

**TAIWAN PRINTED CIRCUIT BOARD TECHVEST
CO., LTD.**

PARENT COMPANY ONLY FINANCIAL STATEMENTS

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

Address: No. 12, Industrial 2 Rd., Pingzhen Dist., Taoyuan City, Taiwan
Telephone: (03)469-8660

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~22
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	23
(6) Explanation of significant accounts	23~49
(7) Related-party transactions	49~52
(8) Pledged assets	53
(9) Significant commitments and contingencies	53
(10) Losses due to major disasters	53
(11) Significant subsequent events	53
(12) Other	53~54
(13) Other disclosures	
(a) Information on significant transactions	55~58
(b) Information on investees	58
(c) Information on investment in mainland China	58~59
(d) Major shareholders	59
(14) Segment information	59
The Contents of Statements of Major Accounting Items	60~70



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.:

Opinion

We have audited the financial statements of TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. ("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of inventories

Please refer to Note (4)(g), (5) and (6)(e) of the non-consolidated financial statements for accounting policies on measuring inventory, assumptions used, and uncertainties considered in determining net realizable value, and description of inventories, respectively.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value in the financial statements. The Company produces and sells printed circuit boards, whose industry changes rapidly, and old models may quickly be replaced with new ones, resulting in a difficulty to meet market demands, which may impact the inventory closeout sale and sales price, causing the carrying value to exceed the net realizable value. Therefore, we determined that the assessment of valuation of inventories is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedure included: inspecting and analyzing the aging report of the inventory; assessing the rationality of policies of allowance for inventory valuation and obsolescence losses; inspecting the estimated inventory allowance to verify the evaluation accuracy, assessing the rationality of the inventory net realizable value with the Company's selling price and subsequent market price; evaluating whether the disclosure of the key management regarding the allowance of the inventory is appropriate.

2. Revenue recognition

Please refer to Note(4)(m) "Revenue" , and Note(6)(t) "Revenue disclosures" of the financial statements.

Description of key audit matter:

Sales revenue is the leading indicator for investors, wherein the management assesses the Company's financial performance. The timing for recognition of revenue is significant to the financial statements. Therefore, the test of the timing for recognition of revenue was one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedure included: random sampling of material sales before and after the year end; assessing sales policies and revenue achievement by inspecting contracts with customers, and verifying buyer's documents to confirm the accuracy of the timing for recognition of revenue.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Yi-Chun Chen and Chung-Yi Chiang.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2021

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(expressed in thousands of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019		Liabilities and Equity		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note (6)(a))	\$ 3,219,792	11	2,286,727	10	2100	Short-term borrowings (Note (6)(k))	\$ 1,908,160	7	2,893,070	12
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	1,409	-	667	-	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	1,589	-	16	-
1170	Account receivable from non-related parties, net (Note (6)(c))	6,765,063	24	5,985,428	26	2170	Notes and accounts payable	659,224	2	424,510	2
1180	Account receivable from related parties, net (Notes (6)(c) and (7))	156,423	1	88,101	-	2180	Accounts payable to related parties (Note (7))	5,126,486	19	3,671,279	16
1200	Other receivables, net (Notes (6)(d) and (7))	50,408	-	24,943	-	2200	Other payables (Note (7))	1,407,747	5	1,098,183	5
1220	Current tax assets	228	-	-	-	2230	Current tax liabilities	-	-	65,083	-
1310	Inventories, net (Note (6)(e))	567,787	2	542,494	2	2322	Current portion of long-term loans (Note (6)(m))	1,273,214	5	682,589	3
1470	Other current assets (Note (6)(j))	155,973	1	19,595	-	2365	Current refund liabilities (Note (6)(l))	314,542	1	258,812	1
	Total current assets	<u>10,917,083</u>	<u>39</u>	<u>8,947,955</u>	<u>38</u>	2280	Current lease liabilities (Note (6)(o))	17,483	-	9,389	-
	Non-current assets:					2300	Other current liabilities	8,093	-	6,586	-
1550	Investments accounted for using equity method (Note (6)(f))	16,138,210	59	13,982,910	60		Total current liabilities	<u>10,716,538</u>	<u>39</u>	<u>9,109,517</u>	<u>39</u>
1600	Property, plant and equipment (Note (6)(g))	539,245	2	528,183	2		Non-Current liabilities:				
1755	Right-of-use assets (Note (6)(h))	34,045	-	17,459	-	2540	Long -term borrowings (Note (6)(m))	4,250,447	15	3,123,661	13
1780	Intangible assets (Note (6)(i))	885	-	1,356	-	2580	Non-current lease liabilities (Note (6)(o))	16,782	-	8,158	-
1980	Other non-current financial assets (Note (6)(j) and Note (8))	10,037	-	2,538	-	2600	Other non-current liabilities	132,540	1	186	-
1995	Other non-current assets (Note (6)(j))	10,118	-	8,044	-		Total non-current liabilities	<u>4,399,769</u>	<u>16</u>	<u>3,132,005</u>	<u>13</u>
	Total non-current assets:	<u>16,732,540</u>	<u>61</u>	<u>14,540,490</u>	<u>62</u>		Total liabilities	<u>15,116,307</u>	<u>55</u>	<u>12,241,522</u>	<u>52</u>
							Equity:(Note (6)(r))				
						3110	Ordinary share	2,712,425	10	2,712,425	12
						3200	Capital surplus	3,119,032	11	3,119,032	13
							Retained earnings:				
						3310	Legal reserve	1,308,160	5	1,208,728	5
						3320	Special reserve	1,133,730	4	548,401	2
						3350	Unappropriated retained earnings	5,463,917	19	4,854,987	21
							Other equity:				
						3410	Exchange differences on translation of foreign financial statements	(866,764)	(3)	(1,124,595)	(5)
						3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	(9,135)	-	(9,135)	-
						3500	Treasury stock	(328,049)	(1)	(62,920)	-
							Total equity	<u>12,533,316</u>	<u>45</u>	<u>11,246,923</u>	<u>48</u>
Total assets		<u>\$ 27,649,623</u>	<u>100</u>	<u>23,488,445</u>	<u>100</u>	Total liabilities and equity		<u>\$ 27,649,623</u>	<u>100</u>	<u>23,488,445</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan Dollars , except for earnings per share)

		2020		2019	
		Amount	%	Amount	%
4110	Operating revenues (Note (6)(t))	\$ 17,995,054	100	15,372,140	100
5110	Operating costs (Note (6)(e))	16,921,673	94	14,152,366	92
	Gross profit from operation	1,073,381	6	1,219,774	8
	Operating expenses:				
6100	Selling expenses	574,152	3	424,478	3
6200	Administrative expenses	450,281	2	259,040	2
6450	Expected credit (gain) loss	(74,942)	-	39,009	-
	Total operating expenses	949,491	5	722,527	5
	Net operating income	123,890	1	497,247	3
	Non-operating income and expenses: (Note (6)(v))				
7100	Interest income	4,424	-	8,276	-
7010	Other income	24,832	-	11,962	-
7020	Other gains and losses, net	(29,742)	-	(9,206)	-
7050	Finance cost	(95,937)	-	(120,463)	(1)
7070	Share of profit of equity-accounted investees	2,043,275	11	785,407	5
	Total non-operating income and expenses	1,946,852	11	675,976	4
7900	Profit before income tax	2,070,742	12	1,173,223	7
7951	Less: income tax expenses (Note (6)(q))	151,881	1	102,783	-
	Profit	1,918,861	11	1,070,440	7
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified	40,134	-	(1,568)	-
8349	Less: Income tax related to components of other comprehensive income that may not be reclassified subsequently	-	-	-	-
	Total items that may not be reclassified subsequently to profit and loss	40,134	-	(1,568)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation	257,831	1	(585,329)	(4)
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit and loss	257,831	1	(585,329)	(4)
8300	Other comprehensive income (net of tax)	297,965	1	(586,897)	(4)
	Total comprehensive income	\$ 2,216,826	12	483,543	3
	Earnings per share (New Taiwan Dollars) (Note (6)(s))				
	Basic earnings per share (New Taiwan Dollars)	\$	7.28	4.08	
	Diluted earnings per share (New Taiwan Dollars)	\$	7.00	3.87	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(expressed in thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Other equity			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury shares	
Balance on January 1, 2019	\$ 2,712,429	2,533,240	1,101,466	317,163	4,786,839	(539,266)	(9,135)	(873,236)	10,029,500
Profit	-	-	-	-	1,070,440	-	-	-	1,070,440
Other comprehensive income	-	-	-	-	(1,568)	(585,329)	-	-	(586,897)
Comprehensive income	-	-	-	-	1,068,872	(585,329)	-	-	483,543
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	107,262	-	(107,262)	-	-	-	-
Special reserve	-	-	-	231,238	(231,238)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(587,668)	-	-	-	(587,668)
Conversion of convertible bonds	-	(26,565)	-	-	(74,547)	-	-	898,065	796,953
Treasury shares acquired	-	-	-	-	-	-	-	(87,766)	(87,766)
Retirement of treasury stock	(4)	(4)	-	-	(9)	-	-	17	-
Differences between acquisition price and carrying amount arising from acquisition of subsidiaries	-	601,060	-	-	-	-	-	-	601,060
Changes in ownership interests in subsidiaries	-	11,301	-	-	-	-	-	-	11,301
Balance on December 31, 2019	2,712,425	3,119,032	1,208,728	548,401	4,854,987	(1,124,595)	(9,135)	(62,920)	11,246,923
Profit	-	-	-	-	1,918,861	-	-	-	1,918,861
Other comprehensive income	-	-	-	-	(776)	257,831	40,910	-	297,965
Comprehensive income	-	-	-	-	1,918,085	257,831	40,910	-	2,216,826
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	99,432	-	(99,432)	-	-	-	-
Special reserve	-	-	-	585,329	(585,329)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(665,301)	-	-	-	(665,301)
Treasury shares acquired	-	-	-	-	-	-	-	(328,049)	(328,049)
Conversion of treasury stock	-	-	-	-	(3)	-	-	62,920	62,917
Disposal of investments in equity instruments designated at value through other comprehensive income	-	-	-	-	40,910	-	(40,910)	-	-
Balance on December 31, 2020	\$ 2,712,425	3,119,032	1,308,160	1,133,730	5,463,917	(866,764)	(9,135)	(328,049)	12,533,316

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,070,742	1,173,223
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	68,762	58,448
Amortization expense	611	792
Expected credit (reversal) loss	(74,942)	39,009
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	180	(651)
Interest expense	95,937	120,463
Interest revenue	(4,424)	(8,276)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(2,043,275)	(785,407)
Gain from disposal of property, plant and equipment	(6,407)	(7,101)
Total adjustments to reconcile profit	(1,963,558)	(582,723)
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	667	-
Notes and accounts receivable	(773,015)	776,228
Other receivables	(25,465)	(9,652)
Inventories	(25,293)	51,700
Other current assets	(9)	5,278
Total changes in operating assets, net	(823,115)	823,554
Changes in operating liabilities, net:		
Decrease in financial liability held for trading	(16)	(80)
Notes and accounts payable	1,689,921	(1,637,942)
Other payables	289,615	4,861
Current refund liabilities	55,730	(1,178)
Other current liabilities	1,507	1,000
Total changes in operating liabilities, net	2,036,757	(1,633,339)
Total changes in operating assets and liabilities	1,213,642	(809,785)
Total adjustments	(749,916)	(1,392,508)
Cash inflow generated from operations	1,320,826	(219,285)
Interest received	4,424	8,276
Interest paid	(98,363)	(125,243)
Income taxes paid	(84,838)	(109,201)
Net cash flows from operating activities	1,142,049	(445,453)
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(1,332,448)
Proceeds from capital reduction of investments accounted for using equity method	29,550	-
Acquisition of property, plant and equipment	(62,490)	(135,780)
Proceeds from disposal of property, plant and equipment	25,480	96,498
Acquisition of intangible assets	(140)	(1,240)
Other financial assets	(143,868)	299
Other non-current assets	(5,602)	(3,388)
Dividends received	162,525	-
Net cash flows used in investing activities	5,455	(1,376,059)
Cash flows from (used in) financing activities:		
Increase in short-term loans	(984,910)	927,310
Proceeds from long-term loans	2,400,000	2,950,000
Repayment of long-term loans	(682,589)	(731,250)
Repayment of lease liabilities	(16,507)	(9,581)
Cash dividends paid	(665,301)	(587,668)
Repurchase of treasury shares	(328,049)	(87,766)
Treasury shares sold to employees	62,917	-
Net cash flows from (used in) financing activities	(214,439)	2,461,045
Net increase (decrease) in cash and cash equivalents	933,065	639,533
Cash and cash equivalents at beginning of period	2,286,727	1,647,194
Cash and cash equivalents at end of period	\$ 3,219,792	2,286,727

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. (“the Company”) was incorporated as a company limited by shares on April 21, 1998 under the approval of the Ministry of Economic Affairs, ROC. The address of the Company’s registered office is No. 12, Industrial 2 Rd., Pingzhen Dist., Taoyuan City. On December 25, 2009, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE). The Company is primarily involved in the business of producing and selling electronic components and printed circuit boards.

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

These parent company only financial statements were authorized for issue by the Board of Directors on March 16, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

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

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

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements.

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

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

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

(4) Summary of significant accounting policies:

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

The significant accounting policies presented in the non-consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

These non-consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers .

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the non-consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value.

- (ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(c) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for the difference relating to investments in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent. An entity shall classify a liability as current when:

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) 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 issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

1) Financial assets measured at amortized cost

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

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

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

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, Notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- The disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income in stead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters transactions whereby it transfers its assets recognized in the statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In this case, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

2) Equity instrument

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

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weight average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Subsidiaries

The subsidiaries which the Company is holding for controlling are measured under equity method in the financial statement. Under equity method, the net income, other comprehensive income and equity in the financial statement are equivalent to the net income, other comprehensive income and equity which are contributed to the owners of parent in the financial statement.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(i) Property, plant, and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment, except for land.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- | | | |
|----|----------------------------|-------------------|
| 1) | Buildings | 2 years~ 50 years |
| 2) | Machinery and equipment | 2 years~ 12 years |
| 3) | Office and other equipment | 2 years~ 12 years |

Depreciation methods, useful lives and residual values, are reviewed at each reporting date, and adjusted if appropriate.

(j) Lease

(i) Identifying a lease

At inception of a contract, the Company assesses whether a 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, the Company assesses whether:

- 1) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) The Company has the right to direct the use of the asset throughout the period of use only if either:
 - The Company has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - The relevant decisions about how and for what purpose the asset is used are predetermined and:
 - The Company has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - The Company designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(ii) As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- There is a change in future lease payments arising from the change in an index or rate; or
- There is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- There is a change of its assessment on whether it will exercise a extension or termination option; or
- There is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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

(iii) Lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(k) Intangible assets

(i) Recognition and measurement

Intangible assets, including computer software, that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(l) Impairment – non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract asset and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue recognition

Revenue from contracts with customers

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

(i) Sale of goods—electronic components

The Company manufactures and sells electronic components to customers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often recognizes revenue based on the total amount if the sale according to aggregate sales of electronic components is over a 6 months period and had a discount agreement previously or its highly possible to have sales discounts in marketing experience. The Company evaluates the amount of discounts at the day of the occurrence of that fact or the date of balance sheet, offsets sales revenue or recognizes sales allowance, and recognizes the revenue only to the extent that it is highly probable that a significant reversal will not occur. As of the reporting date, the expecting amount paid to customer relating to the unit price discounts and defects of product is recognized as refund liabilities.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

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

(ii) Financing components

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

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Income taxes

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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

- (i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) The same taxable entity; or
 - 2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (p) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

The Company's potentially dilutive ordinary shares include convertible bonds and employee compensation.

- (q) Operating segments

The operating segment information is disclosed in the Company's consolidated financial statements; therefore, the Company does not disclose segment information in non-consolidated financial statements.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

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

The preparation of the parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the non-consolidated financial statements is as follows:

Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note (6)(e) for further description of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	\$ 100	100
Cash in banks		
Demand deposits	1,929,692	1,486,627
Time deposits	<u>1,290,000</u>	<u>800,000</u>
Cash and cash equivalents in statement of cash flows	<u>\$ 3,219,792</u>	<u>2,286,727</u>

Please refer to Note (6)(w) for the disclosure of credit, interest, currency risks and sensitivity analysis of the financial instruments of the Company.

The Company's cash and cash equivalents had not been pledged as collaterals.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

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

(i) Details were as follows:

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss:		
Derivative instruments not used for hedging	\$ <u>1,409</u>	<u>667</u>
Financial liabilities at fair value through profit or loss:		
Derivative instruments not used for hedging	\$ <u>1,589</u>	<u>16</u>

Please refer to Note 6(w) for the disclosure of the Company's fair value of financial instruments, credit and currency risks related to financial instruments.

The Company issued the first domestic unsecured convertible corporate bonds on January 12, 2017. According to the regulation of issuing the first domestic unsecured convertible corporate bonds, the Company and the creditors have the option of redemption. Please refer to Note (6)(n) for the further explanation. For the year ended December 31, 2019, the net benefits arising from the changes in fair value were \$80 thousand.

(ii) Derivative financial instruments not designated as hedging instruments

The Company uses derivative financial instruments to hedge the certain foreign exchange risk the Company is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as held-for-trading financial instruments:

Forward exchange contracts:

		December 31, 2020			
	Book value	Notional amount (in thousands)	Currency	Maturity dates	
<u>Derivative financial assets</u>					
Forward exchange sold	\$ <u>1,409</u>	USD 7,000	USD to TWD	2021.01.08~2021.03.10	
<u>Derivative financial liabilities</u>					
Forward exchange sold	\$ <u>1,589</u>	USD 8,000	USD to TWD	2021.01.08~2021.03.10	
		December 31, 2019			
	Book value	Notional amount (in thousands)	Currency	Maturity dates	
<u>Derivative financial assets</u>					
Forward exchange sold	\$ <u>667</u>	USD 4,000	USD to TWD	2020.04.08	
<u>Derivative financial liabilities</u>					
Forward exchange sold	\$ <u>16</u>	USD 1,000	USD to TWD	2020.04.08	

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(c) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	\$ 7,047,109	6,332,140
Less: Loss allowance	<u>(125,623)</u>	<u>(258,611)</u>
Total	<u>\$ 6,921,486</u>	<u>6,073,529</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	<u>December 31, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 7,012,769	0.00%~15.72%	106,286
Past due within 30 days	19,371	0.00%~100.00%	4,515
Past due 31-90 days	2,692	11.75%~100.00%	2,545
Past due over 91 days	<u>12,277</u>	100.00%	<u>12,277</u>
	<u>\$ 7,047,109</u>		<u>125,623</u>
	<u>December 31, 2019</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 5,928,308	0.00%~2.55%	56,468
Past due within 30 days	249,596	0.00%~80.94%	64,070
Past due 31-90 days	76,718	0.00%~100.00%	60,555
Past due over 91 days	<u>77,518</u>	100.00%	<u>77,518</u>
	<u>\$ 6,332,140</u>		<u>258,611</u>

The movement in the allowance for notes and accounts receivable were as follows:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 258,611	219,602
Impairment losses (reversed) recognized	(74,942)	39,009
Amounts written off	<u>(58,046)</u>	-
Balance, end of year	<u>\$ 125,623</u>	<u>258,611</u>

Please refer to (6)(w) for the credit and the currency risks of the Company's accounts receivables.

The Company's accounts receivable had not been pledged as collateral.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(d) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	\$ 55,082	29,617
Less: Loss allowance	(4,674)	(4,674)
Total	<u>\$ 50,408</u>	<u>24,943</u>

As of December 31, 2020 and 2019, the Company assessed that no other receivables were overdue.

For further credit risk information, please refers to note (6)(w).

(e) Inventories

	December 31, 2020	December 31, 2019
Finished goods	\$ 397,783	436,261
Work in progress	146,344	88,093
Raw materials and supplies	23,660	18,140
Total	<u>\$ 567,787</u>	<u>542,494</u>

The details of the cost of sales of the Company were as follows:

	For the years ended December 31,	
	2020	2019
Cost of goods sold	\$ 16,931,753	14,217,894
Inventory scrap loss	17,967	15,896
Write-down of inventories (Reversal of write-downs)	29,469	(32,690)
Revenue from sale of scraps	(57,516)	(48,734)
Total	<u>\$ 16,921,673</u>	<u>14,152,366</u>

The factors that caused the net realizable value of inventories to be lower than the cost no longer exist, resulting in the net realizable value of inventory to increase and be recognized as profit or loss on inventory for the year ended December 31, 2019.

The Company's inventories had not been pledged as collateral.

(f) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Subsidiary	<u>\$ 16,138,210</u>	<u>13,982,910</u>

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

A resolution was approved during the shareholders' meeting of the Company and T-Mac Techvest PCB CO., Ltd. (T-Mac) held on January 25, 2019 for a share swap, wherein the Company will acquire the entire shares of over T-Mac for \$1,272,257 thousand in cash on March 29, 2019, which will result in the Company to have control over T-Mac. The difference between the cost of the investment and the equity amounting to \$601,060 thousand was recognized as capital surplus, resulting in the Company's shares in T-Mac to increase from 51% to 100%.

For information of on subsidiaries, please refer to the consolidated financial statements for the year ended December 31, 2019.

The Company did not provide any investment accounted for using equity method as collaterals for its loans.

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost or deemed cost:						
Balance on January 1, 2020	\$ 202,597	361,225	820,021	99,916	-	1,483,759
Additions	-	18,789	31,210	4,686	30,180	84,865
Disposal	-	(3,397)	(47,953)	(553)	-	(51,903)
Transfer (out) in	-	2,628	900	-	-	3,528
Balance on December 31, 2020	<u>\$ 202,597</u>	<u>379,245</u>	<u>804,178</u>	<u>104,049</u>	<u>30,180</u>	<u>1,520,249</u>
Balance on January 1, 2019	\$ 202,597	345,555	798,387	89,742	-	1,436,281
Additions	-	19,348	76,724	11,275	-	107,347
Disposal	-	(3,678)	(55,090)	(1,101)	-	(59,869)
Balance on December 31, 2019	<u>\$ 202,597</u>	<u>361,225</u>	<u>820,021</u>	<u>99,916</u>	<u>-</u>	<u>1,483,759</u>
Accumulated depreciation and impairments loss:						
Balance on January 1, 2020	\$ -	266,775	604,977	83,824	-	955,576
Depreciation	-	5,589	43,648	2,886	-	52,123
Disposal	-	(3,397)	(22,745)	(553)	-	(26,695)
Balance on December 31, 2020	<u>\$ -</u>	<u>268,967</u>	<u>625,880</u>	<u>86,157</u>	<u>-</u>	<u>981,004</u>
Balance on January 1, 2019	\$ -	266,333	606,960	83,028	-	956,321
Depreciation	-	4,120	42,762	1,897	-	48,779
Disposal	-	(3,678)	(44,745)	(1,101)	-	(49,524)
Balance on December 31, 2019	<u>\$ -</u>	<u>266,775</u>	<u>604,977</u>	<u>83,824</u>	<u>-</u>	<u>955,576</u>
Carrying amounts:						
Balance on December 31, 2020	<u>\$ 202,597</u>	<u>110,278</u>	<u>178,298</u>	<u>17,892</u>	<u>30,180</u>	<u>539,245</u>
Balance on January 1, 2019	<u>\$ 202,597</u>	<u>79,222</u>	<u>191,427</u>	<u>6,714</u>	<u>-</u>	<u>479,960</u>
Balance on December 31, 2019	<u>\$ 202,597</u>	<u>94,450</u>	<u>215,044</u>	<u>16,092</u>	<u>-</u>	<u>528,183</u>

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

The Company's property, plant and equipment had not been pledge as collateral.

(h) Right-of-use assets

The Company leases many assets including transportation equipment. Information about leases for which the Company as a lessee was presented below:

	<u>Transportation</u>
Cost:	
Balance on January 1, 2020	\$ 27,128
Additions	33,326
Disposal	<u>(7,283)</u>
Balance on December 31, 2020	<u>\$ 53,171</u>
Balance on January 1, 2019	\$ -
Effects of retrospective application (IFRS 16)	<u>14,554</u>
Balance on January 1, 2019 after adjustments	14,554
Additions	<u>12,574</u>
Balance on December 31, 2019	<u>\$ 27,128</u>
Accumulated depreciation:	
Balance on January 1, 2020	\$ 9,669
Depreciation	16,639
Disposal	<u>(7,182)</u>
Balance on December 31, 2020	<u>\$ 19,126</u>
Balance on January 1, 2019	\$ -
Depreciation	<u>9,669</u>
Balance on December 31, 2019	<u>\$ 9,669</u>
Carrying amount:	
Balance on December 31, 2020	<u>\$ 34,045</u>
Balance on December 31, 2019	<u>\$ 17,459</u>

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(i) Intangible assets

Computer software

The carrying amount of the Company's computer software as of December 31, 2020 and 2019 were \$885 and \$1,356, respectively.

The Company's amortization expenses of computer software in the year of 2020 and 2019 were listed under operating expenses in the statement of comprehensive income.

(j) Other current assets, Other non-current financial assets and Other non-current assets

	December 31, 2020	December 31, 2019
Other current financial assets	\$ 136,369	-
Other non-current financial assets	10,037	2,538
Other current asset	19,604	19,595
Other non-current asset	10,118	8,044
Total	<u>\$ 176,128</u>	<u>30,177</u>

Other financial assets are refundable deposits and restricted bank deposits.

Other current and non-current asset are prepayments and others.

(k) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank loans	<u>\$ 1,908,160</u>	<u>2,893,070</u>
Unused short-term credit lines	<u>\$ 4,558,800</u>	<u>2,770,380</u>
Range of interest rates	<u>0.63%~0.70%</u>	<u>2.37%~2.73%</u>

The Company did not provide any assets as collaterals for its short-term borrowings.

(l) Refund liabilities-current

	December 31, 2020	December 31, 2019
Refund liabilities-current	<u>\$ 314,542</u>	<u>258,812</u>

Refund liability is mainly due to the characteristics of the industry in which the sales of electronic components may generate a sales discount due to product defects or price drops, which are expected to be paid to customers.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(m) Long-term borrowings

December 31, 2020				
	Currency	Interest Rate	Period	Amount
Unsecured bank loans	TWD	1.11%~1.41%	2021.02.02~2025.12.25	\$ 5,523,661
Less: current portion				(1,273,214)
Total				<u>\$ 4,250,447</u>
Unused long-term credit lines				<u>\$ -</u>
December 31, 2019				
	Currency	Interest Rate	Period	Amount
Unsecured bank loans	TWD	1.39%~1.50%	2022.07.24~2024.07.22	\$ 3,806,250
Less: current portion				(682,589)
Total				<u>\$ 3,123,661</u>
Unused long-term credit lines				<u>\$ -</u>

The Company did not provide any assets as collaterals for its Short-term borrowings.

For information on the risk of exposure to interest rates, exchange rates and liquidity risks of the Company, please see Note (6)(w).

(n) Bonds payable

	December 31, 2019
Total convertible corporate bonds issued	\$ 800,000
Cumulative converted amount	(800,000)
Bond payable amount	<u>\$ -</u>
	For the years ended December 31, 2019
Interest expense	<u>\$ 3,593</u>

The above-mentioned bond was fully converted in July, 2019.

The Company issued a first domestic unsecured convertible corporate bond in January 12, 2017. The issuance terms were as follows:

- (i) Name: Unsecured convertible bond-2017 first domestic bond.
- (ii) Date: January 12, 2017.
- (iii) Issue amount: TWD 800,000 thousand.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(iv) Issue period: 2.5 years. The issuance date is January 12, 2017; the maturity date is July 12, 2019.

(v) Bond coupon rate: Annual interest rate 0%.

(vi) Date and method of returning:

Except for those that are converted into Company's common shares in advance, or are redeemed by the Company in advance, or the Company is bought and cancelled by the business premises of a securities firm, the bonds will be repaid in cash at the maturity date.

(vii) During conversion:

The creditor may request the Company to convert the convertible bonds into common stocks during any time from the following day (the distribution day) after a month to maturity date, with the exception of certain days regulated by the government laws.

(viii) Conversion price and adjustment:

The conversion price at the time of issuance was set at TWD 32.5 per share, and it shall be adjusted when the total number of common shares of the Company changes and the current price per share exceeds the conversion price to reissue securities with common share conversion rights. The conversion price was adjusted to TWD 29.3 per share after the price reset was affected by the changes in the stock price in July 2018.

(ix) The Company's right to redeem the converted corporate bonds:

1) The converted corporate bonds shall expire one month after the issuance date and the following day to 40 days before the issuance period expires as follows:

- a) When the closing price of the Company's ordinary shares exceeds the current conversion price by more than 30% for 30 consecutive business days;
- b) When the outstanding balance of the converted corporate bonds is less than 10% of the original issuance;

(x) Creditor's right to put back:

From the 30th day prior to the issuance to the end of the second year, the creditor may require the Company to increase the interest compensation based on the face value of the bonds, and redeem the converted corporate bonds held by it in cash. The Company accepts the sale back request and shall deliver the remittance to the creditor to redeem the conversion bonds within five business days after the sale back base date.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(o) Lease liabilities

The Company lease liabilities were as follows:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Current	\$ <u>17,483</u>	<u>9,389</u>
Non-current	\$ <u>16,782</u>	<u>8,158</u>

For the maturity analysis, please refer to Note (6)(w).

The amounts recognized in profit or loss were as follows:

	<u>For the years ended December 31,</u> <u>2020</u>	<u>2019</u>
Interest on lease liabilities	\$ <u>478</u>	<u>248</u>
Expenses relating to short-term leases	\$ <u>1,615</u>	<u>3,360</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>410</u>	<u>378</u>

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

	<u>For the years ended December 31,</u> <u>2020</u>	<u>2019</u>
Total cash outflow for leases	\$ <u>19,010</u>	<u>13,567</u>

The Company leases transportation equipment with lease terms of three years.

In addition, the lease period of the employee dormitory, factory building, and parts of the transportation equipment and other equipment of The Company is one to three years. These leases are short-term or low-value leases. The Company chooses to apply the exemption requirements and not recognize its related right-of-use assets and lease liabilities.

(p) Employee benefits

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

The Company's pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to TWD 13,265 thousand and TWD 12,120 thousand for the years ended December 31, 2020 and 2019, respectively.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(q) Income taxes

(i) Income tax expense

The components of income tax were as follows:

	For the years ended December 31,	
	2020	2019
Current income tax expense		
Current period	\$ -	95,556
Adjustment for prior periods	6,617	8,727
	<u>6,617</u>	<u>104,283</u>
Deferred tax expense		
Origination and reversal of temporary differences	132,354	(1,500)
Others	12,910	-
	<u>145,264</u>	<u>(1,500)</u>
Income tax expense	<u>\$ 151,881</u>	<u>102,783</u>

Reconciliation of income tax and profit before tax for 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	2019
Profit excluding income tax	\$ 2,070,742	1,173,223
Income tax using the Company's domestic tax rate	414,148	234,644
Non-deductible expenses	7	865
Tax-exempt income	(79,559)	(61,345)
Tax incentives	12,910	-
Current-year losses for which no deferred tax asset was recognized	11,484	-
Change in unrecognized temporary differences	(213,726)	(85,852)
Underestimation of pervious period	6,617	8,727
Undistributed earnings additional tax	-	5,744
Total	<u>\$ 151,881</u>	<u>102,783</u>

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2020 and 2019. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Details were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Aggregate amount of temporary differences related to investments in subsidiaries	\$ <u>1,255,859</u>	<u>1,091,753</u>

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Tax effect of deductible Temporary Differences	\$ 99,970	117,086
The carryforward of unused tax losses	<u>11,484</u>	<u>-</u>
	<u>\$ 111,454</u>	<u>117,086</u>

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As of December 31, 2020, the information of the Company's unused tax losses for which no deferred tax assets were recognized were as follows:

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry date</u>
2020	\$ 57,422	2030

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

	<u>Others</u>
Deferred Tax Liabilities:	
Balance on January 1, 2020	\$ 130
Recognized in profit or loss	<u>132,354</u>
Balance on December 31, 2020	<u>\$ 132,484</u>

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

	Others
Balance on January 1, 2019	\$ 1,630
Recognized in profit or loss	(1,500)
Balance on December 31, 2019	\$ 130

(iii) Assessment of tax

The Company's tax returns through 2018 have been assessed and approved by the Tax Authority.

(r) Capital and other equity

(i) Ordinary shares

As of December 31, 2020 and 2019, the authorized shares of 3,000,000 thousand, with a par value of \$10 per share, amounted to \$3,000,000 thousand, of which, 271,242 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

	December 31, 2020	December 31, 2019
Additional paid-in capital	\$ 2,384,724	2,384,724
Differences between acquisition price and carrying amount arising from acquisition of subsidiaries	612,761	612,761
Changes in ownership interests in subsidiaries	114,641	114,641
Others	6,906	6,906
	\$ 3,119,032	3,119,032

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retain earning

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed as new stacks according to the distribution plan or shares newly issued proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

If the Company distributes dividend bonus, legal reserve, special reserve or part/whole of the capital surplus by cash payment, two of the three authorized board members must be present during the meeting, and half of the attendees' approval must be obtained before reporting the agreed appropriation at the shareholders' meeting.

In order to consider stable development and complete financial structure, the Company's surplus distribution shall be no less than 10% of the distributable surplus, minus the previous year's surplus. However, if the distributable surplus, minus the previous year's surplus, is less than the percentage of paid-in capital, the Company may decide to transfer all of retained surplus to unappropriated retained earnings.

When distributing surplus, cash dividend shall not be less than 10% of the total dividend.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

When the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, and the special surplus reserve is made up from the current profit and loss and the undistributed surplus in the previous period; it is the deduction of other shareholders' equity accumulated in the previous period Amount, from the undistributed surplus of the previous period, the special surplus reserve shall not be distributed. When the deduction amount of other shareholders' equity is reversed thereafter, the surplus may be distributed on the reversed part.

3) Earnings distribution

The earnings distribution for 2019 and 2018 had been approved during the board's meeting and shareholder's meeting on April 23, 2020 and June 12, 2019, respectively.

The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31,			
	2019		2018	
	Dividend per share (TWD)	Amount	Dividend per share (TWD)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 2.55	665,301	2.18	587,668

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(iv) Treasury stock

A resolution was approved during the board meetings held on August 9 and September 12, 2016 for the issuance of employee stock options between August 9 and October 7, 2016 in accordance with the requirements under section 28(2) of the Securities and Exchange Act, resulting in the Company to buy back 25,000 thousand of its treasury shares. However, on October 17, 2016, the board of directors decided to convert the above treasury shares into convertible corporate bond equity instead of issuing them as employee stock options.

A resolution was approved during the board meetings held on March 21 and March 29, 2019 for the issuance of the first domestic unsecured convertible corporate bond between March 22 and May 21, 2019 in accordance with the requirements under section 28(2) of the Securities and Exchange Act, resulting in the Company to buy back 2,304 thousand of its treasury shares.

The treasury shares for the conversion of corporate bonds had been transferred in July 2019 for 27,303 thousand shares, of which, 450 shares were not converted before the due date. The registration for the cancellation of treasury shares, resulting in a capital reduction, was completed with the approval of the Ministry of Economic Affairs on August 14, 2019.

A resolution was approved during the board meeting held on May 7, 2018 for the issuance of employee stock options between May 8 and July 7, 2018, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, resulting in the Company to buy back 2,100 thousand of its treasury shares. All related conversion procedures had been completed on May 19, 2020.

A resolution was approved during the board meeting held on March 23, 2020 for the issuance of employee stock options between March 25 and May 13, 2020, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, resulting in the Company to buy back 10,000 thousand of its treasury shares.

As of December 31, 2020, the total number non-cancelled shares were 10,000 thousand shares.

In accordance with the provisions of the Securities Exchange Law mentioned in the preceding paragraph, the proportion of shares purchased by the Company shall not exceed 10% of its total issued shares, and the total amount of shares purchased shall not exceed the Company's retained earnings, plus the premium on the issued shares and the realized amount of capital reserve. As of December 31, 2020, the number of stocks bought back by the Company and the amount of repurchased shares met all the requirements.

Treasury stocks held by the Company shall not be pledged in accordance with the provisions of the Securities Exchange Law and shall not enjoy shareholder rights before being transferred.

(v) Other equity

The items listed under other equity are Exchange Differences on Translation of Foreign Financial Statements and the accumulated amount of unrealized gains and losses of financial assets at fair value through other comprehensive gains and losses.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(s) Earnings per share

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ <u>1,918,861</u>	<u>1,070,440</u>
Weighted average number of ordinary shares (In Thousands)	<u>263,562</u>	<u>262,178</u>
Basic earnings per share (TWD)	\$ <u>7.28</u>	<u>4.08</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ 1,918,861	1,070,440
Effect of dilutive potential ordinary shares		
— Convertible preference shares dividends	<u>-</u>	<u>2,874</u>
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>1,918,861</u>	<u>1,073,314</u>
Weighted average number of ordinary shares	263,562	262,178
Effect of dilutive potential ordinary shares		
— Effect of employee share bonus	10,382	7,315
— The effect of convertible bond transfer	<u>-</u>	<u>7,632</u>
Effect of conversion of convertible bonds (In Thousands) (diluted)	<u>273,944</u>	<u>277,125</u>
Diluted earnings per share (TWD)	\$ <u>7.00</u>	<u>3.87</u>

(t) Revenue from contracts with customers

(i) Details of revenue

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Primary geographical markets		
China	\$ 11,025,610	7,838,461
Taiwan	2,708,581	2,843,879
Singapore	2,035,324	1,631,582
Hong Kong	887,611	1,059,915
Korea	760,209	1,509,927
Others	<u>577,719</u>	<u>488,376</u>
	\$ <u>17,995,054</u>	<u>15,372,140</u>
Major products/services lines		
Printed circuit board	\$ 17,931,688	15,270,806
Processing fees revenue and others	<u>63,366</u>	<u>101,334</u>
	\$ <u>17,995,054</u>	<u>15,372,140</u>

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(ii) Contract balances

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>January 1,</u> <u>2019</u>
Notes and accounts receivable	\$ 7,047,109	6,332,140	7,108,368
Less: Loss allowance	<u>(125,623)</u>	<u>(258,611)</u>	<u>(219,602)</u>
Total	<u>\$ 6,921,486</u>	<u>6,073,529</u>	<u>6,888,766</u>

For details on notes and accounts receivable and allowance for impairment, please refer to Note (6)(c).

Refund liabilities disclosure please refer to Note (6)(l).

(u) Employee compensation and directors' remuneration

In accordance with the articles of incorporation, the Company should contribute 5% to 15% of the profit as employee compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits (including adjustments to the amount of undistributed surplus), the profit should be reserved to offset the deficit. The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to \$378,794 thousand and \$214,614 thousand, and directors' remuneration amounting to \$75,759 thousand and \$42,923 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors and as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. Related information would be available at the Market Observation Post System website. The amounts, as stated in the non-consolidated financial statements, are identical to those of the actual distributions for 2020 and 2019.

(v) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest income	\$ 4,372	8,274
Other interest income	<u>52</u>	<u>2</u>
	<u>\$ 4,424</u>	<u>8,276</u>

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(ii) Other income

The details of other income were as follows:

	For the years ended December 31,	
	2020	2019
Others	\$ 24,832	11,962

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31,	
	2020	2019
Foreign exchange gains (losses)	\$ (55,168)	(14,870)
Gains (Losses) on financial assets (liabilities) at fair value through profit or loss	21,335	490
Gains on disposals of property, plant and equipment	6,407	7,101
Others	(2,316)	(1,927)
	\$ (29,742)	(9,206)

(iv) Financial costs

The details of financial costs were as follows:

	For the years ended December 31,	
	2020	2019
Interest on bank loans	\$ 95,459	116,622
Interest on corporate debt	-	3,593
Interest on lease liabilities	478	248
	\$ 95,937	120,463

(w) Financial instruments

(i) Credit risks

1) Credit risks exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk

2) Concentration of credit risk

The customers of the Company are concentrated in a broad customer base, and there is no significant concentration of transactions with a single customer and the sales area is dispersed, so the credit risk of accounts receivable is not likely to be significantly concentrated. In order to reduce credit risk, the Company also regularly and continuously assesses the financial status of its customers, but usually does not require customers to provide collateral.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

3) Credit risk of Receivables and debt securities

For credit risk exposure of accounts receivable, please refer to Note (6)(c).

Other financial assets at amortized cost includes cash and cash equivalents and other receivables, please refer to Note (6)(a),(d).

All these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. The fixed deposit certificates held by the group, the transaction counterparty and the performing party are financial institutions with investment grade and above, so the credit risk is deemed to be low.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>
December 31, 2020						
Non-derivative financial liabilities						
Unsecured loans	\$ 7,431,821	7,554,818	2,556,526	684,073	1,736,722	2,577,497
Notes and accounts payable	5,785,710	5,785,710	5,785,710	-	-	-
Other payables	1,407,747	1,407,747	1,407,453	294	-	-
Lease liabilities	34,265	34,807	9,185	8,432	13,465	3,725
Derivative financial liabilities						
Other forward exchange contracts:						
Outflow	180	425,108	425,108	-	-	-
Inflow	-	(424,928)	(424,928)	-	-	-
	<u>\$ 14,659,723</u>	<u>14,783,262</u>	<u>9,759,054</u>	<u>692,799</u>	<u>1,750,187</u>	<u>2,581,222</u>
December 31, 2019						
Non-derivative financial liabilities						
Unsecured loans	\$ 6,699,320	6,834,971	3,206,813	437,121	1,144,087	2,046,950
Notes and accounts receivable	4,095,789	4,095,789	4,095,789	-	-	-
Other payables	1,098,183	1,098,183	1,098,078	105	-	-
Lease liabilities	17,547	17,821	5,751	3,704	6,259	2,107
Derivative financial liabilities						
Other forward exchange contracts:						
Outflow	(651)	149,623	149,623	-	-	-
Inflow	-	(150,274)	(150,274)	-	-	-
	<u>\$ 11,910,188</u>	<u>12,046,113</u>	<u>8,405,780</u>	<u>440,930</u>	<u>1,150,346</u>	<u>2,049,057</u>

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

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(iii) Currency risks

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk were as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 283,307	28.48	8,068,581	235,060	29.98	7,047,091
CNY	10,018	4.38	43,850	2,298	4.31	9,892
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	262,050	28.48	7,463,170	226,539	29.98	6,791,654
CNY	-	-	-	851	4.31	3,663
JPY	1,490	0.28	412	1,490	0.28	411

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, loans and borrowings; and notes and accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the TWD against each transaction currencies on December 31, 2020 and 2019 would have increased (decreased) the net income by \$25,954 thousand and \$10,450 thousand. The analysis in 2020 is performed on the same basis for 2019.

3) Foreign exchange gain and loss on monetary items

The exchange gains and losses of the Company's monetary items (including realized and unrealized) converted into functional currency, and converted to the parent company's functional currency, New Taiwan dollar (that is, the Company's presentation currency), are as follows:

	2020		2019	
	Exchange gains (losses)	Average Rate	Exchange gains (losses)	Average Rate
TWD	\$ (55,168)	-	(14,870)	-

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management about the interest rate exposure of the Company's financial assets and liabilities

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

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

If the interest rate had increased / decreased by 1 %, the Group's net income would have decreased / increased by \$44,017 thousand in 2020 and \$41,702 thousand in 2019 with all other variable factors remaining constant. Mainly due to group variable interest rate deposit and loans.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, is measured on a recurring basis. The carrying amount and fair value of The Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured lease liabilities, disclosure of fair value information is not required.

	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 1,409	-	1,409	-	1,409
Financial assets measured at amortized cost					
Cash and cash equivalents	3,219,792	-	-	-	-
Note and accounts receivable	6,921,486	-	-	-	-
Other receivables	50,408	-	-	-	-
Restricted asset	136,164	-	-	-	-
Refundable deposits	10,242	-	-	-	-
Sub-total	<u>10,338,092</u>	-	-	-	-
Total	<u>\$ 10,339,501</u>	-	<u>1,409</u>	-	<u>1,409</u>

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

		December 31, 2020			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	\$ 1,589	-	1,589	-	1,589
Financial liabilities at amortized cost					
Bank loans	7,431,821	-	-	-	-
Notes and accounts payables	5,785,710	-	-	-	-
Other payables	1,407,747	-	-	-	-
Lease liabilities	34,265	-	-	-	-
Sub-total	14,659,543	-	-	-	-
Total	\$ 14,661,132	-	1,589	-	1,589
		December 31, 2019			
		Fair Value			
	Book Value	Level 1	Level 3	Level 3	Total
Financial assets at fair value through profit or loss	\$ 667	-	667	-	667
Financial assets measured at amortized cost					
Cash and cash equivalents	2,286,727	-	-	-	-
Note and accounts receivables	6,073,529	-	-	-	-
Other receivables	24,943	-	-	-	-
Refundable deposits	2,538	-	-	-	-
Sub-total	8,387,737	-	-	-	-
Total	\$ 8,388,404	-	667	-	667
Financial liabilities at fair value through profit or loss	\$ 16	-	16	-	16
Financial liabilities at amortized cost					
Bank loans	6,699,320	-	-	-	-
Notes and accounts payables	4,095,789	-	-	-	-
Other payables	1,098,183	-	-	-	-
Lease liabilities	17,547	-	-	-	-
Sub-total	11,910,839	-	-	-	-
Total	\$ 11,910,855	-	16	-	16

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

2) Fair value through profit or loss financial instrument- fair value evaluation technique

2.1) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

The fair value of financial instruments is measured by using the market method and net asset value method if there is no public quotation in an active market. The market method refers to the recent fund-raising activities of the investment target, or target with similar market transaction price and conditions; while the net asset value method main assumption is based on the net value per share of the investee.

2.2) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 in 2020 and no transfers in either direction in 2019.

4) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions: None.

(x) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the non-consolidated financial statements.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(ii) Structure of risk management

The Company's financial management department provides services for each business, coordinates the operation of entering domestic and international financial markets, as well as supervises and manages the financial risks related to the Company's operations through internal risk reports that analyze the level and range of risks that may occur. The use of derivative financial instruments is regulated by the policies adopted by the board of directors. Those policies are written principles for exchange rate, interest rate, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of remaining liquid funds. The audit committee and the internal audit will regularly review the policies to limit risk exposures. The financial management department will regularly report to the audit committee and the board. In addition, the Company does not trade financial instruments (including derivative financial instruments) for speculative purpose.

(iii) Credit risk

Credit risk is the risk of financial loss to The Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents, financial instruments and the Company's receivables from customers.

1) Accounts receivable and other receivables

The Company credit risk is affected by individual client circumstance.

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the board; these limits are reviewed regularly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company does not require any collateral for accounts receivable and other receivables.

2) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the Company's finance department. Since the Company's counterparties and burden of contract parties are creditworthy banks, financial institutions and corporate organizations with investment grade, there is no materiality concerns, so there is no materiality credit risk.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

3) Guarantees

The Company's policy is to provide financial guarantees only to Companies with business dealings, companies that directly and indirectly hold or hold more than 50% of the voting shares. At December 31, 2020 and 2019, no other guarantees were outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2020 and 2019, The Company's unused credit line were amounted to \$4,738,800 thousand and \$2,930,380 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect The Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the board of directors.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities. Therefore, the group engages in derivative transactions to avoid exchange rate risks. The gains and losses of foreign currency assets and liabilities due to exchange rate changes will roughly offset the valuation gains and losses of derivatives. However, derivative transactions can help reduce the number of merged companies but still cannot completely rule out the impact of changes in foreign currency exchange rates.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

The Company regularly reviews the risky positions of individual foreign currency assets and liabilities and hedges the risky positions. The main hedging tool used is forward foreign exchange contracts. The maturity dates of the forward foreign exchange contracts undertaken by the group are all shorter than six months, and do not meet the requirements of hedging accounting.

2) Interest Rate Risk

The Company's policy is to reduce the exposure of the risk changes in borrowing interest rates.

(y) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Company's capital management strategy in 2020 is consistent with strategy in 2019. The Company's debt-to-capital ratios are as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 15,116,307	12,241,522
Less: cash and cash equivalents	<u>(3,219,792)</u>	<u>(2,286,727)</u>
Net debt	11,896,515	9,954,795
Total equity	<u>12,533,316</u>	<u>11,246,923</u>
Total capital	<u>\$ 24,429,831</u>	<u>21,201,718</u>
Debt-to-equity ratio	<u>48.70 %</u>	<u>46.95 %</u>

(z) Investing and financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows:

- (i) For Obtain the right-of-use asset by lease, please refer to Note ((6)(h)).
- (ii) For conversion of convertible bonds to ordinary shares, please refer to Note ((6)(n)).

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Non-cash changes			December 31, 2020
			Transfer	Others	Lease increase	
Long-term borrowings	\$ 3,806,250	1,717,411	-	-	-	5,523,661
Short-term borrowings	2,923,070	(1,014,910)	-	-	-	1,908,160
Lease liability	17,547	(16,507)	-	33,225	-	34,265
Total liabilities from financing activities	<u>\$ 6,746,867</u>	<u>685,994</u>	<u>-</u>	<u>33,225</u>	<u>-</u>	<u>7,466,086</u>

	January 1, 2019	Cash flows	Non-cash changes			December 31, 2019
			Transfer	Others	Fair value changes	
Long-term borrowings	\$ 1,587,500	2,218,750	-	-	-	3,806,250
Short-term borrowings	1,965,760	927,310	-	-	-	2,893,070
Lease liability	14,554	(9,581)	-	12,574	-	17,547
Bond payable	793,362	-	(800,000)	-	6,638	-
Total liabilities from financing activities	<u>\$ 4,361,176</u>	<u>3,136,479</u>	<u>(800,000)</u>	<u>12,574</u>	<u>6,638</u>	<u>6,716,867</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the non-consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
TPT International Co., Ltd.	Subsidiary of The Company
Chi Yao Ltd.	Subsidiary of The Company
T-Flex Techvest PCB Co., Ltd.	Subsidiary of The Company
tgt Techvest Co., Ltd.	Subsidiary of The Company
T-MAC Techvest PCB Co., Ltd.	Subsidiary of The Company
CATAC Electronic (Zhongsan) Co., Ltd.	Subsidiary of The Company
T-Mac Techvest (Wuxi) PCB Co., Ltd.	Subsidiary of The Company
Chi Chau Printed Circuit Board (Suining) Co., Ltd.	Subsidiary of The Company
Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	Subsidiary of The Company
Sinact Electronics Co., Ltd.	Subsidiary of The Company
Brilliant Star Holdings Ltd.	Subsidiary of The Company
Chi Chau International Co., Ltd.	Subsidiary of The Company
Chi Chen Investment Co., Ltd.	Subsidiary of The Company
Chi Yang Investment Ltd.	Subsidiary of The Company
Chang Tai International Ltd.	Subsidiary of The Company

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Huo Tai International Ltd	Subsidiary of The Company
Yang An International (Samoa) Co., Ltd.	Subsidiary of The Company
Sinact (Hong Kong) International Company Limited	Subsidiary of The Company
Sin Siang (Xiamen) technology Co., Ltd.	Subsidiary of The Company
Chi Chau (Thailand) Co., Ltd.	Subsidiary of The Company

(b) Significant transactions with related parties

(i) Operating Revenue

The amounts of significant sales (including processing fees revenue) by the Company to related parties were as follows:

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	<u>\$ 82,128</u>	<u>75,079</u>

The pricing of purchase transactions with related parties were not incomparable with those offered by general clients. The payment terms for general clients are ranged from Net 45 days from the end of the month of when invoice is issued to Net 180 days from the end of the month of when invoice is issued, and the payment terms for related parties are ranged from Net 90 days from the end of the month of when invoice is issued to Net 150 days from the end of the month of when invoice is issued.

(ii) Purchases

The amounts of significant purchases (including processing costs) by the Company from related parties were as follows:

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiary – Chi Chau Printed Circuit Board (Suining) Co., Ltd.	\$ 3,144,850	3,519,561
Subsidiary – Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	(3,330)	1,473,287
Subsidiary – CATAC Electronic (Zhongsan) Co., Ltd.	2,249,893	2,392,671
Subsidiary – T-Mac Techvest (Wuxi) PCB Co., Ltd.	8,599,286	4,411,102
Other subsidiaries	<u>533,846</u>	<u>473,347</u>
	<u>\$ 14,524,545</u>	<u>12,269,968</u>

The pricing of purchase transactions with related parties were not incomparable with those offered by general vendors. The payment terms for general vendors are ranged from instant wire transfer to net 150 days from the end of the month of when invoice is issued, and the payment terms for related parties are net 90 days from the end of the month of when invoice is issued.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

The Company transactions with subsidiary are acting as agents, so the purchase and sales transactions are presented on a net basis.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	Subsidiaries	\$ 156,423	88,101
Other receivables	Subsidiary – tgt Techvest Co., Ltd.	864	7,837
Other receivables	Other subsidiaries	2,363	-
		<u>\$ 159,650</u>	<u>95,938</u>

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable	Subsidiary – Chi Chau Printed Circuit Board (Suining) Co., Ltd.	\$ 1,012,959	570,880
Accounts payable	Subsidiary – CATAC Electronic (Zhongsan) Co., Ltd.	847,461	787,344
Accounts payable	Subsidiary – T-Mac Techvest (Wuxi) PCB Co., Ltd.	2,962,190	1,982,901
Accounts payable	Other subsidiaries	303,876	330,154
Other payables	Subsidiaries	5,016	2,998
		<u>\$ 5,131,502</u>	<u>3,674,277</u>

(v) Property transactions

1) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties were summarized as follows:

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiary – T-Mac Techvest (Wuxi) PCB Co., Ltd.	\$ 317	34,262
Subsidiary – T-Flex Techvest PCB Co., Ltd.	-	24,961
Other subsidiaries	2,381	3,960
	<u>\$ 2,698</u>	<u>63,183</u>

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

2) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

<u>Relationship</u>	For the years ended December 31			
	2020		2019	
	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Subsidiary-tgt Techvest Co., Ltd.	\$ 631	50	6,730	451
Subsidiary—CATAC Electronic (Zhongsan) Co., Ltd.	-	-	3,598	505
Other subsidiaries	2,390	43	1,063	90
	<u>\$ 3,021</u>	<u>93</u>	<u>11,391</u>	<u>1,046</u>

(vi) Other

<u>Relationship</u>	<u>Item</u>	For the years ended December 31	
		2020	2019
Other subsidiaries	Temporary debits	\$ 4	4
Other subsidiaries	Other income	84	38
Other subsidiaries	Miscellaneous purchase and mold costs	2,880	1,595
Other subsidiaries	Freight and other expenses	4	132
Other subsidiaries	Labor fee	11,076	-

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2020	2019
Short-term employee benefits	\$ 424,606	263,359
Post-employment benefits	1,043	899
	<u>\$ 425,649</u>	<u>264,258</u>

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Restricted asset (classified under other current assets)	Remittance to the earnings according to the special law	\$ 136,164	-
Refundable deposits (classified under other current assets and other non-current financial assets)	Lease plant and official vehicle deposit etc	10,242	2,538
		<u>\$ 146,406</u>	<u>2,538</u>

(9) Significant commitments and contingencies:

- (a) The distribution agreement signed by the Company and several companies pay sales commissions in accordance with the proportions based on the sales revenue from sales to agreed customers. For the years ended December 31, 2020 and 2019, the Company's commissions amounted to \$364,316 thousand and \$256,602 thousand, respectively.
- (b) Unrecognized contractual commitments

The Company's outstanding standby letter of credit were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
JPY	<u>\$ -</u>	<u>2,030</u>

(10) Losses due to major disasters: None**(11) Significant subsequent events: None****(12) Other:**

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the year ended December 31, 2020			For the year ended December 31, 2019		
		Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
Employee benefits							
Salary		597,835	401,596	999,431	490,601	223,189	713,790
Labor and health insurance		28,514	7,707	36,221	26,200	6,790	32,990
Pension		9,480	3,785	13,265	8,725	3,395	12,120
Remuneration of directors		-	77,152	77,152	-	44,304	44,304
Others Employee benefits expense		30,353	4,686	35,039	27,382	2,526	29,908
Depreciation		52,138	16,624	68,762	48,897	9,551	58,448
Amortization		-	611	611	-	792	792

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

Additional information on the number of employees and employee benefit of the company in 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Number of employees	<u>416</u>	<u>411</u>
Number of directors who were not employees	<u>10</u>	<u>10</u>
Average employee benefit expense	<u>\$ 2,670</u>	<u>1,967</u>
Average employee salary	<u>\$ 2,462</u>	<u>1,780</u>
Average employee salary adjustment	<u>38.31 %</u>	<u>10.42 %</u>
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

- (i) If the Company has a surplus, it shall be distributed as remuneration to directors in accordance with the Company's articles of incorporation and the directors salary standards, which are reviewed by the Compensation Committee and approved by the board of directors, thereafter, to be proposed during the shareholders' meeting.
- (ii) Furthermore, the remuneration to managers is determined by reference to the Company's overall operating performance, as well as the individual's performance achievement rate and contribution to the Company. It will be implemented after being reviewed by the Compensation Committee and approved by the board of directors.
- (iii) In addition, the employee remuneration is based on one's ability, contribution to the Company, and the correlation between individual performance and business performance, wherein the overall salary and remuneration package mainly include base salary, position bonus, performance bonus, employee dividends, and others. The standard payment for employee remuneration is based on one's position and seniority, as well as reference to the same level within the industry and the Company's policy. Also, bonuses and employee dividends are issued to in accordance with each employee's performance and the Company's operating performance.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(13) Other disclosures:**(a) Information on significant transactions:**

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2020:

(i) Lending to other parties:

(In Thousands of New Taiwan Dollar)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	T-Mac Techvest Co., Ltd.	Other receivables-related party	Yes	200,000	200,000	-		2	-	Operating	-	None	-	5,013,326	5,013,326
1	Chi Chau Printed Circuit Board (Suzhou) Ltd.	T-Mac Techvest (Wuxi) PCB Co., Ltd.	Other receivables-related party	Yes	2,408,460	2,407,365	446,457	4.35	2	-	Operating	-	None	-	5,278,274	5,278,274
1	Chi Chau Printed Circuit Board (Suzhou) Ltd.	Chi Chau Printed Circuit Board (Suining) Co., Ltd.	Other receivables-related party	Yes	431,200	-	-		2	-	Operating	-	None	-	5,278,274	5,278,274
1	Chi Chau Printed Circuit Board (Suzhou) Ltd.	Sinaet Electronics Co., Ltd.	Other receivables-related party	Yes	172,959	-	-		2	-	Operating	-	None	-	5,278,274	5,278,274
2	CATAC Electronic (Zhongshan) Co., Ltd.	T-Mac Techvest (Wuxi) PCB Co., Ltd.	Other receivables-related party	Yes	739,503	-	-		2	-	Operating	-	None	-	3,566,131	3,566,131
2	CATAC Electronic (Zhongshan) Co., Ltd.	Chi Chau Printed Circuit Board (Suining) Co., Ltd.	Other receivables-related party	Yes	875,804	875,405	-		2	-	Operating	-	None	-	3,566,131	3,566,131

Note 1: 2 Represents companies that have short-term financing needs

Note 2: According to the regulations of the Company's Fund Loan to Others Operating Procedures, if the Company's funds are loaned to a company or bank that is necessary for short-term financing, the total amount of the loan shall not exceed 40% of the Company's net worth Limit.

According to the article “Fund Loans to Others Operating Procedures” of Chi Chau Printed Circuit Board Suzhou Co., Ltd and CATAC Electronic (Zhongshan) Co., Ltd, the parent company, directly and indirectly, holds 100% voting shares of its foreign companies who engaged in fund loans, wherein the total amounts for financing and individual loans shall not exceed the Company's net value in the most recent financial statements.

Note 3: Fund loan and quota approved by the board of directors.

(ii) Guarantees and endorsements for other parties: None.**(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):**

(In Thousands of New Taiwan Dollar/Per share)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	
T-Flex Techvest PCB Co., Ltd.	EVA Technologies Co., Ltd. (Ordinary share)	Non-related party	Fair value through other comprehensive income financial assets - non-current	560,000	-	2.71 %	-	None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar/Per share)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
T-MAC Techvest PCB Co., Ltd.	Chin Poon Industrial Co., Ltd. (Ordinary share)	Fair value through other comprehensive income financial assets - non-current	-	No	-	-	10,894,000	289,952	10,894,000	330,862	289,952	40,910	-	-

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

- (v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	Plant	2020.02.26	2006.02.25	344,191	604,823	604,823	254,950	Enterprise Repurchase Office of Suzhou Dushu Lake Science and Education Innovation Zone Management Committee	-	Suzhou repurchases state-owned land as a science and education innovation zone	Repurchase compensation for enterprises	-

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Notes/ accounts receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Chi Yao Ltd.	Subsidiary of the Company	Purchase	490,203	3 %	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	(142,229)	(2)%	None
The Company	CATAC Electronic (Zhongshan) Co., Ltd.	Subsidiary of the Company	Purchase	2,249,893	14 %	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	(847,461)	(15)%	None
The Company	Chi Chau Printed Circuit Board (Suining) Co., Ltd.	Subsidiary of the Company	Purchase	3,144,850	20 %	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	(1,012,959)	(18)%	None
The Company	T-Mac Techvest (Wuxi) PCB Co., Ltd.	Subsidiary of the Company	Purchase	8,599,286	55 %	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	(2,962,190)	(51)%	None
T-Flex Techvest PCB Co., Ltd.	The Company	Parent company	Purchase	236,476	100 %	Net 140 days from the end of the month of when invoice is issued	-	Not applicable	(102,410)	(100)%	None
Tgt Techvest Co., Ltd.	The Company	Parent company	(Sales)	(753,632)	(74)%	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	161,870	70 %	None
Chi Yao Ltd.	The Company	Parent company	(Sales)	(491,111)	(100)%	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	142,229	100 %	None
Chi Yao Ltd.	Chi Chau Printed Circuit Board (Suining) Co., Ltd.	Affiliated company	Purchase	490,004	100 %	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	(141,910)	(100)%	None
Chi Chau Printed Circuit Board (Suining) Co., Ltd.	The Company	Parent company	(Sales)	(3,171,377)	(68)%	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	1,015,792	78 %	None
Chi Chau Printed Circuit Board (Suining) Co., Ltd.	Chi Yao Ltd.	Affiliated company	(Sales)	(492,772)	(11)%	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	142,307	11 %	None
Chi Chau Printed Circuit Board (Suining) Co., Ltd.	Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	Affiliated company	(Sales)	(882,144)	(19)%	Net 60 days from the end of the month of when invoice is issued	-	Not applicable	102,691	8 %	None
Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	CATAC Electronic (Zhongshan) Co., Ltd.	Affiliated company	Purchase	147,555	8 %	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	(127,859)	(28)%	None
Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	Chi Chau Printed Circuit Board (Suining) Co., Ltd.	Affiliated company	Purchase	882,144	46 %	Net 60 days from the end of the month of when invoice is issued	-	Not applicable	(102,691)	(22)%	None

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Notes/ accounts receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	T-Mac Techvest (Wuxi) PCB Co., Ltd.	Affiliated company	Purchase	793,417	42%	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	(200,477)	(43)%	None
CATAC Electronic (Zhongshan) Co., Ltd.	The Company	Parent company	(Sales)	(2,267,943)	(56)%	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	849,831	43%	None
CATAC Electronic (Zhongshan) Co., Ltd.	Sin Siang (Xiamen) technology Co., Ltd.	Affiliated company	(Sales)	(252,655)	(6)%	Net 150 days from the end of the month of when invoice is issued	-	Not applicable	42,397	2%	None
CATAC Electronic (Zhongshan) Co., Ltd.	Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	Affiliated company	(Sales)	(147,555)	(4)%	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	127,859	6%	None
T-Mac Techvest (Wuxi) PCB Co., Ltd.	The Company	Parent company	(Sales)	(8,664,637)	(91)%	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	2,970,475	93%	None
T-Mac Techvest (Wuxi) PCB Co., Ltd.	Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	Affiliated company	(Sales)	(793,417)	(8)%	Net 90 days from the end of the month of when invoice is issued	-	Not applicable	200,477	6%	None
Sin Siang (Xiamen) technology Co., Ltd.	CATAC Electronic (Zhongshan) Co., Ltd.	Affiliated company	Purchase	252,655	100%	Net 150 days from the end of the month of when invoice is issued	-	Not applicable	(42,397)	(100)%	None

Note 1: Purchased goods belonging to an agency relationship have been eliminated.

(viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollar)

Name of related party	Related-party	Nature of relationship	Ending balance	Turnover rate	Past-due receivables from related party		Amount received in subsequent period	Loss allowance
					Amount	Action taken		
The Company.(Note 2)	T-Flex Techvest PCB Co., Ltd.	Subsidiary of the Company	102,410	2.89 times	-	Not applicable	9,768	-
gt Techvest Co., Ltd. (Note 2)	The Company	Parent company	161,870	4.68 times	-	Not applicable	161,870	-
gt Techvest Co., Ltd. (Note 3)	The Company	Parent company	4,795	- times	-	Not applicable	4,795	-
Chi Yao Ltd. (Note 2)	The Company	Parent company	142,229	3.65 times	-	Not applicable	65,428	-
T-Mac Techvest (Wuxi) PCB Co., Ltd. (Note 2)	The Company	Parent company	2,970,475	3.55 times	-	Not applicable	1,504,696	-
T-Mac Techvest (Wuxi) PCB Co., Ltd. (Note 2)	Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	Affiliated company	200,477	5.47 times	-	Not applicable	200,477	-
T-Mac Techvest (Wuxi) PCB Co., Ltd. (Note 3)	Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	Affiliated company	2,320	- times	-	Not applicable	-	-
Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.(Note 3)	T-Mac Techvest (Wuxi) PCB Co., Ltd.	Affiliated company	447,023	- times	-	Not applicable	175,599	-
CATAC Electronic (Zhongshan) Co., Ltd. (Note 2)	The Company	Parent company	849,831	2.81 times	-	Not applicable	234,055	-
CATAC Electronic (Zhongshan) Co., Ltd. (Note 2)	Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	Affiliated company	127,859	2.21 times	-	Not applicable	42,582	-
Chi Chau Printed Circuit Board (Suining) Co., Ltd.(Note 2)	The Company	Parent company	1,015,792	4.06 times	-	Not applicable	406,199	-
Chi Chau Printed Circuit Board (Suining) Co., Ltd.(Note 2)	Chi Yao Ltd.	Affiliated company	142,307	3.77 times	-	Not applicable	65,469	-
Chi Chau Printed Circuit Board (Suining) Co., Ltd.(Note 2)	Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.	Affiliated company	102,691	4.23 times	-	Not applicable	102,691	-

Note 1: The main sales volume has been eliminated when the purchase and sale are repeated.

Note 2: Accounts receivable.

Note 3: Other receivables.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

(ix) Trading in derivative instruments: Please refer to Note (6)(b).

(b) Information on investees:

The following is the information on investees for the year 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollar/Per share)

Name of the investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Carrying value			
The Company	Chi Yang Investment Ltd.	Taiwan	General investing	85,000	85,000	-	100.00 %	231,167	41,130	41,130	None
The Company	T-Mac Techvest PCB Co., Ltd.	Taiwan	General investing and selling of Circuit board	2,065,497	2,065,497	170,957,200	100.00 %	4,310,113	360,350	372,240	Note 1,2
The Company	T-Flex Techvest PCB Co., Ltd.	Taiwan	Manufacturing, selling of Circuit board	385,357	385,357	30,821,897	44.21 %	293,787	12,841	5,677	None
The Company	TPT International Co., Ltd.	Samoa	General investing and international trading	19,207	48,757	500,000	100.00 %	33,211	3,761	3,761	None
The Company	Chi Chau International Co., Ltd.	Samoa	General investing	1,627,043	1,627,043	49,640,000	96.13 %	5,130,873	1,065,080	1,024,538	Note 1
The Company	Brilliant Star Holdings Ltd.	Cayman	General investing	2,125,349	2,125,349	68,126,618	97.28 %	3,973,534	327,385	317,659	Note 1,2
The Company	Chi Chen Investment Co., Ltd.	Samoa	General investing	1,079,519	1,079,519	35,600,000	80.73 %	1,961,735	372,781	307,719	Note 1
The Company	Sinaact (Hong Kong) International Company Limited	Hong Kong	General investing	74,383	74,383	74,178,000	100.00 %	156,145	(11,864)	(8,203)	Note 1,2
The Company	igt Techvest Co., Ltd.	Taiwan	Manufacturing, selling of Circuit board	88,114	88,114	5,086,300	19.00 %	12,159	(99,890)	(21,250)	Note 1,2
The Company	Chi Chau (Thailand) Co., Ltd.	Thailand	Manufacturing, selling of Circuit board	37,645	37,645	14,850,000	99.00 %	35,486	4	4	None
Chi Yang Investment Co., Ltd.	Chi Chau International Co., Ltd.	Samoa	General investing	65,794	65,794	2,000,000	3.87 %	205,096	1,065,080	41,250	None
Chi Yang Investment Co., Ltd.	Chi Chau (Thailand) Co., Ltd.	Thailand	Manufacturing, selling of Circuit board	131	131	50,000	0.33 %	119	4	-	None
T-Mac Techvest PCB Co., Ltd.	Chang Tai International, Ltd.	Samoa	General investing	2,292,370	2,235,342	73,580,000	100.00 %	4,990,432	421,215	421,215	None
T-Mac Techvest PCB Co., Ltd.	Chi Chau (Thailand) Co., Ltd.	Thailand	Manufacturing, selling of Circuit board	261	261	100,000	0.67 %	239	4	-	None
Chang Tai International, Ltd.	Yang An International (Samoa) Co., Ltd.	Samoa	General investing	2,166,189	2,023,789	76,060,000	100.00 %	4,988,342	420,173	420,173	None
T-Flex Techvest PCB Co., Ltd.	Chi Chen Investment Co., Ltd.	Samoa	General investing	252,297	252,297	8,500,000	19.27 %	469,936	372,781	71,851	None
T-Flex Techvest PCB Co., Ltd.	igt Techvest Co., Ltd.	Taiwan	Manufacturing, selling of Circuit board	290,977	290,977	15,257,000	57.00 %	57,493	(99,890)	(54,577)	Note 2
Chi Chau International Co., Ltd.	Chi Yao Ltd.	Hong Kong	General investing and international trading	1,470,376	1,470,376	51,628,379	100.00 %	5,281,846	1,064,883	1,064,883	None

Note 1: The difference is due to the unrealized gain/loss.

Note 2: The difference is due to the amortization between the investment cost and the fair value of the identifiable net assets.

Note 3: If the relevant figures in this table involve foreign currencies, except for the amount remitted from Taiwan at the historical exchange rate, the profit and loss are calculated at the average exchange rate, and the rest are listed in Taiwan dollars at the exchange rate on the balance sheet date.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollar)

Name of the investee	Main businesses and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (loss) of the investee	The company percentage of ownership	Investment income (losses) (Note 2.(2))	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Chi Chau Printed Circuit Board (Suzhou) PCB Techvest Co., Ltd.(Note 5, 6)	Manufacturing, selling of Circuit board	1,708,800	(2)	1,470,707	-	-	1,470,707	1,065,114	100.00 %	1,065,114	5,278,274	-
CATAC Electronic (Zhongshan) Co., Ltd. (Note 7)	Manufacturing, selling of Circuit board	1,936,640	(2)	1,888,927	-	-	1,888,927	327,123	97.28 %	318,232	3,469,205	-

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to the Financial Statements

Name of the investee	Main businesses and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (loss) of the investee	The company percentage of ownership	Investment income (losses) (Note 2.(2))	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Chi Chau Printed Circuit Board (Suining) Co., Ltd. (Note 8)	Manufacturing, selling of Circuit board	1,575,185	(2)	1,253,120	-	-	1,253,120	468,586	91.26 %	427,635	2,795,104	-
Sinact Electronics Co., Ltd. (Note 10)	Manufacturing, selling of Circuit board	270,560	(2)	11,392	-	-	11,392	(11,864)	100.00 %	(11,864)	156,107	-
T-Mac Techvest (Wuxi) PCB Co., Ltd. (Note 5, 9)	Manufacturing, selling of Circuit board	2,449,280	(2)	2,022,080	56,960	-	2,079,040	436,785	100.00 %	436,785	4,983,428	-
Sin Siang (Xiamen) technology Co., Ltd. (Note 11)	Selling of Circuit board	14,240	(2)	-	-	-	-	1,435	100.00 %	1,435	20,758	-

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
The Company	4,382,066	4,805,279	7,816,723
T-Mac Techvest PCB Co., Ltd.	2,079,040	2,449,280	2,656,736
T-Flex Techvest PCB Co., Ltd.	242,080	242,080	425,686

Note 1: Investment method is separated to three:

- (1) Directly invest in mainland China
- (2) Invest in mainland China through third-region companies.
- (3) Other methods.

Note 2: The investment profit and loss column recognized in this period:

- (1) If it is in preparation and there is no investment gain or loss, it should be indicated.
- (2) The recognition basis of investment gains and losses is divided into the following three types, which should be specified.
 - 1) Financial statements verified by international accounting firms in partnership with the Republic of China Accounting Firm.
 - 2) The financial statements of the visa are reviewed by the Taiwanese parent company's certified accountant.
 - 3) Others

Note 3: According to the "Principles of Investing or Technical Cooperation Review in Mainland China", the limit is calculated based on 60% of the group net value.

Note 4: If the relevant figures in this table involve foreign currencies, profit and loss are calculated at the average exchange rate, and others are listed in Taiwan dollars at the exchange rate on the balance sheet date.

Note 5: Chi Yao Ltd. used its retained earnings amounting to USD 8,360 thousand to participate in the capital increase of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd.; also, Yang An International (Samoa) Co., Ltd. used its retained earnings amounting to USD 5,000 thousand to participate in the capital increase of T-Mac Techvest (Wuxi) PCB Co., Ltd..

Note 6: The parent company indirectly invested in Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. through Chi Yao Ltd..

Note 7: The parent company indirectly invested in CATAE Electronic (Zhongshan) CO., Ltd through Brilliant Star Holdings Ltd..

Note 8: The parent company indirectly invested in Chi Chau Printed Circuit Board (Suining) Co., Ltd. through Chi Chen Investment Co., Ltd., Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. and CATAE Electronic (Zhongshan) CO., Ltd..

Note 9: The parent company indirectly invested in T-Mac Techvest (Wuxi) PCB Co., Ltd. through Yang An International (Samoa) Co., Ltd..

Note 10: The parent company indirectly invested in Sinact Electronics Co., Ltd. through Sinact (Hong Kong) International Company Limited.

Note 11: The parent company indirectly invested in Sin Siang (Xiamen) technology Co., Ltd. through TPT International Co., Ltd..

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders holding more than 5% shares: None

(14) Segment information:

Please refer to consolidated financial reports for the period ended in 2020.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statement of Cash and Cash Equivalents

December 31, 2020

(In thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		\$ 100
Cash in bank	Demand deposits	903,139
	Foreign currency deposit USD 35,594 thousand, CNY 2,933 thousand	1,026,553
	Time deposits	<u>1,290,000</u>
		<u><u>\$ 3,219,792</u></u>

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statement of Accounts Receivable

December 31, 2020

(In thousands of New Taiwan Dollars)

Name of Client	Description	Amount	Note
Relative party :			
T-Flex Techvest PCB Co., Ltd.	Payment for goods	\$ 102,410	
tgt Techvest Co., Ltd.	Payment for goods	20,231	
CATAC Electronics (Zhongshan) Co., Ltd.	Payment for goods	16,726	
Chi Chau Printed Circuit Board (Suzhou) Co., Ltd..	Payment for goods	14,202	
Others		2,854	The balance of a counterparty does not reach 5%
Subtotal		<u>156,423</u>	
Non-related parties:			
Tech-Front (Chongqing) Computer Co., Ltd.	Payment for goods	781,177	
Dell Global BV (Singapore Branch)	Payment for goods	736,672	
Others	Payment for goods	5,372,837	The balance of a counterparty does not reach 5%
Subtotal		<u>6,890,686</u>	
Less: Loss allowance		<u>(125,623)</u>	
Net amount		<u>6,765,063</u>	
Total		<u><u>\$ 6,921,486</u></u>	

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statement of Inventory

December 31, 2020

(In thousands of New Taiwan Dollars)

Items	Amounts		Note
	Cost	Net Receivable Value	
Raw materials	\$ 12,254	11,463	
Supplies	12,302	12,302	
Work inprogress	154,052	204,951	
Finished goods	<u>467,397</u>	<u>508,159</u>	
Total	646,005	<u><u>736,875</u></u>	
Less: Allowance for inventory valuation and obsolescence losses	(78,218)		
Net amount	<u><u>\$ 567,787</u></u>		

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statement of Change in Equity Investment

December 31, 2020

(In thousands of New Taiwan Dollars)

Name of Company	Beginning Balance		Additions		Decrease		Ending Balance			Market Price or Net Assets (Note 2)		Collateral or Pledge Situation	Note
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of shares	Percentage of Share	Book Value	Unit Price	Total Price		
Equity Method	\$												
TPT International Co., Ltd.	1,500,000	224,593	-	-	1,000,000	191,382	500,000	100.00 %	33,211	66	33,211	None	
Chi Chau International Co., Ltd.	49,640,000	4,017,457	-	1,113,416	-	-	49,640,000	96.13 %	5,130,873	103	5,130,873	None	
Chi Yang Investment Ltd.	-	186,490	-	44,677	-	-	-	100.00 %	231,167	-	231,167	None	
T-Mac Techvest PCB Co., Ltd.	170,957,200	3,823,247	-	486,866	-	-	170,957,200	100.00 %	4,310,113	26	4,427,893	None	Note1
T-Flex Techvest PCB Co., Ltd.	30,821,897	284,969	-	8,818	-	-	30,821,897	44.21 %	293,787	10	306,986	None	
Brilliant Star Holdings Ltd.	68,126,618	3,594,101	-	379,433	-	-	68,126,618	97.82 %	3,973,534	52	3,534,705	None	Note1
Chi Chen Investment Co., Ltd.	35,600,000	1,620,071	-	341,664	-	-	35,600,000	80.73 %	1,961,735	55	1,968,203	None	Note1
Sinact (Hong Kong) International Company Limited	74,178,000	161,846	-	-	-	5,701	74,178,000	100.00 %	156,145	2	156,145	None	
tgt Techvest Co., Ltd.	5,086,300	32,642	-	-	-	20,483	5,086,300	19.00 %	12,159	4	19,847	None	Note1
Chi Chau (Thailand) Co., Ltd.	14,850,000	37,494	-	-	-	2,008	14,850,000	99.00 %	35,486	2	35,486	None	
		<u>\$ 13,982,910</u>		<u>2,374,874</u>		<u>219,574</u>			<u>16,138,210</u>		<u>15,844,516</u>		

Note 1: The difference between the book amount and the equity is due to the unrealized gains on sales or the unamortized items of equity.

Note 2: If there is a public market price, it is the public market price, and those without a public market price are listed as the equity net value.

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statement of Short-term Loan

December 31, 2020

(In thousands of New Taiwan Dollars)

<u>Type of loan</u>	<u>Description</u>	<u>Ending Balance</u>	<u>Term of Contract</u>	<u>Interest Rate Range</u>	<u>Credit Agreement</u>	<u>Pledge or Collateral</u>	<u>Note</u>
Credit loans	Purchase loan	\$ <u><u>1,908,160</u></u>	2021.03.18	0.63%~0.70%	6,466,960	None	

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statement of Notes and Accounts Payable

December 31, 2020

(In thousands of New Taiwan Dollars)

<u>Name of client</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related parties:			
T-Mac Techvest (Wuxi) PCB Co., Ltd.		\$ 2,962,190	
Chi Chau Printed Circuit Board (Suining) Co., Ltd.		1,012,959	
CATAC Electronics (Zhongshan) Co., Ltd.		847,461	
Others		303,876	The balance of a counterparty does not reach 5%
Subtotal		<u>5,126,486</u>	
Non-related parties:			
Hong Tai Electronics Industrial Co., Ltd		127,870	
Chao Feng Hsing Technology Co., Ltd.		94,951	
Others		436,403	The balance of a counterparty does not reach 5%
Subtotal		<u>659,224</u>	
Total		<u>\$ 5,785,710</u>	

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statement of Other Payables

December 31, 2020

(In thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Salaries payable	Salary, employee and director compensation, etc.	\$ 798,647
Estimated expense payable	Commission etc.	400,633
Other accrued expenses	Utilities expense, pensions, etc.	135,008
Others	Payable for equipment, interest, etc.	<u>73,459</u>
		<u>\$ 1,407,747</u>

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statement of Long-term Borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Creditor</u>	<u>Description</u>	<u>Loan Amount</u>	<u>Term of Contract</u>	<u>Interest Rate</u>	<u>Pledge or Collateral</u>	<u>Note</u>
Chang Hwa Commercial Bank, Ltd.	Unsecured loan	\$ 206,250	2023.07.10	1.25 %	None	
Hua Nan Commercial Bank, Ltd.	"	675,000	2022.07.24~2024.07.01	1.17 %	None	
First Commercial Bank Co., Ltd.	"	325,000	2024.03.25	1.30%	None	
CTBC Bank Co., Ltd.	"	300,000	2023.10.24	1.24%	None	
Bank of Taiwan	"	481,250	2024.07.22~2025.10.20	1.11~1.20 %	None	
Shanghai Commercial Bank, Ltd.	"	525,000	2023.01.18~2024.10.13	1.20%	None	
E.SUN Commercial Bank, Ltd.	"	214,286	2023.04.08	1.20%	None	
Yuanta Commercial Bank Co., Ltd.	"	600,000	2021.02.02~2023.02.18	1.23~1.41 %	None	
Taiwan Cooperative Bank Co., Ltd.	"	525,000	2023.12.20~2025.12.25	1.25~1.30 %	None	
Mega International Commercial Bank Co., Ltd.	"	328,125	2024.07.22	1.25%	None	
Taipei Fubon Commercial Bank Co., Ltd.	"	243,750	2024.03.20	1.30%	None	
Far Eastern International Bank Co., Ltd.	"	300,000	2023.10.06	1.26%	None	
KGI Commercial Bank Co., Ltd.	"	500,000	2024.07.01	1.29%	None	
Bank of Panhsin Co., Ltd.	"	<u>300,000</u>	2024.11.25	1.40%	None	
Subtotal		5,523,661				
Less: within one year or one operating cycle		<u>(1,273,214)</u>				
Total		<u>\$ 4,250,447</u>				

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statement of Operating Income

For the year ended December 31, 2020

(In thousands of New Taiwan Dollars)

<u>Items</u>	<u>Quantity (Square feet in thousand)</u>	<u>Amounts</u>	<u>Note</u>
Printed circuit board	64,504	\$ 17,931,688	
Processing fees revenue and others	2,012	<u>63,366</u>	
Net operating income		<u><u>\$ 17,995,054</u></u>	

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statement of Operating Costs

December 31, 2020

(In thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>	
	<u>Subtotal</u>	<u>Total</u>
Raw materials and supplies		
Raw materials and supplies at the beginning of the period	\$ 19,169	
Add: Material purchased	961,100	
Less: Others	(95,800)	
Raw materials and supplies at the ending of the period	<u>(24,556)</u>	
Direct material		\$ 859,913
Direct labor		295,305
Manufacturing expenses		<u>1,151,076</u>
Manufacturing cost		2,306,294
Add: Work in progress at the beginning of the period		96,037
Less: Work in progress at the ending of the period		<u>(154,052)</u>
Cost of Finished goods		2,248,279
Add: Finished goods at the beginning of the period		476,037
Purchases		14,701,238
Less: Finished goods obsolescence		(17,967)
Others		(8,437)
Finished goods at the ending of the period		<u>(467,397)</u>
Cost of goods sold		16,931,753
Add: Inventory scrap loss		17,967
Loss for market price decline and obsolete and slow-moving		29,469
Less: Income from Sale of Scrap and Wastes		<u>(57,516)</u>
Operating costs		<u><u>\$ 16,921,673</u></u>

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Statement of Sale Expense

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Commissions expense		\$ 364,316	
Salary		111,746	
Freight		51,753	
Others		46,337	No single amount exceed 5%
		<u>\$ 574,152</u>	

Statement of Administration Cost

December 31, 2020

<u>Items</u>	<u>Description</u>	<u>Amounts</u>	<u>Remark</u>
Salary		\$ 365,609	
Others		84,672	No single amount exceed 5%
		<u>\$ 450,281</u>	

For changes in plant, property and equipment, please refer to Note (6)(g) of the financial report.

For changes in depreciation of plant, property and equipment, please refer to Note (6)(g) of the financial report.

For refund liabilities, please refer to Note (6)(l) of the financial report.

For other income, other gains and losses and financial costs, please refer to Note (6)(v) of the financial report.