Stock Code: 3189

KINSUS INTERCONNECT TECHNOLOGY CORP.
2020 Annual Report

<u>Notice to readers</u>

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Printed on April 2021
Taiwan Stock Exchange Market Observation Post System: **http://mops.twse.com.tw**
Annual Report is available at: **http://www.kinsus.com.tw**

The inside cover of annual report

1. **The name, title, telephone number, and e-mail address of the spokesman or acting spokesman**
   (1) The Spokesman
   Name: Mu, Xian Jue
   Title: Senior Project Director of Chairman Office
   Telephone number: 886-3-487-1919 EXT 26660
   E-mail: jackmu@kinsus.com.tw
   (2) The Acting Spokesperson
   Name: Liu, Su Zhen
   Title: Senior Director of Finance Department
   Telephone number: 886-3-487-1919 EXT 25005
   E-mail: suejaneliu@kinsus.com.tw

2. **The address and telephone number of the Company's headquarters, branch offices, and factories**
   Headquarter (Shilei Factory): No.1245, Zhonghua Rd., Xinwu Dist., Taoyuan City 327, Taiwan, R.O.C.
   Telephone number: 886-3-487-1919
   Qinghua Factory: No.810, Zhonghua Rd., Xinwu Dist., Taoyuan City 327, Taiwan, R.O.C.
   Telephone number: 886-3-487-1988
   Xinfeng Factory: No.526, Sec. 2, Jianxing Rd., Xinfeng Township, Hsinchu County 304, Taiwan, R.O.C.
   Telephone number: 886-3-557-1799

3. **The name, address, e-mail address, and telephone number of the agency handling shares transfer**
   Name: Shareholder Services Department, KGI Securities
   Address: 5th Fl., No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan, R.O.C.
   Website: https://www.kgieworld.com.tw
   Telephone number: 886-2-2389-2999

4. **The name of the certified public accountant who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of said person's accounting firm**
   Names of certified public accountant: Hong, Mao Yi and Cheng, Ching-Piao
   Name of accounting firm: Ernst & Young
   Address: 9th Fl., No. 333, Sec. 1, Keelung Rd., Songshan Dist., Taipei City 105, Taiwan, R.O.C.
   Website: http://www.ey.com.tw
   Telephone number: 886-2-2757-8888

5. **The name of any exchanges where the Company’s securities are traded offshore, and the method by which to access information on said offshore securities**
   NA

6. **The address of the Company’s website**
   http://www.kinsus.com.tw

The contents of annual report

5. An overview of operations

6. An overview of the Company’s financial status

7. A review and analysis of the Company’s financial position and financial performance, and a listing of risks

8. Other items deserving special mention

1. A report to the shareholders

Dear Shareholders,

(1)2020 Business Report

The global technology industry was affected by drastic changes in 2020. Because of political relations and the impact of the COVID-19 epidemic, the structure of the technology industry, especially the semiconductor industry, has been greatly changed. Regardless of the product portfolio or the supply chain relationship, they have deviated significantly from the original business plan. After the company continues to respond and adjust, it strives to maintain a high degree of growth. In the substrate business, it grew approximately 28.14%, and the group's consolidated revenue also grew approximately 21.37%.

The COVID-19 epidemic broke out in early 2020, and many economic activities suddenly slowed down. The IMF adjusted the global annual GDP growth to -4.9% in April. For the United States which is the world's largest market for technology products and it where the epidemic is the worst, GDP growth in 2020 is estimated to be -8.0%, which is a rare recession in history. In addition, the epidemic may be slowing down on the time course of 2021, and the global GDP growth rate in 2021 is optimistically estimated as +5.4%.

The impact of the COVID-19 epidemic finally produced completely different results in the semiconductor industry. The industry has grown significantly, but it has disrupted the balance of supply and demand for the semiconductor industry's production capacity. Supply chain must make a substantial production capacity and product portfolio adjustments in order to survive the crisis.

According to WSTS statistics and estimates, the global semiconductor market will grow by approximately +3% in 2020, and there will still be a +6.2% growth in 2021. According to the forecast of the Industrial Technology Research Institute, the semiconductor production value in Taiwan will grow by about +12.6% in 2020, of which PC shipments will grow by +2.8%, tablet PCs will grow by +18.6%, and automotive semiconductors will grow by +6.5%, but smartphone shipments fell by about -16.0% due to the impact of the United States stepped up its technology trade war with Chian and ban for Huawei.

There are several reasons between the prosperity of the semiconductor industry and the tragic desynchronization of global GDP, which affect the company's product portfolio in the short-term, and the changes in the semiconductor industry's supply chain in the long-term.

First, the impact of the epidemic has led to a significant reduction in global population travel, and the demand for home office and remote communication has greatly increased. Business opportunities for online shopping and meal delivery are growing rapidly, and the demand for Netcom and smart devices related to these applications increased largely.

Second, the United States' restrictions on China's technology, especially the semiconductor industry, have made the scientific and technological electronic products of the global demand for semiconductors concentrate in Taiwan. At the same time, China is also more actively developing its own semiconductor supply chain localization.

The aforementioned two large-scale semiconductor supply chains are rapidly adjusting, and they are developing in the direction of decentralized supply in the short, medium and long term. This is also the most important consideration for the company in the development and expansion of production capacity.

The Company’s revenue in parent-company-only basis totaled to NT$20,651,500 thousand in 2020, increased by 28.14 % compared to NT$16,116,157 thousand in 2019. Net income in parent-company-only basis was NT$541,914 thousand in 2020, increased by 126.76% compared to NT$(2,025,332) thousand in 2019. The Company’s consolidated revenue totaled to NT$27,098,474 thousand in 2020, increased by 21.37% compared to NT$22,327,410 thousand in 2019. The consolidated net income was NT$929,443 thousand in 2020, increased by 147.73% compared to NT$(1,947,268) thousand in 2019. The decline in operating profit and net income mainly caused by lower ratio of utilization in Xinfeng Factory.

(2)Summary of 2021 business plan

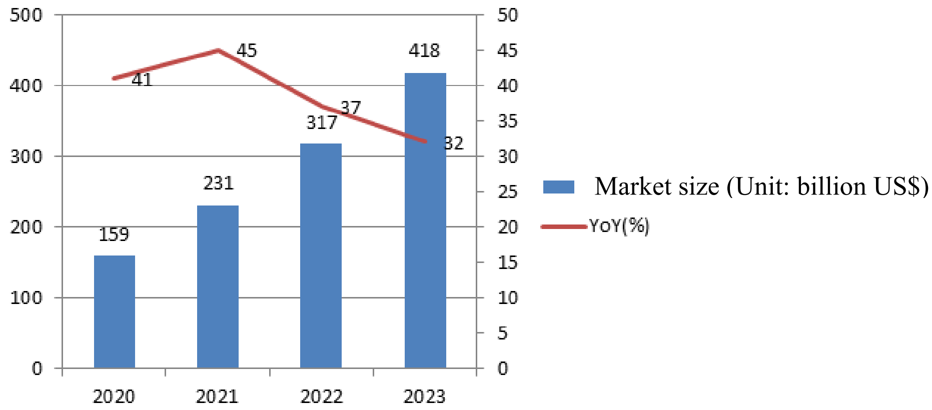
I. Business Policy

Since the Company’s establishment, we have been upholding the principle of “Satisfying Customers and Pursuing for Excellence” as our business policy, developing leadership in technique to meet market demand, mastering new generation product demands, investing engineering resources to stay ahead, and striving for better profit to benefit our shareholders under the intense competition.

The IC packaging substrates industry is developing in several technological directions; For example, multi-chip Wafer, high-integration packages (Chiplet), SiP modules, integrated antenna modules, high-frequency and high-speed applications, thin lines, thinning... etc. The company's R&D department continues to grasp the direction of technological development and customer demands, and will create differentiation with technology and quality to maintain the highest competitiveness.

II. Expected Sales and Its Sources

In the next three years, the rapid growth of global AI and 5G-related applications will drive the demand for ABF substrates and BT substrates. According to the survey and prediction by Topology Research Institute, the growth of ABF substrates in CPU, GPU, FPGA, ASIC and other applications is considerable, as shown in the following figure.



2020 ~ 2023 Global AI Chip Market Scale

III. Significant Production and Marketing Policy

A. Continue investing in R&D resources, developing both micro-wire and slim-film processes, providing customers with solutions for 5nm wafer process and multi-chip package modules.

B. Expanding the capacity of ABF FC-BGA substrate to match the long-term needs of 5G and AIoT.

(3)Company development strategy

We will aim at application of slim substrates of ABF-FCBGA and memory and the techniques and products of SiP module and Wafer module in short-term, keeping up with the elemental global semiconductor developing trend of continuously miniature line width, aperture, and thickness in medium term, and developing complicated structural technique of active/passive components and direct wafer bonding in long term. By these development strategies, we are confident that the Company will definitely sustain our competitiveness in product market as well as in the technique.

Sincerely Yours,

The Chairman and CEO
Guo, Ming-Dong

2. A Company Profile

(1) Date of Incorporation: 9/11/ 2000

(2) A brief history of the Company

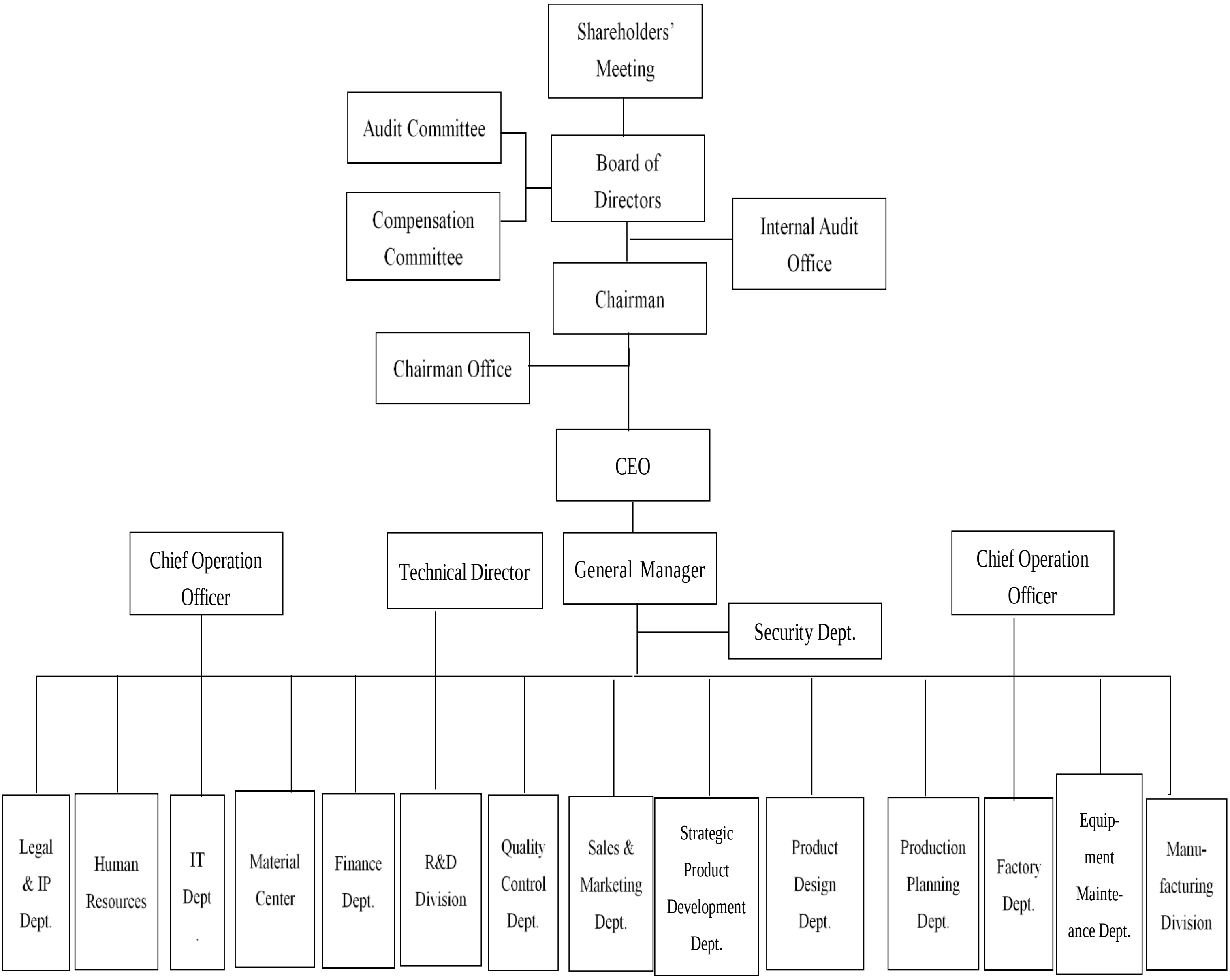
Year	Milestones
2000/09	Founded with NT$2.5 billion capital and NT$12 billion paid-up capital. Manufacturing mainly in BGA related products.
2000/12	Cash capital increased by issuing new shares of NT$100 million with NT$1.3 billion paid-up capital after increase in total.
2001/04	Cash capital increased by issuing new shares of NT$600 million with NT$1.9 billion paid-up capital after increase in total.
2001/05	Started operations.
2001/07	Be certified to QS 9000.
2001/12	Be certified to ISO 14000 - Environmental management.
2002/06	Corporation went public.
2002/11	Cash capital increased by issuing new shares of NT$100 million with NT$2 billion paid-up capital after increase in total.
2003/03	Plant expansion to the 3rd floor and the 4th floor.
2003/09	Listed for trading in emerging markets.
2003/12	Acquired the review by Industrial Science and Technology Committee on the submissions of "Science and technology product or technology successful development and marketing".
2004/06	Surplus capital increased by issuing new shares of NT$220 million with NT$2.22 billion paid-up capital after increase in total.
2004/11	Listed on Taiwan Stock Exchange.
2004/11	Plant built in Qinghua: No.810, Zhonghua Rd., Xinwu Dist., Taoyuan City.
2005/05	Operating performance ranked the 2nd, return on assets ranked 15th, return on equity ratio ranked 31st, growth drive ranked 33rd, profitability ranked 38th, and business revenue ranked 355th among top 1000 manufacturing companies by Commonwealth Magazine.
2005/07	Surplus capital increased by issuing new shares of NT$378 million with NT$2.598 billion paid-up capital after increase in total.
2005/08	Cash capital increased by issuing new shares of NT$300 million with NT$2.898 billion paid-up capital after increase in total.
2005/10	Plant bought at No.8, Qingnian Rd., Yangmei Dist., Taoyuan City 32661, Taiwan (R.O.C.).
2006/05	Cash capital increased by issuing new shares of NT$500 million with NT$3.398 billion paid-up capital after increase in total.
2006/05	Ranked 19th as Taiwan's most profitable companies by Commonwealth Magazine.
2006/07	Ranked 89th as Taiwan's most profitable companies by Digital Time Business among top 100 Taiwan Technology.
2006/08	Surplus capital increased by issuing new shares of NT$492 million with NT$3.89 billion paid-up capital after increase in total.

2006/11	Ranked 131st among Asia's top 150 with 14 Taiwan Enterprises listed by Business Week Asia.
2007/03	Be certified to ISO 14001 - Environmental management and OHSAS 18001.
2007/05	Ranked No. 212 on business revenue by Commonwealth Magazine.
2007/08	Surplus capital increased by issuing new shares of NT$464 million with NT$4.354 billion paid-up capital after increase in total.
2008/05	Ranked 52nd on return on assets, 146th on equity ratio, 22nd on profitability, and 595th on business revenue among top 1000 manufacturing companies by Commonwealth Magazine.
2008/08	Surplus capital increased by issuing new shares of NT$106 million with NT$4.46 billion paid-up capital after increase in total.
2009/05	Ranked 35th on profitability and 229th on business revenue among top 1000 manufacturing companies by Commonwealth Magazine.
2010/05	Ranked 48th on profitability and 234th on business revenue among top 1000 manufacturing companies by Commonwealth Magazine.
2010/08	Invested PIOTEK COMPUTER (SUZHOU) CO., LTD.
2011/05	Ranked 115th on profitability and 192nd on business revenue among top 1000 manufacturing companies by Commonwealth Magazine.
2012/05	Ranked 108th on profitability and 162nd on business revenue among top 1000 manufacturing companies by Commonwealth Magazine.
2013/03	Bought plant at Xinfeng: No.526, Sec. 2, Jianxing Rd., Xinfeng Township, Hsinchu County 304, Taiwan.
2013/04	Being selected as 2012 Deloitte Asia Pacific top 500 high tech, high growth enterprises.
2013/05	Ranked 116th on profitability and 158th on business revenue among top 1000 manufacturing companies by Commonwealth Magazine.
2014/04	Kick-off for building Xinfeng Factory.
2014/05	Ranked 720th on market capitalization among top 1000 enterprise in China, Taiwan, Hong Kong, and Macau by Business Today.
2015/05	Ranked 139th on profitability and 56th on net profit by Commonwealth Magazine.
2016/05	Invest in FuYang Technology Corp.
2018/08	The issuance of 4,841 thousand restricted shares for employees resulted in paid-in capital to be NT$4,508,410 thousand.
2019/03	The cancelation of restricted shares for employees of 78,640 shares and issuance of 598,500 shares resulted in paid-in capital to be NT$4,513,609 thousand.
2021/02	Purchased the Youth Factory at No. 580 Gaoshi Road, Yangmei District, Taoyuan City.

3. A Corporate Governance Report

(1) Organizational system

(A)The Company's structure



(B) The tasks of its principal divisions

Dept.	Job Description
Chief Executive Officer (CEO)	1. Business planning and strategic planning. 2. Company long-term development policy planning. 3. Business monitoring, promoting and implementation.
Audit Office	Identify deficiencies in internal control system, assess the effectiveness and efficiency of operations, and provide appropriate improvement suggestions.
General Manager	Responsible for business plan development, business performance management and analysis, investment analysis and benefit assessment, cost reduction and control, business process automation and improvement, annual budgeting, overseas business management, promotion and performance evaluation in other important projects, manufacturing capacity and standard work hours, rationalization of personnel standards.
Technical Director	Advanced product and technology research and development, equipment automation, and building new plants.
Chief Operation Officer	Responsible for coordinating the Company's finance, accounting and tax. Responsible for the planning and execution of human resource, general affairs, environmental and purchasing. Responsible for the planning and execution of web information. Responsible for the integration of manufacturing quality and operational resources of the overall planning and management.
Safety & Health Dept.	Responsible for safety & health management and regulations of engineering safety.
Manufacturing Division	Responsible for substrates related products manufacturing and work objectives and effectiveness management, manufacturing cost control analysis and improvement and production planning. Responsible for assessing process operations, and developing the most appropriate manufacturing process, and improving production technology and yield analysis, and new product process import stability and optimization testing.
Equipment Maintenance Dept.	Responsible for the management and maintenance of production equipment in the factory.
Factory Service Dept.	Responsible for maintenance of factory facilities and management of plant security.
Production Planning Dept.	Responsible for production plan and operation performance management.
Product design Dept.	Responsible for product design and integration.

Dept.	Job Description
Strategic product development Dept.	Responsible for the production and promotion of products that the company intends to develop in the future.
Sales & Marketing Dept.	Responsible for the Company’s product sales and marketing.
Quality Control Dept.	Responsible for the quality policy, objectives and systems developed and implemented in order to meet customers’ needs.
R&D Division	Responsible for coordinating the product, design, development, and facility services.
Finance Dept.	Responsible for finance, accounting and stocks services.
Material Center	Responsible for production scheduling, shipping schedule, the material management, transportation, warehousing and import/export and customs bonded business.
IT Dept.	Responsible for setting up and maintaining various software and hardware of information system.
Human Resources	Responsible for human resource planning, recruiting & staffing, payroll management, training development, services for employee and employee relations.
Legal & IP Dept.	Responsible for reviewing contracts, dealing with lawsuit and regulation compliance, and managing patents, including intellectual property rights.

(2) Information on the Company’s directors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the Company's divisions and branch units.

(a) Directors as of March 30, 2021

Title	Nationality/Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse&Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Guo, Ming-Dong	Male	2018.5.29	3	2000.9.1	1,069,795	0.24%	906,795	0.20%	–	–	–	–	National Taipei Institute of Technology General Maneger/UNICAP ELECTRONICS	Note 1	–	–	–	Note10
Director	R.O.C	Tong, Zi-Xian	Male	2018.5.29	3	2000.9.1	200,000	0.04%	200,000	0.04%	-	–	–	–	Computer and Communication Engineering /Taipei Tech Honorary Doctor of Engineering/ Taipei Tech Vice President of Asustek Computer Corporation Chairman/PEGATRON Corp.	Note 2	–	–	–	
Director	R.O.C	Chen, He-Xu	Male	2018.5.29	3	2017.5.26	361,002	0.08%	351,002	0.08%	–	–	–	–	Master of Physics/National Tsing Hua University General Maneger / Kinsus Interconnect Technology Corp.. Manufacturing Maneger/ Motorola	Note 3	–	–	–	
Director	R.O.C	Asustek Investment Corp. Rep. : Su, Yan-Xue		2018.5.29	3	2000.9.1	58,233,091	13.06%	58,233,091	12.92%	–	–	–	–	Master of Industrial Engineering/Carnegie MellonUniv. Chief Investment Officer/ASUSTEK ComputerIncorp. Chief Investment Officer/PEGATRON Corp.	Note 4	–	–	–	
Director	R.O.C	Su, Yan-Xue	Female	2018.5.29	3	2009.6.16	–	–	–	–	–	–	–	–	as above	as above	–	–	–	
Director	R.O.C	Asuspower Investment Rep : Wu, Xiang-Xiang		2018.5.29	3	2000.9.1	55,556,221	12.46%	55,556,221	12.32%	–	–	–	–	International Trade/Providence Univ. M.B.A./Univ. of St.Thomas Vice President/kun jian Consulting Co., Chief Investment Officer/PEGATRON Corp.	Note 5	–	–	–	
Director	R.O.C	Wu, Xiang-Xiang	Female	2018.5.29	3	2003.9.1	–	–	–	–	–	–	–	–	as above	as above	–	–	–	
Director	R.O.C	Zbeng, Zhong-Ren	Male	2018.5.29	3	2003.9.1	–	–	–	–	–	–	–	–	School of Law/Soochow Univ. PhD./Stanford University Dean&Professor/Law School of Shih Hsin Univ.	Note 6	–	–	–	
Independent Director	R.O.C	Chen, Jin-Cai	Male	2018.5.29	3	2003.9.1	–	–	–	–	–	–	–	–	Master of Accounting Institute/Tamkang Univ. M.P.A/Univ. of San Francisco President/Namchow Group	Note 7	–	–	–	
Independent Director	R.O.C	Huang, Chun-Bao	Male	2018.5.29	3	2003.9.1	–	–	–	–	–	–	–	–	Electrical Engineering/National Taipei Institute of President& GM/HAVIX ELECTRONICS CO., LTD.	Note 8	–	–	–	
Independent Director	R.O.C	Wu, Hui-Huang	Male	2018.5.29	3	2010.6.18	–	–	–	–	–	–	–	–	Board Director& President/UNIVERSAL SCIENTIFIC INDUSTRIAL CO., LTD Director/Taiwan Electrical and Electronic Director/Taiwan Federation of Industry Director/Taiwan Province Industry Asso.	Note 9	–	–	–	

Note 1	CEO	Kinsus Interconnect Technology Corp.
	Assistant Chairman	Pegavision Corp
	Director	Kinsus Corp. (USA), Kinsus Investment, Kinsus Holding (Samoa) Limited, Kinsus Holding (Cayman) Limited, Piotek Holding Ltd., Piotek Holdings Ltd. (Cayman), Piotek (HK) Trading Limited.
Note 2	Chief Strategy Officer	Kinsus Interconnect Technology Corp.
	Chairman	Pegatron Corp. (also the Executive CEO), Pegavision Corp., Kinsus Investment, Lumens Digital Optics Inc., Asus Investment, Asuspower Investment, Asustek Investment, Ri-Kuan Metal Corporation, Aquamax Corporation, Fisfisa Media Co., Ltd.
	Director	Asrock Inc., Azurewave Technologies, Inc., FuYang Technology Corp., Hua Yuan Investment, AS Fly Travel Service, Hua Wei Investment, Pega International Limited, Casetek Holdings Limited(Cayman), Pegatron Holding Ltd., Unihan Holding Ltd., Magnificent Brightness Ltd., Casetek Holdings Ltd., Protek Global Holdings Ltd., Digitek Global Holdings Ltd., Kinsus Corp. (USA), Pegatron Holland Holding B.V., Powtek Holdings Limited, Cotek Holdings Limited, Grand Upright Technology Limited, Aslink Precision Co., Ltd., Q Place Creative Inc., Alliance Culture Foundation, Hanguang Education Foundation, Lung Yingtai Cultural Foundation, Huang Da-fu Medical Education Promotion Foundation, Fair Winds Foundation, Relations Across the Taiwan Straits Development Research Foundation, Fullfoods Foundation, Bulareyaung Dance Company Foundation, National Chung-Shan Institute of Science & Technology, Cloud Gate Culture And Arts Foundation.
	Chairman	Chinese Cultural and Creative Development Association, Taipei Computer Association.
	Vice Chairman	Monte Jade Science and Technology Association
	Supervisor	Ministry of Culture National Performing Arts Center
Note 3	General Manager	Kinsus Interconnect Technology Corp.
	Director	Pegavision Corp, FuYang Technology Corp
Note 4	Director	Yonyu Investment and Guang Dian Cinema
	Independent Director	TXC Corporation, AU Optronics Corp. and Eslite corp.
	Independent non-executive Director	COWELL Optic Electronics Co., Ltd
Note 5	Vice Gernal Manager	Pegatron Corp.
	Director	Eslite corp., Asus Investment, Asustek Investment, Kinsus Investment.
	Supervisor	FuYang Technology Corp, PT. PEGATRON TECHNOLOGY INDONESIA
Note 6	Director	ThroughTek Co., Ltd.
	Independent Director	YODN Lighting Corp. and Wiwynn Corp.
	Supervisor	Apex Material Technology Corp

Note 7	Chairman	Win Semiconductors Corp., ITEQ Corp, Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd., Win-Win Venture Capital Co., Ltd., Win Earn Investment Corp., Win Chance Investment Corp., Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd., Jiangsu Chainwin Kang Yuan Agriculture Development Co., Ltd., Jiangsu Merit/CM Agriculture Development Co., Ltd., Jiangsu Win Yield Agriculture Development Co., Ltd., Jiangsu Win Shine Agriculture Development Co., Ltd., Bang Mao Investment Corp., i-Chainwin Technology (Cayman Islands) Co., Ltd., Win Lux Biotech (Cayman Islands) Co., Ltd.
	Assistant Chairman	Hiwin Technologies Corp.
	Director	WIN Semi USA Inc., Win Semiconductors Cayman Island Co., Ltd., Jiangsu Chung Win Agriculture Development Co., Ltd., Taipei Financial Center Corp., Mercuries Life Insurance., Phalanx Biotech Group, Inc., Win Lux Biotech Co., Ltd., i-Chainwin Technology Co., Ltd.
	Independent Director	Tong Hsing Electronics Industries, Ltd., Inventec Besta Co., Ltd.
	Supervisor	Excellence Sporting Goods Co., Ltd., Comax Sporting Goods Co., Ltd.
Note 8	Chairman & G/M	HAVIX Electronics Co., Ltd.
	Independent Director	Pegatron Corp.
Note 9	Director	Taiwan Read Foundation
	Independent Director	Merry Corp, Universal Microelectronics Co., Ltd.
Note 10		The chairman of the company and the general manager or equivalent (the top manager) are the same person, relatives of each other, such as spouse or one parent, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors) and should be more than half of the directors who do not serve as employees or managers, etc.) related information: The chairman of the company also serves as the chief executive officer. In order to improve operating efficiency and decision-making execution, and in order to strengthen the independence of the board of directors and implement corporate governance, at present, the company has the following specific measures: 1. The current three independent directors have expertise in the fields of financial accounting and electronics, respectively, and can effectively play their supervisory functions. 2. Arrange directors to participate in professional courses of external institutions every year to enhance their professional knowledge. 3. Independent directors can fully discuss in the audit committee and the salary and compensation committee to implement corporate governance. 4. More than half of the board members are not part-time employees or managers.

Major shareholders of the institutional shareholders

Name of the Company's institutional shareholder	Major Shareholders of the Company's institutional shareholder
Asuspower Investment Co., Ltd	Pegatron Corp. (100.00%)
Asustek Investment Co., Ltd	Pegatron Corp. (100.00%)

Major shareholders of the Company's institutional shareholders

Name of major institutional shareholders of the Company's institutional shareholder	Major Shareholders, if institutional, of major institutional shareholders of the Company's institutional shareholder
Pegatron Corp.	Asustek Computer Incorporation (16.84%)

Professional qualifications and independence analysis of directors

Qualification / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least 5 Years Work Experience			Independence Criteria (Remark 2)												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	Have 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	
Guo, Ming-Dong	-	-	YES			V	V	V	V	V	V	V	V	V	V	-
Tong, Zi-Xian	-	-	YES			V	V		V		V	V	V	V	V	-
Chen, He-Xu	-	-	YES			V	V	V	V	V	V	V	V	V	V	-
Su, Yan-Xue	-	-	YES	V	V	V	V	V	V	V	V	V	V	V		3
Wu, Xiang-Xiang	-	-	YES			V	V		V	V	V	V	V	V		-
Zheng, Zhong-Ren	YES	-	YES	V	V	V	V	V	V	V	V	V	V	V	V	2
Chen, Jin-Cai	YES	-	YES	V	V	V	V	V	V	V	V	V	V	V	V	2
Huang, Chung-Pao	-	-	YES	V	V	V	V	V	V	V	V	V	V	V	V	1
Wu, Hui-Huang	-	-	YES	V	V	V	V	V	V	V	V	V	V	V	V	2

Remark ：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's affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary elected based on Security Act or local 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 holdings.
4. Not a manager listed in (1) or a spouse listed in (2)(3), relative within the second parent, or direct blood relative within the third parent.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings in accordance with Article 27, paragraph 1 or 2 of the Company Law Employed.(However, if the independent directors set up by the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local national laws and regulations are mutually concurrent, they are not limited.)
6. Not a director, supervisor or servant of other companies controlled by the same person for more than half of the shares of the company's directors or voting rights. (However, if the independent directors set up by the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local national laws and regulations are mutually concurrent, they are not limited.)
7. Directors, supervisors or servants of other companies or organizations who are not the same person or spouse with each other and are the same person or spouse (If the independent directors established by subsidiaries of the same parent company in accordance with this law or local laws and regulations serve concurrently, they are not limited to this).

8. Directors, supervisors, manag ers or shareholders holding more than 5% of a specific company or organization that does not have financial or business dealings with the company (but specific companies or organizations such as hold more than 20% of the company's total issued shares, but not more than 50%, and it is set up by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local national laws and regulations if independent directors serve concurrently, they are not limited to this)
9. Professionals, sole proprietorships, partnerships, business owners of companies or institutions that do not provide audits for companies or related companies or business, legal, financial, accounting and other related services that have not received NT $ 500,000 in cumulative compensation in the past two years Partners, directors (directors), supervisors (supervisors), managers and their spouses. However, the members of the Remuneration Committee, Public Acquisition Review Committee, or M & A Special Committee that perform their duties in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate M & A Act are not limited.
10. Has no relationship with other directors within the scope of spouse or second parent.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(b) The general manager, assistant general managers, deputy assistant general managers and the chief of all the Company's divisions and branch units

As of March 30, 2021

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Title Nominee Arrangement		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees of			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CSO	R.O.C	Tong, Zi-Xian	Male	2014.11.01	200,000	0.04%	–	–	–	–	Computer and Communication Engineering /Taipei Tech Honorary Doctor of Engineering/Taipei Tech Vice President of Asustek Computer Corporation Chairman/PEGTRON Corp.	Page 10/Note 2	–	–	–	
CEO	R.O.C	Guo, Ming-Dong	Male	2000.09.11	906,795	0.20%	–	–	–	–	National Taipei University of Technology General Maneger/ Unicap Electronics Industrial Corp.	Page 10/Note 1	–	–	–	Note
General Manager	R.O.C	Chen, He-Xu	Male	2000.09.11	351,002	0.08%	–	–	–	–	Physics/Qinghua Univ. Production Manger/Motorola	Page 10/Note 3	–	–	–	
CTO	R.O.C	Zhang, Qian-Wei	Male	2000.09.11	372,614	0.08%	–	–	–	–	Mechanics/National Central Univ. PCB Manager/MANZ Electronics	Director of FuYang Technology Corp.	–	–	–	
COO	R.O.C	Hu, Gui-Qin	Female	2016.09.01	–	–	–	–	–	–	Chemical Engineering/Chung Yuan Christian Univ. General Manager/Tripod Technology Corporation	N/A	–	–	–	
Senior Assistant GM	R.O.C	Huang, Geng-Fang	Male	2005.08.01	314,875	0.07%	–	–	–	–	Ta Hwa Univ. of Science&Technology Senior Manager/MITAC Int'l Corp.	N/A	–	–	–	
Senior Assistant GM	R.O.C	Huang, Sheng-Chuan	Male	2015.02.01	–	–	–	–	–	–	Mechanical Engineering/Univ. of Cambridge Senior Manager/UNICAP Electronics	N/A	–	–	–	
Assistant GM	R.O.C	Lin, Zhi-Wei	Male	2001.03.01	11,909	0.00%	–	–	–	–	Material Science & Enginnering/Qinghua Univ. QC Manager/AU Optronics Corp	N/A	–	–	–	
Assistant GM	R.O.C	Wu, Wei-Wen	Male	2016.09.01	–	–	–	–	–	–	Master of Management/Wichita State Univ. Assistant GM/Tripod Technology Corporation	N/A	–	–	–	
Assistant GM	R.O.C	Zhuang, Da-Zhong	Male	2019.09.16	–	–	–	–	–	–	Master of Business Management/Royal Roads Department Director/United Microelectronics Corp.	N/A	–	–	–	
Assistant GM	R.O.C	Lee, An-Tang	Male	2021.02.01	–	–	60	0.00%	–	–	Institute of Chemistry/National Taiwan Normal Assistant GM/TRYSYNTEC CORPORATION	N/A	–	–	–	
Finance Supervisor	R.O.C	Liu, Su-Zhen	Female	2010.08.01	46,300	0.01%	–	–	–	–	M.B.A/National Central Univ. Junior Manager/EY Accounting Firm	Director of Kinsus Interconnect Technology Suzhou Corp. and Xiang-Shou (Suzhou) Trading Limited	–	–	–	

Note: When the manager or equivalent (the top manager) and the chairman are the same person, relatives such as spouse or first relative, they should disclose the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors more than half of the directors have not served as employees or managers.): Page 9/Note 10.

(c) Remuneration paid during 2020 to directors, the general manager, and assistant general manager

Unit: NT$'000

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)(Rmk10)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)(Rmk10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or Parent company (Rmk11)
		Base Compensation (A) (Rmk.2)		Severance Pay (B)		Bonus to Directors (C)(Rmk.3)		Allowances(D)(Rmk.4)				Salary, Bonuses, and Allowances (E) (Rmk5)		Severance Pay Profit (F)		Profit Sharing- Employee Bonus (G) (Rmk6)						
																The Company		Companies in the consolidated financial statements (Rmk8)				
		The Company	Companies in the consolidated financial statements (Rmk7)	The Company	Companies in the consolidated financial statements (Rmk7)	The Company	Companies in the consolidated financial statements (Rmk7)	The Company	Companies in the consolidated financial statements (Rmk7)	The Company	Companies in the consolidated financial statements (Rmk7)	The Company	Companies in the consolidated financial statements (Rmk7)	The Company	Companies in the consolidated financial statements (Rmk7)	Cash	Stock	Cash	Stock	The Company	Companies in the consolidated financial statements (Rmk7)	
Chairman	Guo, Ming-Dong	-	800	-	-	4,313	10,425	1,000	1,705	0.98%	2.39%	13,036	13,036	108	108	3,174	3,174	-	-	3.99%	5.40%	84,530
Director	Tong, Zi-Xian																					
Director	Chen, He-Xu																					
Director	Asustek Investment																					
	Asustek Investment Rep.: Su, Yan-Xue																					
Director	Asuspower Investment																					
	Asuspower Investment Rep.:Wu, Xiang-Xiang																					
Director	Zheng, Zhong-Ren																					
Independent Director	Chen, Jin-Cai	-	-	-	-	-	-	3,240	3,240	0.60%	0.60%	-	-	-	-	-	-	-	-	0.60%	0.60%	
Independent Director	Huang, Chun-Bao																					
Independent Director	Wu, Hui-Huang																					

Note:

1. Compensation to directors and employee for 2020 has been approved by a board meeting held on 2021/01/29 and will be reported in the coming shareholders' meeting.

2. The Severance pay listed above is an accrual while the actual payment is zero.

*Please state the policy, system, standards and structure of independent directors' remuneration payment and according to the responsibilities, risks, time invested and other factors, describe the relevance to the amount of remuneration:

It is reference to the normal level of the industry, and consider the value of participation and contribution to the company's operations, and pay independent directors' salary and remuneration.

*In addition to the above table, the directors who provided services for all companies in the financial report (such as consultants who are non-employees) received zero remuneration in the recent year.

Range of Remuneration

Range of Remuneration	The total amount of the first four remunerations(A+B+C+D)		The total amount of the first seven remunerations(A+B+C+D+E+F+G)	
	The Company (Remark 8)	All companies in the financial report (Remark 9) H	The Company (Remark 8)	Parent company and invested company (Remark 9) I
Under NT$1,000,000	Chen, He-Xu Asustek Investment Su, Yan-Xue Asuspower Investment Wu, Xiang-Xiang	Asustek Investment Su, Yan-Xue Wu, Xiang-Xiang	Asustek Investment Su, Yan-Xue Asuspower Investment Wu, Xiang-Xiang	Asustek Investment Su, Yan-Xue
NT$1,000,000 ~ NT$2,000,000	Guo, Ming-Dong Tong, Zi-Xian Zheng, Zhong-Ren Chen, Jin-Cai Huang, Chung-Pao Wu, Hui-Huang	Chen, He-Xu Asuspower Investment Zheng, Zhong-Ren Chen, Jin-Cai Huang, Chung-Pao Wu, Hui-Huang	Zheng, Zhong-Ren Chen, Jin-Cai Huang, Chung-Pao Wu, Hui-Huang	Asuspower Investment Zheng, Zhong-Ren Chen, Jin-Cai Wu, Hui-Huang
NT$2,000,000 ~ NT$3,500,000	-	-	Tong, Zi-Xian	-
NT$3,500,000 ~ NT$5,000,000	-	Guo, Ming-Dong Tong, Zi-Xian	-	-
NT$5,000,000 ~ NT$10,000,000	-	-	Chen, He-Xu	Chen, He-Xu
NT$10,000,000 ~ NT$15,000,000	-	-	Guo, Ming-Dong	Guo, Ming-Dong
NT$15,000,000 ~ NT$30,000,000	-	-	-	Huang, Chung-Pao
NT$30,000,000 ~ NT$50,000,000	-	-	-	Tong, Zi-Xian Wu, Xiang-Xiang
NT$50,000,000 ~ NT$100,000,000	-	-	-	-

Over NT$100,000,000	-	-	-	-
Total	11(Contains 2 legal representatives)	11(Contains 2 legal representatives)	11(Contains 2 legal representatives)	11(Contains 2 legal representatives)

Remark:

1. Director should be disclosed separately (Legal person shareholders shall list the names of legal person shareholders and their representatives separately), and the payment should be displayed in a consolidation. The board directors who also act as Chairman or GM should fill in this form and the following Form (3-1) or (3-2-1) and (3-2-2).
2. Refers to the latest remuneration of the Directors which include basic base compensation, professional allowance, everance pay, various bonuses, and rewards, etc.
3. Fill in the latest amount of directors' remuneration approved by the board of directors.
4. Refers to the Director's relevant business execution expenses in the most recent year. (including carriage fees, special expenses, various allowances, dormitories, car allocation, etc.) The allowances which include housing, cars, and the other vehicles should be listed the nature and the cost of asset on actual or market value. If accompanied with drivers, the drivers' salary shall be remarked but excluded from the persons' compensation.
5. Refers to the lastest directors who are also be the employees (including part-time GM, assistant GM, other managers and employees) received including salary, job bonus, severance payment, various bonuses, incentives, carriage fees, special expenses, various allowances, dormitories , car distribution and other physical provision and so on. The allowances which include housing, cars, and the other vehicles should be listed the nature and the cost of asset on actual or market value. If accompanied with drivers, the drivers' salary shall be remarked but excluded from the persons' compensation. In addition, acquiring employee stock options, employee's restricted stocks right and the right to subscribe in cash offerings shall be taken into consideration in recognizing the compensation cost based on IFRS#2, Share-based Compensation.
6. Refers to the consolidated remuneration which include stock bonus and cash bonus received by the Directors who are also be the employees (including part-time GM, assistant GM, other managers and employees) should be disposed the approved number in board meeting before shareholder meeting. If unable to forecast, take reference to the last year, and fill in the Form 1-3.
7. Disposed the consolidated payment of our company and all the other companies in this report.
8. The payment to all the Director by our company would be disclosed in the form of range of remuneration.
9. The payment to all the Director by our company and the other companies should be disclosed in the form of range of remuneration.
10. The after-tax net profit refers to the one happened in personal or individual financial statement in the latest year.
11. a. This column should dispose the remuneration to the Director from our affiliates and the other investments or parent company.
    b. The remuneration to the Director from our affiliates and the other investments should be included in column and defined as other investment.
    c. The remuneration received by Director from our subsidiaries and the other investments other than the Company's in the positions of the board director, supervisor, or manager which include honorarium, special disbursement, and the other allowances.

*The forms here are for information disposal, not applicable for taxation if conflicts aroused with law.

Remuneration of the general manager and assistant general managers

Unit: NT$'000

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Base Compensation (A) (Remark 2)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Bonus and Special Allowance (Remark 3)</th><th colspan="4">Disposition of Net Earnings (D) (Remark 4)</th><th colspan="2">Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Remark 8)</th><th rowspan="3">Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary Or parent company (Remark 9)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements (Remark 5)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements (Remark 5)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements (Remark 5)</th><th colspan="2">The Company</th><th colspan="2">Companies in the consolidated financial statements (Remark 5)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements (Remark 5)</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>CSO</td><td>Tong, Zi-Xian</td><td rowspan="11">33,527</td><td rowspan="11">33,527</td><td rowspan="11">972</td><td rowspan="11">972</td><td rowspan="11">11,583</td><td rowspan="11">11,583</td><td rowspan="11">7,401</td><td rowspan="11">-</td><td rowspan="11">7,401</td><td rowspan="11">-</td><td rowspan="11">9.87%</td><td rowspan="11">9.87%</td><td rowspan="11">36,065</td></tr>
<tr><td>CEO</td><td>Guo, Ming-Dong</td></tr>
<tr><td>General Manger</td><td>Chen, He-Xu</td></tr>
<tr><td>CTO</td><td>Zhang, Qian-Wei</td></tr>
<tr><td>COO</td><td>Hu, Gui-Qin</td></tr>
<tr><td>Senior Assistant GM</td><td>Huang, Geng-Fang</td></tr>
<tr><td>Senior Assistant GM</td><td>Huang, Sheng-Chuan</td></tr>
<tr><td>Assistant GM</td><td>Lin, Zhi-Wei</td></tr>
<tr><td>Assistant GM</td><td>Wu, Wei-Wen</td></tr>
<tr><td>Assistant GM</td><td>Zhuang, Da-Zhong</td></tr>
<tr><td>Assistant GM</td><td>Lee, An-Tang</td></tr>
</table>

*It is required to be disclosed for a position equivalent to the General Manager, Assistant General Manager (example: President, CEO, Executive supervisor, etc.)

Note:

1. Compensation to directors and employee for 2020 has been approved by a board meeting held on 2021/01/29 and will be reported in the coming shareholders' meeting.
2. The retirement pay listed above is based on an accrual only while the actual payment was zero.

Range of Remuneration

Range of Remuneration	Name of the general manager and assistant general managers	
	The Company (Remark 6)	Parent company and invested company (Remark 7)
Under NT$1,000,000	-	-
NT$1,000,000 ~ NT$2,000,000	Tong, Zi-Xian	-
NT$2,000,000 ~ NT$3,500,000	Wu, Wei-Wen Lee, An-Tang	Wu, Wei-Wen Lee, An-Tang
NT$3,500,000 ~ NT$5,000,000	Huang, Geng-Fang Lin, Zhi-Wei Huang, Sheng-Chuan	Huang, Geng-Fang Lin, Zhi-Wei Huang, Sheng-Chuan
NT$5,000,000 ~ NT$10,000,000	Guo, Ming-Dong Chen, He-Xu Zhang, Qian-Wei Hu, Gui-Qin Zhuang, Da-Zhong	Guo, Ming-Dong Chen, He-Xu Zhang, Qian-Wei Hu, Gui-Qin Zhuang, Da-Zhong
NT$10,000,000 ~ NT$15,000,000	-	-
NT$15,000,000 ~ NT$30,000,000	-	-
NT$30,000,000 ~ NT$50,000,000	-	Tong, Zi-Xian
NT$50,000,000 ~ NT$100,000,000	-	-
Over NT$100,000,000	-	-
Total	11	11

Remark:

1. GM, assistant GM should be disclosed separately, and the payment should be displayed in a consolidation. The board directors who also act as Chairman or GM should fill in this form and the following Form (1-1) or (1-2-1) and (1-2-2).
2. Refers to the latest pay of the GM, assistant GM which include basic base compensation, professional allowance, and severance pay.
3. Refers to the consolidated allowances of the GM, assistant GM which include honorarium, special disbursement, and the other allowances. The allowances which include housing, cars, and the other vehicles should be listed the nature and the cost of asset on actual or market value. If accompanied with drivers, the drivers' salary shall be remarked but excluded from the persons' compensation. In addition, acquiring employee stock options, employee's restricted stocks right and the right to subscribe in cash offerings shall be taken into consideration in recognizing the compensation cost based on IFRS#2, Share-based Compensation.
4. Refers to the consolidated remuneration received by the GM, assistant GM who are which include stock bonus and cash bonus should be disposed the approved number in board meeting before shareholder meeting. If unable to forecast, take reference to the last year, and fill in the Form 1-3. The after-tax net profit refers to the one happened in personal or individual financial statement in the latest year.
5. Disposed the consolidated payment of our company and all the other companies in this report.
6. The payment to all the GM, assistant GM by our company would be disclosed in the form of range of remuneration.
7. The payment to all the GM, assistant GM by our company and the other companies should be disclosed in the form of range of remuneration.
8. The after-tax net profit refers to the one happened in personal or individual financial statement in the latest year.
9. a. This column should dispose the remuneration to the GM, assistant GM from our affiliates and the other investments or parent company.
   b. The remuneration to the GM, assistant GM from our affiliates and the other investments should be included in column and defined as other investment.
   c. The remuneration received by GM, assistant GM from our subsidiaries and the other investments other than the Company's in the positions of the board director, supervisor, or manager which include honorarium, special disbursement, and the other allowances.

*The forms here are for information disposal, not applicable for taxation if conflicts aroused with law.

The name of each individual and the corresponding remuneration amount

Unit: NT$’000

	Title	Name	Stock Bonus	Cash Bonus	Total	% of Net income (%)
Managers	CSO	Tong, Zi-Xian	-	7,401	7,401	1.37%
	CEO	Guo, Ming-Dong				
	General Manager	Chen, He-Xu				
	CTO	Zhang, Qian-Wei				
	COO	Hu, Gui-Qin				
	Senior Assistant GM	Huang, Geng-Fang				
	Senior Assistant GM	Huang, Sheng-Chuan				
	Assistant GM	Lin, Zhi-Wei				
	Assistant GM	Wu, Wei-Wen				
	Assistant GM	Zhuang, Da-Zhong				
	Assistant GM	Lee, An-Tang				
	Finance Supervisor	Liu, Su-Zhen				

Note: Compensation to directors and employee for 2020 has been approved by a board meeting held on 2021/01/29 and will be reported in the coming shareholders’ meeting.

Remark:

1. Names and titles should be disclosed individually and the earning distribution may be disclosed in consolidation.
2. The earnings distribution for the managers approved in board meeting which include stock bonus and cash bonus will be estimated by the numbers given last year. The after-tax net profit refers to the one happened in personal or individual financial statement in the latest year.
3. Scope of application of the Manager is regulated by TWSE file No.0920001301 on March 27, 2003 and defined as：(1) President and equivalent rank (2) Vice President and equivalent rank (3) Junior President and equivalent rank (4) Financial Supervisor (5) Accounting Supervisor (6) Other signed for management services and the rights of man.
4. Board directors, GM and assistant GM who receive employee bonuses (including stock dividends and cash bonus) should fill in this form and Form1-2.

(d) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

a. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents of the Company, to the net income.

Unit: NT$'000

Year / Title	2020		2019	
	Total remuneration	Total remuneration to net income (%)	Total remuneration	Total remuneration to net income (%)
Director	8,553	1.58%	1,040	-0.05%
GM and Assistant GM	53,483	9.87%	36,996	-1.83%

b. According to Articles 24 of the Company's Articles of Incorporation, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. The compensation committee will make recommendations on directors' remuneration and employees' compensation, then submit to the Board of Directors for approval, and in addition, a report of such distribution is submitted to the shareholders' meeting. The company has formulated the "Director's Remuneration Payment Method". Directors and independent directors who do not hold positions within the group receive fixed remuneration regardless of the company's profit or loss, and do not participate in the distribution of director's remuneration provided by the company's annual profit, and make a suggestion for their remuneration which based on their participation of the company's in operations and the value of its contribution, then it will propose to be adjusted and submitted to the Compensation Committee for discussion and approval and then submitted to the board of directors for a resolution. Directors who hold positions in the group participate in the distribution of directors' remuneration provided by the company's annual profit, and according to their contribution to the company to allocates directors' remuneration. Manager's remuneration includes salary, bonus and employee remuneration, and the relevant remuneration is negotiated according to the degree of participation in the company's operations, contribution, level, and future risks. The aforementioned policies, standards and combinations of the remuneration of the directors and managers of the company shall be performed by the Compensation Committee, and its recommended directors and managers' remuneration shall be submitted to the board of directors for discussion.

(3)The state of the Company's implementation of corporate governance

(A) The state of operations of the board of directors

A total of 7 (A) meetings of the Board of Directors were held in 2020. The attendance of directors was as follows:

Title	Name (Remark 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】(Remark 2)	Note
Chairman	Guo, Ming-Dong	7	0	100%	
Director	Tong, Zi-Xian	5	2	71%	
Director	Chen, He-Xu	7	0	100%	
Director	Asustek Investment Representative: Su, Yan-Xue	5	2	71%	
Director	Asuspower Investment Representative: Wu, Xiang-Xiang	7	0	100%	
Director	Cheng, Zhong-Ren	7	0	100%	
Independent director	Chen, Jin-Cai	7	0	100%	
Independent director	Hwang, Chung-Pao	7	0	100%	
Independent director	Wu, Hui-Huang	7	0	100%	

Other mentionable items:

1.The date of board meeting, the term, the content of proposal in board meeting, the opinions of all independent directors, and the Company's response or action to the independent directors' opinions shall be specified in the meeting minutes if one of the following situations is met:

(1) The items listed in article #14-3 of Security Act. (None)

(2) In addition to Item # (1) above, those resolutions accompanying with independent directors' written objection or qualification. (None)

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date: 2020/07/27

Contents of motion: For the proposed 2020 adjustment on managers' compensations.

The directors of conflict of interest: Tong, Zi-Xian, Guo, Ming-Dong, Chen, He-Xu

Reason: According to article 15 of "Rules of Procedure for Board of Directors Meeting", Tong, Zi-Xian, Guo, Ming-Dong, and Chen, He-Xu are managers in the company, they may not participate in discussion or voting on that agenda and Guo, Ming-Dong appointed Wu, Xiang-Xiang to preside over the discussion or voting of the agenda.

Conclusion: 9 directors attended, and 3 persons were deducted due to conflict of interest. The voting result was 6 people favorable. The proposal was approved.

Date: 2020/12/28

Contents of motion : For the proposed 2020 payment on year-end bonus for managers.

The directors of conflict of interest: Guo, Ming-Dong, Chen, He-Xu

Reason: According to article 15 of "Rules of Procedure for Board of Directors Meeting", Ming-Dong, and Chen, He-Xu are managers in the company, they may not participate in discussion or voting on that agenda and Guo, Ming-Dong appointed Tong, Zi-Xian to preside over the discussion or voting of the agenda.

Conclusion: 9 directors attended, and 2 persons were deducted due to conflict of interest. The voting result was 7 people favorable. The proposal was approved.

3. Listed OTC companies should disclose information on the evaluation cycle and period, evaluation scope, methods, and evaluation contents of the board 's self (or peer) evaluation, and fill out the schedule for the implementation of the board 's evaluation: Refer to Note 1.

4. Measures taken to strengthen the functionality of the board:
   (1) The Company has established the "Rules of Procedure for Board of Directors Meeting" for compliance, and entered the attendance of directors and the training situation at the Market Observation Post System.
   (2) The audit committee consists of three independent directors and shall meet at least quarterly. The audit committee is responsible for the implementation of auditing the company's financial statements, the election and relieved of the certified public accountant, independence and performance, effective implementation of the company's internal control, the company's compliance with relevant laws and regulations and the company's existing or potential risks.
   (3) The remuneration Committee consists of three independent directors and shall meet twice a year. The remuneration Committee is responsible for reviewing the procedures and proposing amendments, setting and reviewing the annual and long-term performance targets and salary remuneration policies, systems, standards and structures of the directors and managers of the Company and regularly assessing the individual salary remuneration.

Remark:

1. Director or supervisor, who is an institutional shareholder and its representative, should be revealed of the names.
2. (1) Supervisors resigning prior to the end of the year should be indicated in the notes column the date of resign. The actual attendance rate (%) is calculated based on the accumulation of attendance in Board meeting divided by the times of board meeting before his/her resigning.
   (2) For any re-election of director/supervisor, the old and the new one should be revealed with remarks and the actual attendance rate (%) based on the accumulation of attendance in board meeting divided by the times of board meeting after his/her election.

Note 1:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Execute once a year	Evaluate the Performance of the board in 2020.	Including the performance evaluation of the entire Board of Directors, individual directors, and functional committees.	Evaluate the Performance by Self-evaluation in the Board of Directors, Self-evaluation by the Members of the directors, or other appropriate way.	(1) Performance evaluation of Board of Directors: including the participation of compay operation, upgradeing the quality of Board of Director's decisions, the composition and structure of Board of

				Directors, directors selection and continuing education, and Internal Control, etc. (2) Performance evaluation of directors: including mastery of company goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuing education, internal control, etc. (3) Performance evaluation of functional committee: including the degree of participation in the company's operations, awareness of the responsibilities of the functional committee, improvement of the decision-making quality of the functional committee, the composition of the functional committee and the selection of members, internal control, etc.

(B)The state of operations of the audit committee

A total of 7 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】(Remark)	Note
Independent director (Convener)	Hwang, Chung-Pao	7	0	100%	
Independent director	Chen, Jin-Cai	7	0	100%	
Independent director	Wu, Hui-Huang	7	0	100%	

Other mentionable items:

1. The date of board meeting, the term, the content of proposal in board meeting, the opinions of all independent directors, and the Company's response or action to the independent directors' opinions shall be specified in the meeting minutes if one of the following situations is met:
   (1) The items listed in article #14-5 of Security Act. Refer to Note 1.
   (2) In addition to Item # (1) above, those resolutions accompanying with independent directors' written objection or qualification. (None)
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: NA
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.) The independent directors periodically meet with the internal auditors and CPAs for reviewing operational performance, financial statements, internal control, as well as internal audit plan and execution. In addition to internal auditors' reports, the independent directors also obtained auditors' review or audit reports. The communications were recorded in audit committee meeting minutes and reported the material items or resolutions to the board of directors periodically.

Remark:

1. Independent Director resigning before the end of the year should be indicated in the notes column date of release. The actual attendance rate (%) is calculated based on the accumulation of attendance in board meeting divided by the times of board meeting before his/her resigning.
2. For any re-election of independent director, the old and the new one should be revealed with remarks and the actual attendance rate (%) based on the accumulation of attendance in board meeting divided by the times of board meeting after his/her election.

Note 1:

The date of board meeting (session)	The content of proposal	the opinions of all independent directors	the Company's response or action to the independent directors' opinions
2020/02/10	1. 2019 Business report, parent-company-only financial statements, and consolidated financial statements 2. 2019 earnings distribution 3. The amendment to the " Practical Guidance for Lending to Others amendment table " and " Practical Guidance for Endorsement & Guarantee" 4. Approve the 2019 Management's Reports on Internal Control	2020/02/10 All members of the Audit Committee agreed to adopt.	All attending directors agreed to adopt.
2020/04/13	1. The amendment to the 2019 earnings distribution	2020/04/13 All members of the Audit Committee agreed to adopt.	All attending directors agreed to adopt.
2020/04/27	1. The 1st quarter 2020 consolidated financial report 2. The company conduct the renewal application of derivative financial commodity transaction quotas	2020/04/27 All members of the Audit Committee agreed to adopt.	All attending directors agreed to adopt.
2020/07/27	1. The 2nd quarter 2020 consolidated financial report	2020/07/27 All members of the Audit Committee agreed to adopt.	All attending directors agreed to adopt.
2020/08/10	1. The company intends to acquire individual real estates	2020/08/10 All members of the Audit Committee agreed to adopt.	All attending directors agreed to adopt.

2020/10/26	1. The 3rd quarter 2020 consolidated financial report 2. Approve the 2021 internal audit plan	2020/10/26 All members of the Audit Committee agreed to adopt.	All attending directors agreed to adopt.
2020/12/28	1.The company's 2021annual accountant independence assessment, accountant appointment and its compensation case.	2020/08/10 All members of the Audit Committee agreed to adopt.	All attending directors agreed to adopt.

(2) The operation of the Audit Committee is to supervise the company's implementation of relevant accounting, internal control, expression of financial statements and compliance with laws and regulations, and its deliberations mainly include:

1. The amendment to internal control system and the effectiveness of the internal control system.
2. The amendment to the procedure of significant transactions, such as acquisition/ disposal of individual real estate, derivative instrument transactions or financing/endorsement/guarantee provided to others.
3. Significant asset, derivative instrument transactions, or Financing/Endorsement/ Guarantee provided to others.
4. Issuance of securities with equity nature.
5. Assess CPA’s independency, approve the engagement of auditors and the audit fee.
6. Appointment and dismissal of finance, accounting or internal audit supervisor.
7. Financial Statements.
8. Business report, earnings distribution or loss make-up proposal.

(C) The state of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such departure

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	Yes		"Code of practice for corporate governance" has been exposed on the Company Web site and public observatories.	No obvious deviation
2. Shareholding structure & shareholders' rights				
(1)Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	Yes		(1) Spokesman system has been established according to regulations and the will handle related issues.	No obvious deviation
(2)Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	Yes		(2) The board directors and the shareholders who hold more than 10%-owned holdings will be declared in accordance with the provisions of Declaration of Directors.	No obvious deviation
(3)Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	Yes		(3) According to the Company "internal control system", "internal audit system" and other related laws and regulations.	No obvious deviation
(4)Does the Company establish internal rules against insiders trading with undisclosed information?	Yes		(4) According to the Company "for possible insider trading, operating procedures", "code of conduct" and other related laws and regulations.	No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
3. Composition and Responsibilities of the Board of Directors				
(1)Does the Board develop and implement a diversified policy for the composition of its members?	Yes		(1) Article 20 of Corporate Governance Best Practice Principles has established a policy of diversity of board members. Every director has Professional knowledge including law, accounting, industry, finance, marketing, technology, professional skills, and industry experience (please refer to Note 1) to comply with member diversification.	(1) No obvious deviation
(2)Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		No	(2) Functional commissions will be created to meet the need of operating situation of the Company and other various.	(2) Will actively assessing the need of functional commissions.
(3)Does the Company establish a standard to measure the performance of the Board, and implement it annually, report the results of the performance evaluation to the board of directors and is also used as a reference for individual directors' remuneration and nomination renewal?	Yes		(3) The company has formulated the "Board Performance Evaluation Method" on December 30, 2019. Effective January 1, 2020. The performance evaluation will be carried out regularly every year according to the measures, and the results of the performance evaluation will be reported to	(3) No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4)Does the Company regularly evaluate the independence of CPAs?	Yes		the board of directors. The result of 2020 board performance evaluation has already reported to the board. (4) The board of directors evaluates the independence of accountants and approves the appointment of the accountants' law by referring to Article 47 of the Accountants Law and No. 10 of the Code of Professional Ethics of Accountants. (The last evaluation date is 2020.12.28)	(4) No obvious deviation

4. Has a listed company assigned a specific or other department to take in-charge of detailed matters of implementing corporate governance? (including, but not limited to, furnishing directors or supervisors with information needed, preparing the data for board meeting and shareholders' meeting, executing business registration, preparing the minutes of board and shareholders' meeting.)	Yes		1. The company passed the resolution of the board of directors on April 29, 2019 and appointed the senior director of the financial department Liu, Su-Zhen as the head of corporate governance to protect the rights of shareholders and strengthen the functions of the board of directors. Senior Director Liu Suzhen has more than three years of experience as a financial director in a public offering company. The main responsibilities of the corporate governance supervisor are to handle matters related to the meetings of the board of directors and shareholders 'meetings in accordance with the law, to produce the minutes of the board of directors and shareholders' meetings, to assist the directors in taking office and continuing education, to provide the directors with information necessary for the execution of business, and to assist the directors to comply with laws and regulations. 2. 2020 business execution situation is as follows: (1) Assist independent directors and general directors to perform their duties, provide necessary information	No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			and arrange directors' further training. (2) Assist the board of directors and shareholders in meeting procedures and resolutions. (3) Draft the agenda of the board of directors to notify the directors seven days ago, convene the meeting and provide meeting materials, and complete the minutes of the directors' meeting within 20 days. (4) Handle the pre-registration of the shareholders' meeting in accordance with the law, prepare the meeting notice, the discussion manual, and the minutes within the statutory time limit, and handle the change registration in the revised articles of association. 3. Please refer to Note 2 for the training situation of the head of corporate governance.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (Including, but not limited to, shareholders, employees, customers and suppliers, etc.), as well as handle all the issues they care for in terms of corporate social responsibilities?	Yes		Spokesman system has been established according to regulations and they will handle related issues. Aggressively assess to establish zones of the interest on website.	No obvious deviation
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	Yes		Companies entrust KGI stock agency to handle the relevant Affairs of the Department.	No obvious deviation
7. Information Disclosure (1)Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2)Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3)Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second,	 Yes Yes Yes		 (1)The Company has set up a Chinese/English website to disclose information regarding the Company's financials, business and corporate governance status. (2)Spokesman system has been established. (3)The company has announced and declared the annual financial report within two months after the end of the fiscal year, and announced and declared the first, second, and	 (1) No obvious deviation (2) No obvious deviation (3) No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
and third quarter financial reports and the monthly operating situation within the prescribed time limit?			third quarter financial reports and the monthly operating conditions within the prescribed period.	
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	Yes		(1)The Company in accordance with the relevant statutes provide personnel regulations to protect employees' rights. (2)Spokesman system and company website have been established to keep good relationship with the interests. (3)Directors decree training are held as regulated. (4)Company crisis management policy、crisis measurement standard and relevant customer policy have been stipulated and put into practice. (5)Company directors have been appropriated liability insurance.	No obvious deviation
9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange. Achievements: The Company has hold the board of directors at least six times a year and setted up a corporate governance for the corporate governance related affairs,				

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
and has discribed the range of the authority, annual business execution point, and the training situation in Company's website and annual report. To be enhanced in priority: To establish a specific policies and plan for information security risk management and disclosed in Company's website or annual report.				

Note 1: Diversity of Board Members

Diversified Item / Name	Gender	Employees of the company	Age			Seniority			Management	Accounting & Commerce	Law	Crisis management	Industry knowledge	International Market Perspective	Leadership decisions	Operational judgment
			51~60	61~70	Above 70	Under 3 years	3~9 years	Above 9 years								
Guo, Ming-Dong	male	v			v				v	v		v	v	v	v	v
Tong, Zi-Xian	male	v		v					v	v		v	v	v	v	v
Chen, He-Xu	male	v	v						v	v		v	v	v	v	v
Su, Yan-Xue	female		v						v	v		v	v	v	v	v
Wu, Xiang-Xiang	female			v					v	v		v	v	v	v	v
Zheng, Zhong-Ren	male				v				v	v	v	v	v	v	v	v
Chen, Jin-Cai	male				v			v	v	v		v	v	v	v	v
Hwang, Chung-Pao	male			v				v	v	v		v	v	v	v	v
Wu, Hui-Huang	male				v			v	v	v		v	v	v	v	v

The directors, independent directors, and female directors that have the status of employee is 33%, 33%, 22%, respectively. Three independent directors have a high degree of professional management and management capabilities, so the term of office is more than 9 years. In order to enhance the effectiveness of the board of directors and let independent directors use their authority objectively, the company plans to add independent directors to reach the goal witch reduces the year of independent directors whose tenure exceeds 9 years.

Note 2: Corporate governance executive training

Date of study		Organizer	Course Title	Hours of study	Note
From	To				
2019/09/23	2019/09/24	Republic of China Accounting Research and	Issuer Securities Firm Stock Exchange Accounting	3	The corporate governance has completed an 18-hour

		Development Foundation	Supervisor Continuous Training Course		refresher course within one year from the date of taking up this position in April 29, 2020.
2019/10/28	2019/10/28	Chinese Corporate Governance Association	Director Responsibility and Risk Management under the Latest Corporate Governance Blueprint	3	
2019/11/07	2019/11/07	Chinese Corporate Governance Association	Strategies for the maintenance of business secrets and the prevention of infringement	3	
2019/11/21	2019/11/21	Taiwan Stock Exchange	Publicity meeting for effective use of directors' functions	3	
2020/03/10	2020/03/10	Chinese Corporate Governance Association	Coping strategies for company change	3	
2020/04/27	2020/04/27	Chinese Corporate Governance Association	Enterprise merger practice and cases analysis	3	

(D)If the Company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed

a. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Remark 1)	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Remark 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Note
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs 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	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Chen, Jin-Cai	Yes	-	Yes	V	V	V	V	V	V	V	V	V	V	2	
Independent Director	Huang, Chung-Pao	-	-	Yes	V	V	V	V	V	V	V	V	V	V	1	
Independent Director	Wu, Hui-Huang	-	-	Yes	V	V	V	V	V	V	V	V	V	V	2	

Remark: 1. Please fill columns for directors, independent directors, respectively, or others.

2. Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company's affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary elected based on Security Act or local 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 holdings.
4. Not a manager listed in (1) or a spouse listed in (2)(3), relative within the second parent, or direct blood relative within the third parent.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings in accordance with Article 27, paragraph 1 or 2 of the Company Law Employed.(However, if the independent directors set up by the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local national laws and regulations are mutually concurrent, they are not limited.)
6. Not a director, supervisor or servant of other companies controlled by the same person for more than half of the shares of the company's directors or voting rights. (However, if the independent directors set up by the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local national laws and regulations are mutually concurrent, they are not limited.)

7. Directors, supervisors or servants of other companies or organizations who are not the same person or spouse with each other and are the same person or spouse (If the independent directors established by subsidiaries of the same parent company in accordance with this law or local laws and regulations serve concurrently, they are not limited to this).
8. Directors, supervisors, managers or shareholders holding more than 5% of a specific company or organization that does not have financial or business dealings with the company (but specific companies or organizations such as hold more than 20% of the company's total issued shares, but not more than 50%, and it is set up by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local national laws and regulations if independent directors serve concurrently, they are not limited to this)
9. Professionals, sole proprietorships, partnerships, business owners of companies or institutions that do not provide audits for companies or related companies or business, legal, financial, accounting and other related services that have not received NT $ 500,000 in cumulative compensation in the past two years Partners, directors (directors), supervisors (supervisors), managers and their spouses. However, the members of the Remuneration Committee, Public Acquisition Review Committee, or M & A Special Committee that perform their duties in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate M & A Act are not limited.
10. Not been a person of any conditions defined in Article 30 of the Company Law.

b. Attendance of Members at Remuneration Committee Meetings

(a)There are 3 members in the Remuneration Committee.

(b)Current member tenure: 2018/05/29-2021/05/28. A total of 3 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%)【B/A】	Note
Convener	Hwang, Chung-Pao	3	0	100%	
Committee Member	Chen, Jin-Cai	3	0	100%	
Committee Member	Wu, Hui-Huang	3	0	100%	
Other mentionable items: 1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company’s response to the remuneration committee’s opinion (e.g. the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): Please refer (4) The discussion of Remuneration Committee, the result of Remuneration Committee's resolution and the company processes which expressed by the Committee members. 2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the					

date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: N/A

Remark:

1. Remuneration committee member resign before the end of the year should be indicated in the notes column date of release, the actual attendance rate (%) based on the accumulation of attendance in board meeting.
2. If any Remuneration committee member re-election, the old and the new one should be revealed with remarks and the actual attendance rate (%) based on the accumulation of attendance in board meeting in the column.

c. Scope of the official powers of Remuneration Committee

The basis for the Remuneration Committee Charter, and present its recommendations to the board of directors for discussion, scope of the official powers of Remuneration Committee are:

1. Periodically reviewing this Charter and making recommendations for amendments.
2. Establishing and periodically reviewing the annual and long-term performance goals for the directors, supervisors, and managerial officers of this Corporation and the policies, systems, standards, and structure for their compensation.
3. Periodically assessing the individual compensation to which performance goals for the directors, and managerial officers of this Corporation.

The Remuneration Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

1. Ensuring that the compensation arrangements of this Corporation comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
2. Performance assessments and compensation levels of directors, and managerial officers shall consider the general pay levels in the industry, between the individual's performance and this Corporation's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of this Corporation.
3. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of this Corporation.

4. For directors and senior managerial officers, the percentage of bonus to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of this Corporation's business.

d. The discussion of Remuneration Committee, the result of Remuneration Committee's resolution and the company processes which expressed by the Committee members

The date of board meeting	The content of proposal	the opinions of Remuneration Committee	the Company’s response or action to the Remuneration Committee’ opinions
2020/07/27	1. For the proposed 2020 adjustment on managers’ compensations	2020/07/27 All members of the Remuneration Committee agreed to adopt.	All attending directors agreed to adopt.
2020/10/26	1. Drafting of the company's payment method of directors’ remuneration	2020/10/26 All members of the Remuneration Committee agreed to adopt.	All attending directors agreed to adopt.
2020/12/28	1. For the proposed 2020 payment on year-end bonus for managers	2020/12/28 All members of the Remuneration Committee agreed to adopt.	All attending directors agreed to adopt.

(E)The state of the Company's performance of corporate social responsibilities

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1.Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	Yes		The company conducts risk assessments of important issues on the basis of the principle of corporate social responsibility, and formulates relevant risk management policies or strategies based on the assessed risks: (1) Environment: Through the establishment of a management system, we can effectively manage energy consumption during operation, reduce carbon emissions and waste, and reduce the impact on the environment. Provide a safe workplace environment, and provide education, training and response drills according to risk categories to protect the personal safety of employees and reduce potential risks in the office and operating environment to ensure uninterrupted business activities. (2) Society: To establish a common CSR goal, through regular audit activities, management review and procedures, to ensure that the continuous management of operations is indeed effective, and to establish a strong competitive supply chain with suppliers. With the most advanced and high-quality products, it provides customers with new value, and promises to provide the necessary resources for continuous operation management to ensure that the operation of	No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			customers remains normal. (3) Corporate Governance: Identify and analyze the risks that the company may face in advance, and then take pre-control measures and continuous monitoring and improvement procedures to minimize the possibility of potential risks and minimize the impact on company goals.	
2. Does the company set up a full-time (part-time) unit that promotes corporate social responsibility, and the board of directors authorizes the senior management to handle it, and reports the handling situation to the board of directors?	Yes		The company has set up a corporate social responsibility committee, the purpose of which is to implement the commitment of Kinsus to the society which including corporate governance, environmental protection, social welfare and labor relations. The highest reviewer of CSR policy and CSR report. The manager reported corporate social responsibility to the board of directors on December 28, 2020.	No obvious deviation
3. Environmental issues (1)Does the company establish an appropriate environmental management system according to its industrial characteristics? (2)Is the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental load?	Yes Yes		(1) Establish regulations for the prevention and control of wastewater and air pollution according to industrial characteristics. Set up an environmental safety management department to manage. (2) The company promotes garbage classification and resource recovery to reduce the impact on environmental pollution.	(1) No obvious deviation (2) No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(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?	Yes		(3) The company pursues sustainable business development and actively grasps and manages risks and uncertainties. In terms of environmental safety and health management, the risks of natural disasters caused by climate change continue to increase and respond to the expansion of factories. The use of production line chemicals and equipment is increasingly important. Through the establishment of a management system, we can effectively manage energy consumption during operation, reduce carbon emissions and waste, and reduce the impact on the environment. Provide a safe workplace environment, provide education and training and response drills according to the risk category, protect the personal safety of employees, reduce potential risks in the office and operating environment to ensure uninterrupted business activities.	(3) No obvious deviation
(4) Does the company count greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	Yes		(4) The company attaches great importance to the issue of greenhouse gas emissions, and through greenhouse gas inventories, we have a firm grasp of greenhouse gas emissions. For the past two years, the greenhouse gas, water consumption, total waste weight and management policies can be found in the company's corporate social responsibility report.	(4) No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
4. Social issues				
(1) Has the company formulated relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	Yes		(1) The company abides by relevant labor regulations and refers to the "Universal Declaration of Human Rights" established by the United Nations, and establishes relevant management procedures to safeguard the human rights of labor. The content includes free choice of occupation, young labor, working hours, wages and benefits, non-discrimination, freedom Associate suppliers' social responsibility, etc. For details, please refer to the company's corporate social responsibility report.	(1) No obvious deviation
(2) Does the company formulate and implement reasonable employee welfare measures (including compensation, vacations and other benefits), and appropriately reflect operating performance or results in employee compensation?	Yes		(2) The company's articles of association stipulate that if the company makes a profit in the year, no less than 10% should be allocated for employee compensation. In addition to the basic salary and bonuses, the salary policy is also based on the company's operating conditions. Flexible salary changes are provided to encourage morale and retain outstanding employees in a timely manner. The annual salary adjustments are based on the employee's grade and performance appraisal.	(2) No obvious deviation
(3) Does the company provide a safe and healthy work environment for employees, and regularly implement safety and health education for employees?	Yes		(3) The company complies with the requirements of ISO 14001 and ISO 45001 international standards, that is, the systemization of environmental safety and health management activities, and in order to establish,	(3) No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			implement, maintain and improve the environmental safety and health management system, to ensure compliance with the company's declared environmental safety and health policy, and clear Formulate relevant management activities procedures; in addition, formulate labor safety management plans, hold labor safety meetings, implement automatic inspection and occupational safety and health education and training every year.	
(4) Does the company establish an effective career development training program for employees?	Yes		(4) The company regularly organizes employee education and training, covering development projects that enhance employees' career capabilities.	(4) No obvious deviation
(5) With regard to customer health and safety, customer privacy, marketing and labeling of products and services, has the company followed relevant regulations and international standards, and formulated relevant consumer protection policies and appeal procedures?	Yes		(5) The company does not directly supply products or labor services to consumers but has dedicated business personnel responsible for product follow-up services to company customers, and the company's products are clearly marked according to laws and regulations.	(5) No obvious deviation
(6) Does the company formulate supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation?	Yes		(6) The company adopts EICC corporate social responsibility management for its suppliers and implements green thinking through its procurement strength. In addition to prohibiting harmful substances, the procurement of raw materials also expands the procurement of environmental protection products and	(6) No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			the use of products in conflict mineral areas The environmental impact of materials; and require suppliers to provide RoHS test reports and guarantee that products do not contain REACH SVHC commitments; the company has included conflict-free minerals (conflict-free-minerals) into the supplier management policy, excluding the use of raw materials China, respect the code of conduct stipulated by the EICC and accept the audit of the fair unit selected by it. Appropriate and complete evaluation before cooperation with suppliers.	
5. Does the company refer to the internationally prepared reporting standards or guidelines for preparing corporate social responsibility reports and other reports that disclose non-financial information? Did the pre-report report obtain the confidence or assurance opinion of the third-party verification unit?	Yes		The 2019 CSR report was verified externally by BSI, and the verification results met the requirements of the core standards of the GRI Standards (GRI Standards) and the spirit of the AA1000 Guarantee Standard (2008) Type 1. 2020 CSR report hasn't been published before the completion of the annual report.	No obvious deviation
6. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the Principles and their implementation: No obvious deviation				
7. Other important information to facilitate better understanding of the Company's corporate social responsibility practices: None				

(F)The state of the Company's performance in good faith management and the adoption of related measures

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1.Establishment of ethical corporate management policies and programs				
(1)Does the company formulate the ethical corporate management policies and procedures approved by the board of directors, and stated in the guidelines and external documents the policies and practices of ethical corporate management, as well as the commitment of the board of directors and senior management to actively implement the management policy?	Yes		(1) The "Code of conduct for Integrity" approved at board meeting are revealed on its website and the Market Observation Post System (MOPS)	(1) No obvious deviation
(2) Does the Company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	Yes		(2) The "Code of conduct for Integrity" stipulates the scope in the prohibition of any dishonest behavior and prevention programs.	(2) No obvious deviation
(3) Does the Company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	Yes		(3) The "Code of conduct for Integrity" prohibits any dishonest behavior and prevention programs.	(3) No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
2.Fulfill operations integrity policy				
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	Yes		(1) The Company evaluates business partners' ethical records and include ethics-related clauses in business contracts.	(1) No obvious deviation
(2) Does the Company establish an exclusively (or concurrently) dedicated unit supervised by the Board to oversee corporate integrity and regularly (at least once a year) report to the board of directors on its integrity management policies and plans to prevent dishonest behaviors and supervision and implementation?	Yes		(2) In order to improve the management of integrity management, HR is responsible for the formulation and supervision of the integrity management policy and prevention plan, and reported to the board of directors on December 28, 2020.	(2) No obvious deviation
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	Yes		(3) The" Code of Conduct for Integrity" is made as the business standard for the employees, contractors, suppliers, and business partners.	(3) No obvious deviation
(4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	Yes		(4) Sound corporate accounting and internal control system, and audit plan is made and exercised by internal auditors every year.	(4) No obvious deviation
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	Yes		(5) Company regularly conducts employee education and training, including for business ethical business courses.	(5) No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
3.Operation of the integrity channel (1) Does the Company establish both a reward or punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases? (3) Does the Company provide proper whistleblower protection?	Yes Yes Yes		(1) "Employee reporting and complaint handling procedures" is made for the protection of supplier and employee reporting and complaint rights. (2) "Employee reporting and complaint handling procedures" is clearly stipulated the relevant procedure and confidentiality. (3) "Employee reporting and complaint handling procedures" render protection to the petitioner from any possible revenge.	(1) No obvious deviation (2) No obvious deviation (3) No obvious deviation
4.Strengthening information disclosure (1) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	Yes		(1) The" Code of Conduct for Integrity" has been revealed on corporate website. (http://www.kinsus.com.tw)	(1) No obvious deviation
5.If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: No obvious deviation				
6.Other important information to facilitate a better understanding of the Company's ethical corporate management policies: None				

(G)If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched.

Please refer to the Company's website at http://www.kinsus.com.tw/zh-TW/Download/other-information.

(H)Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance: None

(I)The state of implementation of the Company's internal control system

a. For a Statement on Internal Control: Please refer to page 65 of the Statement of internal control.
b. A CPA has been hired to carry out a special audit of the internal control system: None

(J)For the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None

(K)Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report.

a. Material resolutions of 2020 shareholders meeting (at May 28, 2020)

Item	Date	Major resolutions
Shareholders' meeting	May 28, 2020	A. Approval of the 2019 business report, financial statements and consolidated financial statements: Attending votes: 291,721,245 (Of which the exercise of the voting rights by electronic means: 291,191,107) Favorable votes: 267,764,979 (Of which the exercise of the voting rights by electronic means: 267,553,975) Unfavorable votes: 43,458 (Of which the exercise of the voting rights by electronic means: 43,458) Invalid votes: 0 Abstention and Not votes: 23,912,808 (Of which the exercise of the voting rights by electronic means: 23,593,674) Implementation of the situation: The resolution was adopted.

		B. Approval of the distribution of 2019 retained earnings: (see Table 1 below) Attending votes: 291,721,245 (Of which the exercise of the voting rights by electronic means: 291,191,107) Favorable votes: 268,245,979 (Of which the exercise of the voting rights by electronic means: 268,034,975) Unfavorable votes:191,458 (Of which the exercise of the voting rights by electronic means: 191,458) Invalid votes: 0 Abstention and Not votes: 23,283,808 (Of which the exercise of the voting rights by electronic means: 22,964,674) Implementation of the situation: The resolution was adopted and the dividends have been distributed on September 11, 2020 accordingly.
		C. Amend the Article of Incorporation Attending votes: 291,721,245 (Of which the exercise of the voting rights by electronic means: 291,191,107) Favorable votes: 267,820,739 (Of which the exercise of the voting rights by electronic means: 267,609,735) Unfavorable votes: 465,458 (Of which the exercise of the voting rights by electronic means: 465,458) Invalid votes: 0 Abstention and Not votes: 23,435,048 (Of which the exercise of the voting rights by electronic means: 23,115,914) Implementation of the situation: The resolution was adopted and has been implemented in accordance with the revised charter.
		D. Amend Practical Guidance for Lending to Others amendment table Attending votes: 291,721,245 (Of which the exercise of the voting rights by electronic means: 291,191,107) Favorable votes: 268,236,437 (Of which the exercise of the voting rights by electronic means: 268,025,433) Unfavorable votes: 46,760 (Of which the exercise of the voting rights by electronic means: 46,760) Invalid votes: 0 Abstention and Not votes: 23,438,048 (Of which the exercise of the voting rights by electronic means: 23,118,914) Implementation of the situation: The resolution was adopted and has been implemented inaccordance with the revised charter.

		E. Amend Practical Guidance for Endorsement & Guarantee Attending votes: 291,721,245 (Of which the exercise of the voting rights by electronic means: 291,191,107) Favorable votes: 268,243,478 (Of which the exercise of the voting rights by electronic means: 268,032,474) Unfavorable votes: 45,719 (Of which the exercise of the voting rights by electronic means: 45,719) Invalid votes: 0 Abstention and Not votes: 23,432,048 (Of which the exercise of the voting rights by electronic means: 23,112,914) Implementation of the situation: The resolution was adopted and has been implemented in accordance with the revised charter.

Table 1

Kinsus Interconnect Technology Corporation

2019 Earnings Distribution Table

Item	Total (in NT$)
Beginning retained earnings	$12,912,742,232
Less: Other comprehensive income (loss) in 2019	
-Actuarial gain/loss of defined benefit	(4,727,347)
Add: Adjustment of employee restricted stocks	297,657
Less: Net loss after tax in 2019	(2,025,332,039)
Special reserve	(83,020,969)
Distributable earnings	10,799,959,534
Less: Shareholder cash dividend (NT$1.0/share)	(451,039,005)
Ending unappropriated retained earnings	$10,348,920,529

b. Material resolutions from the meetings of board of directors

Date of board meeting	Major resolutions
2020/02/10	1. 2019 Business report, parent-company-only financial statements, and consolidated financial statements 2. 2019 earnings distribution of dividends 3. Amend the "Company's Article of Incorporation" 4. Amend the "Practice Guidance for Loaning to Others" and the "Practice Guidance for Providing Endorsement /Guarantee" 5. For the proposed to amend the company's "Rules of Procedure for Board Meetings." 6. Abolish the company's "Management Measures for the Preparation of Financial Statements" and re-establish the "Management Measures for the Preparation of Financial Statements." 7. The 2020 annual shareholders' meeting convened and related matters 8. Cooperate with the company to cancel the registration of the restricted stock that have been issued. 9. Approve the 2019 Management's Reports on Internal Control
2020/04/13	1. Amend the 2019 earnings distribution 2. Addition the 2020 annual shareholders' meeting convened cause.
2020/04/27	1. Change 2020 Capital Expenditure. 2. Cooperate with the company to cancel the registration of the restricted stock that have been issued. 3. Resolve the continuance of bank facility. 4. Resolve the addition of financial derivatives facility.
2020/07/27	1. Cooperate with the company to cancel the registration of the restricted stock that have been issued. 2. Resolve the continuance of bank facility. 3. Propose 2020 manager's salary adjustment.
2020/08/10	1. Acquisition of individual real estate.
2020/10/26	1. Cooperate with the company to cancel the registration of the restricted stock that have been issued. 2. For the proposed to prepare the company's "2021 Annual Audit Plan". 3. Amend the company's payment method of directors' remuneration. 4. Change 2020 Capital Expenditure.
2020/12/28	1. 2021 annual business plan and annual budget. 2. The company's 2021 annual assessment CPA independence, accountant appointment and remuneration. 3. Resolve the addition and continuance of bank facility. 4. Amend the company's "Code of Practice for Corporate Governance", "Code of Practice for Corporate Social Practice", "Code of Integrity Management

	Operating Procedures and Code of Conduct", "Rules of Procedure of the Board of Directors", "Organization Rules of the Audit Committee", "Organization Rules of the Salary and Compensation Committee", "Performance Evaluation Method of Board of Directors" and "Code of Ethical Conduct". 5. Proposal on the number of months of year-end bonus distribution for managers of the company in 2020.
2021/01/29	1. To report the 2020 employees' and directors' compensation. 2. 2020 Business report, parent-company-only financial statements, and consolidated financial statements. 3. 2020 earnings distribution of dividends. 4. Amend the "Company's Regulations for Election of Directors. " 5. Cooperate with the company to cancel the registration of the restricted stock that have been issued. 6. Approve the 2020 Management's Reports on Internal Control. 7. Amend the Internal Control System and the Internal Audit System. 8. Re-election of all directors. 9. Nominate and review the list of candidates for directors. (including independent directors) 10. To release the newly by-elected directors from prohibition of non-compete. 11. The 2021 annual shareholders' meeting convened and related matters. 12. Manager personnel changes.
2021/02/03	1. Acquisition of individual real estate.

(L)Where, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None

(M)A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, of the Company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer: None

(4) Information on CPA professional fees

Name of Accounting Firm	Name of CPA	Audit Period	Note
Ernst & Young	Hong, Mao-Yi	2020/01/01~2020/12/31	
	Cheng, Ching-Piao		

Range \ Category		Audit Fee	Non- Audit Fee	Total
1	Less than $2,000 thousand		V	
2	$2,000 thousand (inclusive) - $4,000 thousand			
3	$4,000 thousand (inclusive) - $6,000 thousand	V		V
4	$6,000 thousand (inclusive) - $8,000 thousand			
5	$8,000 thousand (inclusive) - $10,000 thousand			
6	$10,000 thousand and more			

Unit: NT$'000

Name of Accounting Firm	Name of CPA	Fees	Non-Auditing Fees					Auditing period	Note
			System Design	Industrial and commercial registration	HR	Other	Subtotal		
Ernst & Young	Hong, Mao-Yi Cheng, Ching-Piao	4,050	310	107	0	0	417	2020/01/01~ 2020/12/31	

Note 1: If the company changes CPA or accounting firm this year, it should list the audit period separately, and explain the reason for the change in the remark column and disclose the audit and non-audit fees and other information.

Note 2: Non-audit fees are listed separately according to the service items. If the "others" of the non-audit fees reach 25% of the total non-audit fees, the service contents should be listed in the remark's column.

(A)The amount of non-audit fees paid to the CPAs, their firm, and its affiliated enterprises accounting for at least one-fourth of the amount of audit fees: Non-audit fee are mainly tax advice, accounting for less than a quarter of audit fee.

(B) Change of the accounting firm with a decrease in the audit fees paid in the year of change compared to the year before the change: None

(C) The audit fees reduced by 15% or more compared to the previous year: None

(5) Information on replacement of certified public accountant: No applicable

(6) Where the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant 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: None

(7) Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report.

(A)Changes in equity due to transfer and pledge by directors, supervisors, officers, and greater-than-10-percent shareholders

a．Changes in shareholdings of Directors, Officers, and Major Shareholders

Unit: Shares

Title	Name	2020		As of March 30, 2021	
		Increase (Decrease) in # of Shares Held	Increase (Decrease) in # of Shares Pledged	Increase (Decrease) in # of Shares Held	Increase (Decrease) in # of Shares Pledged
Chairman & CEO	Guo, Ming-Dong	(93,000)	–	(70,000)	–
Director & CSO	Tung, Tzu-Hsien	–	–	–	–
Director & GE	Chen He-Xu	–	–	(10,000)	–
Director (major shareholder)	Asustek Investment Co., Ltd. Corporate, rep: Su, Yan-Xue	–	–	–	–
	Su, Yan-Xue	–	–	–	–
Director (major shareholder)	Asuspower Investment Co., Ltd. Corporate, rep.: Wu, Xiang-Xiang	–	–	–	–
	Wu, Xiang-Xiang	–	–	–	–
Director	Cheng, Zhong-Ren	–	–	–	–
Independent Director	Hwang, Chung-Pao	–	–	–	–
Independent Director	Chen, Jin-Cai	–	–	–	–
Independent Director	Wu, Hui-Huang	–	–	–	–

Major Shareholder	Asus Investment Co., Ltd.	–	–	–	–
Technical Director	Chang, Chien-Wei	(70,000)	–	(12,000)	–
COO	Hu, Gui-Qin	–	–	–	–
Senior assistant GM	Huang, Geng-Fang	–	–	–	–
Assistant GM	Lin, Zhi-Wei	(13,000)	–	–	–
Senior assistant GM	Huang, Sheng-Chuan	–	–	–	–
Assistant GM	Wu, Wei-Wen	–	–	–	–
Assistant GM	Zhuang, Da-Zhong	–	–	–	–
Assistant GM	Lee, An-Tang	2021.02.01 on duty		–	–
Chief FIN/ACC manager	Liu, Su-Zhen	14,200	–	–	–

(B) Where the counterparty in any transfer or pledge of equity is a related party, disclose the counterparty's name, its relationship with the Company as well as the Company's directors, supervisors, and greater-than-10-percent shareholders, and the number of shares acquired or pledged: None

(8) Relationship information, if among the Company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

Name	Shares Held		Shares Held by Spouse or Minor Children		Total Shares Held in the Name of Others		Title or Name of Its Related Party, Spouse, or Relative Within the Second Degree of Kinship That Is Among Ten Largest Shareholders and Their Relationship		Note
	# of Shares	Shareholding Percentage	# of Shares	Shareholding Percentage	# of Shares	Shareholding Percentage	Title (or Name)	Relationship	
Asus Investment Co., Ltd. (Representative: Tung, Tzu-Hsien)	60,128,417	13.33%	-	-	-	-	Asustek Investment Co., Ltd., Asuspower Investment Co., Ltd.	All are 100% owned by Pegatron Corp.	-
Asustek Investment Co., Ltd. (Representative: Tung, Tzu-Hsien)	58,233,091	12.92%	-	-	-	-	Asus Investment Co., Ltd., Asuspower Investment Co., Ltd.	All are 100% owned by Pegatron Corp.	-
Asuspower Investment Co., Ltd. (Representative: Tung, Tzu-Hsien)	55,556,221	12.32%	-	-	-	-	Asus Investment Co., Ltd., Asustek	All are 100% owned by Pegatron Corp.	-

							Investment Co., Ltd.		
The 2nd-tier new labor pension plan	33,756,000	7.49%	-	-	-	-	-	-	-
Morgan Stanley & Co. International Plc	14,533,649	3.22%	-	-	-	-	-	-	-
Labor Retirement Reserve Fund(The Old Fund)	14,407,000	3.20%	-	-	-	-	-	-	-
Nan Shan Life Insurance Company Ltd. (Representative: Chen, Tang)	9,842,000	2.18%	-	-	-	-	-	-	-
Public Service Pension Fund Management Board	5,264,000	1.17%	-	-	-	-	-	-	-
HSBC hosts Arro Global Alpha to extend Cayman	3,934,000	0.87%	-	-	-	-	-	-	-
Vanguard Emerging Markets Stock Index Fund	3,909,530	0.87%	-	-	-	-	-	-	-

(9) 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

Consolidated Shareholding Percentage

Measurement date: Dec. 31, 2020; Unit: Shares; %

Invested Enterprise	Investment by the Company		Investment by Directors, Supervisors, Officers, and Directly or Indirectly Controlled Companies		Consolidated Investment	
	# of Shares	Shareholding Percentage	# of Shares	Shareholding Percentage	# of Shares	Shareholding Percentage
KINSUS CORP.(USA)	500,000	100%	—	—	500,000	100%
KINSUS HOLDING (SAMOA) LIMITED	166,308,720	100%	—	—	166,308,720	100%
KINSUS HOLDING (CAYMAN) LIMITED	—	—	72,000,000	100%	72,000,000	100%
KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP.	—	—	—	100%	—	100%
KINSUS INVESTMENT CO., LTD.	160,000,000	100%	—	—	160,000,000	100%
PEGAVISION CORP.	—	—	34,684,472	49.55%	34,684,472	49.55%

PIOTEK HOLDINGS LTD.(CAYMAN)	—	—	187,755,000	100%	187,755,000	100%
PIOTEK HOLDING LTD.	—	—	139,840,790	100%	139,840,790	100%
PIOTEK (H.K.) TRADING LIMITED.	—	—	200,000	100%	200,000	100%
PIOTEK COMPUTER (SUZHOU) CO. LTD.	—	—	—	100%	—	100%
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	—	—	—	100%	—	100%
XIANG SHUO (SUZHOU) TRADING LIMITED	—	—	—	100%	—	100%
PEGAVISION JAPAN INC.		—	198	100%	198	100%
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	—	—	—	100%	—	100%
Aquamax Corporation	—	—	4,000,000	100%	4,000,000	100%
Aquamax Vision Corporation	—	—	6,000,000	100%	6,000,000	100%

Kinsus Interconnect Technology Corp.
Statement on Internal Control Systems

Date: January 29th, 2021

Based on the results of self-inspection of the Company's internal control system in 2020, the Company hereby states the following:

(1)The Company is fully aware that establishing, implementing, and maintaining an internal control system are the responsibilities of its board of directors and officers. The Company has established such a system to provide reasonable assurance regarding the achievement of such objectives as effectiveness and efficiency of operations (including profits, performance, and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.

(2)There are inherent limitations to every internal control system. An effective internal control system can only provide reasonable assurance regarding the achievement of the aforesaid three objectives despite how well-designed it is. Moreover, the effectiveness of an internal control system may vary with changes in environments or circumstances. Nevertheless, the internal control system of the Company comes with a self-supervision mechanism. The Company will take corrective actions immediately after a deficiency is identified.

(3)The Company determines whether the design and implementation of its internal control system are effective according to the criteria for effectiveness of internal control systems as prescribed in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "the Regulations"). The internal control system criteria adopted in the Regulations divide an internal control system into five constituent elements based on the management and control processes: a. control environment; b. risk assessment; c. control activities; d. information and communications; and e. monitoring. Each constituent element also comprises several items. See the Regulations for the above-mentioned items.

(4)The Company has adopted the aforesaid internal control system criteria to inspect the effectiveness of the design and implementation of its internal control system.

(5)According to the results of the inspection mentioned above, the Company believes that its internal control system (the supervision and management of its subsidiaries are included) as of December 31, 2020, including the design and implementation of the internal control system regarding the perceived level of achievement of the objectives of operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, is effective, and that it can reasonably assure the achievement of the aforesaid objectives.

(6)This statement will become an essential part of the Company's annual report and prospectus and be disclosed to the public. If the Company is found to make a false statement, conceal information, or violate regulations regarding the disclosed content, it will be subject to the legal liabilities of Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

(7)This statement was adopted by the board of directors of the Company on January 29th, 2021. None of the nine attending directors objected to this statement as all of them approved the content of this statement. Thus, a pronouncement is made herein.

Kinsus Interconnect Technology Corp.

The Chairman: Guo, Ming-Dong

The General Manager: Chen, He-Xu

4. **Information on Capital Raising Activities**

(1) Capital and Shares

(A)Sources of Capital Stock

a. Types of Shares

As of March 30, 2021 Unit: Shares

Type of Shares	Authorized Capital Stock			Remark
	Outstanding Shares (Note)	Unissued Shares	Total	
Registered common stock	450,847,375	149,152,625	600,000,000	Note

Note: The Company has gone public since Nov. 1, 2004. The shares outstanding are all listed.

b. Formation of Capital Stock

As of March 30, 2021

Month & Year	Issue Price ($)	Authorized Capital Stock		Paid-Up Capital Stock		Note		
		# of Shares (Thousand Shares)	Amount (Thousand Dollars)	# of Shares (Thousand Shares)	Amount (Thousand Dollars)	Source of Capital Stock	Offsetting Payment of Shares with Properties Other Than Cash	Others
Sep. 2000	10	250,000	2,500,000	120,000	1,200,000	Startup capital 1,200,000	None	—
Dec. 2000	10	250,000	2,500,000	130,000	1,300,000	Cash addition 100,000	None	Note 1
April 2001	10	250,000	2,500,000	190,000	1,900,000	Cash addition 600,000	None	Note 2
Nov. 2002	10	250,000	2,500,000	200,000	2,000,000	Cash addition 100,000	None	Note 3
July 2004	10	288,000	2,880,000	222,000	2,220,000	Capitalization of earnings 220,000	None	Note 4
Aug. 2005	10	370,000	3,700,000	259,800	2,598,000	Capitalization of earnings 378,000	None	Note 5
Sep. 2005	10	370,000	3,700,000	289,800	2,898,000	Cash addition 300,000	None	Note 6
June 2006	10	550,000	3,700,000	339,800	3,398,000	Cash addition 500,000	None	Note 7
Sep. 2006	10	550,000	5,500,000	389,000	3,890,000	Capitalization of earnings 492,000	None	Note 8
Sep. 2007	10	550,000	5,500,000	435,400	4,354,000	Capitalization of earnings 464,000	None	Note 9
Sep. 2008	10	550,000	5,500,000	446,000	4,460,000	Capitalization of earnings 106,000	None	Note 10
Aug. 2018	10	550,000	5,500,000	450,841	4,508,410	Issuance 48,410 thousand shares of restricted stocks to	None	Note 11

						employees.		
Mar. 2019	10	550,000	5,500,000	451,361	4,513,609	Cancellation of 786 thousand shares and Issuance 5,985 thousand shares of restricted stocks to employees.	None	Note 12
May. 2019	10	550,000	5,500,000	451,301	4,513,009	Cancellation of 600 thousand shares	None	Note 13
Aug. 2019	10	600,000	6,000,000	451,161	4,511,614	Cancellation of 1,395 thousand shares	None	Note 14
Oct. 2019	10	600,000	6,000,000	451,074	4,510,738	Cancellation of 876 thousand shares	None	Note 15
Feb. 2020	10	600,000	6,000,000	451,039	4,510,390	Cancellation of 348 thousand shares	None	Note 16
April 2020	10	600,000	6,000,000	450,915	4,509,152	Cancellation of 1,238 thousand shares	None	Note 17
July 2020	10	600,000	6,000,000	450,875	4,508,753	Cancellation of 399 thousand shares	None	Note 18
Oct. 2020	10	600,000	6,000,000	450,863	4,508,625	Cancellation of 128 thousand shares	None	Note 19
Feb. 2021	10	600,000	6,000,000	450,847	4,508,474	Cancellation of 151 thousand shares	None	Note 20

Note 1: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 09001013780 dated January 15, 2001

Note 2: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 09001129300 dated April 17, 2001

Note 3: Letter of (91)-Tai-Cai-Zheng-(Yi)-Zi No. 0910149830 issued by the Securities and Futures Commission, Ministry of Finance on September 11, 2002

Note 4: Letter of (93)-Tai-Cai-Zheng-(Yi)-Zi No. 0930124569 issued by the Securities and Futures Commission, Ministry of Finance on June 2, 2004

Note 5: Letter of Jin-Guan-Zheng-Yi-Zi No. 0940126584 issued by the Financial Supervisory Commission, Executive Yuan on July 1, 2005

Note 6: Letter of Jin-Guan-Zheng-Yi-Zi No. 0940130374 issued by the Financial Supervisory Commission, Executive Yuan on August 2, 2005

Note 7: Letter of Jin-Guan-Zheng-Yi-Zi No. 0950108623 issued by the Financial Supervisory Commission, Executive Yuan on March 24, 2006

Note 8: Letter of Jin-Guan-Zheng-Yi-Zi No. 0950128559 issued by the Financial Supervisory Commission, Executive Yuan on July 5, 2006

Note 9: Letter of Jin-Guan-Zheng-Yi-Zi No. 0960031093 issued by the Financial Supervisory Commission, Executive Yuan on June 21, 2007

Note 10: Letter of Jin-Guan-Zheng-Yi-Zi No. 0970030373 issued by the Financial Supervisory Commission, Executive Yuan on June 18, 2008

Note 11: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No.10701117040 dated September 10, 2018.

Note 12: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10801033770 dated March 29, 2019.

Note 13: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10801054730 dated May 20, 2019.

Note 14: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10801112260 dated August 14, 2019.

Note 15: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10801157790 dated November 12, 2019.

Note 16: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10901028100 dated February 27, 2020.

Note 17: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10901076340 dated May 21, 2020.

Note 18: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10901152510 dated August 19, 2020.

Note 19: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10901210150 dated November 11, 2020.

Note 20: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 11001026260 dated February 9, 2021.

(B)Shareholder Structure

As of March 30, 2021; Unit: Shares

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Corporations	Individuals	Foreign Institutions & Foreigners	Total
# of Persons	0	14	142	23,104	222	23,482
# of Shares Held	0	17,050,814	253,848,749	80,553,433	99,394,379	450,847,375
Shareholding Percentage	0.00%	3.78%	56.30%	17.87%	22.05%	100%

(C)Diffusion of Ownership

Par at NT$10 per share; As of March 30, 2021

Scale of Shareholding			# of Shareholders	# of Shares Held	Shareholding Percentage
1	to	999	3,772	473,172	0.10%
1,000	to	5,000	16,937	30,193,306	6.70%
5,001	to	10,000	1,492	11,856,801	2.63%
10,001	to	15,000	365	4,661,891	1.03%
15,001	to	20,000	226	4,247,094	0.94%
20,001	to	30,000	203	5,293,486	1.17%
30,001	to	40,000	81	2,946,627	0.65%
40,001	to	50,000	67	3,145,161	0.70%
50,001	to	100,000	119	8,544,244	1.90%
100,001	to	200,000	66	9,299,608	2.06%
200,001	to	400,000	59	16,875,838	3.74%
400,001	to	600,000	27	13,497,020	2.99%
600,001	to	800,000	18	12,163,950	2.70%
800,001	to	1,000,000	10	8,906,026	1.98%
1,000,001	to	1,000,000,000	40	318,743,151	70.71%
Total			23,482	450,847,375	100.00%

(D)List of principal shareholders

The names, numbers of owned shares, and shareholding percentages of those who own 5% or more of the total issued shares or whose shareholding percentage is among the top ten.

As of March 30, 2021; Unit: Shares

Shares / Name of Major Shareholders	# of Shares Held	Shareholding Percentage
Asus Investment Co., Ltd.	60,128,417	13.34%
Asustek Investment Co., Ltd.	58,233,091	12.92%
Asuspower Investment Co., Ltd.	55,556,221	12.32%
The 2nd-tier new labor pension plan	33,756,000	7.49%
Morgan Stanley & Co. International Plc	14,533,649	3.22%
Labor Retirement Reserve Fund(The Old Fund)	14,407,000	3.20%
Nan Shan Life Insurance Company Ltd.	9,842,000	2.18%
Public Service Pension Fund Management Board	5,264,000	1.17%
HSBC hosts Arro Global Country Alpha to extend Cayman	3,934,000	0.87%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	3,909,530	0.87%

(E)Share prices for the past 2 fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information.

Unit: NT$

<table>
<tr><th colspan="3">Year / Item</th><th>2019</th><th>2020</th></tr>
<tr><td rowspan="3">Market Price per Share</td><td colspan="2">Highest</td><td>57</td><td>94.9</td></tr>
<tr><td colspan="2">Lowest</td><td>36.6</td><td>30.3</td></tr>
<tr><td colspan="2">Average</td><td>46.35</td><td>68.57</td></tr>
<tr><td rowspan="2">Net Worth per Share</td><td colspan="2">Before Distribution</td><td>56.68</td><td>56.93</td></tr>
<tr><td colspan="2">After Distribution</td><td>55.68</td><td>(Note)</td></tr>
<tr><td rowspan="3">Earnings per Share</td><td colspan="2">Weighted Average # of Shares</td><td>447,962,599</td><td>449,502,078</td></tr>
<tr><td rowspan="2">Earnings per Share</td><td>Before Adjustment</td><td>(4.52)</td><td>1.21</td></tr>
<tr><td>After Adjustment</td><td>(4.52)</td><td>(Note)</td></tr>
<tr><td rowspan="4">Dividends per Share</td><td colspan="2">Cash Dividends</td><td>1</td><td>(Note)</td></tr>
<tr><td rowspan="2">Stock Dividends</td><td>Stock Dividends from Retained Earnings</td><td>—</td><td>—</td></tr>
<tr><td>Stock Dividends from Capital Reserves</td><td>—</td><td>—</td></tr>
<tr><td colspan="2">Accumulated Unpaid Dividends</td><td>—</td><td>—</td></tr>
<tr><td rowspan="3">Analysis of Return on Investment</td><td colspan="2">Price/Earnings Ratio</td><td>(None)</td><td>56.67</td></tr>
<tr><td colspan="2">Price/Dividend Ratio</td><td>46.35</td><td>(Note)</td></tr>
<tr><td colspan="2">Cash Dividend Yield</td><td>2.16</td><td>(Note)</td></tr>
</table>

Note: It has been not distributed.

(F)The Company's dividend policy and implementation

a. The Company's Dividend Policy

The Company, if making profits in current year, shall distribute the earnings in the following order:

1. Payment of all taxes and dues;
2. Offset prior years' operation losses;
3. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
4. Set aside or reverse special reserve in accordance with law and regulations;
5. The remaining portion after the above-mentioned, accounted for as distributable earnings from current year, plus the undistributed earnings from prior years, i.e. accumulated distributable earnings, can be distributed to shareholders based on the proposal

submitted by the board and approved by shareholders. If any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

To authorize the distributable dividends and bonuses in whole may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; a in addition, there to a report of such distribution shall be submitted to the shareholders' meeting.

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, dividend policy aims for a steady balance. Shareholder extra dividend each year cannot be less than 10% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross number of dividends.

b. Dividend Distributions to Be Proposed at the Shareholders' Meeting

The Articles of Incorporation 24-1: To authorize the distributable dividends and bonuses in whole may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; a in addition, there to a report of such distribution shall be submitted to the shareholders' meeting. The following distribution:

Kinsus Interconnect Technology Corp.

Earnings Distribution Schedule

2020

Unit: NT$

Item	Amount
Unappropriated retained earnings (at beginning of period)	$10,348,920,529
Less: Other comprehensive income (loss) in 2020	
-Actuarial gain/loss of defined benefit	(8,835,439)
Add: Adjustment of employee restricted stocks	83,111
Net income after tax in 2020	541,914,435
Legal reserve	(53,316,211)
Reversal to the special reserve according to the law	2,389,274
Distributable earnings	10,831,155,699
Less: Cash dividend to shareholders (NT$1.0 per share)	(450,847,375)
Unappropriated retained earnings (at end of period)	$10,380,308,324

c. Explanation of Expected Material Changes in the Dividend Policy: None

(G)Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting

Regarding the distribution of earnings of the Company for 2020, the board of directors approved the proposal on January 29th, 2021 to distribute shareholder bonuses totaling NT$450,847 thousand in the form of cash only. Thus, it is not applicable.

(H)Compensation of employees, directors, and supervisors

a. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the Company's articles of incorporation:

   The Company, if making profits in current year, shall provide the ratio of employee compensation to "income before tax and the employee and directors' compensation to be provided" at less than 10% and the ratio of directors' compensation to "income before tax and the employee and directors' compensation to be provided" at be more than 1%, provided that all accumulated deficits, if any, are fully offset.

   The employees' compensation can be distributed in cash or stocks. The employees receiving the stock dividends may include employees in affiliated or control companies who met certain conditions stipulated by the Board of Directors.

   Employee and directors' compensation is to report in the shareholders' meeting.

b. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: None

c. Information on any approval by the board of directors of distribution of compensation:

   (a) Regarding the distribution of remuneration to employees and remuneration to directors in 2020 resolved by the Annual Shareholders Meeting on January 29, 2021 to distribute remuneration to employees and remuneration distribution is 70,857 thousand and 4,313 thousand respectively, which is no different from the estimated annual amount of recognized expenses.

   (b) The proposed amount of employee stock bonuses to be distributed, and the size of such an amount as a percentage of the sum of the after-tax net income stated in the separate or individual financial reports for the current period and total employee bonuses: N/A

d. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

Since 2019 is net loss after tax, there is no distribution of employee, director, and supervisor compensation in accordance with the company's articles of association.

(I)Share repurchases: None

(2) Issuance of corporate bonds: None

(3) Issuance of preferred shares: None

(4) Issuance of global depository receipts: None

(5) Issuance of employee share subscription warrants: None

(6) New restricted employee Shares:

(a)Issuance of Employee Restricted Stocks:

As of 03/30/2021

Type of Restricted Shares	First Grant of 2018	Second Grant of 2018
Approval Date by the Authority	2018/07/10	
Grant Date	2018/08/28	2019/03/18
Restricted Stock Granted	4,841,000	598,500
Price of Issuance	NT$10	NT$10
Percentage of Employee Restricted Stocks to Outstanding Common Shares	1.07%	0.13%
Conditions for Exercise of Employee Restricted Stocks	(1) A class: applicable for employee at 8th level The vesting ratios for the underlying employee who retains with the Company from the grant date (i.e. the measurement date of capital addition) to the following vesting dates are as bellows in the conditions that she/he meets the individual performance criteria and does not breach any of laws, the Company's service agreement, commitment for integrity and confidential, the Company's working rule, code of conducts, etc. A. Within one month starting the granted date: 20%. B. April 25, 2019: 20%. C. September 25, 2019: 15%. D. April 25, 2020: 15%.	

	E. September 25, 2020: 15%. F. April 25, 2021: 15%. (2) B class：applicable for employee at 4^{th} ~ 7^{th} level 1). The vesting ratios for the underlying employee who retains with the Company from the grant date to the following vesting dates are as bellows in the conditions that she/he meets the individual performance criteria and does not breach any of laws, the Company's service agreement, commitment for integrity and confidential, the Company's working rule, code of conducts, etc. A. Within one month starting the granted date: 20%. B. April 25, 2019: 20%. C. September 25, 2019: 15%. D. April 25, 2020: 15%. E. September 25, 2020: 15%. F. April 25, 2021: 15%. 2). Individual performance to be achieved A. For employee at 1^{st} grade of 4^{th} level to 2^{nd} grade of 5^{th} level: The most recent performance upon expiration of vesting period shall be rated at A. B. For employee at 1^{st} grade of 6^{th} level to 2^{nd} grade of 7^{th} level: The current vesting ratio is 100%, 75% or 50%, respectively, if the employee's most recent performance upon expiration of vesting period is rated at A, B+, or B.	
Limitations to the Rights of Employee Restricted Stocks	(1) The restricted stocks in the custody of trust shall not be sold, pledged, transferred, donated to others, encumbered, or any other ways of disposal before the vesting conditions are met. (2) The restricted stocks shall be in custody of a trust right upon issuance and the granted employee shall not ask the trustee to return the shares for any reasons or by any ways before the vesting conditions are met. (3) The Restricted Stocks are legitimate to participate in earing distribution or dividend (by either share or cash) during the vesting period. (4) It is the custodian institution to execute the voting right and election right in shareholders' meeting for the restricted stocks employees in accordance with related laws and regulations.	
Custody of Employee Restricted Stocks	A total of 581,220 shares delivered to the Trust.	A total of 64,260 shares delivered to the Trust.
Procedures for Non-Compliance of the Conditions	The Company can buy back and cancel all restricted stocks from any employee whom received restricted stocks.	

Number of Employee Restricted Stocks Bought Back	544,185	51,255
Number of Employee Restricted Stocks Free from Custody	3,715,595	482,985
Number of Employee Restricted Stocks under Custody	581,220	64,260
Number of Employee Restricted Stocks under Custody to Outstanding Common Shares (%)	0.13%	0.01%
Impact on Shareholders' Equity	A. Potential expense: The Company shall evaluate at NT$51.3 of unit market price on 2018/01/15. In accordance with the conditions for exercising restricted stocks set forth in the preceding paragraph, the annually expensed amount is estimated at NT$104,042 thousands, NT$88,864 thousands, NT$30,292 thousands and NT$3,952 in 2018, 2019, 2020 and 2021 respectively. B. Potential impact to dilution of earnings per share (EPS) and other factors that may affect shareholder's equity: Potential dilution of EPS is estimated at NT$0.23, NT$0.20, NT$0.07 and NT$0.01 in 2018, 2019, 2020 and 2021 respectively. Since the potential impact to EPS is limited, we do not expect any material impact to shareholders' equity.	

(b) Information on Name of Managers and Top 10 Employees obtaining Employee Restricted Stocks

As of 03/30/2021

<table>
<tr><th rowspan="2"></th><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Number of Employee Restricted Shares</th><th rowspan="2">Number of Employee Restricted Stocks to Outstanding Common Shares</th><th colspan="4">Free from Trust (Note 1)</th><th colspan="4">Under the Trust</th></tr>
<tr><th>Number of Employee Restricted Stocks Free from Custody</th><th>Price of Issuance</th><th>Total Amount of Issuance</th><th>Number of Employee Restricted Stocks Free From Custody To Outstanding Common Shares</th><th>Number of Employee Restricted Stocks Under Custody</th><th>Price of Issuance</th><th>Total Amount of Issuance</th><th>Number of Employee Restricted Stocks Under Custody To Outstanding Common Shares</th></tr>
<tr><td>Management</td><td>Chief Financial officer</td><td>LIU, SU-ZHEN</td><td>54,000</td><td>0.01%</td><td>45,900</td><td>10</td><td>459,000</td><td>0.01%</td><td>8,100</td><td>10</td><td>81,000</td><td>0.00%</td></tr>
<tr><td rowspan="9">Employee (Note)</td><td>Senior Associate Vice President</td><td>LIN, PIN-ZHONG</td><td rowspan="9">1,026,000</td><td rowspan="9">0.23%</td><td rowspan="9">896,400</td><td rowspan="9">10</td><td rowspan="9">8,964,000</td><td rowspan="9">0.20%</td><td rowspan="9">129,600</td><td rowspan="9">10</td><td rowspan="9">1,296,000</td><td rowspan="9">0.03%</td></tr>
<tr><td>Senior Associate Vice President</td><td>MA, ZHEN-GUO</td></tr>
<tr><td>Senior Associate Vice President</td><td>DAI, XIAN-MING (Resigned)</td></tr>
<tr><td>Senior Associate Vice President</td><td>LI, AN-TANG (Note 2)</td></tr>
<tr><td>Senior Associate Vice President</td><td>XU, JIN-HUA</td></tr>
<tr><td>Senior Associate Vice President</td><td>LIN, DING-HAO</td></tr>
<tr><td>Senior Associate Vice President</td><td>LI, SHI-FU</td></tr>
<tr><td>Senior Associate Vice President</td><td>LI, BING-ZE</td></tr>
<tr><td>Senior Associate Vice President</td><td>LAI, YU-NAN (Resigned)</td></tr>
</table>

	Senior Project Associate Vice President	MU, XIAN-JUE										
	Associate Vice President	PENG, DIAN-ZHONG										
	Associate Vice President	HE, QI-YE										
	Associate Vice President	WU, CHANG-LONG										
	Associate Vice President	LIU, WEI-XIN										
	Associate Vice President	ZHU, WEI-JING										
	Associate Vice President	HE, YUE-XIU										
	Associate Vice President	HONG, XIAN-FEI										
	Associate Vice President	ZHUANG, YING-CHANG (Resigned)										
	Associate Vice President	DING, JIN-XING										

Note: All the top 10 employees obtaining Employee Restricted Stocks, including those granted the same number of options, are disclosed here.

Note 1: Including the number of new shares that have been recovered or purchased to restrict employee rights.

Note 2: On February 1, 2021, was promoted to assistant general manager.

(7) Mergers, acquisitions, and issuance of new shares due to acquisition of shares of other companies

(A)Where the Company completed a merger, acquisition, or issuance of new shares due to acquisition of shares of other companies in the most recent year and during the current period up to the date of printing of the annual report, the following matters shall be disclosed: None

(B)Where, in the most recent year and during the current period up to the date of printing of the annual report, the board of directors adopted a resolution approving a merger, acquisition, or issuance of new shares due to acquisition of shares of other companies, the state of the plan's implementation together with the basic information of the Company (or companies) to be merged, acquired, or purchased through acquisition of shares shall be disclosed. Where a merger, acquisition, or issuance of new shares due to acquisition of shares of other companies is currently in progress, the state of the plan’s implementation and its effect on shareholders' equity shall be disclosed: None

(8) Implementation of the Company’s capital allocation plans

(A)Description of the plans: Each uncompleted public issue or private placement of securities, and issues or placements that were completed in the most recent three years but have not yet fully yielded the planned benefits: N/A

(B)Status of implementation: N/A

5. An Overview of Operations

(1) A description of the business

(A)Scope of Business

a. Primary Business Areas

(a)CC01080 Manufacturing of electronic components.
(b)CC01990 Manufacturing of other electrical and electronic mechanical equipment.
(c)CB01990 Manufacturing of other machinery.
(d)CQ01010 Manufacturing of dies.
(e)F401010 International trade.

b. Sale Percentages of Primary Products

Unit: NT$'000

Percentage / Primary product	2020	
	Sales	Percentage
Division of substrates	21,197,204	78.22%
Division of PCBs	1,922,857	7.10%
Division of Optics	3,978,413	14.68%
Total	27,098,474	100.00%

c. Current Products

(a) Manufacturing & sales of PBGA (Plastic Ball Grid Array) substrates.
(b) Manufacturing & sales of MCM (Multi-Chip-Module) BGA substrates.
(c) Manufacturing & sales of CSP (Chip Scale Package) mini-BGA substrates.
(d) Manufacturing & sales of High Dissipation Cavity Down substrates and TEBGA (Thermal Enhanced-BGA) substrates.
(e) Manufacturing & sales of Flip Chip substrates and Flip Chip CSP substrates.
(f) Manufacturing & sales of Flip Chip Film COF (Chip on Flex).
(g) Manufacturing & sales of Core-less substrates.
(h) Manufacturing & sales of All Layer Build Up substrates.
(i) Manufacturing & sales of Embedded Pattern substrates.
(j) Manufacturing & sales of Embedded Passive substrates.
(k) Manufacturing & sales of High-Density Copper Bump substrates.
(l) Manufacturing & sales of High Band Width Package-On-Package substrates.
(m) Manufacturing & sales of Core-less Embedded Passive substrates.

d. New Products to Be Developed

Since the founding of the Company, we have always maintained the principle of "Satisfy customers; pursue excellence”. Furthermore, we also positioned our R&D to achieve technology leadership and satisfy market demands. We always strive to increase the profitability of our products by entering the market early, as well as plan future investments of engineering resources by fully grasping the requirements of new generation products. Listed below are new products that we plan to develop in the future:

(a) Introduction of Ultra-low Expansion/Shrinkage, High Tg, High Young's Modulus base materials
(b) Development of Fine Pitch Copper Pillar and Solder Bump substrate technology.
(c) Development of High Layer Count Core-less substrate manufacturing technology.
(d) Development of Embedded Passive substrate technology.
(e) Cooperative project of 20~14 nanometer chip packaging.
(f) Development of automatic production technology for ultra-thin boards.
(g) Development of integration technology of Embedded Active and Embedded Passive components.
(h) Development of ultra-fine circuit (<8um), and high contact density products (<30um pitch).
(i) Development of ultra-micropore (diameter<=30um) technology.
(j) Development of low-cost fine circuit (<=20um) technology.
(k) Development of Via Filling technology.

(B)Overview of the Industry

a. Overview and Development of the Industry

The biggest event in 2020 is nothing more than the Covid-19, and its impact is well known. In the semiconductor industry and high-tech electronic product industry, in 2020, the cycle of product low and peak seasons had be changed, and the content of product portfolio had also be changed. For a long period of time in the future, people's lifestyles will also be changed, which will cause changes in product development trends. In addition, the extended development of China and United States technology war has made the global supply chain of technology and semiconductors gradually develop into two lines of "China" and "non-China". This has also changed the competition and cooperation model of the technology industry, and of course it also brings business opportunities to the chain about supplies Taiwanese products.

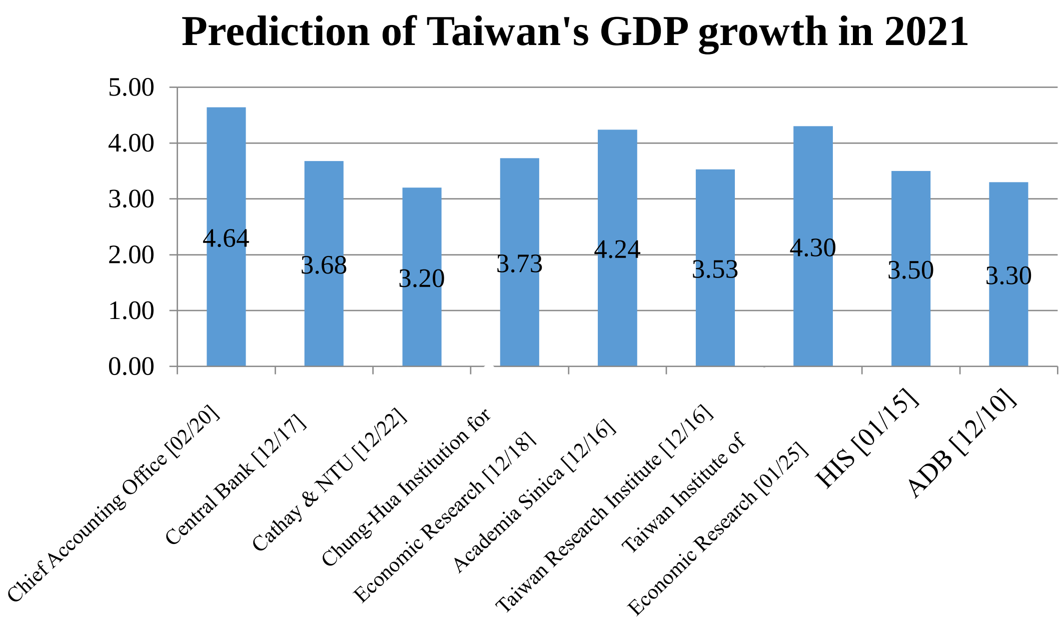
The Covid-19 has spread rapidly around the world since the beginning of the year, and the number of confirmed cases has risen unstoppably. Measures to isolate or lock down cities have been one after another. Global population movements and exchanges have drastically reduced. Factories and shops have been shut down or closed. Finally, The result is a sharp decline in GDP. Judging from the figures sorted out in Table 1, major research institutions around the world have made pessimistic forecasts on GDP growth in 2020. Large global economies such as the United States, the European Union, and Japan have all experienced a decline of more than 5%. Even a country like China that quickly controls the spread of the epidemic can barely achieve a GDP growth of 1.9%, which is far lower than the previous level of growth of about 7%. Looking around of various industries, it can almost be described as "depression in all industries".

Unit : %

	IMF		UN		OEDC	
	2020	2021	2020	2021	2020	2021
Global	-4.9	5.4	2.5	2.7	-6.0	5.2
USA	-8.0	4.5	1.7	1.8	-7.3	4.1
Japan	-5.8	2.4	0.9	1.3	-6.0	2.1
EURO	-10.2	6.0	1.4	1.5	-9.1	6.5
China	1.9	8.2	6.0	5.9	-2.6	6.8
Taiwan	-	3.2	2.5	2.4	-	-
World Trade	-11.9	8.0	2.3	3.2	-9.5	6.0

Table 1, Major agencies' prediction on GDP (2020.06)

Of course, we can also look at it from another angle. The crisis is turning point. Also in the 2021 column of Table 1, GDP growth is quite eye-catching. Similarly, the major domestic institutions are also optimistic about Taiwan's GDP growth forecast in 2021 (Picture 1). Sitting four and looking at five is the best growth figure in the past ten years.



Picture 1. Prediction of Taiwan's GDP growth in 2021

GDP growth represents the rise and fall of demand and buying. It is important that the Covid-19 has changed the lifestyle and technological product. For example, the epidemic began to spread in early 2020. The member states of the world's major economies began to block cities and stop people's travel and communication. What is unexpected is that the demand for home office, remote communication, games, and online shopping had increased dramatically. As shown in Table 2, the quarterly growth of global NB shipments in the second quarter of 2020 has reached 73.5%, a phenomenon that has not been seen in the past ten years. In fact, it is not only NB, but also the demand for other products such as game consoles, TVs, and consumer electronics. This phenomenon and demand have not declined until the beginning of 2021. In the field of technology products, terminal product shortages, component shortages, wafer manufacturing shortages, IC substrates shortages and price increases, such countless supply gaps have caused the business of the semiconductor industry chain which began to enter a booming scene in the second half of 2020. The focus and resource allocation of the entire supply chain have all shifted to the direction of expanding production capacity and adjusting the best product mix. The semiconductor industry has seen a rare prosperity.

NB shipments benefited from WFH business opportunities Unit: in Thousands

Brands	2Q, 2020		3Q, 2020	
	Shipments	QoQ	Shipments	QoQ
HP	14,465	93.0%	14,575	0.8%
Lenovo	9,200	53.2%	11,820	28.5%
Dell	9,490	48.0%	8,160	-14.0%
Asus	4,000	63.3%	4,690	24.0%
Acer	3,530	73.9%	4,270	21.0%
Others	12,367	92.5%	11,375	-8.0%
Total	53,052	73.5%	55,160	4.0%

Table 2, NB shipments and growth rate

Another key point that affects Taiwan's technology semiconductor industry is the extended China and United States technology war, which gradually splits the global semiconductor supply chain into two camps, "Chinese" and "non-Chinese". This distinction is gradually taking shape, and China is also spending a lot of money trying to develop its own semiconductor supply chain, with the goal of independent supply of semiconductors. At the same time, the European and American countries are vigorously blocking country also strongly contained semiconductor technology and the supply of semiconductor products to China.

This supply chain distinction has two shifting directions for the entire semiconductor supply chain, or for Kinsus Technology, which is part of the semiconductor supply chain. One is that for non-Chinese customers, the substrates manufacturing and supply locations are located Taiwan, avoid trade conflicts and technology outflow. The second is for new capacity and high-end technology, the expansion location is in Taiwan.

Looking at 2021, the development directions of new products and new functions of electronic products are roughly as follows:

I. New components required for 5G channel in the smart phones, including AiP and SiP components required for millimeter wave channel and sub-6 GHz channel.

II. The ABF substrates used in AI, 5G base station, autonomous driving, etc.

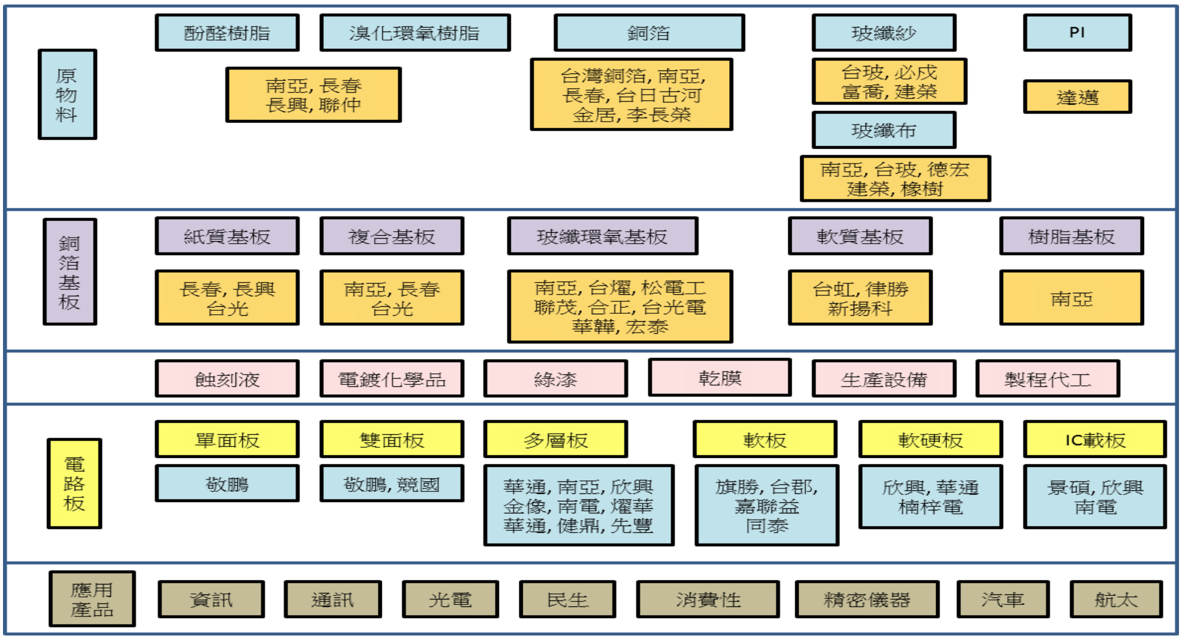
III. High-bandwidth memory (HBM) and its required thin circuit substrates.

Mastering the development trends of these products and coordinating with the required capacity expansion can ensure the company's long-term development and growth.

b. Interrelationships between the Upstream, Midstream and Downstream of the Industry

The relative relationships between the upstream and downstream sectors of the industrial chain of PCB and IC substrate are shown in the figure below. Our company is positioned in the sector of “Circuit board”. Upstream suppliers include Epoxy CCL (Copper Clad Laminate), copper foil, and various specialty chemicals suppliers. Downstream clients include IC packaging industry, and electronic product assembly EMS companies.

The COVID-19 that spread at the end of 2019 began to affect the supply of some raw materials (copper foil, Copper Clad Laminate, etc.) in the first quarter of 2020, and some countries closed the border to prevent the spread of the epidemic, resulting in unstable supply. The company prepares materials in advance to respond to unstable supply and demand.



Source: IEK

原物料: Raw materials	酚醛樹脂: Phenolic resin；溴化環氧樹脂: Brominated epoxy resin；銅箔: Copper foil; 玻纖紗: Fiberglass yarn；PI (Polyimide)；玻纖布: Fiberglass cloth 南亞: Nan Ya Plastics Corporation；長春: Chang Chun Group; 長興: Eternal Materials Co., Ltd.；聯仲: UPC Group；台灣銅箔: Taiwan Copper Foil Corporation, Ltd.；台日古河；FCFT (Furukawa Circuit Foil Taiwan) Corporation；金居: Co-Tech Development Corporation；李長榮: LCY Chemical Corporation；台玻: Taiwan Glass Group；必成: PFG Fiber Glass Corporation；富喬: Fulltech Fiber Glass Corporation；建榮: Baotek Inc.；德宏: Glotech Industrial Corp.；橡樹: Asahi-Schwebel Taiwan；達邁: Taimide Technology, Ltd.
銅箔基板: Copper clad laminate	紙質基板: Paper-based substrate；複合基板: Composite substrate；玻纖環氧基板: Fiberglass epoxy substrate；軟質基板: Flexible substrate；樹脂基板: Resin substrate 台光: Elite Material Co., Ltd.；台燿: Taiwan Union Technology Corporation；松電工: Song Dian Gong/Taiwan Song Electrical Multi-layer Materials Co., Ltd.；聯茂: ITEQ Corporation；合正: Uniplus Electronics Co., Ltd.；台光電: Elite Material Co., Ltd.；華韓: Hwa Woei Laminate Corporation；宏泰: Hong Tai Electric Industrial Co., Ltd.；台虹: Taiflex Scientific Co., Ltd.；律勝: Microcosm Technology Co., Ltd.；新揚科: ThinFlex
	蝕刻液: Etching solution；電鍍化學品: Electroplating chemicals；綠漆: Green paint；乾膜: Dry film；生產設備: Production equipment；製程代工: Process OEM
電路板: Circuit boards	單面板: Single sided boards；雙面板: Double sided boards；多層板: Multi-layer boards；軟板: Flexible boards；軟硬板: Rigid-flex boards；IC載板: IC substrates 敬鵬: Chin Poon Industrial Co., Ltd.；競國: APCB Group；華通: Compeq Manufacturing Co., Ltd.；欣興: Unimicron Technology Corporation；金像: Gold Circuit Electronics Co., Ltd.；南電: Nan Ya Printed Circuit Board Corporation；燿華: Unitech Printed Circuit Board Corporation；健鼎: Tripod Technology Corporation；先豐: BoardTek Chemical Engineering Corporation；旗勝: Mektek Industrial Corporation, Ltd.；台郡: Flexium Interconnect, Inc.；嘉聯益: Career Technology Co., Ltd.；同泰: Uniflex Technology Inc.；楠梓電: WUS Printed Circuit Co., Ltd.；景碩: Kinsus Interconnect Technology Corporation
應用產品: Application products	資訊: Information； 通訊: Communication；光電: Photoelectric；民生: Daily necessities；消費性: Consumer products；精密儀器: Precision instruments；汽車: Automobiles；航太: Aerospace

c. Various Product Development Trends

(a) The FCCSP used in handheld devices (such as smart phones) is advancing toward a thinner, thinner line ETS process.

(b) High-pin-count chips (AI, 5G, etc.) use multi-chip, large-area, high-level ABF-

FCBGA with stacked chips, and grow rapidly.

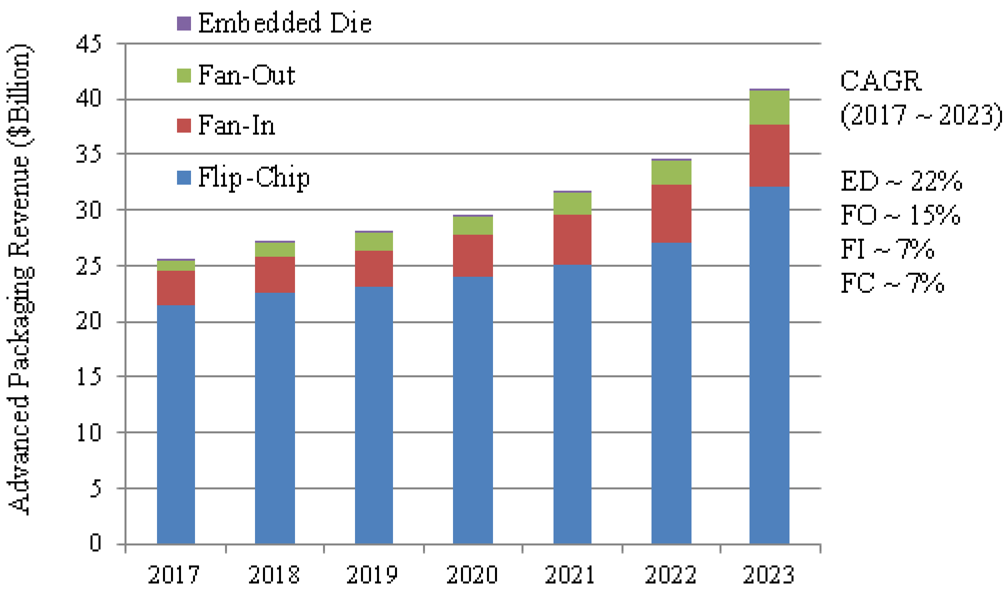
(c) The next driving force of the module products is the 5G millimeter wave Antenna in Package, Sub-6 antenna and RFIC, and the MSAP process of high-level number provides business opportunities for BT.

Mastering the development steps of products / customers and preparing the corresponding scale production capacity in time can keep up with or even exceed the product development trend.

d. Product Competitions

The most threatening technology in packaging substrate is the fan-out wafer level package (FO-WLP). Please refer the market diagram for advanced packaging technology in the picture below. While the current market share of Flip-Chip packaging is far greater than Fan-Out and Fan-In, the substrate industry needs to launch finer and thinner flip-chip substrate solutions to maintain competition which using substrate as packaging substrate. Other rises such as SiP modules have increased the sales opportunities for substrate.

For large-size chip packaging, or even multi-chip packaging, the technology is moving towards the Chiplet structure. Commercial structures include TSMC's CoWoS and Intel's EMIB. The substrate used in this high-integration package structure is more than traditional packaging. It is more complicated to use, but it is a boost to the substrate industry.



Picture：market diagram for advanced packaging technology source: Yole, IEK (2018/09)

(C)Overview of Technology and R&D

arid expenses during recent years and up to the publication date of this annual report

Unit: NT$'000; %

Item / Year	2020	As of March 31, 2021
R&D expenses	2,328,146	595,048
Net income	27,098,474	7,225,986
Percentage of R&D expenses (%)	8.59%	8.23%

b. Successfully developed technology or products

(a) Manufacturing technology and products of PBGA (Plastic Ball Grid Array) substrates.
(b) Manufacturing technology and products of MCM (Multi-chip-Module) BGA substrates.
(c) Manufacturing technology and products of CSP (Chip Scale Package) substrates.
(d) Manufacturing technology and products of High Dissipation Cavity Down substrates, and TEBGA (TEBGA-Thermal Enhanced BGA) substrates.
(e) Manufacturing technology and products of Flip Chip substrates, and Flip Chip CSP substrates.
(f) Manufacturing technology and products of Flip Chip film COF (Chip on Flex).
(g) Manufacturing technology and products of Core-less substrates.
(h) Peripheral and array wire type Copper Bump Packaging substrates.
(i) Miniature Heatsink Packaging substrates.
(j) Manufacturing technology and products of Embedded Pattern substrates.

(k) Technology and design specifications of Embedded Thin capacitors.
(l) Technology of No-wiring Bump Ni/Au electroplating.
(m) Manufacturing technology of Copper Bump.
(n) Anisotropic Etching technology.
(o) Asymmetric structural board technology and odd-numbered-layer board technology.
(p) High Band Width Package-On-Package substrates technology.
(q) Electroless Nickel/Electroless Palladium/Immersion Gold (EPIG) surface treatment technology.
(r) Embedded Thermal Bar technology.

(D)Long & Short-Term Business Development Plans

a. Short Term Plan

(a)Marketing Strategies

①Maintain close cooperation with key clients; stay up to date with the new products updates and customer needs.
②Multi-directional product development strategy; be attentive to the development of small and mid-sized clients, as well as product changes.
③Develop business opportunities in new application fields; introduce different product design concepts and achieve technology-preparedness early.
④Establish rapid prototyping unit and enhance new product development services.
⑤Increase R&D capacity and shorten design time; provide timely introduction of new products to satisfy customer demands.
⑥Continue to promote the TS16949 quality assurance certification system; ensure product quality; establish worldwide quality reputation by receiving certifications from major international manufacturers.

(b)Production Strategy

In response to the continuously expanding business scale, we will strive to simplify the technologies, improve manufacturing processes, implement automation & unattended operations, and conduct enhancements & maintenance, to increase productivity, reduce defective ratio, and lower costs.

(c)Directions of Product Development

①Increase R&D capabilities; actively invest in product R&D, design, and improvements; shorten product development time and try to lower costs; continue to simplify and accelerate processes, as well as improve quality.
②Reinforce product development and communication with potential customers, to fully grasp the market trends and maintain technical leadership.

(d)Operation Scale and Finance

①Continue to expand facility, invest in technologies, and increase utilization rate to expand the scale of operation.

②Establish sound, complete fundraising channels; establish close cooperative and mutually beneficial relationships with financial institutions; identify long-term low-interest loans, to supply the capitals needed for expanding the operation of the Company.

b. Long Term Plan

(a)Marketing Strategies

①Train marketing professionals on a long-term basis; gather information about other companies in the same industry as well as future development trends; stay informed about the status of current and new competitors; gain insights into market opportunities and establish operational bases widely; adjust individual product strategies immediately following changes in the market; increase market share.

②Maintain partnership relations with advanced chip develop and design companies; always be in possession of first-hand information; achieve process technology and production capacity preparedness, to maintain the Company's long-term competitiveness.

(b)Production Strategies

①Continue to increase production quality, technical strength, product yield, and lower production cost.

Actively invest in automatic production equipment; bring in professional talents and advanced production technology; and improve process efficiency, to achieve the goal of increase the Company's profitability.

③Increase flexibility in production, to be able to respond to rapid market changes and unexpected urgent demands.

(c)Directions of Product Development

①Bring together related manufacturers in the nation to form R&D alliance, to actively and collaboratively develop and integrate advanced products, to create high added-value and head-start opportunities.

②In fields of high technical difficulties, adopt the strategies of technology transfer and authorization, as well as international cooperation; or commission domestic or foreign research institutes to conduct R&D projects, to lower the risks, shorten development time, exert the combined results of R&D, and increase R&D strength.

(d)Operation Scale and Finance

①Cultivate operational strength; expand quickly the operational scale; move towards the goal of diversified product development.

②As the Company continues to expand its business, in the future, we will establish marketing and production bases around the world, and actively build worldwide operation management and R&D centers.

③Raise long/mid-term funds and build up long-term development strength, to expand the operation scale of the Company.

(2) An analysis of the market as well as the production and marketing situation

(A)Analysis of the Market

a. Sales (available) areas of primary products (services)

Unit: NT$'000

Sales area	2020 Sales Value	Percentage
Taiwan	9,847,916	36.34%
Mainland China	11,415,623	42.13%
United States	3,689,475	13.61%
Japan	1,728,321	6.38%
Europe	20,040	0.07%
Others	397,099	1.47%
Total	27,098,474	100.00%

Our company's primary product is the spherical array (BGA) substrates for IC. It is used as the chip carrier for semi-conductor packaging and acts as the connecting channel to external circuit. It is categorized as a raw material for the packaging industry or a carrier component. Its main sales targets are domestic and foreign IC packaging, design and system businesses.

b. Market Share

Currently, Japan remains to be the leading country of IC substrates production. It is the priority choice of the majority of packaging companies. This is mainly because of the overall strength of Japan's electronics industry, its certification numbers, excellent process capabilities, peripheral materials, and the support capability of its equipment industry. These factors enable Japan's substrates manufacturers to outperform others.

Our nation ranks as the second largest producing country. We have complete industrial chain and world's largest IC OEM manufacturing scale, which successfully drives the demands for substrates and packaging. Through technology authorization, along with their own process control technology, integrated industry environment & peripheral resources, etc., our IC substrates industry made our nation to become the second largest producer; second only to Japan, Currently, the industry has moved the production of substrates products with lower technical levels to mainland China. In the future, the local production scale will grow significantly, as the electronics industrial chain expands.

In recent years, Japan, Korea, and Taiwan's IC substrates manufacturers have been engaged in fierce competition. Looking at the numbers from recent years, Taiwan's IC substrate manufacturers grabbed a significant market share of 30%.

c. Future Demand and Supply Condition, and Growth Potential of the Market

Currently, IC substrates are used 100% in the packaging market. They are categorized as one of the high-end electronic packaging materials. In addition to the drive from the global electronics market, as the complexity of the products and the speed of signals increase, IC substrate industry has become an important factor in elevating the level of packaging. According to statistical results conducted by IC Insights, the shipments units of IC market were about 251.9 billion in 2016 and the compound growth rate could reach 6.2% for the period from 2016 to 2019. In 2016, IC substrate shipments units of were about 71.9 billion and might reach about 79.8 billion in 2021. Also, according to data released by Prismark, the production value of IC substrate was about $6.922 billion US Dollars in 2015 while it is estimated to reach $6.947 billion in 2020. Both quantity and value are of a slight growth. Among them, Module products grew strongly by a compound rate of 7.9% for the period from 2015 to 2020 driven by the speed growth of portable products, personal video & sound systems and the trend of electronic products to be miniaturized. As the functions of electronic products continuously become more complicated and the types of corresponding packaging also are made progressively, the portion of high-end packaging will continuously grow.

d. Competitive Niche

Our technical team is primarily consisted of research institutes, well-known professionals, related industries, and foreign and domestic experts. Both the quality of our products and the production capacity meet the international standards. Systems manufacturers from various countries are also gradually affirming our production technology and price competitiveness and are starting to use substrates produced by our domestic manufacturers.

Our company is a Full Process Workshop. We are capable of providing our customers with the full manufacturing process service from circuit design, photomask manufacturing, substrates production, to automatic electric testing. Customers can access our computer system through the Internet and query relevant real-time information. This can help to maintain good and stable cooperative relations with our customers.

e. Favorable and Unfavorable Factors for Development Perspectives, and the Responding Measures.

(a) Favorable factors

①IDM factory releases production capacity to system chipset manufacturers, which gives domestic system chipset manufacturers and packaging factories more space to grow as well as more business opportunities. Furthermore, packaging technology is moving towards the direction of high pin count and small pin pitch to achieve the goals of light, thin, short, and small; BGA substrates are certainly the right technology that is in line with such a product trend.

②Since the founding of our company twenty years ago, our R&D and manufacturing technology teams have already accumulated rich experiences and acquired excellent skills. Their capabilities in continued innovation and rapid development have also grown to a level that allow them to compete with other nations. The packaging factories are adopting broader and diversified certification systems to allow them to work closely with domestic substrate manufacturers to lower costs and shorten delivery times. Such practice of local procurement has become a trend and can facilitate the continuous development of the industry in the future.

③Professional Full Process Workshop can provide customers with technical services and consultation in areas of circuit design, photomask manufacturing, substrate production, automatic inspection, and others. Customers can receive all the services they need at the same time, thus saving them time, effort, and money.

(b)Unfavorable factors

①Because BGA substrate and packaging technologies change as the chip design companies' products change, therefore, the life cycles of these technologies often are shorter. When the chip design companies change the specifications of their products, the substrate design of BGA and packaging technologies will have to be modified in sync with the market.

<u>Responding measures:</u>

To keep up with the market trends, our company actively strives to increase R&D capacity, as well as strengthen our design and manufacturing abilities in multi-layer boards and thin boards. In the future, the Company will continue to develop various types of Flip Chip substrates, ultra-thin boards, and high-density substrates needed, and at the same time extend patented technologies that we currently own to compete for market opportunities.

②Since BT base material are Mitsubishi's proprietary material, therefore, if Mitsubishi's production capacity tightens, it will affect our product delivery and consequently cause us to lose customers.

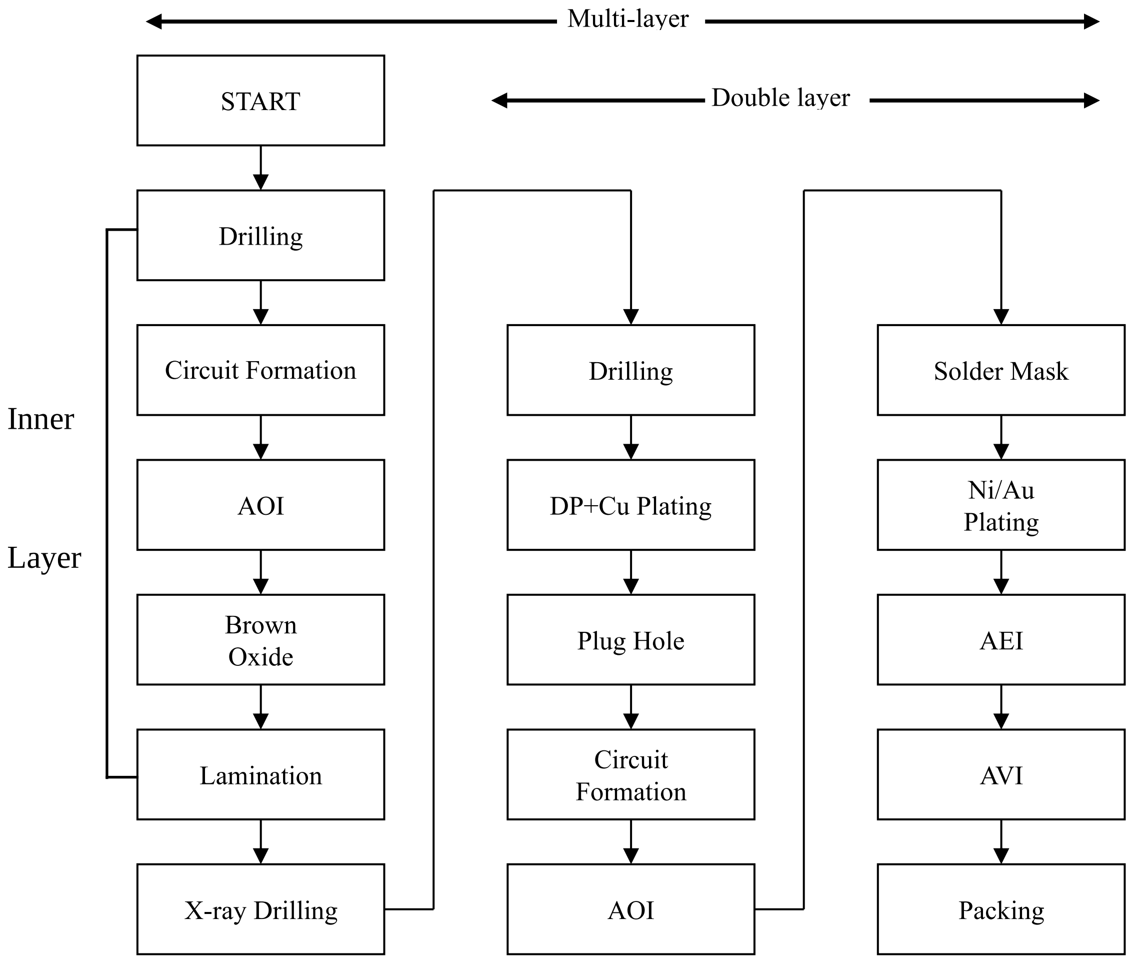
Responding measures:
In addition to maintain good relations with current BT base material manufacturer, we will conduct development testing of related substitute materials at the same time, to prevent the risk of material shortage; thus, allowing us to have multiple sources of suppliers and maintain a stable supply of the primary raw material. (For instance, material from Hitachi and others.)

(B) Major Applications and Manufacturing Processes of the Primary Products

a. Major applications of the primary products

Primary Product	Major Application
PBGA Substrates	BGA packaging; application products include chipsets and graphics chips.
MCM（Multi-chip Module）Substrates	MCM packaging; application products include IC that combines analog, digital, power control circuit, as well as memory and logical IC control.
CSP Substrates	CSP packaging; application products include Flash, high-speed DRAM, and logical chips.
Flip chip	Application products include chipsets, graphics chips, Flash memory, and logical IC.
FC CSP	High-end hand-held devices' system chips, communication chips, and chipsets.
Embedded Substrates	Embedded substrates can shorten spacing between components, in order to improve products' electrical properties.

b. Manufacturing Process of the Primary Products



(C)Supply Condition of the Primary Raw Materials

The Company's primary materials include BT substrates, gold potassium cyanide, films, copper sheets, etc. Among them, BT substrates and films are purchased from major foreign manufacturers. To ensure a stable supply of the materials and their quality, the Company does not easily change suppliers once they have been rated and gone through the trial production. In addition, we actively seek to maintain good long-term relationships with our suppliers. Through the long-term cooperative relationships, lowered costs, fast and flexible delivery schedules, we strive to increase the competitive power of our products and create the maximum profits.

Supply Areas (Manufacturers) of the Primary Raw Materials

Primary Raw material	Supply Area	Supplier
Substrates	Japan	Mitsubishi、Hitachi、Ajinomoto fine
Gold potassium	Taiwan	Hon Hai
Copper sheets	Japan	OFUNA
Films	Japan	Mitsubishi、Hitachi

(D)Major Suppliers in the Last Two Calendar Years

a. Major Clients in the Last Two Calendar Years

Unit: NT$'000

	2019				2020			
Item	Client name	Amount	% to annual net sale〔%〕	Relation with issuer	Client name	Amount	% to annual net sale〔%〕	Relation with issuer
1	A	1,666,355	7.46	None	A	2,771,716	10.23	None
2	B	1,284,485	5.75	None	B	2,285,510	8.43	None
3	D	1,275,261	5.71	None	C	1,351,939	4.99	None
	Others	18,101,309	81.08		Others	20,689,309	76.35	
	Net sale	22,327,410	100		Net sale	27,098,474	100	

Due to continued upgrading product packaging from Lead Frame to BGA, even flip chip, IC substrate market demand continues. The main customers of the sales amount do not change much.

b. Major Suppliers in the Last Two Calendar Years

Unit: NT$'000

	2019				2020			
Item	Supplier	Amount	% to annual purchase〔%〕	Relation with issuer	Supplier	Amount	% to annual purchase〔%〕	Relation with issuer
1	B	1,115,550	12.98	None	A	1,515,229	13.29	None
2	A	918,430	10.69	None	B	1,484,648	13.03	None
3	C	648,232	7.54	None	C	1,031,065	9.05	None
	Others	5,912,150	68.79		Others	7,367,325	64.63	
	Net purchase	8,594,362	100		Net purchase	11,398,267	100	

The Company's principal raw materials including gold potassium cyanide, base material, film, copper sheets, drills, milling cutters, dry film and chemicals. Since established, our exposure in the market goes higher, and sales continues to grow under market demand. The cost of raw materials such as copper and gold prices go up which caused the purchasing value continues to rise too.

As to the major raw material supplier, customers require high quality control in Substrate base. Due to long attestation and short life cycles, the major material would not be easily replaced. Therefore, we only use 2 to 3 suppliers as the main supplier. The major suppliers don't change much respectively in 2019 and 2020.

(E)Production in the Last Two Years

Unit: Thousands pcs; NT$'000

Year / Output / Major Products (or by department)	2019			2020		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Substrate	9,234,373	7,387,498	20,145,196	10,617,889	8,494,311	25,814,375

(F)Sales in the Last Two Years

Unit: Thousands pcs；NT$'000

Year / Shipments & Sales / Major Products (or by departments)	2019				2020			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Substrate	1,746,702	4,826,594	5,805,343	11,289,563	2,657,102	8,532,974	5,867,786	12,118,526
Others	-	1,451,663	-	4,759,590	-	1,314,942	-	5,132,032
Total	-	6,278,257	-	16,049,153	-	9,847,916	-	17,250,558

(3) The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of printing of the annual report, their average years of service, average age, and education levels (including the percentage of employees at each level)

Year		2019	2020	Data as of in 2021/03/31
Number of Employees	Management	302	378	367
	R&D/Technician	878	898	869
	operating personnel	4,004	4,503	4,444
	Total	5,184	5,779	5,680
Average Age		34	34	34
Average Years of Service		5.03	5.01	5.24
Education	Ph.D.	0.06%	0.07%	0.07%
	Masters	8.29%	7.51%	7.46%
	Bachelor's Degree	59.38%	58.11%	59.23%
	Senior High School	29.84%	31.61%	30.46%
	Below Senior High School	2.43%	2.70%	2.78%

(4) Disbursements for environmental protection

The loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report and disclose the current and future estimated amounts and corresponding measures, if it is impossible to reasonably estimate, it should explain the fact that it cannot be reasonably estimated:

Lately, due to high awareness of environmental protection, requirements of environmental quality are growing continuously. Concurrently with the discharge standard of pollutants are gradually improving, we spent hundreds of millions of dollars investment in pollution prevention equipment to make every effort to prevent pollution even though we are only a 20 years old company. As of the date of annual report published, there is no pollution disputes found.

(5) Labor relations

(A)Companies of various welfare measures, further education, training, retirement systems and their implementation status, as well as the agreement between labor and employee rights protection measures.

(a)Benefits and their implementation

a. Employee Bonus
b. Group Insurance
c. Bonus
d. Year-End Bonus
e. SSA benefits: marriages, births, deaths, serious injuries, disasters, major accidents
f. On-the-Job Training
g. Employee benefits Committee provides:
    i) Travelling
    ii) Club
    iii) Birthday Voucher

(b)Continuing education and training and its implementation status

To enhancing staff quality and job skills, we stipulate "Administrative Measures on Education and Training" in orientation training, and for all employees to implement general training and professional training on schedule to become outstanding professionals and improve the operating performance and effective utilization of human resources.

(c)Situation of Retirement System and Its Implementation

The Company established Retirement Oversight Committee in 2001 under the approval of House of labor of Taoyuan County Government letter of No 126197. Total monthly salaries to be made 2% of the labor pension fund to the Central Trust Bureau Accounts in the same year. Exercising Labor Pension Act on 2005/07/01. After practice, employees can either adopt in "Labor Standards Law" provisions relating to pension or adopt new Act to the pension system and retain the application of the regulations before the length. To those who apply the Act, the employee pension contribution will be made monthly, which shall not be less than 6% of monthly salary.

(d)Agreement between labor and employee rights protection measures

We have always been treasured the spirit of labor integration, coexistence and common prosperity dealing with the labor relations. We take preciously of employee comments and employees' comments are welcomed at any time through the Company's formal and informal channels of communication to reflect their problems of life and work. Through the opportunities for two-way communication between the Company and employees, we can have greater mutual understanding and awareness to build consensus and success in the long run.

a. Labor Coordination Meeting

Labor coordination meetings held on a regular basis, pushed by the employers represented, promoted mainly focus on the Company's system of communication with employees on the Company's orders, work environment, safety and health issues for two-way communication. The communication through this consultation between employers and business owner enhances not only the mutual trust but also the mutual understanding.

b. Employee benefit Committee

Members of the Employee benefit Committee are elected by employees directly and openly who are good at communication. At the Welfare Committee meeting, both employers and employees can reach adequate communication to the Company's various welfare measures.

(B) Losses due to labor disputes, and current and future estimated amount of responses may occur as of the date of annual report published:

Unit: NT$'000

<table>
<tr><th>Punishment date</th><th>Punishment number</th><th>Violation of the regulations</th><th>Content of the violation</th><th>Punishment content</th><th>Reveals the estimated amount and corresponding measures that may occur at present and in the future</th></tr>
<tr><td>109/08/18</td><td>Government-Labor-Inspection-1090203857 in 2020</td><td>Labor Standards Act Article 24 Item 1</td><td>Extending working hours without paying wages in accordance with regulations</td><td>NT 20</td><td rowspan="2">The company abides by the labor laws and regulations, reviews the legality of the company's management measures at any time, and simultaneously revises relevant regulations to guarantee the rights and obligations of employees. Strengthen publicity with employees and increase interactive communication channels to ensure that employees are aware of related rights and interests to avoid unnecessary labor disputes.</td></tr>
<tr><td>109/08/18</td><td>Government-Labor-Inspection-10902038571 in 2020</td><td>Labor Standards Act Article 32 Item 2</td><td>Extending working hours over the legal requirements</td><td>NT 50</td></tr>
</table>

(6) Important contracts: None

6. An Overview of the Company's Financial Status

(1) Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(A) Brief Balance Sheet and Statements of Comprehensive Income

a. Brief Consolidated Balance Sheets

Unit: NT$'000

Item \ Year		2016	2017	2018	2019	2020
Current Assets		21,615,555	18,774,402	19,294,569	19,340,507	21,663,991
Property, Plant & Equipment		16,578,663	19,151,653	19,737,268	19,675,900	18,080,810
Intangible Assets		18,820	22,850	14,529	30,753	32,105
Other Assets		3,040,677	4,328,572	3,577,588	2,656,185	3,007,046
Total Assets		41,253,715	42,277,477	42,623,954	41,703,345	42,783,952
Current liabilities	Before Appropriation	8,639,797	10,537,887	10,199,199	10,841,218	10,730,750
	After Appropriation	9,976,147	11,206,887	10,875,460	11,292,257	(Note 2)
Non-Current Liabilities		1,599,149	1,824,592	2,676,233	2,024,427	2,863,643
Total liabilities	Before Appropriation	10,238,946	12,362,479	12,875,432	12,865,645	13,594,393
	After Appropriation	11,575,296	13,031,479	13,551,693	13,316,684	(Note 2)
Equity Attributable to Shareholders of the Parent		28,869,710	27,998,561	27,782,150	25,567,021	25,669,652
Capital		4,460,000	4,460,000	4,508,410	4,510,738	4,508,625
Capital Surplus		5,939,819	5,956,519	6,140,942	6,637,742	6,632,030
Retained earnings	Before Appropriation	18,503,389	17,659,719	17,336,892	14,630,869	14,712,992
	After Appropriation	17,167,039	16,990,719	16,660,631	14,179,830	(Note 2)
Other Components of Equity		(613)	(77,677)	(203,356)	(211,996)	(183,852)
Treasury Stock		(32,885)	-	(738)	(332)	(143)
Non-controlling Interests		2,145,059	1,916,437	1,966,372	3,270,679	3,519,907
Total Equity	Before Appropriation	31,014,769	29,914,998	29,748,522	28,837,700	29,189,559
	After appropriation	29,678,419	29,245,998	29,072,261	28,386,661	(Note 2)

Note 1: These statements were prepared under IFRS and audited.

Note 2: Earning appropriation of 2020 has not been approved by the shareholders.

b. Brief Parent-Company-Only Balance Sheet

Unit: NT$'000

Item \ Year		2016	2017	2018	2019	2020
Current Assets		17,625,515	14,701,917	15,265,686	15,054,223	16,173,342
Property, Plant & Equipment		11,947,782	14,406,084	14,898,668	14,264,988	12,776,005
Intangible Assets		5,208	12,796	4,777	20,987	22,944
Other Assets		5,924,904	7,014,909	6,007,534	5,446,034	6,322,854
Total Assets		35,503,409	36,135,706	36,176,665	34,786,232	35,295,145
Current Assets	Before Appropriation	5,811,639	6,742,712	6,370,348	7,304,850	7,507,494
	After Appropriation	7,147,989	7,411,712	7,046,609	7,755,889	(Note 2)
Non-Current Liabilities		822,060	1,394,433	2,024,167	1,914,361	2,117,999
Total Liabilities	Before Appropriation	6,633,699	8,137,145	8,394,515	9,219,211	9,625,493
	After Appropriation	7,970,049	8,806,145	9,070,776	9,670,250	(Note 2)
Capital		4,460,000	4,460,000	4,508,410	4,510,738	4,508,625
Capital Surplus		5,939,819	5,956,519	6,140,942	6,637,742	6,632,030
Retained Earning	Before Appropriation	18,503,389	17,659,719	17,336,892	14,630,869	14,712,992
	After Appropriation	17,167,039	16,990,719	16,660,631	14,179,830	(Note 2)
Other Components of Equity		(613)	(77,677)	(203,356)	(211,996)	(183,852)
Treasury Stock		(32,885)	-	(738)	(332)	(143)
Total Equity	Before Appropriation	28,869,710	27,998,561	27,782,150	25,567,021	25,669,652
	After Appropriation	27,533,360	27,329,561	27,105,889	25,115,982	(Note 2)

Note 1: These statements were prepared under IFRS and audited.

Note 2: Earning appropriation of 2020 has not been approved by the shareholders.

c. Brief Consolidated Statements of Comprehensive Income

Unit: NT$'000

Item \ Year	2016	2017	2018	2019	2020
Operating Revenues	23,165,066	22,335,486	23,727,929	22,327,410	27,098,474
Gross Profit	5,750,545	4,162,724	5,386,502	2,760,739	5,819,054
Operating Income	2,589,772	399,225	791,650	(1,650,225)	1,340,579
Non-Operating Income & Expense	(20,314)	129,898	(81,128)	(196,033)	(217,310)
Income Before Income Tax	2,569,458	529,123	710,522	(1,846,258)	1,123,269
Net income	2,073,028	335,322	411,040	(1,947,268)	929,443
Other Comprehensive Income	(326,985)	(110,417)	(37,638)	(108,071)	(22,831)
Total Comprehensive Income	1,746,043	224,905	373,402	(2,055,339)	906,612
Net income (loss) Attributable to Shareholders of the Parent	2,233,705	491,676	349,485	(2,025,332)	541,914
Net income (loss) Attributable to Non-Controlling Interests	(160,677)	(156,354)	61,555	78,064	387,529
Comprehensive Income Attributable to Shareholders of the Parent	2,037,649	415,616	323,467	(2,113,080)	535,468
Comprehensive Income Attributable to Non-Controlling Interests	(291,606)	(190,711)	49,935	57,741	371,144
Earnings Per Share (in NT$)	5.01	1.10	0.78	(4.52)	1.21

Note: These statements were prepared under IFRS and audited.

d. Brief Parent-Company-Only Statements of Comprehensive Income

Unit: NT$’000

Item / Year	2016	2017	2018	2019	2020
Operating Revenues	17,931,850	16,286,034	17,228,031	16,116,157	20,651,500
Gross profit	4,709,722	3,077,973	3,615,434	1,106,605	3,058,264
Operating Income	2,691,712	499,936	346,545	(1,917,952)	241,446
Non-Operating Income & Expense	(63,780)	117,192	75,923	(107,729)	300,468
Profit (loss) from continuing operations before tax	2,627,932	617,128	422,468	(2,025,681)	541,914
Net income	2,233,705	415,616	349,485	(2,025,332)	541,914
Other Comprehensive Income	(196,056)	(76,060)	(26,018)	(87,748)	(6,446)
Total Comprehensive Income	2,037,649	415,616	323,467	(2,113,080)	535,468
Earnings per share (in NT$)	5.01	1.10	0.78	(4.52)	1.21

Note: These statements were prepared under IFRS and audited.

(C) Certified Accountants’ Names in Past Five Years

Year	Name of Accountant	Firm	Opinion	Reason for Changing
2016	Huang, Yi-Hui Zhang, Zhi-Ming	Ernst & Young	Unmodified with on explanatory paragraph	None
2017	Huang, Yi-Hui Zhang, Zhi-Ming	Ernst & Young	Unmodified with on explanatory paragraph	None
2018	Hong, Mao-Yi Huang, Yi-Hui	Ernst & Young	Unmodified with on explanatory paragraph	Due to rotation rule
2019	Hong, Mao-Yi Cheng, Ching-Piao	Ernst & Young	Unmodified with on explanatory paragraph	Due to rotation rule
2020	Hong, Mao-Yi Cheng, Ching-Piao	Ernst & Young	Unmodified with on explanatory paragraph	None

(2) Financial analyses for the past 5 fiscal years

(A) Consolidated

Analysis Items (Note 2) \ Year (Note 1)			2016	2017	2018	2019	2020
Capital Structure Analysis (%)	Debt Ratio		24.82	29.24	30.21	30.85	31.77
	Long Term Funds to Fixed Assets		173.19	143.22	146.05	145.17	158.08
Liquidity Analysis (%)	Current Ratio		250.19	178.16	189.18	178.40	201.89
	Quick Ratio		222.49	155.50	155.57	154.38	172.98
	Interest Coverage		37.03	7.69	6.86	(11.84)	15.64
Operation Performance Analysis	Average Collection Turnover (times)		6.14	6.06	6.25	5.87	6.63
	Average Collection Days		59	60	58	62	55
	Inventory Turnover (times)		6.45	6.35	5.10	5.34	6.24
	Average Payable Turnover (times)		3.79	3.88	3.85	4.27	4.41
	Average Inventory Turnover Days		57	57	72	68	59
	Fixed Assets Turnover (times)		1.23	1.09	1.07	1.03	1.30
	Total Assets Turnover (times)		0.55	0.53	0.56	0.53	0.64
Return On Investment Analysis	Return on Total Assets (%)		5.08	0.96	1.20	(4.35)	2.35
	Return on equity (%)		6.70	1.10	1.38	(6.65)	3.20
	Income to Capital (%)	Return on equity	58.07	8.95	17.56	(36.58)	29.73
		Pre-Tax Income	57.61	11.86	15.76	(40.93)	24.91
	Net Income to Sales		8.95	1.50	1.73	(8.72)	3.43
	Earnings Per Share (NT$)		5.01	1.10	0.78	(4.52)	1.21
Cash Flow	Cash Flow Ratio (%)		66.58	56.96	40.22	28.61	49.94
	Cash Flow Adequacy Ratio (%)		113.68	102.48	91.28	80.08	83.41
	Cash Flow Re-Investment Ratio		8.73	9.33	6.28	4.32	8.11
Leverage	Operation Leverage		3.02	14.12	8.15	(2.91)	5.08
	Financial Leverage		1.03	1.25	1.18	0.92	1.06
	Please explain why financial ratio has changed up to 20 % in the most recent two years. Due to net income in 2020, interest Coverage, return on assets, return on equity, operating profit to paid-in capital ratio, net profit before tax to paid-in capital ratio, net profit ratio, earnings per share, cash flow ratio, cash flow reinvestment ratio, operating leverage and financial leverage changed by more than 20%. Revenue growth, fixed assets turnover rate and total asset turnover rate in 2020 are changed up to 20%.						

Note 1: The above ratios are calculated based on the audited FS.

Note 2: Calculation formula will be stated below.

(B) Company-Only

Item (Note 2) / Year (Note1)			2016	2017	2018	2019	2020
Capital Structure Analysis (%)	Debt Ratio		18.68	22.52	23.20	26.50	27.27
	Long Term Funds to Fixed Assets		210.86	171.24	176.67	177.21	189.55
Liquidity Analysis (%)	Current Ratio		303.28	218.04	239.64	206.09	215.43
	Quick Ratio		279.32	196.25	207.51	184.96	186.62
	Interest Coverage		95.61	16.79	7.56	(25.35)	11.88
Operation Performance Analysis	Average Collection Turnover (times)		6.41	6.50	6.61	5.83	7.02
	Average Collection Days		57	56	55	63	52
	Inventory Turnover (times)		8.60	7.58	5.97	6.72	7.96
	Average Payable Turnover (times)		4.00	4.25	4.45	5.10	5.49
	Average Inventory Turnover Days		42	48	61	54	46
	Fixed Assets Turnover (times)		1.34	1.04	1.01	1.00	1.37
	Total Assets Turnover (times)		0.50	0.45	0.48	0.45	0.59
Return on Investment Analysis	Return on Total Assets (%)		6.31	1.46	1.11	(5.53)	1.66
	Return on Equity (%)		7.80	1.73	1.25	(7.59)	2.12
	Income to Capital (%)	Operating Income	60.35	11.21	7.69	(42.52)	5.36
		Pre-Tax Income	58.92	13.84	9.37	(44.91)	12.02
	Net Income to Sales (%)		12.46	3.02	2.03	(12.57)	2.62
	Earnings Per Share (NT$)		5.01	1.10	0.78	(4.52)	1.21
Cash Flow	Cash Flow Ratio (%)		87.42	69.66	41.88	23.22	49.84
	Cash Flow Adequacy Ratio (%)		119.52	103.25	91.10	78.56	78.60
	Cash Flow Re-Investment Ratio		9.26	8.46	4.64	2.35	7.11
Leverage	Operation Leverage		1.96	6.30	9.59	(0.85)	14.84
	Financial Leverage		1.01	1.08	1.23	0.96	1.26
	Please explain why financial ratio has changed up to 20 % in the most recent two years. Due to net income in 2020, interest Coverage, return on assets, return on equity, operating profit to paid-in capital ratio, net profit before tax to paid-in capital ratio, net profit ratio, earnings per share, cash flow ratio, cash flow reinvestment ratio, operating leverage and financial leverage changed by more than 20%. Revenue growth、average collection turnover rate, fixed assets turnover rate and total asset turnover rate in 2020 are changed up to 20%.						

Note 1: The above ratios are calculated based on the audited FS.

Note 2: Calculation formula will be stated below.

a. Capital Structure Analysis

(a)Debt Ratio= Total Liabilities/ Total Assets

(b) Long Term Funds to Fixed Assets= (Total Equity + non-current liabilities)/ Net value of fixed capital

b. liquidity

(a) Current Ratio= Current Assets/ Current Liabilities

(b) Quick Ratio= (Current Assets-Inventory-Prepaid Expense)/ Current Liabilities

(c) Interest Coverage=Net Profit before Income Tax and Interest Expense/ Interest Expense

c. Operation Performance Analysis

(a) Account Receivable (including account receivable and note receivable that derived from operation activities) Turnover Rate= Next Sales/ Average Account Receivable (including account receivable and note receivable that derived from operation activities) remaining amount.

(b) Average Collection Days= 365/ Account Receivable Turnover Ratio

(c) Inventory Turnover= Cost of Sales/ Average Inventory

(d) Account Payable (including account payable and note payable result from business operation) Turnover rate= Cost of Sales/ Average Account Payable (including account payable and note payable that derived from operation activities) remaining amount.

(e) Average Inventory Turnover Days= 365/ Inventory Turnover

(f) Fixed Assets (Land, Equipment Turnover) = Net Sales/ Average Fixed Assets.

(g) Total Assets Turnover= Net Sales/ Average Total Assets

d. Return on Investment

(a) Return on Total Assets=〔Profit(Loss) after tax + Interest Expense×（１－Interest Rate）〕/Average Total Assets.

(b) Return on Equity= Profit (Loss) after tax/Average Total Equity

(c) Net Income to Sales= Profit (Loss) after tax/ Net Sales

(d) Earning per Share= (attributed to parents profit (loss)-Preferred dividend)/weight average stock share issue. (Note 4)

e. Cash Flow

(a) Cash Flow Ratio=Operation Activities Cash Flow/Current Liabilities

(b) Cash Flow Adequacy Ratio (%) =Last five years Operation Activities Cash Flow/last five annual years (Cash Expenditure + Increase in Inventory+ Cash Dividends)

(c) Cash Flow Re-investment Ratio= (Operation Activities Cash Flow-Cash Dividends)/ (Gross Fixed Assets + Long Term Investment + Other Non-Current Assets + Operation Capital) (Note 5)

f. Leverage

(a) Operation Leverage = (Net Operating Income-Variable Cost and Expense)/ Operating Income (Note 6)

(b) Financial Leverage = Operating Income / (Operating Income- Interest Expense)

(3) Audit committee's report on the financial statements for the most recent year.

KINSUS INTERCONNECT TECHNOLOGY CORP.
EXAMINATION REPORT APPROVED BY THE AUDIT COMMITTEE

The Board of Directors has prepared and submitted the Company's Business Operation Report, Parent-Company-Only Financial Statements, Consolidated Financial Statements and Profit Appropriation Proposal for the period from January 1st to December 31st, 2020. The Parent-Company-Only Financial Statements and Consolidated Financial Statements have been audited by Ernst & Young and accompanied with the auditors' reports. These reports mentioned above have been examined by the audit committee and hereby reported in accordance with the requirements of Securities and Exchange Act Article 14- 4 and Company Act Article 219.

Please kindly review and approve it.

KINSUS INTERCONNECT TECHNOLOGY CORP.

Audit Committee Convener: Huang, Chung-Pao

January 29th, 2021
Taipei, Taiwan,
Republic of China

(4) For financial statement for the most recent fiscal year please refers to page 231 to 356.

(5) For a parent-company-only financial statement for the most recent fiscal year, certified by a CPA please refer to page 120 to 230.

(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 printing of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation: None.

7. A Review and Analysis of the Company's Financial Position and Financial Performance and a Listing of Risks

(1) Financial position

Financial Status Review and Analysis Chart

Unit: NT$'000

Item / Year	2020	2019	Differences		Note
			Amount	%	
Current Assets	21,663,991	19,340,507	2,323,484	12.01	
Property, Plant and Equipment	18,080,810	19,675,900	(1,595,090)	(8.11)	
Prepayment for Equip.	2,196,342	1,583,966	612,376	38.66	Note 1
Other Assets	842,809	1,102,972	(260,163)	(23.59)	Note 2
Total Assets	42,783,952	41,703,345	1,080,607	2.59	
Current Liabilities	10,730,750	10,841,218	(110,468)	(1.02)	
Non-Current Liabilities	2,863,643	2,024,427	839,216	41.45	Note 3
Total Liabilities	13,594,393	12,865,645	728,748	5.66	
Capital	4,508,625	4,510,738	(2,113)	(0.05)	
Capital Surplus	6,632,030	6,637,742	(5,712)	(0.09)	
Retained Earning	14,712,992	14,630,869	82,123	0.56	
Other Shareholder Equity	3,335,912	3,058,351	277,561	9.08	
Total Shareholder Equity	29,189,559	28,837,700	351,859	1.22	

Analysis on ratio changes:

Note 1: Due to increases in advance payment for the purchase of equipment for business use.

Note 2: Due to decreases in investment accounted for under equity method.

Note 3: Due to increases in long-term loan.

(2) Financial performance

Financial Performance Comparison Analysis

Unit: NT$'000

Item \ Year	2020	2019	plus(minus) Amount	plus (minus) Variation ratio (%)	Note
Operating Revenues	27,098,474	22,327,410	4,771,064	21.37	Note 1
Cost of Goods Sold	21,279,420	19,566,671	1,712,749	8.75	
Gross Profit	5,819,054	2,760,739	3,058,315	110.78	Note 2
Operating Expenses	4,478,475	4,410,964	67,511	1.53	
Operating Income	1,340,579	(1,650,225)	2,990,804	181.24	Note 3
Other Non-Operate Inc. and exp.	(217,310)	(196,033)	(21,277)	10.85	
Pre-Tax Income	1,123,269	(1,846,258)	2,969,527	160.84	Note 4
Income Tax Expense	193,826	101,010	92,816	91.89	Note 5
Net Income	929,443	(1,947,268)	2,876,711	147.73	Note 6
Other comprehensive income (loss)	(22,831)	(108,071)	85,240	78.87	Note 7
Total comprehensive income	906,612	(2,055,339)	2,961,951	144.11	Note 8

Analysis on ratio changes:

Note 1, 2, 3, 4, 5, 6, 8: Revenues have grown substantially, profits have increased, and income tax expenses have also increased relatively.

Note 7: Due to the translation adjustments from currency exchange differences of foreign operational institutes/investees.

Expected sales and its basis, possible impact on the company's future financial business and the corresponding plan:

In the next three years, the rapid growth of global AI and 5G-related applications will drive the demand for ABF substrates and BT substrates. The growth of ABF substrates in CPU, GPU, FPGA, ASIC and other applications is considerable. The company will continue to invest in R&D resources and expand the production capacity of ABF FC-BGA and Aip substrates to maintain the competitiveness of the company's products and technologies.

(3) Cash flow

(A) Analysis and explanation of cash flow changes in recent years:

Unit: NT$'000

Item \ Year	2020	2019	plus(minus) Amount	plus (minus) Variation ratio (%)
Net cash provided by operating activities	3,741,735	1,696,256	2,045,479	120.59
Net cash provided by investing activities	(1,898,648)	(1,966,269)	67,621	(3.44)
Net cash provided by financing activities	(1,392,210)	329,540	(1,721,750)	(522.47)
Analysis on cash flow changes: 1. Net cash provided by operating activities: Due to increases in icome before income tax. 2. Net cash provided by financing activities: Due to decreases in short loan.				

(B) Improvement plan for insufficient liquidity: None.

(C) Cash Flow Analysis for the Coming Year

Unit: NT$'000

Beginning cash balance ①	Cash flow expecting from whole year operation activities ②	Estimate whole year cash outflow amount③	Estimate available cash balance (insufficient) amount ①+②-③	Remedies for Insufficient cash	
				Investment Plan	Financial Management Plan
$10,235,130	$23,776,231	$(30,233,442)	$3,777,919	-	-

(4) The effect upon financial operations of any major capital expenditures during the most recent fiscal year:

The company has established a new production facility in Xinfeng for business operation expansion in 2014 and purchase Youth Factory in 2021. This facility will be the production base for high end products in the coming years.

(5) The Company's 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:

The Company's main investments are all long-term strategic investments. In year 2020, the parent company annual investment income was NT$193,229 thousand, increased from NT$(207,484) thousand in 2019. The increase in profits or decrease in losses of some reinvested companies is due to the economic scale and the increase in profitability. If deemed necessary, to sustain the long-term investment strategy and to continuously generate the value for the Company to a maximum extent.

(6) The matters that the risks section shall analyze and assess during the most recent fiscal year and as they stood on the date of printing of the annual report

(A) Impacts on Company's Income and Future Counter Measures for Interest rate, Exchange rate Fluctuation and Inflation. Our company's 2020 interest rate and exchange gain or loss is list as below:

Unit: NT$'000

Item / Year	2020
Net Exchange Gain (loss)	(88,999)
Net Sales	27,098,474
Income before Tax	1,123,269
Net Exchange Gain (loss)	(0.33%)
Net Exhange Gain (Loss) to Net Pre-Tax Profit Ratio	(7.92%)
Interest Revenue	43,405
Interest Revenue to Net Sales Income	0.16%
Interest Income to Pre-Tax Net Profit Ratio	3.86%
Interest Expense	76,703
Interest Expense to Net Sales Interest Ratio	0.28%
Interest Expense to Net Pre-Tax Profit Ratio	6.83%
Interest Income (Expense) to Net Pre-Tax Profit Ratio	(2.96%)

Sources: financial reports certified by CPA.

a. Impacts on Interest Rate Fluctuation

Our company always has been in a financial health status. We have assigned financial specialty personnel to cooperate with banks closely and obtain preferred mid to long term fund for our automatic equipment. Recently, annual interests gain (loss) only was accounted for (2.96)% of our company's pre-tax profit. Thus, interest fluctuation doesn't impose serious effects on our company.

b. Impacts of Exchange Rate Fluctuation

(a) We use US dollars as main quotation currency for exporting business. Our long term borrowing and major importing items are also denominated in US dollars currency. For these reasons, impact of exchange rate change between the New Taiwan Dollar (NTD) vs. US. Dollars (USD) is minimal to our company. In 2020, annual foreign exchange gain (loss) was only accounted for (0.33)% of net sales.

(b)Counter-Measures for Exchange Rate Fluctuation

i. The Company opens foreign currency accounts in banks for collecting the money from sales. To exchange USD into NTD will be depending on the actual capital needs or the fluctuation of exchange rate. Payment for importing raw materials depends on the exchange rate. We can choose to use foreign currency acquired from exporting or to buy foreign currency in advance to reduce the effect of exchange rate fluctuation.

ii. We try to use USD as major currency when importing raw materials or machinery. Also, we balance thee ratio of USD assets vs. liabilities for reducing the impact resulted from exchange rate fluctuation.

(c) Impacts of Inflation

We keep close look on market price fluctuation and maintain good interaction with suppliers and clients. Thus, in 2020, there is no serious incident caused by inflation.

(B) Reasons for company policy, gain or loss and future counter measures for engaging in high risk, highly leveraged investments, loans to others, endorsement and financial derivatives.

Latest years our company has not engaged in high risk, highly leveraged investments, loans to others and endorsement. Please refer to this report page 223 and 348. Moreover, our company established rules to regulate financial derivatives transaction and loan with others, endorsement risk management. For these reasons, those activities will not induce serious impacts on our company.

(C) Future R&D plans and Fund Estimated to Invest

Our company benefit from expertise in R&D and production experiences that accumulated for many years which allows us to meet product safety and diversity by launching “Modularized Product Design” production method to promote R&D capabilities, speed up new product development to satisfy variety product specifications that requested by different customers.

In the latest years, we have purchased new machines and equipment to reach the best production practice and to rejuvenate current products. We expect to invest about NT$2,011,647 thousand in R&D related field in 2021.

(D) Changes in domestic and foreign policy and legal impact on the Company's financial operations and counter measures

Lately, our company's financial operations haven't affected by critical policy or legal changes in domestic and oversea because our main target market is in domestic, legal and critical policies are relatively stable also there is no military or political risks in the short term in the domestic. Conclude above reasons, we estimate our company will not suffer from negative effects due to major policy and legal changes in domestic and oversea.

(E) Influence and Counter-Measures for Technology and Industry Shift Company's Financial Operation

We pay attention on technology shifting in the industry and assigned specialist to evaluate and research certain changes might influence company's financial operation and found its counter-measures. In addition, with the development of science and technology, the company's security risks are increasing. In response to this change, the company conducts information security control, including physical security, system security, and electronic document preservation. In recent years, there is no critical technology shifting that will impose threat on company's financial operation.

(F) Crisis Management and Counter Measures Result from Company's Image Change Impact.

Our company's image is always being good; in the recent years there is no significant incidents that would require corporation crisis management.

(G) Expected income from merger and potential risk counter-measures: Not Applicable.

(H) Expected income from production facilities expansion and potential risk counter-measures: please refer to this report section "7" point (4).

(I) Potential risk and counter-measures derived from buying and selling products:

The major raw materials that our company purchased are potassium gold, substrate, transparent film, copper sheet and chemical substances. Once those materials were approved, changing materials is less likely. Thus, we only maintain 2~3 suppliers. Meanwhile, we keep good cooperation with other supplies to spread risk. Besides, for one of our key product- IC BGA substrate, mostly we sell it to leading IC design companies in domestic and oversea. Their applications rages are broad and therefore we are free from centralized sales risk.

(J) Risk counter-measures for directors, supervisors, shareholders own more ten percent of company's shares, bulk share transfer or redemption: Our company's directors and shareholders owning more than 10% of company's share do not engage bulk share transfer.

(K) The impact of the change on the Company's right to operate, risks and counter-measures: None

(L) Litigation or non-litigation case, should list the Company and its directors, supervisors, general manager, the sustainable person in charge of, shareholders own more than ten percent of company’s shares and the Company has the judgment or the slave system is still in the case of significant litigation non-litigation or administrative contentious event, the results could affect shareholders' equity or securities, should disclose its disputed fact, the subject of money, lawsuits start date, the major parties and deal with the case of the suit before the published this annual report: None.

(M) Other Risk and Counter-Measure: None.

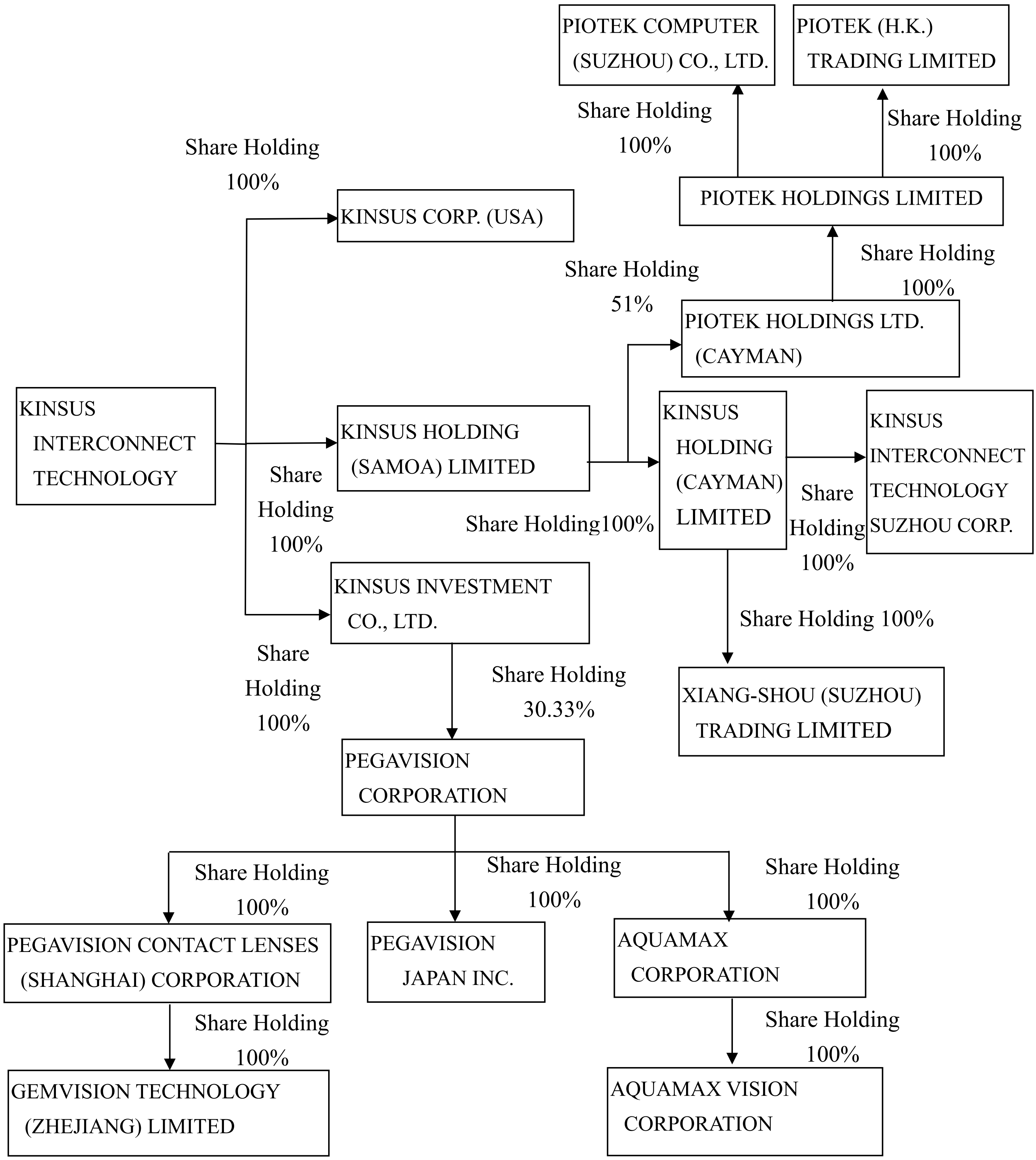
(7) Other important matters: None

8. Other Items Deserving Special Mention

(1) Information related to the Company's affiliates

(A)Associates Consolidated Business Operation Report:

a. As of December 31, 2020, our company organization chart as shown below:



b. The name, incorporation date, address, paid-in capital, and main business items of each affiliate:

Company Name	Date of establishment	address	Paid-up capital (NT$ thousand)	Main businesses
KINSUS INTERCONNECT TECHNOLOGY CORP.	2000.09.11	Taoyuan City	4,508,625	Electronic Parts and Components Manufacturing, Electronic materials wholesale and retail
KINSUS CORP. (USA)	2000.10.11	CA, U.S.A.	14,248	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology
KINSUS HOLDING (SAMOA) LIMITED	2006.12.04	Samoa	4,739,224	Investing activities
KINSUS INVESTMENT CO., LTD.	2009.08.12	Taoyuan City	1,600,000	Investing activities
PEGAVISION CORPORATION	2009.08.26	Taoyuan City	700,000	Manufacturing medical equipment
KINSUS HOLDING (CAYMAN) LIMITED	2006.12.06	Cayman Islands	2,151,748	Investing activities
PIOTEK HOLDINGS LTD.(CAYMAN)	2009.12.16	Cayman Islands	5,350,360	Investing activities
PIOTEK HOLDINGS LIMITED	1999.08.13	British Virgin Islands	3,984,979	Investing activities
PIOTEK (HK) TRADING LIMITED	2009.12.12	Hong Kong	741	Trading activities
PEGAVISION HOLDINGS CORPORATION (Note)	2011.11.28	Samoa	-	Investing activities
AQUAMAX CORPORATION	2020.06.15	Taoyuan City	40,000	Selling medical equipment
PEGAVISION JAPAN INC.	2015.05.15	Japan	2,736	Selling medical equipment
AQUAMAX VISION CORPORATION	2020.07.29	U.S.A.	17,098	Selling medical equipment
KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	2007.04.09	China, Suzhou	1,994,755	Manufacturing and selling printed circuit board (PCB) (not high-density fine-line)
PIOTEK COMPUTER (SUZHOU) CO., LTD.	2000.02.17	China, Suzhou	4,570,367	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	2012.11.27	China, Shanghai	112,559	Selling medical equipment
XIANG-SHOU (SUZHOU) TRADING LIMITED	2013.05.02	China, Suzhou	56,993	Manufacturing and selling printed circuit board (PCB) (not high-density fine-line)
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	2019.01.29	China, Zhejiang	94,057	Selling medical equipment

Note : For the consideration of reorganization, the equity of Pegavision Holdings Corporation was confirmed is struck off the register on the September 2, 2020.

c. For companies presumed to have a relationship of control and subordination under Article 369-3 of the Company Act: None.

d. The industries covered by the business operated by the affiliates overall: Please refer to the table on above.

e. The names of the directors, supervisors, and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate:

Measurement date: Dec. 31, 2020

Company Name	Title	Name or Representative person	Shares Held	
			# of Shares	Shareholding Percentage
KINSUS INTERCONNECT TECHNOLOGY CORP.	Director	Guo, Ming-Dong	976,795	0.22%
	Director (Honorary Chairman)	Tong, Zi-Xian	200,000	0.04%
	Director	Chen, He-Xu	361,002	0.08%
	Director	Asuspower Investment Co., Ltd. (Representative: Wu, Xiang-Xiang)	55,556,221	12.32%
	Director	Asustek Investment Co., Ltd. (Representative: Su, Yan-Xue)	58,233,091	12.92%
	Director	Cheng, Chung-Jen	—	—
	Independent Director	Chen, Jin-Cai	—	—
	Independent Director	Wu, Hui-Huang	—	—
	Independent Director	Hwang, Chung-Pao	—	—
PIOTEK HOLDINGS LTD.(CAYMAN)	Director	Kinsus Holding (SAMOA) Limited (Representative: Guo, Ming-Dong)	95,755,000	51%
PIOTEK HOLDINGS LTD.	Director	Piotek Holdings Ltd (Cayman) (Representative: Guo, Ming-Dong)	139,840,790	100%
PIOTEK (HK) TRADING LIMITED	Director	Piotek Holdings Ltd. (Representative: Guo, Ming-Dong)	200,000	100%
PIOTEK COMPUTER (SUZHOU) CO., LTD.	Legal representative and General manager	Piotek Holdings Limited (Representative: Mu, Xian Jue)	—	100%
	Supervisors	Piotek Holdings Limited (Representative: Chen, Ji-Liang)		
KINSUS CORPORATION (USA)	Chairman	KINSUS INTERCONNECT TECHNOLOGY CORP. (Representative: Guo, Ming-Dong)	500,000	100%
	Director	Tong, Zi-Xian	—	—
	Director	He, Ming-Sen	—	—
KINSUS HOLDING (SAMOA) LIMITED	Chairman	KINSUS INTERCONNECT TECHNOLOGY CORP. (Representative: Guo, Ming-Dong)	166,308,720	100%

KINSUS HOLDING (CAYMAN) LIMITED	Chairman	KINSUS HOLDING (SAMOA) LIMITED (Representative: Guo, Ming-Dong)	72,000,000	100%
KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Legal representative and General manager	KINSUS HOLDING(CAYMAN) LIMITED (Representative: Mu, Xian Jue)	—	100%
	Supervisor	KINSUS HOLDING (CAYMAN) LIMITED (Representative: Liu, Su-Zhen)		
XIANG-SHOU (SUZHOU) TRADING LIMITED	Legal representative and General manager	KINSUS HOLDING (CAYMAN) LIMITED (Representative: Mu, Xian Jue)	—	100%
	Supervisor	KINSUS HOLDING (CAYMAN) LIMITED (Representative: Liu, Su-Zhen)		
KINSUS INVESTMENT CO., LTD.	Chairman	KINSUS INTERCONNECT TECHNOLOGY CORP. (Representative: Tong, Zi-Xian)	160,000,000	100%
	Director	KINSUS INTERCONNECT TECHNOLOGY CORP. (Representative: Guo, Ming-Dong)		
	Director	KINSUS INTERCONNECT TECHNOLOGY CORP. (Representative: Wu, Xiang-Xiang)		
	Supervisor	KINSUS INTERCONNECT TECHNOLOGY CORP. (Representative: Shen, Yi-Zhong)		
PEGAVISION CORPORATION	Chairman	Tong, Zi-Xian	645,729	0.92%
	Vice Chairman	Guo, Ming-Dong	1,928,868	2.76%
	Director	KINSUS INVESTMENT CO., LTD. (Representative: Chen, He-Xu)	21,233,736	30.33%
	Director and General manager	KINSUS INVESTMENT CO., LTD. (Representative: Yang, De-Sheng)		
	Director	Asuspower Investment Co., Ltd. (Representative: Hou, Wen-Yong)	5,480,121	7.83%
	Director	Asuspower Investment Co., Ltd. (Representative: Wen, Mu-Rong)		
	Independent Director	Li, Shu-Yu	—	—
	Independent Director	Yao, Ren-Lu	—	—
	Independent Director	Huang, Da-Fu	—	—
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Director	Pegavision Corporation (Representative: Wang, Jing-Shiang)	—	100%

	Supervisor	Pegavision Corporation (Representative: Chen, Ji-Liang)		
PEGAVISION JAPAN INC.	President	PEGAVISION CORPORATION (Representative: Gao, Song-Ya)	198	100%
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	Director	Pegavision Contact Lenses (Shanghai) Corporation (Representative: Wang, Jing-Shiang)	—	100%
	Supervisor	Pegavision Contact Lenses (Shanghai) Corporation (Representative: Luo, Pei Yan)		
AQUAMAX CORPORATION	Chairman	PEGAVISION CORPORATION (Representative: Tong, Zi-Xian)	4,000,000	100%
AQUAMAX VISION CORPORATION	Director	AQUAMAX CORPORATION (Representative: Gao, Song-Ya)	6,000,000	100%

f. The overview of the operations of affiliates:

Unit: NT$'000

Company Name	Capital	Total assets	Total liabilities	Net Value	Revenue	Operating income	Net income	Earnings per share
KINSUS INTERCONNECT TECHNOLOGY CORP.	4,508,625	35,295,145	9,625,493	25,669,652	20,651,500	241,446	541,914	1.21
KINSUS CORP. (USA)	14,248	61,863	1,459	60,404	40,894	13,470	10,113	20.23
KINSUS HOLDING (SAMOA) LIMITED	4,739,224	2,082,682	0	2,082,682	5,173,225	217,253	203,085	1.22
KINSUS INVESTMENT CO., LTD.	1,600,000	2,275,114	25	2,275,089	0	(2,422)	(19,969)	(0.12)
PEGAVISION CORPORATION	700,000	6,283,247	1,687,532	4,595,715	3,836,666	807,120	715,359	10.22
PEGAVISION HOLDINGS CORPORATION (Note)	0	0	0	0	0	0	0	0.00
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	112,559	118,782	12,595	106,187	69,980	2,621	5,182	(Note 1)
KINSUS HOLDING (CAYMAN) LIMITED	2,051,748	1,751,454	0	1,751,454	3,246,028	400,145	318,443	4.42
PIOTEK HOLDINGS LTD. (CAYMAN)	5,350,360	649,492	0	649,492	1,927,339	(182,891)	(226,191)	(1.20)
AQUAMAX CORPORATION	40,000	40,045	2,370	37,675	157	(296)	(2,329)	(0.58)
AQUAMAX VISION CORPORATION	17,098	15,487	411	15,076	0	(2,101)	(2,101)	(0.35)

KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	1,994,755	2,480,662	788,994	1,691,668	3,246,932	401,242	319,363	(Note 1)
XIANG-SHOU (SUZHOU) TRADING LIMITED	56,993	60,335	571	59,764	0	(988)	(920)	(Note 1)
PIOTEK HOLDINGS LIMITED	3,984,979	649,491	0	649,491	1,927,339	(182,891)	(226,191)	(1.62)
PIOTEK (HK) TRADING LIMITED	741	88,489	16,659	71,830	169,101	(4,038)	(4,768)	(23.84)
PIOTEK COMPUTER (SUZHOU) CO., LTD.	4,570,367	2,184,733	1,607,084	577,649	1,917,193	(178,772)	(221,341)	(Note 1)
PEGAVISION JAPAN INC.	2,736	450,236	404,394	45,842	1,644,287	28,470	19,805	100,022.80
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	94,057	388,949	295,665	93,284	621,819	19,848	2,281	(Note 1)

Note ：For the consideration of reorganization, the equity of Pegavision Holdings Corporation was confirmed is struck off the register on September 2, 2020.

Note 1：The companies have no shares available for EPS calculation.

Note 2：If the related-party is a foreign company, the relevant figures are converted to NT dollar at the exchange rate at the reporting date.

(B)Associates Consolidated Financial Report: please refer to page 231 to 356.

(C)Associates Report: Not applicable.

(2) The status of the Company carrying out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report: None.

(3) Holding or disposal of shares in the Company by the Company’s subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report: None.

(4) Other matters that require additional description: None.

(5) Any of the situations listed in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company’s securities, occurring during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report: None.

English Translation of an Audit Report Originally Issued in Chinese

INDEPENDENT AUDITORS' REPORT

To: the Board of Directors and Shareholders of
Kinsus Interconnect Technology Corp.

Opinion

We have audited the accompanying parent-company-only balance sheets of Kinsus Interconnect Technology Corp. (the "Company") as of December 31, 2020 and 2019, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as "the parent-company-only financial statements").

In our opinion, based on the results of our audits and the report of other auditors (please refer to the Other Matter－Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2020 and 2019, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of 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.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT$20,651,500 thousand for the year ended December 31, 2020 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, USA, etc. Among these locations, the Company has established hub-warehouse for certain foreign customers' convenience. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, and performance obligation for revenue recognition from foreign warehouses with sale agreement or orders, performing analytical review procedures on monthly sale revenues, executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Notes 4 and 6 to the parent-company-only financial statements.

Market valuation on Inventory

We determine the market valuation on inventory is one of the key audit matters in considering that the amount of inventory was significant and the assessment of sufficiency of inventory loss requires significant management judgement. The Company's net inventory amounted to NT$2,001,275 thousand as of December 31, 2020. As the application market of substrate, the Company's main products, is characterized by rapid development in technology and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value. Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), performing observation on the Company's inventory physical-taking, and inspecting the current status of inventory usage, etc. We also assessed the adequacy of the inventory-related disclosures shown in the Notes 5 and 6 to the parent-company-only financial statements.

Other Matter – Making Reference to the Audit of a Component Auditor

We did not audit the financial statements of FuYang Technology Corp., an indirectly invested associate accounted for under the equity method by the Company. The financial statements of FuYang Technology Corp. as of December 31, 2020 and 2019, and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT$298,789 thousand and NT$538,259 thousand as of December 31, 2020 and 2019 representing 0.85% and 1.55% of the Company's total assets, the related shares of income before tax from the associate under the equity method for the year then ended amounting to NT$(233,581) thousand and NT$(192,908) thousand representing (43.10)% and 9.52% of the Company's income before tax, and the related shares of other comprehensive income from the associate under the equity method for the years then ended amounting to NT$(5,889) thousand and NT$(4,108) thousand representing 91.36% and 4.68% of the other comprehensive income, are based solely on the audit reports of other auditors.

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 requirements of 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 ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 parent-company-only financial statements 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.

Hong, Mao-Yi

Cheng, Ching-Piao

Ernst & Young
January 29th, 2021
Taipei, Taiwan,
Republic of China

Notice to Readers

The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practice to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China on Taiwan.

Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Balance Sheets

As of December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2020		2019	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$9,219,709	26	$8,768,832	25
1110	Financial assets at fair value through profit or loss	4, 6(2)	1,015,421	3	1,010,888	3
1136	Financial assets measured at amortized cost	4, 6(3)	423,057	1	423,057	1
1150	Notes receivable, net	4, 6(4)	1,182	-	4,917	-
1170	Accounts receivable, net	4, 6(5)	3,135,245	9	2,702,180	8
1180	Accounts receivable - related parties, net	4, 6(5), 7	-	-	151	-
1200	Other receivables		112,867	-	309,398	1
1210	Other receivables - related parties	7	13,923	-	241,487	1
1310	Inventories, net	4, 6(6)	2,001,275	6	1,419,518	4
1410	Prepayments		161,608	1	123,899	-
1470	Other current assets		89,055	-	49,896	-
11XX	Total current assets		16,173,342	46	15,054,223	43
	Non-current assets					
1550	Investment accounted for under equity method	4, 6(7)	4,392,311	12	4,185,728	12
1600	Property, plant and equipment, net	4, 6(8), 9	12,776,005	37	14,264,988	41
1780	Intangible assets, net	4, 6(9)	22,944	-	20,987	-
1840	Deferred tax assets	4, 6(26)	13,678	-	9,593	-
1915	Prepayment for equipment	4, 6(8), 9	1,884,105	5	1,242,953	4
1995	Other non-current assets	6(10)	32,760	-	7,760	-
15XX	Total non-current assets		19,121,803	54	19,732,009	57
1XXX	Total Assets		$35,295,145	100	$34,786,232	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Balance Sheets (Continued)

As of December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2020		2019	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(11)	$1,708,365	5	$2,767,987	8
2130	Contract liability	4, 6(20)	17,507	-	1,752	-
2150	Notes payable		45,866	-	33,445	-
2170	Accounts payable		1,494,382	4	1,235,140	4
2180	Accounts payable - related parties	7	241,403	1	240,392	1
2200	Other payables	6(12), 7	2,776,625	8	1,805,716	5
2230	Current income tax liabilities	4, 6(26)	134,566	-	134,566	-
2300	Other current liabilities	6(13)	1,018,176	3	1,078,459	3
2365	Refund liability	6(14)	70,604	-	7,393	-
21XX	Total current liabilities		7,507,494	21	7,304,850	21
	Non-current liabilities					
2540	Long-term loans	6(15)	2,057,176	6	1,888,053	6
2570	Deferred tax liabilities	4, 6(26)	4,622	-	537	-
2600	Other non-current liabilities	4, 6(16), 6(17)	56,201	-	25,771	-
25XX	Total non-current liabilities		2,117,999	6	1,914,361	6
2XXX	Total liabilities		9,625,493	27	9,219,211	27
3100	Capital	6(18)				
3110	Common stock		4,508,625	13	4,510,738	13
3200	Capital surplus	6(18)	6,632,030	19	6,637,742	19
3300	Retained earnings	6(18)				
3310	Legal reserve		3,647,505	10	3,647,505	11
3320	Special reserve		183,405	1	100,384	-
3350	Unappropriated earnings		10,882,082	31	10,882,980	31
3400	Other components of equity		(183,852)	(1)	(211,996)	(1)
3500	Treasury Stock	6(18)	(143)	-	(332)	-
3XXX	Total equity		25,669,652	73	25,567,021	73
	Total liabilities and equity		$35,295,145	100	$34,786,232	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2020		2019	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(20), 7	$20,651,500	100	$16,116,157	100
5000	Operating costs	7	(17,593,236)	(85)	(15,009,552)	(93)
5900	Gross profit		3,058,264	15	1,106,605	7
6000	Operating expenses	7				
6100	Selling		(301,091)	(2)	(744,742)	(5)
6200	General and administrative		(819,292)	(4)	(858,030)	(5)
6300	Research and development		(1,706,132)	(8)	(1,424,442)	(9)
6450	Expected credit gains (losses)	4, 6(21)	9,697	-	2,657	-
	Operating expenses total		(2,816,818)	(14)	(3,024,557)	(19)
6900	Operating income (loss)		241,446	1	(1,917,952)	(12)
7000	Non-operating income and expenses					
7010	Other income	6(24), 7	278,957	1	161,391	1
7020	Other gains and losses	6(24), 7	(121,914)	-	15,248	-
7050	Finance costs	6(24)	(49,804)	-	(76,884)	(1)
7070	Share of profit or loss of subsidiaries, associates and joint ventures		193,229	1	(207,484)	(1)
	Non-operating income and expense total		300,468	2	(107,729)	(1)
7900	Income (loss) before income tax		541,914	3	(2,025,681)	(13)
7950	Income tax (expense) benefit	4, 6(26)	-	-	349	-
8200	Net income (loss)		541,914	3	(2,025,332)	(13)
8300	Other comprehensive income (loss)	6(25)				
8310	Item that not be reclassified subsequently to profit or loss					
8311	Actuarial gain (loss) on defined benefit plans		(8,835)	-	(4,727)	-
8360	Items that may be reclassified subsequently to profit or loss					
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		2,389	-	(83,021)	-
	Total other comprehensive income, net of tax		(6,446)	-	(87,748)	-
8500	Total comprehensive income (loss)		$535,468	3	$(2,113,080)	(13)
9750	Earnings (losses) per share - basic (in NT$)	6(27)	$1.21		$(4.52)	
9850	Earnings (losses) per share - diluted (in NT$)	6(27)	$1.20		$(4.52)	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Items	Capital	Capital Surplus	Retained Earnings			Other Components of equity		Treasury Stock	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unearned Employee Benefit		
Code		3100	3200	3310	3320	3350	3410	3490	3500	3XXX
A1	Balance as of January 1, 2019	$4,508,410	$6,140,942	$3,612,556	$77,677	$13,646,659	$(100,383)	$(102,973)	$(738)	$27,782,150
	Appropriation and distribution of 2018 earnings:									
B1	Legal reserve			34,949		(34,949)				-
B3	Special reserve				22,707	(22,707)				-
B5	Cash dividends - common shares					(676,261)				(676,261)
C7	Change in associates and joint ventures accounted for using equity method		491,065							491,065
D1	Net loss for 2019					(2,025,332)				(2,025,332)
D3	Other comprehensive income (loss) for 2019					(4,727)	(83,021)			(87,748)
D5	Total comprehensive income (loss)	-	-	-	-	(2,030,059)	(83,021)	-	-	(2,113,080)
T1	Employee restricted shares for cancellation and others	2,328	5,735			297		74,381	406	83,147
A1	Balance as of December 31, 2019	4,510,738	6,637,742	3,647,505	100,384	10,882,980	(183,404)	(28,592)	(332)	25,567,021
	Appropriation and distribution of 2019 earnings:									
B3	Special reserve				83,021	(83,021)				-
B5	Cash dividends - common shares					(451,039)				(451,039)
D1	Net income for 2020					541,914				541,914
D3	Other comprehensive income (loss) for 2020					(8,835)	2,389			(6,446)
D5	Total comprehensive income (loss)	-	-	-	-	533,079	2,389	-	-	535,468
T1	Employee restricted shares for cancellation and others	(2,113)	(5,712)			83		25,755	189	18,202
Z1	Balance as of December 31, 2020	$4,508,625	$6,632,030	$3,647,505	$183,405	$10,882,082	$(181,015)	$(2,837)	$(143)	$25,669,652

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2020	2019
AAAA	Cash flows from operating activities:		
A10000	Net income (loss) before tax	$541,914	$(2,025,681)
A20000	Adjustments:		
A20010	Profit or loss not effecting cash flows:		
A20100	Depreciation	3,220,290	3,236,018
A20200	Amortization	31,979	31,765
A20300	Expected credit losses (gain on recovery)	(9,697)	(2,657)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(4,533)	(5,553)
A20900	Interest expense	49,804	76,884
A21200	Interest income	(34,090)	(49,256)
A21900	Cost of share based payment	19,915	80,477
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	(193,229)	207,484
A22500	Gain on disposal of property, plant and equipment	94,435	(12,942)
A29900	Loss (gain) on government grants	(3,436)	-
A30000	Changes in operating assets and liabilities:		
A31130	Notes receivable	3,735	(4,676)
A31150	Accounts receivable	(423,368)	65,672
A31160	Accounts receivable - related parties	151	980
A31180	Other receivable	195,652	(76,214)
A31190	Other receivable - related parties	227,564	(209,760)
A31200	Inventories	(581,757)	498,777
A31230	Prepayment	(37,709)	4,296
A31240	Other current assets	(39,159)	608
A32125	Contract liabilities	15,755	670
A32130	Notes payable	12,421	(4,881)
A32150	Accounts payable	259,242	(101,063)
A32160	Accounts payable - related parties	1,011	76,892
A32180	Other payable	332,795	(53,118)
A32230	Other current liabilities	13,673	5,887
A32240	Net defined benefit liability	(4,240)	(4,112)
A32990	Refund liability	63,211	(4,907)
A33000	Cash generated from operations	3,752,329	1,731,590
A33200	Interest received	34,969	48,773
A33300	Interest paid	(45,563)	(78,238)
A33500	Income tax paid	-	(5,869)
AAAA	Net cash provided by (used in) operating activities	3,741,735	1,696,256

Code	Items	2020	2019
BBBB	Cash flows from investing activities:		
B02700	Acquisition of property, plant and equipment	(1,883,063)	(2,405,606)
B02800	Proceeds from disposal of property, plant and equipment	43,351	491,285
B03800	Decrease (increase) in refundable deposits	(25,000)	(3,973)
B04500	Acquisition of intangible assets	(33,936)	(47,975)
BBBB	Net cash provided by (used in) investing activities	(1,898,648)	(1,966,269)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	(1,059,622)	631,316
C01600	Increase in long-term loans	1,230,000	1,036,000
C01700	Repayment of long-term loans	(1,111,549)	(667,500)
C04500	Payment of cash dividends	(451,039)	(676,261)
C04600	Issuance of common stock for cash	-	5,985
CCCC	Net cash provided by (used in) financing activities	(1,392,210)	329,540
EEEE	Net Increase (decrease) in cash and cash equivalents	450,877	59,527
E00100	Cash and cash equivalents at beginning of period	8,768,832	8,709,305
E00200	Cash and cash equivalents at end of period	$9,219,709	$8,768,832

(The accompanying notes are an integral part of the parent-company-only financial statements.)

1. HISTORY AND ORGANIZATION

Kinsus Interconnect Technology Corp. (referred to "the Company") was established on September 11, 2000. Its main business activities include the manufacture of electronic products, the whole-sale and retail-sale of electronic materials, and the consultation services of business operation and management. The Company's stocks have been governmentally approved on May 20, 2004 to be listed and traded in Taiwan Stock Exchange starting November 1, 2004. The registered business premise and main operation address is at No. 1245, Chung Hua Rd., Hsinwu District, Taoyuan City, Taiwan 32747.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors' meeting held on January 29, 2021.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2020. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Company.

(a)Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The Company elected to early apply Covid-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by FSC for annual periods beginning on or after January 1, 2020, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. Please refer to Note 6 for disclosure related to the lessee which required by the amendment.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

(a) Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

I. A company will not have to derecognise or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
II. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
III. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2021 have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 1, 2023
d	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

(a)IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b)IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

I. estimates of future cash flows;
II. Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
III. a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard - IFRS 4 Insurance Contracts - from annual reporting periods beginning on or after January 1, 2023.

(c)Classification of Liabilities as Current or Non-current - Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d)Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

I. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

II. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

III. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

IV. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assesses that there will be no significant impact on the Company's financial statements then.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2020 and 2019 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent-company-only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following.

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Company holds the asset primarily for the purpose of trading.

(c) The Company expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle.
(b) The Company holds the liability primarily for the purpose of trading.
(c) The liability is due to be settled within twelve months after the reporting period.
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and 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 (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

The Company determines the classification of its financial assets at initial recognition. In accordance with IFRS 9 and the Regulations, financial assets of the Company are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and notes, accounts and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable costs.

Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

(A) Financial assets: Recognition and Measurement

Purchase or sale of financial assets is recognized using trade date accounting. The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

(a) The Company's business model for managing the financial assets and
(b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

<u>Financial asset measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Company make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss and trade receivable.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(B) Impairment of financial assets

The Company is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) The time value of money; and
(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(C) Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(D) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) A Company of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(E) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows.

Raw materials - At actual purchase cost, using weighted average method
Finished goods and work in progress -
Including cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rending of service is accounted in accordance wuth IFRS 15 but not within the scoping of inventories.

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 “Consolidated Financial Statements” and the different IFRSs adopted from different reporting entity’s perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company’s percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	10 to 25 years
Machinery	2 to 10 years
Transportation	2 to 6 years
Office equipment	3 to 6 years
Other equipment	3 to 25 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The property, plant and equipment's residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discount using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses it's incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset 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.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

The Company's accounting policies for intangible assets are as follows:

	Cost of Computer Software
Useful economic life	1 year
Amortization method	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. An asset’s recoverable amount is the higher of an asset’s net fair value or its value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or companys of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (company of units), then to the other assets of the unit (company of units) pro rata on the basis of the carrying amount of each asset in the unit (company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(15) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(16) Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follow:

Sale of goods

The Company mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is substrate and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the time when the Company transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. In the case that the Company has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(19) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company’s parent-company-only financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(20) Share-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(21) Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings of the Company is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (loss);

(b) In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, any unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed and recognized at each reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. De facto control without a majority of the voting rights in subsidiaries

The Company does not have majority of the voting rights in certain subsidiaries. However, after taking into consideration factors such as absolute size of the Company's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these subsidiaries. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Accounts receivables – estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(c) Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(d) Post-employment benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in Note 6.

(e) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(f) Revenue recognition – sale returns and allowances

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

(g) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Cash and petty cash	$200	$200
Checking and savings	2,093,878	1,298,091
Time deposit	7,125,631	7,470,541
Total	$9,219,709	$8,768,832

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

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Mandatorily measured at fair value through profit or loss:		
Money market fund	$968,748	$968,748
Valuation adjustment of financial assets as measured by fair value through profit or loss	46,673	42,140
Total	$1,015,421	$1,010,888
Current	$1,015,421	$1,010,888
Non-current	$-	$-

No financial asset at fair value through profit or loss was pledged as collateral.

(3) Financial assets measured at amortized cost

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Time deposits	$423,057	$423,057
Current	$423,057	$423,057
Non-current	$-	$-

The Company transacts with financial institution with good credit rating. Consequently, there is no significant credit risk.

No financial asset measured at amortized cost was pledged as collateral.

(4) Notes receivable

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Notes receivable – from operations	$1,182	$4,917
Less: loss allowance	-	-
Net	$1,182	$4,917

No notes receivable was pledged by the Company as collateral.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6 (21) for more details on accumulated impairment and Note 12 for more details on credit risk management.

(5) Accounts receivable and accounts receivable - related parties, net

A. Accounts receivable, net

	As of December 31, 2020 (NT$'000)	As of December 31, 2019 (NT$'000)
Accounts receivable, gross	$3,149,343	$2,725,975
Less: loss allowance	(14,098)	(23,795)
Net of allowances	3,135,245	2,702,180
Accounts receivable - related parties, gross	-	151
Less: loss allowance	-	-
Net of allowances	-	151
Total accounts receivable, net	$3,135,245	$2,702,331

B. Account receivables were not pledged.

C. The Company entered into factoring agreements with banks. Accounts receivables from selected customers are transferred to banks without recourse. Details of the agreed credit limits and accounts receivables transferred were as follows:

	Financial Institution	Accounts receivable de-recognized (NT$'000)	Interest Rate	Advance received (NT$'000)	Collateral	Credit Limit
12/31/2020	Mega International Commercial Bank - LanYa Branch	$480,175	0.42%~ 0.51%	$479,599	None	Note
12/31/2019	Mega International Commercial Bank - LanYa Branch	$286,663	2.17%	$14,990	None	Note

Note: The credit limits were US$30,000 thousand as of December 31, 2020 and 2019.

D. Accounts receivable are generally on 30-90 day terms. The total carrying amount for the year ended December 31, 2020 and 2019, are NT$3,149,343 and NT$2,726,126, respectively. Please refer to Note 6 (21) for more details on loss allowance of accounts receivable for the years ended December 31, 2020 and 2019. Please refer to Note 12 for more details on credit risk management.

(6) Inventory

A. Details of inventory:

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Raw material	$487,394	$279,835
Supplies	64,918	37,141
Work in process	1,121,684	847,711
Finished goods	277,308	228,140
Merchandises	49,971	26,691
Total	$2,001,275	$1,419,518

B. For the years ended December 31, 2020 and 2019, the Company recognized NT$17,593,236 thousand and NT$15,009,552 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

	For the year ended December 31,	
Item	2020 (NT$'000)	2019 (NT$'000)
Loss from (Gains on recovery of) inventory market decline	$103,926	$(233,329)
Loss from physical	13,165	10,482
Loss from inventory taking write-off obsolescence	2,037,437	2,202,849
Total	$2,154,528	$1,980,002

The Company recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed.

C. The inventories were not pledged.

(7) Investments Accounted For Under the Equity Method

	As of December 31,			
	2020		2019	
Investee companies	Amount (NT$'000)	Percentage of Ownership	Amount (NT$'000)	Percentage of Ownership
Investments in subsidiaries:				
KINSUS CORP. (USA)	$60,404	100.00%	$53,310	100.00%
KINSUS HOLDING (SAMOA) LIMITED	2,082,682	100.00%	1,868,801	100.00%
KINSUS INVESTMENT CO., LTD.	2,275,089	100.00%	2,300,446	100.00%
Unrealized gains	(25,864)		(36,829)	
Total	$4,392,311		$4,185,728	

A. Investments in subsidiaries

Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method. Valuation adjustment is made if deemed necessary.

B. The Company's investments accounted for under the equity method were not pledged.

(8) Property, plant and equipment

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Owner occupied property, plant and equipment	$12,776,005	$14,264,988

A. Property, plant and equipment for own-use

	Land (NT$'000)	Buildings (NT$'000)	Machinery (NT$'000)	Office Equipment (NT$'000)	Transportation (NT$'000)	Other Equipment (NT$'000)	Construction in progress and equipment awaiting inspection (including prepayment for equipment) (NT$'000)	Total (NT$'000)
Cost:								
As of 1/1/2020	$1,661,828	$6,098,918	$16,980,335	$103,224	$6,565	$5,267,231	$1,341,093	$31,459,194
Addition	-	40	2,758	-	-	154,395	2,364,017	2,521,210
Disposals	-	-	(624,431)	-	-	(194,359)	-	(818,790)
Effect of EX rate	-	-	-	-	-	-	-	-
Reclassification	-	10,223	1,289,468	19,951	970	381,186	(1,701,798)	-
As of 12/31/2020	$1,661,828	$6,109,181	$17,648,130	$123,175	$7,535	$5,608,453	$2,003,312	$33,161,614
Depreciation and impairment:								
As of 1/1/2020	$-	$1,596,562	$11,375,615	$78,001	$4,541	$2,896,534	$-	$15,951,253
Depreciation	-	258,588	2,203,686	15,201	999	741,816	-	3,220,290
Impairment loss	-	-	-	-	-	-	-	-
Disposal	-	-	(475,723)	-		(194,316)	-	(670,039)
Effect of EX rate	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
As of 12/31/2020	$-	$1,855,150	$13,103,578	$93,202	$5,540	$3,444,034	$-	$18,501,504

	Land (NT$'000)	Buildings (NT$'000)	Machinery (NT$'000)	Office Equipment (NT$'000)	Vehicle (NT$'000)	Other Equipment (NT$'000)	Construction in progress and equipment awaiting inspection (including prepayment for equipment) (NT$'000)	Total (NT$'000)
Cost:								
As of 1/1/2019	$1,609,729	$3,620,659	$15,971,417	$82,514	$7,245	$4,596,584	$4,242,240	$30,130,388
Addition	-	(859)	14,011	1,280	-	371,326	1,928,890	2,314,648
Disposals	-	-	(788,027)	-	(680)	(197,135)	-	(985,842)
Effect of EX rate	-	-	-	-	-	-	-	-
Reclassification	52,099	2,479,118	1,782,934	19,430	-	496,456	(4,830,037)	-
As of 12/31/2019	$1,661,828	$6,098,918	$16,980,335	$103,224	$6,565	$5,267,231	$1,341,093	$31,459,194
Depreciation and impairment:								
As of 1/1/2019	$-	$1,362,389	$9,483,277	$58,450	$4,258	$2,351,189	$-	$13,259,563
Depreciation	-	234,173	2,238,852	19,551	963	742,479	-	3,236,018
Impairment loss	-	-	-	-	-	-	-	-
Disposal	-	-	(346,514)	-	(680)	(197,134)	-	(544,328)
Effect of EX rate	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
As of 12/31/2019	$-	$1,596,562	$11,375,615	$78,001	$4,541	$2,896,534	$-	$15,951,253
Net carrying amount:								
As of 12/31/2020	$1,661,828	$4,254,031	$4,544,552	$29,973	$1,995	$2,164,419	$2,003,312	$14,660,110
As of 12/31/2019	$1,661,828	$4,502,356	$5,604,720	$25,223	$2,024	$2,370,697	$1,341,093	$15,507,941

B. "Significant components" of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 20 to 25 years and 10 to 25 years.

C. Details of property, plant & equipment and prepayment for machinery is as follows.

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Property, plant and equipment	$12,776,005	$14,264,988
Prepayment for equipment	1,884,105	1,242,953
Total	$14,660,110	$15,507,941

D. The Company purchased 40 parcels of land with a total area of 36,115.24 square meters. Lands are located at the addresses of No. 1113, 1114, 1438 to 1443,1479,1486 to 1487 at ShiLeiZi Sub-section, ShiLeiZi Section, No. 1044, 1047 to 1049 at QingHua Section, and No. 0001, 697 to 700 and 712 to 726 at RongHua Section, XinFeng Village. Due to regulatory restrictions, land cannot be registered under the Company's name while it has been temporarily registered under the general manager's name and, to secure the Company's right to the land, mortgage registration has been set aside with the Company being the obligee.

(9) Intangible assets

	Computer software (NT$'000)
Cost:	
As of January 1, 2020	$47,975
Additions – acquired separately	33,936
Derecognized upon retirement	(47,975)
Reclassification	-
Effect of exchange rate changes	-
As of December 31, 2020	$33,936
As of January 1, 2019	$10,644
Additions – acquired separately	47,975
Derecognized upon retirement	(10,644)
Reclassification	-
Effect of exchange rate changes	-
As of December 31, 2019	$47,975

Amortization and Impairment:	
As of January 1, 2020	$26,988
Amortization	31,979
Derecognized upon retirement	(47,975)
Effect of exchange rate changes	-
Reclassification	-
As of December 31, 2020	$10,992
As of January 1, 2019	$5,867
Amortization	31,765
Derecognized upon retirement	(10,644)
Effect of exchange rate changes	-
Reclassification	-
As of December 31, 2019	$26,988
Carrying amount, net:	
As of December 31, 2020	$22,944
As of December 31, 2019	$20,987

Amounts of amortization recognized for intangible assets are as follows.

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Operating expense	$31,979	$31,765

(10) Other non-current assets

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Refundable deposits	$32,760	$7,760

(11) Short-term loans

	Interest interval (%)	As of December 31, 2020 (NT$'000)	As of December 31, 2019 (NT$'000)
Unsecured bank loans	0.43%~0.75%	$1,708,365	$2,767,987

As of December 31, 2020 and 2019, the line of unused short-term loan credit for the Company amounted to NT$4,079,047 thousand and NT$2,968,853 thousand, respectively.

(12) Other payable

	As of December 31, 2020 (NT$'000)	As of December 31, 2019 (NT$'000)
Accrued expense	$1,726,606	$1,392,098
Equipment payable	1,048,167	410,020
Accrued interest	1,852	3,598
Total	$2,776,625	$1,805,716

(13) Other current liabilities

	As of December 31, 2020 (NT$'000)	As of December 31, 2019 (NT$'000)
Other current liabilities	$46,060	$32,387
Current portion of long-term loans	967,737	1,046,072
Deferred revenue	4,379	-
Total	$1,018,176	$1,078,459

(14) Refund liability

	As of December 31, 2020 (NT$'000)	As of December 31, 2019 (NT$'000)
Refund liability	$70,604	$7,393

(15) Long-term loans

Details of long-term loans were as follows.

Debtor	Type of Loan	Maturity	Loan Balance As of 12/31/2020 (NT$'000)	Repayment
Mega International Commercial Bank - LanYa Branch	Credit loan	2021.09.05-2022.07.05	$530,625	Note 1
Mega International Commercial Bank - LanYa Branch	Credit loan	2026.12.31	54,350	Note 4
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Credit loan	2021.04.23-2027.09.15	1,047,363	Note 2 and Note 5
Standard Chartered Bank - Xinwu Branch	Credit loan	2021.09.28	300,000	Note 3
The Bank of Taiwan - BeiTou Branch	Credit loan	2026.11.04-2027.09.30	944,679	Note 6
Chang Hwa Commercial Bank - BeiTou Branch	Credit loan	2027.08.15	147,896	Note 4
Total			3,024,913	
Less: current portion			(967,737)	
Non-current portion			$2,057,176	

Debtor	Type of Loan	Maturity	As of 12/31/2019 (NT$'000)	Repayment
Mega International Commercial Bank - LanYa Branch	Credit loan	2021.09.05-2022.07.05	$948,125	Note 1
Mega International Commercial Bank - LanYa Branch	Credit loan	2026.12.31	55,000	Note 4
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Credit loan	2021.04.23	450,000	Note 2
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Credit loan	2026.12.31	200,000	Note 5
Standard Chartered Bank - Xinwu Branch	Credit loan	2021.09.28	600,000	Note 3
The Bank of Taiwan - BeiTou Branch	Credit loan	2026.11.04-2026.12.31	681,000	Note 6
Total			2,934,125	
Less: current portion			(1,046,072)	
Non-current portion			$1,888,053	

Note 1: A term is defined as every 3 months starting from the initial draw-down date. Loan period is 5 years. Grace period is 1 year (4 terms). Interest shall be paid monthly with principal repaid every 3 months. The rest is repayable in installments of equal amount for 16 terms.

Note 2: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 1 years (4 terms). The rest is repayable in installments of equal amount for 8 terms.

Note 3: Grace period is 18 months from the initial draw-down date. 18 months after the initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 4 terms.

Note 4: Grace period is 3 years from the initial draw-down date. The following terms are defined as every month since the 4^{th} year. The principal and interest are repayable in installments of equal amount for 48 terms.

Note 5: The following terms are defined as every month since the initial draw-down date. The principal and interest are repayable in installments of equal amount for 84 terms.

Note 6: Grace period is 2 years from the initial draw-down date. The following terms are defined as every month since the 3^{rd} year. The principal and interest are repayable in installments of equal amount for 60 terms.

As of December 31, 2020 and 2019, the interest rate intervals for long-term loans were 0.4%~0.983% and 0.6%~1.15%, respectively.

The Company received a low-interest government loan from the Ministry of Economic Affairs in the amount of NT$2,166,000 thousand with a term of 5~7 years and annual interest rates of 0.5%~0.9% payable monthly on the 15th day each month. The loan was recorded under other liabilities-deferred government grants income. The Company shall recognize the government grant income when it is reasonably assured that the Company meets all the terms of the government grant agreement.

(16) Other non-current liabilities

(a) Details of other non-current liabilities were as follows:

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Net defined benefit liability	$30,366	$25,771
Deferred revenue	25,835	-
Total	$56,201	$25,771

(b) The details of the deferred government grants income for the year ended December 31, 2020 is as follows:

	For the year ended December 31,2020 (NT$'000)
Beginning balance	$-
Received during the period	33,650
Released to the statement of comprehensive income	(3,436)
Ending Balance	$30,214
Current	$4,379
Non-current	$25,835

(c) Please refer to Note 6(15) for details on interest rate of deferred government grants income.

(17) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2020 and 2019 are NT$124,998 thousand and NT$112,816 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$4,464 to its defined benefit plan during the 12 months beginning after December 31, 2020.

As of December 31, 2020 and 2019, the maturities of Kinsus' defined benefit plan are in 2037 and 2037.

Pension costs recognized in profit or loss are as follows.

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Current service costs	$-	$58
Net interest of defined benefit liability (asset)	224	302
Past service cost	-	-
Settlement	-	-
Total	$224	$360

Reconciliation of liability (asset) of the defined benefit plan is as follows.

	As of		
	12/31/2020 (NT$'000)	12/31/2019 (NT$'000)	01/01/2019 (NT$'000)
Defined benefit obligation	$159,753	$145,786	$135,711
Plan assets at fair value	(129,387)	(120,015)	(110,555)
Other non-current liabilities – net defined benefit liability	$30,366	$25,771	$25,156

Reconciliation of liability (asset) of the defined benefit liability is as follows.

	Present value of defined benefit obligation (NT$'000)	Fair value of plan assets (NT$'000)	Net defined benefit liability(asset) (NT$'000)
1/1/2019	$135,711	$(110,555)	$25,156
Current service cost	58	-	58
Interest cost	1,629	(1,327)	302
Past service cost and settlement	-	-	-
Total	1,687	(1,327)	360
Re-measurement on defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	1,283	-	1,283
Actuarial gain/loss due to change in financial assumptions	8,502	-	8,502
Experience gain/loss	(1,397)	(3,661)	(5,058)
Re-measurement on defined benefit assets	-	-	-
Total	8,388	(3,661)	4,727
Benefits paid	-	-	-
Contributions by employer	-	(4,472)	(4,472)
Effect of exchange rate	-	-	-
12/31/2019	145,786	(120,015)	25,771
Current service cost	-	-	-
Interest cost	1,268	(1,044)	224

Pasts service cost and settlement	-	-	-
Total	1,268	(1,044)	224
Re-measurement on defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	(2,013)	-	(2,013)
Actuarial gain/loss due to change in financial assumptions	11,971	-	11,971
Experience gain/loss	2,741	(3,864)	(1,123)
Re-measurement on defined benefit assets	-	-	-
Total	12,699	(3,864)	8,835
Benefits paid	-	-	-
Contributions by employer	-	(4,464)	(4,464)
Effect of exchange rate	-	-	-
12/31/2020	$159,753	$(129,387)	$30,366

The actuarial assumptions used for the Company's defined benefit plan are shown below.

	As of December 31,	
	2020	2019
Discount rate	0.43%	0.87%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis

	For the year ended December 31,			
	2020 (NT$'000)		2019 (NT$'000)	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased by 0.5%	$-	$(13,353)	$-	$(12,758)
Discount rate decreased by 0.5%	14,825	-	14,220	-
Expected salary level increased by 0.5%	14,363	-	13,839	-
Expected salary level decreased by 0.5%	-	(13,097)	-	(12,566)

For the purpose of sensitivity analysis above, the Company calculated the impact on defined benefit obligation due to a reasonable and feasible change of one single assumption (i.e. discount rate or expected salary level) with other assumptions remaining equal. Please note that the sensitivity analysis has its limitation due to the co-relation between different actuarial assumptions and the rarity that only one assumption changes at a time.

The method used in the analysis is consistent for both current and prior years.

(18) Equity

A. Common stock

As of December 31, 2020 and 2019, the Company's authorized capital were NT$6,000,000 thousand and NT$6,000,000 thousand, respectively, each share at par value of NT$10, divided into 600,000 thousand shares and 600,000 thousand shares, respectively. As of December 31, 2020 and 2019, the Company's paid-in capital were NT$4,508,625 thousand and NT$4,510,738 thousand, respectively, divided into 450,863 thousand and 451,074 thousand shares, respectively. Each share represents a voting right and a right to receive dividends.

On January 29, 2018 and May 29, 2018, the Company's board of directors and shareholders' meetings resolved to increase the capital through an issuance of new 5,500,000 shares of restricted stock for employees. The application has been governmentally approved by FSC in the Order No. Financial-Supervisory-Securities-Corporate-1070324628 issued on July 10, 2018. The measurement date was at August 28, 2018, and issued 4,841 thousand shares of restricted stock for employees.

On February 18, 2019, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$786 thousand. The measurement date was at March 17, 2019.

On April 29, 2019, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$600 thousand. The measurement date was at May 2, 2019.

On July 29, 2019, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$1,395 thousand. The measurement date was at August 1, 2019.

On October 28, 2019, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$876 thousand. The measurement date was at October 30, 2019.

On February 10, 2020, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$348 thousand. The measurement date was at February 12, 2020.

On April 27, 2020, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$1,238 thousand. The measurement date was at April 29, 2020.

On July 27, 2020, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$399 thousand. The measurement date was at July 29, 2020.

On October 26, 2020, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$128 thousand. The measurement date was at October 28, 2020.

In addition, on February 18, 2019, the board of directors resolved to issue 659,000 shares of restricted stock. The measurement date was at March 18, 2019 and issued 598,500 shares of restricted stock.

As of December 31, 2020, the restricted stocks plan has expired while there were 14 thousand shares to be cancelled yet.

B. Capital surplus

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Additional paid-in capital	$6,011,409	$5,959,846
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	50,925	50,925
All changes in interests in subsidiaries	529,959	529,959

Change in joint ventures accounted for using equity method	7,484	7,484
Shared-Based Payment	8,371	8,371
Restricted stocks for employees	23,882	81,157
Total	$6,632,030	$6,637,742

According to Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

C. Treasury stock

Treasury stock amounted to NT$143 thousand and NT$332 thousand, respectively, divided into 14 thousand shares, and 33 thousand shares, respectively, as of December 31, 2020, and 2019.

The movement schedule of treasury stock for the year ended December 31, 2020 and 2019 was as below (in thousand shares).

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
For the years ended December 31, 2020				
Recover failed restricted stocks	33	192	211	14
For the years ended December 31, 2019				
Recover failed restricted stocks	74	325	366	33

According to the Securities and Exchange Act of the R.O.C., total treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital. As such, the ceiling number of shares of treasury stock that the Company could hold as of December 31, 2020 were 45,086 thousand shares, with the maximum payments of NT$20,540,996 thousand.

In compliance with Securities and Exchange Act of the R.O.C., treasury stock should not be pledged, nor should it be entitled to voting rights or receiving dividends.

D. Appropriation of earnings and dividend policies

(a) Earning distribution

According to the Company's Articles of Incorporation revised by the shareholders' meetings on May 28, 2020, current year's earnings, if any, shall be distributed in the following order:

I. Payment of all taxes and dues;
II. Offset prior years' operation losses;
III. Set aside 10% of the remaining amount as legal reserve. There is no requirement to further make such reserve when legal reserve reaches the capital amount.
IV. Set aside or reverse special reserve in accordance with law and regulations; and
V. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

If the above-mentioned dividends are distributed to shareholders in the form of cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and report to the shareholders' meeting.

(b) Dividend policies

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, the Company's dividend policy aims for steadiness and balancing. Shareholder extra dividend each year cannot be less than 10% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross amount of dividends.

(c) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(d) Special reserve

Following the adoption of T-IFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate 1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the T-IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the T-IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

(e) The appropriations of earnings for the Years 2020 and 2019 were approved through the Board of Directors' meetings and shareholders' meetings held on January 29, 2021 and May 28, 2020, respectively. The details of the distributions are as follows.

	Appropriation of earnings		Dividend per share (in NT$)	
	2020 (NT$'000)	2019 (NT$'000)	2020	2019
Legal reserve	$53,316	$-		
Special reserve	(2,389)	83,021		
Cash dividend	450,847	451,039	$1.00	$1.00
Total	$501,774	$534,060		

Please refer to Note 6(23) for details on employees' compensation and remuneration to directors and supervisors.

(19) Share-based payment plans

Restricted stocks plan for employees

A. On May 29, 2018, the shareholders' meetings resolved to issue of 5,500 thousand shares of restricted stocks for employees. The grantee is limited to employees who meet certain conditions. The restricted stocks have been approved by the Securities and Futures Bureau. On July 30, 2018, the board of directors resolved to issue 4,947 thousand shares. The measurement date was at August 28, 2018 and total shares issued were 4,841 thousand. The unit market price as of the granted date was NT$49.1.

On February 18, 2019, the board of directors resolved to issue 659 thousand shares. The measurement date was at March 18, 2019, while total shares issued 599 thousand shares. The unit market price as of the granted date was NT$43.45.

The employees who acquire the above shares can subscribe shares at the price of NT$10 per shares while the vesting conditions are as below.

Vesting conditions	Proportion of vested shares
Within one month starting the granted date	20%
April 25, 2019	20%
September 25, 2019	15%
April 25, 2020	15%
September 25, 2020	15%
April 25, 2021	15%

Restriction on employee's right after granted but before vested:

(a) The granted employee commit to the custodian institution, and shall not sell, pledge, transfer, donate, or dispose in any other ways, the right of restricted stocks before achieving the vesting conditions.

(b)After new shares of restricted stock are issued, the granted employee should immediately commit to the custodian institution, and not to ask the trustee to return the restricted stock in any other reasons or ways before achieving the vesting conditions.

(c)The restricted stock for employees can participate in receiving dividends during the vesting period.

(d)The right to vote and elect in a shareholders' meeting shall be executed by custodian institution in accordance with related regulations.

On August 28, 2018, the issuance of 4,841 thousand restricted shares for employees resulted in the increase of capital reserve－employee stock option amounting to NT$184,530 thousand. The restricted stocks plan was invalidated as of December 31, 2020 and 541 thousand shares were recalled. As a result, capital reserve increased by NT$5,405 thousand and the unearned employee compensation was NT$2,535 thousand.

On March 18, 2019, the issuance of 599 thousand restricted shares for employees resulted in the increase of capital reserve－employee stock option amounting to NT$19,396 thousand. The restricted stocks plan was invalidated as of December 31, 2020 and 51 thousand shares were recalled. As a result, capital reserve increased by NT$507 thousand and the unearned employee compensation was NT$302 thousand.

B. The expense recognized for employee services received is shown in the following table.

	For the year ended December 31	
	2020 (NT$'000)	2019 (NT$'000)
Total expense arising from equity-settled share-based payment transactions	$19,915	$80,477

C. The Company did not modify the share-based payment plan for the year ended December 31, 2020 and 2019.

(20) Sales

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Revenue from customer contracts		
Sales of goods	$20,366,292	$15,868,936
Other operating revenue	285,208	247,221
Total	$20,651,500	$16,116,157

Analysis of revenue from contracts with customers during the year ended December 31, 2020 and 2019 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2020

	IC Substrate (NT$'000)
Sales of goods	$20,366,292
Other	285,208
Total	$20,651,500

The timing for revenue recognition:	
At a point in time	$20,651,500

For the year ended December 31, 2019

	IC Substrate (NT$'000)
Sales of goods	$15,868,936
Other	247,221
Total	$16,116,157

The timing for revenue recognition:	
At a point in time	$16,116,157

B. Contract balances

(a) Contract liabilities – current

	As of		
	12/31/2020 (NT$'000)	12/31/2019 (NT$'000)	01/01/2019 (NT$'000)
Sales of goods	$17,507	$1,752	$1,082

For the year ended December 31, 2020 and 2019, contract liabilities increased because certain performance obligations included in the beginning contract liability balance were not satisfied and therefore recognized for unearned receipts.

(21) Expected credit gains (losses)

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Operating expenses – Expected credit gains / (losses)		
Accounts receivable	$(9,697)	$(2,657)

Please refer to Note 12 for more details on credit risk.

The Company measured the impairment against the other receivables reclassified from accounts receivable due to factoring agreements mainly based on the expected credit loss for 12 months of the counter-party financial institutions. As of December 31, 2020 and 2019, there was no other receivables pass due. Furthermore, the Company assessed the related expected credit loss to be insignificant because the counter-party financial institutions are of good credit condition.

The Company measures the loss allowance of its contract assets and accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2020 and 2019 are as follows:

A. The Company needs to consider the companying of accounts receivable by counter-parties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follows:

December 31, 2020	Not past due	Past due				
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	Total
	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)
Gross carrying amount	$2,964,485	$162,200	$7,759	$16,081	$-	$3,150,525
Loss ratio	-%	5%	15%	30%	50%	
Lifetime expected credit losses	-	(8,110)	(1,164)	(4,824)	-	(14,098)
Carrying amount of accounts receivable	$2,964,485	$154,090	$6,595	$11,257	$-	$3,136,427

December 31, 2019	Not past due	Past due				
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	Total
	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)
Gross carrying amount	$2,320,976	$377,152	$32,915	$-	$-	$2,731,043
Loss ratio	-%	5%	15%	30%	50%	
Lifetime expected credit losses	-	(18,858)	(4,937)	-	-	(23,795)
Carrying amount of accounts receivable	$2,320,976	$358,294	$27,978	$-	$-	$2,707,248

Note: all the Company's note receivables were not past due.

B. The movement in the provision for impairment of notes receivable, and accounts receivable during the years ended December 31, 2020 and 2019 are as follows:

	Notes receivable (NT$'000)	Accounts receivable (NT$'000)
Beginning balance as of January 1, 2020	$-	$23,795
Addition/(reversal) for the current period	-	(9,697)
Ending balance as of December 31, 2020	$-	$14,098

	Notes receivable (NT$'000)	Accounts receivable (NT$'000)
Beginning balance as of January 1, 2019	$-	$26,452
Addition/(reversal) for the current period	-	(2,657)
Ending balance as of December 31, 2019	$-	$23,795

(22) Leases

A. Company as a lessee

The Company leases various properties, including real estate such as land and buildings, transportation equipment. These leases have terms of between 1 and 3 years. The Company may not allow to privately lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Income and costs relating to leasing activities

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
The expense relating to short-term leases (rent expenses)	$(14,216)	$(12,822)

The portfolio of short-term leases of the Company to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT$0.

(b) Cash outflow relating to leasing activities

During the year ended December 31, 2020 and 2019, the Company's total cash outflow for leases amounting to NT$14,216 thousand and NT$12,822 thousand, respectively.

B. Company as a lessor

The Company has entered leases on plants. These leases have an average life of one to three years. These leases are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Lease income for operating leases		
Income relating to fixed lease payments	$46,015	$47,438

For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2020 and 2019 are as follows:

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Less than one year	$42,602	$42,379
More than one year but less than five years	35,316	77,694
Total	$77,918	$120,073

(23) Summary statement of employee benefits, depreciation and amortization by function is as follows:

Function / Nature	2020 (NT$'000)			2019 (NT$'000)		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expense	Total
Employee benefit						
Salaries & wages	$2,778,819	$461,460	$3,240,279	$2,415,607	$515,536	$2,931,143
Labor and health insurance	253,412	40,948	294,360	231,487	38,460	269,947
Pension	102,039	23,183	125,222	91,901	21,275	113,176
Directors' remuneration	-	4,313	4,313	-	-	-

Other employee benefit	153,005	23,796	176,801	133,196	30,951	164,147
Depreciation	3,010,202	210,088	3,220,290	3,026,384	209,634	3,236,018
Amortization	-	31,979	31,979	-	31,765	31,765

Note 1 : The headcounts of the Company amounted to 5,517 and 4,957, respectively, as of December 31, 2020 and 2019. Among the Company's directors, there were 6 who were not the employees.

Note 2：Companies who have been listed on Taiwan Stock Exchange or Taiwan Over – The Counter Securities Exchange should disclose the following information:

(1) Average employee benefits of 2020 and 2019 are NT$696 thousand and NT$703 thousand, respectively.
(2) Average salaries of 2020 and 2019 are NT$588 thousand and NT$592 thousand, respectively.
(3) Change in average salaries are (1)%.
(4) In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.
(5) The salary and remuneration policy of the Company:
According to Articles 24 of the Company's Articles of Incorporation, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. In addition to the basic salaries, employees' annual salaries are also adjusted based on the Company's performance to motivate and retain outstanding employees. In addition, according to Articles 15 of the Company's Articles of Incorporation, the Company pays remuneration to directors for performing duties whether the Company makes profit or not. The Company authorizes the Board of Directors to determine the remunerations which are allocated according to directors performance, level of contribution referencing the industry standards. In accordance with the regulations, the compensation committee will make recommendations on directors' remuneration and the salaries of managers, then submit to the Board of Directors for approval.

According to the resolution, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profitability and following the rule of not lower than 10% and not higher than 1%, the Company incurred the employees' compensation and the remuneration to directors and supervisors, respectively, for the year ended December 31, 2020 and recorded them as employee benefits. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2020 amounted to NT$70,857 thousand and NT$ 4,313 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries.

For the year ended December 31, 2019, the Company incurred accumulated loss and therefore did not to accrue the employees' compensation and remuneration to directors and supervisors.

(24) Non-operating incomes and expenses

A. Other incomes

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Interest income		
Financial assets measured at amortized cost	$34,090	$49,256
Government grants	3,436	-
Other income－others	241,431	112,135
Total	$278,957	$161,391

B. Other gains and losses

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Gain from disposal of property, plant and equipment	$(94,435)	$12,942
Foreign exchange gain (loss), net	(21,738)	(2,688)
Gain of financial assets at fair value through profit or loss	4,533	5,553
Other expenses	(10,274)	(559)
Total	$(121,914)	$15,248

C. Finance costs

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Interests due to bank loans	$49,804	$76,884

(25) Components of other comprehensive income (OCI)

For the year ended December 31, 2020

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	$(8,835)	$-	$(8,835)	$-	$(8,835)
May be reclassified to profit or loss in subsequent period:					

Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	2,389	-	2,389	-	2,389
Total OCI	$(6,446)	$-	$(6,446)	$-	$(6,446)

For the year ended December 31, 2019

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	$(4,727)	$-	$(4,727)	$-	$(4,727)
May be reclassified to profit or loss in subsequent period:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	(83,021)	-	(83,021)	-	(83,021)
Total OCI	$(87,748)	$-	$ (87,748)	$-	$ (87,748)

(26) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Current income tax expense (benefit):		
Current income tax expense	$-	$-
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	-	(349)
Total income tax expense (benefit)	$-	$(349)

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Accounting profit (loss) before tax from continuing operations	$541,914	$(2,025,681)
Tax payable at the enacted tax rates	$108,383	$(405,136)
Tax effect of income tax-exempted	3,088	5,610
Tax effect of deferred tax assets/liabilities	(111,471)	399,177
Total income tax recognized in profit or loss	$-	$(349)

C. Deferred tax assets (liabilities) relate to the following.

For the year ended December 31, 2020

	Beginning balance as of January 1, 2020 (NT$'000)	Deferred tax income (expense) recognized in profit or loss (NT$'000)	Deferred tax income (expense) recognized in other comprehensive income (NT$'000)	Ending balance as of December 31, 2020 (NT$'000)
Temporary differences				
Prepaid appreciation tax on agricultural land	$9,593	$-	$-	$9,593
Allowance for Inventory Valuation and Obsolescence Losses	-	4,085	-	4,085
Unrealized exchange loss (gain)	(537)	(4,085)	-	(4,622)
Deferred tax income/ (expense)		$-	$-	
Net deferred tax assets/(liabilities)	$9,056			$9,056
Reflected in balance sheet as follows:				
Deferred tax assets	$9,593			$13,678
Deferred tax liabilities	$(537)			$(4,622)

For the year ended December 31, 2019

	Beginning balance as of January 1, 2019 (NT$'000)	Deferred tax income (expense) recognized in profit or loss (NT$'000)	Deferred tax income (expense) recognized in other comprehensive income (NT$'000)	Ending balance as of December 31, 2019 (NT$'000)
Temporary differences				
Prepaid appreciation tax on agricultural land	$9,593	$-	$-	$9,593
Unrealized exchange loss (gain)	(886)	349	-	(537)
Deferred tax income/ (expense)		$349	$-	
Net deferred tax assets/(liabilities)	$8,707			$9,056
Reflected in balance sheet as follows:				
Deferred tax assets	$9,593			$9,593
Deferred tax liabilities	$(886)			$(537)

D. Unrecognized deferred tax assets

As of December 31, 2020 and 2019, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$1,039,608 thousand and NT$1,154,493 thousand, respectively.

E. The Company's tax filings up to 2017 were finalized as of December 31, 2020.

F. As of December 31, 2020, the Company's unused balance of deductible net operating loss was listed as follows:

Occurrence year	Unused balance	Expiration Year
2019	$1,526,440	2029

(27) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the year ended December 31,	
	2020	2019
Net income (loss) available to common shareholders of the parent (NT$'000)	$541,914	$(2,025,332)
Weighted average number of common shares outstanding (in thousand shares)	449,502	447,963
Basic earnings (loss) per share (in NT$)	$1.21	$(4.52)

B. Diluted earnings per share

	For the year ended December 31,	
	2020	2019
Net income (loss) available to common shareholders of the parent (NT$'000)	$541,914	$(2,025,332)
Net income (loss) available to common shareholders of the parent after dilution (NT$'000)	$541,914	$(2,025,332)
Weighted average number of common shares outstanding (in thousand shares)	449,502	447,963
Effect of dilution:		
Employee bonus (compensation) – stock (in thousand shares)	876	(Note)

Restricted stocks (in thousand shares)	963	(Note)
Weighted average number of common shares outstanding after dilution (in thousand shares)	451,341	447,963
Diluted earnings (loss) per share (in NT$)	$1.20	$(4.52)

Note: It is not applicable due to anti-dilutive effect.

No other transactions that would significantly change the outstanding common shares or potential common shares incurred during the period after reporting date and up to the approval date of financial statements.

7. RELATED PARTY TRANSACTIONS

(1) Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Pegatron Corporation	Parent company
KINSUS CORP. (USA)	Subsidiary
KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Subsidiary
PIOTEK (H.K.) TRADING LIMITED	Subsidiary
PIOTEK COMPUTER (SUZHOU) CO., LTD.	Subsidiary
XIANG-SHOU (SUZHOU) TRADING LIMITED	Subsidiary
PEGAVISION CORPORATION	Subsidiary
FuYang Technology Corp.	Associate
AzureWave Technologies (Shanghai) Inc.	Other related party

(2)Significant transactions with related parties

A.Sales

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Subsidiaries	$35,887	$42,104
Other related parties	370	1,363
Total	$36,257	$43,467

Selling prices and collection terms to related parties are similar to those to third party customers for the years ended December 31, 2020 and 2019. The collection terms are 30 to 90 days from the end of delivery month by telegraphic transfer.

B.Purchases

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Subsidiaries	$2,648,042	$2,181,488

The product specification of goods purchased from related parties in the year ended December 31, 2020 and 2019, differed from those purchased from other vendors. Thus, transaction prices are not comparable. The payment terms for related parties and non-related parties are 30 days and 30 to 90 days, respectively, from the end of delivery month by telegraphic transfer.

C.The Company recognized commission expenses amounting to NT$40,787 thousand and NT$40,818 thousand, respectively, for the years ended December 31, 2020 and 2019 due to delegating its subsidiaries for marketing.

D. For the years ended December 31, 2020 and 2019, the Company recognized travelling of NT$20 thousand and NT$243 thousand, respectively, for commissioning subsidiaries to handle travelling logistics.

E. For the years ended December 31, 2020 and 2019, the Company recognized operating expense of NT$2,636 thousand and NT$2,565 thousand, respectively, due to subcontracting maintenance and repair on factories to its associate.

F. The Company's subcontracting fees to its subsidiaries amounted to NT$2,190 thousand for the years ended December 31, 2020.

G. The Company charged its subsidiaries for providing technology support in amount of NT$811 thousand and NT$2,461 thousand, recorded under the caption of other non-operating incomes, for the years ended December 31, 2020 and 2019, respectively.

H. For the years ended December 31, 2019, the Company recognized operating expenses of NT$28 thousand, respectively for services provided by the Parent.

I. The Company recognized other incomes in amount of NT$3,454 thousand and NT$18,271 thousand for the years ended December 31, 2020 and 2019, respectively, due to selling tools and spare parts to its subsidiaries.

J. For the years ended December 31, 2020 and 2019, the Company recognized rent income of NT$43,227 thousand and NT$43,660 thousand, respectively, for plants leased to associate.

K. For the years ended December 31, 2020 and 2019, the Company recognized other income of NT$18,934 thousand and NT$23,235 thousand, respectively, for utility bills paid for associate.

L. For the year ended December 31, 2019, the Company recognized expenses of NT$77 thousand for services provided by the subsidiaries.

M. Accounts receivable - related parties

	As of December 31,	
	2020 (NT$'000)	20189 (NT$'000)
Other related parties	$-	$151
Less: loss allowance	-	-
Net	$-	$151

N.Salaries and rewards to key management of the Company

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Short-term employee benefits	$45,130	$41,144
Post-employee benefits	864	787
Total	$45,994	$41,931

O.Other receivables

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Associates	$3,859	$5,671
Subsidiaries	10,064	235,816
Total	$13,923	$241,487

P.Account payable - related parties

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Subsidiaries	$241,403	$240,392

Q.Accrued expenses

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Associates	$467	$446
Subsidiaries	3,408	3,426
Total	$3,875	$3,872

R. Detail of selling property, plant and equipment to related parties for the years ended December 31, 2019 was as follow.

Variety	Related parties	Carrying Value	Price	Gain on disposal	Reference basis for price decision
2019					
Machinery	Subsidiaries	$247,416	$285,972	$38,556 (Note)	Bidding

Note: The gains were recorded as unrealized profits.

S. The Company provided endorsement in amount of NT$0 and NT$458,694 thousand for its subsidiaries' loans as of December 31, 2020 and 2019, respectively. The endorsement was not recorded in financial statements due to its nature of contingency.

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Company's unused letters of credit (LC) as of December 31, 2020 were as follows:

Currency	LC Amount (in thousand)	Security (in thousand)
JPY	JPY 6,772,855	$-
USD	USD 7,568	-

(2) Detail of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2020 was as follow.

Nature of Contract	Contract Amount (NT$'000)	Amount Paid (NT$'000)	Outstanding Balance (NT$'000)
Machinery and construction contracts	$2,243,865	$738,114	$1,505,751

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31, 2020 (NT$'000)	As of December 31, 2019 (NT$'000)
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through P/L	$1,015,421	$1,010,888
Financial assets measured at amortized cost		
Cash and cash equivalents	9,219,709	8,768,832
Time deposit	423,057	423,057
Accounts receivables	3,136,427	2,707,248
Other receivables	126,790	550,885
Total	$13,921,404	$13,460,910

Financial liabilities

	As of December 31, 2020 (NT$'000)	As of December 31, 2019 (NT$'000)
Financial liabilities measured at amortized cost:		
Short-term loans	$1,708,365	$2,767,987
Payables	4,558,276	3,314,693
Long-term loans (including current portion)	3,024,913	2,934,125
Total	$9,291,554	$9,016,805

(2) Objectives and policies of financial risk management

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies, measures, and manages the aforementioned risks based on its policy and risk preferences.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (e.g. equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign operations.

The Company has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Thus, hedge accounting is not adopted.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Company's foreign currency risk is mainly related to volatility in the exchange rates of US dollars. It is stated as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, the net income (loss) for the years ended December 31, 2020 and 2019 would decrease/increase by NT$8,119 thousand and NT$6,692 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the Company's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the years ended December 31, 2020 and 2019 would decrease/increase by NT$2,639 thousand and NT$4,404 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and financing activities (primarily for bank deposits and other financial instruments).

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Company's internal credit ratings. The Company also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2020 and 2019, receivables from the top ten customers were accounted for 61.84% and 65.52% of the Company’s total accounts receivable, respectively. The concentration of credit risk is relatively not significant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Company’s finance division in accordance with the Company’s policy. The counterparties that the Company transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses since 1 January 2018. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Company maintains financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Company’s financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year (NT$’000)	1 to 2 years (NT$’000)	2 to 3 years (NT$’000)	3 to 4 years (NT$’000)	4 to 5 years (NT$’000)	More than 5 years (NT$’000)	Total (NT$’000)
As of December 31, 2020							
Loans	$2,705,348	$502,813	$361,052	$389,457	$388,963	$447,468	$4,795,101
Payables	4,558,276	-	-	-	-	-	4,558,276

As of December 31, 2019

Loans	$3,888,110	$874,317	$335,420	$170,614	$182,134	$360,718	$5,811,313
Payables	3,314,693	-	-	-	-	-	3,314,693

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the year ended December 31, 2020:

	Short-term borrowings (NT$'000)	Long-term borrowings (NT$'000)	Total liabilities from financing activities (NT$'000)
As of January 1, 2020	$2,767,987	$2,934,125	$5,702,112
Cash flows	(1,059,622)	118,451	(941,171)
Non-cash changes			
Other	-	(27,663)	(27,663)
As of December 31, 2020	$1,708,365	$3,024,913	$4,733,278

Movement schedule of liabilities for the year ended December 31, 2019:

	Short-term borrowings (NT$'000)	Long-term borrowings (NT$'000)	Total liabilities from financing activities (NT$'000)
As of January 1, 2019	$2,136,671	$2,565,625	$4,702,296
Cash flows	631,316	368,500	999,816
As of December 31, 2019	$2,767,987	$2,934,125	$5,702,112

(7) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Company in estimating the fair values of financial assets and liabilities:

(a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed stocks and bonds).

(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company’s financial assets and liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for Fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows.

As of December 31, 2020

	Level 1 (NT$'000)	Level 2 (NT$'000)	Level 3 (NT$'000)	Total (NT$'000)
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$1,015,421	$-	$-	$1,015,421
Financial liabilities:				
None				

As of December 31, 2019

	Level 1 (NT$'000)	Level 2 (NT$'000)	Level 3 (NT$'000)	Total (NT$'000)
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$1,010,888	$-	$-	$1,010,888
Financial liabilities:				
None				

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliation for fair value measurements on a recurring basis in Level 3 hierarchy

During the year ended December 31, 2020, there was not movement of fair value measurements.

(9) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Company's significant financial assets and liabilities denominated in foreign currencies was listed below. (In Thousands)

	As of December 31,					
	2020			2019		
	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)
Financial assets						
Monetary items:						
USD	$110,341	28.50	$3,144,323	$98,199	29.98	$2,944,000

Non-monetary item:						
USD	$75,205	28.50	$2,143,086	$64,113	29.98	$1,922,113
Financial liabilities						
Monetary items:						
USD	$81,848	28.50	$2,332,384	$75,654	29.98	$2,268,080

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below.

	For the year ended December 31,	
Foreign currency resulting in exchange gain or loss	2020 (NT$'000)	2019 (NT$'000)
USD	$(24,074)	$(4,681)
Other	2,336	1,993

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages and adjusts its capital structure considering changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: Please refer to attachment 1.

C. Marketable securities held as of December 31, 2020 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2020: None.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2020: None.

F. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2020: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2020: Please refer to attachment 3.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2020: None.

I. Derivative instrument transactions: None.

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 4.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of December 31, 2020 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 5.

(d) Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2020: Please refer to attachment 6.

(e) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2020: None.

(f) Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2020: None.

(g) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2020: Please refer to attachment 7.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2020: Please refer to attachment 8.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars)

Name of Investee in China	Main Business (NT$'000)	Paid-in Capital (NT$'000)	Method of Investment (NT$'000)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment) (NT$'000)	Share of Profit/Loss (NT$'000)	Carrying Amount as of December 31, 2020 (NT$'000)	Accumulated Inward Remittance of Earnings as of December 31, 2020 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2020 (NT$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT$'000)
					Outflow (NT$'000)	Inflow (NT$'000)									
Kinsus Interconnect Technology Suzhou Corp.	Manufacturing and selling PCB (not high-density fine-line)	$1,994,755 (Note 2)	(Note 1)	$1,994,755 (Note 2)	$-	$-	$1,994,755 (Note 2)	$307,325 (Note 2 and Note 5)	100%	$307,325 (Note 2 and Note 5)	$1,691,677 (Note 2 and Note 5)	$-	$1,994,755 (Note 2)	$1,994,755 (Note 2)	No upper limit (Note 6)

Piotek Computer (Suzhou) Co., Ltd.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	$4,750,367 (Note 2)	(Note 1)	$2,685,901 (Note 2)	$-	$-	$2,685,901 (Note 2)	$(212,998) (Note 2 and Note 5)	51%	$(108,629) (Note 2 and Note 5)	$294,601 (Note 2 and Note 5)	$-	$2,685,901 (Note 2)	$2,685,901 (Note 2)	No upper limit (Note 6)
Xiang-Shuo (Suzhou) Trading Limited	Trading of PCB (not high-density fine-line) and material for related products	$56,993 (Note 2)	(Note 1)	$56,993 (Note 2)	$-	$-	$56,993 (Note 2)	$(885) (Note 2 and Note 5)	100%	$(885) (Note 2 and Note 5)	$59,764 (Note 2 and Note 5)	$-	$56,993 (Note 2)	$56,993 (Note 2)	No upper limit (Note 6)
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	$112,559 (Note 3)	(Note 8)	$112,559	$-	$-	$112,559	$5,182 (Note 2 and Note 5)	30.33%	$1,572 (Note 2 and Note 5)	$32,206 (Note 2 and Note 5)	$-	$112,559	$112,559	$2,757,429 (Note 7)

Gemvision Technology (Zhejiang) Limited	Selling medical equipment	$94,057 (Note 2 and Note 4)	(Note 1)	$-	$-	$-	$-	$2,281 (Note 2 and Note 5)	30.33%	$692 (Note 2, Note 5 and Note 9)	$28,293 (Note 2, Note 5 and Note 9)	$-	$-	$-	$2,757,429 (Note 7)

Note 1: Investment in Mainland China through companies in the third area.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 3: The paid-in capital is USD3,600 thousand, equivalent to NT$112,559 thousand.

Note 4: The paid-in capital is CNY22,000 thousand.

Note 5: Gain/loss on investment is recognized based on the financial statements which were audited by the independent auditors of the parent company in Taiwan.

Note 6: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 7: The upper limit on investment for Pegavision Contact Lenses (Shanghai) Corporation and Gemvision Technology (Zhejiang) Limited is calculated as 60% of the net value of the recent financial statements reviewed by independent auditors of Pagavision Corporation.

Note 8: For the consideration of reorganization, the equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to the Company from Pegavision Holdings Corporation. The registration was completed at May 13, 2020.

Note 9: Pegavision Contact Lenses (Shanghai) Corporation recognize the profit/loss and carrying amount of Gemvision Technology (Zhejiang) Limited.

B. Significant transactions with investees in China.

(a) Purchase and balances of related accounts payable as of December 31, 2020:

	Purchases		Accounts Payable	
	Amount (NT$'000)	% to Net Purchase	Amount (NT$'000)	% to Account Balance
The Company's purchase from Kinsus Interconnect Technology Suzhou	$2,643,768	25.01%	$240,327	13.85%
The Company's purchase from Piotek Computer (Suzhou)	$4,274	0.04%	$1,076	0.06%

The product specification of goods purchased by the Company from Kinsus Interconnect Technology Suzhou Corp. in the year ended December 31, 2020 differed from goods purchased from other vendors. Thus, transaction prices are not comparable. Payment term for related parties and non related parties are 30 to 60 days, respectively, from the end of delivery month. The payment terms for non-related parties are 30 to 90 days from the end of delivery month by telegraphic transfer.

(b) Sales, the ending balance of related accounts receivable and their weightings.

	Sales		Accounts receivable	
	Amount (NT$'000)	% to Net Sales	Amount (NT$'000)	% to Account Balance
Sale of Piotek Computer (Suzhou) to Piotek (H.K.) Trading	USD5,368	8.29%	USD535	2.60%
Sale of Piotek Computer (Suzhou) to Kinsus Interconnect Technology Suzhou	RMB33	-%	RMB3	-%
Sale of the Company to Kinsus Interconnect Technology Suzhou	$35,887	0.17%	-	-%

The product specification of goods sold between subsidiaries in the year ended December 31, 2020 differed from goods sold to other customers. Thus, transaction prices cannot be reasonably compared. Sales of the Company to Kinsus Interconnect Technology Suzhou Corp have the same product prices as sales to non-related parties.

Collection terms are also equivalent to the ones for non-related parties, which is 30 to 60 days from delivery by telegraphic transfer.

(c) Property transaction amounts and resulting gain or loss:

Variety	Related parties	Carrying Value	Price	Gain on disposal (Note)	Reference basis for price decision
Machinery	Kinsus Interconnect Technology Suzhou Corp	$247,416	$285,972	$38,556	Negotiated price

Note: For the year ended December 31, 2019, the Company wrote off NT$38,556 thousand due to the unrealized gain on disposal of property, plant and equipment. As of December 31, 2020, unrealized gain on disposal of property, plant and equipment is NT$25,864 thousand, and recognized as the credit balance of investments accounted for using the equity method.

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes: Please refer to attachment 1.

(e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered:

a. The Company sold fixtures and spare parts to Piotek Computer (Suzhou) Co., Ltd. and Kinsus Interconnect Technology Suzhou Corp. Trading Limited and recognized other income of NT$3,454 thousand for the year ended December 31, 2020.

b. As of December 31, 2020, the balance of other receivables amounted to NT$10,064 thousand. The other receivable were resulted from the Company's sale of fixtures to Kinsus Interconnect Technology Suzhou Corp.

(4) Information on major shareholders:

Name \ Ownership of shares	Number of shares held (shares)	Ownership ratio
Asus Investment Co., Ltd.	60,128,417	13.33%
Asustek Investment Co., Ltd.	58,233,091	12.91%
Asuspower Investment	55,556,221	12.32%
New Labor Pension Fund for the second time in 2018 fully authorize FuHua investment account	26,558,000	5.89%

14. OPERATING SEGMENT INFORMATION

The Company has provided the operating segment disclosure in the consolidated financial statements.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2020

Attachment 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party											
No. (Note 1)	Name	Name	Nature of Relationship	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement /Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	Investee accounted for using equity method indirectly	The overall amount of guarantees/ endorsements provided to a subsidiary in which the Company holds directly over 50% (inclusive) of common equity interest shall not exceed 20% of the net worth in the current financial statements. $5,133,930	$435,996 USD 15,300 (Note 2)	$-	$-	$-	-%	Shall not exceed 50% of the net worth in the current financial statements. $12,834,826	Y	N	Y

Note 1: Kinsus Interconnect Technology Corp. is coded "0".

Note 2: Amounts in foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the balance sheet date.

Note 3: The endorsement and guaranteed amount of the Company is NT$101,020 thousand.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2020

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2020				Note
				Shares / Units	Carrying Amount	Shareholding %	Fair Value (Note)	
Kinsus Interconnect Technology Corp.	Money market funds:							
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	18,812,748	$255,796	-%	$269,406	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss	1,168,258	200,000	-%	210,111	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	21,355,432	257,509	-%	270,144	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	17,776,549	255,443	-%	265,760	
	Subtotal				968,748		$1,015,421	
	Add: Valuation adjustments of financial assets at fair value through profit or loss				46,673			
	Total				$1,015,421			

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Related Party Transactions with Purchase or Sales Amount of At least NT$ 100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2020

Attachment 3

(In Thousands of New Taiwan Dollars)

			Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		
Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	Note
Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	Purchase	$2,643,768	25.01%	Payment within 30 days from the end of delivery month	Specs of goods purchased are different from others. Cannot be reasonablely compared.	Other vendors also enjoy payment within 30~90 days from the end of delivery month	Accounts payable $(240,327)	(13.85)%	

Kinsus Interconnect Technology Corp.

Investees over Whom the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2020

Attachment 4

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2019	As of December 31, 2020	Shares	%	Carrying Value			
Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	CA. U.S.A.	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	USD 500	USD 500	500,000	100.00%	$60,404	$10,113	$10,113	
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD 166,309	USD 166,309	166,308,720	100.00%	$2,082,682	$203,085	$203,085	
Kinsus Interconnect Technology Corp.	Kinsus Investment Co., Ltd.	Taoyuan City	Investing activities	$1,600,000 (Note)	$1,600,000 (Note)	160,000,000	100.00%	$2,275,089	$(19,969)	$(19,969)	
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taoyuan City	Manufacturing medical equipment	$252,455 (Note 1)	$252,455 (Note 1)	21,233,736	30.33%	$1,394,060	$715,359	$216,996	
Kinsus Investment Co., Ltd.	FuYang Technology Corp.	Hsinchu County	Electronic Parts and Components Manufacturing	$929,422	$929,422	64,176,872	35.65%	$298,789	$(655,137)	$(233,581)	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD 72,000	USD 72,000	72,000,000	100.00%	USD 61,462	USD 10,754	USD 10,754	
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD 94,309	USD 94,309	95,755,000	51.00%	USD 11,624	USD (7,638)	USD (3,896)	
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD 139,841	USD 139,841	139,840,790	100.00%	USD 22,792	USD (7,638)	USD (7,638)	
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD 26	USD 26	200,000	100.00%	USD 2,521	USD (161)	USD (161)	
Pegavision Corporation	PEGAVISION HOLDINGS CORPORATION	Samoa	Investing activities	USD 3,630	USD - (Note 2)	-	-%	$-	$10,150	$10,150	
Pegavision Corporation	Aquamax Corporation	Taoyuan City	Manufacturing and selling medical facility product technology	(Not applicable)	$40,000	4,000,000	100.00%	$37,675	$(2,328)	$(2,328)	
Pegavision Corporation	PEGAVISION JAPAN INC.	JAPAN	Selling Medical facility	JPY 9,900	JPY 9,900	198	100.00%	$45,842	$19,805	$19,805	
Aquamax Corporation	Aquamax Vision Corporation	U.S.A.	Selling Medical facility	(Not applicable)	USD 600	6,000,000	100.00%	$15,076	$(2,101)	$(2,101)	

Note : The Company's original investment in Kinsus Investment Co., Ltd. was NT$500,000 thousand. Kinsus Investment Co., Ltd. reduced capital by NT$102,000 thousand to offset deficits in 2013 And increased capital by NT$602,000 thousand and NT$600,000 thousand in 2016 and 2017, respectively. After the increases, the Company's investment amount increased to NT$1,600,000 thousand.

Note 1: Kinsus Investment Co., Ltd. invested Pegavision Corporation in cost of NT$286,418 thousand. As Pegevision Corporation has become a listed company since October, 2019, Kinsus Investment Co., Ltd decreased its investment by NT$33,963 thousand in selling 855 thousand shares.

Note 2: For the consideration of reorganization, the equity of Pegavision Holdings Corporation was struck off the register on September 2, 2020.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2020

Attachment 5

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2020				Guarantee, Pledge or Other Restricted Conditions		
				Shares (Unit)	Carrying Amount	%	Fair Value (Net Equity)	Shares	Carrying Amount	Note
Kinsus Investment Co., Ltd.	Money market funds:									
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	829,070	$11,315	-%	$11,873	-	$-	
	Valuation adjustments of financial assets held for trading				558					
	Total				$11,873					
Pegavision Corporation	Money market funds:									
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	33,387,514	$509,270	-%	$509,333	-	$-	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	3,493,908	57,185	-%	57,436	-	-	
	Valuation adjustments of financial assets held for trading				314					
	Total				$566,769		$566,769		$-	
Kinsus Investment Co., Ltd.	Stocks:									
	Yi-Shuo Creative Co., Ltd.	-	Measured at fair value through other comprehensive income	5,000,000	$50,000	7.49%	$50,000	-	$-	
	Li Chang Finery Inc	-	Measured at fair value through other comprehensive income	20,408	1,000	1.12%	1,000	-	-	
	Total				$51,000		$51,000		$-	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Individual Securities acquired or disposed of with accumulated amount of at least NT$300 Million or 20% of The Paid-In Capital

For the Year Ended December 31, 2020

Attachment 6

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Pegavision Corporation	Money Market Fund:													
	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss	-	-	11,778,166	$179,017	112,658,656	$1,717,000	91,049,308	$1,387,298	$1,386,747	$551	33,387,514	$509,270

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Related Party Transactions with Purchase or Sales Amount of At least NT$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2020

Attachment 7

(In Thousands of US Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	Sales	USD 89,688	81.82%	Payment within 30 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 9,223	75.47%	
Piotek Computer (Suzhou) Co., Ltd.	Piotek (H.K.) Trading Limited	Also a subsidiary under the Company's control	Sales	USD 5,368	8.29%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 535	2.60%	
Piotek Computer (Suzhou) Co., Ltd.	Maintek Computer (Suzhou) Co., Ltd.	Other related parties	Sales	USD 5,753	8.89%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 625	3.04%	
Pegavision Corporation	Pegavision Japan Inc.	Also a subsidiary under the Company's control	Sales	$1,596,570	41.61%	Payment within 90 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $354,934	42.24%	
									Contract liability $(15,316)	38.64%	
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Also a subsidiary under the Company's control	Sales	$547,066	14.26%	Payment within 180 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $219,266	26.09%	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Receivables from Related Parties of at Least NT$ 100 Million or 20% of the Paid-in Capital

As of December 31, 2020

Attachment 8

(In Thousands of US Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	USD 9,223 (Note)	10.04	$-	-	$-	$-
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	$219,266 (Note)	4.04	$-	-	$-	$-
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	$354,934 (Note)	6.36	$-	-	$179,695	$-

Note: Accounts receivable.

English Translation of Financial Statements and a Report Originally Issued in Chinese

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Kinsus Interconnect Technology Corp. as of December 31, 2020 and for the year then ended 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 the International Financial Reporting Standard No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Kinsus Interconnect Technology Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Kinsus Interconnect Technology Corp.

By

Guo, Ming-Dong

Chairman

January 29th, 2021

English Translation of Financial Statements and a Report Originally Issued in Chinese

INDEPENDENT AUDITORS' REPORT

To The Board of Directors of
Kinsus Interconnect Technology Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Kinsus Interconnect Technology Corp. (the "Company") and its subsidiaries as of December 31, 2020 and 2019, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together referred as "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditor (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2020 and 2019, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue amounting to NT$27,098,474 thousand for the year ended December 31, 2020 is a significant account to the Company's consolidated financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, USA, etc. Among these locations, the Company has established hub-warehouse for certain foreign customers' convenience. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, and performance obligation for revenue recognition from foreign warehouses with sale agreement or orders, performing analytical review procedures on monthly sale revenues, executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Notes 4 and 6 to the consolidated financial statements.

Market valuation on Inventory

We determined the market valuation on inventory is one of the key audit matters in considering that the amount of inventory was significant and the assessment of sufficiency of inventory loss requires significant management judgement. The Company's net inventory amounted to NT$2,889,017 thousand as of December 31, 2020. As the application market of substrate, the Company's main products, is characterized by rapid development in technology and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value. Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), performing observation on the Company's inventory physical-taking, and inspecting the current status of inventory usage, etc. We also assessed the adequacy of the inventory-related disclosures shown in the Notes 5 and 6 to the consolidated financial statements.

Other Matter – Making Reference to the Audit of a Component Auditor

We did not audit the financial statements of FuYang Technology Corp., an invested associate accounted for under the equity method. The financial statements of FuYang Technology Corp. as of December 31, 2020 and 2019 and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT$298,789 thousand and NT$538,259 thousand as of December 31, 2020 and 2019 representing 0.70% and 1.29% of the Company's consolidated total assets, the related shares of income before tax from the associate under the equity method for the years then ended amounting to NT$ (233,581) thousand and NT$(192,908) thousand representing (20.79)% and 10.45% of the Company's consolidated income before tax, and the related shares of other comprehensive income from the associate under the equity method for the years then ended amounting to NT$(5,889) thousand and NT$(4,108) thousand representing 25.79% and 3.80% of the consolidated other comprehensive income, are based solely on the audit reports of other auditors.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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 2020 consolidated financial statements 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.

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the years then ended December 31, 2020 and 2019.

Hong, Mao-Yi

Cheng, Ching-Piao

Ernst & Young
January 29th, 2021
Taipei, Taiwan,
Republic of China

<u>Notice to Readers</u>

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2020 and 2019

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of December 31, 2020		As of December 31, 2019	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$11,664,932	27	$10,712,103	26
1110	Financial assets at fair value through profit or loss	4, 6(2)	1,594,063	4	1,338,832	3
1136	Financial assets measured at amortized cost	4, 6(3), 8, 9	467,167	1	423,057	1
1150	Notes receivable, net	4, 6(5)	1,182	-	4,918	-
1170	Accounts receivable, net	4, 6(6)	4,377,155	10	3,609,565	9
1180	Accounts receivable - related parties	6(6), 7	24,862	-	111,323	-
1200	Other receivables		141,161	-	332,623	1
1210	Other receivables - related parties	7	4,114	-	5,901	-
1310	Inventories, net	4, 6(7)	2,889,017	7	2,452,975	6
1410	Prepayments		212,742	1	150,538	-
1470	Other current assets		287,596	1	198,672	1
11xx	Total current assets		21,663,991	51	19,340,507	47
	Non-current assets					
1517	Financial asset at fair value through OCI	4, 6(4)	51,000	-	50,000	-
1550	Investment accounted for under equity method	4, 6(8)	298,789	1	538,259	1
1600	Property, plant and equipment, net	4, 6(9), 8, 9	18,080,810	42	19,675,900	47
1755	Right-of-use assets, net	4, 6(23)	311,732	1	382,091	1
1780	Intangible assets, net	4, 6(10)	32,105	-	30,753	-
1840	Deferred tax assets	4, 6(27)	28,262	-	13,800	-
1900	Other non-current assets	6(11), 7, 8	120,921	-	88,069	-
1915	Prepayment for equipment	6(9), 9	2,196,342	5	1,583,966	4
15xx	Total non-current assets		21,119,961	49	22,362,838	53
1xxx	Total Assets		$42,783,952	100	$41,703,345	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets-(Continued)

As of December 31, 2020 and 2019

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2020		As of December 31, 2019	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(12)	$2,640,307	6	$4,096,101	10
2130	Contract liability	4, 6(21)	161,731	-	72,626	-
2150	Notes payable		46,420	-	37,176	-
2170	Accounts payable		2,358,805	6	2,224,571	5
2200	Other payables	6(13), 7	3,933,209	9	2,804,217	7
2230	Current income tax liabilities	4, 6(27)	265,246	1	179,575	1
2280	Lease liability	4, 6(23)	41,846	-	113,937	-
2300	Other current liabilities	6(14)	1,076,669	3	1,238,150	3
2365	Refund liability	4, 6(15)	206,517	-	74,865	-
21xx	Total current liabilities		10,730,750	25	10,841,218	26
	Non-current liabilities					
2540	Long-term loans	6(16), 8	2,641,811	6	1,888,054	5
2570	Deferred tax liabilities	4, 6(27)	27,763	-	8,623	-
2580	Lease liability	4, 6(23)	64,400	-	58,143	-
2600	Other non-current liabilities	6(17)	129,669	-	69,607	-
25xx	Total non-current liabilities		2,863,643	6	2,024,427	5
2xxx	Total liabilities		13,594,393	31	12,865,645	31
31xx	Equity attributable to shareholders of the parent					
3100	Capital	6(19)				
3110	Common stock		4,508,625	11	4,510,738	11
3200	Capital surplus	6(19)	6,632,030	16	6,637,742	16
3300	Retained earnings	6(19)				
3310	Legal reserve		3,647,505	9	3,647,505	9
3320	Special reserve		183,405	-	100,384	-
3350	Unappropriated earnings		10,882,082	25	10,882,980	26
3400	Other components of equity		(183,852)	-	(211,996)	(1)
3500	Treasury Stock	6(19)	(143)	-	(332)	-
36xx	Non-controlling interests	6(19)	3,519,907	8	3,270,679	8
3xxx	Total equity		29,189,559	69	28,837,700	69
	Total liabilities and equity		$42,783,952	100	$41,703,345	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Kinsus Interconnect Technology Corp. and Subsidiaries
Consolidated Statements Of Comprehensive Incomes
For the Years Ended December 31, 2020 and 2019
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	2020 Amount	2020 %	2019 Amount	2019 %
4000	Operating revenues	4, 6(21), 7	$27,098,474	100	$22,327,410	100
5000	Operating costs	7	(21,279,420)	(79)	(19,566,671)	(88)
5900	Gross profit		5,819,054	21	2,760,739	12
6000	Operating expenses	7				
6100	Sales and marketing		(867,333)	(3)	(1,201,128)	(5)
6200	General and administrative		(1,289,140)	(5)	(1,289,240)	(6)
6300	Research and development		(2,328,146)	(8)	(1,924,984)	(9)
6450	Expected credit gains (losses)	4, 6(22)	6,144	-	4,388	-
	Total operating expenses		(4,478,475)	(16)	(4,410,964)	(20)
6900	Operating income (loss)		1,340,579	5	(1,650,225)	(8)
7000	Non-operating incomes and expenses					
7010	Other incomes	6(25), 7	322,096	1	183,741	1
7020	Other gains or losses	6(25), 7	(229,122)	(1)	(43,130)	-
7050	Finance costs	6(25)	(76,703)	-	(143,736)	(1)
7060	Share of the profit or loss of associates and joint ventures	6(8)	(233,581)	(1)	(192,908)	(1)
	Total non-operating incomes and expenses		(217,310)	(1)	(196,033)	(1)
7900	Income (loss) before income tax		1,123,269	4	(1,846,258)	(9)
7950	Income tax expenses	4, 6(27)	(193,826)	(1)	(101,010)	-
8200	Net income (loss)		929,443	3	(1,947,268)	(9)
8300	Other comprehensive income (loss)	6(26)				
8310	Item that not be reclassified to profit or loss					
8311	Actuarial gain (loss) from defined benefit plans		(8,835)	-	(4,727)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		(8,107)	-	(99,236)	-
8370	Share of the other comprehensive income (loss) of associates and joint ventures		(5,889)	-	(4,108)	-
	Total other comprehensive income (loss), net of tax		(22,831)	-	(108,071)	-
8500	Total comprehensive income (loss)		$906,612	3	$(2,055,339)	(9)
8600	Net income (loss) attributable to:					
8610	Stockholders of the parent		$541,914	2	(2,025,332)	(9)
8620	Non-controlling interests		387,529	1	78,064	-
			$929,443	3	$(1,947,268)	(9)
8700	Total comprehensive income (loss) attributable to:					
8710	Stockholders of the parent		$535,468	2	$(2,113,080)	(9)
8720	Non-controlling interests		371,144	1	57,741	-
			$906,612	3	$(2,055,339)	(9)
9750	Earnings (losses) per share-basic (in NTD)	6(28)	$1.21		$(4.52)	
9850	Earnings (losses) per share-diluted (in NTD)	6(28)	$1.20		$(4.52)	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2020 and 2019

(Amounts Expressed In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent									Non-controlling Interests	Total Equity
				Retained Earnings			Others					
		Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unearned Employee Benefit	Treasury Stock	Total		
Code	Items	3100	3200	3310	3320	3350	3410	3490	3500	31XX	36XX	3XXX
A1	Balance as of January 1, 2019	$4,508,410	$6,140,942	$3,612,556	$77,677	$13,646,659	$(100,383)	$(102,973)	$(738)	$27,782,150	$1,966,372	$29,748,522
	Appropriation and distribution of 2018 earnings											
B1	Legal reserve			34,949		(34,949)				-		-
B3	Special reserve				22,707	(22,707)				-		-
B5	Cash dividends-common shares					(676,261)				(676,261)		(676,261)
D1	Net income (loss) for 2019					(2,025,332)				(2,025,332)	78,064	(1,947,268)
D3	Other comprehensive income (loss), net of tax, for 2019.					(4,727)	(83,021)			(87,748)	(20,323)	(108,071)
D5	Total comprehensive income (loss)	-	-	-	-	(2,030,059)	(83,021)	-	-	(2,113,080)	57,741	(2,055,339)
M7	Change in equity for ownership of subsidiaries		491,065							491,065	1,303,433	1,794,498
O1	Non-controlling interests increase (decrease)										(56,867)	(56,867)
T1	Employee restricted shares for cancellation and others	2,328	5,735			297		74,381	406	83,147		83,147
Z1	Balance as of December 31, 2019	$4,510,738	$6,637,742	$3,647,505	$100,384	$10,882,980	$(183,404)	$(28,592)	$(332)	$25,567,021	$3,270,679	$28,837,700
A1	Balance as of January 1, 2020	$4,510,738	$6,637,742	$3,647,505	$100,384	$10,882,980	$(183,404)	$(28,592)	$(332)	$25,567,021	$3,270,679	$28,837,700
	Appropriation and distribution of 2019 earnings											
B3	Special reserve				83,021	(83,021)				-		-
B5	Cash dividends-common shares					(451,039)				(451,039)		(451,039)
D1	Net income for 2020					541,914				541,914	387,529	929,443
D3	Other comprehensive income (loss), net of tax, for 2020.					(8,835)	2,389			(6,446)	(16,385)	(22,831)
D5	Total comprehensive income (loss)	-	-	-	-	533,079	2,389	-	-	535,468	371,144	906,612
O1	Non-controlling interests increase (decrease)										(121,916)	(121,916)
T1	Employee restricted shares for cancellation and others	(2,113)	(5,712)			83		25,755	189	18,202		18,202
Z1	Balance as of December 31, 2020	$4,508,625	$6,632,030	$3,647,505	$183,405	$10,882,082	$(181,015)	$(2,837)	$(143)	$25,669,652	$3,519,907	$29,189,559

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2020	2019
AAAA	Cash flows from operating activities:		
A10000	Income (loss) before income tax	$1,123,269	$(1,846,258)
A20000	Adjustments:		
A20010	Income and expense adjustments:		
A20100	Depreciation (including right-of-use assets)	4,377,815	4,575,488
A20200	Amortization	39,654	39,561
A20300	Expected credit losses (gains)	(6,144)	(4,388)
A20400	Net gain of financial assets at fair value through P/L	(5,529)	(5,783)
A20900	Interest expense	76,703	143,736
A21200	Interest income	(43,405)	(60,887)
A21900	Cost of share based payment	19,915	80,477
A22300	Share of profit or loss of associates and joint ventures	233,581	192,908
A22500	Gain on disposal of property, plant and equipment	105,648	(8,651)
A23700	Impairment loss on non financial assets	19,627	12,149
A29900	Loss (gain) on lease modification	(160)	(273)
A29900	Loss (gain) on government grants	(3,458)	-
A30000	Changes in operating assets and liabilities:		
A31110	Financial assets at fair value through profit or loss	(249,702)	(315,954)
A31130	Notes receivable	3,736	(4,677)
A31150	Accounts receivable	(761,461)	(132,277)
A31160	Accounts receivable - related parties	86,461	237,992
A31180	Other receivables	190,834	(68,594)
A31190	Other receivables - related parties	1,787	(120)
A31200	Inventories	(436,042)	816,342
A31220	Prepayments	(62,204)	1,852
A31240	Other current assets	(88,924)	(8,913)
A32125	Contract liabilities	89,105	(62,174)
A32130	Notes payable	9,244	(2,329)
A32150	Accounts payable	134,234	(9,038)
A32180	Other payables	484,157	(129,656)
A32230	Other current liabilities	24,833	685
A32240	Net defined benefit liability	(4,240)	(4,112)
A32990	Refund liability	131,652	27,126
A33000	Cash generated from operations	5,490,986	3,464,232
A33100	Interest received	44,032	61,642
A33300	Interest paid	(73,072)	(143,748)
A33500	Income tax paid	(103,477)	(281,090)
AAAA	Net cash provided by (used in) operating activities	5,358,469	3,101,036

Code	Items	2020	2019
BBBB	Cash flows from investing activities:		
B00010	Acquisition of Financial asset measured at fair value through OCI	(1,000)	-
B00040	Acquisition (disposal) of financial assets measured at amortized cost	(44,110)	75,281
B02700	Acquisition of property, plant and equipment	(2,835,656)	(4,212,790)
B02800	Proceeds from disposal of property, plant and equipment	45,141	458,469
B03800	Decrease (increase) in refundable deposits	(32,852)	3,988
B04500	Acquisition of intangible assets	(41,024)	(55,835)
BBBB	Net cash provided by (used in) investing activities	(2,909,501)	(3,730,887)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	(1,455,794)	755,618
C01600	Increase in long-term loans	1,814,930	1,781,000
C01700	Repayments of long-term loans	(1,218,410)	(2,181,137)
C03000	Increase (decrease) in deposits received	29,399	(872)
C04020	Cash payments for the principal portion of the lease liability	(122,692)	(136,145)
C04500	Cash dividends	(451,039)	(676,261)
C04600	Issuance of restricted stock	-	5,985
C05800	Increase (decrease) in non-controlling interests	(121,916)	1,737,631
CCCC	Net cash provided by (used in) financing activities	(1,525,522)	1,285,819
DDDD	Effect of exchange rate changes	29,383	(12,534)
EEEE	Increase (decrease) in cash and cash equivalents	952,829	643,434
E00100	Cash and cash equivalents at beginning of period	10,712,103	10,068,669
E00200	Cash and cash equivalents at end of period	$11,664,932	$10,712,103

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

1. HISTORY AND ORGANIZATION

Kinsus Interconnect Technology Corp. (referred to "the Company") was established on September 11, 2000. Its main business activities include the manufacture of electronic products, the whole-sale and retail-sale of electronic materials, and the consultation services of business operation and management. The Company's stocks have been governmentally approved on May 20, 2004 to be listed and traded in Taiwan Stock Exchange starting November 1, 2004. The registered business premise and main operation address is at No. 1245, Chung Hua Rd., Hsinwu District, Taoyuan City, Taiwan 32747.

Pegatron Corporation is the ultimate controller of the Group to which the Company belongs.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries ("the Group") were authorized to be issued in accordance with a resolution of the Board of Directors'meeting held on January 29, 2021.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2020. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Group.

(a) Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The Group elected to early apply Covid-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by FSC for annual periods beginning on or after January 1, 2020, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. Please refer to Note 6 for disclosure related to the lessee which required by the amendment.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

(a) Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

A. A company will not have to derecognise or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
B. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
C. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2021 have no material impact on the Group.

(3)Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
d	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

(A) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(B) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

(a) estimates of future cash flows;
(b) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
(c) a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(C) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(D) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

(a) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

(b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

(c) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

(d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group assesses that there will be no significant impact on the Group's financial statements then.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements for the years ended December 31, 2020 and 2019 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting," by the FSC of the Republic of China.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT$") unless otherwise specified.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) Exposure, or rights, to variable returns from its involvement with the investee, and
(c) The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee
(b) Rights arising from other contractual arrangements
(c) The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the NCIs even if this results in a deficit balance of the NCIs.

If the Company loses control of a subsidiary, it:

(a) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) Derecognizes the carrying amount of any non-controlling interest;
(c) Recognizes the fair value of the consideration received;
(d) Recognizes the fair value of any investment retained;
(e) Recognizes any surplus or deficit in profit or loss; and
(f) Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of Ownership (%), As of December 31,	
Investor	Subsidiary	Main business	2020	2019
The Company	KINSUS CORP. (USA)	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	100.00%	100.00%
The Company	KINSUS HOLDING (SAMOA) LIMITED	Investing activities	100.00%	100.00%
The Company	KINSUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Investing activities	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Investing activities	51.00%	51.00%

KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Manufacture of medical equipment	30.33% (Note)	30.33% (Note)
KINSUS HOLDING (CAYMAN) LIMITED	KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Manufacturing and selling printed circuit board (PCB) (not high-density fine-line)	100.00%	100.00%
KINSUS HOLDING (CAYMAN) LIMITED	XIANG-SHOU (SUZHOU) TRADING LIMITED	Trading of PCB related products and materials (not high-density fine-line)	100.00%	100.00%
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	Investing activities	100.00%	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	100.00%	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK (H.K.) TRADING LIMITED	Trading activities	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION HOLDINGS CORPORATION	Investing activities	-% (Note 1)	100.00%
PEGAVISION CORPORATION	PEGAVISION JAPAN INC.	Selling medical equipment	100.00%	100.00%
PEGAVISION CORPORATION	Aquamax Corporation	Selling medical equipment	100.00% (Note 2)	Not applicable

PEGAVISION CORPORATION	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Selling medical equipment	100.00% (Note 3)	100.00% (Note 3)
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	Selling medical equipment	100.00%	100.00%
Aquamax Corporation	Aquamax Vision Corporation	Selling medical equipment	100.00% (Note 4)	Not applicable

Note: The Group had 30.33% ownership of Pegavision Corporation as of December 31, 2020 and 2019. However the Group possesses control over the entity as it has been the single largest shareholder since the Group invested in Pegavision Corporation. The Group and the parent company hold more than 45% of voting right while the remaining equity is individually held by numerous shareholders without contractual rights. The Group therefore has control over the entity.

Note 1: For the consideration of reorganization, the equity of Pegavision Holdings Corporation was confirmed is struck off the register on the September 2, 2020.

Note 2: The board of directors decided to set up Aquamax Corporation which is 100% held by Pegavision Corporation at February 10, 2020. The registration was completed at June 15, 2020.

Note 3: For the consideration of reorganization, the equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to Pegavision Corporation from Pegavision Holdings Corporation. The registration was completed at May 13, 2020.

Note 4: The board of directors decided to set up Aquamax Vision Corporation which is 100% held by the Aquamax Corporation at February 10, 2020. The registration was at July 29, 2020.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollar, which is the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are retranslated at the prevailing functional currency closing rate of exchange; non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value is determined; and non-monetary items measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise, except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Foreign currency transactions and translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan dollar at the closing rate of exchange prevailing at the balance sheet date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income under exchange differences on translation of foreign operations. On disposal of the foreign operation, cumulative amount of the exchange differences recognized in other comprehensive income under separate component of equity is reclassified from equity to profit or loss when recognizing the disposal gain/loss.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the NCIs in that foreign operation, instead of recognized in profit or loss. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction for assets and liabilities

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and 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 (including fixed-term deposits that have maturities equal to or less than three months from the date of acquisition).

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial assets: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. The Group’s business model for managing the financial assets and
B. The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

B. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

   (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

   (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Group make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Group is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

A. An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

B. The time value of money; and
C. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired
B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

A. It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
B. On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
C. It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

A. It eliminates or significantly reduces a measurement or recognition inconsistency; or
B. A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Raw materials - At actual purchase cost, using weighted average method
Finished goods and work in progress -
Including cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(11) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	10 to 25 years
Machinery	2 to 10 years
Vehicle	2 to 6 years
Office equipment	3 to 6 years
Other equipment	1 to 25 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The property, plant and equipment’s residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discount using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses it’s incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements’ comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

The Group's accounting policies for intangible assets are as follows:

	Cost of Computer Software
Useful economic life	1 to 5 years
Amortization method	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. An asset's recoverable amount is the higher of an asset's net fair value or its value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(17) Revenue recognition

The Group's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Group's types of revenue are explained as follow:

Sale of goods

The Group mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is substrate and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Group's sale of goods is from 30 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the time when the Group transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. In the case that the Group has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(20) Post-employment benefits

All regular employees of Kinsus and its domestic subsidiaries are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with Kinsus and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, Kinsus and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(22) Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings of the Company and its subsidiaries is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (loss);

(b) In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, any unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed and recognized at each reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. De facto control without a majority of the voting rights in subsidiaries

The Company does not have majority of the voting rights in certain subsidiaries. However, after taking into consideration factors such as absolute size of the Company's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these subsidiaries. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

A. Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Accounts receivables - estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

C. Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

D. Post-employment benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level.

E. Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

F. Revenue recognition - sale returns and allowances

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

G. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Cash and petty cash	$3,689	$2,797
Checkings and savings	3,259,153	2,550,937
Time deposit	8,402,090	8,158,369
Total	$11,664,932	$10,712,103

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

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Mandatorily measured at fair value through profit or loss:		
Money market fund	$1,546,518	$1,296,114
Valuation adjustment	47,545	42,718
Total	$1,594,063	$1,338,832
Current	$1,594,063	$1,338,832
Non-current	$-	$-

No financial asset at fair value through profit or loss was pledged as collateral.

(3)Financial assets measured at amortized cost

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Time deposit	$423,057	$423,057
Restricted deposit	44,110	-
Total	$467,167	$423,057
Current	$467,167	$423,057
Non-current	$-	$-

The Group transacts with financial institutions with good credit rating. Consequently, there is no significant credit risk.

Please refer to Note 8 for more details on financial assets measured at amortized cost pledged as collaterals.

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

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Equity instruments investments measured at fair value through other comprehensive income – Non-current:		
Unlisted company stocks	$51,000	$50,000

No financial assets at fair value through other comprehensive income was pledged by the Group as collateral.

(5)Notes receivable

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Notes receivable arising from operating activities	$1,182	$4,918
Less: loss allowance	-	-
Total	$1,182	$4,918

Notes receivable were not pledged.

The Group follows the requirement of IFRS9 to assess the impairment. Please refer to Note 6(22) for more details on loss allowance and Note 12 for details on credit risk.

(6)Accounts receivable and accounts receivable - related parties, net

A. Accounts receivable, net

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Accounts receivable, gross	$4,397,170	$3,635,709
Less: allowance against doubtful accounts	(20,015)	(26,144)
Net of allowances	4,377,155	3,609,565
Accounts receivable - related parties, gross	24,862	111,323
Less: allowance against doubtful accounts	-	-
Net of allowances	24,862	111,323
Total accounts receivable, net	$4,402,017	$3,720,888

B. Accounts receivable were not pledged.

C. The Group entered into factoring agreements with banks. Accounts receivables from selected customers are transferred to banks without recourse. Details of the agreed credit limits and accounts receivables transferred were as follows:

	Financial Institution	Accounts receivable de-recognized (NT$'000)	Interest Rate	Advance received (NT$'000)	Collateral	Credit Limit
12/31/2020	Mega International Commercial Bank - LanYa Branch	$480,175	0.42%~0.51%	$479,599	None	Note
12/31/2019	Mega International Commercial Bank - LanYa Branch	$286,663	2.17%	$14,990	None	Note

Note: The credit limits were US$30,000 thousand as of December 31, 2020 and 2019.

D. Accounts receivable are generally on 30-90 day terms. The total carrying amount for the years ended December 31, 2020 and 2019, are NT$4,422,032 and NT$3,747,032, respectively. Please refer to Note 6 (22) for more details on loss allowance of accounts receivable for the years ended December 31, 2020 and 2019. Please refer to Note 12 for more details on credit risk management.

(7)Inventories

A. Details of inventory:

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Raw material	$708,425	$463,604
Supplies	67,033	38,110
Work in process	1,408,262	1,312,907
Finished goods	647,654	554,116
Merchandises	57,643	84,238
Total	$2,889,017	$2,452,975

B. For the years ended December 31, 2020 and 2019, the Group recognized NT$21,279,419 thousand and NT$19,566,671 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

	For the year ended December 31,	
Item	2020 (NT$'000)	2019 (NT$'000)
Loss from (Gains on recovery of) inventory market decline	$98,577	$(219,810)
Loss from physical	15,694	11,496
Loss from inventory write-off obsolescence	2,624,537	2,856,305
Total	$2,738,808	$2,647,991

The Group recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed.

C. The inventories were not pledged.

(8) Investments accounted for under the equity method

	As of December 31,			
	2020		2019	
Investee	Carrying amount (NT$'000)	Percentage of ownership (%)	Carrying amount (NT$'000)	Percentage of ownership (%)
Investment in associates:				
FuYang Technology Corp.	$298,789	35.65%	$538,259	35.65%

A. The Company invested cash in FuYang Technology Corp. during May 2016 for interest ownership of 36%. The investment is accounted for as an investment in associates due to the Company's ability to exercise its significant influence.

In May 2017, the Company participated in FuYang's cash offering by disproportionately investing NT$479,422 thousand for 19,176,872 shares of FuYang and, therefore, recognized a capital surplus amounting to NT$7,484 thousand. As a result of the offering, the Company's share interest on FuYang decreased to 35.65%.

B. Investments in associates

As of December 31, 2020 and 2019, the aggregate carrying amount of the Group's interests in FuYang Technology Corp. is NT$298,789 thousand and NT$538,259 thousand. The aggregate financial information based on Group's share of FuYang Technology Corp. is as follows:

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Profit or loss from continuing operations	$(233,581)	$(192,908)
Other comprehensive income (post-tax)	(5,889)	(4,108)
Total comprehensive income	$(239,470)	$(197,016)

There were no contingent liabilities or capital commitments with respect to the investment in the associate as of December 31, 2020 and 2019. Nor any of the Group's share interest on FuYang was pledged as collateral.

C. The Group's investment accounted for under equity method as of December 31, 2020 and 2019 amounted to NT$298,789 thousand and NT$538,259 thousand while the related investment income/loss and joint venture income were NT$(233,581) thousand and NT$(192,908) thousand for the year ended December 31, 2020 and 2019, respectively. And other comprehensive income were NT$(5,889) thousand and NT$(4,108) thousand for the year ended December 31, 2020 and 2019, respectively. They were measured based on the audited financial statements of the investee for the same correspondent periods.

D. No investment accounted for under equity method was pledged as collateral as of December 31, 2020 and 2019.

(9) Property, plant and equipment

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Owner occupied property, plant and equipment	$18,080,810	$19,675,900

A.Property, plant and equipment

	Land (NT$'000)	Buildings (NT$'000)	Machinery (NT$'000)	Office Equipment (NT$'000)	Vehicle (NT$'000)	Other Equipment (NT$'000)	Construction in progress and equipment awaiting inspection (including prepayment for equipment) (NT$'000)	Total (NT$'000)
Cost:								
As of 1/1/2020	$2,979,392	$8,703,739	$25,976,638	$241,294	$17,922	$7,348,928	$1,745,970	$47,013,883
Addition	-	40	2,851	73	42	192,852	3,286,975	3,482,833
Disposals	-	(1,595)	(813,220)	(7,489)	(596)	(270,227)	-	(1,093,127)
Effect of EX rate	-	(73,162)	(160,467)	(117)	159	(7,269)	360	(240,496)
Reclassification	-	10,222	1,976,865	25,952	2,516	419,838	(2,435,393)	-
As of 12/31/2020	$2,979,392	$8,639,244	$26,982,667	$259,713	$20,043	$7,684,122	$2,597,912	$49,163,093
Depreciation and impairment:								
As of 1/1/2020	$-	$2,757,524	$18,364,210	$190,436	$14,447	$4,427,400	$-	$25,754,017
Depreciation	-	372,314	2,912,340	28,345	1,626	942,101	-	4,256,726
Impairment loss	-	-	19,305	-	-	322	-	19,627

Disposal	-	(1,594)	(662,474)	(7,489)	(596)	(270,185)	-	(942,338)
Effect of EX rate	-	(42,256)	(154,866)	20	152	(5,141)	-	(202,091)
Reclassification	-	-	(3)	-	-	3	-	-
As of 12/31/2020	$-	$3,085,988	$20,478,512	$211,312	$15,629	$5,094,500	$-	$28,885,941

	Land (NT$'000)	Buildings (NT$'000)	Machinery (NT$'000)	Office Equipment (NT$'000)	Vehicle (NT$'000)	Other Equipment (NT$'000)	Construction in progress and equipment awaiting inspection (including prepayment for equipment) (NT$'000)	Total (NT$'000)
Cost:								
As of 1/1/2019	$1,609,729	$6,268,452	$24,923,303	$208,304	$18,806	$6,603,444	$4,869,355	$44,501,393
Addition	-	(858)	17,897	1,380	-	467,733	3,550,169	4,036,321
Disposals	-	-	(841,128)	(3,563)	(680)	(262,635)	-	(1,108,006)
Effect of EX rate	-	(112,318)	(247,812)	(2,404)	(397)	(51,282)	(1,612)	(415,825)
Reclassification	1,369,663	2,548,463	2,124,378	37,577	193	591,668	(6,671,942)	-
As of 12/31/2019	$2,979,392	$8,703,739	$25,976,638	$241,294	$17,922	$7,348,928	$1,745,970	$47,013,883
Depreciation and impairment:								
As of 1/1/2019	$-	$2,458,270	$15,899,486	$161,066	$14,031	$3,767,724	$-	$22,300,577
Depreciation	-	354,744	3,072,822	35,236	1,458	966,309	-	4,430,569
Impairment loss	-	-	11,436	-	-	713	-	12,149
Disposal	-	-	(392,856)	(3,563)	(680)	(261,089)	-	(658,188)
Effect of EX rate	-	(55,490)	(226,649)	(2,303)	(362)	(46,286)	-	(331,090)
Reclassification	-	-	(29)	-	-	29	-	-
As of 12/31/2019	$-	$2,757,524	$18,364,210	$190,436	$14,447	$4,427,400	$-	$25,754,017
Net carrying amount:								
As of 12/31/2020	$2,979,392	$5,553,256	$6,504,155	$48,401	$4,414	$2,589,622	$2,597,912	$20,277,152
As of 12/31/2019	$2,979,392	$5,946,215	$7,612,428	$50,858	$3,475	$2,921,528	$1,745,970	$21,259,866

B. "Significant components" of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 20 to 25 years and 3 to 20 years.

C. Details of property, plant & equipment and prepayment for machinery is as follows:

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Property, plant and equipment	$18,080,810	$19,675,900
Prepayment for equipment	2,196,342	1,583,966
Total	$20,277,152	$21,259,866

D. The Group recognized an impairment loss amounting to NT$19,627 thousand on certain real estate to an extent of the recoverable value in 2020. The Group recognized an impairment loss amounting to NT$12,149 thousand on certain real estate to an extent of the recoverable value in 2019. These impairment loss or gain from recovery has been recorded in the Group's statements of comprehensive incomes. The recoverable value is measured at usage values by the identified individual asset.

E. Please refer to Note 8 for details on property, plant and equipment pledged as collaterals.

F. The Company purchased 40 parcels of land with a total area of 36,115.24 square meters. Lands are located at the addresses of No. 1113, 1114, 1438 to 1443,1479,1486 to 1487 at ShiLeiZi Sub-section, ShiLeiZi Section, No. 1044, 1047 to 1049 at QingHua Section, and No. 0001, 697 to 700 and 712 to 726 at RongHua Section, XinFeng Village. Due to regulatory restrictions, the agricultural land cannot be registered under the Company's name while it has been temporarily registered under the general manager's name and, to secure the Company's right to the land, mortgage registration has been set aside with the Company being the obligee.

(10) Intangible assets

	Computer software (NT$'000)
Cost:	
As of 1/1/2020	$82,532
Additions – acquired separately	41,024
Derecognized upon retirement	(58,789)
Reclassification	-
Effect of exchange rate changes	(570)
As of 12/31/2020	$64,197

As of 1/1/2019	$41,461
Additions – acquired separately	55,835
Derecognized upon retirement	(14,095)
Reclassification	-
Effect of exchange rate changes	(669)
As of 12/31/2019	$82,532
Amortization and Impairment:	
As of 1/1/2020	$51,779
Amortization	39,654
Derecognized upon retirement	(58,789)
Reclassification	-
Effect of exchange rate changes	(552)
As of 12/31/2020	$32,092
As of 1/1/2019	$26,932
Amortization	39,561
Derecognized upon retirement	(14,095)
Reclassification	-
Effect of exchange rate changes	(619)
As of 12/31/2019	$51,779
Carrying amount, net:	
As of 12/31/2020	$32,105
As of 12/31/2019	$30,753

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 30,	
	2020 (NT$'000)	2019 (NT$'000)
Cost of goods sold	$108	$56
Selling	88	44
General and administrative	38,850	39,171
Research and development	608	290
Total	$39,654	$39,561

(11) Other non-current assets

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Refundable deposits	$120,921	$88,069

(12) Short-term loans

	Interest interval (%)	As of December 31, 2020 (NT$'000)	2019 (NT$'000)
Unsecured bank loans	0.43%~1.3259%	$2,640,307	$4,096,101

As of December 31, 2020 and 2019, the line of unused short-term loan credit for the Group amounted to NT$5,614,413 thousand and NT$5,010,891 thousand.

(13) Other payable

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Accrued expense	$2,733,032	$2,247,162
Equipment payable	1,197,505	550,328
Accrued interest	2,672	6,727
Total	$3,933,209	$2,804,217

(14) Other current liabilities

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Other current liabilities	$104,488	$79,654
Current portion of long-term loans	967,737	1,158,496
Deferred revenue	4,444	-
Total	$1,076,669	$1,238,150

(15)Refund liability

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Refund liability	$206,517	$74,865

(16)Long-term loans

Details of long-term loans were as follows:

Debtor	Type of Loan	Maturity	Loan Balance As of 12/31/2020 (NT$'000)	Repayment
Mega International Commercial Bank – LanYa Branch	Credit loan	2021.09.05-2026.12.31	$584,975	Notes 1 and 5
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2021.04.23-2027.09.15	1,617,293	Notes 2, 3 and 8
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2020.11.10-2030.10.15	9,786	Note 7
Standard Chartered Bank – Xinwu Branch	Credit loan	2021.09.28	300,000	Note 4
Chang Hwa Commercial Bank – BeiTou Branch	Credit loan	2025.03.15-2027.08.15	152,815	Notes 7 and 5
The Bank of Taiwan – BeiTou Branch	Credit loan	2026.11.04-2027.09.30	944,679	Note 6
Total			3,609,548	
Less: current portion			(967,737)	
Non-current portion			$2,641,811	

Debtor	Type of Loan	Maturity	As of 12/31/2019 (NT$'000)	Repayment
Mega International Commercial Bank – LanYa Branch	Credit loan	2020.04.02-2026.12.31	$1,115,550	Note 1 and 5
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2021.04.23-2026.12.31	650,000	Notes 2 and 3
Standard Chartered Bank – Xinwu Branch	Credit loan	2021.09.28	600,000	Note 4
The Bank of Taiwan – BeiTou Branch	Credit loan	2026.11.04-2026.12.31	681,000	Note 6
Total			3,046,550	
Less: current portion			(1,158,496)	
Non-current portion			$1,888,054	

Note 1: A term is defined as every 3 months starting from the initial draw-down date. Loan period is 5 years. Grace period is 1 year (4 terms). Interest shall be paid monthly with principal repaid every 3 months. The rest is repayable in installments of equal amount for 16 terms.

Note 2: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 1 years (4 terms). The rest is repayable in installments of equal amount for 8 terms.

Note 3: A term is defined as every month starting from the initial draw-down date. The principal and interest are repayable in installments of equal amount for 84 terms.

Note 4: Grace period is 18 months from the initial draw-down date. 18 months after the initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 4 terms.

Note 5: Grace period is 3 years from the initial draw-down date. A term is defined as every month since the fourth year. The principal and interest are repayable in installments of equal amount for 48 terms.

Note 6: Grace period is 2 years from the initial draw-down date. A term is defined as every month since the third year. The principal and interest are repayable in installments of equal amount for 60 terms.

Note 7: A term is defined as every month starting from the initial draw-down date. Grace period is 3 years (36 terms). The rest is repayable in installments of equal amount for 24 terms.

Note 8: A term is defined as every 3 months starting from the initial draw-down date. The principal and interest are repayable in installments of equal amount for 16 terms.

A. Please refer to Note 8 for details on assets pledged as collaterals.

B. As of December 31, 2020 and 2019, the interest rate intervals for long-term loans were 0.4%~1.236% and 0.6%~3.703%.

The Group obtained from the Ministry of Economy a low-interest government loan amounting NT$2,181,000 thousands with a term of 5~10 years and annual interest rates of 0.5~0.9% and monthly interest payment on the 15th of each month. The loan was recorded under the caption of other liabilities-deferred government grants income. The Group shall recognize the government grant income when it is reasonably assured that the Group satisfy all the terms of the government grant agreement.

(17)Other non-current liabilities

(a) Details of other non-current liabilities were as follows:

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Net defined benefit liability	$30,366	$25,771
Deposits received	73,235	43,836
Deferred revenue	26,068	-
Total	$129,669	$69,607

(b) The details of the deferred government grants income for the year ended December 31, 2020 are as follows:

	For the year ended December 31, 2020 (NT$'000)
Beginning balance	$-
Received during the period	33,970
Released to the statement of comprehensive income	(3,458)
Ending Balance	$30,512
Current	$4,444
Non-current	$26,068

(c) Please refer to Note 6(16) for details on interest rate of deferred government grants income.

(18)Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2020 and 2019 were NT$157,242 thousand and NT$144,061 thousand, respectively.

Pension expenses for the years ended December 31, 2020 and 2019 were NT$16 thousand and NT$52 thousand, respectively.

Defined benefits plan

Kinsus and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, Kinsus and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$4,464 thousand to its defined benefit plan during the 12 months beginning after December 31, 2020.

As of December 31, 2020 and 2019, the maturities of Kinsus' defined benefit plan are in 2037 and 2037.

Pension costs recognized in profit or loss were as follows.

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Current period service costs	$-	$58
Net interest of defined benefit liability (asset)	224	302
Previous period service costs	-	-
Settlement	-	-
Total	$224	$360

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	As of		
	12/31/2020 (NT$'000)	12/31/2019 (NT$'000)	01/01/2019 (NT$'000)
Defined benefit obligation	$159,753	$145,786	$135,711
Plan assets at fair value	(129,387)	(120,015)	(110,555)
Other non-current liabilities – net defined benefit liability	$30,366	$25,771	$25,156

Reconciliation of liability (asset) of the defined benefit liability is as follows:

	Present value of defined benefit obligation (NT$'000)	Fair value of plan assets (NT$'000)	Net defined benefit liability(asset) (NT$'000)
1/1/2019	$135,711	$(110,555)	$25,156
Current service cost	58	-	58
Interest cost	1,629	(1,327)	302
Past service cost and settlement	-	-	-
Total	1,687	(1,327)	360
Re-measurement on defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	1,283	-	1,283

Actuarial gain/loss due to change in financial assumptions	8,502	-	8,502
Experience gain/loss	(1,397)	(3,661)	(5,058)
Re-measurement on defined benefit assets	-	-	-
Total	8,388	(3,661)	4,727
Benefits paid	-	-	-
Contributions by employer	-	(4,472)	(4,472)
Effect of exchange rate	-	-	-
12/31/2019	145,786	(120,015)	25,771
Current service cost	-	-	-
Interest cost(revenue)	1,268	(1,044)	224
Pasts service cost and settlement	-	-	-
Total	1,268	(1,044)	224
Re-measurement on defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	(2,013)	-	(2,013)
Actuarial gain/loss due to change in financial assumptions	11,971	-	11,971
Experience gain/loss	2,741	(3,864)	(1,123)
Re-measurement on defined benefit assets	-	-	-
Total	12,699	(3,864)	8,835
Benefits paid	-	-	-
Contributions by employer	-	(4,464)	(4,464)
Effect of exchange rate	-	-	-
12/31/2020	$159,753	$(129,387)	$30,366

The actuarial assumptions used for the Company's defined benefit plan are shown below.

	As of December 31,	
	2020	2019
Discount rate	0.43%	0.87%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis

	For the year ended December 31,			
	2020 (NT$'000)		2019 (NT$'000)	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased by 0.5%	$-	$(13,353)	$-	$(12,758)
Discount rate decreased by 0.5%	14,825	-	14,220	-
Expected salary level increased by 0.5%	14,363	-	13,839	-
Expected salary level decreased by 0.5%	-	(13,097)	-	(12,566)

For the purpose of sensitivity analysis above, the Company calculated the impact on defined benefit obligation due to a reasonable and feasible change of one single assumption (i.e. discount rate or expected salary level) with other assumptions remaining equal. Please note that the sensitivity analysis has its limitation due to the co-relation between different actuarial assumptions and the rarity that only one assumption changes at a time.

The method used in the analysis is consistent for both current and prior years.

(19)Equity

A. Common stock

As of December 31, 2020 and 2019, the Company's authorized capital were NT$6,000,000 thousand and NT$6,000,000 thousand, respectively, each share at par value of NT$10, divided into 600,000 thousand shares and 600,000 thousand shares, respectively. As of December 31, 2020 and 2019, the Company's paid-in capital were NT$4,508,625 thousand and NT$4,510,738 thousand, respectively, divided into 450,863 thousand shares and 451,074 thousand shares, respectively. Each share represents a voting right and a right to receive dividends.

On January 29, 2018 and May 29, 2018, the Company's board of directors and shareholders' meetings resolved to increase the capital through an issuance of new 5,500,000 shares of restricted stock for employees. The application has been governmentally approved by FSC in the Order No. Financial-Supervisory-Securities-Corporate-1070324628 issued on July 10, 2018. The measurement date was at August 28, 2018, and issued 4,841 thousand shares of restricted stock for employees.

On February 18, 2019, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$786 thousand. The measurement date was at March 17, 2019.

On April 29, 2019, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$600 thousand. The measurement date was at May 2, 2019.

On July 29, 2019, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$1,395 thousand. The measurement date was at August 1, 2019.

On October 28, 2019, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$876 thousand. The measurement date was at October 30, 2019.

On February 10, 2020, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$348 thousand. The measurement date was at February 12, 2020.

On April 27, 2020, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$1,238 thousand. The measurement date was at April 29, 2020.

On July 27, 2020, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$399 thousand. The measurement date was at July 29, 2020.

On October 26, 2020, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$128 thousand. The measurement date was at October 28, 2020.

In addition, on February 18, 2019, the board of directors resolved to issue 659 thousand shares of restricted stock. The measurement date was at March 18, 2019 and issued 598 thousand shares of restricted stock.

As of December 31, 2020, the restricted stocks plan has expired while there were 14 thousand shares to be cancelled yet.

B. Capital surplus

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Additional paid-in capital	$6,011,409	$5,959,846
Differences between purchase price and carrying amount arising from acquisition or disposal of subsidiaries	50,925	50,925
All changes in interests in subsidiaries	529,959	529,959
Change in joint ventures accounted for using equity method	7,484	7,484
Shared-Based Payment	8,371	8,371
Restricted stocks for employees	23,882	81,157
Total	$6,632,030	$6,637,742

According to the Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

C. Treasury stock

Treasury stock amounted to NT$143 thousand and NT$332 thousand, respectively, divided into 14 thousand shares, and 33 thousand shares, respectively, as of December 31, 2020 and 2019.

The movement schedule of treasury stock for the years ended December 31, 2020 and 2019 was as below (in thousand shares).

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
For the years ended December 31, 2020				
Recover failed restricted stocks	33	192	211	14
For the years ended December 31, 2019				
Recover failed restricted stocks	74	325	366	33

According to the Securities and Exchange Act of the R.O.C., total treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital. As such, the ceiling number of shares of treasury stock that the Company could hold as of December 31, 2020 were 45,086 thousand shares, with the maximum payments of NT$20,540,996 thousand.

In compliance with Securities and Exchange Act of the R.O.C., treasury stock should not be pledged, nor should it be entitled to voting rights or receiving dividends.

D. Appropriation of earnings and dividend policies

(a) Earning distribution

According to the Company's Articles of Incorporation revised by the shareholders' meetings on May 28, 2020, current year's earnings, if any, shall be distributed in the following order:

I. Payment of all taxes and dues;
II. Offset prior years' operation losses;
III. Set aside 10% of the remaining amount as legal reserve. There is no requirement to further make such reserve when legal reserve reaches the capital amount.
IV. Set aside or reverse special reserve in accordance with law and regulations; and
V. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

If the above-mentioned dividends are distributed to shareholders in the form of cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and report to the shareholders’ meeting.

(b) Dividend policies

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders’ demand for cash, the Company’s dividend policy aims for steadiness and balancing. Shareholder extra dividend each year cannot be less than 10% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross amount of dividends.

(c) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(d) Special reserve

Following the adoption of T-IFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the T-IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company’s adoption of the T-IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

(e) The appropriations of earnings for the Year 2020 and 2019 were approved through the Board of Directors' meetings and shareholders' meetings held on January 29, 2021 and May 28, 2020, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2020 (NT$'000)	2019 (NT$'000)	2020	2019
Legal reserve	$53,316	$-		
Special reserve	(2,389)	83,021		
Cash dividend	450,847	451,039	$1.00	$1.00
Total	$501,774	$534,060		

Please refer to Note 6(24) for details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the years ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Beginning balance	$3,270,679	$1,966,372
Net income attributable to NCIs	387,529	78,064
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	(16,385)	(20,323)
All changes in interests in subsidiaries	-	1,303,433
Non-controlling interests increase/(decrease)	(121,916)	(56,867)
Ending balance	$3,519,907	$3,270,679

(20)Share-based payment plans

Restricted stocks plan for employees

A. On May 29, 2018, the shareholders' meetings resolved to issue of 5,500 thousand shares of restricted stocks for employees. The grantee is limited to employees who meet certain conditions. The restricted stocks have been approved by the Securities and Futures Bureau. On July 30, 2018, the board of directors resolved to issue 4,947 thousand shares. The measurement date was at August 28, 2018 and total shares issued were 4,841 thousand. The unit market price as of the granted date was NT$49.1.

On February 18, 2019, the board of directors resolved to issue 659 thousand shares. The measurement date was at March 18, 2019, while total shares issued 599 thousand shares. The unit market price as of the granted date was NT$43.45.

The employees who acquire the above shares can subscribe shares at the price of NT$10 per shares while the vesting conditions are as below.

Vesting conditions	Proportion of vested shares
Within one month starting the granted date	20%
April 25, 2019	20%
September 25, 2019	15%
April 25, 2020	15%
September 25, 2020	15%
April 25, 2021	15%

Restriction on employee's right after granted but before vested:

(a)The granted employee commit to the custodian institution, and shall not sell, pledge, transfer, donate, or dispose in any other ways, the right of restricted stocks before achieving the vesting conditions.

(b)After new shares of restricted stock are issued, the granted employee should immediately commit to the custodian institution, and not to ask the trustee to return the restricted stock in any other reasons or ways before achieving the vesting conditions.

(c)The restricted stock for employees can participate in receiving dividends during the vesting period.

(d)The right to vote and elect in a shareholders' meeting shall be executed by custodian institution in accordance with related regulations.

On August 28, 2018, the issuance of 4,841 thousand restricted shares for employees resulted in the increase of capital reserve－employee stock option amounting to NT$184,530 thousand. The restricted stocks plan was invalidated as of December 31, 2020 and 541 thousand shares were recalled. As a result, capital reserve increased by NT$5,405 thousand and the unearned employee compensation was NT$2,535 thousand.

On March 18, 2019, the issuance of 599 thousand restricted shares for employees resulted in the increase of capital reserve－employee stock option amounting to NT$19,396 thousand. The restricted stocks plan was invalidated as of December 31, 2020 and 51 thousand shares were recalled. As a result, capital reserve increased by NT$507 thousand and the unearned employee compensation was NT$302 thousand.

B. The expense recognized for employee services received is shown in the following table.

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Total expense arising from equity-settled share-based payment transactions	$19,915	$80,477

C. The Company did not modify the share-based payment plan for the the years ended December 31, 2020 and 2019.

(21)Sales

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Revenue from customer contracts		
Sales of goods	$26,813,266	$22,080,189
Other operating revenue	285,208	247,221
Total	$27,098,474	$22,327,410

Analysis of revenue from contracts with customers during the years ended December 31, 2020 and 2019 are as follows:

A. Disaggregation of revenue

	IC Substrate (NT$'000)	PCB (NT$'000)	Optics (NT$'000)	Total (NT$'000)
Sale of goods	$20,911,996	$1,922,857	$3,978,413	$26,813,266
Other	285,208	-	-	285,208
Total	$21,197,204	$1,922,857	$3,978,413	$27,098,474
The timing for revenue recognition:				
At a point in time	$21,197,204	$1,922,857	$3,978,413	$27,098,474

	IC Substrate (NT$'000)	PCB (NT$'000)	Optics (NT$'000)	Total (NT$'000)
Sale of goods	$16,045,022	$2,680,034	$3,355,133	$22,080,189
Other	247,221	-	-	247,221
Total	$16,292,243	$2,680,034	$3,355,133	$22,327,410
The timing for revenue recognition:				
At a point in time	$16,292,243	$2,680,034	$3,355,133	$22,327,410

B. Contract balances

(a) Contract liabilities

	As of		
	12/31/2020 (NT$'000)	12/31/2019 (NT$'000)	01/01/2019 (NT$'000)
Sales of goods	$146,450	$57,778	$124,061
Customer loyalty programs	15,281	14,848	10,739
Total	$161,731	$72,626	$134,800

For the year ended December 31, 2020, contract liabilities decreased because certain performance obligations included in the beginning contract liability balance were satisfied and therefore recognized for revenues.

(22) Expected credit losses/ (gains)

	For the years ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Operating expenses – Expected credit losses/(gains)		
Account receivables	$(6,144)	$(4,388)

Please refer to Note 12 for more details on credit risk.

The Group measured the impairment against the other receivables reclassified from accounts receivable due to factoring agreements mainly based on the expected credit loss for 12 months of the counter-party financial institutions. As of December 31, 2020 and 2019, there were no other receivables past due. Furthermore, the Group assessed the related expected credit loss to be insignificant because the counter-party financial institutions are of good credit condition.

The Group measures the loss allowance of its contract assets and accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31,2020 and 2019 are as follows:

A. The Group considers the grouping of accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follows.

December 31, 2020

Group 1	Not past due	Past due					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)
Gross carrying amount	$3,656,542	$162,200	$7,759	$16,081	$-	$-	$3,842,582
Loss ratio	-%	5%	15%	30%	50%	75%	
Lifetime expected credit losses	-	(8,110)	(1,164)	(4,824)	-	-	(14,098)
Subtotal	3,656,542	154,090	6,595	11,257	-	-	3,828,484

Group 2	Not past due	Past due					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)
Gross carrying amount	$570,762	$9,870	$-	$-	$-	$-	$580,632
Loss ratio	1.02%	1%	0%	0%	0%	0%	0%
Lifetime expected credit losses	(5,818)	(99)	-	-	-	-	(5,917)
Subtotal	564,944	9,771	-	-	-	-	574,715
Carrying amount of accounts receivable	$4,221,486	$163,861	$6,595	$11,257	$-	$-	$4,403,199

December 31, 2019

Group 1	Not past due	Past due					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)
Gross carrying amount	$3,086,221	$377,160	$32,915	$-	$-	$-	$3,496,296
Loss ratio	-%	5%	15%	30%	50%	75%	
Lifetime expected credit losses	-	(18,858)	(4,937)	-	-	-	(23,795)
Subtotal	3,086,221	358,302	27,978	-	-	-	3,472,501

Group 2	Not past due (Note) (NT$'000)	Past due <=30 days (NT$'000)	31-60 days (NT$'000)	61-90 days (NT$'000)	91-120 days (NT$'000)	>=121 days (NT$'000)	Total (NT$'000)
Gross carrying amount	$225,693	$29,961	$-	$-	$-	$-	$255,654
Loss ratio	0.92%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	(2,049)	(300)	-	-	-	-	(2,349)
Subtotal	223,644	29,661	-	-	-	-	253,305
Carrying amount of accounts receivable	$3,309,865	$387,963	$27,978	$-	$-	$-	$3,725,806

Note: all the Group's note receivables were not past due.

B. The movement in the provision for impairment of note receivables and trade receivables during the years ended December 31, 2020 and 2019 are as follows:

	Notes receivable (NT$'000)	Accounts receivable (NT$'000)
Beginning balance as of January 1, 2020	$-	$26,144
Addition/(reversal) for the current period	-	(6,144)
Effect of exchange rate	-	15
Ending balance as of December 31, 2020	$-	$20,015

	Notes receivable (NT$'000)	Accounts receivable (NT$'000)
Beginning balance as of January 1, 2019	$-	$30,553
Addition/(reversal) for the current period	-	(4,388)
Effect of exchange rate	-	(21)
Ending balance as of December 31, 2019	$-	$26,144

(23) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment. These leases have terms of between 1 and 50 years. The Group may not allow to privately lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person.

The effect of leases on the Group's consolidated financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

I. Right-of-use assets

	Land	Buildings	Machinery and equipment	Transportation equipment	Total
Cost:					
As of 1/1/2020	$285,201	$276,415	$17,793	$2,490	$581,899
Addition	-	66,355	-	-	66,355
Disposals	(1,743)	(178,450)	-	-	(180,193)
Reclassification	-	-	-	-	-
Effect of EX rate	(6,454)	266	-	-	(6,188)
As of 12/31/2020	$277,004	$164,586	$17,793	$2,490	$461,873
As of 1/1/2019	$295,189	$292,541	$17,793	$1,330	$606,853
Addition	1,743	49,418	-	1,160	52,321
Disposals	-	(65,642)	-	-	(65,642)
Reclassification	-	-	-	-	-
Effect of EX rate	(11,731)	98	-	-	(11,633)
As of 12/31/2019	$285,201	$276,415	$17,793	$2,490	$581,899
Depreciation and impairment:					
As of 1/1/2020	$68,656	$123,449	$6,888	$815	$199,808
Depreciation	6,874	106,302	6,888	1,025	121,089
Disposals	(1,743)	(167,334)	-	-	(169,077)
Reclassification	-	-	-	-	-
Effect of EX rate	(1,781)	102	-	-	(1,679)
As of 12/31/2020	$72,006	$62,519	$13,776	$1,840	$150,141
As of 1/1/2019	$64,892	$-	$-	$-	$64,892
Depreciation	6,592	130,624	6,888	815	144,919
Disposals	-	(7,082)	-	-	(7,082)
Reclassification	-	-	-	-	-
Effect of EX rate	(2,828)	(93)	-	-	(2,921)
As of 12/31/2019	$68,656	$123,449	$6,888	$815	$199,808

Net carrying amount:					
As of 12/31/2020	$204,998	$102,067	$4,017	$650	$311,732
As of 12/31/2019	$216,545	$152,966	$10,905	$1,675	$382,091

II. Lease liability

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Lease liabilities	$106,246	$172,080
Current	$41,846	$113,937
Non-current	64,400	58,143
Total	$106,246	$172,080

Please refer to Note 6(25) (C) for the interest on lease liability recognized during the year ended December 31, 2020 and 2019 and refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2020 and 2019.

(b) Income and costs relating to leasing activities

	For the years ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
The expense relating to short-term leases	$(68,966)	$(47,328)
The expense relating to leases of low-value assets	(1,448)	(1,200)
Income from subleasing right-of-use assets	847	834

As at December 31, 2020 and 2019, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT$0.

For the year ended 2020, the Group recognized NT$5,920 thousand as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment.

(c) Cash outflow relating to leasing activities

During the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases amounting to NT$193,106 thousand, and NT$184,946 thousand, respectively.

B. Group as a lessor

The Group has entered leases on plants. These leases have terms of between one and three years. These leases are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Lease income for operating leases		
Income relating to fixed lease payments	$49,825	$51,908

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2020 and 2019 are as follows:

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Less than one year	$42,602	$42,379
More than one year but less than five years	35,316	77,694
Total	$77,918	$120,073

(24) Summary statement of employee benefits, depreciation and amortization by function is as follows:

Function / Nature	For the year ended December 31, 2020 (NT$'000)			For the year ended December 31, 2019 (NT$'000)		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expense	Total
Employee benefit						
Salaries & wages	$3,985,804	$1,086,070	$5,071,874	$3,653,848	$1,046,572	$4,700,420
Labor and health insurance	301,453	74,674	376,127	280,260	67,956	348,216
Pension	117,720	39,762	157,482	107,634	36,839	144,473
Other employee benefit	204,041	47,271	251,312	181,472	51,399	232,871
Depreciation	4,054,742	323,073	4,377,815	4,248,556	326,932	4,575,488
Amortization	108	39,546	39,654	56	39,505	39,561

According to the resolution, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profitability and following the rule of not lower than 10% and not higher than 1%, the Company incurred the employees' compensation and the remuneration to directors and supervisors, respectively, for the year ended December 31, 2020 and recorded them as employee benefits. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2020 amounted to NT$70,857 thousand and NT$ 4,313 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries.

For the year ended December 31, 2019, the Company incurred accumulated loss and therefore did not to accrue the employees' compensation and remuneration to directors and supervisors.

(25) Non-operating incomes and expenses

A. Other incomes

	For the years ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Interest income		
Financial assets measured at amortized cost	$43,405	$60,887
Government grants income	3,458	-
Other income – others	275,233	122,854
Total	$322,096	$183,741

B. Other gains and losses

	For the years ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Gain (loss) from disposal of property, plant and equipment	$(105,648)	$8,651
Foreign exchange gain (loss), net	(88,999)	(17,576)
Gains (losses) on lease modification gains	160	273
Net gain of financial assets at fair value through profit or loss	5,529	5,783
Impairment losses – Property, plant and equipment	(19,627)	(12,149)
Other expenses	(20,537)	(28,112)
Total	$(229,122)	$(43,130)

C. Finance costs

	For the years ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Interest on bank loans	$75,069	$140,889
Interests on lease liabilities	1,634	2,847
Total	$76,703	$143,736

(26) Components of other comprehensive income (OCI)

For the year ended December 31, 2020

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	$(8,835)	$-	$(8,835)	$-	$(8,835)
May be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	(8,107)	-	(8,107)	-	(8,107)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(5,889)	-	(5,889)	-	(5,889)
Total OCI	$(22,831)	$-	$(22,831)	$-	$(22,831)

For the year ended December 31, 2019

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	$(4,727)	$-	$(4,727)	$-	$(4,727)
May be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	(99,236)	-	(99,236)	-	(99,236)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(4,108)	-	(4,108)	-	(4,108)
Total OCI	$(108,071)	$-	$(108,071)	$-	$(108,071)

(27) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31, 2020 (NT$'000)	2019 (NT$'000)
Current income tax expense (benefit):		
Current income tax expense	$203,436	$119,804
Adjustments in respect of current income tax of prior periods	(14,289)	(20,452)
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	4,679	1,658
Total income tax expense	$193,826	$101,010

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Accounting profit (loss) before tax from continuing operations	$1,123,269	$(1,846,258)
Tax payable at the enacted tax rates	$317,304	$(352,234)
Surtax on Undistributed earnings	12,419	24,885
Tax effect of income tax-exempted	6,101	11,436
Tax effect of expenses not deductible for tax purposes	78	1,393
Tax effect of deferred tax assets/liabilities	(52,639)	476,536
Reversal of uncertain tax position upon finalization	(14,289)	(20,452)
Others	(75,148)	(40,554)
Total income tax expense recognized in profit or loss	$193,826	$101,010

C. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2020

	Beginning balance as of Jan. 1, 2020 (NT$'000)	Deferred tax income (expense) recognized in P/L (NT$'000)	Exchange adjustment (NT$'000)	Ending balance as of Dec. 31, 2020 (NT$'000)
Temporary differences				
Prepaid appreciation tax on agricultural land	$9,593	$-	$-	$9,593
Unrealized loss on inventory valuation	1,991	16,129	-	18,120
Unrealized exchange loss (gain)	1,476	(10,964)	-	(9,488)
Other	740	(192)	1	549

Investments accounted for using the equity method	(8,623)	(9,652)	-	(18,275)
Deferred tax income/ (expense)		$(4,679)	$1	
Net deferred tax assets/(liabilities)	$5,177			$499
Reflected in balance sheet as follows:				
Deferred tax assets	$13,800			$28,262
Deferred tax liabilities	$(8,623)			$(27,763)

For the year ended December 31, 2019

	Beginning balance as of Jan. 1, 2019 (NT$'000)	Deferred tax income (expense) recognized in P/L (NT$'000)	Exchange adjustment (NT$'000)	Ending balance as of Dec. 31, 2019 (NT$'000)
Temporary differences				
Prepaid appreciation tax on agricultural land	$9,593	$-	$-	$9,593
Unrealized loss on inventory valuation	2,492	(501)	-	1,991
Unrealized exchange loss (gain)	(1,680)	3,156	-	1,476
Other	326	427	(13)	740
Investments accounted for using the equity method	(3,883)	(4,740)	-	(8,623)
Deferred tax income/ (expense)		$(1,658)	$(13)	
Net deferred tax assets/(liabilities)	$6,848			$5,177
Reflected in balance sheet as follows:				
Deferred tax assets	$12,411			$13,800
Deferred tax liabilities	$(5,563)			$(8,623)

D. Unrecognized deferred tax assets

As of December 31, 2020 and 2019, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$1,545,521 thousand and NT$1,620,530 thousand, respectively.

E. Unused balance of deductible net operating loss within the Company was listed as follows:

Occurrence year	Accumulated net operating loss (NT$'000)	Unused balance As of December 31, 2020 (NT$'000)	Unused balance As of December 31, 2019 (NT$'000)	Expiration Year
2012	$101,046	$95,555	$96,117	2022
2019	2,023,410	1,526,440	2,023,410	2029
		$1,621,995	$2,119,527	

F. The assessment of income tax return

As of December 31, 2020, the assessment status of income tax returns of the Company and subsidiaries was as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2017
Subsidiary - Pegavision Corporation	As of December 31, 2020, the assessment of income tax returns of the Company have been approved up to the year of 2018 but not yet approved in 2017.
Subsidiary - Kinsus Investment Co., Ltd.	Assessed and approved up to 2017
Subsidiary - Aquamax Corporation	The registration was completed at June 15, 2020. So there is no income tax declaration.

(28) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences)by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Net income (loss) attributable to common shareholders of the parent (in NT$'000)	$541,914	$(2,025,332)
Weighted average number of common shares outstanding (in thousand shares)	449,502	447,963
Basic earnings (loss) per share (in NT$)	$1.21	$(4.52)

B. Diluted earnings per share

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Net income (loss) attributable to common shareholders of the parent (NT$'000)	$541,914	$(2,025,332)
Net income (loss) attributable to common shareholders of the parent after dilution (NT$'000)	$541,914	$(2,025,332)
Weighted average number of common shares outstanding (in thousand shares)	449,502	447,963
Effect of dilution:		
Employee bonus (compensation) – stock (in thousand shares)	876	(Note)
Restricted stocks (in thousand shares)	963	(Note)
Weighted average number of common shares outstanding after dilution (in thousand shares)	451,341	447,963
Diluted earnings (loss) per share (in NT$)	$1.20	$(4.52)

Note: It is not applicable due to anti-dilutive effect.

No other transactions that would significantly change the outstanding common shares or potential common shares incurred during the period after reporting date and up to the approval date of financial statements.

(29) Subsidiary that has material non-controlling interests

Proportion of equity interest held by non-controlling interests:

Name	Country	As of December 31, 2020	As of December 31, 2019
PIOTEK HOLDINGS LTD. and its subsidiary	China	49.00%	49.00%
Pegavision Corporation and its subsidiary	Taiwan	69.67%	69.67%

Accumulated balances of material non-controlling interest:

	As of December 31, 2020 (NT$'000)	As of December 31, 2019 (NT$'000)
PIOTEK HOLDINGS LTD. and its subsidiaries	$318,252	$446,621
Pegavision Corporation and its subsidiary	$3,201,655	$2,824,058

Profit (loss) allocated to material non-controlling interest:

	For the year ended December 31, 2020 (NT$'000)	For the year ended December 31, 2019 (NT$'000)
PIOTEK HOLDINGS LTD. and its subsidiaries	$(110,833)	$(233,879)
Pegavision Corporation and its subsidiary	$498,362	$311,943

The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarized PIOTEK HOLDINGS LTD. and its subsidiaries information of profit or loss is as follows:

	For the year ended December 31,	
	2020	2019
	(NT$'000)	(NT$'000)
Operating revenue	$1,927,343	$2,680,192
Profit/loss from continuing operation	(226,211)	(477,291)
Total comprehensive income for the period	(261,990)	(512,404)

Summarized Pegavision Corporation and its subsidiaries information of profit or loss is as follows:

	For the year ended December 31,	
	2020	2019
	(NT$'000)	(NT$'000)
Operating revenue	$3,978,413	$3,355,133
Profit/loss from continuing operation	715,359	475,492
Total comprehensive income for the period	717,010	470,935

Summarized PIOTEK HOLDINGS LTD. And its subsidiaries information of financial position is as follows:

	As of December 31,	
	2020	2019
	(NT$'000)	(NT$'000)
Current assets	$1,146,983	$1,296,006
Non-current assets	1,115,410	1,386,815
Current liabilities	996,237	1,615,833
Non-current liabilities	616,664	155,506

Summarized Pegavision Corporation and its subsidiaries information of financial position is as follows:

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Current assets	$2,890,778	$1,987,183
Non-current assets	3,525,253	3,322,522
Current liabilities	1,716,965	1,188,472
Non-current liabilities	103,350	67,528

Summarized PIOTEK HOLDINGS LTD. And its subsidiaries cash flows information is as follows:

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Operating activities	$(86,635)	$61,061
Investing activities	(44,601)	(64,158)
Financing activities	19,186	18,611
Net increase/(decrease) in cash and cash equivalents	(89,187)	33,467

Summarized Pegavision Corporation and its subsidiaries cash flows information is as follows:

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Operating activities	$1,194,159	$772,520
Investing activities	(718,975)	(1,191,429)
Financing activities	(43,833)	806,626
Net increase/(decrease) in cash and cash equivalents	43,194	382,808

7. RELATED PARTY TRANSACTIONS

(1)Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Pegatron Corporation	Parent company
FuYang Technology Corp.	Associate
AzureWave Technologies, Inc	Other related parties
AzureWave Technologies (Shanghai) Inc.	Other related parties
PEGATRON JAPAN INC	Other related parties
Maintek Computer (Suzhou) Co., Ltd	Other related parties
GNDC Co., Ltd.	Other related parties
DIGITEK (CHONGQING) LIMITED	Other related parties
COTEK ELECTRONICS(SUZHOU) CO., LTD.	Other related parties
ASIAROCK TECHNOLOGY LIMITED	Other related parties
PEGATRON CZECH S.R.O	Other related parties

(2)Significant transactions with related parties

A. Sales

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Parent company	$7,650	$182,113
Other related parties	220,918	583,602
Total	$228,568	$765,715

Selling prices and collection terms to related parties are similar to those to third party customers for the year ended December 31, 2020 and 2019 The collection terms are 30 to 90 days from the end of delivery month by telegraphic transfer.

B. Lease-related parties

(a) Right-of-use assets

		As of December 31,	
Related parties	Nature	2020 (NT$'000)	2019 (NT$'000)
Parent company	Buildings	$-	$59,555
Other related parties	Buildings	635	1,480
Total		$635	$61,035

(b) Lease liabilities

	As of December 31,	
Related parties	2020 (NT$'000)	2019 (NT$'000)
Parent company	$-	$65,406
Other related parties	643	1,489
Total	$643	$66,895

(c) Lease payment (Rental expense)

		For the year ended December 31,	
Related parties	Nature	2020 (NT$'000)	2019 (NT$'000)
Parent company	Various facilities	$38,369	$8,441
Parent company	Plant	625	983
Total		$38,994	$9,424

(d) Interest expenses

	For the year ended December 31,	
Related parties	2020 (NT$'000)	2019 (NT$'000)
Parent company	$248	$1,401
Other related parties	14	61
Total	$262	$1,462

C. For the year ended December 31, 2020 and 2019, the Group recognized operating expenses of NT$2,818 thousand and NT$3,197 thousand, respectively, for services provided by other related parties.

   Moreover, for the year ended December 31, 2020 and 2019, the Group recognized operating expenses of NT$361 thousand and NT$427 thousand (tax included), respectively, for services provided by the Parent.

   In addition, for the year ended December 31, 2020 and 2019, the Group incurred operating expenses of NT$69,793 thousand and NT$69,503 thousand (tax included), respectively, for utility bills paid by the Parent on behalf of the Group.

   For the year ended December 31, 2020 and 2019, the Group incurred operating expenses of NT$0 and NT$41 thousand (tax included), respectively, for utility bills paid by other related parties.

   For the year ended December 31, 2020 and 2019, the Group recognized operating expense of NT$2,636 thousand and NT$2,565 thousand, respectively, due to subcontracting maintenance and repair on factories to its associate.

D. For the year ended December 31, 2020 and 2019, the Group recognized rent income of NT$952 thousand and NT$1,081 thousand, respectively, for plants leased to other related parties.

   For the year ended December 31, 2020 and 2019, the Group recognized rent income of NT$43,227 thousand and NT$43,660 thousand, respectively, for plants leased to the associate.

E. For the year ended December 31, 2020 and 2019, the Group recognized other income in amount of NT$18,934 thousand and NT$23,235 thousand, respectively, due to paying utilities on behalf of associate.

F. Accounts receivable - related parties

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Parent company	$1,240	$5,972
Other related parties	23,622	105,351
Total	24,862	111,323
Less: loss allowance	-	-
Net	$24,862	$111,323

G. Other receivables

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Associate	$3,859	$5,672
Other related parties	255	229
Total	$4,114	$5,901

H. Refundable deposits

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Parent company	$10,000	$10,000

I. Accrued expenses

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Parent company	$19,705	$16,660
Associate	467	446
Other related parties	499	614
Total	$20,671	$17,720

J. Salaries and rewards to key management of the Group

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Short-term employee benefit	$45,130	$41,144
Post-employee benefit	864	787
Total	$45,994	$41,931

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

	Carrying Amount As of		
Item	2020 (NT$'000)	2019 (NT$'000)	Purpose
Property, plant and equipment - land	$-	$1,317,564	Long-term secured loans
Property, plant and equipment - buildings (carrying amount)	61,249	65,473	Long-term secured loans
Financial assets measured at amortized cost	44,110	-	Guarantee of provisional attachment
Refundable deposits	2,000	2,000	Security deposit to custom authority
Total	$107,359	$1,385,037	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group's unused letters of credit (LC) as of December 31, 2020 are as follows:

Currency	LC Amount (in thousand)		Security (in thousand)
JPY	JPY	6,772,855	$-
USD	USD	7,594	-

(2) Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2020 are as follows:

Nature of Contract	Contract Amount (NT$'000)	Amount Paid (NT$'000)	Outstanding Balance (NT$'000)
Machinery and construction contracts	$4,209,975	$1,110,490	$3,099,485

(3) The Group has disputes with Wuxi Land Environmental Technology Co.,LTD. ("Wuxi Land Company" hereinafter) regarding the hazardous waste clean up and recycle contract. In June 2020, Wuxi Land Company filed a lawsuit and requested returning security deposit of RMB 1,000 thousand and prepayment of RMB 9,081 thousand. As of December 31, 2020, the Group received RMB 14,392 thousand from Wuxi Land Company, and the payment was listed under receipts in advance. Wuxi Land Company filed to freeze the advance receipt in August 2020. The People's Court of Huqiu District, Suzhou City ruled to freeze RMB 10,100 thousand , which the Group accounted for under restricted assets. As of January 29, 2021 , the Group filed an appeal. The case is still pending in court. It is assessed that the aforementioned lawsuits have no significant impact on the Group.

10. SIGNIFICANT DISASTER LOSS

None

11. SIGNIFICANT SUBSEQUENT EVENT

None

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through P/L	$1,594,063	$1,338,832
Financial assets at fair value through OCI	51,000	50,000
Financial assets measured at amortized cost		
Cash and petty cash	11,664,932	10,712,103
Time deposit	423,057	423,057
Restricted deposit	44,110	-
Accounts receivable	4,403,199	3,725,806
Other receivables	145,275	338,524
Total	$18,325,636	$16,588,322

Financial liabilities

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Financial liabilities at amortized cost:		
Short-term borrowings	$2,640,307	$4,096,101
Trade and other payables	6,338,434	5,065,964
Long-term borrowings (including current portion with maturity less than 1 year)	3,609,548	3,046,550
Lease liabilities (including current portion with maturity less than 1 year)	106,246	172,080
Total	$12,694,535	$12,380,695

(2) Objectives and policies of financial risk management

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies, measures, and manages the risks based on its policy and risk preferences.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies always.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (e.g. equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign operations. The Group has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Thus, hedge accounting is not adopted.

Foreign currency sensitivity analysis of possible change in foreign exchange rates on the Group's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Group's foreign currency risk is mainly related to volatility in the exchange rates of US dollars. It is stated as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, net income (loss) for the year ended December 31, 2020 and 2019 would decrease/increase by NT$10,813 thousand and NT$2,758 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the year ended December 31, 2020 and 2019 would decrease/increase by NT$2,959 thousand and NT$4,595 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and from its financing activities including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Group's internal credit ratings. The Group also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2020 and 2019, receivables from the top ten customers were accounted for 44.04% and 47.67% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Group's finance division in accordance with the Group's policy. The counterparties that the Group transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Conclusively, no significant credit risk is expected by the Group.

The Group adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each reporting date as to whether the credit risk still meets the conditions of low credit risk and then further determines the method of measuring the loss allowance and the loss ratio.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group maintains financial flexibility using cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Group’s financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year (NT$’000)	1 to 2 years (NT$’000)	2 to 3 years (NT$’000)	3 to 4 years (NT$’000)	4 to 5 years (NT$’000)	More than 5 years (NT$’000)	Total (NT$’000)
As of December 31, 2020							
Loans	$3,654,003	$652,545	$511,944	$539,216	$535,089	$453,533	$6,346,330
Payables	6,338,434	-	-	-	-	-	6,338,434
Lease liabilities	42,787	26,382	11,655	5,684	4,763	17,553	108,824

As of December 31, 2019							
Loans	$5,369,808	$874,317	$335,420	$170,614	$182,134	$360,718	$7,293,011
Payables	5,065,964	-	-	-	-	-	5,065,964
Lease liabilities	115,220	34,160	18,082	4,411	1,425	794	174,092

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for year ended December 31, 2020:

	Short-term borrowings (NT$'000)	Long-term borrowings (NT$'000)	Refundable deposits (NT$'000)	Leases liabilities (NT$'000)	Total liabilities from financing activities (NT$'000)
As of January 1, 2020	$4,096,101	$3,046,550	$43,836	$172,080	$7,358,567
Cash flows	(1,455,794)	596,520	29,399	(122,692)	(952,567)
Non-cash changes					
Lease range changes	-	-	-	55,079	55,079
Interests on lease liabilities	-	-	-	1,634	1,634
Other	-	(27,959)	-	-	(27,959)
Currency rate change	-	(5,563)	-	145	(5,418)
As of December 31, 2020	$2,640,307	$3,609,548	$73,235	$106,246	$6,429,336

Movement schedule of liabilities for the year ended December 31, 2019:

	Short-term borrowings (NT$'000)	Long-term borrowings (NT$'000)	Refundable deposits (NT$'000)	Leases liabilities (NT$'000)	Total liabilities from financing activities (NT$'000)
As of January 1, 2019	$3,340,483	$3,453,578	$44,708	$311,664	$7,150,433
Cash flows	755,618	(400,137)	(872)	(136,418)	218,191
Non-cash changes					
Lease range changes	-	-	-	(6,239)	(6,239)
Interests on lease liabilities	-	-	-	2,847	2,847
Currency rate change	-	(6,891)	-	226	(6,665)
As of December 31, 2019	$4,096,101	$3,046,550	$43,836	$172,080	$7,358,567

(7) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

(a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed equity securities, beneficiary certificates, bonds and futures etc.) at the report date.

(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group’s financial assets and liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2020

	Level 1 (NT$'000)	Level 2 (NT$'000)	Level 3 (NT$'000)	Total (NT$'000)
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$1,594,063	$-	$-	$1,594,063
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	51,000	51,000

As of December 31, 2019

	Level 1 (NT$'000)	Level 2 (NT$'000)	Level 3 (NT$'000)	Total (NT$'000)
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$1,338,832	$-	$-	$1,338,832
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	50,000	50,000

Transfers between Level 1 and Level 2 during the period

For the year ended December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliations for fair value measurement on a recurring basis in Level 3 hierarchy

For the year ended December 31, 2020 and 2019, there were not movement of fair value measurements.

(9) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Group's significant financial assets and liabilities denominated in foreign currencies was listed below: (In Thousands)

	As of December 31,					
	2020			2019		
	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)
Financial assets						
Monetary items:						
USD	$159,309	28.4965	$4,539,756	$146,438	29.98	$4,390,238
CNY	$185,771	4.3674	$811,327	$111,912	4.2975	$480,940
Financial liabilities						
Monetary items:						
USD	$121,365	28.4965	$3,458,474	$132,149	29.98	$3,961,816
CNY	$189,148	4.3674	$826,074	$220,426	4.2975	$947,275

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below.

	For the year ended December 31,	
Foreign currency resulting in exchange gain or loss	2020 (NT$'000)	2019 (NT$'000)
USD	$(100,591)	$(9,831)
Other	11,592	(7,745)

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value. The Group manages and adjusts its capital structure considering changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: Please refer to attachment 1.

C. Marketable securities held as of December 31, 2020 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$ 300 million or 20 percent of the paid-in capital for the year ended December 31, 2020: None.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2020: None.

F. Disposal of individual real estate with amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2020: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2020: Please refer to attachment 3.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2020: None.

I. Derivative instrument transactions: None.

J. Intercompany relationships and significant intercompany transactions for the year ended December 31, 2020: Please refer to attachment 9.

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 4.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of December 31, 2020 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 5.

(d) Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2020: Please refer to attachment 6.

(e) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2020: None.

(f) Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2020: None.

(g) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2020: Please refer to attachment 7.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2020: Please refer to attachment 8.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars)

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2020 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2020 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000)	Carrying Amount as of Dec. 31, 2020 (NT$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2020 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2020 (NT$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT$'000)
					Outflow (NT$'000)	Inflow (NT$'000)									
Kinsus Interconnect Technology Suzhou Corp.	Manufacturing and selling PCB (not high-density fine-line)	$1,994,755 (Note 2)	(Note 1)	$1,994,755 (Note 2)	$-	$-	$1,994,755 (Note 2)	$307,325 (Note 2 and Note 5)	100%	$307,325 (Note 2, Note 5 and Note 10)	$1,691,677 (Note 2, Note 5 and Note 10)	$-	$1,994,755 (Note 2)	$1,994,755 (Note 2)	No upper limit (Note 6)

Piotek Computer (Suzhou) Co., Ltd.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	$4,570,367 (Note 2)	(Note 1)	$2,685,901 (Note 2)	$-	$-	$2,685,901 (Note 2)	$(212,998) (Note 2 and Note 5)	51%	$(108,629) (Note 2, Note 5 and Note 10)	$295,601 (Note 2, Note 5 and Note 10)	$-	$2,685,901 (Note 2)	$2,685,901 (Note 2)	No upper limit (Note 6)
Xiang-Shuo (Suzhou) Trading Limited	Trading of PCB (not high-density fine-line) and material for related products	$56,993 (Note 2)	(Note 1)	$56,993 (Note 2)	$-	$-	$56,993 (Note 2)	$(885) (Note 2 and Note 5)	100%	$(885) (Note 2, Note 5 and Note 10)	$59,764 (Note 2, Note 5 and Note 10)	$-	$56,993 (Note 2)	$56,993 (Note 2)	No upper limit (Note 6)
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	$112,559 (Note 3)	(Note 8)	$112,559	$-	$-	$112,559	$5,182 (Note 2 and Note 5)	30.33%	$1,572 (Note 2, Note 5 and Note 10)	$32,206 (Note 2, Note 5 and Note 10)	$-	$112,559	$112,559	$2,757,429 (Note 7)

Gemvisoon Technology (Zhejiang) Limited	Selling medical equipment	$94,057 (Note 2 and Note 4)	(Note 1)	$-	$-	$-	$-	$2,281 (Note 2 and Note 5)	30.33%	$692 (Note 2, Note 5, Note 9 and Note 10)	$28,293 (Note 2, Note 5, Note 9 and Note 10)	$-	$-	$-	$2,757,429 (Note 7)

Note 1: Investment in Mainland China through companies in the third area.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 3: The paid-in capital is USD3,600 thousand, equivalent to NT$112,559 thousand.

Note 4: The paid-in capital is CNY22,000 thousand.

Note 5: Gain/loss on investment is recognized based on the financial statements which were audited by the independent auditors of the parent company in Taiwan.

Note 6: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 7: The upper limit on investment for Pegavision Contact Lenses (Shanghai) Corporation and Gemvisoon Technology (Zhejiang) Limited is calculated as 60% of the net value of the recent financial statements reviewed by independent auditors of Pagavision Corporation.

Note 8: For the consideration of reorganization, the equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to the Company from Pegavision Holdings Corporation. The registration was completed at May 13, 2020.

Note 9: Pegavision Contact Lenses (Shanghai) Corporation recognized the profit/loss and carrying amount of Gemvisoon Technology (Zhejiang) Limited.

Note 10: Transactions are eliminated upon preparation of consolidated financial statements.

B. Significant transactions with investees in China:

(a) Purchase and balances of related accounts payable as of December 31, 2020: Please refer to attachment 9 for details.

(b) Sale and balance of related accounts receivable as of December 31, 2020: Please refer to attachment 9 for details.

(c) Property transaction amounts and resulting gain or loss:

Variety	Related parties	Carrying Value	Price	Gain on disposal	Reference basis for price decision
Machinery	Kinsus Interconnect Technology Suzhou Corp	$247,416	$285,972	$38,556	Negotiated price

For the year ended December 31, 2019, the Company wrote off NT$38,556 thousand due to the unrealized gain on disposal of property, plant and equipment. As of December 31, 2020, unrealized gain on disposal of property, plant and equipment is NT$25,864 thousand, and recongnized as the credit balance of investments accounted for using the equity method.

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes: Please refer to attachment 1.

(e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: Please refer to attachment 9 for details.

(g) Above transactions are eliminated upon preparation of consolidated financial statements. Please refer to attachment 9 for details.

(4) Information on major shareholders:

Ownership of shares / Name	Number of shares held (shares)	Ownership ratio
Asus Investment Co., Ltd.	60,128,417	13.33%
Asustek Investment Co., Ltd.	58,233,091	12.91%
Asuspower Investment	55,556,221	12.32%
New Labor Pension Fund for the second time in 2018 fully authorize FuHwa investment account	26,558,000	5.89%

14. OPERATING SEGMENT

For management purposes, the Group is organized into operating segments based on different products and services and has three reportable operating segments as follows:

IC Substrate: This segment produces and manufactures BGA substrates and sells the products to manufacturers of electronic products.

Printed Circuit Board (PCB): This segment produces and manufactures PCBs and sells the products to manufacturers of electronic products.

Optics: This segment produces, manufactures and sells contact lens.

No operating segments have been aggregated to form the above reportable operating segments.

The Group's operating segments adopts the same accounting policies as the ones in Note 4. Management monitors the operating results of its business units separately for decision-making on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured consistently with methods applied to operating profit or loss in the consolidated financial statements.

(1)Segment income (loss), assets and liabilities

For the year ended December 31, 2020

	IC Substrate (NT$'000)	PCB (NT$'000)	Optics (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
External customer	$21,197,204	$1,922,857	$3,978,413	$-	$27,098,474
Inter-segment	-	-	-	-	-
Total revenue	$21,197,204	$1,922,857	$3,978,413	$-	$27,098,474
Segment income (loss)	$445,677	$(231,593)	$715,359	$-	$929,443

For the year ended December 31, 2019

	IC Substrate (NT$'000)	PCB (NT$'000)	Optics (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
External customer	$16,292,243	$2,680,034	$3,355,133	$-	$22,327,410
Inter-segment	-	-	-	-	-
Total revenue	$16,292,243	$2,680,034	$3,355,133	$-	$22,327,410
Segment income (loss)	$(1,948,400)	$(474,287)	$475,419	$-	$(1,947,268)

Details of assets and liabilities under the Group's operating segments are as follows:

Segment assets	IC Substrate (NT$'000)	PCB (NT$'000)	Optics (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
As of 12/31/2020	$34,046,545	$2,321,376	$6,416,031	$-	$42,783,952
As of 12/31/2019	$33,650,864	$2,742,781	$5,309,700	$-	$41,703,345

Segment liabilities	IC Substrate (NT$'000)	PCB (NT$'000)	Optics (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
As of 12/31/2020	$10,160,915	$1,613,162	$1,820,316	$-	$13,594,393
As of 12/31/2019	$9,838,047	$1,771,598	$1,256,000	$-	$12,865,645

(2)Geographical information

Revenues from external customers

	For the year ended December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Taiwan	$9,847,916	$6,278,257
Other countries	17,250,558	16,049,153
Total	$27,098,474	$22,327,410

Note: The revenue information above is based on the location of the customers.

Non-current assets

	As of December 31,	
	2020 (NT$'000)	2019 (NT$'000)
Taiwan	$18,104,382	$18,756,608
U.S.A.	1,221	14
China	2,514,751	2,914,589
Japan	635	1,499
Total	$20,620,989	$21,672,710

(3)Information about major customers

Individual customer's sale accounted for at least 10% of consolidated net sale:

	For the year ended December 31,	
Name of customers	2020	2019
Customer A	$2,771,716	NOTE

NOTE: Revenue generated from sales to individual customer for the year 2019 did not achieve 10% of the operating revenue of the Group, it was not disclosed.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2020

Attachment 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party											
No. (Note 1)	Name	Name	Nature of Relationship	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	Investee accounted for using equity method indirectly	The overall amount of guarantees/ endorsements provided to a subsidiary in which the Company holds directly over 50% (inclusive) of common equity interest shall not exceed 20% of the net worth in the current financial statements. $5,133,930	$435,996 USD 15,300 (Note 2)	$-	$-	$-	-%	Shall not exceed 50% of the net worth in the current financial statements. $12,834,826	Y	N	Y

Note 1: Kinsus Interconnect Technology Corp. is coded "0".

Note 2: Amounts in foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the balance sheet date.

Note 3: The endorsement and guaranteed amount of the Company and the consolidated subsidiary is NT$101,020 thousand.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2020

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2020			Fair Value	Note
				Shares / Units	Carrying Amount	Shareholding %		
Kinsus Interconnect Technology Corp.	Money market funds:							
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	18,812,748	$255,796	-%	$269,406	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss	1,168,258	200,000	-%	210,111	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	21,355,432	257,509	-%	270,144	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	17,776,549	255,443	-%	265,760	
	Subtotal				968,748		$1,015,421	
	Add: Valuation adjustments of financial assets at fair value through profit or loss				46,673			
	Total				$1,015,421			

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT$ 100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2020

Attachment 3

(In Thousands of New Taiwan Dollars)

			Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		
Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	Note
Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	Purchase	$2,643,768	25.01%	Payment within 30 days from the end of delivery month	Specs of goods purchased are different from others. Cannot be reasonablely compared.	Other vendors also enjoy payment within 30~90 days from the end of delivery month	Accounts payable $(240,327)	(13.85)%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Investees over Whom the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2020

Attachment 4

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Ending balance			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of Dec. 31, 2019	As of Dec. 31, 2020	Shares	%	Carrying Value			
Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	CA U.S.A.	Designing substrates, formulating marketing strategy analysis,developing new customers, researching and development new product technology	USD 500	USD 500	500,000	100.00%	$60,404	$10,113	$10,113	Note
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD 166,309	USD 166,309	166,308,720	100.00%	$2,082,682	$203,085	$203,085	Note
Kinsus Interconnect Technology Corp.	Kinsus Investment Co., Ltd.	Taoyuan City	Investing activities	$1,600,000 (Note 1)	$1,600,000 (Note 1)	160,000,000	100.00%	$2,275,089	$(19,969)	$(19,969)	Note
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taoyuan City	Manufacturing medical equipment	$252,455 (Note 2)	$252,455 (Note 2)	21,233,736	30.33%	$1,394,060	$715,359	$216,996	Note
Kinsus Investment Co., Ltd.	FuYang Technology Corp.	Hsinchu County	Electronic Parts and Components Manufacturing	$929,422	$929,422	64,176,872	35.65%	$298,789	$(655,137)	$(233,581)	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD 72,000	USD 72,000	72,000,000	100.00%	USD 61,462	USD 10,754	USD 10,754	Note
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD 94,309	USD 94,309	95,755,000	51.00%	USD 11,624	USD (7,638)	USD (3,896)	Note
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD 139,841	USD 139,841	139,840,790	100.00%	USD 22,792	USD (7,638)	USD (7,638)	Note
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD 26	USD 26	200,000	100.00%	USD 2,521	USD (161)	USD (161)	Note
Pegavision Corporation	PEGAVISION HOLDINGS CORPORATION	Samoa	Investing activities	USD 3,630	USD - (Note 3)	-	-%	$-	$10,150	$10,150	Note
Pegavision Corporation	Aquamax Corporation	Taoyuan City	Manufacturing and selling medical facility product technology	Not applicable	$40,000	4,000,000	100.00%	$37,675	$(2,328)	$(2,328)	Note
Pegavision Corporation	PEGAVISION JAPAN INC.	JAPAN	Selling Medical facility	JPY 9,900	JPY 9,900	198	100.00%	$45,842	$19,805	$19,805	Note
Aquamax Corporation	Aquamax Vision Corporation	U.S.A.	Selling Medical facility	Not applicable	USD 600	6,000,000	100.00%	$15,076	$(2,101)	$(2,101)	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

Note 1: The Company's original investment in Kinsus Investment Co., Ltd. was NT$500,000 thousand. Kinsus Investment Co., Ltd. reduced capital by NT$102,000 thousand to offset deficits in 2013, And increased capital by NT$602,000 thousand and NT$600,000 thousand in 2016 and 2017, respectively. After the increases, the Company's investment amount increased to NT$1,600,000 thousand.

Note 2：Kinsus Investment Co., Ltd. invested Pegavision Corporation in cost of NT$286,418 thousand. As Pegevision Corporation has become a listed company since October, 2019, Kinsus Investment Co., Ltd decreased its investment by NT$33,963 thousand in selling 855 thousand shares.

Note 3：For the consideration of reorganization, the equity of Pegavision Holdings Corporation was struck off the register on September 2, 2020.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2020

Attachment 5

(In Thousands of New Taiwan Dollars)

				As of December 31, 2020				Guarantee, Pledge or Other Restricted Conditions		
Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	Shares (Unit)	Carrying Amount	%	Fair Value (Net Equity)	Shares	Carrying Amount	Note
Kinsus Investment Co., Ltd.	Money market funds:									
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	829,070	$11,315	-%	$11,873	-	$-	
	Valuation adjustments of financial assets held for trading				558					
	Total				$11,873					
Pegavision Corporation	Money market funds:									
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	33,387,514	$509,270	-%	$509,333	-	$-	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	3,493,908	57,185	-%	57,436	-	-	
	Valuation adjustments of financial assets held for trading				314					
	Total				$566,769		$566,769		$-	
Kinsus Investment Co., Ltd.	Stocks:									
	Yi-Shuo Creative Co., Ltd.	-	Measured at fair value through other comprehensive income	5,000,000	$50,000	7.49%	$50,000	-	$-	
	Li Chang Finery Inc	-	Measured at fair value through other comprehensive income	20,408	1,000	1.12%	1,000	-	-	
	Total				$51,000		$51,000		$-	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Individual Securities acquired and disposed of with accumulated amount of least NT$300 Million or 20% of The Paid-In Capital

For the Year Ended December 31, 2020

Attachment 6

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Pegavision Corporation	Money Market Fund:													
	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss	-	-	11,778,166	$179,017	112,658,656	$1,717,000	91,049,308	$1,387,298	$1,386,747	$551	33,387,514	$509,270

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT$ 100 Million or 20% of the Paid-in Capital

For the Year ended December 31, 2020

Attachment 7

(In Thousands of US/NTD Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	Sales	USD 89,688	81.82%	Payment within 30 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 9,223	75.47%	Note
Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (HK) TRADING LIMITED	Also a subsidiary under the Company's control	Sales	USD 5,368	8.29%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 535	2.60%	Note
Piotek Computer (Suzhou) Co., Ltd.	Maintek Computer (Suzhou) Co., Ltd	Other related parties	Sales	USD 5,753	8.89%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 625	3.04%	
Pegavision Corporation	Pegavision Japan Inc.	Also a subsidiary under the Company's control	Sales	$1,596,570	41.61%	Payment within 90 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $354,934	42.24%	Note
									Contract liability $(15,316)	38.64%	Note
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Also a subsidiary under the Company's control	Sales	$547,066	14.26%	Payment within 180 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $219,266	26.09%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Receivables from Related Parties of at Least NT$ 100 Million or 20% of the Paid-in Capital

As of December 31, 2020

Attachment 8

(In Thousands of US/NTD Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	USD 9,223 (Note and Note 1)	10.04	$-	-	$-	$-
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	$219,266 (Note and Note 1)	4.04	$-	-	$-	$-
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	$354,934 (Note and Note 1)	6.36	$-	-	$179,695	$-

Note: Accounts receivable.

Note 1: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the Year Ended December 31, 2020

Attachment 9

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction: Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	2020.01.01~2020.12.31						
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Accrued expense	$3,408	Payment within 30 days from the end of delivery month by TT	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accounts payable	$240,327	Payment within 30 days from the end of delivery month	0.56%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Accounts payable	$1,076	Payment within 30 days from the end of delivery month	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other receivables	$10,015	-	0.02%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other receivables	$49	-	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Purchase	$2,643,768	Payment within 30 days from the end of delivery month	9.76%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Purchase	$4,274	Payment within 30 days from the end of delivery month	0.02%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Commission expense	$40,787	Payment within 30 days from the end of delivery month by TT	0.15%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Travel expense	$20	-	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Sales revenue	$35,887	Payment within 30 days from the end of delivery month	0.13%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Processing expense	$2,190	-	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other income	$3,404	-	0.01%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other income	$50	-	-%
0	Kinsus Interconnect Technology Corp.	PIOTEK (H.K.) TRADING LIMITED	1	Other income	$811	-	-%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Sales revenue	USD 5,368	Payment within 60~90 days from the end of delivery month	0.56%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Accounts receivable	USD 535	Payment within 60~90 days from the end of delivery month	0.04%
1	Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	3	Payable to equipment suppliers	USD 9	-	-%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Interconnect Technology Suzhou Corp.	3	Other receivables	RMB 3	Payment within 60~90 days from the end of delivery month	-%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Interconnect Technology Suzhou Corp.	3	Sales revenue	RMB 33	Payment within 60~90 days from the end of delivery month	-%
3	Pegavision Corporation	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	1	Sales revenue	$8,661	Payment within 180 days from the end of delivery month	0.03%
3	Pegavision Corporation	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	1	Accounts receivable	$6,016	Payment within 180 days from the end of delivery month	0.01%
3	Pegavision Corporation	Pegavision Japan Inc.	1	Sales revenue	$1,596,570	Payment within 90 days from the end of delivery month	5.89%
3	Pegavision Corporation	Pegavision Japan Inc.	1	Accounts receivable	$354,934	Payment within 90 days from the end of delivery month	0.83%
3	Pegavision Corporation	Pegavision Japan Inc.	1	Contract liabilities	$15,316	Payment within 90 days from the end of delivery month	0.04%
3	Pegavision Corporation	GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	1	Sales revenue	$547,066	Payment within 180 days from the end of delivery month	2.02%
3	Pegavision Corporation	GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	1	Accounts receivable	$219,466	Payment within 180 days from the end of delivery month	0.51%
3	Pegavision Corporation	Aquamax Corporation	1	Sales revenue	$1,732	Payment within 180 days from the end of delivery month	0.01%
3	Pegavision Corporation	Aquamax Corporation	1	Rent revenue	$24	10th of the month	-%
3	Pegavision Corporation	Aquamax Corporation	1	Other operating income	$27	Payment within 180 days from the end of delivery month	-%
3	Pegavision Corporation	Aquamax Corporation	1	Accounts receivable	$1,847	Payment within 180 days from the end of delivery month	-%
3	Pegavision Corporation	Aquamax Corporation	1	deposits received	$4	-	-%
4	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	3	Sales revenue	$7,904	Payment within 180 days from the end of delivery month	0.03%
4	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	3	Other operating income	$16,454	-	0.06%
4	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	3	Accounts receivable	$2,315	Payment within 180 days from the end of delivery month	0.01%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.