,677	137,038	4.2925	588,237
Financial liabilities:						
Monetary items:						
USD	69,193	28.1020	1,944,448	70,854	29.9910	2,124,971
JPY	8,804	0.2722	2,396	13,441	0.2756	3,704
EUR	3,811	34.6670	132,120	4,809	33.5762	161,479
CNY	4,270	4.3215	18,451	3,354	4.2925	14,396

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, other financial assets, loans, and accounts and other payables that were denominated in foreign currency. A weakening or strengthening 1% appreciation or depreciation of the NTD against the USD, JPY, EUR, THB and CNY as of December 31, 2020 and 2019, would have increased or decreased the net income before tax by $28,243 thousand and $19,125 thousand, respectively. The analysis was performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Company, the Company disclose its exchange gains and losses of monetary items aggregately. The Company's exchange loss, including realized and unrealized, were $74,390 thousand and $25,219 thousand for the years ended December 31, 2020 and 2019, respectively.

(iv) Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Company's assessment on the reasonably possible interval of interest rate change.

With all other variable factors remain constant. If the interest rate had increased or decreased by 1%, the Company's net income before tax will have increased or decreased by $4,737 thousand and $5,501 thousand, for the years ended December 31, 2020 and 2019, respectively. This was mainly due from the Company's loans and time deposits on floating rates.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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(v) Fair value information

1) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required :

	December 31, 2020				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 200,673	200,673	-	-	200,673
Financial assets measured at amortized cost					
Cash and cash equivalents	3,168,790	-	-	-	-
Notes and accounts receivable (related parties included)	2,411,687	-	-	-	-
Other receivables (related parties included)	72,710	-	-	-	-
Other financial assets －current and non-current	616,719	-	-	-	-
Subtotal	6,269,906	-	-	-	-
Total	**$ 6,470,579**	**200,673**	**-**	**-**	**200,673**
Financial liabilities measured at amortized cost					
Short-term loans	$ 1,123,159	-	-	-	-
Notes and accounts payable (related parties included)	2,178,067	-	-	-	-
Other payables	808,797	-	-	-	-
Lease liabilities	365,717	-	-	-	-
Total	**$ 4,475,740**	**-**	**-**	**-**	**-**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.

Notes to the Parent Company Only Financial Statements

	December 31, 2020				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 242,951	242,951	-	-	242,951
Financial assets measured at amortized cost					
Cash and cash equivalents	3,234,127	-	-	-	-
Notes and accounts receivable (related parties included)	2,593,518	-	-	-	-
Other receivables (related parties included)	136,991	-	-	-	-
Other financial assets —current and non-current	238,311	-	-	-	-
Subtotal	6,202,947	-	-	-	-
Total	**$ 6,445,898**	**242,951**	**-**	**-**	**242,951**
Financial liabilities measured at amortized cost					
Short-term loans	$ 1,000,459	-	-	-	-
Notes and accounts payable (related parties included)	2,406,139	-	-	-	-
Other payables	895,487	-	-	-	-
Lease liabilities	384,933	-	-	-	-
Total	**$ 4,687,018**	**-**	**-**	**-**	**-**

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

If financial instrument has quoted price in an active market, use the quoted price as fair value.

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (included open-ended funds).

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CHIN-POON INDUSTRIAL CO., LTD.
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b) Derivative financial instrument

The forward exchange contract is usually priced by the forward exchange rate from financial institutions.

3) Fair value hierarchy

The Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

b) Level 2: inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

4) Transfers from Level 1 financial instrument to Level 2 financial instrument

There was no significant transfer from level 2 financial instrument to level 1 financial instrument for the years ended December 31, 2020 and 2019.

(u) Financial risk management

(i) Overview

The Company has exposure to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risks, and the Company's management of capital. Please see other related notes for quantitative information.

(ii) Risk management framework

The Board of Directors of the Company is full responsible for the establishment and management of the Company's risk management framework and policies. It is developed and managed by the committee which is authorized by the Board of Directors and the committee reports to the Board of Directors regarding the framework's operations regularly.

(Continued)

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by Internal Audit with undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and audit committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

1) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval; these limits are reviewed on a periodic basis. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

2) Investments

The credit risk exposure in the bank deposits, fix income investment and other financial instruments are measured and monitored by the Company's finance department and reported to the management by authority. Since those who transact with the Company are banks and other external parties with good credit standing, financial institutions with a credit rating above investment grade, and government agencies, there are no non-compliance issues. Hence, there is no significant credit risk.

3) Guarantees

The Company's policy allows it to provide financial guarantees to directly and indirectly more them 50% owned subsidiaries. Financial guarantees provided by the Company as of December 31, 2020 and 2019, are disclosed in note 7 "related-party transactions".

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CHIN-POON INDUSTRIAL CO., LTD.
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(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to estimate the cost of its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of the expected cash flows on operating expenses and financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company has unused short-term bank facilities of $1,707,297 thousand and $2,429,792 thousand, respectively, as of December 31, 2020 and 2019.

(v) Market risk

Market risk represents the potential loss arising from the decrease in the value of a financial instrument caused primarily by changes in interest rates, foreign exchange rates, or the price of financial produces. The Company maintains its foreign currency positions within prescribed limits and signs the forward exchange contracts in order to manage market risk from changes in foreign exchange rates.

Financial assets measured at fair value through profit or loss are OTC stocks, open-end mutual funds and convertible bonds listed on foreign markets, which may fluctuate with changes in equity price. In order to manage market risk, the Company carefully selects trust companies with good reputations to engage in financial instrument transactions.

The Company' bank balances, time deposit, and financial liability－short-term loans are exposed to the cash flow risk arising from changes in interest rates. However, the impact of the cash flow risk arising from changes in interest rate is not expected to be significant.

(v) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and other equity of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

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CHIN-POON INDUSTRIAL CO., LTD.
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The Company's debt-to-capital ratio at the end of the reporting period were as follows:

		December 31, 2020	December 31, 2019
Total liabilities	$	5,712,715	6,037,030
Less: cash and cash equivalents		3,168,790	3,234,127
Net debt	$	2,543,925	2,802,903
Total equity	$	15,305,146	15,735,751
Debt-to-capital ratio		17 %	18 %

As of December 31, 2020, there was no changes in the Company's approach of capital management.

(w) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2020 and 2019 were as follows:

				Non-cash changes			
		January 1, 2020	Cash flows	Acquisition of right-of-use assets	Foreign exchange movement	Interest expenses	December 31, 2020
Short-term loans	$	1,000,459	156,977	-	(34,277)	-	1,123,159
Lease liabilities		384,933	(47,008)	27,792	-	-	365,717
Total liabilities from financing activities	$	1,385,392	109,969	27,792	(34,277)	-	1,488,876

				Non-cash changes			
		January 1, 2019	Cash flows	Acquisition of right-of-use assets	Foreign exchange movement	Interest expenses	December 31, 2019
Short-term loans	$	1,027,513	6,595	-	(33,649)	-	1,000,459
Lease liabilities		397,621	(43,307)	30,619	-	-	384,933
Total liabilities from financing activities	$	1,425,134	(36,712)	30,619	(33,649)	-	1,385,392

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the subsidiaries.

(b) Name and relationship with related parties

The followings are entities that have had transactions with related parties during the periods covered in the parent company only financial statements:

Name of related party	Relationship with the Company
VEGA International Enterprise Co., Ltd.	Subsidiary
Chin Poon Japan Co., Ltd.	Subsidiary (The procedures of liquidation were completed on November 11, 2019)
Draco PCB Public Co., Ltd.	Subsidiary
Chin-Poon Holdings Cayman Limited	Subsidiary of VEGA International Enterprise Co., Ltd.
Chin-Poon (Changshu) Electronic Co., Ltd.	Subsidiary of Chin-Poon Holdings Cayman Limited

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CHIN-POON INDUSTRIAL CO., LTD.
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(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales transactions between the Company and its related parties were as follows:

	2020	2019
Subsidiaries:		
Chin-Poon Holdings Cayman Limited	$ -	33,572
Chin Poon Japan Co., Ltd.	-	123,903
Chin-Poon (Changshu) Electronic Co., Ltd.	27,275	66,079
Draco PCB Public Co., Ltd.	13,167	6,299
	$ 40,442	**229,853**

There were no significant differences in selling price and collection terms between sales to its related parties and to other customers. Amounts receivable from related parties were uncollateralized, no expected credit loss was required after the assessment by the management.

(ii) Purchases

The amounts of significant purchase transactions between the Company and its related parties were as follows:

	2020	2019
Subsidiaries		
Chin-Poon (Changshu) Electronic Co., Ltd.	$ 3,355,343	3,489,866
Draco PCB Public Co., Ltd.	151,104	220,298
	$ 3,506,447	**3,710,164**

There were no significant differences in purchasing price and payment terms between purchase from its related parties and from other vendors.

(iii) Purchase of supplies on behalf of others

The details of the Company's purchase of supplies on the behalf of its related parties were as follows:

	2020	2019
Subsidiaries	**$ 29,389**	**30,083**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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(iv) Lending to related parties

The information for the Company loans to its related parties were as follows:

	December 31, 2020	December 31, 2019
Subsidiaries		
Draco PCB Public Co., Ltd.	$ -	89,973

For the years ended December 31, 2020 and 2019, the interest income received by the Company from its related parties amounted to $1,122 thousand and $1,258 thousand, respectively. As of December 31, 2020 and 2019, the interest receivables resulting from the aforementioned transactions were $0 thousand and $756 thousand, respectively.

(v) Receivable from related parties

As the result of the aforementioned transactions, the details of the Company's receivable from its related parties were as follows:

Account	Type of related parties	December 31, 2020	December 31, 2019
Accounts receivable	Subsidiaries:		
	Draco PCB Public Co., Ltd.	$ 3,644	917
	Chin-Poon (Changshu) Electronic Co., Ltd.	10,000	16,647
Other receivable	Subsidiaries		
	Draco PCB Public Co., Ltd.	1,807	97,091
	Other subsidiaries	366	5,810
		$ 15,817	120,465

(vi) Payable to related parties

As the result of the aforementioned transactions, the details of the Company's payable to its related parties were as follows:

Account	Type of related parties	December 31, 2020	December 31, 2019
Accounts payable	Subsidiaries:		
	Chin-Poon (Changshu) Electronic Co., Ltd.	$ 710,259	1,015,767
	Draco PCB Public Co., Ltd.	22,446	40,951
Other payables	Subsidiaries	3	164
		$ 732,708	1,056,882

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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(vii) Guarantees

		December 31, 2020	December 31, 2019
Subsidiaries			
Chin-Poon Holdings Cayman Limited	$	562,040	599,820
Draco PCB Public Co., Ltd.		449,632	479,856
	$	**1,011,672**	**1,079,676**

For the years ended December 31, 2020 and 2019, the commission income received by the Company from its related parties amounted to $1,218 thousand and $1,390 thousand, respectively. The commission income was recorded under non-operating income and expenses －other income.

(d) Management personnel compensation

Key management personnel compensation comprised:

		2020	2019
Short-term employee benefits	$	33,169	41,219
Post-employment benefits		890	894
	$	**34,059**	**42,113**

For the years ended December 31, 2020 and 2019, the Company provided five vehicles at cost of $3,268 thousand, for key management personnel.

(8) Pledged assets: None.

(9) Commitments and contingencies

(a) As of December 31, 2020 and 2019, the Company provided guarantee notes amounting to $680,000 thousand and $696,400 thousand, respectively, for usance letters of credits, domestic letters of credit and guarantees for the Company's hiring of foreign labors. The customs duty guaranteed by the Company for importing raw materials were $10,000 thousand and $15,000 thousand, respectively, as of December 31, 2020 and 2019.

(b) For expanding the factory, the Company entered contracts of construction and purchase of property, plant and equipment. The total contract amount was $281,450 thousand and $216,538 thousand as of December 31, 2020 and 2019, respectively, of which the Company had paid $108,886 thousand and $113,279 thousand, respectively, included in the construction in progress and prepayments for equipment accounts.

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CHIN-POON INDUSTRIAL CO., LTD.
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(c) On February 25, 2019, the Company received an indictment, with case number 108-Zhen-829 and 108-Zhen-2491, from the Taoyuan District Prosecutors Office. The chairman of the Company's board of directors and 6 former and current employees of the Pingzhen third plant were accused of causing fire disaster, which led to an offense of negligent manslaughter resulting from the fire incident that occurred on April 28, 2018. On April 17, 2019, the chairman and the said employees received a notice from criminal court of Taoyuan District Court and will fully cooperate with the Court in its investigation on this matter. So far, the incident did not have any significant impact on the Company's operating and financial activities.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events

The appropriation of 2020 earnings for the Company please refer to note 6(o).

(12) Other

(a) A summary of employee benefit expenses, depreciation, depletion and amortization by function, were as follows:

By function	Year ended December 31 2020			Year ended December 31 2019		
By nature	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,839,106	219,848	2,058,954	2,032,848	226,682	2,259,530
Labor and health insurance	186,144	15,842	201,986	207,720	16,783	224,503
Pension	63,840	9,839	73,679	74,767	11,092	85,859
Directors' remuneration	-	11,456	11,456	-	11,118	11,118
Others	58,349	6,019	64,368	69,228	9,273	78,501
Depreciation	564,112	34,023	598,135	543,471	28,531	572,002
Amortization	-	-	-	-	-	-

The Company's number of employees and additional information on employee benefits for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Number of employees	3,441	3,668
Number of non-employees directors	9	9
Average employees benefit	$ 699	724
Average salary	$ 600	618
Adjustment of mployees' average salary	(2.91)%	
Supervisor remuneration	$ -	-

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CHIN-POON INDUSTRIAL CO., LTD.
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The Company's salary and remuneration policy (including directors, managers and employee) were as follows:

In accordance with the Company's articles of incorporation, the Company should contribute no more than 3% of its profit as directors' remuneration when there is profit for the year. The managers' salary is evaluated based on their achievement of performance index. In addition, the employees' salary include their basic salary, festival bonus and year-end bonus, which will be adjusted according to their performance evaluation and price index.

(b) A fire occurred in some of the Company's plants on April 28, 2018, which destroyed parts of the building, equipment and inventory, resulting in recovery and indemnity expenses. The estimated loss from the incident amounted to $902,744 thousand, which was recognized under other gains and losses for the year ended December 31, 2019. The related properties mentioned above were insured, its claim is still under negotiation with the insurance companies. As of December 31, 2020, the Company received the cumulated amounts of insurance claim amounting to $700,000 thousand. The aforementioned amounts were recognized under other gains and losses amounting to $350,000 thousand, respectively, for the years ended December 31, 2019 and 2018. As of the reporting date, the insurance compensation has yet to be determined for the reason that the amount is highly subject to investigation. The Company will recognize the insurance income in the subsequent periods when the amount can be reasonably estimated. We, therefore, did not modify our audit opinion for that matter.

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CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company in 2020:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance	Amount actually drawn	Range of interest rates (%)	Purposes of fund financing for the borrowers (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	CHIN-POON INDUSTRIAL CO., LTD.	Draco PCB Public Co., Ltd.	Other receivables —related parties	Yes	243,616	224,816	-	1.48388~ 3.15838	2	-	Operating capital	-		-	6,122,058 (Note 2)	6,122,058 (Note 2)
1	Chin Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co., Ltd	Other receivables —related parties	Yes	913,560	843,060	843,060	1.48388~ 3.15838	2	-	Operating capital	-		-	3,353,819 (Note 1)	3,353,819 (Note 1)

Note 1: The total amount lending to the subsidiaries and each borrowing company shall not be over 50% of the net worth of Chin Poon Industrial Co., Ltd.

Note 2: The total amount lending to the subsidiaries and each borrowing company shall not be over 40% of the net worth of Chin Poon Holdings Cayman Limited.

Note 3: Nature of financing activities as follows:

(1) if there are transactions between these two parties, the number is "1".

(2) if it is necessary to loan to other parities, the number is "2".

(ii) Guarantees and endorsements for other parties:

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party (Note 2)	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements (Note 2)	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements (Note 2)	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the company (Note 1)										
0	CHIN-POON INDUSTRIAL CO., LTD.	Chin Poon Holdings Cayman Limited	4	3,061,029	609,040	562,040	22,482	-	3.67 %	3,826,287	Y	N	N
0	CHIN-POON INDUSTRIAL CO., LTD.	Draco PCB Public Co., Ltd.	4	3,061,029	487,232	449,632	84,306	-	2.94 %	3,826,287	Y	N	N

Note 1: The guarantee's relationship with the guarantor is as follows:

(1) A company with which it does business.

(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The total amount of guarantee shall not exceed 25% of the Company's net worth. The total amount of guarantee provided by the Company to any individual entity shall not exceed 20% of the Company's net worth.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of units	Book value	Holding percentage	Market value	
The Company	Beneficiary Certificate: Jih Sun Money Market	-	Financial assets at fair value through profit or loss—current	13,422,909	200,673	- %	200,673	
Chin-Poon (Changshu) Electronic Co., Ltd	CR Yuanta Cash Earnings	-	Financial assets at fair value through profit or loss—current	50,000,000	216,149	- %	216,149	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Name of security	Account name	Counterparty	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Units	Amount	Units	Amount	Units	Price	Cost	Disposal gain	Units	Amount
Chin-Poon (Changshu) Electronic Co., Ltd	Beneficiary Certificate: CR Yuanta Cash Earning	Financial assets at fair value through profit or loss—current	CR Yuanta Fund	-	140,000,000	601,219	100,000,000	426,173	190,000,000	814,759	821,089	3,516	50,000,000	216,149

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / (Sale)	Amount (Note 1)	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance (Note 1)	Percentage of total accounts / notes receivable (payable)	
The Company	Chin-Poon (Changshu) Electronic Co. Ltd.	Investee controlled by the Company	Purchase	3,355,343	43.72 %	Note 1	Note 1	Note 1	(710,259)	(32.61) %	
Chin-Poon (Changshu) Electronic Co. Ltd.	The Company	Ultimate parent company of Chin-Poon (Changshu) Electronic Co., Ltd.	(Sale)	(3,355,343)	(62.60) %	Note 1	Note 1	Note 1	710,259	51.51 %	
The Company	Draco PCB Public Co.,Ltd	Subsidiary of the Company	Purchase	151,104	1.97 %	Note 1	Note 1	Note 1	(22,446)	(1.03) %	
Draco PCB Public Co.,Ltd	The Company	Parent company of Draco PCB Public Co., Ltd.	(Sale)	(151,104)	(9.18) %	Note 1	Note 1	Note 1	22,446	6.08 %	

Note 1: The sales and purchase prices are based on the market prices. The terms of collection and payment are not significantly different from those to third parties.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Chin-Poon (Changshu) Electronic Co. Ltd.	The Company	Ultimate parent company of Chin-Poon (Changshu) Electronic Co., Ltd.	710,259	3.89 %	-		553,586 (As at February 28, 2021)	-
Chin-Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co. Ltd.	Parent company of Chin-Poon (Changshu) Electronic Co. Ltd.	846,187 (Note 1)	- %	-		3,117 (As at February 28, 2021)	-

Note 1: Included principle $843,060 thousand and other receivables of interest $3,127 thousand.

(ix) Trading in derivative instruments:

The Company uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. As of December 31, 2020, Draco PCB Public Co., Ltd. reported the following derivatives financial instruments as financial liabilities at fair value through or loss profit without the application of hedge accounting.

	December 31, 2020			
	Contract amount (in thousands)	**Currency**	**Expiry date**	**Fair value of liabilities**
Forward Contracts	$ 1,831	USD	2021.6	182

(b) Information on investees

The following is the information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income of investee	Investment income (loss)	Remarks
				December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Book value			
The Company	VEGA International Enterprise Co., Ltd.	British Virgin Islands	Investment	3,070,205	3,070,205	131,242,925	100.00 %	6,720,625	215,856	215,856	Subsidiary (Note 1)
The Company	Draco PCB Public Co., Ltd.	Thailand	Production and trading of printed circuit board	2,045,406	1,763,693	538,481,355	99.73 %	1,194,186	(129,490)	(129,074)	Subsidiary (Note 2)
VEGA International Enterprise Co., Ltd.	Chin-Poon Holdings Cayman Limited	Cayman Islands	Production and trading of printed circuit board	2,756,306	2,756,306	92,354,035	100.00 %	6,707,643	216,976	216,976	Subsidiary (Note 1)

Note 1: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 2: The financial statements were audited by on international accounting firm in cooperation with the R.O.C. accounting firm.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(c) Information on investment in mainland China

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2020	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2020	Net income of investee (Note 2)	Direct / indirect investment holding percentage	Investment income (loss) (Note 2)	Book value (Note 2)	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Chin-Poon (Changshu) Electronic Co., Ltd	Production and trading of printed circuit board	3,372,240	(2)	2,388,670	-	-	2,388,670	200,342	100.00 %	200,342	5,875,495	1,347,795

Note 1: The method of investment is divided into the following three categories:

(1) Invest directly in a company in Mainland China.

(2) Through the establishment of third-region companies then investing in Mainland China. (The Company invests Chin-Poon (Changshu) Electronic Co., Ltd. through Chin Poon Holdings Cayman Limited.)

(3) Other methods.

Note 2: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 3: Amounts in foreign currencies were translated based on the exchange rate at the reporting date(USD1 to NTD28.1020).

(ii) Limitation on investment in Mainland China:

Accumulated investment amount in Mainland China as of 2020	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
2,388,670	3,512,750	- (Note 1)

Note 1: The Company was certified as an operations center by the Industrial Development Bureau, Ministry of Economic Affairs, in approval letter No. 10720430500, and the certification is valid from October 29, 2018 to October 28, 2021. The Company has no limitation on investment in Mainland China during the abovementioned period.

Note 2: Amounts in foreign currencies were translated based on the exchange rate at the reporting date(USD1 to NTD28.1020).

(iii) Significant transactions:

The Company's significant indirect and direct transactions with investment in Mainland China for the year ended December 31, 2020, please refer to note 13(a).

(d) Major shareholders:

Unit: Shares

Shareholder's Name / Shareholding	Shares	Percentage
Fubon Insurance Co., Ltd.	26,499,000	6.66 %

(14) Segment information

Please refer to the year 2020 consolidated financial statements.

Chin-Poon Industrial Co., Ltd.

Statement of cash and cash equivalents

December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount
Cash and cash equivalents		$ 1,701
Bank deposits	Demand deposits	$ 714,144
	Foreign currency deposits	
	USD 46,815 thousand @28.1020	1,315,596
	EUR 6,652 thousand @34.6670	230,596
	JPY 1,290,667 thousand @0.2722	351,320
	RMB 11,050 thousand @4.3215	47,752
	THB 2,845 thousand @0.9390	2,671
	Time deposits (interest rate at 0.432%~2.63%)	
	NTD30,000 thousand	30,000
	RMB 109,699 thousand @4.3215	474,066
	Checking deposit	944
	Subtotal	3,167,089
		$ 3,168,790

Chin-Poon Industrial Co., Ltd.

Statement of financial assets measured at fair value through profit or loss - current

For the year ended December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Unit	Carrying	Gross amount	Rate (%)	Cost	Accumulated impairment	Fair value Unit price	Fair value Gross amount	Note
Jin Sun Money Market		13,423	$ -	-	-	200,000	-	14.95	200,673	No pledged as collateral

Chin-Poon Industrial Co., Ltd.

Statement of notes receivable

December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Customer	Description	Amount	Note
Non-related parties:			
Company A	Arising from operating activities	$ 3,351	
Company B	〃	1,488	
Company C	〃	1,336	
Company D	〃	868	
Company E	〃	568	
Others (amount individually less than 5%)	〃	124	
		$ 7,735	

Statement of accounts receivable

Customer	Description	Amount	Note
Related parties:			
Chin Poon (Changshu) Electronic Co., Ltd.	Arising from operating activities	10,000	
Draco PCB Public Co., Ltd.	〃	3,644	
Subtotal		13,644	
Non-related parties:			
Company A	Arising from operating activities	263,243	
Others (amount individually less than 5%)	〃	2,194,756	
Subtotal		2,457,999	
Less: loss allowance		67,691	
Subtotal		2,390,308	
Total		**$ 2,403,952**	

Chin-Poon Industrial Co., Ltd.

Statement of other receivables

December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount	Note
Other Receivables－related parties	Supplies purchased on behalf of others	$ 148	
	Payment on behalf of others	889	
	Receivable from guarantees	1,136	
Subtotal		2,173	
Other Receivables－non-related parties	Revenue from scrap sales	69,823	
	Interest income	677	
	Others	37	
Subtotal		70,537	
		$ 72,710	

Statement of inventories

Type	Amount		Note
	Cost	Net realizable value	
Finished goods	$ 924,996	983,067	Market value is represented by NRV
Work in process	764,941	914,667	〃
Raw materials	98,555	98,012	〃
Supplies	118,277	107,036	〃
Total	1,906,769	**2,102,782**	
Less: allowance for inventory write-down	72,169		
	$ 1,834,600		

Chin-Poon Industrial Co., Ltd.

Statement of prepayments

December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount	Note
Prepaid expenses		$ 18,948	
Prepaid import taxes		13,156	
Others		2,702	
		$ 34,806	

Statement of other financial assets－current

Type	Description	Amount	Note
Segregated foreign exchange deposits	Repatriated offshore funds	$ 240,187	Not pledged as collateral
Time deposits	RMB 33,602 thousand (interest rate 2.30%)	145,439	〃
		$ 385,626	

Statement of other current assets

Type	Description	Amount	Note
VAT tax recoverable		$ 78,919	
Others		764	
		$ 79,683	

Chin-Poon Industrial Co., Ltd.

Statement of changes in investments accounted for under equity method

December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Investees	Balance, Beginning of Period		Increase		Decrease		Balance, End of Period			Market value or book value		Pledged as Collateral	Note
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Ownership (%)	Amount	Unit price	Gross value		
VEGA International Enterprise Co., Ltd.	131,243	$ 7,119,686	-	215,856 (Note 1)	-	614,917 (Note 2)	131,243	100.00	6,720,625	-	6,720,625	None	
Draco PCB Public Co., Ltd.	417,043	1,110,681	121,438	281,713 (Note 3)	-	198,208 (Note 4)	538,481	99.73	1,194,186	-	1,194,186	None	
		$ 8,230,367		**497,569**		**813,125**			**7,914,811**		**7,914,811**		

Note 1: The amount contains $215,856 thousand from investment income generated by subsidiaries, business associates and joint ventures.

Note 2: The amount contains $15,037 thousand from exchange differences on translation of foreign financial statements and $599,880 thousand from cash dividends.

Note 3: The amount contains $281,713 thousand acquiring the interest of new shares which Draco PCB Public Co., Ltd. issued.

Note 4: The amount contains $129,074 thousand investment losses generated by subsidiaries and business associates, $69,103 thousand from exchange differences on translation of foreign financial statements and a decrease of $31 thousand in retained earnings.

Chin-Poon Industrial Co., Ltd.

Statement of changes in property, plant and equipment

For the year ended December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Please refer to note 6(i).

Statement of changes in accumulated depreciation of property, plant and equipment

Please refer to note 6(i).

Statement of changes in right-of-use assets

Please refer to note 6(j).

Statement of changes in accumulated depreciation of right-of-use assets

Please refer to note 6(j).

Chin-Poon Industrial Co., Ltd.

Statement of other financial assets－non-current

December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount	Note
Segregated foreign exchange deposits	Repatriated offshore funds	$ 222,581	Not pledged as collateral
Refundable deposits	Rental deposits	8,512	
		$ 231,093	

Statement of short-term loans

Type	Lender	Ending Balance	Term	Interest Rate (%)	Line of Credit	Pledged as collateral	Note
Unsecured loans	Taishin International Bank	$ 617,323	Within 1 year	0.44~0.68	843,060	None	
Unsecured loans	HSBC Bank	224,816	Within 1 year	0.88~0.90	421,530	〃	
Unsecured loans	First Commercial Bank (Taoyuan branch)	281,020	Within 1 year	0.92	600,000	〃	
		$ 1,123,159					

Chin-Poon Industrial Co., Ltd.

Statement of notes payable

December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Suppliers	Description	Amount	Note
Company A	Arising from operating activities	$ 102,085	
Company B	〃	65,830	
Company C	〃	29,581	
Company D	〃	29,392	
Others (amount individually less than 5%)	〃	258,806	
		$ 485,694	

Statement of accounts payable

Suppliers	Description	Amount	Note
Related parties:			
Chin Poon (Changshu) Electronic Co., Ltd.	Arising from operating activities	$ 710,259	
Draco PCB Public Co., Ltd	〃	22,446	
Subtotal		732,705	
Non-related parties:			
Company A	Arising from operating activities	118,233	
Company B	〃	69,268	
Company C	〃	58,633	
Company D	〃	50,713	
Company E	〃	49,081	
Others (amount individually less than 5%)	〃	613,740	
Subtotal		959,668	
		$ 1,692,373	

Chin-Poon Industrial Co., Ltd.

Statement of other payables

December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Items	Description	Amount	Note
Related parties:			
Chin Poon (Changshu) Electronic Co., Ltd.		$ 3	
Non-related parties:			
Accrued salary, bonuses, and annual leaves		363,403	
Accrued processing fees		65,783	
Accrued compensation and solatium		106,056	
Accrued utility		41,550	
Others (amount individually less than 5%)		232,002	
Subtotal		808,794	
Total		**$ 808,797**	

Statement of lease liabilities

Type	Description	Term of lease	Discount rate	Amount	Note
Buildings		2021	2.15%	$ 49,387	
Buildings		2022~2028	2.15%	316,330	
				$ 365,717	

Chin-Poon Industrial Co., Ltd.

Statement of other current liabilities

December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount	Note
Refund liabilities		$ 587,254	
Suspense receipts		71,553	
Others (amount individually less than 5%)		18,077	
		$ 676,884	

Statement of operating revenue

Product Types	Quantity	Amount	Note
Single-sided PCB	498,619 M^2	$ 866,098	
Double-sided PCB	270,872 M^2	814,839	
Multilayer PCB	1,008,064 M^2	6,666,063	
Revenue from related parties	1,101,604 M^2	3,708,436	
Single-sided mold	70 SET	536	
Double-sided mold	43 SET	67	
Multi-layer mold	191 SET	3,536	
Board	306,533 SHT	53,064	
Materials	16,640 KG	7,896	
Subtotal		12,120,535	
Less: sales returns and discounts		216,334	
Net revenue		**$ 11,904,201**	

Chin-Poon Industrial Co., Ltd.

Statement of operating costs

December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Type	Amount Subtotal	Amount Total
Raw materials:		
Beginning raw materials inventory	$ 87,641	
Add: Purchases	1,791,680	
Less: Ending raw materials inventory	98,555	
Raw materials resale	50,505	
Internal requisition for raw materials used in research and sampling	8,655	
Transfer to operating expenses	5,386	
Raw materials subtotal	1,716,220	
Supplies:		
Beginning supplies inventory	106,380	
Add: Purchases	2,097,405	
Less: Ending raw materials inventory	118,277	
Raw materials resale	8,357	
Transfer to operating expenses	640	
Supplies subtotal	2,076,511	
Cost of raw material used in production	3,792,731	
Direct labor	1,145,631	
Manufacturing expenses	2,562,903	
Manufacturing costs	7,501,265	
Add: Beginning work-in-process inventory	753,062	
Purchases	290,617	
Less: Ending work-in-process inventory	764,941	
Cost of finished goods	7,780,003	
Add: Beginning finished goods	1,121,214	
Purchases	3,451,945	
Less: Ending finished goods	924,996	
Tax returns from export	1,545	
Scrap	10,183	
Cost of finished goods sold		11,416,438
Cost of raw materials resale		58,862
Loss on inventory write-down		19,468
Sale of scrap		(247,553)
Unallocated production overhead		188,968
Total manufacturing costs		**$ 11,436,183**

Chin-Poon Industrial Co., Ltd.

Statement of selling expenses

For the year ended December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount	Note
Salaries		$ 66,586	
Sample expenses		100,725	
Shipping expenses		72,788	
Commissions		18,789	
Export expenses		18,387	
Others (amount individually less than 5%)		25,353	
		$ 302,628	

Statement of administrative expenses

December 31, 2020

Type	Description	Amount	Note
Salaries		$ 159,751	
Depreciation of right-of-use assets		25,881	
Others (amount individually less than 5%)		94,040	
		$ 279,672	

Chin-Poon Industrial Co., Ltd.

Statement of research and development expenses

December 31, 2020

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount	Note
Salaries		$ 12,647	
Research expenses		38,415	
Others (amount individually less than 5%)		1,498	
		$ 52,560	

6.6 If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the Company’s financial situation.

None.

7. Review and Analysis of Financial Position and Financial Performance and Risk Management

7.1 Analysis of Financial Position

7.1.1 Explanation of Major Changes

Unit: NT$ thousand

Item \ Year	2020	2019	Difference	
			Amount	%
Current Assets	11,981,325	12,906,391	(925,066)	-7%
Property, Plant and Equipment	7,331,156	7,863,012	(531,856)	-7%
Intangible Assets	0	0	0	0%
Other Assets	3,164,837	2,335,024	829,813	36%
Total Assets	22,477,318	23,104,427	(627,109)	-3%
Current Liabilities	6,261,915	6,325,895	(63,980)	-1%
Noncurrent Liabilities	909,299	1,041,234	(131,935)	-13%
Total Liabilities	7,171,214	7,367,129	(195,915)	-3%
Share Capital	3,974,954	3,974,954	0	0%
Capital Surplus	1,579,225	1,578,800	425	0%
Retained Earnings	10,185,336	10,532,226	(346,890)	-3%
Other Equity	(434,369)	(350,229)	(84,140)	24%
Noncontrolling Interests	958	1,547	(589)	-38%
Total Equity	15,306,104	15,737,298	(431,194)	-3%

Explanation:

(1) Other assets: The main reason is the increase in the amount of banks' time deposit.

(2) Other equity: It is mainly due to the increase in the exchange differences on translation from the financial statements of foreign subsidiaries.

(3) Noncontrolling Interests: The main reason is that the Company's shareholding in Draco, its subsidiary, increased, resulting in a decrease in noncontrolling Interests.

7.1.2 Future Response Plan

In 2020, the Company faced a downturn in the global automotive market due to the covid-19 pandemic and fierce competition in the auto PCB market. The Company is still able to achieve positive profitability with the help of our financial strength. In the future, while maintaining a solid financial position, we will continue to strengthen our operating capability, enhance our operating performance and push up the Company's growth pace in order to create better returns for our shareholders.

7.2 Analysis of Financial Performance

Unit: NT$ thousand

Item \ Year	2020	2019	Difference	
			Amount	%
Operating Revenue	15,313,285	17,848,498	(2,535,213)	-14%
Operating Cost	14,443,453	16,453,990	(2,010,537)	-12%
Gross Profit	869,832	1,394,508	(524,676)	-38%
Operating Expenses	993,603	1,096,366	(102,763)	-9%
Operating Income	(123,771)	298,142	(421,913)	-142%
Non-operating Income and Expenses	148,497	534,212	(385,715)	-72%
Profit (loss) before Tax from continuing operations	24,726	832,354	(807,628)	-97%
Less: income tax expenses	(20,976)	172,382	(193,358)	-112%
Profit (loss) after Tax from continuing operations	45,702	659,972	(614,270)	-93%
Other comprehensive income, net of tax	(79,873)	(184,552)	104,679	-57%
Total Comprehensive Income	(34,171)	475,420	(509,591)	-107%

Explanation:

(1) Decrease in gross profit and decrease in operating income: The relatively high cost ratio, which was mainly due to the decrease in operating revenue and low capacity utilization, and the sharp depreciation of the U.S. dollar against the Taiwan dollar and Renminbi have reduced operating gross profit and operating income.

(2) Decrease in non-operating income and expenses: The decrease in non-operating income and expenses was mainly due to a decrease in non-operating income in 2020 compared with that in 2019 when the Company have received the insurance claims of NT$350 million in 2019 for the fire

incident on April 28, 2018.

(3) Income tax expense: It was mainly due to tax rate differences in foreign jurisdictions where our subsidiaries are located.

(4) Other comprehensive income: The main reason was the exchange differences on translation from the financial statements of foreign subsidiaries.

(5) Based on the above reasons, profit before tax from continuing operations, profit after tax from continuing operations, and the total comprehensive Income decreased as well.

7.3 Analysis of Cash Flow

7.3.1 Liquidity Analysis for the Last Two Years

Year Item	2020	2019	Change %
Cash Flow Ratio (%)	21	28	-25%
Cash Flow Adequacy Ratio (%)	177	140	26%
Cash Reinvestment Ratio (%)	3	6	-50%

Explanation:

(1) Cash Flow Ratio: The decrease in net cash flow from operating activities was greater than the decrease in current liabilities, resulting in a lower cash flow ratio.

(2) Cash flow adequacy ratio: Due to the decrease in inventory, the cash flow adequacy ratio is increased.

(3) Cash reinvestment ratio: The decrease in net cash inflows from operating activities in the current period led to a decrease in the cash reinvestment ratio.

7.3.2 Analysis of Cash Flow in the Coming Year

Unit: NT$ thousand

Cash Balance Dec. 31, 2020	Net Cash Provided by Operating Activities in 2021	Net Cash Used in Investing and Financing Activities in 2021	Cash Balance Dec. 31, 2021	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
4,110,135	1,469,185	1,743,109	3,836,211	-	-

(1) Analysis of cash flow this year:

a. Operating activities: mainly get net cash flow from net income and depreciation.

b. Investing activities: mainly use net cash flow for purchase and upgrade of equipment.

c. Financing activities: mainly use net cash flow to repay bank loans and pay cash dividends.

(2) Remedy for liquidity shortfall and liquidity analysis: None.

7.4 Impact upon Financial Operations of any Major Capital Expenditures during the Most Recent Fiscal Year

In recent years, the Company's major capital expenditures have been used to expand the capacity of multi-layer board and HDI, to solve the existing capacity bottlenecks, to make the production process smoother, to meet the growth needs of customers, and in the end to provide stable growth momentum for the Company's business. At the same time, we have been also investing more in automated manufacturing and smart manufacturing to improve yields and efficiency and to reduce manpower.

Due to the good operating performance of the Company, the cash inflow from the operating activities was stable. The funding for the major capital expenditures in recent years has mainly depended on its own funds, which did not have a material impact on the Company's financial position.

7.5 Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(1) In order to expand the scale of operation at Chin-Poon (Changshu) Electronics Co., Ltd., Chin Poon Holdings Cayman Limited, its parent company, has been increasing investment on it since 2007. Its share capital reaches US$120,000 thousand after years of capital increase.

Due to the improvement of management capabilities and the gradual expansion of production, the revenue and profit of Chin-Poon (Changshu) in 2020 reached RMB 1,230,201 thousand and RMB 41,844 thousand. In the future, with the expansion of production and enhancement of management, it will be expected to continue to increase its revenue and profit simultaneously.

(2) In order to seize business opportunities in Southeast Asia and South Asia, and to relieve the pressure of insufficient capacity in Taiwan and in China in the future, the Company increased its ownership in Draco PCB Public Co. Ltd, our subsidiary in Thailand, in 2012. As of 2020, our ownership has reached 99.73%. In order to upgrade its capacity, in addition to the original

capacity of single-sided boards, Draco has been expanding its capacity for double-sided multilayer boards since 2015 and for the multi-layer boards since 2016. However, in the early stages of new product, new processes and new management system, it took time for the difficulties of local labors' learning curve, customers development and its upgrading of technical capabilities to be resolved. All of these have impact on its profit, from which the Company has recognized a loss of NT$ 129,490 thousand in 2020. At present, with the full assistance of the Company's resident engineers and managers, customers development and product yield have been gradually improved.

7.6 Assessment and Management of Risk Matters: (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report)

7.6.1 The impact of interest rate, exchange rate and inflation on the Company's profit and loss and their response measures.

- Risk matters:
  (1) Interest rate: The Company's current borrowings are all aimed at hedging exchange risks of US dollar. As US dollar interest rate continues to fall, the Company's risk is not large.
  (2) Exchange rate: More than 90% of the Company's revenue are from overseas exports, so accounts receivable are greatly affected by exchange rate changes.
  (3) Inflation: If inflation affects the price of raw materials, it will increase the Company's costs of purchase and transportation.

- Response measures:
  (1) Interest rate: US dollar borrowing rate continues to fall, so there is no risk.
  (2) Exchange rate: Use natural hedge and hedging transactions to achieve the balance of foreign currency positions and to reduce the impact of exchange rate fluctuations. We also strengthen the finance staffs' sense for predicting the Company's upcoming financial position and the market trends of foreign exchange.
  (3) Inflation: Pay close attention to inflation and raw material prices. Purchase raw materials in advance, if necessary, to reduce the initial

impact of their rising prices. Use the terms of price adjustment or product upgrades in the long-term contracts with customers to dampen the impacts.

7.6.2 The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and their response measures.

- Risk matters:
  (1) The Company does not engage in high-risk investments, highly leveraged investments, and all investments except principal guarantee fixed-income investments are approved by the board of directors.
  (2) The Company’s loans to other parties and endorsements are only applicable to our subsidiaries of whom the Company has 100% or near 100% of ownership directly or indirectly. They are purely aimed at their expansion of operations, and their quota is not large, so the risk is extremely low.
  (3) Our derivatives transactions are all aimed at foreign exchange hedging, that is, they are hedges for our position of foreign currencies in the future, but not transactions for speculative trading, so the risk is extremely low.

- Response measures:
  (1) The Company adopts the most prudent policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions, so it is almost zero risk.

7.6.3 Future R&D plan and R&D Budget.

(1) Future R&D plan:
- Development of middle/high current carrying PCBs
- Development of partial heat dissipation PCBs
- Development of semi-flex with 3 flex layers
- Development of rigid flex – flex tail
- Development of radio frequency PCBs

- Development of cavity PCB
- Development of advanced HDI
- Application of periodic pulse reverse plating
- Evaluation of thermally conductive materials for EPS PCB
- Evaluation of automatic robot arm for precise handling and automatic process flow of production

(2) R&D Budget:
The R&D budget is NT$ 83,560 thousand.

7.6.4 Impacts on the Company's finance and business of important domestic and international government policies and changes in the legal environment at home and abroad and their response measures

- Risk matters:
  (1) Domestic and foreign industrial policies and laws and regulations on finance, tax and environmental protection, etc., will have an impact on the Company’s profit and loss.

- Response measures:
  (1) Dedicated staffs are responsible for collecting information on domestic and international government policies and changes in the legal environment at home and abroad where our subsidiaries are located and timely forwarding them to the relevant departments to formulate response measures.
  (2) Strengthen internal control integration and information notice to avoid tax loss or other penalties caused by tax audit and other violations.

7.6.5 Impact of technological developments and industrial changes on the Company’s finance and business and their response measures

- Risk matters:
  (1) Technological developments: The rapid developments in high tech products and the emergence of new technologies may lead to the disappearance of existing products and the birth of new products, which in turn will lead to changes in the competitive advantages of

different companies.

(2) Industrial changes: Regional industrial changes will also affect the competitive advantages of different companies. For example, Taiwan PCB makers have expanded their production in China. And it affects the development of PCB makers still in Taiwan.

- Response measures:
  (1) Pay close attention to the market trends and maintain good interaction with customers to apprehend the real needs of customers and the market and then research and develop products and services with high market value.
  (2) Prudently evaluate and actively introduce innovative technologies and processes with market value and assist manufacturing departments to smoothly introduce new processes and technologies.
  (3) The Company currently has production bases in Taiwan, in China and in Thailand, all of which focus on the respective advantages of different regions and develop market strategies in different regions.

7.6.6 The impact of corporate image change on corporate crisis management and their response measures

- Risk matters:
  (1) The Company's corporate image has always remained stable and positive. Our revenue keeps growing year by year. Our profit remains stable. Our financial position is always strong. The Company does not intend to change this good corporate image, so there is no such impact.

- Response measures:
  (1) The Company will maintain our stable and positive image. In the event of any crisis, we will adopt a pragmatic and honest approach to effectively resolve possible crises.

7.6.7 Expected benefits and possible risks associated with any merger and acquisition and their response measures

- Risk matters:
  (1) Although the PCB industry has an issue of overcapacity, because each PCB maker's market share is not high, it is unlikely that the

industry will consolidate through mergers and acquisitions. Therefore, mergers and acquisitions are not a better choice for any PCB maker’s growth.

- Response measures:
  (1) As the current stage is not a good time for mergers and acquisitions, the Company has no plans to do that.

7.6.8 Expected benefits and possible risks associated with any capacity expansion and their response measures

- Risk matters:
  (1) As Taiwan's and the world's electronics manufacturers upstream and downstream have moved to China in large numbers and new industrial clusters of the electronics industry have appeared in China, they have impact on Taiwan's electronics manufacturers, resulting in a certain of purchase orders’ moving to China.

- Response measures:
  (1) The Company’s marketing strategy focuses on niche markets while maintaining a balanced capacity expansion both in Taiwan and in China. As early as the IT industry cluster in Taiwan was quite complete, the Company has actively developed overseas markets and avoided the extraordinarily intensive competition in the domestic market of PCBs for IT industry. With the formation of the electronics industry cluster in China, the Company has also avoided the target markets of most of PCB makers in China and has focused on the niche markets of high-end products in Europe, America and Japan and has achieved rewarding results.
  (2) The main target of the Company’s capacity expansion is to meet the needs of the above-mentioned European, American and Japanese customers whose growth is stable. So, we can expand our capacity in a stable and prudent manner. Therefore, we can grow every year without causing overcapacity.
  (3) Since 2007, China has restricted the expansion of the PCB industry in the PCB industry clusters in East China and South China on the grounds of environmental protection. And the cost of labor, tax and other expenses in China have also increased significantly. Those will benefit the capacity expansion in Taiwan and in other regions of Asia.

7.6.9 Risks associated with any consolidation of sales or purchases and their response measures

- Risk matters:
  (1) Purchases: In the production of printed circuit boards, CCLs take the highest proportion of the raw materials. Therefore, the top ten suppliers are mostly manufacturers of various types of CCLs, such as Nan Ya Plastics, TUC, EMC, ITEQ and SYTECH, etc. Nan Ya Plastics is the manufacturer with the largest supply of CCLs in Taiwan. They have abundant production capacity and can keep stable supply, so it has been our largest supplier in the past three years. The materials we purchase from it include glass fiber epoxy CCLs and composite CCLs. In general, domestic printed circuit board manufacturers have sufficient domestic supply of raw materials and do not need to rely too much on imports.
  (2) Sales: The top 10 customers of the Company are mostly international big companies, The Company adopts a diversified customer policy, so it does not have a single customer with more than 10% of our sales. Therefore, there is no risk of consolidation of sales.

- Response measures:
  (1) Purchases: Although there is no risk of consolidation of purchases, the Company has been still paying attention to the possibility of that at any time to prevent its risks.
  (2) Sales: At present, although there is no risk of consolidation of sales, the Company has been still paying attention to the possibility of that at any time to prevent its risks.

7.6.10 Impact on the Company of a major quantity of ownership changes in shareholding of directors, supervisors and major shareholders with 10% shareholdings or more and their response measures

- Risk matters:
  (1) Since the establishment of the Company, there has been no such a major quantity of ownership changes in shareholding of directors, supervisors and major shareholders with 10% shareholdings or more. Only after the death of the former chairperson in 2003, there was ownership changes due to inheritance. In 2020, Mrs. Yu-Chih Tseng-

Liu was elected as the new chairperson, who was one of the founding shareholders. Therefore, the board of directors and the management team remain the same and there is no major change.

- Response measures:
  (1) The Company has already implemented the principle of professional managers operating the Company and we are not a family enterprise. Therefore, even if there is a major change in the Company's ownership, the management team will still keep their consistent professional attitude and seek the best interests for shareholders. No matter what happens in ownership, we expect there is no adverse impact.

7.6.11 Impact of changes of managerial control or top management on the Company, its risks and response measures

- Risk matters:
  (1) Since the establishment of the Company, there has been no changes of managerial control. Even if the former chairperson died in 2003, the Company maintained the same top management. In 2020, Mrs. Yu-Chih Tseng-Liu was elected as the new chairperson, who was one of the founding shareholders. Therefore, the same top management of the Company has remains.

- Response measures:
  (1) The Company has already implemented the principle of professional managers operating the Company and we are not a family enterprise. Therefore, even if there is a change of managerial control or top management in the Company, the management team will still keep their consistent professional attitude and seek the best interests for shareholders. No matter what happens in managerial control or top management, we expect there is no adverse impact.

7.6.12 Litigious and non-litigious matters: List major litigious, non-litigious or administrative disputes that (1) involve the Company and/or any one of its directors, supervisors, CEO, any person who is actually in charge of the Company, any major shareholder holding a stake of greater than 10 percent, and/or any company or

companies controlled by the Company, and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, the amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.

- Risk matters:
  (1) The Company's Building 3 of Pin-Cheng Plant had a fire incident on the evening of April 28, 2018. Due to the fire incident, Taiwan Taoyuan District Prosecutors Office has prosecuted six persons, i.e. a section manager and an engineer who were in charge of equipment maintenance and those who were responsible for the construction of the Building 3 of Pin-Cheng Plant, including Wei-Jin Huang (former chairperson and current director), Hsiang-Sheng Chen (former VP and current director), a former manager of Engineering & Maintenance and a former plant manager of Pin-Cheng Plant, for their suspected crimes of negligently setting fire and of negligently causing the death of another in the performance of his occupational duties or activities. The case is currently at the trial in the Taiwan Taoyuan District Court.

- Response measures:
  (1) Regarding the causes of the fire and the causes of casualties, the Company will fully cooperate with the investigation of the Taiwan Taoyuan District Court to clarify the cause of the fire and the related responsibilities. Before the prosecution, the Company had reached all civil settlement with the family members of two dead foreign employees, six dead firefighting heroes and one fire hero who was seriously injured. Therefore, no one submitted a civil claim to the Company.

7.6.13 Risk Management Organization

Important Risk Assessment Item	Risk Control Unit (unit in charge of the related affairs) (1st mechanism)	Risk Review and Control (2nd mechanism)	Board of Directors and Audit Office (3rd mechanism)
1. interest rate, exchange rate and financial risks 2. high-risk investments, highly leveraged investments, loans to other parties, derivatives transactions, financial investments	Finance Finance	Top Management	Board of Directors (making decision and being the final controller of risk assessment control) Audit Office (in charge of inspection, assessment, supervision, improvement tracking, reporting on risks)
3. R&D plan 4. changes of policies and laws 5. technological developments and industrial changes 6. corporate image change 7. investment, securities investment and benefits of mergers and acquisitions	Technology CEO’s Staff Office Plants Sales Finance	Top Management	
8. safety of labors and plants 9. accident prevention and response	Safety & Health Administration	Top Management	
10. expansion of plants or capacity 11. consolidation of sales or purchases	Plants Purchase 1, Purchase 2	Top Management	
12. ownership changes of directors and major shareholders 13. managerial control	Stock Affairs, Board of Directors Stock Affairs, Board of Directors	Top Management	
14. Litigious and non-litigious matters 15. Other Operating Matters	CEO’s Staff Office CEO’s Staff Office	Top Management	

7.6.14 Information Security Risk Assessment

- Risk matters:
  (1) Computer virus outbreaks and external intrusion attacks: In this era of information flooding, all kinds of devices on the network may be the targets of attacks, and mechanisms for preventing and blocking various types of malicious attacks should be established to avoid serious losses.
  (2) Data leakage: All kinds of production and operation data, core technical documents and employee personal information are important assets of the Company. If their leakage happens, it will harm the Company and cause serious losses.
  (3) System anomalies, disasters and hazards: In a highly information-based environment of production and operations, information systems and networks are important and uninterruptible core of business operations. Any abnormality or disruption may result in losses of production and operations.

- Response measures:
  (1) Establish a multi-layered virus protection mechanism to conduct multi-layer security checks on external data to avoid intrusion of external viruses and malicious programs and to reduce risks.
  (2) Establish a partitioned network for a mechanism of isolating compromised areas. If a poisoning incident occurs, the partitioning can be started in time to prevent the spread of malicious programs such as viruses and Trojans, minimize the damage, and help to analyze the cause of the virus outbreak in time to carry out virus removal and vulnerability enhancement.
  (3) Implement control of computers' internet access and USB access to avoid unauthorized access and to reduce data leakage and virus infection.
  (4) Perform data backup on a regular basis, check them daily and perform periodic recovery tests to ensure the integrity of the backuped data.
  (5) Each core system is built with remote backup system and remote redundant system. The important data is backed up regularly and the backup media is stored in the anti-theft and fire-proof places with advanced security.
  (6) Develop emergency response plans for each system to ensure that the system becomes operational again in the shortest possible time in the

event of an anomaly or an accident and the data remain uncompromised.

(7) Regularly carry out drills of emergency response plans to ensure that employees have an emergency awareness and a responsive capability.

(8) Regularly conduct internal information security advocacy to strengthen employees' awareness of information security.

7.6.15 Other important risks.

- Risk matters:

  (1) None

- Response measures:

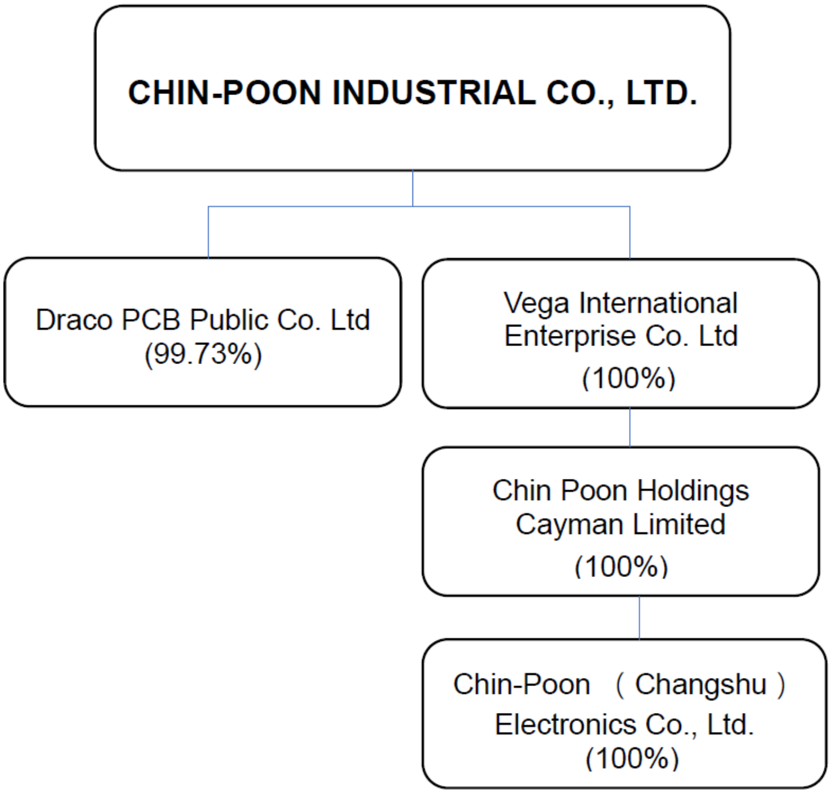
  (1) None

7.7 Other important matters: None.

8. Other Items Deserving Special Mention

8.1 Information on the Company’s Affiliated Enterprises:

8.1.1 Family Tree



8.1.2 Basic Information of Each Affiliated Enterprise (as of March 31, 2021)

Type	Company	Date of Incorporation	Place of Registration	Share Capital	Main Business
Parent company	Chin-Poon Industrial Co., Ltd.	Sep. 26, 1979	No. 46, Neicuo St., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)	NT$ 3,974,954 thousand	Manufacturing, processing and sale of printed circuit boards
Subsidiaries	Vega International Enterprise Co.,LTD	Aug. 21, 2000	Jipfa Building, 3rd Floor, 142 Main Street, Road Town, Tortola, British Virgin Islands.	US$ 131,243 thousand	Investments
	Chin Poon Holdings Cayman Limited	May 9, 2006	Scotia Centre, 4th floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands, British West Indies.	US$ 92,354 thousand	Investments
	Chin-Poon (Changshu) Electronics Co., Ltd.	Jul. 4, 2006	No.98, Huangpujiang Road, Changshu National New & Hi-tech Industrial Development Zone of Jiangsu, Jiangsu Province 215500, China	US$ 120,000 thousand	Manufacturing, processing and sale of printed circuit boards
	Draco PCB Public Co. Ltd.	Jan. 25, 1989	Bangkadi Industrial Park, Mu 5, 152 Tiwanon Road, Amphur Muang, Pathumthani 12000,Thailand	THB 539,956 thousand	Manufacturing, processing and sale of printed circuit boards

8.1.3 Information on the common shareholders in the companies having controlling and subordinate relation between them: None.

8.1.4 What businesses engaged by the whole group of affiliated enterprises: manufacturing and investments.

8.1.5 Information on Directors and CEOs of Affiliated Enterprises: (as of April 25, 2021)

Unit: shares; %

Company	Title	Name	Shareholding	Shareholding %
Chin-Poon Industrial Co., Ltd.	Chairperson	Tseng-Liu, Yu-Chih	9,603,279	2.42
	Director	Lin, Pi-Chi	7,462,649	1.88
	Director	Tung, Hsiao-Hung	6,308,043	1.59
	Director	Huang, Wei-Jin	11,238,409	2.83
	Director	Lai, Hwei-Shan	6,283,114	1.58
	Director	Tseng, Wen-Yu	5,546,357	1.40
	Independent Director	Chen, Hsiang-Sheng	88,637	0.02
	Independent Director	Chen, Shi-Shu	0	0
	Independent Director	Hsu, Sung-Tsai	1,242	0.00
Vega International Enterprise Co., Ltd	Chairperson	Tseng-Liu, Yu-Chih (its representative)	131,242,925	100
Chin Poon Holdings Cayman Limited	Chairperson	Tseng-Liu, Yu-Chih (its representative)	92,354,035	100
Chin-Poon (Changshu) Electronics Co., Ltd.	Chairperson	Tseng-Liu, Yu-Chih	Note	100
	Director	Lin, Pi-Chi		
	Director	Huang, Wei-Jin		
	Director	Tseng, Wen-Yu		
	Director	Tung, Hsiao-Hung		
Draco PCB Public Co. Ltd.	Chairman of the Board	Mr. Viphandh Roengpithya		
	Director/ Managing director	Mr. Chen, Jung Kun (or Mr. Alan Chen)	50,500	0.012
	Director	Mr. Huang, Wei-Jin (or Mr. Vincent Huang)	-	-
	Director	Mr. Hsiao, Hsien-Jen (or Mr. Fred Shiau)	-	-
	Director	Mr. Lin Pi-Chi	-	-
	Independent Director/ Audit Committee	Mr. Adul Amatavivadhana	-	-

Note: The Company is a limited Company with Share Capital of US$120,000 thousand as of March 31, 2021.

8.1.6 Overview of Affiliated Enterprises in 2020

Unit: thousand

Company	Share Capital	Total Assets	Total Liability	Total Equity	Operating Revenue	Operating Income	Net Income	Earnings Per Share
Chin-Poon Industrial Co., Ltd. (NT$)	3,974,954	21,017,861	5,712,715	15,305,146	11,904,202	-157,068	46,118	0.12
Vega International Enterprise Co.,LTD (US$)	131,243	239,151	-	239,151	-	-	7,330	0.06
Chin Poon Holdings Cayman Limited (US$)	92,354	239,498	809	238,689	0	0	7,368	0.08
Chin-Poon (Changshu) Electronics Co., Ltd. (RMB)	864,973	1,942,550	581,862	1,360,688	1,257,733	28,554	42,816	Note 1
Chin Poon Japan Co., Ltd.(JPY)	0	0	0	0	0	0	0	Note 2
Draco PCB Public Co. Ltd.(THB)	539,956	1,799,966	576,674	1,223,291	1,748,338	-118,377	-137,478	-0.25

Note 1: The Company is a limited Company with no calculation of earnings per share.
Note 2: Chin Poon Japan Co., Ltd. issues 180 shares at a price of JPY 50,000 per share and was liquidated on November 11, 2019..

8.1.7 Consolidated Business Report of the Affiliates and Consolidated Financial Statements of the Affiliates:

The Company's affiliates who shall be included in its consolidated financial statements of 2020 (from January 1, 2020 to December 31, 2020) in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as its affiliates who shall be included in its consolidated financial statements of 2019 in accordance with “IFRS 10

Consolidated Financial Statements" recognized by Financial Supervisory Commission. And the relevant information which should be disclosed in the consolidated financial statements of the affiliates has been disclosed in the consolidated financial statements, so no separate consolidated financial statements of the affiliates will be prepared.

8.1.8 Affiliation Report: Not applicable.

8.2 Private Placement of Securities: None.

8.3 Holding or disposal of shares of the Company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

8.4 Other Supplementary Information: None.

9. Matters that have a significant impact on shareholders' equity or the price of the Company’s securities In the most recent year and up to the date of publication of the annual report, if there is any significant impact on shareholders' equity or securities price as stipulated in Article 36.3.2 of the Securities Exchange Act, it shall be stated item by item:

None

Appendix 1

Chin-Poon Industrial Co., Ltd.
Statement of Internal Control System

Date: March 19, 2021

Based on the findings of a self-assessment, Chin-Poon Industrial Co., Ltd. states the following with regard to its internal control system during the year 2020:

1. Chin-Poon's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets, etc.), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.

2. 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 three stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Chin-Poon takes immediate remedial actions in response to any identified deficiencies.
3. Chin-Poon evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.

4. Chin-Poon has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

5. Based on the findings of such evaluation, Chin-Poon believes that, on December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries) which has provided reasonable assurance over our operational

effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

6. This Statement is an integral part of Chin-Poon's annual report for the year 2018 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. This statement was passed by the board of directors on March 19, 2021, with none of the nine attending directors expressing dissenting opinions and with the remainder of them all affirming the content of this Statement.

Chin-Poon Industrial Co., Ltd.

Chairperson: Yu-Chih Tseng-Liu

CEO: Alan Hwang

CHIN-POON INDUSTRIAL CO., LTD.

Chairperson: Yu-Chih Tseng-Liu