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Chapter 1、Letter to Shareholders

In 2020, the spread of the epidemic led to low demand for vehicles and industrial machines. However, thanks to the demand for telecommuting and the in-house economy, the demand for capacitors for servers and home game machines became strong, boosting the profits of the industry. In January 2021, in order to continue to focus on its core technology and strengthen its competitiveness more efficiently, the Company "integrated group resources", completed the equity conversion project with Chilisin, disposed of the subsidiary Bothhand, acquired Ralec, a subsidiary of Chilisin, continued to focus on our principal business, and gave full play to the integrated effect in channel, technology, process, and management, gave full play to the complementarity at the product level and market level, maximized the efficiency of resource utilization in all aspects, continuously provided customers with all-round component solutions, and effectively enhanced the overall corporate value and shareholders' equity.

I. Business results of the Company in 2020

(I) Implementation results of business plan

The consolidated revenue of the Company in 2020 was NT $4.467 billion, a decrease in about 1.76% compared with that in 2019 of NT $4.547 billion; the gross profit margin was 25.89%; the net operating profit was NT $552 million; the net profit after tax attributable to the owners of the Company was NT $563 million, and the after-tax earnings per share (EPS) was NT $3.42.

(II) Budget implementation:

As the Company did not announce a financial forecast for 2021, no budget implementation is available for disclosure;

(III) Financial Position and Profitability Analysis

(NTD/K/%)

Item	Year Ended Dec. 31, 2020
Net cash inflows from operating activities	490,083
Net cash outflows for investing activities	(249,295)
Net cash inflows from financing activities	376,609
Return of Assets	4.67%
Return on Equity	7.76%
Net profit ratio (%)	12.59%
Consolidated net profit ratio (%)	13.02%
Earnings Per Share (NT$)	3.42

(IV) Research and Development

1. Liquid capacitors with low impedance, long service life, high-temperature resistance, and high ripple current.
2. Hybrid solid-state capacitors and long life solid-state capacitors.
3. V-CHIP high-temperature resistance and ultra-low ERS capacitors.
4. Motor fan: salt spray-proof cooling fan products.
5. Network components are modularized to complete the automation processes.
6. High-power automobile LED headlamp control module.

II. Outline of business plan 2021

(I) Operating guidelines:

1. Reduce the purchase cost of raw materials through mass purchase, continuously improve and optimize manufacturing processes, increase equipment integrity rate and per capita rate, thus improving the finished product rate and control production cost.
2. Continue to invest in the research and development of new products and technologies, exploit new customers, widen and deepen the application of products.
3. Study the process of refined production, strictly ensure the quality, control the cost and delivery period, master key technologies and inherit the same.
4. Focus on the collection of market information, including industrial dynamics and financial and economic information for decision-making reference.
5. Continuously strengthen the management of inventory and accounts receivable, and continuously enhance cash inflow.
6. Integrate group resources, improve operation efficiency and reduce management costs.

(II) Production and marketing policies:

1. Establish a perfect and flexible production and marketing system, make extremely quick response to the different needs of customers, move the Company's technical services forward to the whole process of design, testing, and improvement for customers, provide customized services for customers from the cost, performance and all other aspects, form quick and flexible market response capacity and mechanism, and collect the information of competitors, environment and policies and regulations in the upstream, middle and downstream industries, provide the management with correct decision-making and R&D strategies.
2. Develop substitute materials and integrate material commonality to improve production efficiency so as to reduce costs and increase profits.
3. Develop product application market with a view to diversify product sales range.
4. Fully consider the prices, yield rates, and unit costs of raw material purchase to achieve better unit cost and delivery quality.
5. Strictly manage inventory and reduce inventory to improve inventory turnover.

III. Effect of external competition environment, the legal environment, and the overall business environment

The global economy is still facing many potential risks. After taking office, the Biden administration firmly implemented the America First policy and supported the industrial return, so the Chinese mainland economy continued to decline, and faced, in every hour and moment, the effect of external competition environment, the legal environment, and the overall business environment. The Company will focus on product improvement and development and strive to be certified by the major factories so as to catch at any time the opportunity of future growth. We will continue to learn the management experience of the world's advanced manufacturing industry, introduce, digest, and absorb the world's mature production management tools and means so as to make the Company's production at a world-class level.

IV. Future development strategies

Recently, with the obvious warming of passive components market, the rise of product prices, and the orders covering till the second quarter of this fiscal year, the Company will actively adjust its output and continue to provide high-value products and services to customers. However, facing the ongoing severe global epidemic and the uncertainty arising from international trade disputes, the Company will cautiously make an optimistic outlook on its performance and operation.

Dear Shareholders:

Good health and good luck.

Kaimei Electronic Corporation

Chi-Sheng Weng, Chairperson

Chapter 2 Company Profile

I. Date of Incorporation: Sep. 11, 1978

II. Company history

Year	Milestones
1979	Sampo Tucheng No. 2 Factory was restructured into Teapo Electronic Corporation, specializing in the production, manufacture and sales of capacitors, and other electronic parts.
1982	The plastic film capacitors of the Company were recognized to be compliant with many safety regulations such as VDE of Germany, UL of America, and CSA of Canada, which made our products deeply recognized by the international market.
1987	The Company was certified by the British Standards Institute (B.S.I.) and was the first IECQ system qualified factory in China, which established the leading position of Company's capacitor products, in respect of the quality, in the industry.
1988	The Company invested NT $ 40 million in purchasing new equipment to increase production of mini metalized polyethylene film capacitor FE-M/FE-S TYPE. The plastic film capacitors of the company were recognized by NEMKO, SEMKO, DEMKO, and FIMKO of four countries in northern Europe.
1991	The Company was certified as the British BABT qualified factory, was recognized by NEMKO TBM in northern Europe, and was certified as the MITI Japan recognized factory. The plastic film capacitors of the Company were recognized to be compliant with the safety regulations by SEV of Switzerland.
1992	The Company successfully developed ultra-high voltage capacitors and began mass production, manufacturing, and sales thereof.
1993	The Company won the ISO-9002 factory certification of international quality control system issued by the Commodity Inspection Bureau under the Ministry of Economic affairs. It is the first capacitor manufacturer in China to win the ISO certification, making TEAPO a symbol of high quality of capacitors leading the industry.
1993	The plastic film capacitor of the Company won the ZMQ safety regulation approval of Italy, which was helpful for the Company to develop overseas markets.
1997	The capacitor for air-conditioning compressors was certified by VDE of Germany and UL of America.
1998	The Company's shares were listed for trading on Aug. 29. With the approval of the Investment Examination Committee, Teapo Electronic (Dongguan) Co., Ltd. was established in the Chinese mainland through the third region to produce and sell electrolytic capacitors and plastic capacitors.
1999	Teapo Electronic (Dongguan) Co., Ltd., established in the Chinese mainland China through the third region, was officially put into production in Aug. On Nov. 24, the Investment Examination Committee approved an additional investment of US$8 million.
2002	With the approval of the Investment Examination Committee, the Company invested a total of US$12 million to set up Teapo Electronic (Suzhou) Co., Ltd. in the Chinese mainland China through the third region to produce and sell electrolytic capacitors.

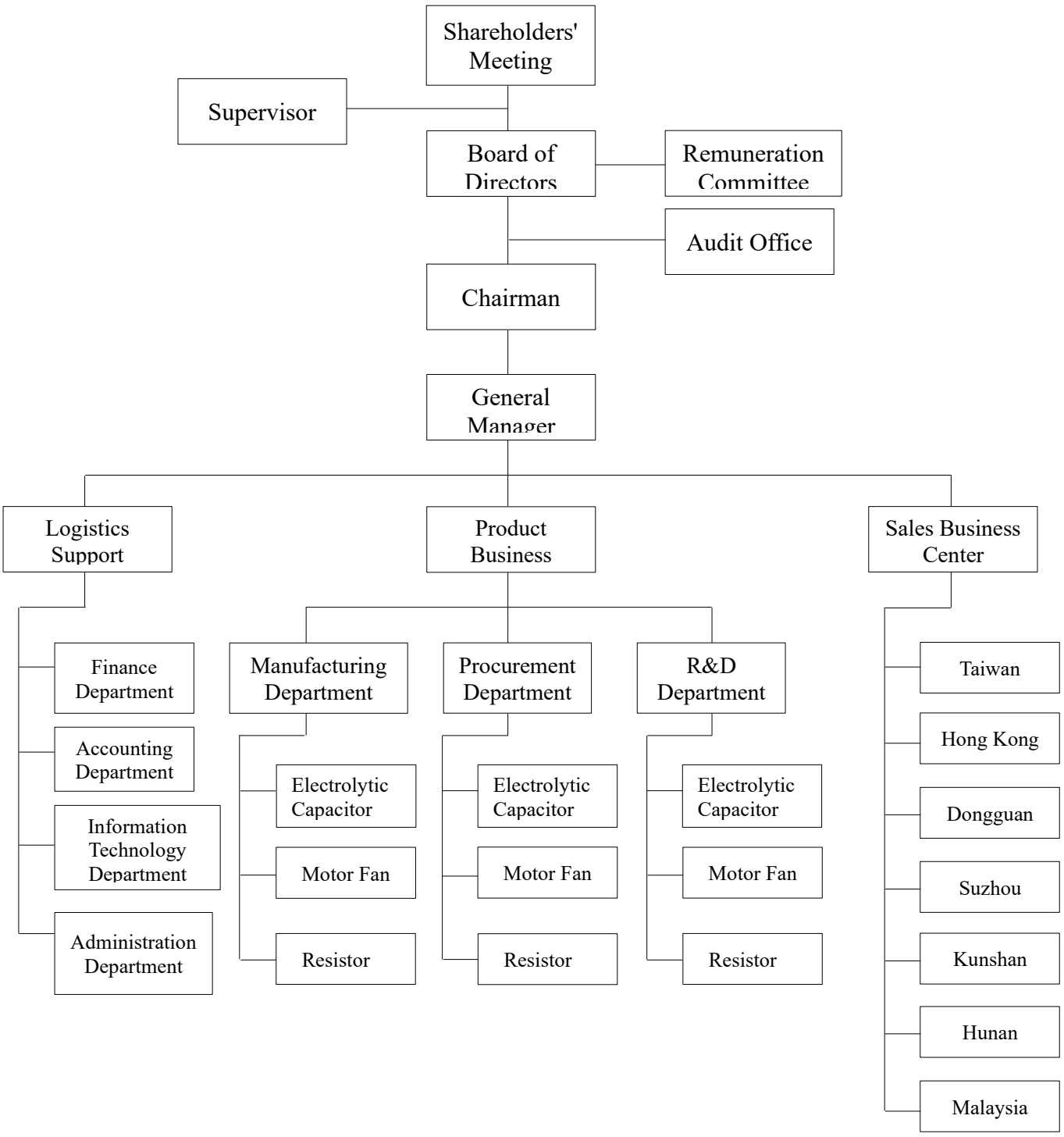
2003	Teapo Electronic (Suzhou) Co., Ltd., established in the Chinese mainland China through the third region, was officially put into production in Feb.
2004	With the approval of the Investment Examination Committee, the Company invested a total of US$15 million in setting up Teapo Electronic (Suzhou) Co., Ltd. in the Chinese mainland China through the third region to produce and sell electrolytic capacitors.
2005	In order to expand the business, integrate product line, research technology and resources, improve customer service ability, promote rational operation, expand business scale and strengthen economic scale benefit, the Company merged with Luxon Enterprise Company Limited on Oct. 31, 2005.
2006	In order to integrate the product line and reduce the operation cost, the machinery and equipment of Wujiang plant and Danshui plant were moved to Suzhou Mudu plant to expand the production scale of the Suzhou plant. Subsequently, the land and factory buildings of the Danshui plant were sold to recover the funds for more effective use. Solid-state capacitor production lines were set up.
2007	The subsidiary Teapo (Suzhou) Co., Ltd. completed the consolidation, with a monthly production capacity of 250 million pcs.
2008	In order to improve its financial health, the Company signed a contract for the sale of the Tucheng factory on Feb. 27, 2008, in order to continuously implement the commitment of focusing on core business and enhancing shareholder value.
2010	In order to improve the financial structure and meet the future business needs, the Company, in accordance with Article 168 of the Company Law, reduced its capital by 47.237% to make up for its losses and actively planned the optimization of its share capital to enhance the shareholders' equity. In order to reduce the operation cost, the subsidiary Teapo (Dongguan) Co., Ltd. completed the relocation and consolidation of the plant and successfully integrated the product lines to enhance the economic scale efficiency.
2011	Cooperated with the Construction Management Committee of Mudu Town, Wuzhong District, Suzhou to carry out the urban reconstruction plan, implemented the relocation compensation plan of Teapo (Suzhou) Co., Ltd., and carried out the integration plan of East China plant and South China plant, so as to improve the cost competitiveness.
2012	In order to maximize the benefit of assets, the Company disposed of the land and plant of Dong Guan Luxon Electronics Co., Ltd.
2013	In order to improve the financial structure, the Company, in accordance with Article 168 of the Company Law, reduced its capital by 29.4128% to make up for its losses. The relocation compensation for Teapo (Suzhou) Co., Ltd. was completed by both parties in accordance with the contract, and the benefits of disposal of property, plant, and equipment were recognized as NT$542 million.
2014	In order to enhance shareholders' equity and profitability per share, the Company reduced capital in cash to return shareholders' share capital, canceling 40,720,884 shares, with a capital reduction ratio of 30%.
2015	In 2015, in order to enhance shareholders' equity and profitability per share, the Company reduced capital in cash to return shareholders' share capital, canceling 30,000,000 shares, with a capital reduction ratio of 31.66715105%.

2016	The capital was increased to NT$915,182,830. On Jun. 16, 2016, the shareholders' meeting of Kaimei participated in the re-election of directors and supervisors and formally joined Kaimei, becoming the new management group of Kaimei. As of Dec. 31, 2016, through centralized market trading, the Company purchased 73,750,000 shares of Kaimei Electronic Corporation, accounting for 54.79% of its total issued voting shares.
2017	As of Dec. 31, 2017, Teapo Electronic Corporation purchased a total of 80,561,000 shares (59.845%) of Kaimei through the centralized market.
2018	On Nov. 29, 2018, Kaimei issued 54,093,336 shares as consideration to acquire 100% equity of Bothhand Enterprise Inc. through share conversion. As of Dec. 31, 2018, Teapo Electronic Corporation held a total of 80,561,000 shares of Kaimei (the number of shares before the conversion base date), accounting for 43.189%.
2019	In order to integrate group resources, expand operation scale and improve operational performance and competitiveness, the Company (formerly Teapo) merged with Kaimei Electronic Corp. in accordance with the Enterprise Merger and Acquisition Law and other relevant laws and regulations. The base date of merger is Sep. 30, 2019. After the merger, the Company (formerly Teapo) became the surviving company, and Kaimei Electronic Corp. was the extinguished company. After the merger took effect, the Chinese name of the Company (formerly Teapo) was changed to "Kaimei Electronic Corp."(凱美電機股份有限公司) and the English name of the Company was changed to "Kaimei Electric Corp." On Oct. 28, 2019, the Company was approved to be registered for the change by the Ministry of Economic Affairs in the Approval Letter JSSZ No. 10801138880, and was approved by letter TZSYZ No. 1080019670 of the Taiwan Stock Exchange Co., Ltd. on Oct. 29, 2019 to change the name of the Company and exchange shares in an all-round way. The new shares were listed and traded on Nov. 25, 2019.
2020	In order to continuously focus on its own core technology and strengthen its competitiveness, the Company obtained 82,666,764 shares of Ralec Electronic Corporation (100% of the issued shares of Ralec Electronic Corporation) held by Chilisin Electronics Corp., at a consideration of about NT$60.48 per share, totaling NT$5 billion, whereby Ralec Electronic Corporation became a 100% owned subsidiary of the Company, and the Company completed the relevant delivery procedures on Jan. 28, 2021. The Company sold 62,333,875 ordinary shares of Bothhand Enterprise Inc. (100% of the issued shares of Bothhand Enterprise Inc.) to Chilisin Electronics Corp. at NT$44.92 per share, totaling NT$2.8 billion. The Company completed the relevant delivery procedures on Jan. 25, 2021.

Chapter 3 Corporate Governance Report

I. Organizational system

Kaimei Electronic Corporation Organization Table



(II) Department functions

Unit	Functions
Auditing Office	Establishment, follow-up, revision, and inspection of the internal audit system. Auditing the operation of internal control management system. Studying and evaluating the effectiveness and potential risks of internal control over accounting, financial and other operating activities, and making recommendations for improvement thereof. Evaluation, studying, planning, and inspection of overseas subsidiary's systems. Carrying out routine auditing and following up on the improvement of abnormal items.
Finance Department	Planning, raising and dispatching management of short, medium, and long-term working capital at home and abroad. Collecting and conveying financial related information, formulating foreign investment evaluation and management. Customer credit management. Accounts receivable and accounts payable management. Handling affairs related to Board of Directors and stock affairs.
Accounting Department	Account registration and audit, and management of account books and original transaction vouchers. Preparing and revising the rules and forms of the accounting system. Annual budget preparation, variation analysis and tracking. Controlling the cost budgets and calculating profit and loss. Tax planning and reporting. Operating and management data analysis.
Information Department	Information system planning, development, introduction, and integration. Providing information software and hardware and network security, and erection services. Maintenance, addition and keeping of database, software and hardware equipment.
Administration Department	HR planning, recruitment, and appointment. Salary, bonus, performance appraisal, and welfare affairs management. Preparation, revision and implementation of HR regulations and related forms. Employee care, labor relations maintenance, and dispute settlement. General affairs management and administration. Fixed assets management and inventorying.
Product Manufacturing Center	Responsible for material purchase, technology research and development, standard setting, manufacturing and quality improvement of electrolytic capacitor, motor fan, conductive polymer, resistor and other products.
Sales Business Center	Formulation and implementation of production and marketing plans, business promotion of original products and new products. Marketing strategy planning and promotion, market trend and data collection. Customer technical support and customer complaint handling, etc.

II. Information on Directors, Supervisors, General Manager, Deputy General Managers, Assistant Managers, and Heads of Departments and Branches

（I） Information on Directors and Supervisors

Apr. 2, 2021 Unit: Share%

Position	Nationality / Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relationship	
Chairman and General Manager	Taiwan	Hung Tai Investment Ltd. Representative: Chi-Sheng Weng	Male	2019.06.05 2019.10.01	3 years	90.05.22	37,309 0	0.04%	69,262 380,000	0.05% 0.28%	- 0	- 0.00%	0 0	0.00% 0.00%	Department of Public Administrator, National Chengchi University Chairperson of Teapo Electronic Corporation	(Note I)	None None	None None	None None	
Vice Chairperson and Head of Product Manufacturing Center	Taiwan	Hung Tai Investment Ltd. Representative: Wei-Tsu Chang	Male	2019.06.05 2019.06.05	3 years	90.05.22	37,309 19,236	0.04% 0.00%	69,262 13,465	0.05% 0.01%	- 0	- 0.00%	0 0	0.00% 0.00%	Master's Degree, Business Administration, Chung Hua University Department of Public Administrator, National Chengchi University Deputy General Manager of Finance and Administration and Head of Financial Accounting of Ralec Electronic Corporation General Manager, Executive Vice President and Financial Officer of the Chinese Region of Teapo Electronic Corporation	(Note II)	None None	None None	None None	
Director	Taiwan	YAGEO Corporation Representative: Yung-Ming Pan	Male	2019.06.05 2019.10.01	3 years	87.03.16	11,001,975 0	12.02% 0.00%	8,124,882 0	5.98% 0.00%	- 25,852	- 0.02%	0 0	0.00% 0.00%	MBA, InterAmerican University MBA, Hongkong International Business College	(Note III)	None None	None None	None None	
Independent Director	Taiwan	Dr. Tsai, Cheng Hsien	Male	2019.06.05	3 years	2019.06.05	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Doctor of Chemical Engineering and Materials, University of Minnesota, USA	(Note IV)	None	None	None	
Supervisor	Taiwan	Shi Hen Enterprise Limited		2019.06.05	3 years	95.10.03	891,839	0.97%	815,387	0.60%	-	-	0	0.00%	Juris Doctor/Master of Laws, Kobe University, Japan Master of Laws, University of Pennsylvania, US Bachelor of Laws, National Taiwan University	Director of Chilisin Electronics Corp. Supervisor and representative of Global Testing Corp. Independent	None	None	None	

Position	Nationality / Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relationship	
		Representative: Yuan-Ho Lai	Male	2019.06.05			0	0.00%	0	0.00%	0	0.00%	0	0.00%	Independent Director of Huga Optotech Inc. Chairman, Chilisin Electronics Corp. Chairman, Teapo Electronic Corporation Member/Consultant of Taiwan Examination Institute Vice Chairman, Fair Trade Commission, Executive Yuan Dean of College of Law, National Chengchi University	Director of Microbio Co., Ltd. Honorary Professor of National Chengchi University Chair Professor of Ming Chuan University School of Law Executive Supervisor of Taiwan Institute of Economic Research	None	None	None	
Supervisor	Taiwan	Shi Hen Enterprise Limited Representative: Chin-Chih Tsai	Male	2019.06.05 2020.12.16 (Note V)	3 years	2006.10.03	891,839 0	0.97% 0.00%	815,387 0	0.60% 0.00%	- 0	- 0.00%	0 0	0.00% 0.00%	Department of Environmental Engineering, Kun Shan University	Head of You play Entertainment Corporation Information Specialist of Elitek Technology Corp., Limited	None None	None None	None None	

Note I: Director representative of Kaimei Electronic (Hongkong) Limited, Chairman of Xinkaimei Motor (Shenzhen) Co., Ltd., Chairman of Jingmeikang Electronic (Shenzhen) Co., Ltd., Director representative of Jamicon International Limited, Director representative of Suzhou Kaimei (E) Co., Ltd., Head of MYW Investment Limited, Chairman and General Manager of Ralec Electronic Corporation, Director representative of Ralec Technology (H.K.) Limited, and Director representative of ASJ (Hong Kong) Limited.

Note II: Director representative of Teapo Electronic (H.K.) Limited, Chairman of Teapo Holding (Bermuda) Ltd., Director representative of Dongguan Wisdom Electronic Co., Ltd., Independent Director / Audit Committee Member / Remuneration Committee Member of Chilisin Electronics Corp., Executive Director of RALEC Trading (Kunshan) Co., Ltd., Executive Director of Ralec Technology (Kunshan) Co., Ltd., and Hunan Ralec Electronic Technology Co., Ltd.

Note III: Chairperson of Bothhand Enterprise Inc., Chairperson of E-Heng Technology Co., Ltd., Executive Director of Guangzhou Cheng Han Electronics Tec, Executive Director of Kaiping Bothhand Electronics Co., Ltd., Executive Director of Guangzhou Bothhand Electronics Co., Ltd., Executive Director of Deyang Bothhand Electronics Co., Ltd., Executive Director of Deyang Shisheng Electronics Co., Ltd., Chairperson of Deyang Hongyi Electronics Co., Ltd, and Executive Director of Hunan Bothhand Electronics Co., Ltd.

Note IV: Chairperson of Bionet Corp., CEO of Genetics Generation Advancement Corp., Director of Sunrise Scientific Company Limited, Chairperson of Crown Star Alliance Limited, Chairperson of Star Ford (Samoa) Limited, Independent Director/Audit Committee Member/Remuneration Committee Member of Les Enphants Co., Ltd., Independent Director/Audit Committee Member/Remuneration Committee Member of Chunghwa Chemical Synthesis & Biotech Co., Ltd., Independent Director/Remuneration Committee Member of Lien Chang Electronic Enterprise Co., Ltd., and Director of Sanho Chemical Co., Ltd.

Note V: The representative of Shi Hen Enterprise Ltd was reassigned on Dec. 16, 2020, from Mr. Yung-Tu Wei to Mr. Chin-Chih Tsai.

Note VI: If the Chairman of a company and the General Manager or equivalent position (the top manager) thereof are served by the same person, spouses, or within the first degree of kinship, such company shall provide information on the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and there shall be more than half of the directors not concurrently serving as an employee or manager, etc.): coordinating with the group's organization structure adjustment, the chairman of such company shall temporarily serve as the President who shall ensure the consistency of decision-making with implementation and the improvement of operational efficiency. In the future, it will not be excluded that excellent internal talents may be promoted to serve as the President after the group's organization structure adjustment is made, or it shall be subject to the provisions of Paragraph 2, of Article 4 of "Key Points for the Set-up of the Board of Directors of Listed Companies and Exercise of Their Functions and Powers".

1. Major Shareholders of Corporate Shareholders

April 6, 2021

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders	Percentage of Ownership
YAGEO Corporation	Tie-Min Chen	8.20%
	Rich Sun Limited Investment Account under custody of CTBC Bank Co., Ltd.	8.14%
	Dominant Investment Holdings Ltd. under custody of CTBC Bank Co., Ltd.	8.13%
	San Co. Ltd. under custody of Mega International Commercial Bank Co., Ltd.	2.94%
	Fubon Life Insurance Co., Ltd.	2.72%
	New Labor Pension Fund	1.97%
	PGIA Integrated International ETF under Custody of JPMorgan Chase	1.59%
	Vanguard Emerging Markets Stock Index Fund under custody of JPMorgan Chase Bank	1.34%
	Hsu Tai Investment Ltd.	1.25%
	Yuanta/P-shares Taiwan Dividend Plus ETF	1.11%
Hung Tai Investment Ltd.	Hsu Tai Investment Ltd.	99%
YCSY Co., Ltd.	Yung-Tu Wei	87.86%
	Hui-Hsin Lin	3.95%

2. Information on the Major Shareholders Where Said Major Shareholders of Corporate Shareholders in the Table above are Corporate Shareholders

April 6, 2021

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders	Percentage of Ownership
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	100.00%
Hsu Tai Investment Ltd.	Hwei-Jan Lee	99.865%
	Shao-Wei Chen	0.045%
	Shao-Chiao Chen	0.045%
	Shao-Man Chen	0.045%

Information on Directors and Supervisors

Apr. 2, 2021

Qualifications / Name	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience			Independence Criteria (Note)												Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business	Having Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business	1	2	3	4	5	6	7	8	9	10	11	12	
Director representative of Hung Tai Investment Ltd. Chi-Sheng Weng			✓			✓	✓		✓	✓	✓	✓	✓	✓		0
Director representative of Hung Tai Investment Ltd. Wei-Tsu Chang			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓		1
Director representative of YAGEO Corporation: Yung-Ming Pan			✓			✓		✓	✓	✓	✓	✓	✓	✓		0
Independent Director Dr. Tsai, Cheng Hsien			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Representative of Shi Hen Enterprise Limited: Yuan-Ho Lai	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		1
Representative of Shi Hen Enterprise Limited: Chin-Chih Tsai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0

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

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

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

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the Managers listed in (1) or persons listed in (2) or (3).

(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act (not applicable in cases where the person is an independent director of the

Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(6) Not a director, supervisor, or employee of a company with a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(7) Not a director, supervisor, or employee of a company or institution with the same chairman, General Manager, or equivalent position, or a spouse thereof (not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(8) Not a director, supervisor, executive, or shareholder with no less than 5% of shares in a specific company or institution with financial or business communication with the Company (but this does not apply if a specific company or institution holds no less than 20% but no more than 50% of the total issued shares of the Company and has a concurrent independent director with the Company and its parent company, subsidiary or a subsidiary of the same parent company as the Company established in accordance with this act or the laws of the country where it is located)

(9) Does not provide the Company or associated companies with auditing or in the past 2 years, obtained compensation cumulated over NT$500,000 in business, legal, financial, accounting services, by professionals, sole proprietorships, partnerships, companies, or institutional owners, partners, directors, supervisors, managers, and spouses. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) Not a spouse or relative within the second degree of kinship of any other director of the Company;

(11) Not under any of the categories stated in Article 30 of the Company Act.

(12) No Government Apparatus agency, juristic person, or representative is elected under Article 27 of the Company Act.

（II） General Manager, Deputy General Managers, Assistant Managers, and Supervisors of All the Company's Divisions and Branch Units

Apr. 2, 2021 Unit: Share%

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)			Position	Name	Relationship
Chairman and General Manager	R.O.C.	Chi-Sheng Weng	Male	2019.10.01	380,000	0.28%	0	0.00%	0	0.00%	Graduated from Department of Public Administrator, National Chengchi University Chairman, Teapo Electronic Corporation	Director representative of Kaimei Electronic (Hongkong) Limited Chairperson of Xinkaimei Motor (Shenzhen) Co., Ltd. Chairperson of Jingmeikang Electronic (Shenzhen) Co., Ltd. Chairman of Jamicon International Limited Director representative of Suzhou Kaimei (E) Co., Ltd. Head of MYW Investment Limited Chairperson and President of Ralec Electronic Corporation Director representative of Ralec Technology (H.K.) Limited Director representative of ASJ (Hong kong) Limited	None	None	None
Vice Chairperson and Head of Product Manufacturing Center	R.O.C.	Wei-Tsu Chang	Male	2019.10.01	13,465	0.01%	0	0.00%	0	0.00%	Master's Degree, Business Administration, Chung Hua University Graduated from Department of Public Administrator, National Chengchi University Deputy General Manager of Finance and Administration and Head of Financial Accounting of Ralec Electronic Corporation General Manager, Executive Vice President and Financial Officer of the Chinese Region of Teapo Electronic Corporation	Director representative of Teapo Electronic (H.K.) Limited Chairperson of Teapo Holding (Bermuda) Ltd. Director representative of Dongguan Wisdom Electronic Co., Ltd. Independent Director of Chilisin Electronics Corp. Executive Director of RALEC Trading (Kunshan) Co., Ltd. Executive Director of Ralec Technology (Kunshan) Co., Ltd. Executive Director of Hunan Ralec Electronic Technology Co., Ltd.	None	None	None
General Manager of Dongguan plant	Malaysia	Wei-Ming Tang	Male	2017.07.10	0	0.00%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, National Taiwan University	ASJ Components (M) Sdn. Bhd.	None	None	None

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)			Position	Name	Relationship
General Manager of Suzhou plant	R.O.C.	Chi-Chuan Lo	Male	2019.09.30	0	0.00%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Xinpu Polytechnic College	None	None	None	None
Chairperson and CEO of Bothhand	R.O.C.	Yung-Ming Pan (Note VII)	Male	2015.07.01	0	0.00%	25,852	0.02%	0	0.00%	MBA, Hongkong International Business College General Manager of Bothhand Enterprise Inc.	Chairperson of Bothhand Enterprise Inc. Chairperson of E-Heng Technology Co., Ltd. Executive Director of Guangzhou Cheng Han Electronics Tec and Executive Director of Kaiping Bothhand Electronics Co., Ltd., Executive Director of Guangzhou Bothhand Electronics Co., Ltd., Executive Director of Deyang Bothhand Electronics Co., Ltd., Executive Director of Deyang Shisheng Electronics Co., Ltd., Chairperson of Deyang Hongyi Electronics Co., Ltd Executive Director of Hunan Bothhand Electronics Co., Ltd.	None	None	None
Deputy General Manager of the Chairman's Office	R.O.C.	Pen-Chi Chen	Female	2019.10.01	12,000	0.01%	0	0.00%	0	0.00%	Department of Accounting, Fu Jen Catholic University Audit Manager of PWC Co., CPAs Assistant Manager of Accounting, Teapo Electronic Corporation	Director representative of Kaimei Electronic (Hongkong) Limited Director representative of Xinkaimei Motor (Shenzhen) Co., Ltd. Director representative of Jingmeikang Electronic (Shenzhen) Co., Ltd. Chairman of Jamicon International Limited Director representative of Suzhou Kaimei (E) Co., Ltd. Director representative of Tong Hsing Electronic Industries, Ltd. Director representative of Ralec Electronic Corporation Director representative of Ralec Technology (H.K.) Limited Supervisor of Ralec Trading (Kunshan) Co., Ltd.	None	None	None

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)			Position	Name	Relationship
												Supervisor of Ralec Technology (Kunshan) Co., Ltd. Supervisor of Hunan Ralec Electronic Technology Co., Ltd. Director representative of ASJ Holdings Pte Limited Director representative of ASJ Pte. Limited Director representative of ASJ (Hong kong) Limited			
Head of Sales Center	R.O.C.	Yen-Ju Lee	Male	2017.03.01	0	0	0	0.00%	0	0.00%	Graduated from Department of Politics of Tunghai University Deputy General Manager of Ralec Electronic Corporation	None	None	None	None
Deputy General Manager of Product Strategy and Agent Service Division	R.O.C.	Pei-Hsing Chen	Female	2019.10.01	150,804	0.11%	0	0.00%	0	0.00%	Master of Department of Business Administration, National Central University Senior Industrial Engineer of Organization Efficiency Department, Vanguard International Semiconductor Corporation Product Manager of Display Card Department, ASUSTeK Computer Inc.	None	None	None	None
Deputy General Manager of R&D Center	R.O.C.	Jien-Hua Chiang	Male	2019.10.01	0	0	0	0.00%	0	0.00%	Bachelor of Tamkang University Assistant Manager of R&D Department, Luxon Enterprise Company Limited	None	None	None	None
Deputy General Manager of Motor Fan Business Division	R.O.C.	Chia-Hsing Tseng	Male	2020.02.10	2,000	0.00%	0	0.00%	0	0.00%	Master of Business Administration of University of Southampton Henan Jiaozuo Chinalco New Building Materials Co., Ltd. Dongguan Guorui Electronics Co., Ltd.	ASJ Components (M) Sdn. Bhd	None	None	None

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)			Position	Name	Relationship
Ralec Deputy General Manager of Manufacturing Department	R.O.C.	Wen-Liang Liu	Male	2018.01.02	0	0	0	0.00%	0	0.00%	Department of Chemical and Materials Engineering, Tunghai University Deputy General Manager of Manufacturing Department, Ralec Electronic Corporation	None	None	None	None
General Manager of the Global Marketing Division	R.O.C.	Hsieh-Ching-Sheng Chiang (Note I)	Male	97.06.13	0	0	0	0.00%	0	0.00%	Graduated from Department of Automatic Control Engineering, Feng Chia University Chief of R&D Center, Teapo Electronic Corporation Chief of Foreign Business Department, Teapo Electronic Corporation Deputy General Manager of R&D Center, Teapo Electronic Corporation Special Assistant to Chairperson of Teapo Electronic Corporation Head of Teapo Electronic (Dongguan) Co., Ltd.	None	None	None	None
Chief of staff of Bothhand	R.O.C.	Hsiao-Chieh Hsu (Note II)	Female	2015.07.01	25,852	0.02%	0	0.00%	0	0.00%	Graduated from Department of Business Management, Taiwan Shoufu University Deputy General Manager of Finance Division, Bothhand Enterprise Inc.	Chairperson of Cartesian Investment Limited Bothhand International Investment Co.,Ltd., Chairperson of Round Constant Limited Director of E-Heng Technology Supervisor of Guangzhou Cheng Han	Chairperson and CEO	Yung-Ming Pan	Spouse
Technical Engineering Head of Bothhand	R.O.C.	Han-cheng Hsu (Note VII)	Male	2018.10.08	0	0	0	0.00%	0	0.00%	Graduated from Department of Electronic Engineering, National Chin-Yi University of	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)			Position	Name	Relationship
											Technology				
Assistant Manager of the Purchase Department	R.O.C.	Shu-Fen Liu (Note III)	Female	2016.12.01	0	0	0	0.00%	0	0.00%	Graduated from Department of Integrated Business, Shih Hsin Senior High School	None	None	None	None
Assistant Manager of the Information Department	R.O.C.	Chia-Bin Kao	Male	2016.06.27	14,313	0.01%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Yadong Engineering College	None	None	None	None
Assistant Manager of the Accounting Department	R.O.C.	Shu-Hui Chen	Female	99.09.16	14,000	0.01%	0	0.00%	0	0.00%	Graduated from Department of Accounting, Aletheia University Audit Manager of PWC Co., CPAs	Director representative of Teapo Electronic (Dongguan) Co., Ltd. Director representative of Dongguan Wisdom Electronic Co., Ltd. Director representative of Teapo Electronic (H.K.) Limited Director representative of Teapo Holding (Bermuda) Ltd. Chairman of Jamicon International Limited Director representative of Suzhou Kaimei (E) Co., Ltd. Supervisor of Jingmeikang Electronic (Shenzhen) Co., Ltd. Supervisor of Xinkaimei Motor (Shenzhen) Co., Ltd. Director representative of Tong Hsing Electronic Industries, Ltd.	None	None	None
Assistant Manager of Finance Department	R.O.C.	Hui-Chuan Chao	Female	2015.08.12	10,000	0.01%	0	0.00%	0	0.00%	Graduated from Department of Finance and Tax, Dahan Institute of Technology Assistant Vice President of Department of Management and Operation, Huaxianzi (Xiamen) Daily Chemical Products Co., Ltd.	Director representative of Teapo Electronic (Dongguan) Co., Ltd. Supervisor and Representative of Dongguan Wisdom Electronic Co., Ltd. Director representative of Teapo Electronic (H.K.) Limited Director representative of Teapo Holding (Bermuda) Ltd. Director representative of Kaimei Electronic (Hongkong)	None	None	None

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)			Position	Name	Relationship
												Limited Supervisor of Suzhou Kaimei (E) Co., Ltd. Director representative of Jingmeikang Electronic (Shenzhen) Co., Ltd. Director representative of Xinkaimei Motor (Shenzhen) Co., Ltd. Supervisor of Dongguan Jamicon Electronic Co., Ltd. Independent Director / Audit Committee Member / Remuneration Committee Member of Chilisin Electronics Corp.			
Senior Assistant Vice President of the Export Division Assistant Manager	R.O.C.	Chun-Liang Yeh (Note IV)	Male	2020.10.05	0	0.00%	0	0.00%	0	0.00%	Master of Business Administration of The Hong Kong University of Science and Technology VP Sales of Jiangxi Risound Electronics Co., Ltd.	None	None	None	None
Assistant Manager of the Business Development Division	R.O.C.	Hui-Chun Yu (Note V)	Female	2019.09.30	0	0.00%	0	0.00%	0	0.00%	Department of Management, University of Glasgow Senior Manager of Business Department, GIGABYTE Technology	None	None	None	None
Assistant Manager of the Global Marketing Division	Republic of Republic of China	Hsien-Jung Wu (Note VI)	Male	2019.09.30	483	0.00%	0	0.00%	0	0.00%	Graduated from Department of Chemical Engineering, Yuan Ze University	None	None	None	None
Assistant Vice President of the Dongguan plant	R.O.C.	Wen-Chi Hung	Male	2019.09.30	0	0.00%	0	0.00%	0	0.00%	Graduated from Department of Electronic Engineering, Kun Shan University	None	None	None	None

Note I: Global Marketing Division -Hsieh-Ching-Sheng Chiang, General Manager, retired on Nov. 30, 2020.
Note II: The subsidiary Bothhand - Xu-Xiao-Jie Pan, the chief of staff, resigned on Dec. 31, 2020.
Note III: Purchase Department - Shu-Fen Liu, Assistant Manager, resigned on Jul. 27, 2020.
Note IV: Export Division - Chun-Liang Yeh, Senior Assistant Manager, took office on Oct. 5, 2020.
Note V: Business Development Division - Hui-Chun Yu, Assistant Manager, resigned on Aug. 31, 2020.
Note VI: Global Marketing Division - Hsien-Jung Wu, Assistant Manager, resigned on Nov. 30, 2020.

Note VII: The equity of the subsidiary Bothhand was sold on Jan. 28, 2021.

III. Remuneration paid to Directors, Supervisors, General Manager, and Deputy General Managers in the most recent year

1. Remuneration of Directors (Including Independent Directors)

(In Thousands of New Taiwan Dollars)

Position	Name	Remuneration Paid to Directors								Proportion of total amount of A, B, C, and D to the net income after tax		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		Base Compensation (A)		Severance pay and pension (B) (Note I)		Directors (C) (Note II)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F) (Note I)		Employee compensation (G) (Note III)						
																Aurora		All Companies in Consolidated Financial Statements				
		Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Cash	Stock	Cash	Stock	Aurora	All Companies in Consolidated Financial Statements	
Chairman	Hung Tai Investment Ltd. Representative: Chi-Sheng Weng	-	-	-	-	9,628	9,628	-	-	1.71%	1.71%	11,691	14,298	70	70	6,032	-	6,032	-	4.87%	5.34%	None
Director	Hung Tai Investment Ltd. Representative: Wei-Tsu Chang																					
Director	YAGEO Corporation Representative: Yung-Ming Pan	-	-	-	-	4,814	4,814	-	-	0.86%	0.86%	-	7,891	-	-	-	-	4,005	-	0.86%	2.97%	None
Independent Director	Yu-Chang Lin	-	-	-	-	-	-	500	500	0.09%	0.09%	-	-	-	-	-	-	-	-	0.09%	0.09%	None
Independent Director	Dr. Tsai, Cheng Hsien	-	-	-	-	-	-	800	800	0.14%	0.14%	-	-	-	-	-	-	-	-	0.14%	0.14%	None

1. Please explain the Independent Director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working hours:
In accordance with Article 16 of the Articles of Association, the Board of Directors shall be authorized to determine such remuneration with reference to the general level of the industry. In case that the Company has earnings, according to Article 27 of the Articles of Association, if the Company makes a profit in the year, it shall allocate not more than 4% of the earnings as the directors' and supervisors' remuneration, and give reasonable remuneration by referring to the overall operating performance of the Company, the future operating risks and development trend of the industry, the performance evaluation results of the Board of Directors, the performance compliance rate of individuals and their contribution to the Company's performance. The relevant performance appraisal and the rationality of remuneration are reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed at any time according to the actual business situation and relevant laws and regulations so as to maintain a balance between the Company's sustainable operation and its risk control.
2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company to all consolidated entities (e.g., serving as a non-employee consultant) in the most recent fiscal year: None.

Note I: The severance pay and pension are allocated to the Bureau of Labor Insurance at 6% of the employee's monthly salary in 2020.
Note II: Earnings distributed as Directors' remuneration are shown in the estimated number.
Note III: Earnings distributed as employee's remuneration are shown in the estimated number.
Note IV. Mr. Yu-Chang Lin, the Independent Director, resigned on Jan. 13, 2021.

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements
Less than NT$1,000,000	Chi-Sheng Weng Wei-Tsu Chang Yung-Ming Pan Yu-Chang Lin Dr. Tsai, Cheng Hsien	Chi-Sheng Weng Wei-Tsu Chang Yung-Ming Pan Yu-Chang Lin Dr. Tsai, Cheng Hsien	Yung-Ming Pan Yu-Chang Lin Dr. Tsai, Cheng Hsien	Yu-Chang Lin Dr. Tsai, Cheng Hsien
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	None	None	None	None
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	None	None	None	None
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	YAGEO Corporation	YAGEO Corporation	YAGEO Corporation Wei-Tsu Chang	YAGEO Corporation
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	Hung Tai Investment Ltd.	Hung Tai Investment Ltd.	Hung Tai Investment Ltd.	Hung Tai Investment Ltd. Wei-Tsu Chang
NT$10,000,000 (included)～NT$15,000,000 (excluded)	None	None	Chi-Sheng Weng	Chi-Sheng Weng Yung-Ming Pan
NT$15,000,000 (included)～NT$30,000,000 (excluded)	None	None	None	None
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	None	None	None	None
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	None	None	None	None
Over NT$100,000,000	None	None	None	None
Total	7	7	7	7

2. Remuneration to Supervisors

Unit: NT$1,000

Position	Name	Remuneration						Proportion of total amount of A, B and C to the net income after tax		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Compensation (B) (Note I)		Business execution expenses (C)				
		Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	
Supervisor	Shi Hen Enterprise Limited Representative: Yuan-Ho Lai	-	-	9,628	9,628	800	800	1.85%	1.85%	None
Supervisor	Shi Hen Enterprise Limited Representative: Chin-Chih Tsai									
Supervisor	Shi Hen Enterprise Limited (Note II) Representative: Yung-Tu Wei									

Note I: Earnings distributed as Directors' remuneration are shown in the estimated number.

Note II: The representative of Shi Hen Enterprise Ltd was reassigned on Dec. 16, 2020, from Mr. Yung-Tu Wei to Mr. Chin-Chih Tsai.

Remuneration scale

Range of Remuneration Paid to Supervisor	Name of Supervisors	
	Total Remuneration (A+B+C)	
	Aurora	All Companies in Consolidated Financial Statements
Less than NT$1,000,000	Yuan-Ho Lai Yung-Tu Wei Chin-Chih Tsai	Yuan-Ho Lai Yung-Tu Wei Chin-Chih Tsai
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	None	None
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	None	None
NT$3,500,000 (included)～NT$5,000,000 (excluded)	None	None
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	Shi Hen Enterprise Limited	Shi Hen Enterprise Limited
NT$10,000,000 (included)～NT$15,000,000 (excluded)	None	None
NT$15,000,000 (included)～NT$30,000,000 (excluded)	None	None
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	None	None
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	None	None
Over NT$100,000,000	None	None
Total	4	4

3. Whether the Directors and Supervisors have an insufficient shareholding in the recent year for more than three consecutive months: Yes.

4. Whether there are directors and supervisors with an average pleaded ratio of more than 50% in the last three months of the recent year: Yes, Shi Hen Enterprise Ltd was involved in this situation in 2020.
5. Remuneration to the General Manager and Deputy General Managers: Amount Unit: NT$1,000

Position	Name	Salary (A)		Severance Pay and Pension (B) (Note I)		Bonus and Allowance (C)		Employee Compensation (D) (Note II)				Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Where there is any remuneration paid from a reinvested company other than the Company's subsidiaries or from the parent company?
								Aurora		All Companies in Consolidated Financial Statements				
		Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Cash	Stock	Cash	Stock	Aurora	All Companies in Consolidated Financial Statements	
Vice Chairperson and Head of Product Manufacturing Center	Wei-Tsu Chang	5,494	21,137	348	570	5,534	13,028	3,850	-	12,124	-	2.71%	8.33%	-
Chairperson and CEO of Bothhand	Yung-Ming Pan													
General Manager of the Global Marketing Division	Hsieh-Ching-Sheng Chiang													
General Manager of Dongguan plant	Wei-Ming Tang													
General Manager of Suzhou plant	Chi-Chuan Lo													
Deputy General Manager of Product Strategy and Agent Service Division	Pei-Hsing Chen													
Deputy General Manager of the Chairman's Office	Pen-Chi Chen													
Deputy General Manager of the R&D Department	Jien-Hua Chiang													
Motor Fan Business Division Deputy General Manager	Chia-Hsing Tseng													
Chief of staff of Bothhand	Hsiao-Chieh Hsu													
Technical Engineering Head of Bothhand	Han-cheng Hsu													

Note I: The severance pay and pension are allocated to the Bureau of Labor Insurance at 6% of the employee's monthly salary in 2020.
Note II: Earnings distributed as employee's remuneration are shown in the estimated number.

Remuneration scale

Range of Remuneration Paid to the President and Deputy General Managers	Name of General Manager and Deputy General Manager	
	Aurora	All Companies in Consolidated Financial Statements
Less than NT$1,000,000	Chi-Chuan Lo Wei-Ming Tang Yung-Ming Pan Hsiao-Chieh Hsu Han-cheng Hsu	None
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	Hsieh-Ching-Sheng Chiang Pen-Chi Chen Jien-Hua Chiang Chia-Hsing Tseng	Hsieh-Ching-Sheng Chiang Pen-Chi Chen
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	None	Wei-Ming Tang Chi-Chuan Lo Jien-Hua Chiang Chia-Hsing Tseng Han-cheng Hsu
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	Wei-Tsu Chang Pei-Hsing Chen	Pei-Hsing Chen
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	None	Wei-Tsu Chang Hsiao-Chieh Hsu
NT$10,000,000 (included)～NT$15,000,000 (excluded)	None	Yung-Ming Pan
NT$15,000,000 (included)～NT$30,000,000 (excluded)	None	None
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	None	None
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	None	None
Over NT$100,000,000	None	None
Total	11	11

6. Managerial Officer's name and the distribution of employee bonus:

(In Thousands of New Taiwan Dollars)

	Title (Note III)	Name (Note I)	Stock	Amount in cash (Note II)	Total	Percentage of total compensations to net income after tax (%)
Managerial Officer	Vice Chairperson and Head	Wei-Tsu Chang	-	5,560	5,560	0.99%
	General Manager	Wei-Ming Tang				
	General Manager	Chi-Chuan Lo				
	Deputy General Manager	Pei-Hsing Chen				
	Deputy General Manager	Pen-Chi Chen				
	Deputy General Manager	Jien-Hua Chiang				
	Deputy General Manager	Chia-Hsing Tseng				
	Senior Assistant Manager	Chun-Liang Yeh				
	Assistant Manager	Chia-Bin Kao				
	Assistant Manager	Shu-Hui Chen				
	Assistant Manager	Hui-Chuan Chao				
	Assistant Manager	Wen-Chi Hung				

Note I: Individual names and professional titles are disclosed, and earnings distribution is disclosed by summary.

Note II: It refers to the employees' remuneration approved by the Board of Directors to be paid to managers for the most recent year, which is shown in the estimated amount.

Note III: The scope of application of Managers is as follows in accordance with the Board's order letter (TCZSZ No. 092000 1301) issued on Mar. 27, 2003:

(1) General Manager and equivalents;
(2) Deputy General Manager and equivalents;
(3) Assistant manager and equivalents;
(4) Chief of Financial Dept.;
(5) Chief of Accounting Dept.;
(6) Any other persons in charge of the Company's affairs and entitled to sign instruments on behalf of the Company.

(IV) Compare the ratio of total remuneration paid to the Company's Directors, Supervisors, General Manager, and Deputy General Managers in the most recent two years to the net income after tax by the Company and all companies included in the consolidated statements, and explain the policies, standards and combinations of remuneration payment, the procedures for determining remuneration, and the relevance with business performance:

1. The analysis of the Company and all companies included in the consolidated statements on the percentage of total remuneration paid to the Company's Directors, Supervisors, General Manager, and Deputy General Managers in the most recent two years to the net income after tax:

Item / Position	Percentage of total remuneration to net income after tax (%)			
	2020		2019	
	Aurora	All companies included in the consolidated statements	Aurora	All companies included in the consolidated statements
Director	5.96%	8.54%	8.10%	12.93%
Supervisor	1.85%	1.85%	2.10%	2.10%
General Managerand Deputy General Managers	2.71%	8.33%	3.41%	13.26%

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation of business performance with future risks.

(1) Directors and Supervisors: In accordance with Article 16 of the Articles of Association, the Board of Directors shall be authorized to determine such remuneration with reference to the general level of the industry. In case that the Company has earnings, according to Article 27 of the Articles of Association, if the Company makes a profit in the year, it shall allocate not more than 4% of the earnings as the directors' and supervisors' remuneration, and give reasonable remuneration by referring to the overall operating performance of the Company, the future operating risks and development trend of the industry, the performance evaluation results of the Board of Directors, the performance compliance rate of individuals and their contribution to the Company's performance. The relevant performance appraisal and the rationality of remuneration are reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed at any time according to the actual business situation and relevant laws and regulations so as to maintain a balance between the Company's sustainable operation and its risk control.

(2) General Manager and Deputy General Manager: A manager's remuneration includes salary and bonus, in which the salary shall be determined with reference to the level of the same industry, professional title, rank, education, experience, professional ability, and responsibility, etc., and the bonus is based on performance evaluation of the manager, the evaluation covers financial indicators (such as the Company's operating revenue, the standard rate of net profit before tax and net profit after tax) and non-financial indicators (such as personal contribution to the Company, and whether there are major deficiencies with regard to compliance of laws and regulations in operational risk matters by departments under his jurisdiction). The Chairperson shall audit the operating performance, after comprehensive consideration of the foregoing, under the distribution principle recommended by the Remuneration Committee, and submit such information to the Remuneration Committee for review and proposes to the Board of Directors for approval.

IV. Operation of corporate governance

(I) Operations of the Board of Directors

1. The Board of Directors held 7 meetings. The attendance and appearance of Directors and Supervisors were as follows:

Position	Name	Number of attendance in person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Note
Chairman	Hung Tai Investment Ltd. (Representative: Chi-Sheng Weng)	7	0	100%	2019.10.01 Incoming corporate representative
Vice Chairperson and Head of Product Manufacturing Center	Hung Tai Investment Ltd. Representative: Wei-Tsu Chang	5	2	71%	2019.06.05 Reappointed in reelection
Director	YAGEO Corporation Representative: Yung-Ming Pan	7	0	100%	2019.10.01 Incoming corporate representative
Independent Director	Yu-Chang Lin	6	1	86%	2019.06.05 Newly appointed in reelection(Note)
Independent Director	Dr. Tsai, Cheng Hsien	6	1	86%	2019.06.05 Newly appointed in reelection
Supervisor	Shi Hen Enterprise Limited Representative: Yuan-Ho Lai	2	0	29%	2019.06.05 Reappointed in reelection
Supervisor	Shi Hen Enterprise Limited Representative: Chin-Chih Tsai	1	0	100%	2020.12.16 Incoming corporate representative
Supervisor	Shi Hen Enterprise Limited Representative: Yung-Tu Wei	6	0	100%	2020.12.16 Reappointment and resigning of legal representative
Note： Mr. Yu-Chang Lin, the Independent Director, resigned on Jan. 13, 2021.					

Other matters to be recorded:

I. The date of the board meeting, the term, the content of the proposals, opinion of all Independent Directors, and the Company's handling of the opinion of Independent Directors be recorded under the following circumstances in the operations of the Board of Directors meeting:

(I) Items Listed in Article 14-3 of Securities and Exchange Act: See the important resolutions of the Board of Directors of the annual report of the Company for details.

(II) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above:

The 11th Meeting of the 16th Board of Directors (Dec. 23, 2020) resolved to sell 100% shares of Bothhand Enterprise Inc. and obtain 100% shares of Ralec Electronic Corporation from Chilisin Electronics Corp.

Chris Tsai, an Independent Director, said: I feel from the report just now that all the evaluation contents are reasonable. However, in order for more rigorous performance of the duties of independent directors and protection of the rights and interests of shareholders and the social public, please add the following information:

1. The evaluation team (KGI) shall provide the actual cases of previous cooperation as the evidence basis to prove the reliability, independence and professionalism of the evaluation team.
2. The budget and cash flow of the traded company for the year 2021 shall be provided as the basis for judging whether the traded company has no potential risks.
3. Please give a supplement on more profound comprehensive benefits of the transactions.
4. Please provide the source of basis for the discount 32.8% of the non-public company as shown in the evaluation report of the independent experts.

Resolution on the proposals: The resolutions: After the directors (Independent Directors Chi-Sheng Weng, Wei-Tsu Chang, Yung-Ming Pan, Yu-Chang Lin are interested in the proposals) who should avoid the case for interest disputes, the other directors made no objection and approved the proposals.

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

The 11th Meeting of the 16th Board of Directors (Dec. 23, 2020) resolved to sell 100% shares of Bothhand Enterprise Inc. After the directors (Independent Directors Chi-Sheng Weng, Wei-Tsu Chang, Yung-Ming Pan, Yu-Chang Lin are interested in the proposals) who should avoid from the case for interest disputes, the other directors made no objection and approved the proposal.

The 11th Meeting of the 16th Board of Directors (Dec. 23, 2020) resolved to obtain 100% shares of Ralec Electronic Corporation from Chilisin Electronics Corp. After the directors (Independent Directors Chi-Sheng Weng, Wei-Tsu Chang, Yung-Ming Pan, Yu-Chang Lin are interested in the proposals) who should avoid the case for interest disputes, the other directors made no objection and approved the proposal.

III. The evaluation cycle, period, scope, method, and content, etc., of the Board's self-evaluation (or evaluation by colleagues) and the Board's implementation of the evaluation are shown in the table below.

IV. Evaluation of targets (such as establishing an Audit Committee and enhancing information transparency) for strengthening of the functions of the Board of Directors during the current and immediately preceding fiscal years, and measures were taken toward achievement thereof:

(I) The Company convenes the Board meeting in accordance with the "Standards of Procedures of the Board of Directors", invites Supervisors to attend as nonvoting delegates as per regulations, and announces the attendance at on Public Information Observatory.

(II) Directors and Supervisors carry out professional training from time to time and disclose the training situation in the annual report and the Public Information Observatory according to the regulations.

(III) The Board of Directors adheres to the principle of transparent and timely information, safeguards the rights and interests of shareholders, and takes the initiative to disclose the information related to the main resolutions of the Board of Directors on the Company's website.

(IV) The Company selects two Independent Directors and appoints them as members of the Remuneration Committee of the Company. They meet at least twice a year to determine and regularly evaluate the performance evaluation and remuneration-related matters of Directors, Supervisors, and Managers.

(V) On Aug. 13, 2020, the Board of Directors approved the personnel proposal of "Chief Corporate Governance Officer" of the group enterprise, who shall handle the relevant matters of the Board of Directors and the Shareholders' Meeting in accordance with the law, and assist the Directors and Supervisors in complying with the laws and regulations, etc.

The above is aimed to establish a good and effective corporate governance system and structure so as to create a sustainable business environment.

V. Communication between Independent Director, the internal Audit Manager and the CPAs:

(I) The Audit Manager and the CPAs may communicate with Independent Directors regularly and directly based on actual requirements, and the communication is good.

(II) In addition to submitting audit reports to the Independent Directors of the Company on a monthly basis, the Audit Manager also separately reports the important businesses of the Company and its subsidiaries to the Independent Directors at quarterly meetings, and they have fully communicated about the implementation and effectiveness of the audit business.

(III) The CPAs separately report results and discoveries of audits on financial statements to the Independent Directors at quarterly meetings.

Note I: For director or supervisor who is a corporation, please specify the corporate shareholder's name and its representative's name.

Note II: (1) If a director or supervisor resigns before the end of the fiscal year, the resignation date shall be noted in the Remarks column, and his or her attendance (presence) rate (%) will be calculated on the basis of

number of board meetings held during his or her tenure and number of such meetings attended or presented at by such director or supervisor.

(2) If a director or supervisor is re-elected before the end of the accounting year, the names of the current and previous director or supervisor shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. Their attendance rate (%) to Board session shall be calculated based on the number of meetings called and the actual number of sessions they attended, during the term of office.

2. Execution of evaluation of the Board of Directors and Functional Committee:

Frequency	Period	Scope	Method	Content	Rating
Once a year	Jan. 1, 2020 to Dec. 31, 2020	All the Board of Directors	Self-evaluation by the Board of Directors	Note I (1)	The full score of self-evaluation is 5, and the self-evaluation score earned is 4.82, the result of performance evaluation is "excellent", and the overall operation is good. Future improvement plans or actions The times of the Board of Directors meetings for the upcoming year are planned, and effective video conferences are arranged in advance. If there is any change in schedule, reschedule it in advance to improve the attendance rate.
Once a year	Jan. 1, 2020 to Dec. 31, 2020	Individual directors	Self-evaluation by the directors	Note I (2)	The full score of self-evaluation is 5; the self-evaluation results earned by individual directors ranged from 4.83 to 5, respectively, and the performance evaluation results were all "excellent". Future improvement plans or actions The times of the Board of Directors meetings for the upcoming year are planned, and effective video conferences are arranged in advance. If there is any change in schedule, reschedule it in advance to improve the attendance rate.
Once a year	Jan. 1, 2020 to Dec. 31, 2020	Remuneration Committee	Self-evaluation by the Remuneration Committee	Note I (3)	The full score of self-evaluation is 5; the self-evaluation score earned is 5, and the result of performance evaluation is "excellent".

Note I: the evaluation contents shall include the following items according to the scope of evaluation:

(1) Performance evaluation of Board of Directors: including participation in the operation of the Company, Board's decision-making quality, Board composition and structure, selection, appointment and continuous education of Directors, and internal control, etc.

(2) Performance evaluation of individual Directors: including mastery of corporate goals and tasks, recognition of Directors' responsibilities, participation in the operation of the Company, internal relationship management and communication, professional and continuous education of Directors and internal control, etc.

(3) Performance evaluation of the Functional Committee: including participation in the operation of the Company, the recognition of the responsibilities of the Functional Committee, the decision-making quality of the Functional Committee, the composition of the Functional Committee, and the selection and appointment of the Functional Committee members, and internal control, etc.

3. Attendance of Independent Directors in each Board meeting in 2020:

◎ Attendance in person; ☆ Attendance by proxy; ∗ Absence

2020	Mar. 13	Mar. 18	Apr. 8	May 8	Aug. 13	Nov. 11	Dec. 23
Yu-Chang Lin	◎	◎	◎	◎	◎	◎	☆
Dr. Tsai, Cheng Hsien	☆	◎	◎	◎	◎	◎	◎

(II) The operation of the Audit Committee or the participation of Supervisors in the operation of the Board of Directors:

1. Information on the operation of the Audit Committee: the Company has not set up an Audit Committee.
2. Participation of Supervisors in the operation of the Board of Directors:
   The Board of Directors held 7 meetings in the most recent year (A). The attendance and presence were as follows:

Position	Name	Number of actual attendances (B)	Actual attendance rate (%) [B/A]	Note
Supervisor	Shi Hen Enterprise Limited Representative: Yuan-Ho Lai	2	28.57%	Reelected and continuously reappointed on Jun. 5, 2019
	Shi Hen Enterprise Limited Representative: Chin-Chih Tsai	1	100.00%	Incoming legal representative newly elected on Dec. 16, 2020
	Shi Hen Enterprise Limited Representative: Yung-Tu Wei	6	100.00%	Legal representative resigning on Dec. 16, 2020

Other matters to be recorded:

I. Composition and responsibilities of Supervisors:
   The Company has two Supervisors who are invited to attend and express their opinions on the operation at the meetings of the Board of Directors so as to keep abreast of the Company's operation and supervise the operation of the Board of Directors.
   (I) Communication between Supervisors and employees and shareholders of the Company: Supervisors are invited to attend all the Shareholders' meeting of the Company to communicate with Shareholders face to face, and attend the meetings of the Board of Directors; employees and Shareholders of the Company can respond and discuss the issues with Supervisors by means of communication or written form.
   (II) Communication between Supervisors, the internal Audit Manager and the CPAs:
      1. All the Supervisors and the internal Audit Manager were present at the meetings of the Board of Directors of the Company, and the CPAs were invited to participate in the meetings of the Board of Directors, so the communication is good.
      2. The CPAs communicate and discuss with the Supervisors and internal Audit Manager at the Company's audit matters every year.
      3. The internal Audit Manager submitted the audit reports to the Supervisors for review and attended the meetings of the Board of Directors to report the implementation of the audit. The communication is good.

II. If a Supervisor attends and expresses an opinion at the meetings of the Board of Directors, the dates of the meetings, sessions, contents of motion, resolutions of the Board of Directors, and the Company's response to the Supervisor's opinion should be specified: None.

(III) Operation of corporate governance and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	Yes		The Company formulated its corporate governance code with reference to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies in 2015, and in Mar. 2020, it abolished and re-enacted its corporate governance code, which was approved by the Board of Directors and disclosed on the Company's website. Please refer to https://jamicon.teapo.com for details.	No material difference
II. Shareholding structure & shareholders' rights (I) Does the Company establish internal operating procedures or policies to handle shareholder suggestions, doubts disputes and lawsuits and implemented such procedures or policies? (II) Does the Company possess a list of major shareholders and list of ultimate owners of these major shareholders? (III) Has the company established and enforced risk control and firewall systems with its affiliate companies? (IV) Has the Company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	Yes Yes Yes Yes		(I) In accordance with Article 13 of the Company's Corporate Governance Code, the Spokesperson, and Acting Spokesperson shall receive telephone calls and e-mails on Shareholders' suggestions, doubts, disputes, and litigation, etc., and employ professional lawyers as consultants. In addition, the Company's website also has a special zone for stakeholders and a contact window for inquiries of the Shareholders and Investors. (II) The stock affairs unit of the Company shall keep track of the list of the ultimate controllers of the major shareholders at any time in accordance with the register of shareholders provided by the stock affairs agent. (III) The prices for sales to affiliated parties shall be decided by both parties through negotiation; the collection terms are monthly settlement, and there is no material difference from those of ordinary customers. (IV) The Company has formulated its "Internal Major Information Processing Procedures" and provided education and advocacy on the "Measures for the Prevention of Insider Trading" and related laws and regulations to the current Directors, Supervisors, Managers, and Employees at least once a year in accordance with the relevant securities laws and regulations, listing rules and other relevant securities market regulations. In the most recent year, the Company provided relevant education and advocacy to the current Directors, Supervisors, Managers, and Employees respectively on Feb. 10, 2020 and May 3, 2020, of which the course contents included the confidentiality of major information, as well as the reasons for the formation of insider trading, the identification process and the explanation of trading examples thereof.	No material difference
III. Composition and responsibilities of the Board of Directors (I) Is the composition of the Board of Directors determined by taking appropriate policy based on diversity and ensure the actual implementation?	Yes		(I) On Mar. 13, 2020, the Board of Directors of the Company approved the amendment to the "Corporate Governance Code" which strengthened, in Chapter III, the functions of the Board of Directors, that is, to formulate a diversified guideline. The current Board of Directors of the Company consists of five Directors (including two Independent Directors) and two supervisors, of which two members are over 70 years old, three are 50 - 60 years old, and two are 40 - 49 years old. The professional knowledge and skills of the Directors include public administration, law, chemical engineering and materials, finance, accounting, corporate management, business administration and other fields, and their industry experience includes operators of the electronic technology industry, operators of biotechnology and medical industry, accountants and legal experts. Members of the Board of Directors have diversified backgrounds of industry, academy and knowledge, and can give professional opinions from different perspectives, who are of great help to improve the Company's business performance and management efficiency. In the Company, the proportion of Directors with employee status is 40%, and that of Independent Directors is 40%. In order to diversify the Board composition and pay attention to gender equality, the Company expects to appoint female directors in the 17th Board of Directors to achieve such goals. The relevant implementation is shown in the table below (Note I)	No material difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) In addition to the Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?	Yes		(II) The Company has set up the Remuneration Committee, but not yet the Audit Committee. In the future, various other functional committees will be set up based on the Company's operational needs in accordance with the laws.	
(III) Has the Company formulated the evaluation measures and evaluation methods for performance of the Board of Directors, conducted the performance evaluation annually and regularly, and reported the results of the performance evaluation to the Board of Directors, and used the results for the reference of individual Directors' remuneration and renewal nomination?	Yes		(III) The Company formulated the performance evaluation measures for the Board of Directors on Feb. 22, 2018 and conducted performance evaluation on a regular basis every year. The performance evaluation was conducted on the Board of Directors in 2020, the most recent year, of which the evaluation method includes the self-evaluation of the whole Board of Directors and the self-evaluation of the board members, and the results thereof were reviewed by the Remuneration Committee on Mar. 8, 2021 as the basis of assessment, and the evaluation results were submitted to the Board of Directors on Mar. 12, 2020. The full score of the evaluation is 5. The evaluation results of the Board of Directors of the Company in 2020: the average evaluation result of the overall Board of Directors is 4.82, and the self-evaluation results of individual Directors are 4.83 to 5. All the performance evaluation is rated as excellent.	
(IV) Does the Company regularly assess on the independence of CPAs?	Yes		(IV) The CPAs appointed by the Company are not the directors, supervisors, managers, employees, or shareholders of the Company or its affiliates, and has confirmed that their status as non-stakeholders complies with the regulations of independent judgment set forth by the competent authority. The independence assessment form of the CPAs is shown in the table below (Note II) The Company regularly assesses (once a year) the professionalism and independence of the CPAs, and the CPAs have issued declarations of independence on the entrusted audits. The latest assessment was submitted to the Board of Directors on Apr. 23, 2021; the appointment and remuneration of the CPAs for auditing the financial and tax accounts of the year ended Dec. 31, 2020 were approved by the resolution of the Board of Directors on Mar. 13, 2020.	
IV. Does the company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	Yes		On Aug. 13, 2020, it was resolved by the ninth meeting of the 16th Board of Directors of the Company to approve that Assistant Manager Hui-Chuan Chao concurrently served as the Chief Corporate Governance Officer. Assistant Manager Chao had served as head of the Financial Department of the Company for more than three years, who was eligible to be the Chief Corporate Governance Officer. Functions of Chief Corporate Governance Officer: (I) Assist Independent Directors and general Directors to perform their duties, provide necessary data and arrange training for Directors; (II) Assist the Board of Directors and Shareholders in meeting procedures and resolving compliance issues; (III) Draw up the schedule of the Board meeting, notify the Directors seven days in advance, provide the meeting data, remind the directors in advance if any of them needs to be avoided in case of being interested in the topics, and complete the minutes of the Board meeting within 20 days after the meeting. (IV) Register the Shareholders' meeting in advance in accordance with the law, prepare the notice of the meeting, the meeting manual and the meeting minutes within the statutory time limit, and handle the registration procedures of changes when the articles of association are amended, or the Directors are re-elected. The training of the Chief Corporate Governance Officer in 2020 is shown in the table below: (Note III)	No material difference
V. Does the company establish communication channels and a dedicated section on the company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	Yes		At present, all stakeholders of the Company have appropriate designated communication channels; for example, stock affairs agents and spokespersons are designated for shareholders; human resources personnel are designated for employees; business personnel is designated for customers, and purchase personnel are designated for suppliers. The Company's website has a special zone for stakeholders and the telephone and email of contact persons.	No material difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			Relevant important information has been announced in the "Public Information Observatory" according to regulations. The Company's financial and stock affairs and other related information are all published on the Company's website and the Public Information Observatory, and there is special personnel responsible for updating information and answering related questions. The Company has a Chinese and English website set for the special zone for stakeholders (https://jamicon.teapo.com)	
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	Yes		The Company has appointed the Stock Affairs Agency Department of MasterLink Securities Corp. to deal with the affairs of the Shareholders' meeting.	No material difference
VII. Information disclosure (I) Has the Company established a corporate website to disclose information regarding the company's financial, business, and corporate governance status? (II) Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference, etc.)? (III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year? Does it announce and declare the first, second and third quarter financial reports and operating conditions of each month as soon as possible before the prescribed period?	Yes Yes Yes		(I) The Company website (https://jamicon.teapo.com) has both Chinese and English versions, which has the special zones for disclosing information related to finance and corporate governance affairs of the Company. (II) The Company has an English website on which the stock affairs agent is designated to collect and disclose the Company's information. The Company has a spokesperson and an acting spokesperson, whose contact information is published on the Company's website and who are the corresponding window for investors and shareholders and respond to their inquiries and needs. The Company was invited to attend the Investor Conference in 2020, and relevant information was disclosed on the Company's website. (III) Although the Company's financial report for the year ended Dec. 31, 2020 was not announced and submitted within two months after the end of the fiscal year, it was approved and announced by the Board of Directors on Mar. 12, 2021, and financial reports for the first, second and third quarters were announced and submitted on May 15, 2020, Aug. 14, 2020 and Nov. 13, 2020 respectively within the specified period; the operation status of each month was announced before the 5th of the next month.	No material difference
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?	Yes		(I) Employees' rights and interests: the Company abides by the Labor Base Law and relevant regulations to create a harmonious and happy working environment to protect employees' rights and interests. (II) Employee care: the Company emphasizes on-the-job training for employees, cultivates diversified skills, enables employees to face the challenges of environmental changes, opens multiple channels for employees to express their opinions, and creates a good two-way communication channel. (III) Investor relationship: the Company aims to maximize the shareholders' rights and interests, and the Company timely publishes in real-time, according to the relevant regulations, major information of the Company on business, finance, insider shareholding changes, etc., in order to achieve information disclosure and transparency. (IV) Supplier relationship: in the process of improving its sustainable operation and competitiveness, the Company establishes a mutually beneficial strategic partnership with suppliers to jointly develop new products and solve the problems of process technology and quality control, etc. Both parties can also share, exchange, and communicate information on supply and demand status, raw material cost fluctuation, capacity expansion, quality control, and other aspects of the market through regular meetings, and keep the accuracy of market information at any time, so as to promptly adjust the production policy of suppliers to meet the requirements of purchasing enterprises, and facilitate both parties to control the inventory cost and level of various materials, in order to further establish a cooperative and win-win supplier relationship.	No material difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			(V) Rights of stakeholders: for stakeholders (shareholders, investors, employees, customers, suppliers, outsourcers, businesspersons, financial, and insurance institutions, etc.), . . the Company provides sufficient information and various communication channels to safeguard the legitimate rights and interests of both parties. (VI) Training of Directors and Supervisors: the training of Directors and Supervisors of the Company in 2020 is shown in the table below: (Note IV) (VII) Implementation of risk management policies and risk measurement standards: the Company formulated the "risk management policies and procedures" on Nov. 11, 2020, which was approved by the Board of Directors as the top guiding principle of the Company's risk management. From the perspective of the Company as a whole, the Company, through a series of activities of identifying, measuring, monitoring, responding to and reporting potential risks, keeps all kinds of risks that may be faced within the operational activities within the acceptable range, providing the reference basis for business strategy formulation, so as to ensure the achievement of the Company's strategic objectives. (VIII) Implementation of customer policies: the Company keeps close contact with customers and informs customers of products that are in line with their interests at any time so as to ensure the expected reliability and quality of the products. (IX) The Company has purchased liability insurance for Directors, Supervisors, and Managers.	

IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved.

Improvements:

1. The actual attendance rate of all Directors in Board meetings is over 85%.
2. The training has been completed for hours specified in "Key Points for Promoting Training of Directors and Supervisors of TWSE Listed and TPEX Listed Companies".
3. In order to enhance the transparency of information and the timeliness of disclosure, the shareholders' meeting agenda manual and supplementary meeting information shall be uploaded 30 days before the annual general meetings of shareholders.

Preferential enhancement items

1. The annual financial report disclosed in English shall be uploaded 7 days before the annual general meetings of shareholders.
2. Does the Company regularly hold internal and external educational training on ethical corporate management?
3. The Company voluntarily discloses the amount and nature of non-audit fees paid to CPAs and affiliated enterprises of their accounting firm.
4. The English agenda manual and supplementary meeting information shall be uploaded 30 days before the annual general meetings of shareholders.

Note I: Director diversification policy and implementation thereof

This company's board structure shall consist of at least five directors, depending on the scale of company operation and development, the status of primary shareholders, and actual operating needs.

The Company shall diversify Board composition and develop guidelines on diversity based on the operations, nature of business activities, and development needs of the Company, including but not limited to standards in the following two major aspects:

I. Basic requirements and values: Gender, age, nationality, and culture.

II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

The directors should generally have the knowledge, skills, and self-cultivation required for performing their duties. To reach the quality level of corporate governance, the Board of Directors as a whole shall possess the following abilities:

1. Ability to make sound business judgments.
2. Ability to conduct accounting and financial analysis.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An understanding of international markets.
7. Leadership ability.
8. Decision-making ability.

Implementation of the diversity policy for members of Board of Directors

Diversified core items / Members of Board of Directors	Name	Ability to make sound business judgments	Business management ability	Leadership/decision-making ability	Industrial Knowledge	An understanding of international markets	Accounting and financial ability	Crisis management ability
Director representative: Chi-Sheng Weng	Male	V	V	V	V	V	V	V
Director representative: Wei-Tsu Chang	Male	V	V	V	V	V	V	V
Director representative: Yung-Ming Pan	Male	V	V	V	V	V		V
Independent Director: Chris Tsai	Male	V	V	V	V			V
Independent Director: Yu-Chang Lin	Male		V	V	V			V
Supervisor and Representative: Yuan-Ho Lai	Male	V	V	V	V	V	V	V
Supervisor and Representative: Yung-Tu Wei	Male	V	V	V	V	V	V	V

Mr. Yu-Chang Lin, the Independent Director, resigned on Jan. 13, 2021

Note II: Evaluation Standards for the Independence of CPAs:

Evaluation Item	Rating	Independence of the CPAs
1. Do the CPAs have any direct or significant indirect financial interest in the Company?	No	Yes
2. Do the CPAs have any financing or guarantee with the Company or its directors?	No	Yes
3. Do the CPAs have any close business relationship and potential employment relationship with the Company?	No	Yes
4. Do the CPAs and the members of their audit team serve or have served as directors or managers or any position that has a significant influence on the audit in the Company at present or in the most recent two years?	No	Yes
5. Do the CPAs provide non-audit services for the Company that may have a direct impact on the audit?	No	Yes
6. Are the CPAs an intermediary of the shares or other securities issued by the Company?	No	Yes
7. Do the CPAs serve as a defense counsel of the Company or represent the Company in mediating conflicts with any third party?	No	Yes
8. Are the CPAs relatives to any of the Directors or Managers of the Company or to those thereof who have a significant influence on the audit cases?	No	Yes

Note III: The training of the Chief Corporate Governance Officer in 2020:

Name	Training date (starting)	Training date (ending)	Training Institution	Course Name	Training Hours	Total training hours
Hui-Chuan Chao	Aug. 11, 2020	Aug. 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance?	3	18
	Aug. 11, 2020	Aug. 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	
	Oct. 16, 2020	Oct. 16, 2020	TWSE	2020 Directors and Supervisors Advocacy Conference for Corporate Governance and Corporate Integrity	3	
	Oct. 21, 2020	Oct. 21, 2020	Securities and Futures Institute	Publicity and explanation meeting on preventing insider trading and insider equity trading in 2020	3	
	Oct. 23, 2020	Oct. 23, 2020	Fubon Insurance Co., Ltd.	Seminar on Directors and Supervisors' Responsibilities and Risk Management with regard to Fubon Insurance	3	
	Nov. 25, 2020	Nov. 25, 2020	Securities and Futures Institute	Practical Seminar on TWSE/TPEX Listed Companies' Understanding of Hedging Trading and Operation of Futures Derivatives and Improvement of the Sustainable Operation of Enterprises 2020	3	

Note IV: Training of Directors and Supervisors of the Company in 2020:

Name	Training date (starting)	Training date (ending)	Training Institution	Course Name	Training Hours	Total training hours in the year
Chi-Sheng Weng	Aug. 11, 2020	Aug. 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance?	3	6.0
	Aug. 11, 2020	Aug. 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	
Wei-Tsu Chang	Aug. 11, 2020	Aug. 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance?	3	6.0
	Aug. 11, 2020	Aug. 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	
Yung-Ming Pan	Dec. 10, 2020	Dec. 10, 2020	Accounting Research and Development Foundation	Analysis of False Financial Statements Cases and How to See through the Key Information of Financial Statements	3	6.0
	Dec. 11, 2020	Dec. 11, 2020	Accounting Research and Development Foundation	Tracing the "Flow of Funds" in financial statements fraud Cases and Discussing the Relevant Legal Liability	3	
Yu-Chang Lin	Aug. 11, 2020	Aug. 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance?	3	6.0
	Aug. 11, 2020	Aug. 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	
Dr. Tsai, Cheng Hsien	Aug. 14, 2020	Aug. 14, 2020	Taiwan Investor Relations Institute	Analysis of the Global Economy after Covid-19 + the Impact of Sino-US Science and Technology War on the Global Environment, and the Countermeasures	3	6.0
	Nov. 09, 2020	Nov. 09, 2020	Taiwan Corporate Governance Association	Impact of China-US Trade War on Taiwan-Funded Enterprises and the Countermeasures	3	
Yuan-Ho Lai	Aug. 11, 2020	Aug. 11, 2020	Taiwan Corporate Governance Association	How to Effectively Exert the Directors' Functions and Implement Corporate Governance?	3	
	Aug. 11, 2020	Aug. 11, 2020	Taiwan Corporate Governance Association	10 Compulsory Lessons on Corporate Governance	3	15.0
	Oct. 23, 2020	Oct. 23, 2020	TWSE	2020 Directors and Supervisors Advocacy for Corporate Governance and Corporate Integrity	3	
	Dec. 02, 2020	Dec. 02, 2020	Taiwan Corporate Governance Association	The Summit Forum of Corporate Governance Session 16	6	
Yung-Tu Wei	Jan. 14, 2020	Jan. 14, 2020	Taiwan Insurance Institute	Lecture on Governance by Directors, Supervisors (including Independent Directors), and Chief Corporate Governance Officers Session I of 2020	3	32.0

Name	Training date (starting)	Training date (ending)	Training Institution	Course Name	Training Hours	Total training hours in the year
	May 29, 2020	May 29, 2020	Taiwan Corporate Governance Association	Measures for Information Security of Directors and Supervisors	3	
	Jun. 23, 2020	Jun. 23, 2020	Taiwan Corporate Governance Association	Issues that directors and supervisors need to consider in risk management, corporate sustainability and ESG after the impact of the epidemic	1	
	Jul. 14, 2020	Jul. 14, 2020	Securities and Futures Institute	How to innovate KPI and performance management in the era of digital economy	3	
	Jul. 16, 2020	Jul. 16, 2020	Securities and Futures Institute	Principles and Applications of Artificial Intelligence	3	
	Jul. 22, 2020	Jul. 22, 2020	Taiwan Academy of Banking and Finance	Seminar on Board Operation Practices and Corporate Governance	3	
	Aug. 25, 2020	Aug. 25, 2020	Taiwan Corporate Governance Association	Collapse of corporate governance and its influence based on the Datong case	1	
	Aug. 28, 2020	Aug. 28, 2020	Taiwan Corporate Governance Association	Mastering the AI Risk Management Framework to Enhance Trust in AI-Integrated Applications	3	
	Sep. 14, 2020	Sep. 14, 2020	Taiwan Insurance Institute	Lecture on Governance by Directors, Supervisors (including Independent Directors), and Chief Corporate Governance Officers Session XIV of 2020 - New Trend of Green Finance	3	
	Sep. 22, 2020	Sep. 22, 2020	TWSE	Corporate Governance 3.0 - Blueprint of Sustainable Development	3	
	Sep. 24, 2020	Sep. 24, 2020	Taiwan Insurance Institute	Lecture on Governance by Directors, Supervisors (including Independent Directors), and Chief Corporate Governance Officers Session XV of 2020 - Analysis of the Principle of Fair Hospitality	3	
	Sep. 29, 2020	Sep. 29, 2020	Taiwan Corporate Governance Association	The Current Situation and Recent Cases of Liability Insurance for Directors and Supervisors	1.5	
	Sep. 29, 2020	Sep. 29, 2020	Taiwan Corporate Governance Association	Competition for Management Rights and Case Analysis	1.5	

(Note I) Mr. Yu-Chang Lin, the Independent Director, resigned on Jan. 13, 2021.

(IV) Composition and operation of the Remuneration Committee

1. Composition

Professional Qualifications and Independence Analysis of Remuneration Committee Members

By title (Note I)	Qualifications / Name	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience			Meeting the independence criteria (Note II)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Note
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business	Having Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business	1	2	3	4	5	6	7	8	9	10		
Independent Director	Yu-Chang Lin (Note III)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Independent Director	Dr. Tsai, Cheng Hsien			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Others	Huo-Sheng Wu (Note III)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Others	Yun-Huan Liao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note I: For the title, please fill in Director, Independent Director, or others.

Note II: Please check " " in the corresponding box(es) below the conditions if the members meet the following conditions during the two years prior to the nomination and during the term of office.✓

(1) Not an employee of Aurora or any of its affiliates.

(2) Not a director or supervisor of the Company's affiliates. Not applicable in cases where the person is an independent director of the Company's parent company or any subsidiary appointed in accordance with the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies or other local laws and regulations.

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

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officers listed in (1) or persons listed in (2) or (3).

(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5%or more of the total number of issued shares of Aurora, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of Aurora under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of Aurora's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, General Manager, or person holding an equivalent position of Aurora (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with Aurora (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of Aurora and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, at Aurora and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for Aurora or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) Not under any of the categories stated in Article 30 of the Company Act.

Note III: The former Independent Director Yu-Chang Lin resigned on Jan. 13, 2021, and the Board of Directors appointed Mr. Huo-Sheng Wu on Mar. 12, 2021.

2. Information on operations of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of members of this committee: Jun. 5, 2019 to Jun. 4, 2022. In the most recent year (2020), the Remuneration Committee held 2 meetings (A), in which the membership and attendance were as follows:

Position	Name	Number of actual attendance (B)	Attendance by Proxy	Rate of actual attendance (%) [B/A]	Note
Independent Director	Dr. Tsai, Cheng Hsien	2	0	100%	Newly appointed on Jun. 5, 2019
Independent Director	Yu-Chang Lin	2	0	100%	Newly appointed on Jun. 5, 2019; Resigned on Jan. 13, 2021
Committee Member	Yun-Huan Liao	2	0	100%	Continuously appointed on Jun. 5, 2019
Other matters to be recorded: I. If the Board of Directors does not adopt or amend the Remuneration Committee's suggestions, the dates of the Board meetings, sessions, contents of motion, resolutions of the Board of Directors, and the Company's response to the Remuneration Committee's opinions should be specified (If the remuneration approved by the Board of Directors is superior to that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): None. II. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, the dates of the meetings of the Remuneration Committee, sessions, contents of motion, opinions of all members and the Company's response to opinions of all members should be specified: None.					

Note I: Where any committee member resigned before the end of the fiscal year, please specify the date of his/her resigning in the Remarks column. His/her actual attendance rate (%) to the committee meetings shall be calculated based on the number of meetings of the Remuneration Committee called and the actual number of attendance he/she attended during his/her term of office.

Note II: If a Remuneration Committee member is re-elected before the end of the fiscal year, the names of the current and previous Remuneration Committee members shall be listed, and appointment status (previously appointed, newly appointed, or continuously appointed) and re-election date of such members shall be noted in the Remarks column. His or her attendance rate (%) will be calculated on the basis of number of Remuneration Committee meetings held during his or her tenure and number of such meetings attended.

(3) Discussion causes and resolution results of the Remuneration Committee, and Company's response to the Members' Opinions:

Session and date of the Remuneration Committee	Major Resolutions	Resolution	The Company's treatment of the Remuneration Committee's opinion
The 1st meeting of the 4th Remuneration Committee (Jan. 7, 2020)	1. Reviewed the performance evaluation results report of the Board of Directors of the Company.	Approved by the unanimous decision of the committee members present	Reported to the Board of Directors and approved by all the Directors present.
	2. Reviewed the Company's year-end bonus plan for year 2019.	Approved by the unanimous decision of the committee	Reported to the Board of Directors and approved by all the Directors present.

		members present	
	3. The Company's remuneration plans for Directors, Supervisors, and Managers for 2020.	Approved by the unanimous decision of the committee members present	Reported to the Board of Directors and approved by all the Directors present.
The 2nd meeting of the 4th Remuneration Committee (Mar. 13, 2020)	1. Reviewed the Company's plan on the distribution of remuneration to Directors, Supervisors, and employees of the Company for the year 2019.	Approved by the unanimous decision of the committee members present	Reported to the Board of Directors and approved by all the Directors present.
	2. The Board of Directors approved the proposal on the issuance of employee stock option certificates and share subscription measures in order to attract and motivate excellent operation management talents to take long office, and enhance the centripetal force and performance of excellent operation management talents, with a view to jointly create higher corporate value and shareholders' equity of the Company.	Approved by the unanimous decision of the committee members present	Reported to the Board of Directors and approved by all the Directors present.

(4) Regular review of remuneration

The functions of the Remuneration Committee of the Company are to evaluate the remuneration policies and systems of the Directors, Supervisors, and Managers of the Company in a professional and objective position. It shall hold meetings at least twice a year and may hold meetings at any time as necessary to make recommendations to the Board of Directors for its decision-making reference.

The functions and powers of the Remuneration Committee of the Company are as follows:

(1) Formulate and regularly review the policies, systems, standards, and structure of the performance evaluation standards and remuneration of the Directors, Supervisors, and Managers of the Company.

(2) Regularly evaluate and determine the remuneration of the Directors, Supervisors, and Managers of the Company.

(V) Performance of social responsibility and deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I .Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note III)	Yes		The Company formulated the "Risk Management Policies and Procedures", which was approved by the Board of Directors in Nov. 2020 as the top guiding principle of the Company's risk management; the Company regularly assesses the risks every year, as shown in the table below (Note I), formulates risk management policies against various risks, performs corporate responsibilities, pays attention to the stakeholders' rights and interests, attaches importance to environmental, social and corporate governance factors while pursuing sustainable operation and profits, and integrates them into the Company's management policies and operational activities, so as to manage its impact on the economic, environmental and social risks and impacts. It includes promoting and formulating corporate governance and strictly abiding by laws and regulations, providing employees with a good working environment and reasonable remuneration and welfare, actively implementing environmental protection and energy conservation, and fulfilling social responsibilities.	No material difference
II .Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	Yes		The corporate social responsibility of the Company is jointly promoted by the personnel and administrative units which propose to the Board of Directors to formulate the Code of Practice for Corporate Social Responsibility, coordinating the goal and promotion of corporate social responsibility of the whole Company, implementing relevant corporate governance norms, personnel system planning, formulating environmental protection and energy conservation measures of the Company, and implementing relevant energy conservation and carbon reduction plans of the government, and reporting to the Board of Directors on a regular basis every year. The latest report was submitted to the Board of Directors is Nov. 13, 2020, and the sustainable development promotion group was established.	No material difference
III. Environmental issues (I) Has the Company set an environmental management	Yes		(I) Comply with the national environmental protection laws and regulations, continue to carry out waste classification, reduction	No material difference The Company has no production

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
system designed to industry characteristics? (II) Does the company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment? (III) Does the Company assess the potential risks and opportunities of climate changes for its current and future operations and undertake response measures with respect to climate changes? (IV) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management ?	Yes Yes Yes		and resource recycling, and pursue the sustainable development of the enterprise. (II) All staff actively participate in environmental protection activities. Implement energy conservation, industrial waste reduction, resource recycling, and the non-consumption and reduction of biohazard substances. (III) Climate changes will cause extreme climate, including the rise of temperature and uneven rainfall in summer, increased power consumption for cooling workshops, extension of drought duration, affecting the supply of water resources. The Company continues to promote environmental protection, energy conservation and waste reduction, and promotes recycling through the recovery of equipment waste heat, reduction of water consumption in the process, water-saving management measures, etc., so as to respond to the actual risks caused by climate changes. (IV) The Company has been carrying out the technical transformation and implementation of energy-saving, gas-saving and water-saving, strengthening the supervision of energy-saving technology and strengthening energy-saving training. The Company has implemented the 13th Five-year Energy Saving Plan, continued to expand the depth and breadth of energy-saving technical supervision and energy-saving management, systematically inspected the whole energy of the enterprise, improved the construction of an energy-saving system, and complied with energy-saving laws and regulations. In 2021, the Company employed a third-party review agency to comprehensively carry out the operations under the Greenhouse Gas Inventory Report and the ISO50001:2018 Energy Management System simultaneously. According to the Notice issued by Guangdong Province on Cleaner Production Audit and Acceptance Work Flow (YJXGZ (2017) No. 3), the Company carried out and completed the cleaner production evaluation and related audit processes by entrusting a third-party	activities in Taiwan, so there are no harmful environmental factors. However, the Company continues to cooperate with the plan of energy conservation and carbon reduction and act according to the relevant local laws and regulations to improve the environmental quality.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>technical service unit with the goals of reducing comprehensive energy consumption and pollutant emission reached, which was publicized in Guangdong Cleaner Production Acceptance Management Platform.
<table>
<tr><th>Item</th><th>Indicator</th><th>(2019)</th><th>(2020)</th><th>(2021)</th></tr>
<tr><td>Comprehensive energy consumption</td><td>Comprehensive energy consumption per unit product (kgce/10,000 pcs)</td><td>13.47</td><td>11.0</td><td>10.00</td></tr>
<tr><td rowspan="4">Pollutants</td><td>Wastewater emission per unit product (m3/10,000 pcs)</td><td>0.0193</td><td>0.0175</td><td>0.0150</td></tr>
<tr><td>Ammonia emission per unit product (g/10,000 pcs)</td><td>0.003</td><td>0.002</td><td>0.001</td></tr>
<tr><td>COD emission per unit product (g/10,000 pcs)</td><td>0.45</td><td>0.35</td><td>0.25</td></tr>
<tr><td>SS emission per unit product (g/10,000 pcs)</td><td>0.12</td><td>0.08</td><td>0.05</td></tr>
</table>
<table>
<tr><th>Indicator</th><th>(2019)</th><th>Target</th><th>(2020)</th><th>Completion</th></tr>
<tr><td>Comprehensive energy consumption per unit product (kgce/10,000 pcs)</td><td>13.47</td><td>11.00</td><td>10.78</td><td>Completed</td></tr>
<tr><td>Wastewater emission per unit product (m3/10,000 pcs)</td><td>0.0193</td><td>0.0175</td><td>0.1650</td><td>Completed</td></tr>
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<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
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<tr><td>COD emission per unit product (g/10,000 pcs)</td><td>0.45</td><td>0.35</td><td>0.31</td><td>Completed</td></tr>
<tr><td>SSQ emission per unit product (g/10,000 pcs)</td><td>0.12</td><td>0.08</td><td>0.07</td><td>Completed</td></tr>
</table>
The Company regards environmental protection as an important part of sustainable development of the enterprise, pays attention to fulfilling the responsibility of environmental protection of the enterprise, and actively implements friendly and resource-saving development:
1. The Company will incorporate the environmental management into its management system, and improve, through the in-depth application of the ISO14001 system in all aspects of product production, and increase the environmental awareness of all the staff thereof; secondly, the Company will implement environmental management guidelines in every aspect of the product production process, establish the target responsibility system covering from the enterprise's high-level, middle-level to the team grass-roots level, form the management network, put the responsibility in place, and make environmental protection and environmental concept go into every employee's heart. In accordance with the relevant provisions of the Cleaner Production Promotion Law, the Company will implement the objectives, main tasks and guarantee measures of cleaner production, and determine the key fields, key industries and key projects of cleaner production according to the level of resource and energy consumption and pollutant emission.
2. Energy saving coordination mechanism of the enterprise has reduced energy consumption. The Company has set up an</td><td></td></tr>
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Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			energy management group to implement the three-level energy management system at the Company, department and team level, with the heads of all departments as the leader and members of the leading team for energy conservation and consumption reduction. The leader of the leading team is responsible for the management and assessment of the whole Company's energy-saving efforts, as well as an external liaison, and has set up an energy statistics management team, clarifying the responsibilities and authorities of each member, to deploy the Company's energy-saving efforts and the implementation of the annual energy-saving plan. The energy statistics management team assists each other team to undertake the Company's energy-saving efforts, which is fully responsible for the organization, supervision, inspection, and coordination of the Company's daily energy management. The department head is responsible for the implementation and inspection of the energy management efforts of his department, and a specialist is designated by each department to be responsible for the energy saving efforts within the department under the organization of the energy management team, so as to effectively guarantee the normal development and promotion of the energy saving efforts, and each person in charge is the specialist designated for the energy saving efforts of each department. In addition, the Company's Energy Management Department has taken a series of measures to strengthen energy management, such as strengthening energy measurement and statistical analysis, detecting excessive energy consumption and investigating it immediately, and incorporating energy consumption management into performance evaluation. 3. Implementation of energy statistics system of the enterprise In order to make accurate statistics of energy, the Company has formulated a series of statistical management requirements: (1) Energy statistics is an important means to grasp and	

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			understand the utilization of energy in each link, and it is an important basis for managers to analyze the utilization rate of all energy. Therefore, it is necessary to make detailed statistics on the energy utilization data of each link, and make lists and accounts therefor. (2) All energy varieties, as statistical objects, must be measured and counted, and all departments and main energy consumption equipment must be counted and listed in the accounts. (3) At the end of each month, the head of factory affairs counts the energy consumption of each department according to the measurement table and submits it as form to each department and the energy management team for analysis. (4) The statistical data must be clear and free from blemishes. In case of statistical errors caused by careless statistics, the person in charge of statistics shall be subject to administrative punishment in addition to rectifying the data. (5) The statisticians must check and correct the statistical data every month, make the statistical accounts, and prepare the daily report and monthly report, as well as the monthly report of the production energy consumption data of the superior department. (6) The statisticians are required to submit accurate data and must not make any omission or mistake. (7) Statistics account and energy statistics account are collected and managed uniformly by the energy management specialist of the Administration Department on a monthly basis as important files for the production and operation of the enterprise. (8) The Energy Management Department shall make statistics on the purchase, consumption. and use data of various kinds of energy and input them into the Energy Management System of Dongguan Key Energy Users. (9) The Company actively cooperated with the development of	

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			enterprise environmental credit evaluation in 2018, and maintain good enterprise basic information credit by means of platform system according to the requirements of Guidelines of Dongguan Environmental Protection Bureau for Enterprise Environmental Credit Evaluation and the Notice on Clarifying Matters related to the Restoration of Enterprise Environmental Credit in the City, which is in line with the environmental management mechanism.	
IV. Social issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (II) Has the Company developed and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance or outcome in employees' remunerations?	Yes Yes		(I) The Company abides by the Labor Base Law and the Employment Service Law, etc., formulates recruitment and appointment procedures and remuneration and welfare procedures so as to protect the legitimate rights and interests of employees and establish appropriate management measures. (II) The Company adjusts the remuneration structure and welfare according to the local laws and market conditions. The remuneration does not vary with gender, race, nationality or age, etc. There is no gender discrimination in the appointment, performance appraisal, or promotion of employees of the Company. According to the responsibilities, positions, special professional abilities of employees, as well as regional price index and other aspects of the planning, the Company reviews and adjusts the remuneration with the performance and promotion results every year. In order to maintain the work discipline of employees, we have formulated various employee management measures, established clear reward and punishment measures, and cultivated employees' spirit of positive dedication and attitude of due diligence. The Company has established the Staff Welfare Committee in accordance with the law and appropriated relevant funds according to the law to enrich the source of welfare benefits,	No material difference

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(III) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	Yes		which is composed of the employees elected, holds regular meetings and formulates annual plans every year, including New Year gifts, weddings and funerals, emergency assistance subsidies, staff birthday celebrations, and travel activities, etc. (III) Standardize the employment system and protect the legitimate rights and interests of employees In accordance with the requirements of Labor Law, Labor Contract Law, and other laws and regulations, the Company protects the legitimate rights and interests of employees, establishes and improves the remuneration and welfare system covering social insurances and medical insurance, introduces OHSAS18001 Occupational Health and Safety Management System, takes the initiative to regularly detect occupational hazards in the workplace, so as to strengthen risk management and prevent potential occupational health and safety risks. 1. Occupational health The Company conscientiously implements the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, adheres to the policy of "Prevention First, Combination of Prevention and Control" and actively carries out occupational health monitoring. The Company focuses on the occupational health examination of employees and the health examination of personnel taking special posts, pays attention to the investment into, and transformation and maintenance of protective facilities, standardizes the allocation, use, maintenance, and management of personal hazard protective equipment, so as to provide a good working environment for employees. 2. Security protection The Company adheres to the safety production policy of "Safety First, Prevention Prevails, and Comprehensive Management" and strengthens safety management and supervision so as to achieve "zero" accidents in safe	

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			production. The Company strengthens the construction of safety management, improves the safety supervision system, timely investigates and detects the potential safety hazards so as to ensure no production safety accidents, and holds monthly production safety activities every year, carries out various safety knowledge training, holds fire safety drills, so as to improve the safety awareness and self-protection ability of employees. 3. The Company strengthens safety supervision and enhances safety management capability, establishes a strict and standardized system for the storage of dangerous goods, which shall be strictly implemented by all departments according to the requirements. Key departments are trained and assessed, and all staff is mobilized to carry out hazard identification and risk awareness. All relevant departments strengthen the management of special equipment and hazardous chemicals, and control over high-risk operations according to the requirements, improve the safety technical files of special equipment, carry out the maintenance and regular inspection of special equipment; improve the basic management of chemicals MSDS, etc., improve the approval and control process of high-risk operations such as firework, maintenance and climbing, and establish more targeted operating procedures.	
(IV) Does the Company provide its employees with effective career development and training sessions?	Yes		(IV) The Company's human resource development strategy focuses on the strengthening of management functions of heads at all levels, as well as the implementation of training and instruction of departments' own professional functions, supplemented by job rotation plans, so as to cultivate talents needed by the organization and achieve the goal of sustainable operation of the Company.	
(V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of its	Yes		(V) The Company fully implements the management of quality first, and continues to provide customers with satisfactory quality and services, and formulates and implements, in	

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
products and services and set up relevant policies on the protection of consumers' rights and interests and complaint procedures?			accordance with ISO9001 / TS16949 Quality Management System, customer complaints and return handling procedures, and the business department is responsible for handling customer claims and complaints. From time to time every year, the Company uses documents or gatherings to advocate for our employees, strengthen staff confidentiality education, and strictly prevent the leakage of customer data. The Company establishes business ethics and comply with laws and regulations and social ethics in all business interactions. All management representatives and practicing employees should comply with integrity requirements. If any customer or supplier complains about the Company's products or manufacturing procedures, it can be handled by a specialist in accordance with the "Customer Complaint Handling Procedures". The Company's products and services are marketed and labeled in accordance with ISO14001 and QC080000 Management Systems, and the requirements of relevant laws and regulations.	
(VI) Has the Company established the supplier management policies requesting suppliers to comply with relevant laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised its implementation?	Yes		(VI) Any contract may be terminated or canceled at any time if it is clearly required in such purchase contract that the supplier shall comply with the labor and environmental protection regulations in case of significant impact of the supplier on the environment and society. Suppliers are required to cooperate with the Company's policies on energy conservation, carbon reduction, and environmental protection to jointly enhance corporate social responsibility. Any contract may be terminated or canceled at any time if it is clearly required in such purchase contract that the supplier shall comply with the labor and environmental protection regulations in case of significant impact of the supplier on the environment and society.	
V. Does the company refer to internationally-used standards		No	The Company has not yet referred to the internationally accepted	Upholding the business

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
or guidelines for the preparation of reports such as CSR reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?			reporting standards or guidelines in the preparation of corporate social responsibility reports and other reports that disclose the Company's non-financial information, provided that it still follows the laws and regulations, based on the Company's conditions, to implement corporate social responsibility, and there is no significant deviation.	philosophies of integrity, transparency, and responsibility, the Company formulated ethical-based operating policies and established healthy corporate governance and risk control systems to create an operating environment for sustainable development.
VI. If the Company has established the corporate social responsibility best practice principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", please describe any deviation between the Principles and their implementation: The Company has established the corporate social responsibility best practice principles, which were approved by the Board of Directors and disclosed on the Company's website (https://jamicon.teapo.com), and there is no significant deviation between the Principles and their implementation.				
VII. Other important information to facilitate a better understanding of corporate social responsibility practices: (I) The Company implements and popularizes the concept of environmental protection. (II) The Company pays attention to social care, contributes to social welfare, and feedbacks society. (III) The Company fulfills the social responsibility, sponsors and promotes sports and cultural activities, and donates NT$1 million to Yageo Professional Competition Development Association. (IV) The Company fulfills the social responsibility, sponsors and promotes educational, arts and cultural activities, and donates NT$3 million to Yageo Cultural and Educational Foundation.				
VIII. The Company's CSR reports, verified by relevant certification institutions if any, shall be specified as follows: The Company has no Corporate Social Responsibility Report but has obtained the following relevant certificates. 1. [Factory quality certification]: ISO9000 Quality Management System Certification. , ISO140001 Environmental Management System Certification, OHSAS 45001 Occupational Safety and Health Management System, QC080000 Quality System Requirements, IATF16949 Automobile System Quality Management System Certification. 2. [The Company's product safety certification]: CNS, CUL, CCC, and for fans, UL, CE, TUV, etc.				

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

Note II: If the Company has prepared a CSR report, Implementation Status may be replaced by specifying the means for reference to the CSR report with index and page.

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

Note IV: Based on the materiality principle of corporate social responsibility, the Company conducts the relevant risk evaluation on the important issues and stipulates the relevant risk management policies or measures as follows according to the evaluated risks:

Material Issue	Risk evaluation item	Risk management policy or strategy
Environment	Environmental protection and ecological conservation	The Company will incorporate the environmental management into its management system, and improve, through the in-depth application of the ISO14001 system in all aspects of product production, and increase the environmental awareness of all the staff thereof; secondly, the Company will implement environmental management guidelines in every aspect of the product production process, establish the target responsibility system covering from the enterprise's high-level, middle-level to the team grass-roots level, form the management network, put the responsibility in place, and make environmental protection and environmental concept go into every employee's heart. In accordance with the relevant provisions of the Cleaner Production Promotion Law, the Company will implement the objectives, main tasks and guarantee measures of cleaner production, and determine the key fields, key industries and key projects of cleaner production according to the level of resource and energy consumption and pollutant emission.
Society	Occupational safety	In accordance with the requirements of Labor Law, Labor Contract Law, and other laws and regulations, the Company protects the legitimate rights and interests of employees, establishes and improves the remuneration and welfare system covering social insurances and medical insurance, introduces OHSAS45001 Occupational Health and Safety Management System, takes the initiative to regularly detect occupational hazards in the workplace, so as to strengthen risk management and prevent potential occupational health and safety risks.
	Product Safety	The Company fully implements the management of quality first, and continues to provide customers with satisfactory quality and services, and formulates and implements, in accordance with ISO9000 / IATF16949 Quality Management System, customer complaints and return handling procedures, and the business department is responsible for handling customer claims and complaints. The Company's products and services are marketed and labeled in accordance with ISO140001 and QC080000 Management Systems, and the requirements of relevant laws and regulations.
Corporate Governance	Social economy and law compliance	We ensure all the personnel and their operations in line with the relevant laws and regulations by establishing and implementing the mechanism of corporate governance and internal control system.

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

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs (I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies? (II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	Yes Yes		(I) The Board of Directors of the Company has approved the Corporate Governance Best-practice Principles and the Guides on Procedures and Behaviors of Integral Business Operations, both of which have been disclosed on the Company's website. Please refer to https://jamicon.teapo.com. (II) In accordance with the Corporate Governance Best-practice Principles, the Company strictly forbids Directors, Managers, and employees to conduct the following behaviors, and checks and monitors them through internal audit procedures, so as to establish integral business operations: I. Offering and receiving bribes. II. Illegal political contributions. III. Improper charitable donation or sponsorship. IV. Offering or accepting unreasonable gifts, hospitality or other improper benefits. V. Infringing upon business secrets, trademark rights, patent rights, copyright and other intellectual property. VI. Engaging in unfair competition. VII. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development,	No material difference

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			procurement, manufacture, provision, or sale of products and services.	
(III) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and reviewed the prevention programs on a regular basis?	Yes		(III) From time to time, the Company assigns senior executives to participate in the seminars on integral business operations of enterprises held by the competent authorities to strengthen the integral operations and moral concept of the Company's managers.	
II. Fulfillment of ethical corporate management				No material difference
(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	Yes		(I) When conducting business activities in a fair and transparent manner, the Company will consider whether its agents, suppliers, customers, or other business contacts have records of dishonest behavior so as to avoid dealing with those who have records of dishonest behavior.	
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	Yes		(II) The Company will set up a sustainable development promotion team, which is responsible for promoting the Group's corporate governance issues such as integral operation, anti-corruption, anti-bribery and compliance with laws and regulations, and reporting its implementation to the Board of Directors of the Company every year. The latest date of report is Nov. 11, 2020. In addition, the Corporate Governance Best-practice Principles of the Company is formulated by the personnel and administrative units, as the special unit, and its amendment or repeal shall be approved by the Board of Directors. The Board of Directors of the Company shall perform the duty of care of	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(III) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of declaration, and implemented them?	Yes		managers in good faith to supervise the Company in preventing dishonest behaviors so as to ensure the implementation of policies of integral business operations. Furthermore, in order to perfect the integral business operations of the Company, the audit unit shall include the compliance with the Code into the scope of audit and regularly report to the Board of Directors to improve the defects. The Company's Internal Audit Department also plays an important role in ensuring professional ethics and compliance with laws and regulations. In order to ensure the correctness, reliability, and timeliness of financial, management and operation information, and the compliance of employees with relevant rules, standards, procedures, and regulations, etc., the Internal Audit Department carries out various audits in accordance with the annual audit plan approved by the Board of Directors, and reports the audit results and subsequent improvement plans to the Board of Directors and the Management so as to implement the audit results. The Company encourages employees to report, through the reporting box, suspected or detected violations of laws and regulations or the code of ethical conduct. (III) Where a Director of the Company has an interest, by himself or on behalf of the representative he is representing, in any motion proposed by the Board of Directors, harming the interests of the Company,	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, and audit the compliance with the prevention programs accordingly or entrusted CPAs to conduct the audit?	Yes		he shall state his opinions and respond to inquiries without joining in the discussion and voting, and the operation of the board of directors' interest avoidance shall be recorded in the annual report. (IV) In respect of the effective accounting and internal control established to implement integral business operations, the Company has established an effective accounting system and internal control system for business activities with a high risk of dishonest behavior, and included them in risk assessment items for regular inspection, so as to ensure continued effectiveness of the design and implementation of such systems. Internal auditors also regularly check the compliance with such systems, and each department shall conduct self-assessment on its own internal control system every year to ensure the effectiveness of the design and implementation of such system.	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	Yes		(V) From time to time, the Company assigns senior executives to participate in the seminars on integral business operations of enterprises held by the competent authorities to strengthen the integral operations and moral concept of the Company's managers. On Dec. 31, 2020, the Company arranged education and training courses to advocate the content of integral business operation procedures and behavior guidelines, with a class duration of 30 minutes and attended by 30 persons, and the Company specially prepared the data advocating integral business operation procedures and behavior	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			guidelines, and launched them on the Company's internal website for reference of employees who were unable to attend the class in person, so as to carry out the necessary operations and risk management in accordance with the regulations and ensure that the risks involved were controlled within the scope of affordability.	
III. Operation of the whistle-blowing system (I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	Yes		(I) The Company clearly regulates dishonesty and related punishment in the Reward and Punishment Management Measures, and has formulated Separate Management Measures for Reporting System, and encourages employees to transfer cases to the personnel and administrative units when they suspect or detect violations of laws, regulations or ethical code of conduct, and the personnel and administrative units shall appoint, by itself or under its command, independent professionals to form an investigation unit.	No material difference
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	Yes		(II) When accepting the reported cases, the company will set up an investigation committee to conduct the investigation in a private manner so as to protect the privacy and personality of the parties and give them full opportunities to reply and state their opinions.	
(III) Does the company provide proper whistleblower protection?	Yes		(III) The Company will handle the reported cases in a confidential manner to ensure that the informant will not suffer any retaliation or other adverse treatment and protect the privacy rights of both parties.	
IV. Enhanced disclosure of ethical corporate management			The Board of Directors of the Company has approved the	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
information (I) Does the Company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	Yes		Corporate Governance Best-practice Principles, and has disclosed the contents of the Code on the Company's website and Public Information Observatory, and implemented the Code and supervise such implementation, and regularly reports the promotion results to the Board of Directors. The latest report to the Board of Directors is Nov. 11, 2020. For details, please refer to the important internal regulations and social responsibility & integral business operation zone on the Company's website. (https://jamicon.teapo.com)	No material difference
V. Where the Company has stipulated its own best practices on ethical corporate management according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any difference between the prescribed best practices and the actual measures taken by the Company: The Company has formulated the Corporate Governance Best-practice Principles and the Guides on Procedures and Behaviors of Integral Business Operations, both of which have been disclosed on the Company's website (https://jamicon.teapo.com), and there is no difference between the prescribed best practices and the actual measures taken by the Company.				
VI. Other important information to facilitate better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies) (I) The Company formulated standards related to the Corporate Governance Best-practice Principles of the Company on Mar. 13, 2020 in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies to meet the actual operational needs. (II) The Company formulated the Risk Management Policies and Procedures on Nov. 11, 2020 as the top guiding principle of the Company's risk management.				

(VII) Method for inquiring the "Corporate Governance Best-practice Principles" and relevant regulations:

The Company has formulated regulations such as Code of Practice on Corporate Governance, Code of Practice on Corporate Social Responsibility, Corporate Governance Best-practice Principles, Guides on Procedures and Behaviors of Integral Business Operations, Measures for Performance Evaluation of Board of Directors, which can be found in the special zone of important internal regulations of the Company's website (website: https://jamicon.teapo.com) or the Public Information Observatory.

(VIII) Other material information that can enhance the understanding of the corporate governance:

1. The Company has formulated the Material Information Processing Measures as the basis for the Company's material information processing and disclosure, which is reviewed from time to time to meet the current legal and practical needs.
2. Investors conferences are held regularly, and relevant information is posted on the Company's website and the Public Information Observatory.

(IX) Status of implementation of internal control system

1. Statement of internal control system

Kaimei Electronic Corporation
Statement on Internal Control

Date: Mar. 12, 2021

Regarding the internal control system of the Company in 2020, based on the results of our self-evaluation, we hereby make the following statement:

I. The Company fully understands that the establishment, implementation and maintenance of internal control system are the responsibilities of the Company's Board of Directors and managers, and the said system has been established accordingly. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and Aurora takes immediate remedial actions in response to any identified deficiencies.

III. Aurora evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.

IV. Aurora has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. Based on the results of the foregoing evaluation, the Company considers that its internal control system (including the supervision and management of its subsidiaries) as of Dec. 31, 2020, including understanding that the design and implementation of the internal control systems related to the effectiveness of operations, the extent of efficiency objective achievement, the report reliability, timeliness, transparency and compliance, and the compliance with relevant rules and relevant laws and regulations, are effective and can reasonably ensure the achievement of the above objectives.

VI. This statement is an integral part of Aurora's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. In witness whereof, this statement was approved by the Board of Directors of the Company

on Mar. 12, 2021, among which the 4 Directors were present, all agreeing to the contents of this statement.

Kaimei Electronic Corporation

Chairperson: Chi-Sheng Weng

General Manager: Wei-Tsu Chang

2. Any CPA commissioned to conduct a project review of the ICS shall disclose the CPA's audit report: None.

(X) For punishments imposed on the Company or its internal personnel in accordance with the laws, or punishments taken by the Company against its internal personnel for any violation of internal control system in the most recent year up to the publication date of the annual report, the result of which punishment may have a significant impact on shareholders' equity or securities prices, details of the punishments, major deficiencies and improvements shall be specified: None.

(XI) Major resolutions of Shareholders' Meeting and Board Meetings in the most recent year up to the publication date of the annual report:

Major resolutions of Shareholders' Meeting

Time	Major resolutions of Annual General Meeting of Shareholders	Implementation Status
2020.06.05	Ratifications I. The Company's business report and final accounts for the year ended Dec. 31, 2019.	The resolution was approved.
	II. The Company's annual profit distribution 2019.	The ex-dividend base date was set as Jun. 28, 2020 and the dividend was paid off on Jul. 10, 2020. The total cash dividend is NT$96,976,550, distributed at NT$0.5 per share.
	Discussions I. Amendment to the Articles of Association of the Company.	Registration was approved by the Ministry of Economic Affairs on Jun. 12, 2020 and announced on the Company's website.
	II. Amendment to the Rules of Procedures of Shareholders Meeting of the Company.	It was announced on the Company's website, and the Company acted in accordance with the revised rules thereafter.
	III. Amendment to the Procedures for Loaning of Funds and Making of Endorsements/Guarantees of the Company.	The revised procedures were uploaded to the Public Information Observatory and the Company's website on Jun. 20, 2020 and the Company acted in accordance with the revised rules thereafter.
	IV. Adjustment to the Capital Structure of the Company.	The capital was reduced by NT$582,189,290 in cash, totally canceling 58,218,929 shares; 300 shares were canceled for every 1,000 shares, NT$3,000 in cash were returned for every 1,000 shares, and the base date of capital reduction resolved was Jul. 10, 2020; the base date of capital reduction and new stock issue: Aug. 14, 2020; date of new stock listing: Aug. 17, 2020; date of cash capital reduction and payment for share amount refund: Aug. 21, 2020; approved by the Ministry of Economic Affairs on Jul. 17, 2020.
	V. It was intended to handle the cash capital increase and issuance of common shares by means of a private placement.	On Mar. 12, 2021, the Board of Directors approved that the Company had no plan to continue private placement within the remaining term and would not handle private placement within the remaining term, which was submitted to the Annual General Meeting of Shareholders 2021 for approval.

Important resolution of the Board of Directors

Date	Sessions and important resolutions of the Board of Directors	Matter listed in Article 14-3 of the Securities and Exchange Act	Opinions of Independent Directors	Response to the opinions
2020.03.13	The 5th meeting of the 16th Board of Directors			
	1. The Company's business budgets 2020 were approved.			
	2. The statement that the design and implementation of the internal control system was continuously effective based on the Company's self-evaluation was approved.	V	None	N/A
	3. The intended adjustment to the capital structure of the Company was approved.	V	None	N/A
	4. Approved the Company's proposal for increasing capital to issue common stock by private placement.	V	None	N/A
	5. The intended amendment to the Articles of Association of the Company was approved.	V	None	N/A
	6. The intended amendment to the Rules of Procedures of Shareholders Meeting of the Company was approved.	V	None	N/A
	7. The abolishment of Company's "Organizational Rules of Remuneration Committee" and re-formulation of the Company's "Organizational Rules of Remuneration Committee" were approved.	V	None	N/A
	8. The intended amendment to the Procedures for Loaning of Funds and Making of Endorsements/Guarantees of the Company was approved.	V	None	N/A
	9. The intended amendment to the Code of Corporate Governance of the Company was approved.	V	None	N/A
	10. The intended abolishment of the Corporate Governance Best-practice Principles and Behavior Norms of the Company was approved; the reformulation of the Guides on Procedures and Behaviors of Integral Business Operations and the Corporate Governance Best-practice Principles of the Company was approved.	V	None	N/A
	11. The intended formulation of the Code of Practice on Corporate Governance of the Company was approved.	V	None	N/A
	12. The amendment to and assessment on the Measures for Performance Evaluation of Board of Directors of the Company were approved.	V	None	N/A
	13. In order to attract and retain the talents needed by the Company, motivate the employees, and improve their centripetal force and sense of belonging to the Company, so as to jointly create the interests for the Company and shareholders, the intended issue employee stock option certificates and share subscription measures were approved.	V	None	N/A
	14. The period and the place for accepting shareholders' proposals were approved.			
	15. The time, place, and cause of the Annual General Meeting of Shareholders 2020 of the Company were approved.			
	16. The Company's credit extension with financial institutions was approved.			

	17. Application of the Company for short-term financing from Kaimei Electronic (Hongkong) Limited was approved.	V	None	N/A
	18. The Company's lending funds to Teapo Electronic (H.K.) Limited was approved.	V	None	N/A
	19. The Company' ratification of the securities was approved.	V	None	N/A
	20. The Company's donating NT$1 million to Yageo Professional Competition Development Association was approved.	V	None	N/A
	21. The Company's appointment of managers was approved.	V	None	N/A
	22. Changing of the accounting firm for the operational needs of the Company as of the first quarter report for the year 2020 was approved.	V	None	N/A
2020.03.18	The 6th meeting of the 16th Board of Directors			
	1. The proposed business report and final accounts for the year ended Dec. 31, 2019 were approved.			
	2. The proposal for the distribution of the remuneration to employees and Directors, supervisors of the Company for 2019 was approved.	V	None	N/A
	3. The Company's annual profit distribution 2019 was approved.			
	4. The time, place, and cause of the Annual General Meeting of Shareholders 2020 of the Company were approved.			
2020.04.08	The 7th meeting of the 16th Board of Directors			
	1. The Company's repurchase of treasury shares and transfer of such shares to employees was approved.	V	None	N/A
	2. The Company's Measures for the Transfer of Treasury Shares to Employees was approved.	V	None	N/A
	3. The intended amendment to the Procedures for Loaning of Funds and Making of Endorsements/Guarantees of the Company was approved.	V	None	N/A
	4. The Company's credit extension with financial institutions was approved.			
2020.05.08	The 8th meeting of the 16th Board of Directors 1. The proposed financial statements for the first quarter of 2020 were approved.			
	2. The amendment to the Company's Measures for the Transfer of Treasury Shares to Employees was approved.	V	None	N/A
	3. The Company's credit extension with financial institutions was approved.			
	4. The Company' ratification of the securities was approved.	V	None	N/A
2020.08.13	The 9th meeting of the 16th Board of Directors			
	1. The proposed financial statements for the second quarter of 2020 were approved.			
	2. The appointment of Chief Corporate Governance Officer was approved.			
	3. The Company's Procedures for the Transfer of Treasury Shares was approved.	V	None	N/A
	4. The amendment to some provisions of the Company's Rules of Procedures of the Board of Directors and changing the name of the regulation to Standards of Procedures of the Board of Directors were approved.	V	None	N/A
	5. The amendment to some provisions of the Company's Rules on the Scope of Duties of Independent Directors was approved.	V	None	N/A

	6. The amendment to some provisions of the Measures for Performance Evaluation of Board of Directors of the Company was approved.	V	None	N/A
	7. The amendment to some provisions of the Remuneration Committee Charter was approved.	V	None	N/A
	8. The amendment to the Code of Ethical Conduct of the Company was approved.	V	None	N/A
	9. The formulation of the Company's Operating Rules for the Finance and Business between Affiliated Enterprises and the abolishment of the Company's Operating Rules for the Management of Affiliated Transactions were approved.	V	None	N/A
	10. The amendment to the Statement of Delegation of Authority of the Company was approved.	V	None	N/A
	11. The Company's credit extension with financial institutions was approved.			
2020.11.11	The 10th meeting of the 16th Board of Directors			
	1. The proposed financial statements for the third quarter of 2020 were approved.			
	2. The audit schedule for internal audit implementation in 2021 was approved.	V	None	N/A
	3. The Company's credit extension with financial institutions was approved.			
	4. The formulation of the Company's Risk Management Policies and Procedures was approved.	V	None	N/A
	5. The establishment of the Company's sustainable development (part-time) unit and the formulation of the Company's Code of Practice for Sustainable Development was approved.	V	None	N/A
	6. The Company's donation to Yageo Cultural and Educational Foundation was approved.	V	None	N/A
	7. The Company's donation to Yageo Professional Competition Development Association was approved.	V	None	N/A
	8. Application of the Company for short-term financing from Kaimei Electronic (Hongkong) Limited was approved.	V	None	N/A
	9. The promotion of Pen-Chi Chen, Assistant Manager of the Chairman Office of the Company, to Deputy General Manager and Special Assistant to the Chairman was approved.			
2020.12.23	The 11th meeting of the 16th Board of Directors			
	1. The Company's sale of 100% of the shares of Bothhand Enterprise Inc. was approved.	V	None (Note I)	N/A (Note I)
	2. The Company's acquisition of 100% of the shares of Ralec Electronic Corporation held by Chilisin Electronics Corp. was approved.	V	None (Note I)	N/A (Note I)
2021.1.13	The 12th meeting of the 16th Board of Directors			
	1. The delivery date, decided by the Chairperson under the authorization, of the Company's acquisition of 100% of the shares of Ralec Electronic Corporation held by Chilisin Electronics Corp. was approved.	V	None	N/A
	2. The delivery date, decided by the Chairperson under the authorization, of the Company's sale of 100% of the shares of Bothhand Enterprise Inc. was approved.	V	None	N/A
2021.3.12	The 13th meeting of the 16th Board of Directors 1. The Company's annual business plan 2021 was approved.			
	2. The proposed business report and final accounts for the year ended Dec. 31, 2020 were approved.			

	3. The statement that the design and implementation of the internal control system was continuously effective based on the Company's self-evaluation was approved.	V	None	N/A
	4. The proposal for the distribution of the remuneration to employees and Directors, supervisors of the Company for 2020 was approved.	V	None	N/A
	5. The Company's annual profit distribution 2020 was approved.			
	6. The intended amendment to the Articles of Association of the Company was approved.	V	None	N/A
	7. The intended amendment to the Company's Procedures for Acquisition or Disposal of Assets was approved.	V	None	N/A
	8. The intended amendment to the Rules of Procedures of Shareholders Meeting of the Company was approved.	V	None	N/A
	9. The proposal on private placement of common shares approved by the Annual General Meeting of Shareholders 2020 of the Company, which would not be continued for the remaining term, was approved.	V	None	N/A
	10. The Company's supplementary election of the 16th Independent Directors was approved.			
	11. Supplementary appointment of one member of the fourth Remuneration Committee was approved.			
	12. The date, place, and cause for convening the Annual General Meeting of Shareholders 2021 of the Company, etc., were approved.			
	13. The Company' ratification of the securities was approved.	V	None	N/A
	14. The Company's credit extension with financial institutions was approved.			
	15. The Company's changing of managers was approved.			
	16. The removing the "Non-compete Clause" from the General Manager Mr. Chi-Sheng Weng of the Company was approved.			
	17. The appointment of head and spokesman of the SBU of the Company was approved.			
	18. The ratification of reassignment of the Directors and Managers of the subsidiary Ralec Electronic Corporation was approved.			

Note I: Chris Tsai, an Independent Director, said: I feel from the report just now that all the evaluation contents are reasonable; however, in order for more rigorous performance of the duties of independent directors and protection of the rights and interests of shareholders and the social public, please add the following information:

1. The evaluation team (KGI) shall provide the actual cases of previous cooperation as the evidence basis to prove the reliability, independence and professionalism of the evaluation team.
2. The budget and cash flow of the traded company for the year 2021 shall be provided as the basis for judging whether the traded company has no potential risks.
3. Please give a supplement on more profound comprehensive benefits of the transactions.
4. Please provide the source of basis for the discount 32.8% of the non-public company as shown in the evaluation report of the independent experts.

Results of handling: Relevant documents were provided according to the requirement of the Independent Director.

(XII) Any dissenting opinions on record or stated in a written statement made by Directors or Supervisors regarding key resolutions of the Board Meetings in the most recent year up to the publication date of the annual report: None.

(XIII) Summary of the resignation and dismissal of the Chairman, General Manager, Accounting Officer, Financial Officer, Head of Internal Audit, Chief Corporate Governance Officer and Head of Research and Development, etc., in the most recent year up to the publication date of the annual report:

April 30, 2021

Position	Name	Date of Assumption of Duty	Date of Termination	Reasons for Resignation or Termination
General Manager	Wei-Tsu Chang	2019.10.01	2021.03.12	Adjustment to the organizational structure for the operational needs
General Manager	Hsieh-Ching-Sheng Chiang	95.05.25	2020.11.30	Legal retirement

V. Information on Audit Fees

(I) Breakdown of CPA Professional Fee

Name of CPA Firm	Name of CPA		Audit Period	Remark
KPMG	Szu-Chuan Chien	Jui-Lan Lo	2020.01.01~2020.12.31	-
Qin-Mei Co., CPAs	Po-Yu Hsu		2020.01.01~2020.12.31	-
Tsai Chin Certified Public Accountant	Zai-Xuan Zeng		2020.01.01~2020.12.31	

Note: If there has been a change of certified public accountants or independent public accounting firm during the current fiscal year, the Company shall disclose the information regarding the audit period covered by the former auditor and successor auditor as well as the reasons for the change of auditors in the Remark column.

Unit: NTD thousands

Range \ Category of Fees		Audit Fees	Non-audit Fees	Total
1	Less than NT$2,000,000	-	-	-
2	NT$2,000,000 (included) ～ NT$4,000,000	1,746	568	2,314
3	NT$4,000,000 (included) ～ NT$6,000,000	-	-	-
4	NT$6,000,000 (included) ～ NT$8,000,000	-	-	-
5	NT$8,000,000 (included) ～ NT$10,000,000	-	-	-
6	Over NT$10,000,000 (included)	-	-	-

(II) Information about CPA Professional Fee

1. Where the non-audit fees paid to the CPAs, the firm to which the CPAs belong and its affiliated enterprise are more than one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed:

Unit: NTD thousands

CPA Firm	Name of CPA	Audit Fees	Non-audit Fees					Audit Period	Note
			System Design	Company Registration	Human Resources	Others (Note 2)	Subtotal		
Qin-Mei Co., CPAs Service	Po-Yu Hsu	-	-	-	-	48	48	109.01.01~109.12.31	Business tax audit and verification report on a capital reduction project
Tsai Chin Certified Public Accountant	Zai-Xuan Zeng	-	-	-	-	270	270	109.01.01~109.12.31	Opinion on the reasonableness of the price of equity to be disposed of

2. If the accounting firm is replaced and the audit fee paid in the replacement year is less than that paid in the previous year, the amount, proportion and reasons for the decrease in the audit fee shall be disclosed:

(1)The CPAs were changed to meet the needs of the Company's overall management planning in the future. The audit fees were reduced mainly by the reduction of overall audit hours due to transaction complexity lowered by the adjustment of the Company's organizational structure and operation management planning, etc., thus the audit fee was reduced.

(2)The Company's audit fee of NT$1,746,000 in the year 2020 decreased by NT$474,000 or 21% compared with that of NT$2,220,000 in the year 2019.

3. If the audit fee is decreased by more than 10% over the previous year, the amount, proportion and reasons for the decrease in the audit fee shall be disclosed:

(1)The CPAs were changed to meet the needs of the Company's overall management planning in the future. The audit fees were reduced mainly by the reduction of overall audit hours due to transaction complexity lowered by the adjustment of the Company's organizational structure and operation management planning, etc., thus the audit fee was reduced.

(2) The Company's audit fee of NT$1,746,000 in the year 2020 decreased by NT$474,000 or 21% compared with that of NT$2,220,000 in the year 2019.

VI. Information on Replacement of CPAs: None

(I) Former CPAs

<table>
<tr><td>Replacement Date</td><td colspan="4">Changed on Mar. 13, 2020</td></tr>
<tr><td>Replacement Reasons and Explanations</td><td colspan="4">Internal management needs</td></tr>
<tr><td rowspan="3">Termination by Aurora or the CPAs</td><td colspan="2">Party
Status</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="2">Termination by Aurora</td><td></td><td>V</td></tr>
<tr><td colspan="2">Termination by the CPAs</td><td></td><td></td></tr>
<tr><td>Opinions (Other than Unmodified Opinions) in the Past 2 Years and Reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Deviation form the Issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td>Description</td><td colspan="3">None</td></tr>
<tr><td>Additional Disclosures under Subparagraphs 1-4 to 1-7, Paragraph 6, Article 10 of the Guidelines)</td><td colspan="4">None</td></tr>
</table>

(II) Successive CPAs

Name of CPA Firm	KPMG
Name of CPA	CPA Ssu-Chuan Chien and CPA Jui-Lan Lo
Date of Appointment	Appointed on Mar. 14, 2020
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	None
Successor CPAs' written opinion of disagreement toward the former CPAs	None

(III) Reply of the former CPAs to the issued under Items 1, 2 and 3 of Paragraph 6 of Article 10 of these standards:

I. **Regarding to your firm's letter from KPMG (109)141NO.019 dated on March 16.2020.**

II. **The reply to KPMG's inquiries are as follow:**

1. **There are no significant disagreement between KAIMEI's management and us on accounting principles, audit procedures and other important matters.**
2. **According to KAIMEI's letter dated on March 13,2020,the reason for KAIMEI's changing accountant was due to business and management needs.**

Jr-Shian,

Ke.CPA

VII. The Company's Chairman, General Manager, or any managerial officer in charge of finance or accounting matters who has, in the most recent year, held a position at the accounting firm of its CPA or at an affiliated enterprise thereof: None.

VIII. Equity transfer or changes in equity pledge of Directors, Supervisors, Managers, and Shareholders with a shareholding percentage of 10% or more in the most recent year up to the publication date of the annual report:

(I) Equity changes of Directors, Supervisors, Managers, and major Shareholders

Position	Name	2020		As of Mar. 31, 2021	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman and General Manager (Note I)	Hung Tai Investment Ltd.	(29,684)	0	0	0
	Legal representative: Chi-Sheng Weng	330,000	0	50,000	0
Vice Chairperson and Head of Product Manufacturing Center (Note I)	Hung Tai Investment Ltd.	(29,684)	0	0	0
	Legal representative: Wei-Tsu Chang	(5,771)	0	0	0
Director	YAGEO Corporation	(3,482,093)	0	0	0
	Legal representative: Yung-Ming Pan	0	0	0	0
Independent Director	Dr. Tsai, Cheng Hsien	0	0	0	0
Independent Director	Yu-Chang Lin (Note II)	0	0	0	0
Supervisor	Shi Hen Enterprise Limited	(349,452)	(267,552)	0	0
Independent Director	Legal representative: Yuan-Ho Lai	0	0	0	0
Supervisor	Shi Hen Enterprise Limited	(349,452)	(267,552)	0	0
	Legal representative: Yong-Du Wei (Note III)	0	0	0	0
Supervisor	Shi Hen Enterprise Limited	(349,452)	(267,552)	0	0
	Legal representative: Chin-Chih Tsai (Note III)	0	0	-	-
General Manager of the Dongguan Factory	Wei-Ming Tang	0	0	0	0
General Manager of Global Marketing	Hsieh-Ching-Sheng Chiang (Note IV)	0	0	0	0

Assistant Manager of the R&D Department	Jien-Hua Chiang	0	0	0	0
Vice President of Product Strategy and Agent Service Division	Pei-Hsing Chen	148,259	0	0	0
Deputy General Manager of Capacitor Export Division	Chia-Hsing Tseng (Note V)	2,000	-	0	0
Head of Sales Center	Yen-Ju Lee (Note VI)				
Deputy General Manager and Special Assistant to the Chairman	Pen-Chi Chen	8,928	0	0	0
Assistant Manager of the Purchase Department	Shu-Fen Liu (Note VII)	0	0	0	0
Assistant Manager of the Information Department	Chia-Bin Kao	13,865	0	0	0
Assistant Manager of the Business Development Division	Hui-Chun Yu (Note VIII)	(4,260)			
Assistant Manager of the Global Marketing Division	Hsien-Jung Wu (Note IV)	(208)	0	0	0
Senior Assistant Manager of the Export Division	Chun-Liang Yeh (Note IX)	0	0	0	0
Financial Officer	Shu-Hui Chen	6,500	0	5,000	0
Chief Financial Officer	Hui-Chuan Chao	7,000	0	1,500	0

Note I: On Mar. 12, 2021, in line with the adjustment of the Group's organizational structure, Wei-Tsu Chang, the former General Manager, was removed due to position adjustment and Chairman Chi-Sheng Weng was appointed as the General Manager concurrently.

Note II: Mr. Yu-Chang Lin, the Independent Director, resigned on Jan. 13, 2021.

Note III: The representative of Shi Hen Enterprise Ltd was reassigned on Dec. 16, 2020, from Mr. Yung-Tu Wei to Mr. Chin-Chih Tsai.

Note IV: General Manager Hsieh-Ching-Sheng Chiang and Assistant Manager Hsien-Jung Wu of the Global Marketing Division retired on Nov. 30, 2020.

Note V: Chia-Hsing Tseng, Deputy General Manager of Capacitor Export Division, took office on Feb. 10, 2020.

Note VI: Yen-Ju Lee, Head of Sales Center, was newly appointed on Feb. 2, 2021.

Note VII: Shu-Fen Liu, Assistant Manager of the Purchase Department, resigned on Jul. 27, 2020.

Note VIII: Hui-Chun Yu, Assistant Vice President of the Business Development Division, resigned on Aug. 31, 2020.

Note IX: Chun-Liang Yeh, Senior Assistant Manager of the Export Division, was newly appointed on Oct. 5, 2020.

(II) Equity transferred to affiliated parties: None.

(III) Equity pledged to affiliated parties: None.

IX. Relationship information, if among the company's ten largest shareholders any one is a related party or a relative within the second degree of kinship of another

Apr. 2, 2021

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Among the ten largest shareholders, name of and relationship with anyone who is an affiliated party or a relative within the second degree of kinship.		Note
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Designation (or Name)	Relationship	
YAGEO Corporation	8,124,882	5.98%	-	-	-	-	Kuo Shin Investment Co., Ltd., Tai-Ming Chen	Head of the affiliated enterprise	
Representative of YAGEO Corporation: Tai-Ming Chen	0	0.00%	0	0.00%	0	0.00%	Kuo Shin Investment Co., Ltd., Tai-Ming Chen	Affiliates Head of the enterprise	
Kuo-Tai Chuang	2,464,000	1.81%	95,000	0.07%	0	0.00%	None	None	
Kuo Shin Investment Co., Ltd.	1,818,051	1.34%	-	-	-	-	YAGEO Corporation, Tai-Ming Chen	Head of the affiliated enterprise	
Kuo Shin Investment Co., Ltd.: Tai-Ming Chen	0	0.00%	0	0.00%	0	0.00%	YAGEO Corporation, Tai-Ming Chen	Head of the affiliated enterprise	
JPMorgan Chase Bank, N. A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund	1,544,000	1.14%	-	-	-	-	None	None	
Citibank in custody for Nomura International PLC	1,485,800	1.09%	-	-	-	-	None	None	
Hui-Ling Li	1,470,494	1.08%	93,067	0.07%	0	0.00%	None	None	
Bothhand Enterprise Inc.	1,364,575	1.00%	-	-	-	-	None	None	
Bothhand Enterprise Inc. Representative: Yung-Ming Pan	0	0.00%	25,852	0.02%	0	0.00%	YAGEO Corporation Tie-Min Chen	Director Representative	
Investment account of Allianz Taiwan Wisdom Fund	1,319,000	0.97%	-	-	-	-	None	None	
Ai-Ti Chao	1,280,000	0.94%	376,000	0.28%	0	0.00%	None	None	
Li-Chu Huang	1,200,000	0.88%	0	0.00%	0	0.00%	None	None	

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

Mar. 31, 2021 Unit: Share%

Affiliated Companies (Note)	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by Aurora		Total Ownership	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
Teapo Holding (Bermuda) Ltd.	24,542,484	100.00	0	0.00	24,542,484	100.00
Teapo Electronic (H.K.) Limited	10,000	100.00	0	0.00	10,000	100.00
Kaimei Electronic (Hongkong) Limited	25,000,000	100.00	0	0.00	25,000,000	100.00
Formosa Prosonic Elec.SDN.BHD	13,245,440	100.00	0	0.00	13,245,440	100.00
Jamicon International Limited	90,000,000	100.00	0	0.00	90,000,000	100.00
Ralec Electronic Corporation	82,666,764	100.00	0	0.00	82,666,764	100.00
MYW Investment Limited	Note II	100.00	0	0.00	Note II	100.00
TONG HSING ELECTRONIC INDUSTRIES, LTD.	9,339,414	5.23	0	0.00	9,339,414	5.23

Note I: It refers to the Company's investment measured by the equity method.
Note II: It is a limited company and has no number of shares issued.

Chapter 4. Capital Overview

I. Capital and Shares:

1. Source of capital

Date: April 2, 2021
Unit: Share, NT$

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
67.09	10	8,000,000	80,000,000	8,000,000	80,000,000	Establishment	None	Note 1
70.08	10	8,800,000	88,000,000	8,800,000	88,000,000	Capitalization of retained earnings 8,000,000	None	Note 2
74.07	10	10,000,000	100,000,000	10,000,000	100,000,000	Capitalization of retained earnings 12,000,000	None	Note 3
76.06	10	15,000,000	150,000,000	15,000,000	150,000,000	Capitalization of retained earnings 50,000,000	None	Note 4
78.06	10	19,500,000	195,000,000	19,500,000	195,000,000	Capitalization of retained earnings 45,000,000	None	Note 5
79.06	10	24,500,000	245,000,000	24,500,000	245,000,000	Issuance of common stock for cash 50,000,000	None	Note 6
79.11	10	28,400,000	284,000,000	28,400,000	284,000,000	Capitalization of retained earnings 39,000,000	None	Note 7
80.07	10	31,240,000	312,400,000	31,240,000	312,400,000	Capitalization of retained earnings 28,400,000	None	Note 8
80.11	15	41,240,000	412,400,000	41,240,000	412,400,000	Issuance of common stock for cash 100,000,000	None	Note 9
82.07	13	50,000,000	500,000,000	49,000,000	490,000,000	Issuance of common stock for cash 44,608,000 Capitalization of retained earnings 12,372,000 Capital surplus transferred to common stock 20,620,000	None	Note 10
83.07	10	57,000,000	570,000,000	51,940,000	519,400,000	Capital surplus transferred to common stock 29,400,000	None	Note 11

84.06	10	57,000,000	570,000,000	56,940,000	569,400,000	Issuance of common stock for cash 50,000,000	None	Note 12
85.06	16	80,000,000	800,000,000	80,000,000	800,000,000	Issuance of common stock for cash 167,966,000 Capitalization of retained earnings 62,634,000	None	Note 13
86.03	16	93,000,000	930,000,000	92,000,000	920,000,000	Issuance of common stock for cash 80,000,000 Capitalization of retained earnings 40,000,000	None	Note 14
87.04	10	165,000,000	1,650,000,000	111,000,000	1,110,000,000	Capitalization of retained earnings 138,000,000 Capital surplus transferred to common stock 46,000,000 Bonuses 6,000,000	None	Note 15
88.04	25	165,000,000	1,650,000,000	165,000,000	1,650,000,000	Issuance of common stock for cash 540,000,000	None	Note 16
88.07	10	300,000,000	3,000,000,000	190,091,000	1,900,910,000	Capitalization of retained earnings 134,310,000 Capital surplus transferred to common stock 109,890,000 Bonuses 6,710,000	None	Note 17
91.06	10	300,000,000	3,000,000,000	191,687,300	1,916,873,000	Bonuses 15,963,000	None	Note 18
92.07	10	300,000,000	3,000,000,000	193,644,300	1,936,443,000	Bonuses 19,570,000	None	Note 19
93.10	10	300,000,000	3,000,000,000	199,013,186	1,990,131,860	Capitalization of retained earnings 38,728,860 Bonuses 14,960,000	None	Note 20
94.10	10	300,000,000	3,000,000,000	194,013,186	1,940,131,860	Capital reduction 50,000,000	None	Note 21
94.12	10	570,000,000	5,700,000,000	369,594,504	3,695,945,040	Issuance of common stock through merger 1,755,813,180	None	Note 22

95.02	10	570,000,000	5,700,000,000	379,045,163	3,790,451,630	Capital surplus transferred to common stock 94,506,590	None	Note 23
96.01	10	570,000,000	5,700,000,000	375,388,784	3,753,887,840	Decrease in treasury stock 36,563,790	None	Note 24
97.01	10	570,000,000	5,700,000,000	369,454,066	3,694,540,660	Decrease in treasury stock 59,347,180	None	Note 25
97.10	10	570,000,000	5,700,000,000	364,454,066	3,644,540,660	Decrease in treasury stock 50,000,000	None	Note 26
99.09	10	570,000,000	5,700,000,000	192,296,003	1,922,960,030	Capital reduction to write off losses 1,721,580,630	None	Note 27
2013.08	10	570,000,000	5,700,000,000	135,736,277	1,357,362,770	Capital reduction to write off losses 565,597,260	None	Note 28
2014.08	10	570,000,000	5,700,000,000	95,015,393	950,153,930	Capital reduction to return payment for shares 407,208,840	None	Note 29
2015.03	10	570,000,000	5,700,000,000	94,735,393	947,353,930	Decrease in treasury stock 2,800,000	None	Note 30
2015.08	10	570,000,000	5,700,000,000	64,735,393	647,353,930	Capital reduction to return payment for shares 300,000,000	None	Note 31
2015.12	10	570,000,000	5,700,000,000	63,147,338	631,473,380	Decrease in treasury stock 15,880,550	None	Note 32
2015.12	10	570,000,000	5,700,000,000	61,518,283	615,182,830	Decrease in treasury stock 16,290,550	None	Note 33
2016.09	10	570,000,000	5,700,000,000	91,518,283	915,182,830	Issuance of common stock for cash 300,000,000	None	Note 34
2019.10	10	570,000,000	5,700,000,000	194,063,097	1,940,630,970	Issuance of common stock through merger 102,544,814	None	Note 35
2020.07	10	570,000,000	5,700,000,000	135,844,168	1,358,441,680	Capital reduction to return payment for shares 582,189,290	None	Note 36

Note 1: Approval Letter Jing-(67)-Shang No. 30658 dated September 11, 1978
Note 2: Approval Letter Jing-Xin-Zi No. 19277 dated August 9, 1981
Note 3: Approval Letter Jing-Xin-Zi No. 27110 dated July 15, 1985
Note 4: Approval Letter Jing-(76)-Shang No. 28787 dated June 12, 1987
Note 5: Approval Letter Jing-(78)-Shang No. 123512 dated June 3, 1989
Note 6: Approval Letter (79)-Tai-Cai-Zheng-(I) No. 01200 dated June 11, 1990
Note 7: Approval Letter (79)-Tai-Cai-Zheng-(I) No. 03281 dated November 24, 1990
Note 8: Approval Letter (80)-Tai-Cai-Zheng-(I) No. 01603 dated July 19, 1991
Note 9: Approval Letter (80)-Tai-Cai-Zheng-(I) No. 13145 dated November 7, 1991
Note 10: Approval Letter (82)-Tai-Cai-Zheng-(I) No. 30234 dated July 27, 1993

Note 11: Approval Letter (83)-Tai-Cai-Zheng-(I) No. 31200 dated July 18, 1994
Note 12: Approval Letter (84)-Tai-Cai-Zheng-(I) No. 37564 dated June 28, 1995
Note 13: Approval Letter (85)-Tai-Cai-Zheng-(I) No. 39889 dated June 27, 1996
Note 14: Approval Letter (86)-Tai-Cai-Zheng-(I) No. 26143 dated March 26, 1997
Note 15: Approval Letter (87)-Tai-Cai-Zheng-(I) No. 35669 dated April 27, 1998
Note 16: Approval Letter (88)-Tai-Cai-Zheng-(I) No. 30779 dated March 31, 1999
Note 17: Approval Letter (88)-Tai-Cai-Zheng-(I) No. 55819 dated June 16, 1999
Note 18: Approval Letter Tai-Cai-Zheng-(I) No. 0910134754 dated June 26, 2002
Note 19: Approval Letter Tai-Cai-Zheng-(I) No. 0920130902 dated July 10, 2003
Note 20: Approval Letter Tai-Cai-Zheng-(I) No. 09301196440 dated October 14, 2004
Note 21: Approval Letter Jin-Guan-Zheng-III-Zi No. 0940106912 dated February 25, 2005
Note 22: Approval Letter Jin-Guan-Zheng-I-Zi No. 0940140952 dated October 3, 2005
Note 23: Approval Letter Jin-Guan-Zheng-I-Zi No. 0940156953 dated December 13, 2005
Note 24: Approval Letter Jin-Shou-Shang-Zi No. 09601010790 dated January 22, 2007
Note 25: Approval Letter Jin-Shou-Shang-Zi No. 09701000130 dated January 7, 2008
Note 26: Approval Letter Jin-Shou-Shang-Zi No. 09701236980 dated October 3, 2008
Note 27: Approval Letter Jin-Shou-Shang-Zi No. 09901219430 dated September 29, 2010
Note 28: Approval Letter Jin-Shou-Shang-Zi No. 10201172520 dated August 26, 2013
Note 29: Approval Letter Jin-Shou-Shang-Zi No. 10301189640 dated September 10, 2014
Note 30: Approval Letter Jin-Shou-Shang-Zi No. 10401042710 dated March 13, 2015
Note 31: Approval Letter Jin-Shou-Shang-Zi No. 10401160740 dated July 31, 2015
Note 32: Approval Letter Jin-Shou-Shang-Zi No. 10401249250 dated December 04, 2015
Note 33: Approval Letter Jin-Shou-Shang-Zi No. 10401272660 dated December 24, 2015
Note 34: Approval Letter Jin-Shou-Shang-Zi No. 10501234900 dated September 29, 2016
Note 35: Approval Letter Jin-Shou-Shang-Zi No. 10801138880 dated October 28, 2019
Note 36: Approval Letter Jin-Shou-Shang-Zi No. 10901133350 dated July 17, 2020

2. Type of stock

April 2, 2021 Unit: Share

Share Type	Authorized Capital			Note
	Outstanding Shares (Issued)	Unissued Shares	Total	
Common stock	135,844,168	434,155,832	570,000,000	76,998 shares of treasury stock included

3. Information for shelf registration: None.

II. Shareholder Structure

April 2, 2021 Unit: Share

Shareholder Structure / Item	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	2	156	49,879	85	50,122
Number of Shares Held	0	58,000	22,597,455	104,397,971	8,790,742	135,844,168
Percentage of Ownership	0%	0.04%	16.63%	76.85%	6.48%	100%

III. Shareholding Distribution Status

April 2, 2021 Unit: Share

Range of Shares	Number of	Number of	Percentage of
1 ~ 999	25,438	5,769,092	4.25%
1,000 ~ 5,000	21,756	38,542,281	28.37%
5,001 ~ 10,000	1,726	13,140,380	9.67%
10,001 ~ 15,000	436	5,574,412	4.10%
15,001 ~ 20,000	236	4,304,178	3.17%
20,001 ~ 30,000	182	4,698,745	3.46%
30,001 ~ 50,000	127	5,008,170	3.69%
50,001 ~ 100,000	109	7,654,258	5.63%
100,001 ~ 200,000	58	8,192,492	6.03%
200,001 ~ 400,000	23	6,503,239	4.79%
400,001 ~ 600,000	9	4,100,078	3.02%
600,001 ~ 800,000	4	2,748,000	2.02%
800,001 ~ 1,000,000	6	5,365,041	3.95%
1,000,001 and above	12	24,243,802	17.85%
Total	50,122	135,844,168	100.00%

Par value: NT$10 per share.

IV. List of Major Shareholders

April 2, 2021 Unit: Share

Shareholder Shareholding	Number of Shares Held	Percentage of Ownership
YAGEO Corporation	8,124,882	5.98%
Kuo-Tai Chuang	2,464,000	1.81%
Kuo Shin Investment Co., Ltd.	1,818,051	1.34%
JPMorgan Chase Bank, N. A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund	1,544,000	1.14%
Citibank in custody for Nomura International PLC	1,485,800	1.09%
Hui-Ling Li	1,470,494	1.08%
Bothhand Enterprise Inc.	1,364,575	1.00%
Investment account of Allianz Taiwan Wisdom Fund	1,319,000	0.97%
Ai-Ti Chao	1,280,000	0.94%
Li-Chu Huang	1,200,000	0.88%

V. Share Prices for the Past Two Fiscal Years, with Company Net Worth, Earnings, Dividends, and Related Information

Currency Unit: NT$

Year / Item			2020	2019	Current fiscal year up to March 31, 2021
Market price per share	Highest		93.20	52.80	146.50
	Lowest		24.35	33.60	90.70
	Average		43.38	42.47	113.14
Net worth per share (Note 1)	Before distribution		56.19	37.30	59.21
	After distribution		-	36.80	-
Earnings per share	Weighted average shares (thousand shares)		164,387	116,846	135,767
	Earnings per share		3.42	2.83	1.80
Dividend per share (Note 1)	Cash		-	0.5	-
	Stock	Retained Earnings	-	-	-
		Capital Reserve	-	-	-
	Accumulated unpaid dividends		-	-	-
Investments on investment	Price/earnings ratio (Note 2)		12.68	15.00	62.86
	Price/dividend ratio (Note 3)		-	84.94	-
	Cash dividend yield (Note 4)		-	0.01	-

Note 1: The distribution of earnings shall be determined by the annual general shareholders' meeting.
Note 2: Price/earnings ratio = Average closing price per share for the year / Earnings per share.
Note 3: Price/dividend ratio = Average closing price per share for the year / Cash dividend per share.
Note 4: Cash dividend yield = Cash dividend per share / Average closing price per share for the current year.

VI. Dividend Policy and Implementation

1. Dividend policy

The Company's dividend policy is stipulated in Article 27 of the Articles of Incorporation.

(1) Conditions and timing of distribution

If the Company makes a profit (i.e., net profit before tax after deduction of the portion set aside for employee remuneration and director and supervisor remuneration) within a fiscal year, it shall set aside no less than 0.2% of the profit as employee remuneration and no more than 4% as director and supervisor remuneration. The distribution of employee remuneration and director and supervisor remuneration shall be reported to the annual general shareholders' meeting. When there are accumulated losses, the Company shall offset the appropriate amounts before distribution.

Employee remuneration may be distributed in cash or stock to employees of the Company, including employees of subsidiaries who meet the certain requirements. The distribution of employee remuneration shall be determined by the Board of Directors.

If the Company generates a net profit at the end of the year, it shall write off the accumulated losses first. The remaining balance of the profit, if any, shall be distributed as follows:

I. Set aside 10% as legal reserve.
II. Set aside or reverse special reserve according to the regulations.
III. If there are undistributed earnings, the Board of Directors shall make a proposal for the distribution of earnings in combination with any accumulated undistributed earnings at the annual general shareholder’s meeting for resolution.

The Company's dividends shall be distributed in the best interest of shareholders and based on the current and future industry competition at home and abroad, investment environment, and capital demand of the Company. The Board of Directors shall be authorized to properly set the distribution ratio for cash and stock dividends, and shall make a distribution plan according to law and submit it to the annual general shareholders' meeting for resolution.

(2) Amount and type of distribution

The Company's dividends shall be distributed from earnings in the best interest of shareholders and based on the current and future industry competition at home and abroad, investment environment, and capital demand of the Company, and may be distributed in the form of cash or stock. If the Company has a major investment plan for expansion purpose, the distribution ratio of stock dividends shall not be less than 80%. If there is no such investment plan, the dividends may be fully paid in the form of cash, and the Board of Directors shall make a distribution plan according to law and submit it to the annual general shareholders' meeting for resolution.

2. Allocation of dividends proposed at the shareholders' meeting:

Dividends to Shareholders: NT$2 per Share		
Cash Dividends (NT$/Share)	Stock Dividends (NT$/Share)	Capital Surplus (NT$/Share)
2	0	0

3. Expected significant changes in the dividend policy: None.

VII. Effect upon Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting: Not applicable.

VIII. Compensation of Employees and Directors, and Supervisors

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's Articles of Incorporation:

If the Company makes a profit (i.e., net profit before tax after deduction of the portion set aside for employee remuneration and director and supervisor remuneration) within a fiscal year, it shall set aside no less than 0.2% of the profit as employee remuneration and no more than 4% as director and supervisor remuneration. The distribution of employee remuneration and director and supervisor remuneration shall be reported to the annual general shareholders' meeting. When there are accumulated losses, the Company shall offset the appropriate amounts before distribution.

Employee remuneration may be distributed in cash or stock to employees of the Company, including employees of subsidiaries who meet the certain requirements. The distribution of employee remuneration shall be determined by the Board of Directors.

A. Set aside 10% as legal reserve.

B. Set aside or reverse special reserve according to the regulations.

C. If there are undistributed earnings, the Board of Directors shall make a proposal for the distribution of earnings in combination with any accumulated undistributed earnings at the annual general shareholder’s meeting for resolution.

The Company's dividends shall be distributed in the best interest of shareholders and based on the current and future industry competition at home and abroad, investment environment, and capital demand of the Company. The Board of Directors shall be authorized to properly set the distribution ratio for cash and stock dividends, and shall make a distribution plan according to law and submit it to the annual general shareholders' meeting for resolution.

2. The basis for estimating the amount of employee remuneration and director and supervisor remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: Treated as a change in

accounting estimates in the following year.

3. Information on any approval by the Board of Directors of distribution of remuneration:
   (3.1) Employee remuneration: NT$13,296,000 (cash).
   (3.2) Director and supervisor remuneration: NT$24,070,000 (cash).
   (3.3) If there is still any discrepancy between the actual distributed amount and the estimated figure, the difference shall be treated as a change in accounting estimates in the following year.
4. The actual distribution of employee remuneration and director and supervisor remuneration for the previous fiscal year:
   The Company distributed NT$7,405,000 as employee remuneration and NT$16,850,000 as director and supervisor remuneration for 2019.
   (4.1) Difference: The Company resolved in the annual general shareholders' meeting to distribute the estimates of NT$7,405,000 as employee remuneration and NT$16,850,000 as director and supervisor remuneration for 2020. The estimates are the same as the actual distributed amounts as adopted by the Board of Directors.
   (4.2) Reason for difference: None.
   (4.3) Treatment: None.

IX. Share Repurchases:

(1) The repurchase by the Company of its own shares in the most recent fiscal year and up to the publication date of the Annual Report (completed):

Repurchase of the Company Shares

April 30, 2021

Term of repurchase	9th (term)	
Purpose of repurchase	Transfer to employees	
Duration	April 9, 2020~June 8, 2020	
Range of repurchase price	24.78~49.34	
Type and number of shares repurchased	Common stock, 0	
Amount of shares repurchased	NT$0	
Ratio of quantity repurchased to scheduled quantity of repurchase	0%	
Number of retired and transferred shares	0	
Cumulative number of shares held in the Company	0 (Note I)	
Ratio of cumulative number of shares held in the Company to total number of shares issued (%)	0%	

Note 1: Excluding 76,998 shares repurchased from shareholders of dissent due to mergers and acquisitions.

(2) Status of Company Common Shares Held or Disposed by Subsidiaries during the Most Recent Year and up to the Date of Annual Report Publication: None.

X. Corporate Bonds: None.
XI. Preferred Shares: None.
XII. Global Depository Receipts (GDRs): None.
XIII. Employee Stock Options: None.
XIV. New Restricted Employee Shares: None.
XV. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.
XVI. Implementation of the Company's Capital Allocation Plans: None.

Chapter 5 Operational Highlights

I. Business Activities

(I) Scope of Business

1. Main contents of the business
   (1) Manufacturing, processing, assembling, and trading of various aluminum electrolytic capacitors and DC motors and fans.
   (2) Design, manufacturing, processing, and trading of transformers, DC/DC converters, filters, inductors.
   (3) Design, manufacturing, processing, and trading of various LAN components and broadband components.
   (4) The import and export of the aforesaid raw materials and finished products.
2. Proportion

Item	Product proportion in 2020		
	Total	Domestic Sales	Foreign Sales
Electrolytic condenser	47.73%	3.25%	44.48%
Fan motor	7.75%	0.80%	6.95%
Filter	42.78%	4.32%	38.46%
Others	1.74%	0.12%	1.62%
Total	100.00%	8.49%	91.51%

3. Current products and new products planned for development (please refer to page 92 for important uses of major products and page 87 for future research and development plans, respectively).

(II) Industry overview

1. Industry, current situation, and development

1.1 Aluminum electrolytic capacitor products:

The capacitor is one of the three passive components widely used in communications, computers, automotive electronics, power/industrial, consumer electronics, and other electronic products, among which communication applications account for the highest proportion, so the global market boom of passive components is deeply affected by communication applications. Asia is still the world's largest production area. Japan is leading in research and development on the world and controls the production and sales of advanced products, while Taiwan focuses on the product quality and cost advantage of middle-end products and is developing toward high-end products, while Mainland China's brands mainly focus on middle-end and lower-end products, and occupy a certain advantage in the price of capacitor.

The application fields of aluminum electrolytic capacitors in the world are 45% in consumer electronics, 23% in industry, 13% in information, 7% in communications, 5% in automobiles, and 7% in others. Consumer applications are mainly energy-saving lighting, TV, display, computer, air conditioning, and other consumer markets; industrial applications are mainly industrial and communication power supply, frequency converter, numerical control and servo system, wind power generation, intelligent medical treatment, automobile, and other industrial fields.

1.2 Motor fan products:

Due to differences in the working environment and working nature of motor fans, fans have different demands for structural characteristics, high or low air pressure, and air volume. The motor fan products of the Company and its subsidiaries are used in a

wide range of applications, including network, industry, power equipment, and computer peripheral equipment, etc. In recent years, their application in intelligent home appliances, industrial equipment and power equipment shipment applications constantly increase, and the applications in cloud storage, energy-saving, and automation are also rising. Large-size models and energy-saving design have become the mainstream; moistureproof and dustproof and wider operating temperature range have also become important specifications; The improvement of research and development and production technology also makes Taiwan factories to be able to put aside the price competition from Mainland China's manufacturers.

1.3 Transformers:

Mainly the transformers, filters, and other relevant parts used in network communication and broadband equipment products, which are indispensable components in network communication-related electronic products. Taiwan is very important in the global electronics market. In recent years, it has achieved vigorous development in the network communication industry, made constant exploration in mobile communication devices and network communication, among which, as to broadband Internet equipment (such as ADSL/Cable Modem, WLAN), Taiwan has become the world's largest foundry base, leading to the rapid growth of electronic component industry for network communication.

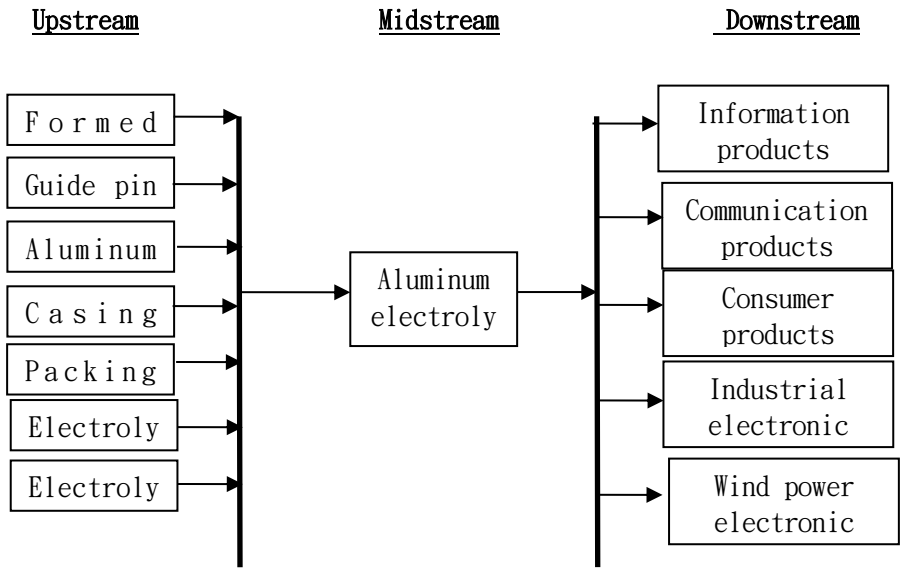
In the early days, transformers for network communication were a labor-intensive industry. In order to cope with the increasingly fierce competition environment, the Company has been actively developing the production of automation equipment in recent years, which, in addition to improving product quality and output, has significantly reduced production costs and improved industrial competitiveness.

2. Interconnectedness of upstream, midstream and downstream of the industry

- Aluminum electrolytic capacitor

The Company mainly produces aluminum electrolytic capacitors, the upstream, midstream, and downstream of which can be divided as followed:

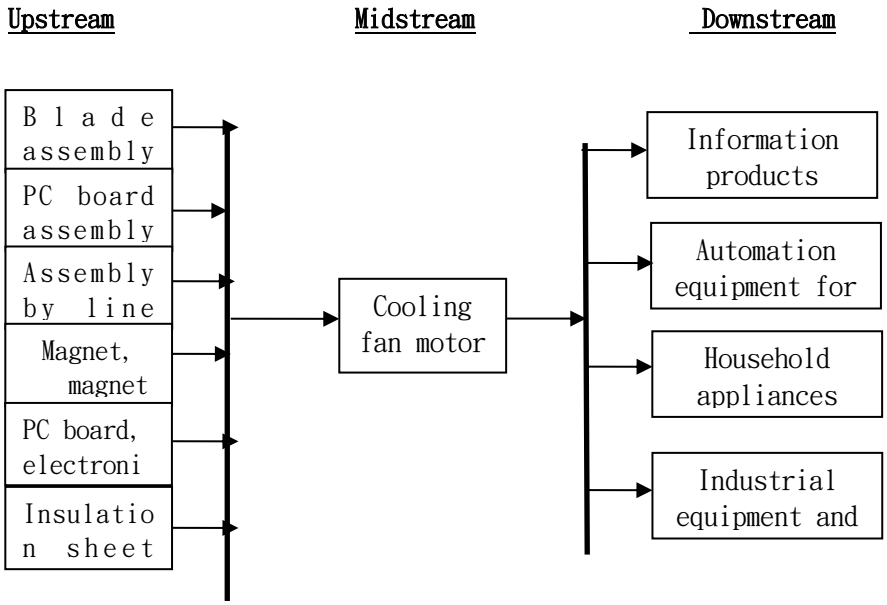
The upstream materials are formed aluminum foil, guide needle, aluminum shell, casing, packing, electrolyte, and electrolytic paper chemicals, while the downstream industries are information, communication, consumer, industrial and wind electronic products, etc. The industrial association diagram is listed as follows.



- Motor fan

The main upstream materials of cooling motor fan include blade assembly, PC board

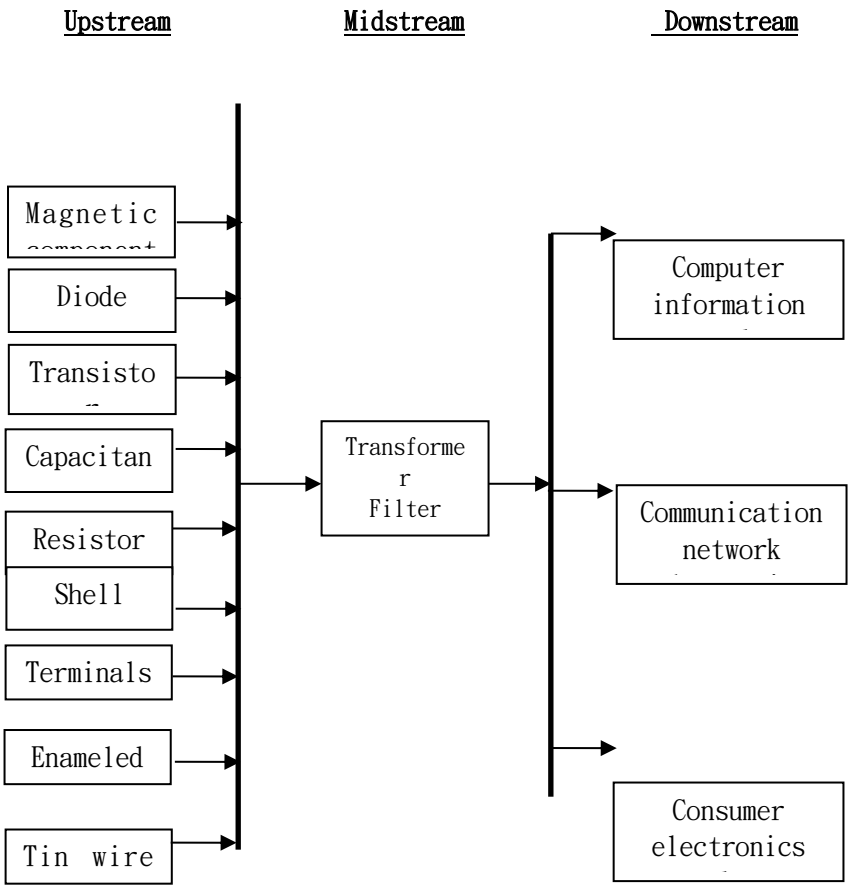
assembly, coil assembly, magnets, magnetic frame assemblage, PC board, electronic parts, insulation slices, and silicon steel sheet assemblage, while the downstream industry includes information products, photoelectric products, automation equipment, household appliances products, consumer products, industrial equipment, and medical equipment, etc. The industrial association diagram is listed as follows.



- Transformers

  The main upstream materials of transformers are magnetic elements, diodes,

transistors, capacitors, resistors, enclosures, terminals, enameled wires, and tin wires (rods), while the downstream industries are computer information and peripheral devices, communication network electronics, and consumer electronics products. . . The industrial association diagram is listed as follows:



3. Various product development trends

1.1 Aluminum electrolytic capacitor products:

Aluminum electrolytic capacitors are small in volume, large in capacity, and low in cost. They are mainly used in the Internet, automotive electronics, industrial and consumer electronics, and other application markets. Digital electronic products, frequency conversion and power-saving household appliances and green energy and energy-saving products have entered the mature stage of technology, and the market share is increasing steadily, and the demand for high-end capacitors is also increasing. In addition, the miniaturization and portability of information products and communication products have led to the increasing demand for external power supply. Energy saving, automation, and cloud applications are becoming more and more important.

1.2 Motor fan products:

Due to the increased supply brought by manufacturers in mainland China and the price competition pressure in the market, as the global economy recovers, competition will become more acute.

1.3 Transformer products:

The main products are applied in network communication, broadband equipment and are indispensable components in various electronic products for network communication. With the increasing development of network communication, to meet the needs of high-bandwidth audio and video transmission, string the networking applications in the home, and meet the requirements of high-speed transmission of a large number of data, the owners in various countries have successively launched a new wave of replacement action for advanced integrated network terminal, and constantly pushed forward broadband access in emerging markets. Rising global demand for broadband services and increasing broadband penetration will further drive the demand for networked telecommunications equipment. The steady growth will drive the continued growth of networked telecommunications-related industries and the demand for the surrounding components of networked telecommunications equipment.

4. Competition

In terms of the aluminum electrolytic capacitor markets all over the world, Japanese manufacturers are in the leading position, including Nippon, Chemi-Con, Nichicon, RubyCon, and Panasonic, which together account for more than 50% of the market. The main products cover the high, middle, and low-end markets. The middle and low-end markets feature a low entry threshold, fierce market competition, and declining product profits, making Japanese manufacturers gradually fade out of the production of middle and low-end products or hand over to Chinese manufacturers for OEM production. With the support of government policies, Chinese manufacturers have gradually grown up, including AiSHi, Jianghai, Guoguang Electronic Sci-Tec and other nearly 200 ~ 300 manufacturers have successively invested in the production of aluminum electrolytic capacitors, but mainly in the middle and low-end segments. As for Taiwan's capacitor industry, there are many small and medium-sized manufacturers, among which the larger Taiwanese manufacturers, such as Lelon Electronics, Yuh Bang, Chinsan Electronic, etc., focus on niche applications. The Company and its subsidiaries have been constantly committed to promoting the development of business, maintaining the high-quality brand image of JAMICON, and have been actively pushing forward the resource integration and production benefit adjustment of the Company. In addition to actively developing new products and improve production technology to enhance quality, it will constantly push forward global layout to ensure competitiveness in terms of quality, price, delivery schedule, and customer service.

(III) Overview of technology and R&D

1. Research and development expenditures of the current year and up to the publication date of the annual report

(In Thousands of New Taiwan Dollars)

Year	2020	Mar. 31, 2021
Amount	82,101	17,688

2. Research results of the current year and up to the publication date of the annual report
   (A) Aluminum electrolytic capacitor products
      (1) SNAP-IN high-voltage miniaturized products
      (2) SNAP-IN 600WV product development
      (3) DIP 600WV product development
      (4) V-CHIP ultra-low ESR product development
      (5) Development of high-voltage solid state capacitors

   (B) Motor fan products
      DC fans:
      (1) Cooling fan - air volume and air pressure measurement system
      (2) Cooling fan - EMC measuring instrument
      (3) Development of 60*60*25mm anti-salt spray cooling fan products
      (4) Development of 80*80*25mm anti-salt spray cooling fan products

   (C) Transformers
      (1) Refining power modules, the power-to-volume ratio can be more delicate and miniaturized.
      (2) Unitization of network components makes a breakthrough in module automation with UHF and DC power supply

3. Future research and development plan
   Future R&D plans and estimated R&D costs:
   In order to improve the market competitiveness and technical level of the Company, the Company has been continuously investing in human and financial resources to develop new products mainly including long-life, high-voltage resistance, low-impedance, miniaturized and high-temperature resistant, high ripple resistant products, so as to meet the diversified needs of the electronic industry for capacitor products.

It is expected to invest R&D expenditure of NT$74,705 thousand in the next two years:

Project in the Most Recent Year	Reinvested R&D expenses of (NTD) thousand	Time to complete mass production	Plan instructions
SNAP-IN high-voltage super-miniaturized products	540	Trial production will begin in Q2 2022	1. Technological progress of raw material suppliers 2. Improvement of equipment technology
SNAP-IN heat resistant products	600	Trial production will begin in Q4 2022	1. Technological progress of raw material suppliers 2. Optimization in the design and matching of products
SNAP-IN 650V high-voltage product	900	Trial production will begin in Q4 2024	1. Technological progress of raw material suppliers 2. Improvement of equipment technology
DIP 105℃	450	Trial production will	1. Technological progress of

6000~10000Hrs high-ripple product		begin in Q4 2024	raw material suppliers 2. Optimization in the design and matching of products
Dip 150℃ 1000~3000Hrs product development	495	Trial production will begin in Q4 2023	1. Technological progress of raw material suppliers 2. Optimization in the design and matching of products
Solid-state miniaturized high-voltage capacitor 35V SMD development	1,000	Trial production will begin in Q2 2021	1. Product design and matching optimization 2. Process technology improvement
Semi-solid capacitor development	500	Trial production will begin in Q3 2021	1. Technological progress of raw material manufacturers 2. Process technology improvement
High-voltage 50V-80V solid state capacitors	3,000	Mass production will begin in Q2 2021	1. Technological progress of raw material manufacturers 2. Equipment technology improvement
Automatic correction system for dynamic balance of blades	3,500	Q3 2021	1. Progress in dynamic balance correction technology 2. Improvement of equipment technology
Current oscilloscope	300	Trial production in Q3 2021	1. Improvement of equipment technology
Industry and university cooperation - National Yunlin University of Science and Technology Research Institute fan deepening continuation	1500	2021 to 2023	1. Improvement of equipment technology
92*92*25 mm series axial flow (IP68+IP69+GR487) anti-harsh environment advanced protection cooling fan	1000	Trial production in Q3 2021	1. Advancement of technologies in anti-harsh environment and anti-salt spray products 2. Optimization in the design and matching of new products
80*80*25 mm series axial flow (IP68+IP69+GR487) anti-harsh environment advanced protection cooling fan	1000	Trial production in Q4 2021	1. Advancement of technologies in anti-harsh environment and anti-salt spray products 2. Optimization in the design and matching of new products
60*60*25 mm series axial flow (IP68+IP69+GR487) anti-harsh environment advanced protection cooling fan	1000	Trial production in Q4 2021	1. Advancement of technologies in anti-harsh environment and anti-salt spray products 2. Optimization in the design and matching of new products
Development of	1000	Trial production in	1. Advancement of

40*40*28mm anti-salt spray cooling fan products		Q1 2022	technologies in anti-harsh environment and anti-salt spray products 2. Optimization in the design and matching of new products
Development of 120*120*25mm high-speed cooling fan products	1000	Trial production in Q2 2022	1. Advancement of technologies in anti-harsh environment and anti-salt spray products 2. Optimization in the design and matching of new products
Development of 80*80*38mm high-speed cooling fan products	1000	Trial production in Q3 2022	1. Advancement of technologies in anti-harsh environment and anti-salt spray products 2. Optimization in the design and matching of new products
Development of 92*92*38mm high-speed cooling fan products	1000	Trial production in Q3 2022	1. Advancement of technologies in anti-harsh environment and anti-salt spray products 2. Optimization in the design and matching of new products
Development of 120*120*38mm high-speed cooling fan products	1000	Trial production in Q4 2024	1. Advancement of technologies in anti-harsh environment and anti-salt spray products 2. Optimization in the design and matching of new products
Development of 40*40*20mm high-speed cooling fan products	1000	Trial production in Q1 2023	1. Advancement of technologies in anti-harsh environment and anti-salt spray products 2. Optimization in the design and matching of new products
LR-A3637-4T Metal plate four-electrode micro-resistor	2,250	Q4 2021	Independently developed
LRH2512-4T metal plate low-sensitivity four-electrode micro-resistor	250	Q4 2021	Developed and produced according to customer demand
LRH2010 metal plate low-sensitivity micro-resistor	400	Q4 2021	Developed and produced according to customer demand
LRS2512 Shunt Resistor (self-made)	18,071	Q4 2021	Developed and produced according to customer demand
LRS3921 Shunt Resistor	1,170	Q3 2021	Developed and produced

(self-made)			according to customer demand
LRS5931 Shunt Resistor (self-made)	1,240	Q3 2021	Developed and produced according to customer demand
LRS2726 Shunt Resistor (self-made)	1,498	Q4 2021	Developed and produced according to customer demand
LRS4026 Shunt Resistor (self-made)	1,498	Q4 2021	Developed and produced according to customer demand
LRS2527 Shunt Resistor	773	Q3 2021	Developed and produced according to customer demand
LRE0508-4T (PI) micro-resistor	310	Q4 2021	Developed and produced according to customer demand
LRE0306-4T (Molding) micro-resistor	2,770	Q4 2021	Developed and produced according to customer demand
LRE0306 (Molding) micro-resistor	230	Q4 2021	Independently developed
LRE0402 (Molding) micro-resistor	230	Q4 2021	Independently developed
LRE0603 (Molding) micro-resistor	230	Q4 2021	Independently developed
LRE0201 molding resistor	10,000	Q3 2021	Miniaturized product development, added laser repair resistance (commonly for 0201/01005), package test equipment
LRE01005 molding resistor	12,000	Q4 2021	Miniaturized product development, added automatic external check & package test equipment

(IV) Long- and Short-Term Business Development Plans

1. Aluminum electrolytic capacitor products

Long-term :(1) Develop a market for high value-added products.
(2) Seek strategic alliances to reduce manufacturing costs.
(3) Plan professional production areas to expand scale economy.

Short-term: (1) Optimize product and customer mix, expand sales of niche products and applications, and provide aluminum electrolytic capacitor solutions for advanced electronic products such as automotive electronics, telecommunication network equipment, power electronics, smart meters, new energy equipment, etc.
(2) Actively expand the markets of Japan, Europe, and the United States.
(3) Reduce the cost of key materials.

2. Motor fan products

Long-term: (1) Focus on applications with high unit price and high added value, such as automotive and photovoltaic inverter industries.
(2) Cultivate design-in customer relationship.

Short-term:(1)Unify parts types and reduce the amount of materials to reduce procurement costs.
(2) By cooperating with distributors, actively develop medium and large customer cases to increase the penetration rate of fan products through the customer base of capacitor products.
(3) Strengthen the scale of distribution channels in South Korea and actively expand the market in Greater China and the Americas in the long term.

3. Transformer products

Long-term:(1) Develop new customers and markets, strengthen the development cooperation between the company's customers and the technology and service department, and actively expand the business sales and service layout in the Greater China region and foreign markets such as Japan, South Korea, and emerging countries.

(2) Continue to optimize the automatic production line and production management system through the introduction of an information integration platform, various Internet of Things management devices, and cloud management platform, make the production and sales more closely combined, reduce production costs, and enhance product quality.

Short-term: (1) Strengthen business development and increase the company's sales amount and market share.

(2) Strengthen the application of automation equipment in the process improvement, cooperate with the development of new materials, improve production efficiency and product quality, and reduce production costs.

(3) Upgrade SAP with ERP system, adopt integrated database and integrated ERP system to produce statements quickly, and improve decision-making efficiency and accuracy.

II. Market and Production and Sales Overview:

(I) Market analysis

1. Sales territory ratio table for main products of the Company:

The proportion of major commodity sales territories in 2020				
Domestic Sales	Foreign Sales			
	America	Europe	Asia	Others
8.49%	1.35%	6.23%	83.68%	0.25%

2. Market share

At present, the market share of aluminum electrolytic capacitors and solid-state capacitors in the world still mainly concentrates on major manufacturers from Japan, such as Nippon Chemi-Con, Nichicon, RubyCon, Panasonic, and Sanyo Electric, which account for more than 70% of the global output value. The main domestic competitors are Lelon Electronics, Chinsan Electronic, and enterprises from mainland China in recent years. The Company's markets are evenly distributed in industries, mainly in the video, audio and home appliances market, computer information market, and mobile phone market. It has distributed its products in all 3C digital products and has performed development introduction in automotive-related industries, intelligent instrument, inverter air conditioner, and solar energy in recent. In the past, most of the aluminum capacitors used in respirators were supplied by Japanese suppliers. However, due to the COVID-19 epidemic, the supply of aluminum capacitors from Japanese suppliers becomes insufficient, and the orders have been shifted to Taiwan. Because the quality of products won the recognition of famous companies, the market share of Kaimei has constantly risen. In the future, under the trend of "product digitalization", the market is still expected to grow and expand in the future.

3. Future supply and demand conditions and growth of the market

Due to the destocking of Taiwan's passive component industry in 2019, the customers started to take measures to replenish the stock in 2020. With more and more people choosing to work at home and the development of home economy, demands for urgent orders from customers such as NB, communication, 5G base station and so on continued to expand, making the supply of passive components of common specifications continues to be tight, leading to the rise of the prices. Driven by the demands for work resumption and remote office in China, the capacity utilization rate of passive component factories in Taiwan has increased significantly. In 2020, benefiting from the continuous expansion of demands from 5G, mobile phones, automotive and Chromebook applications, as well as the proper control of market supply, chip resistors and electrolytic capacitors in the passive component industry both rise in prices, which is generally favorable for the future market operation. In addition, passive components currently have a low inventory level and extended visibility of orders. In addition to the expectation that end demands will return to normal growth, downstream customers' order release has turned positive, and the visibility has extended into the 2021 Q2.

4. Competitive niche

A. Excellent quality and brand

The company adheres to excellent brands, and its overseas subsidiaries have obtained ISO45001&14001, ISO/IATF16949, OHSASI8001, IECQ QC080000 certification, which will bring great benefits to the future development of related technologies and products.

B. Master stable and high quality raw materials

Due to the company's high degree of mastery of upstream materials, it will help to obtain stable and high-quality raw materials, and use its advantages to expand production scale, meet customer needs, improve quality, and expand market share to ensure sustainable growth of the operation.

5. Advantages and disadvantages of development prospects and countermeasures

(1) Favorable factors

(1.1) Rapid capacity adjustment

(1.2) Successfully and actively import local raw materials and effectively reduce costs

(1.3) Focus on technology and research development

(1.4) Periodically assess and formulate reasonable pricing strategies to timely reflect the cost of raw materials

(1.5) Transformer is a kind of indispensable key component for network communication and information industry. In view of the rapid development of the global communication and information industry in recent years, the continuous innovation of network communication products, coupled with the continuous increase in consumer demand, the development of key components such as transformers, filters, and power suppliers for network communication is bound to flourish.

(1.6) The transformer product passed international certifications such as ISO 9001, ISO14000, and SONY GP . In addition, the Company will continue to invest in research and development to strengthen the competitiveness of its products and develop business opportunities in new areas. In the future, the management team will also adhere to the belief of adhering to quality and improving customer satisfaction and provide customers with the best products.

(2) Disadvantageous factors and countermeasures

(2.1) Factors of rising raw materials and labor costs of capacitors and transformers

Countermeasures: a. In recent years, the Company has continued to expand the automatic production equipment to reduce labor by automatic production while increasing production efficiency to control quality and reduce production costs.

b. Evaluate and compare the regional labor costs and the benefits, advantages, and disadvantages of management so as to adjust the proportion of production capacity in global production sites to solve the pressure of rising labor costs.

c. Periodically, it assesses and formulates reasonable pricing strategies to timely reflect the costs of raw materials.

(2.2) The life cycle of transformer network products is short, and the market changes rapidly

Countermeasures: a. Constantly grasp market information and, by virtue of the Company's excellent R&D team, actively develop products with high added value so as to improve the profitability of products.

b. Encourage R&D personnel to actively participate in technical seminars held by domestic and foreign peers to master the key production technologies.

c. Cope with the different needs of downstream customers, establish all-round support service capabilities, provide downstream customers with design,

development, manufacturing and testing related products, consulting services, position itself as a professional electronic manufacturing service provider to maintain long-term cooperation with customers.

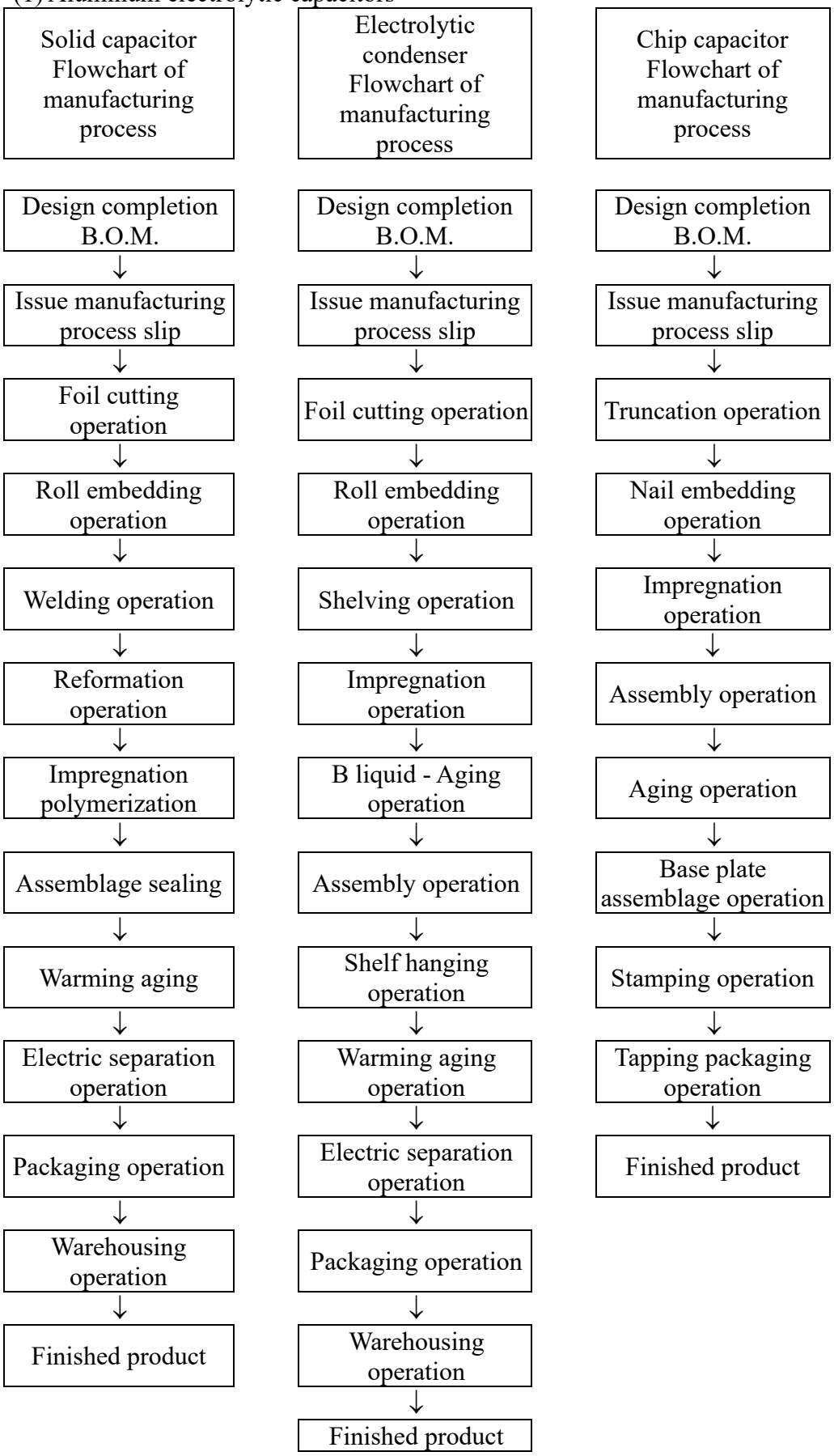
(II) Usage and Manufacturing Processes for Main Products

1. Usage of main products

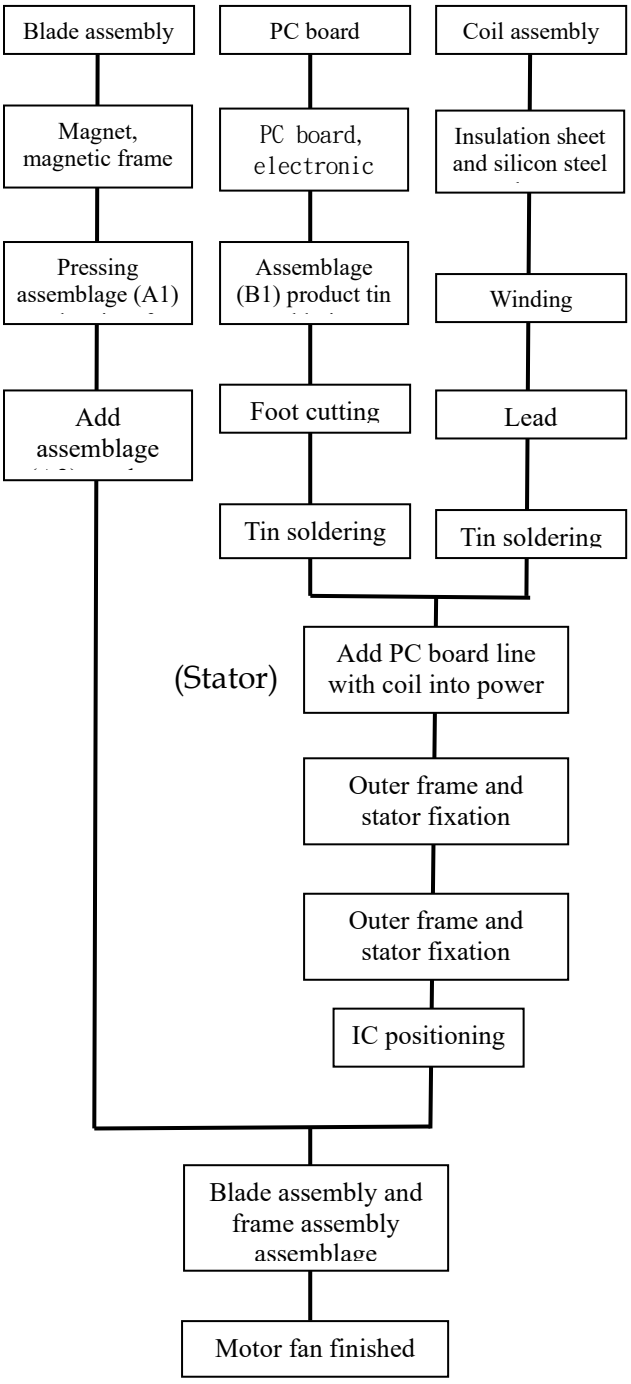
Major products	Applications
1. Aluminum electrolytic capacitors	The capacitor is one of the three passive components (capacitor, resistor, and inductor) and an important basic component for electronics, information, communication, and automatic machinery products, which covers very broad product applications ranging from general communication products, 3C consumer products such as DVD, loudspeaker, game machine, and smartphone to computer information products such as tablets, motherboard, monitor and peripheral products as well as breathing apparatus, etc., making it one of the indispensable parts.
2. Motor fans	Power supply, AV products, frequency converters, ventilation equipment, network communication equipment, industrial instruments, medical instruments or equipment, computer chassis or industrial computer cooling, automotive electronics, chargers, various refrigerators, large billboards, other household appliances, air filtration, or related products.
3. Transformers	Used in information, communication, industrial electronic products and other precision instruments and equipment.

1. Production process

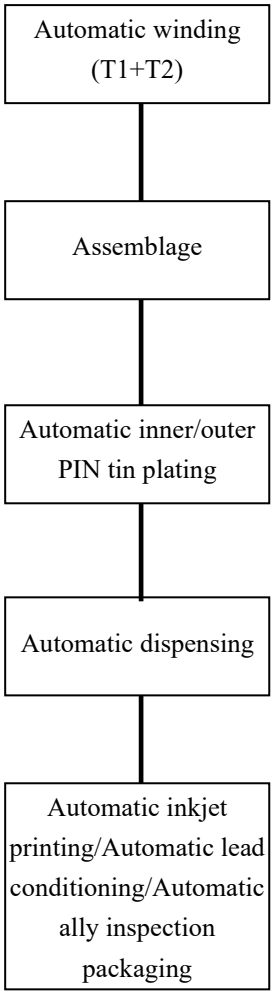
(1) Aluminum electrolytic capacitors



(2) Motor fans


Blade assembly
PC board
Coil assembly
Magnet, magnetic frame
PC board, electronic
Insulation sheet and silicon steel
Pressing assemblage (A1)
Assemblage (B1) product tin
Winding
Add assemblage
Foot cutting
Lead
Tin soldering
Tin soldering
(Stator)
Add PC board line with coil into power
Outer frame and stator fixation
Outer frame and stator fixation
IC positioning
Blade assembly and frame assembly assemblage
Motor fan finished

(3) Transformer



(II) Supply status of main raw materials

The Company's main raw materials are aluminum foil, electrolytic paper, guide needle, aluminum shell, electrolyte (liquid capacitor), and conductive polymer material PEDT (solid capacitor). The main raw material suppliers are from Japan, Taiwan, and mainland China. Due to cost control and stable delivery time, most of the raw materials have been purchased from mainland China. The Company has always maintained 2 or more suppliers for raw material procurement so as to achieve high quality and reasonable price. For the raw materials that are prone to shortage or long delivery time, the Company has maintained a higher stock to prevent the risk of supply failure.

(IV) List of manufacturers (customers) that accounted for more than 10% of the total volume of goods purchased (sold) in any of the most recent two years

1. Major purchasing customers that accounted for more than 10% of the total purchase amount in any of the most recent two years:

(In Thousands of New Taiwan Dollars)

Year	2020				2019				2020 up to previous quarter			
Item	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer	Name	Amount	Ratio to net purchase amount of current year up to previous quarter [%]	Relationship with the Issuer
1	B	242,132	10.66	None	A	331,639	14.74	None	Others	871,268	100.00	None
2	C	229,483	10.10	None	Others	1,918,105	85.26	None				
3	Others	1,799,930	79.24	None	Net purchase	2,249,744	100.00		Net purchase	871,268	100.00	
	Net purchase	2,271,545	100.00									

2. Major selling customers that accounted for more than 10% of the total sale amount in any of the most recent two years: none.

(V) Table of production volume and value in the most recent two years

Unit: unit; Value of 1000 pcs: NT$1,000

生產量值 年度 / 主要商品	2020			2019		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Electrolytic condenser	1,673,673	1,673,673	1,732,703	1,612,124	1,612,124	1,715,718
Motor fan	6,363	6,363	276,949	3,355	3,355	174,837
Filter	264,385	264,385	1,440,363	247,933	247,933	1,394,516
Others	1,674	1,674	39,172	1,814	1,814	42,104
Total	1,946,095	1,946,095	3,489,187	1,865,226	1,865,226	3,327,175

(VI) Table of sales volume and value in the most recent two years

Unit: unit; Value of 1000 pcs: NT$1,000

銷售量值 年度 / 主要商品	2020				2019			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Electrolytic condenser	32,461	145,261	1,647,076	1,986,776	34,173	99,244	1,595,246	2,038,751
Motor fan	674	35,493	5,739	310,489	621	34,966	4,184	244,923
Filter	15,510	193,047	171,673	1,717,772	13,555	206,264	226,913	1,841,160
Others	41	5,512	466	72,201	27	2,462	1,292	79,448
Total	48,686	379,314	1,824,954	4,087,238	48,376	342,936	1,827,635	4,204,282

III. Information on employees in the last two years and as of the published date of the annual report

Unit: person

Year		2019	2020	The year ended Mar. 31, 2021
Number of Employees	Indirect labor	741	719	1,082
	Director labor	861	759	1,817
	Total	1,602	1,478	2,899
Average Age		37	37	34
Average Service Year		6.33	6.22	4.80
Academic distribution ratio	PhD	0.00%	0.00%	0.00%
	Master	0.87%	0.95%	0.75%
	Bachelor	15.24%	13.80%	21.08%
	High school	28.40%	25.91%	36.67%
	Below high school	55.49%	59.34%	41.50%
	Total	100.00%	100.00%	100.00%

IV. Environmental Protection Expenditure

For the most recent year and up to the publication date of the annual report, the losses (including compensation) and punishments, future countermeasures, and possible expenses incurred by the Company due to environmental pollution: none.

V. Labor Relations

(I) A list of the Company's various employee welfare measures, education, training and retirement systems, and their implementation status, as well as the agreements between employees and employer and the measures taken to safeguard the rights and interests of employees.

1. Employee welfare measures

(1) The Company has established a Staff Welfare Committee in accordance with the law and set aside relevant funds according to the law to enrich the sources of welfare fund. The Committee is composed of members recommended by employees, and holds regular meetings, formulates annual plans every year to handle activities including annual gifts, wedding and funeral, emergency assistance and subsidies, staff birthday celebrations, and travel fraternity.

(2) The Company provides labor insurance, national health insurance, and provisions for employee remuneration and pension in accordance with the law.

(3) The company provides an annual bonus, employee health examination, employee on-the-job training, general training courses, employee accident, and injury insurance to provide employees with perfect security.

2. Implementation of staff cultivation and training

The Company attaches great importance to strengthening management functions at all levels, as well as the training of departments' own professional functions and job instructions, so as to cultivate the talents needed by the organization and achieve the goal of sustainable business.

(1) Education and training of new employees: assist new employees in knowing the working environment, the Company's management rules, organization, business operation of various departments, labor safety, and health training, etc., and train the talents that meet the needs of the Company.

(2) In-service personnel education and training: education and training in various departments (internal training and training on assignment).

(3) In order to enhance the professional level of audit, the auditors shall not only attend the internal audit practice courses but also attend relevant seminars; Financial personnel shall also attend training courses organized by the competent authority or related units.

3. Retirement system and implementation status

In accordance with the provisions of the Labor Pension Regulations and the Labor Standards Act, the Company has formulated retirement rules for the employees and established the Labor Retirement Reserve Supervisory Committee, set aside 8% of the retirement reserve in the special account for labor retirement reserve, and the workers can apply for pension payment in accordance with article 55 of the Labor Standards Act upon retirement.

In addition, with the implementation of the new pension system on Jul. 1, 2005, the Company has allocated 6% of the insured amount of the new pension system to the employee pension account in order to stabilize the employee's life after retirement.

4. The labor agreements between employer and employees, as well as the measures to protect the rights and interests of employees

In order to enable the staff to work for the Company without any worries, the Company strives to establish harmonious labor relations through the following ways:

(1) Emphasis should be placed on the formal and informal communication channels between supervisors and employees to achieve the effect of two-way communication.

(2) Plan and improve welfare measures to take full care of employees and ensure their livelihood.

(3) In terms of salary, bonus, welfare, and training policies, all policies are designed to encourage career growth based on performance.

(4) Flexible working hour mechanism and leave request system so that employees can achieve a balance between life and work.

(II) The losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report are listed (including labor inspection results in violation of the Labor Standards Act, punishment date, punishment name, violated provision of laws and regulations, the content of violated laws and regulations, and punishment content), and the estimated amount for current and possible future occurrences and response measures are disclosed. If the amount cannot be reasonably estimated, the reason should be clarified: none.

VI. Important Contracts

April 30, 2021

Type of Contract	Party	Contract Duration		Contract Content	Restrictions
		Commencing date	Ending date		
Equity purchase and sale agreement	Qili New Electronics Co., Ltd	2021.1.13	Subject to the terms of the contract	(Note I)	Subject to the contract
Equity purchase and sale agreement	Qili New Electronics Co., Ltd	2021.1.13	Subject to the terms of the contract	(Note II)	Subject to the contract

Note 1: In order to continue to focus on our core technologies and enhance our competitiveness, we have sold 62,333,875 ordinary shares (accounting for 100% of the outstanding shares of Bothhand) of Bohan Enterprise Inc. (hereinafter referred to as "Bothhand") to Chilisin Electronics Co., Ltd. (hereinafter referred to as "Chilisin") for NT$44.92 per share and NT$2.8 billion in total. The Company completed the settlement of the case on Jan. 25, 2021.

Note 2: In order to continue to focus on its own core technologies and strengthen its competitiveness, the Company acquired from the new Chilisin a total of 82,666,764 outstanding shares of Ralec, Inc. (hereinafter referred to as "Ralec") held by the Company at the consideration of about NT$60.48 per share, for a total up to NT$5 billion; Upon completion of the case, Ralec will become a 100% owned subsidiary of the Company, and the Company completed the settlement procedures related to the case on Jan. 28, 2021.

Chapter 6. Financial Information

I. Condensed Balance Sheet and Comprehensive Income Statement of the most recent five years, and names and audit opinions of CPAs

(I) International Financial Reporting Standards adopted

1. Condensed Balance Sheet - consolidated

(In Thousands of New Taiwan Dollars)

Item \ Year		Most Recent 5-Year Financial Information					The year ended Mar. 31, 2021 Financial information (audited by the CPAs)
		2020	2019	2018	2017	2016	
Current assets		8,646,498	8,370,430	9,538,086	6,299,217	2,746,695	12,462,045
Property, plant and equipment, net		1,180,272	1,331,806	1,612,249	898,639	990,648	2,539,984
Intangible assets, net		528,972	518,094	507,161	2,837	3,468	36,800
Other Assets		3,342,425	2,115,067	1,647,952	179,819	284,345	3,799,871
Total Assets		13,698,167	12,335,397	13,305,448	7,380,512	4,025,156	18,838,700
Current liabilities	Before distribution	5,729,377	4,522,289	5,260,317	1,143,145	1,113,036	9,353,793
	After distribution	Not yet distributed	4,619,266	5,534,872	1,417,700	1,113,036	N/A
Non-current liabilities		327,176	472,240	354,262	3,365,939	178,294	1,442,191
Total Liabilities	Before distribution	6,056,553	4,994,529	5,614,579	4,509,084	1,291,330	10,795,8984
	After distribution	Not yet distributed	5,091,506	5,889,134	4,783,639	1,291,330	N/A
Equity attributable to owners of parent		7,551,444	7,162,211	3,617,392	1,918,388	1,809,707	8,039,309
Share capital		1,358,442	1,940,631	915,183	915,183	915,183	1,358,442
Capital surplus		4,218,195	3,747,130	245,053	141,505	141,505	4,766,806
Retained Earnings	Before distribution	2,228,144	1,765,852	2,492,147	917,710	778,220	2,351,749
	After distribution	Not yet distributed	1,668,875	2,217,592	740,991	778,220	N/A
Other equity interest		(170,343)	(202,230)	(34,991)	(56,010)	(25,201)	(433,255)
Treasury Stock		(82,994)	(89,172)	-	-	-	(4,433)
Non-controlling interest		90,170	178,657	4,073,477	953,040	924,119	3,407
Equity Total Amount	Before distribution	7,641,614	7,340,868	7,690,869	2,871,428	2,733,826	8,042,716
	After distribution	Not yet distributed	7,243,891	7,416,314	2,596,873	2,733,826	N/A

2. Consolidated Statement of Comprehensive Income - consolidated

Unit: except that the earnings (loss) per share is in NT$1, the rest is in NT$1000

Item \ Year	Most Recent 5-Year Financial Information					Current fiscal year up to Mar. 31, 2021 Financial information (audited by the CPAs)
	2020	2019	2018	2017	2016	
Sales Revenue	4,466,552	4,547,218	2,972,450	2,925,473	2,560,659	1,716,545
Gross Profit	1,156,178	1,141,408	568,616	542,064	395,976	370,744
Net Operating Profit (Loss)	552,397	440,277	(231,257)	167,341	23,219	160,377
Non-operating income and expenses	105,912	461,560	3,143,399	255,001	(64,329)	79,995
Net profit (loss) before tax	658,309	901,837	2,912,142	422,342	(41,110)	240,372
Net profit (loss) from continued business unit in the period	581,393	574,011	2,856,013	368,021	(145,150)	211,499
Loss from Discontinued Operations	-	-	-	-	-	-
Net profit (loss) for the period	581,393	574,011	2,856,013	368,021	(145,150)	211,499
Other comprehensive income (loss) (after tax) for the period	31,453	(185,902)	44,949	(45,298)	(248,159)	85,779
Total comprehensive income (loss) for the period	612,846	388,109	2,900,962	322,723	(393,309)	297,278
Net profit (loss) attributable to the owners of the parent company	562,559	330,361	1,749,115	230,586	(46,469)	243,865
Net Income Attributable to Non-controlling Interests	18,834	243,650	1,106,898	137,435	(98,681)	101
attributable to former owner of business combination under common control	-	-	-	-	-	22,106
attributable to successor of business combination under common control	-	-	-	-	-	(54,573)
Total comprehensive income (loss) attributable to the owners of the parent company	594,865	166,662	1,772,175	198,365	(266,376)	303,052
Total comprehensive income (loss) attributable to non-controlling equity	17,981	221,447	1,128,787	124,358	(126,933)	75
Profit (loss), attributable to former owner of business combination under common control	-	-	-	-	-	50,594

Profit (loss), attributable to sucessor of business combination under common control	-	-	-	-	-	(56,443)
Earnings (losses) per share (Note)	3.42	2.83	19.11	2.52	(0.66)	1.80

Note: The calculation is based on the weighted average number of outstanding shares issued in the year and retroactive adjustment to the number of outstanding shares issued in the next year due to the conversion of surplus or capital reserve into capital increase or due to capital decrease.

3. Condensed Balance Sheet - individual

(In Thousands of New Taiwan Dollars)

Item \ Year		Most Recent 5-Year Financial Information					Current fiscal year up to Mar. 31, 2021 Financial Information
		2020	2019	2018 (reprepared) Note 1	2017	2016	
Current assets		1,403,804	1,050,929	1,772,880	222,392	152,711	-
Property, plant and equipment, net		187,151	196,983	463,437	4,828	10,662	-
Intangible assets, net		2,871	7,238	8,379	60	100	-
Other Assets		10,814,339	9,528,022	9,283,101	2,386,992	2,178,792	-
Total Assets		12,408,165	10,783,172	11,527,797	2,614,272	2,342,265	-
Current liabilities	Before distribution	4,608,031	3,377,728	3,875,966	654,239	453,479	-
	After distribution	Not yet distributed	3,474,705	4,150,521	928,794	453,479	-
Non-current liabilities		248,690	243,233	201,619	41,645	79,079	-
Total Liabilities	Before distribution	4,856,721	3,620,961	4,077,585	695,884	532,558	-
	After distribution	Not yet distributed	3,717,938	4,352,140	970,439	532,558	-
Equity attributable to owners of parent		7,551,444	7,162,211	3,617,392	1,918,388	1,809,707	-
Share capital		1,358,442	1,940,631	915,183	915,183	915,183	-
Capital surplus		4,218,195	3,747,130	245,053	141,505	141,505	-
Retained Earnings	Before distribution	2,228,144	1,765,852	2,492,147	917,710	778,220	-
	After distribution	Not yet distributed	1,668,875	2,217,592	740,991	778,220	-
Other equity interest		(170,343)	(202,230)	(34,991)	(56,010)	(25,201)	-
Treasury Stock		(82,994)	(89,172)	-	-	-	-
Not under common controlling interest before consolidation		-	-	3,832,820	-	-	-
Equity Total Amount	Before distribution	7,551,444	7,162,211	7,450,212	1,918,388	1,809,707	-
	After distribution	Not yet distributed	7,065,234	7,175,657	1,643,833	1,809,707	-

Note 1: The merger of the Company and Kaimei Electronic Corp. is an organizational restructuring under common control, which should be regarded as a merger from the beginning, and the individual financial statements of the Company for the year 2018 should be redrafted accordingly.

4. Consolidated Statement of Comprehensive Income - individual

Unit: except that the earnings (loss) per share is in NT$1, the rest is in NT$1000

Item \ Year	Most Recent 5-Year Financial Information					Current fiscal year up to Mar. 31, 2021 Financial Information
	2020	2019	2018 (reprepared) Note 2	2017	2016	
Sales Revenue	926,183	712,538	925,232	290,965	253,520	-
Gross Profit	146,809	149,815	178,801	61,170	52,294	-
Operating loss	(2,512)	(23,496)	(213,756)	(10,482)	(11,169)	-
Non-operating income and expenses	566,903	763,108	3,185,689	241,568	(32,800)	-
Net profit (loss) before tax	564,391	739,612	2,971,933	231,086	(43,969)	-
Net profit (loss) from continued business unit in the period	562,559	523,722	2,936,718	230,586	(46,469)	-
Loss from Discontinued Operations	-	-	-	-	-	-
Equity and profit (loss) that are not under common control before merger	-	193,361	1,187,603	-	-	-
Net Income	562,559	330,361	1,749,115	230,586	(46,469)	-
Other comprehensive income (loss) (after tax) for the period	32,306	(203,618)	(43,771)	(32,221)	(219,907)	-
Equity and profit (loss) that are not under common control before merger	-	(39,919)	(66,831)	-	-	
Total comprehensive income (loss) for the period	594,865	166,662	1,772,175	198,365	(266,376)	-
Net profit (loss) attributable to the owners of the parent company	562,559	330,361	1,749,115	230,586	(46,469)	-
Net Income Attributable to Non-controlling Interests	-	-	-	-	-	-
Total comprehensive income (loss) attributable to the owners of the parent company	594,865	166,662	1,772,175	198,365	(266,376)	-
Total comprehensive income (loss) attributable to non-controlling equity	-	-	-	-	-	-
Earnings (losses) per share (Note)	3.42	2.83	19.11	2.52	(0.66)	-

Note 1: The calculation is based on the weighted average number of outstanding shares issued in the year and retroactive adjustment to the number of outstanding shares issued in the next year due to the conversion of surplus or capital reserve into capital increase or due to capital decrease.

Note 2: The merger of the Company and Kaimei Electronic Corp. is an organizational restructuring under common control, which should be regarded as a merger from the beginning, and the individual financial statements of the Company for the year 2018 should be redrafted accordingly.

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(II) Name and Audit Opinions of CPAs for the most recent five years

Year	CPA	Opinion
2016	Chih-Hsien Ke, Meng-Chieh Chiu	Unmodified opinion
2017	Yung-Hsiang Chao, Chih-Hsien Ke	Unmodified opinion
2018	Yung-Hsiang Chao, Chih-Hsien Ke	Unmodified opinion
2019	Yung-Hsiang Chao, Chih-Hsien Ke	Unmodified opinion
2020	Szu-Chuan Chien and Jui-Lan Lo	Unmodified opinion

II. Financial Analyses for the Past Five Fiscal Years

(I) Financial analysis - International Financial Accounting Standards - Consolidated

Analysis item (Note) \ Year		Most Recent 5-Year Financial Analysis					當年度截至110年3月31日(經會計師核閱)
		2020	2019	2018	2017	2016	
Financial structure (%)	Debt ratio	44.21	40.49	42.20	61.09	32.08	57.31
	Ratio of long-term capital to property, plant, and equipment	675.17	586.66	499.00	694.09	293.96	373.42
Solvency (%)	Current ratio	150.92	185.09	181.32	551.04	246.78	133.23
	Quick ratio	136.78	167.15	159.85	512.86	210.56	113.27
	Interest coverage ratio	21.18	27.18	190.21	131.19	-	16.19
Operating Ability	Accounts receivable turnover rate (times)	2.73	2.82	2.33	3.22	3.39	2.81
	Average days for cash receipts	134	129	157	113	108	130
	Inventory turnover rate (times)	4.26	3.95	3.48	5.86	6.66	3.19
	Accounts payable turnover rate (times)	4.31	4.63	3.90	5.42	5.64	5.40
	Average days for sale of goods	86	92	105	62	55	114
	Property, plant, and equipment turnover rate (times)	3.56	3.09	2.37	3.10	4.33	2.69
	Total assets turnover rate (times)	0.34	0.35	0.29	0.51	0.76	0.38
Profitability	Return on total assets (%)	4.67	4.69	27.73	6.50	(4.15)	5.02
	Return on equity (%)	7.76	7.64	54.08	13.13	(6.57)	10.19
	Ratio of Income before Tax to Paid-in Capital (%)	48.46	46.47	318.20	46.15	(4.49)	70.78
	Net profit margin (%)	13.02	12.62	96.08	12.58	(5.67)	12.32
	Earnings per share (NT$)	3.42	2.83	19.11	2.52	(0.66)	1.80
Cash Flows	Cash flow ratio (%)	8.55	19.31	4.94	28.76	-	-
	Cash flow adequacy ratio (%)	132.24	150.34	229.52	389.97	315.74	81.74
	Cash reinvestment ratio (%)	5.01	7.13	-	4.60	-	-
Leverage	Operating leverage	6.46	8.11	(9.25)	13.36	54.05	8.38
	Financial leverage	1.06	1.08	0.94	1.02	1.45	1.11

Please provide the analysis of financial ratio difference for the most recent two years. (Not required if the difference does not exceed 20%)

1. The decrease in interest coverage ratio is mainly caused by the decrease in net profit before tax for the current period.
2. The decrease in cash flow ratio is mainly caused by the decrease in net cash flow from operating activities in the current period.
3. The decrease in operating leverage is mainly caused by the decrease in operating profit due to the decrease in operating revenue.

(II) Financial analysis - International Financial Accounting Standards - Individual

Analysis item (Note) \ Year		Most Recent 5-Year Financial Analysis					當年度截至110年3月31日
		2020	2019	2018 (reprepared) Note 2	2017	2016	
Financial structure (%)	Debt ratio	39.14	33.58	35.37	26.62	22.74	-
	Ratio of long-term capital to property, plant, and equipment	4,167.83	3,759.43	1,651.10	40,597.20	17,715.12	-
Solvency (%)	Current ratio	30.46	31.11	45.74	33.99	33.68	-
	Quick ratio	30.24	30.77	45.49	33.77	33.31	-
	Interest coverage ratio	25.12	34.37	398.80	88.89	-	-
Operating Ability	Accounts receivable turnover rate (times)	4.54	4.11	4.72	4.31	3.84	-
	Average days for cash receipts	80	89	77	85	95	-
	Inventory turnover rate (times)	105.19	66.16	33.66	231.88	191.92	-
	Accounts payable turnover rate (times)	1.69	1.03	1.48	0.89	0.96	-
	Average days for sale of goods	3	6	11	2	2	-
	Property, plant, and equipment turnover rate (times)	4.82	2.16	2.09	37.57	46.31	-
	Total assets turnover rate (times)	0.08	0.06	0.12	0.12	0.11	-
Profitability	Return on total assets (%)	5.01	3.12	22.74	9.39	(1.72)	-
	Return on equity (%)	7.65	4.52	33.90	12.37	(2.66)	-
	Ratio of income before tax to paid-in capital (%)	41.55	38.11	324.74	25.25	(4.80)	-
	Net profit margin (%)	60.74	46.36	189.05	79.25	(18.33)	-
	Earnings per share (NT$)	3.42	2.83	19.11	2.52	(0.66)	-
Cash Flows	Cash flow ratio (%)	(0.28)	(14.15)	8.25	-	7.52	-
	Cash flow adequacy ratio (%)	51.83	65.13	170.16	305.22	305.32	-
	Cash reinvestment ratio (%)	(1.55)	(10.10)	0.67	-	1.81	-
Leverage	Operating leverage	(41.83)	(4.19)	(0.28)	(4.33)	(2.95)	-
	Financial leverage	0.10	0.51	0.97	0.80	0.63	-

Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)

1. The decrease in interest coverage ratio is mainly caused by the decrease in net profit before tax for the current period.
2. The increase in operating capacity is mainly caused by the increase in operating revenue for the current period.
3. The increase in profitability is mainly caused by the increase in net profit for the current period.
4. The decrease in cash flow ratio is mainly caused by the payment of cash dividends.
5. The decrease in operating leverage is mainly caused by the increase in operating costs.
6. The decrease in operating leverage is mainly caused by the increase in interests.

Note I: Calculation formula for financial analysis:

1 . Financial structure

(1) Debt ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to fixed assets = (Net shareholders' equity + Long-term liabilities) / Net fixed assets.

2. Solvency

(1) Current ratio = Current assets/Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.

(3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.

3. Operating ability

(1) Turnover rate of receivables (including accounts receivable and notes receivable arising from the operation) = Net sales / Average receivables for each period
(Including accounts and notes receivable arising from business) in each period.

(2) Average days for cash receipts = 365/Accounts receivable turnover rate.

(3) Inventory turnover rate = Cost of goods sold/Average inventories.

(4) Turnover rate of payables (including accounts payable and notes payable arising from the operation) = Selling cost / Average balance of payables (including accounts payable and notes payable arising from the operation) for each period.

(5) Average days for sale of goods = 365/Inventory turnover rate.

(6) Turnover rate of fixed assets = Net sales / Average net fixed assets.

(7) Total assets turnover rate = Net sales/Average total assets.

4. Profitability

(1) Return rate on assets = [After-tax profit or loss + Interest expense × (1 - tax rate)] / Average total assets.

(2) Return on shareholders' equity = After-tax profit or loss / Average net shareholders' equity.

(3) Net profit margin = Income after tax/Net sales.

(4) Earnings per share = (Net profit after tax - Dividend of special shares) / Weighted average number of shares outstanding.

5. Cash flows

(1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.

(2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).

(3) Cash re-investment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross amount of fixed assets + Long-term investments + Other assets + Working capital).

6. Leverage

(1) Operating leverage = (Net operating income - Variable operating costs and expenses) / Operating profit.

(2) Financial leverage = Operating profit / (Operating profit - Interest expense).

Note II: The merger of the Company and Kaimei Electronic Corp. is an organizational restructuring under common control, which should be regarded as a merger from the beginning, and the individual financial statements of the Company for the year 2018 should be redrafted accordingly.

III. Audit report of supervisors on financial statements for the most recent fiscal year

Kaimei Electronic Corp.

Supervisor's Review Report

To the 2020 Annual Shareholders' Meeting of Kaimei Electronic Corp.

The Board of Directors has made a resolution of the Company's 2020 financial statements, business report and earnings distribution. Of which, the Company's 2020 financial statements have been audited by CPA, Chien, Ssu-Chuan, and CPA, Luo, Jui-Lan from KPMG through entrustment by the Board of Directors, and an audit report with unqualified opinion was issued. The Supervisor is responsible for supervising the Company's financial reporting process.

The CPAs have attested the Company's 2020 financial statements, and communicated the following items with the Supervisor:

1. There was no significant discovery concerning the audit by the CPAs within the planned audit scope and time period.
2. The CPAs have provided the Supervisor with a declaration that they complied with the Codes of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence. Other matters that might possibly be deemed to impair their independence were not found.
3. The CPAs have communicated with the Supervisor regarding the significant matters in the audit.

The Company's 2020 financial statements, business report and earnings distribution resolved by the Board of Directors have been reviewed by the Supervisor and deemed to comply with relevant laws and regulations. This report was made in accordance with Article 219 of the Company Act.

To the 2021 Annual Shareholders' Meeting of Kaimei Electronic Corp.

Supervisor: Shi Hen Enterprise Ltd.

Representative of Corporate Shareholder: Lai, Yuan-Ho

March 26, 2021

To the 2020 Annual Shareholders' Meeting of Kaimei Electronic Corp.:

The Board of Directors has made a resolution of the Company's 2020 financial statements, business report and earnings distribution. Of which, the Company's 2020 financial statements have been audited by CPA, Chien, Ssu-Chuan , and CPA, Luo, Jui-Lan from KPMG through entrustment by the Board of Directors, and an audit report with unqualified opinion was issued. The Supervisor is responsible for supervising the Company's financial reporting process.

The CPAs have attested the Company's 2020 financial statements, and communicated the following items with the Supervisor:

1. There was no significant discovery concerning the audit by the CPAs within the planned audit scope and time period.
2. The CPAs have provided the Supervisor with a declaration that they complied with the Codes of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence. Other matters that might possibly be deemed to impair their independence were not found.
3. The CPAs have communicated with the Supervisor regarding the significant matters in the audit.

The Company's 2020 financial statements, business report and earnings distribution resolved by the Board of Directors have been reviewed by the Supervisor and deemed to comply with relevant laws and regulations. This report was made in accordance with Article 219 of the Company Act.

To the 2021 Annual Shareholders' Meeting of Kaimei Electronic Corp.

Supervisor: Shi Hen Enterprise Ltd.

Representative of Corporate Shareholder: Tsai, Chin-Chih

March 26, 2021

IV. Financial Statements for the Most Recent Fiscal Year

Independent Auditors' Report

To the Board of Directors of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.):

Opinion

We have audited the consolidated financial statements of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.) and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. The loss allowance for trade receivables

   For the accounting policy of allowance for trade receivables, please refer to Note 4(g)(i) 6) "impairment of financial assets"; for the uncertainty of the evaluation of trade receivables, please refer to Note 5; for the related disclosure of the loss allowance of trade receivables, please refer to Note 6(e).

Description of key audit matter:

The management of the Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The management of the Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Such estimation involves the subjective judgment of the management. Thus, the assessment of loss allowance of trade receivables is one of the most important evaluation in performing our audit procedures.

How the matter was addressed in our audit:

Our principal audit procedures included testing the accuracy and completeness of the aging schedule, which are the basis for the calculation of impairment losses, assessing the reasonableness of the policy for measuring impairment losses, confirming if the provision rate of impairment losses is consistent with the accounting policy, testing the recoverability of receivables by vouching collection record in subsequent period, and, for the overdue receivables yet not recovered, understanding and assessing the reasonableness of the impairment losses measured on the basis of the customer's historical receipt status, with collateral or not, and overall economic condition.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2019, was audited by other auditors, who issued an unqualified audit report on March 18, 2020.

KAIMEI ELECTRONIC CORP. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020, on which we have issued an unqualified opinion with other matters paragraph; KAIMEI ELECTRONIC CORP. has also prepared its parent-company-only financial statements as of and for the years ended 2019, on which other auditors have issued an unqualified opinion with emphasis of matters paragraph.

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

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

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

Those charged with governance (including supervisors) are responsible for overseeing the Group’ s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 Szu-Chuan Chien and Jui Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2021

Notes to Readers

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

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

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

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,418,105	10	932,565	8
1110	Current financial assets at fair value through profit or loss (note 6(b))	726,959	5	724,178	6
1120	Current financial assets at fair value through other comprehensive income (note 6(c))	-	-	114,865	1
1136	Current financial assets at amortized cost (notes 6(d) and 8)	3,799,810	28	4,180,394	34
1150	Notes receivable, net (notes 6(e) and 6(u))	206,359	2	224,806	2
1170	Trade receivables, net (notes 6(e), 6(u) and 7)	1,520,894	11	1,321,605	11
1200	Other receivables (notes 6(e), 6(f) and 7)	24,531	-	42,997	-
130X	Inventories (note 6(g))	792,799	6	763,070	6
1460	Non-current assets classified as held for sale (note 6(j))	118,640	1	-	-
1470	Other current assets	38,401	-	65,950	-
		8,646,498	63	8,370,430	68
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and 8)	731,254	5	-	-
1535	Non-current financial assets at amortized cost (notes 6(d) and 8)	-	-	1,212	-
1550	Investments accounted for using equity method (note 6(h))	2,311,407	17	1,813,039	15
1600	Property, plant and equipment (notes 6(j) and 7)	1,180,272	9	1,331,806	11
1755	Right-of-use assets (note 6(k))	141,282	1	158,876	1
1805	Goodwill (note 6(l))	486,749	4	486,749	4
1821	Intangible assets	42,223	-	31,345	-
1840	Deferred tax assets (note 6(r))	115,555	1	95,116	1
1900	Other non-current assets (note 8)	42,927	-	46,824	-
		5,051,669	37	3,964,967	32
	Total assets	**$ 13,698,167**	**100**	**12,335,397**	**100**

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(m))	$ 4,091,820	30	2,921,000	24
2110	Short-term notes and bills payable (note 6(m))	199,962	2	79,971	1
2130	Current contract liabilities (note 6(u))	15,566	-	3,555	-
2170	Trade payables (note 7)	866,023	6	670,407	5
2200	Other payables (notes 6(o) and 7)	438,088	3	532,987	4
2230	Current tax liabilities	69,211	1	243,390	2
2280	Current lease liabilities (notes 6(p) and 7)	36,192	-	36,954	-
2399	Other current liabilities	12,515	-	34,025	-
		5,729,377	42	4,522,289	36
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(n))	-	-	100,000	1
2570	Deferred tax liabilities (note 6(r))	269,645	2	298,992	2
2580	Non-current lease liabilities (notes 6(p) and 7)	47,588	-	64,096	1
2640	Net defined benefit liability, non-current (note 6(q))	2,169	-	3,295	-
2645	Guarantee deposits received	7,774	-	5,857	-
		327,176	2	472,240	4
	Total liabilities	6,056,553	44	4,994,529	40
	Equity attributable to owners of parent (note 6(s)):				
3110	Ordinary shares	1,358,442	10	1,940,631	16
3200	Capital surplus	4,218,195	31	3,747,130	31
3300	Retained earnings	2,228,144	16	1,765,852	14
3400	Other equities	(170,343)	(1)	(202,230)	(2)
3500	Treasury shares	(82,994)	(1)	(89,172)	(1)
	Total equity attributable to owners of parent:	7,551,444	55	7,162,211	58
36XX	Non-controlling interests	90,170	1	178,657	2
	Total equity	7,641,614	56	7,340,868	60
	Total liabilities and equity	**$ 13,698,167**	**100**	**12,335,397**	**100**

See accompanying notes to consolidated financial statements.

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

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Consolidated 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	%
4000	**Operating revenue (notes 6(u) and 7)**	$ 4,466,552	100	4,547,218	100
5000	**Operating costs (notes 6(g), 6(q) and 12)**	3,310,374	74	3,405,810	75
5900	**Gross profit from operations**	1,156,178	26	1,141,408	25
6000	**Operating expenses (notes 6(q), 7 and 12):**				
6100	Selling expenses	179,165	4	211,198	5
6200	Administrative expenses	346,653	8	390,608	8
6300	Research and development expenses	82,101	2	96,230	2
6450	Expected credit impairment loss (gain) (notes 6(e) and 6(f))	(4,138)	-	3,095	-
		603,781	14	701,131	15
6900	**Net operating income**	552,397	12	440,277	10
7000	**Non-operating income and expenses (notes 6(h), 6(w) and 7):**				
7100	Interest income	96,556	2	177,685	4
7190	Other income	36,247	1	48,463	1
7020	Other gains and losses, net	(118,175)	(2)	224,024	5
7050	Finance costs	(32,625)	(1)	(34,450)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method	123,909	3	45,838	1
7900	**Profit from continuing operations before tax**	658,309	15	901,837	20
7950	Income tax expenses (note 6(r))	76,916	2	327,826	7
	Profit	581,393	13	574,011	13
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans (note 6(p))	585	-	1,574	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	167,537	4	13,359	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may not be reclassified to profit or loss	(2,123)	-	110	-
8349	Less: Income tax related to items that may not be reclassified to profit or loss (note 6(r))	117	-	315	-
		165,882	4	14,728	-
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(128,927)	(3)	(213,964)	(4)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	(3,237)	-	-	-
8399	Less: Income tax related to items that may be reclassified to profit or loss (note 6(r))	2,265	-	(13,334)	-
	Components of other comprehensive income that will be reclassified to profit or loss	(134,429)	(3)	(200,630)	(4)
8300	**Other comprehensive income**	31,453	1	(185,902)	(4)
8500	**Total comprehensive income**	**$ 612,846**	**14**	**388,109**	**9**
8600	**Profit attributable to:**				
8610	Profit attributable to owners of parent	$ 562,559	13	330,361	7
8620	Profit attributable to non-controlling interests	18,834	-	243,650	6
		$ 581,393	**13**	**574,011**	**13**
8700	**Comprehensive income attributable to:**				
8710	Comprehensive income attributable to owners of parent	$ 594,865	13	166,662	4
8720	Comprehensive income attributable to non-controlling interests	17,981	1	221,447	5
		$ 612,846	**14**	**388,109**	**9**
	Earnings per share (note 6(t))				
9750	Basic earnings per share	**$**	**3.42**		**2.83**
9850	Diluted earnings per share	**$**	**3.42**		**2.82**

See accompanying notes to consolidated financial statements.

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

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			Retained earnings				Other equities						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equities	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2019	$ 915,183	245,053	98,782	56,010	2,337,355	2,492,147	(32,521)	(2,470)	(34,991)	-	3,617,392	4,073,477	7,690,869
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	174,912	-	(174,912)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(274,555)	(274,555)	-	-	-	-	(274,555)	-	(274,555)
Reversal of special reserve	-	-	-	(21,019)	21,019	-	-	-	-	-	-	-	-
Profit for the year ended December 31, 2019	-	-	-	-	330,361	330,361	-	-	-	-	330,361	243,650	574,011
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,369	1,369	(172,638)	7,570	(165,068)	-	(163,699)	(22,203)	(185,902)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	331,730	331,730	(172,638)	7,570	(165,068)	-	166,662	221,447	388,109
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	11,011	11,011
Other changes in capital surplus due to donated assets received	-	7	-	-	-	-	-	-	-	-	7	-	7
Shares issued for pursuant to acquisitions and changes in ownership interests in subsidiaries	1,025,448	3,502,070	-	-	(785,641)	(785,641)	-	-	-	(89,172)	3,652,705	(3,698,019)	(45,314)
Cash dividends of subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(429,259)	(429,259)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,171	2,171	-	(2,171)	(2,171)	-	-	-	-
Balance at December 31, 2019	1,940,631	3,747,130	273,694	34,991	1,457,167	1,765,852	(205,159)	2,929	(202,230)	(89,172)	7,162,211	178,657	7,340,868
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	33,036	-	(33,036)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	167,239	(167,239)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(96,977)	(96,977)	-	-	-	-	(96,977)	-	(96,977)
Profit for the year ended December 31, 2020	-	-	-	-	562,559	562,559	-	-	-	-	562,559	18,834	581,393
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(1,655)	(1,655)	(133,576)	167,537	33,961	-	32,306	(853)	31,453
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	560,904	560,904	(133,576)	167,537	33,961	-	594,865	17,981	612,846
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	110	-	-	(3,709)	(3,709)	-	-	-	-	(3,599)	(53,972)	(57,571)
Changes in ownership interests in subsidiaries	-	336	-	-	-	-	-	-	-	-	336	(336)	-
Changes in equity of associates and joint ventures accounted for using equity method	-	459,384	-	-	-	-	-	-	-	-	459,384	-	459,384
Capital reduction	(582,189)	-	-	-	-	-	-	-	-	6,178	(576,011)	-	(576,011)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	974	-	-	-	-	-	-	-	-	974	-	974
Cash dividends of subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(52,160)	(52,160)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,074	2,074	-	(2,074)	(2,074)	-	-	-	-
Disgorgement	-	10,261	-	-	-	-	-	-	-	-	10,261	-	10,261
Balance at December 31, 2020	**$ 1,358,442**	**4,218,195**	**306,730**	**202,230**	**1,719,184**	**2,228,144**	**(338,735)**	**168,392**	**(170,343)**	**(82,994)**	**7,551,444**	**90,170**	**7,641,614**

See accompanying notes to consolidated financial statements.

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

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Consolidated 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	$ 658,309	901,837
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	203,501	209,805
Amortization expense	31,939	22,450
Expected credit (gain) loss	(4,138)	3,095
Net gain on financial assets or liabilities at fair value through profit or loss	(4,539)	(116,572)
Interest expense	32,625	34,450
Interest income	(96,556)	(177,685)
Dividend income	(577)	(12,277)
Share of profit of associates and joint ventures accounted for using equity method	(123,909)	(45,838)
Gain on disposal of property, plant and equipment	(8,319)	(25,682)
Gain on disposal of non-current assets classified as held for sale	-	(79,849)
Gain on disposal of investments accounted for using equity method	-	(3,737)
Others	819	(372)
Total adjustments to reconcile profit (loss)	30,846	(192,212)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	18,661	(102,997)
(Increase) decrease in trade receivables	(195,465)	218,801
Decrease in other receivables	9,288	5,153
(Increase) decrease in inventories	(29,729)	191,582
Decrease in other current assets	7,522	127,916
Increase (decrease) in contract liabilities	12,011	(9,885)
Increase (decrease) in notes and trade payables	195,616	(119,952)
Decrease in other payables	(64,141)	(286,279)
(Decrease) increase in other current liabilities	(21,510)	18,310
Decrease in net defined benefit liability	(541)	(2,701)
Total adjustments	(37,442)	(152,264)
Cash inflow generated from operations	620,867	749,573
Interest received	115,668	174,970
Dividends received	43,386	116,946
Interest paid	(31,590)	(33,847)
Income taxes paid	(258,248)	(134,510)
Net cash flows from operating activities	490,083	873,132
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(471,291)	(531,856)
Proceeds from disposal of financial assets at fair value through other comprehensive income	22,439	25,290
Acquisition of financial assets at amortized cost	(3,799,810)	(4,722,687)
Proceeds from disposal of financial assets at amortized cost	4,143,461	4,449,522
Acquisition of financial assets at fair value through profit or loss	(1,301,548)	(1,603,147)
Proceeds from disposal of financial assets at fair value through profit or loss	1,314,587	2,218,470
Acquisition of investments accounted for using equity method	(6,053)	-
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	9,708
Proceeds from capital reduction of investments accounted for using equity method	42,809	-
Proceeds from disposal of non-current assets classified as held for sale	-	398,216
Acquisition of property, plant and equipment	(192,886)	(147,678)
Proceeds from disposal of property, plant and equipment	19,189	41,648
Acquisition of intangible assets	(23,077)	(27,494)
Others	2,885	(3,244)
Net cash (used in) flows from investing activities	(249,295)	106,748
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,170,820	(182,967)
Increase (decrease) in short-term notes and bills payable	119,991	(169,980)
Proceeds from long-term borrowings	-	540,000
Repayments of long-term borrowings	(100,000)	(560,000)
Decrease in guarantee deposits received	1,917	(8,117)
Payment of lease liabilities	(34,374)	(27,493)
Cash dividends paid	(96,003)	(274,555)
Capital reduction payments to shareholders	(576,011)	-
Subsidiaries capital reduction payments to non-controlling interests	-	(188,988)
Acquisition of ownership interests in subsidiaries	(66,171)	(26,021)
Disposal of ownership interests in subsidiaries	8,600	-
Change in non-controlling interests	(52,160)	(392,227)
Net cash flows from (used in) financing activities	376,609	(1,290,348)
Effect of exchange rate changes on cash and cash equivalents	(131,857)	(110,289)
Net increase (decrease) in cash and cash equivalents	485,540	(420,757)
Cash and cash equivalents at beginning of period	932,565	1,353,322
Cash and cash equivalents at end of period	**$ 1,418,105**	**932,565**

See accompanying notes to consolidated financial statements.

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

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) (the "Company") was established on September 11, 1978, by the approval of Ministry of Economic Affairs under the Company Law, the main business line is manufacture and sale of capacitors. The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on August 29, 1998.

Merging with G-Luxon Electronics Corp. on October 31, 2005 (the record date of the merger), was approved by the resolution of the shareholders' meeting, and the Company was the surviving company. In 2019, the shareholders' meeting resolved to approve the Company merged with the former KAIMEI ELECTRONIC CORP. on September 30, 2019 (the effective date of the merger), and the Company was the surviving company. On October 28, 2019, the Company was renamed as KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) subsequently, by the approval of Ministry of Economic Affairs.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 12, 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

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

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

The Group 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"

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 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"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the 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;

3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated 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.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like

(Continued)

transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership December 31, 2020	Percentage of ownership December 31, 2019	Description
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TEAPO HOLDING BERMUDA LIMITED	Foreign business reinvestment	100.00%	100.00%	
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Teapo Electronic (HK) Ltd.	Import and export of electronic products	100.00%	100.00%	
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	KAIMEI ELECTRONIC (HK) LTD.	Import and sale of aluminum electrolytic capacitors and motor fans	100.00%	100.00%	Note 1
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	FORMOSA PROSONIC ELECTRONICS SDN. BHD.	Manufacture and sale of aluminum electrolytic capacitors	100.00%	100.00%	Note 1
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	JAMICON INTERNATIONAL LIMITED	Import and sale of aluminum electrolytic capacitors	100.00%	100.00%	Note 1
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	BOTHHAND ENTERPRISE INC.	Manufacture and management of computer accessories and other electronic devices	100.00%	100.00%	Note 1
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	MYW Investment Limited	Reinvestment business	100.00%	100.00%	Note 1
TEAPO HOLDING BERMUDA LIMITED	Teapo Electronics (DongGuan) CO., LTD.	Manufacture and sale of capacitors	100.00%	100.00%	
Teapo Electronics (DongGuan) CO., LTD.	Dongguan Teapo Trading CO., Ltd.	Purchase and sale of electrolytic capacitors	100.00%	100.00%	
KAIMEI ELECTRONIC (HK) LTD.	JINMICON ELECTRONIC (SHENZHEN) CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors and motor fans	100.00%	100.00%	
KAIMEI ELECTRONIC (HK) LTD.	SHIN KAIMEI ELECTRONIC (SHENZHEN) CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors and motor fans	100.00%	100.00%	
JAMICON INTERNATIONAL LIMITED	SUZHOU KAIMEI ELECTRONIC CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors	98.81%	98.81%	
SUZHOU KAIMEI ELECTRONIC CO., LTD.	DONGGUAN JAMICON ELECTRONIC CO., LTD.	Import and sale of aluminum electrolytic capacitors and motor fans	100.00%	100.00%	
BOTHHAND ENTERPRISE INC.	Bothhand International Investment Co., Ltd.	Reinvestment business and international trade	100.00%	100.00%	
BOTHHAND ENTERPRISE INC.	Sino Win International Ltd.	Import and export business	100.00%	100.00%	
BOTHHAND ENTERPRISE INC.	E-HENG TECHNOLOGY CO.,LTD.	Manufacture and management of computer accessories and other electronic devices	100.00%	100.00%	

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Bothhand International Investment Co., Ltd.	KAIPING BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	100.00%	100.00%	
Bothhand International Investment Co., Ltd.	GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	100.00%	100.00%	
Bothhand International Investment Co., Ltd.	DEYANG BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	100.00%	100.00%	
Bothhand International Investment Co., Ltd.	Round Constant Limited	Reinvestment business	100.00%	100.00%	
GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	GUANGZHOU CHENG HAN ELECTRONICS TEC	Manufacture and management of computer accessories and other electronic devices	100.00%	86.18%	Note 3
GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	HUNAN BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	100.00%	68.00%	Note 2
DEYANG BOTHHAND ELECTRONICS CO., LTD.	DEYANG SHISHENG ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	100.00%	70.50%	Note 4
DEYANG SHISHENG ELECTRONICS CO., LTD.	DEYANG HONGYI ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	51.00%	51.00%	
Round Constant Limited	Kunshan Taijun Electronics Co., Ltd.	Vacuum sputtering coating	100.00%	100.00%	

Note1: In March 2019, the Board of Directors resolved the consolidation merger with the former KAIMEI ELECTRONIC CORP., the effective date of the merger was September 30, 2019. The Company had completed the registration of the consolidation merger on October 28, 2019, and the former KAIMEI ELECTRONIC CORP. was the dissolved company being merged. After the merger, the Company's direct shareholding ratios of KAIMEI ELECTRONIC (HK) LTD., FORMOSA PROSONIC ELECTRONICS SDN. BHD., JAMICON INTERNATIONAL LIMITED, BOTHHAND ENTERPRISE INC., and MYW Investment Limited are all 100%.

Note2: The Group established HUNAN BOTHHAND ELECTRONICS CO., LTD. in February 2019, with non-related parties, and did not participate in the capital increase of HUNAN BOTHHAND ELECTRONICS CO., LTD. in March 2020, in proportion to the shares held. Therefore, the Company's shareholding ratio of HUNAN BOTHHAND ELECTRONICS CO., LTD. decreased from 68% to 63.75%, however, the Company still has control over it. In July 2020, the Group obtained the non-controlling interest in HUNAN BOTHHAND ELECTRONICS CO., LTD., increasing the Company's shareholding ratio of HUNAN BOTHHAND ELECTRONICS CO., LTD. from 63.75% to 100%.

Note3: In November 2019, the Board of Directors of the Group approved to acquire certain non-controlling interests in GUANGZHOU CHENG HAN ELECTRONICS TEC, increasing the shareholding ratio from 76.96% to 86.18%. In July 2020, the Group obtained the non-controlling interest in GUANGZHOU CHENG HAN ELECTRONICS TEC, increasing the Company's shareholding ratio from 86.18% to 100%.

Note 4: The Group disposed part of its equity interest in DEYANG SHISHENG ELECTRONICS CO., LTD. to a non-controlling interest in January 2020. Therefore, the Company's shareholding ratio decreased from 70.5% to 60.5%. In June 2020, the Group obtained the non-controlling interest in DEYANG SHISHENG ELECTRONICS CO., LTD., increasing the Company's shareholding ratio from 60.5% to 100%.

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

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group 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. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using

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the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income.

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(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 exchange 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 Group 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 noncontrolling interests. When the Group 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 receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) 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;

(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:

(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 Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) 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.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) 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. A trade receivable without a significant financing component is initially measured at the transaction price.

(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.

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.

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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 Group 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.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group'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. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group 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.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, guarantee deposit paid and other financial assets).

The Group 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 Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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

12-month ECLs are the portion of ECLs 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 ECLs is the maximum contractual

period over which the Group is exposed to credit risk.

ECLs 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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group 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:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 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.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group 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 Group 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 Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, 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 Group 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.

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 Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 Group 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.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted 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.

(i) Non-current assets held for sale & Discontinued operations

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group’ s accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group’ s accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(k) 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 Group.

(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.

Land is not depreciated.

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

1)	Buildings and construction	3~60 years
2)	Machinery and equipment	2~16 years
3)	Office and other facilities	1~12 years

Buildings and construction constitute mainly building, mechanical and electrical power equipment and its related facilities. Each such part depreciates based on its useful life.

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

(l) Leases

(i) Identifying a lease

At inception of a contract, the Group 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 Group 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 customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer 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 customer 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 customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

The Group 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 Group’s incremental borrowing rate. Generally, the Group 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 Group’s estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase, 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.

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 Group 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 Group 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 Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of buildings and constructions, office facilities and transportation equipment that have a lease term of 12 months or less. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a leasor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives 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, including expenditure on internally generated goodwill and brands, 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.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	1~3 years
2)	Patent and other intangible assets	3~10 years

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

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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 CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(Continued)

An impairment loss in respect of goodwill is not reversed. For other 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.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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

The Group manufactures and sells capacitor, converter and computer accessories. The Group 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 Group has objective evidence that all criteria for acceptance have been satisfied.

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

(ii) Financing components

The Group 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 Group does not adjust any of the transaction prices for the time value of money.

(p) Government grants

The Group recognizes an unconditional government grant as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) 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 Group 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.

(r) 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 Group 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;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group 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 taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

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

1) the same taxable entity; or

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

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

(s) Business combination

Except for business combinations under common control, the Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

The Group did not use the acquisition method to deal with the business combination under common control, but adopted the book value method and regarded it as the initial merger and restating the previous comparison information. And separated the non-jointly controlled interests in the dissolved company before business combination under equity. The dissolved company's profit or loss belongs to the external third party is the deduction from the total profit or loss (i.e. the combined total profit or loss of the Company and the dissolved company being merged). And is listed in the consolidated income statement as profit (loss) attributable to former owner of business combination under common control.

(t) Earnings per share

The Group 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.

(u) Operating segments

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

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

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

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

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

(a) Judgment regarding significant influence of investees

The Group was the largest shareholder of some of the investee companies during the specific period of 2020. However, the Group did not have any directors of the investee companies and could not affect the activities of the investee companies. As a result, the Group has no control and significant influence on such investee companies.

(b) Judgment regarding significant influence of associates

The Group holds less than 20% of the voting rights of Tong Hsing Electronic Industries, Ltd., however, the Group has two seats of Tong Hsing Electronic Industries, Ltd.' s nine seats of directors, therefore, the Group has a significant influence, hence, using the equity method.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) The loss allowance of trade receivables

The Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(e).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	$ 16,108	12,520
Check and demand deposits	801,592	551,682
Time deposits	600,405	368,363
	$ 1,418,105	**932,565**

Please refer to note 6(x) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

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

	December 31, 2020	December 31, 2019
Financial assets measured at fair value through profit or loss:		
Hybrid contracts		
Other financial instruments	**$ 726,959**	**724,178**

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

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income		
Current		
Domestic listed common shares		
Taiwan Chinsan Electronic Industrial Co., Ltd.	**$ -**	**114,865**
Non-current		
Domestic listed common shares		
Taiwan Chinsan Electronic Industrial Co., Ltd.	**$ 731,254**	**-**

(i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes. Since June 2020, the Company has reclassified these equity instruments from current to non-current for its management purpose.

(ii) As of December 31, 2020, the financial assets at fair value through other comprehensive income of the Group had been pledged as collateral for its long-term borrowings. Please refer to note 8.

(d) Financial assets measured at amortized cost

	December 31, 2020	December 31, 2019
Current		
Restricted time deposits	$ 3,520,136	3,585,293
Time deposits with original maturity of more than three months	279,674	595,101
Total	**$ 3,799,810**	**4,180,394**
Non-current		
Restricted time deposits	**$ -**	**1,212**

(i) The Group held time deposits with original maturity of more than three months with the weighted average interest rates of 0.60%~0.65% and 2.27%~2.85% during the years ended December 31, 2020 and 2019, respectively

(ii) As of December 31, 2020 and 2019, the financial assets measured at amortized costs of the Group had been pledged as collateral for its long-term borrowings. Please refer to note 8.

(e) Notes and trade receivables (including related parties)

	December 31, 2020	December 31, 2019
Notes receivable from operating activities	$ 207,067	225,728
Trade receivables–measured as amortized cost	1,527,900	1,332,435
	1,734,967	1,558,163
Less: loss allowance	(7,714)	(11,752)
	$ 1,727,253	**1,546,411**

(i) The Group 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:

	December 31, 2020		
	Gross carrying amount (including related parties)	Weighted-average loss rate	Loss allowance provision
Current	$ 1,711,392	0.07%	1,126
1 to 30 days past due	15,985	0.03%	5
31 to 180 days past due	1,275	26.04%	332
More than 181 days past due	6,315	98.99%	6,251
	$ 1,734,967		**7,714**

	December 31, 2019		
	Gross carrying amount (including related parties)	Weighted-average loss rate	Loss allowance provision
Current	$ 1,466,400	0.25%	3,738
1 to 30 days past due	66,223	1.19%	786
31 to 180 days past due	21,243	18.63%	3,958
More than 181 days past due	4,297	76.10%	3,270
	$ 1,558,163		**11,752**

(ii) The movement in the allowance for notes and trade receivables were as follows:

	2020	2019
Balance at January 1	$ 11,752	8,861
Impairment losses (reversal) recognized	(4,138)	3,096
Effect of movements in exchange rates	100	(205)
Balance at December 31	**$ 7,714**	**11,752**

(iii) As of December 31, 2020 and 2019, the notes and trade receivables of the Group were not pledged as collateral.

(iv) The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The amounts receivable from the financial institutions were recognized as "other receivables" upon the derecognition of those trade receivables. As of December 31, 2019, the Group sold its trade receivables without recourse as follows:

	December 31, 2019				
Purchaser	Amount Derecognized	Unpaid	Paid	Amount Recognized in Other Receivables	Range of Interest Rate
Taipei Fubon Bank	US$668 thousand	-	US$601 thousand	$ 2,033 (US$67 thousand)	1.37%~3.07%

As of December 31, 2020, the Group were not entered into separate factoring agreements with different financial institutions to sell its trade receivables.

(f) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	$ 31,490	49,842
Less: Loss allowance	(6,959)	(6,845)
	$ 24,531	**42,997**

The movement in the allowance for other receivables were as follows:

	2020	2019
Balance at January 1	$ 6,845	7,111
Impairment loss reversal	-	(1)
Effect of movements in exchange rates	114	(265)
Balance at December 31	**$ 6,959**	**6,845**

(g) Inventories

(i) The details of inventories were as follows:

	December 31, 2020	December 31, 2019
Raw materials	$ 194,010	155,909
Work in progress and semi-finished goods	298,926	310,558
Finished goods and merchandise	296,436	292,229
Goods in transit	3,427	4,374
	$ 792,799	**763,070**

(ii) For the years ended December 31, 2020 and 2019, the cost of goods sold amounted to $3,310,374 and $3,405,810, respectively.

(iii) The factor leading to the net realizable value of inventories is lower than the cost was vanished, due to the sale or scrap of obsolete inventories for the year ended December 31, 2020. Therefore, the decrease in recognized operating costs due to reversal of write-downs amounted to $28,956; the write-down of inventories to net realizable value amounted to $14,510, for the year ended December 31, 2019.

(iv) As of December 31, 2020 and 2019, the Group did not provide any inventories as collateral for its loans.

(h) Investments accounted for using equity method

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

	December 31, 2020	December 31, 2019
Associates	**$ 2,311,407**	**1,813,039**

(i) Associates which are material to the Group consisted of the followings:

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights	
			December 31, 2020	December 31, 2019
Tong Hsing Electronic Industries, Ltd.	The major business is manufacture and sale of electronic products	Taiwan	7.40%	10.55%

The fair value of associates listed on the Stock Exchange (over the counter) which are material to the Group are as follows:

	December 31, 2020	December 31, 2019
Tong Hsing Electronic Industries, Ltd.	**$ 2,341,532**	**2,730,124**

The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

Tong Hsing Electronic Industries, Ltd.	December 31, 2020	December 31, 2019
Current assets	$ 7,962,533	6,455,597
Non-current assets	17,474,640	5,967,194
Current liabilities	(3,801,650)	(1,762,168)
Non-current liabilities	(425,990)	(483,897)
Net assets	$ 21,209,533	10,176,726

(Continued)

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	2020	2019
Operating revenue	**$ 10,178,002**	**7,430,654**
Profit from continuing operations	1,450,675	741,956
Other comprehensive income	(72,410)	(21,770)
Total comprehensive income	**$ 1,378,265**	**720,186**

	2020	2019
Share of net assets of associates as of January 1	$ 1,073,624	-
Purchase	4,110	-
Transfer into	-	1,132,344
Comprehensive income attributable to the Group	118,549	45,949
Dividends paid to the Group	(42,809)	(104,669)
Proceeds from capital reduction of investments to the Group	(42,809)	-
Changes in equity of associates and joint ventures accounted for using equity method	459,384	-
Share of net assets of associates as of December 31	1,570,049	1,073,624
Add: goodwill	741,358	739,415
Carrying amounts of associates as of December 31	**$ 2,311,407**	**1,813,039**

(ii) In the second quarter of 2019, the Group started to have significant influence on Tong Hsing Electronic Industries, Ltd., therefore, the balance of financial assets measured at fair value through other comprehensive income is evaluated using the equity method. The accumulated profit and loss on disposal of equity instruments amounted to $4,435. Gain on disposal recognized by the Company amounted to $1,915 and $2,520 was adjusted to undistributed earnings and non-controlling interests, respectively.

(iii) Changes in equity of associates and joint ventures accounted for using equity method were adjusted for the year ended December 31, 2020, increasing capital surplus by $459,384.

(iv) Pledge to secure

As of December 31, 2020 and 2019, the Group's investments under equity method has not been pledged as collaterals.

(i) Changes in a parent's ownership interest in a subsidiary

(i) Changes in subsidiaries' equity did not result in the Company's loss of control

The Company was merged with former KAIMEI ELECTRONIC CORP., a subsidiary of the Company, pursuant to a resolution of the Board of Directors in March 2019. On September 30, 2019 (the effective date of the merger), the Company's 1.1541 ordinary shares were exchanged for 1 ordinary share of former KAIMEI ELECTRONIC CORP. The number of ordinary shares issued by the Company in connection with merger was 102,545 thousand shares, and the fair value of the Company's ordinary shares was calculated at the closing price of $43.3 on September 27, 2019. The merger resulted in an increase (decrease) of capital - common stock, capital surplus - additional paid-in capital arising from ordinary share, and unappropriated retained earnings by $1,025,448, $3,414,743, and $(785,120), respectively.

As the above transactions the Group have not loss the control of such subsidiaries, it was treated as an equity transaction.

	2019
Transferred price for the purchase - ordinary shares	$ (4,440,191)
The carrying amount of the net assets of the subsidiary is calculated as the amount of the uncontrolled interest due to changes in the relative interest	3,655,071
Difference	**$ (785,120)**
Unappropriated Retained Earnings	**$ (785,120)**

(ii) Acquisitions of NCI

From June to July, 2020, the Group acquired an additional interest in GUANGZHOU CHENG HAN ELECTRONICS TEC, HUNAN BOTHHAND ELECTRONICS CO., LTD. and DEYANG SHISHENG ELECTRONICS CO., LTD. for $28,480, $10,226, $27,465 in cash, respectively, and increasing its ownership from 86.18 to 100%, 63.75% to 100% and 60.5% to 100%, respectively.

The effects of the changes in shareholdings were as follows:

	2020	2019
Carrying amount of non-controlling interest on acquisition	$ 62,462	20,737
Consideration paid to non-controlling interests	(66,171)	(26,021)
Unappropriated Retained Earnings	**$ (3,709)**	**(5,284)**

(iii) Disposal of part of equity ownership of subsidiaries without losing control

In January 2009, the Group disposed of the equity interest in DEYANG SHISHENG ELECTRONICS CO., LTD. for $8,600 in cash. The ownership of the Group reduced from 70.5% to 60.5%. The difference between consideration and carrying amount of subsidiaries disposed was $110 and recognized within capital surplus.

(j) Property, plant and equipment

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

	Land	Building and Construction	Machinery and equipment	Transportation equipment	Other facilities	Construction in progress	Total
Cost:							
Balance on January 1, 2020	$ 273,890	1,045,871	1,051,717	39,861	196,709	75,080	2,683,128
Additions	-	2,419	46,607	80	5,863	106,124	161,093
Disposal	-	(6,354)	(51,129)	(5,277)	(64,898)	-	(127,658)
Transferred into (out)	(69,484)	1,191	31,390	-	2,084	(3,008)	(37,827)
Reclassified to non-current assets classified as held for sale	(69,585)	(74,714)	-	-	-	-	(144,299)
Effect of movements in exchange rates	-	17,703	38,024	254	1,391	2,863	60,235
Balance on December 31, 2020	**$ 134,821**	**986,116**	**1,116,609**	**34,918**	**141,149**	**181,059**	**2,594,672**
Balance on January 1, 2019	$ 507,173	1,121,892	1,078,132	37,861	203,058	7,556	2,955,672
Additions	-	13,579	79,287	6,575	12,794	75,940	188,175
Disposal	-	(42,211)	(39,104)	(3,739)	(15,591)	(5,125)	(105,770)
Transferred into (out)	(233,283)	(21,095)	866	-	-	(377)	(253,889)
Effect of movements in exchange rates	-	(26,294)	(67,464)	(836)	(3,552)	(2,914)	(101,060)
Balance on December 31, 2019	**$ 273,890**	**1,045,871**	**1,051,717**	**39,861**	**196,709**	**75,080**	**2,683,128**
Depreciation:							
Balance on January 1, 2020	$ -	420,899	743,282	25,001	162,140	-	1,351,322
Depreciation	-	35,611	111,542	4,106	17,277	-	168,536
Disposal	-	(4,236)	(43,683)	(4,356)	(64,513)	-	(116,788)
Transferred into (out)	-	-	87	-	(87)	-	-
Reclassified to non-current assets classified as held for sale	-	(25,659)	-	-	-	-	(25,659)
Effect of movements in exchange rates	-	(568)	26,743	240	10,574	-	36,989
Balance on December 31, ,2020	**$ -**	**426,047**	**837,971**	**24,991**	**125,391**	**-**	**1,414,400**
Balance on January 1, 2019	$ -	429,086	727,985	25,469	160,883	-	1,343,423
Depreciation	-	41,407	111,442	4,020	17,989	-	174,858
Disposal	-	(34,423)	(37,859)	(3,720)	(13,802)	-	(89,804)
Transferred into (out)	-	(1,957)	473	-	-	-	(1,484)
Effect of movements in exchange rates	-	(13,214)	(58,759)	(768)	(2,930)	-	(75,671)
Balance on December 31, 2019	**$ -**	**420,899**	**743,282**	**25,001**	**162,140**	**-**	**1,351,322**
Balance on December 31, 2020	**$ 134,821**	**560,069**	**278,638**	**9,927**	**15,758**	**181,059**	**1,180,272**
Balance on January 1, 2019	**$ 507,173**	**692,806**	**350,147**	**12,392**	**42,175**	**7,556**	**1,612,249**
Balance on December 31, 2019	**$ 273,890**	**624,972**	**308,435**	**14,860**	**34,569**	**75,080**	**1,331,806**

The Board of Directors of the Group resolved to sell part of the land, buildings and construction of the subsidiary, BOTHHAND ENTERPRISE INC., on September 18, 2020. A contract of sale of real estate with non-related parties was signed on November 10, 2020 at a total contract price of $200,000. The estimated gain on disposal was around $68,598, the real estate was registered to the non-related parties on December 28, 2020, and the handover was completed on January 3, 2021. Such land, buildings and construction were recognized as non-current assets held for sale, as of December 31, 2020, the carrying amount of such sale portfolio was $118,640.

As of December 31, 2020 and 2019, the aforesaid property, plant and equipment were not pledged as collateral.

(k) Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount:		
Land	$ 63,651	64,593
Buildings and construction	77,288	94,097
Office equipment	29	115
Transportation equipment	314	71
Balance	**$ 141,282**	**158,876**

	2020	2019
Additions	**$ 16,073**	**1,050**
Depreciation:		
Land	$ 1,304	1,435
Buildings and construction	33,454	33,078
Office equipment	85	96
Transportation equipment	122	338
	$ 34,965	**34,947**

(l) Goodwill

The balances of goodwill as of December 31, 2020, December 31, 2019, and January 1, 2019 were all $486,749. There was no any difference for years ended December 31, 2020 and 2019.

Goodwill is the difference between the consideration and the fair value of the net identifiable assets acquired by the Group on November 29, 2018, on the acquisition of BOTHHAND ENTERPRISE INC. and its subsidiaries, mainly from the control of premium. In order to continue to focus on its core technology to enhance the competitiveness, the Group sold BOTHHAND ENTERPRISE INC. to the substantial related party, CHILISIN ELECTRONICS CORP., on January 25, 2021, please refer to note 11. The above-mentioned goodwill is measured at the book value (the carrying value of BOTHHAND ENTERPRISE INC., which is held by the Company, including goodwill) and the selling price less the cost of disposal, and there is no indication of impairment.

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(m) Short-term borrowings, notes and bills payable

(i) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 1,824,000	940,000
Secured bank loans	2,267,820	1,981,000
Total	**$ 4,091,820**	**2,921,000**
Unused short-term credit lines	**$ 6,563,658**	**7,366,950**
Range of interest rates	**0.73%~1.00%**	**0.88%~1.01%**

(ii) Short-term notes and bills payable

	December 31, 2020	December 31, 2019
Short-term notes and bills payable	$ 200,000	80,000
Less: Discount on short-term notes and bills payable	(38)	(29)
	$ 199,962	**79,971**
Range of interest rates	**0.86%~0.87%**	**0.86%**

(iii) For the collateral for secured bank loans, please refer to note 8.

(n) Long-term borrowings

The details were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ -	100,000
Less: current portion	-	-
	$ -	**100,000**
Range of interest rates	**-**	**1.00%**
Unused long-term credit lines	**$ 160,000**	**-**
Maturity year	-	110.02

Please refer to note 6(x) for the interest rate risk and liquidity risk of the Group.

(o) Oher payables

	December 31, 2020	December 31, 2019
Payables for remuneration due to employee, directors and supervisors	$ 61,680	22,392
Payables for wages and bonus	137,894	226,204
Payables for product repair fee	12,257	33,562
Payables for purchase of equipment	34,029	65,822
Payables for union fund	26,805	22,349
Others	165,423	162,658
	$ 438,088	**532,987**

(p) Lease liabilities

	December 31, 2020	December 31, 2019
Current	**$ 36,192**	**36,954**
Non-current	**$ 47,588**	**64,096**

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

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest expenses on lease liabilities	**$ 969**	**1,334**
Expenses relating to short-term leases	**$ 3,479**	**8,017**

The amounts recognized in the statement of cash flows for the Group was as follows:

	2020	2019
Total cash outflow for leases	**$ 38,822**	**36,844**

(iv) Real estate leases

The Company leases land and buildings for its office space and factories. The leases typically run for 5 to 10 years.

The plant lease agreement in China adjusts the lease payments by 3% per annum during the five-year term of the lease. At the end of the term of the lease, the Group has no bargain purchase option of the land and buildings leased.

In addition, right-to-use assets of Land are the subsidiaries DEYANG BOTHHAND ELECTRONICS CO., LTD. and KAIPING BOTHHAND ELECTRONICS CO.,LTD. signed a land-use right transfer agreement with the Luojiang Bureau of Land and Resources and the Industrial Park of Kaiping City, respectively, for the purpose of building the plant. The term of use of the land use rights is 50 years, and the term of the land use rights is due in June 2063 and July 2049, respectively.

The Group leases office and transportation equipment, with lease terms of three to four years. The Group also leases its buildings and construction, office and transportation equipment with contract terms shorter than one year. These leases are short-term and the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 13,121	16,888
Fair value of plan assets	(10,952)	(13,593)
Net defined benefit liabilities	**$ 2,169**	**3,295**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to $10,952 as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	2020	2019
Defined benefit obligations at January 1	$ 16,888	27,851
Current service costs and interest cost	118	312
Remeasurement (gain) loss	142	(447)
Benefits paid	(4,027)	(10,828)
Defined benefit obligation at December 31	**$ 13,121**	**16,888**

3) Movements of defined benefit plan assets

	2020	2019
Fair value of plan assets at January 1	$ (13,593)	(20,596)
Expected return on plan assets	(95)	(218)
Remeasurements gain	(727)	(1,127)
Contribution paid by the employer	(564)	(2,480)
Benefits paid	4,027	10,828
Fair value of plan assets at December 31	**$ (10,952)**	**(13,593)**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2020	2019
Current service costs	$ -	23
Net interest of net liabilities for defined benefit obligations	23	71
	$ 23	**94**
Operating cost	$ -	-
Operating expenses	23	94
	$ 23	**94**

5) Remeasurement values of net defined benefit liabilities recognized in other comprehensive income

The remeasurements in net defined benefit liabilities recognized in other comprehensive income were as follows:

	2020	2019
Cumulative amount at January 1	$ (2,292)	(718)
Recognized in current period	(585)	(1,574)
Cumulative amount at December 31	**$ (2,877)**	**(2,292)**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.30%	0.70%
Future salary increase rate	2.00%	2.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $449.

The weighted average lifetime of the defined benefits plans is 10 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2020:		
Discount rate	(322)	335
Future salary increasing rate	296	(286)
December 31, 2019:		
Discount rate	(399)	414
Future salary increasing rate	365	(354)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(Continued)

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

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 pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $4,533 and $5,470 for the years ended December 31, 2020 and 2019, respectively.

Subsidiaries in China shall comply with the regulations stipulated by the Mainland China Government to contribute monthly retirement annuity funds, based on a specific percentage of authorized employees' payroll. For the years ended December 31, 2020 and 2019, the retirement annuity funds amounted to $4,521 and $41,588, respectively.

(r) Income taxes

(i) The components of income tax in the years 2020 and 2019 were as follows:

	2020	2019
Current tax expense		
Current period	$ 99,410	118,709
Additional tax on undistributed earnings	1,832	170,272
Land value increment tax	-	30,062
Adjustment for prior periods	(4,676)	731
	96,566	319,774
Deferred tax expense		
Origination and reversal of temporary differences	(19,650)	8,052
Income tax expenses (benefit)	**$ 76,916**	**327,826**

(ii) The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

	2020	2019
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ 117	315
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	2,265	(13,334)
	$ 2,382	**(13,019)**

(iii) Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows:

	2020	2019
Profit before income tax	$ 658,309	901,837
Income tax using the Company' s and each subsidiaries' domestic tax rate	210,586	180,367
Non-deductible expenses	196	16,695
Tax-exempt income	(59,615)	(185,875)
Change in unrecognized temporary differences	(63,655)	(1,179)
Current-year losses for which no deferred tax asset was recognized	(4,953)	(214,984)
Additional tax on undistributed earnings	1,832	170,272
Land value increment tax	-	30,062
Adjustment for prior periods	(4,676)	731
Adjustment for temporary differences	-	331,737
Others	(2,799)	-
	$ 76,916	**327,826**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated 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 are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2020	December 31, 2019
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 884,060**	**628,413**
Unrecognized deferred tax liabilities	**$ 176,812**	**125,682**

2) Unrecognized deferred tax assets

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

	December 31, 2020	December 31, 2019
Tax effect of deductible temporary differences	**$ 122,271**	**130,233**
The carryforward of unused tax losses	**$ 83,703**	**101,454**

(Continued)

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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 Group can utilize the benefits therefrom.

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

Year of loss	Unused tax loss	Expiry date
The Company：		
2013 (amount assessed)	$ 178,311	2023
2015 (amount assessed)	32,860	2025
2017 (amount assessed)	9,467	2027
2018 (amount assessed)	34,041	2028
2020 (amount estimated)	20,742	2030
	$ 275,421	

Year of loss	Unused tax loss	Expiry date
E-HENG TECHNOLOGY CO., LTD.		
2011 (amount assessed)	$ 23,929	2011
2013 (amount assessed)	26,669	2013
2014 (amount assessed)	28,024	2014
2015 (amount assessed)	22,949	2015
2016 (amount assessed)	21,013	2016
2017 (amount assessed)	5,979	2017
2018 (amount assessed)	14,533	2018
	$ 143,096	

Pursuant to article 43 of the Business Mergers and Acquisitions Act amended on July 8, 2015, the loss for each of the ten years preceding the merger of the Company and former KAIMEI ELECTRONIC CORP. (dissolved company being merged) is calculated on the basis of the proportion that the shareholders of the Company holding the interests in the surviving company. The net profit for the year is deducted within 10 years from the year in which the loss occurred, the final deduction is due in 2028.

(Continued)

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

	Defined benefit plans	Exchange differences on translation	The carryforward of unused tax losses	Others	Total
Deferred tax assets:					
Balance at January 1, 2020	$ 8,804	32,997	44,346	8,969	95,116
Recognized in profit or loss	(108)	-	12,178	10,634	22,704
Recognized in other comprehensive income	-	(2,265)	-	-	(2,265)
Balance at December 31, 2020	**$ 8,696**	**30,732**	**56,524**	**19,603**	**115,555**
Balance at January 1, 2019	$ 12,492	19,663	13,733	8,175	54,063
Recognized in profit or loss	(3,507)	-	30,613	794	27,900
Recognized in other comprehensive income	(181)	13,334	-	-	13,153
Balance at December 31, 2019	**$ 8,804**	**32,997**	**44,346**	**8,969**	**95,116**

	Defined benefit plans	Foreign investment benefits	Land value increment tax	Others	Total
Deferred tax liabilities:					
Balance at January 1, 2020	$ 134	264,492	32,518	1,848	298,992
Recognized in profit or loss	-	4,902	-	(1,848)	3,054
Recognized in other comprehensive income	117	-	-	-	117
Reclassified	-	-	(32,518)	-	(32,518)
Balance at December 31, 2020	**$ 251**	**269,394**	**-**	**-**	**269,645**
Balance at January 1, 2019	$ -	227,715	32,518	2,673	262,906
Recognized in profit or loss	-	36,777	-	(825)	35,952
Recognized in other comprehensive income	134	-	-	-	134
Balance at December 31, 2019	**$ 134**	**264,492**	**32,518**	**1,848**	**298,992**

(v) The income tax returns of the Company, MYW Investment Limited, BOTHHAND ENTERPRISE INC. Ltd., and E-HENG TECHNOLOGY CO., LTD. for the years through 2018 were assessed by the tax authorities.

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(s) Capital and other equity

(i) Ordinary shares

As of December 31, 2020 and 2019, the Company's authorized share capital amounted to $5,700,000; divided into 570,000 thousand shares with par value of $10 per share. As of December 31, 2020 and 2019, the Company has issued 135,844 thousand shares and 194,063 thousand shares, respectively, all issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2020 and 2019 was as follows:

	Ordinary shares	
(in thousands of shares)	**2020**	**2019**
Balance on January 1	194,063	91,518
Issued in business combination	-	102,545
Capital reduction	(58,219)	-
Balance on December 31	**135,844**	**194,063**

On March 13, 2019, the Company's Board of Directors made a resolution, in order to integrate the Group's resources, extend the scope of business, and improve operational performance and competitiveness. The Company merged with former KAIMEI ELECTRONIC CORP. in accordance with the Business Mergers and Acquisitions Act and other relevant laws (hereinafter referred to as "the merger"). After the merger, the Company was the surviving company, and former KAIMEI ELECTRONIC CORP. was the dissolved company. After the merger took effect, the name of the Company was changed to "KAIMEI ELECTRONIC CORP".

Both parties of the merger agreed that the Company's 1.1541 ordinary shares were exchanged for 1 ordinary share of former KAIMEI ELECTRONIC CORP.. The number of ordinary shares issued by the Company in connection with merger was 102,545 thousand shares, and the fair value of the Company's ordinary shares was calculated at the closing price of $43.3 on September 27, 2019. The merger resulted in an increase (decrease) of capital - common stock, capital surplus - additional paid-in capital arising from ordinary share, undistributed earnings and treasury stock by $1,025,448, $3,414,743, $(780,357), and $4,763, respectively. The conversion rate is determined by reference to each company's price per share, the net value of shares, operational performance, business development, other operations and related factors that may affect shareholders' interests. The merger was reviewed by the Special Committee on Mergers and Acquisitions, and was evaluated by the independent experts, then was reported to the Board of Directors for resolution. The merger was discussed and adopted at a shareholders' general meeting held on June 5, 2019, and was approved by the competent authorities on July 22, 2019, the effective date of the merger was September 30, 2019.

In accordance with relevant laws and regulations, the Company has applied to the Taipei Exchange for the termination of OTC trading, and the Financial Supervisory Commission has approved the cancellation of public offering. Furthermore, the merger former KAIMEI ELECTRONIC CORP. dissolution registration was approved by the Ministry of Economic Affairs on October 28, 2019.

In order to enhance shareholders' equity and profitability per share, on June 5, 2020, the shareholders' meeting resolved a cash capital reduction, which refunded the share capital of $582,189, and canceled 58,219 thousand shares. This resolution was approved by the competent authorities on July 9, 2020, the effective date of the cash capital reduction was July 10, 2020, and the registration of alteration was completed on July 17, 2020.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019, were as follows:

	December 31, 2020	December 31, 2019
Additional paid-in capital	$ 3,457,607	3,457,607
Donation from shareholders	423	423
Changes in equity of associates and joint ventures accounted for using equity method	459,384	-
Changes in ownership interests in subsidiaries	289,824	288,404
Employee share options	696	696
Others	10,261	-
	$ 4,218,195	**3,747,130**

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) Retained earnings

The Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

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

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from special reserve by the Company. As of December 31, 2020 and 2019, the amounts of special reserve were $202,230 and 34,991, respectively.

3) Earnings distribution

Earnings distribution for 2019 and 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 5, 2020 and June 5, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders				
Cash	$ 0.5	**96,977**	3.0	**274,555**

On March 12, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. These earnings were appropriated as follows:

	2020	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders		
Cash	$ 2.0	**271,534**

The distribution of earnings in the year 2020 is pending a resolution of the shareholders' meeting.

(iv) Treasury shares

(in thousands of shares)

Item	Business combinations	Acquisition of Company's share by subsidiaries	Total
January 1, 2020	110	1,949	2,059
Decrease	33	584	617
December 31, 2020	**77**	**1,365**	**1,442**
January 1, 2019	-	-	-
Increase	110	1,949	2,059
December 31, 2019	**110**	**1,949**	**2,059**

The Company's merger with former KAIMEI ELECTRONIC CORP. on September 30, 2019 (the effective date of the merger) in accordance with the Business Mergers and Acquisitions Act and other relevant laws, was to acquire the dissenting shareholders' shares held by former KAIMEI ELECTRONIC CORP. under the Business Mergers and Acquisitions Act. The Company's subsidiary, BOTHHAND ENTERPRISE INC., holds the shares of former KAIMEI ELECTRONIC CORP. for investment, therefore, those shares are recognized as the Company's treasury shares.

On the effective date of the cash capital reduction of July 10, 2020, the cash capital reduction canceled 58,219 thousand shares , and the treasury shares also decreased by 617 thousand shares.

As of December 31, 2020 and 2019, BOTHHAND ENTERPRISE INC., subsidiaries of the Company, held 1,365 and 1,949 thousand shares of ordinary shares of the Company, recorded as the Company's treasury stock, with a book value of NT$57.57 and NT$43.31 per share, and total amounted to $78,561 and $84,409, respectively. The share price as of December 31, 2020 and 2019 were NT$91.6 and NT$45.20, respectively.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(t) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share were as follows:

	2020	2019
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	**$ 562,559**	**330,361**
Weighted average number of ordinary shares at 31 December (in thousands of shares)	**164,387**	**116,846**
	$ 3.42	**2.83**
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company(diluted is the same as basic)	**$ 562,559**	**330,361**
Weighted average number of ordinary shares at 31 December (in thousands of shares)	164,387	116,846
Effect of dilutive potential ordinary shares		
Effect of employee remuneration	200	186
Weighted average number of ordinary shares (diluted) at December 31 (in thousands of shares)	**164,587**	**117,032**
	$ 3.42	**2.82**

(u) Revenue from contracts with customers

(i) Details of revenue

		2020	2019
Primary geographical markets:			
Hong Kong and China	$	3,425,725	3,457,650
Taiwan and other Asia Pacific regions		691,073	730,784
Europe		278,124	264,411
Americas		60,591	68,516
Others		11,039	25,857
	$	**4,466,552**	**4,547,218**
Major products:			
Capacitor	$	2,126,983	2,128,607
Transformer		1,911,060	2,047,867
Fan		345,598	279,128
Others		82,911	91,616
	$	**4,466,552**	**4,547,218**

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and trade receivables	$ 1,734,967	1,558,163	1,683,656
Less: loss allowance	(7,714)	(11,752)	(8,861)
	$ 1,727,253	**1,546,411**	**1,674,795**
Contract liabilities	**$ 15,566**	**3,555**	**12,277**

For details on trade receivables and allowance for impairment, please refer to note 6(e).

The amount of revenue recognized for the years ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the period were $3,555 and $12,277, respectively.

(v) Employee, directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 0.2% of the profit as employee remuneration and less than 4% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The board of directors will determine the method of remuneration and remuneration of the employees.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to $13,296 and $7,405, and directors' and supervisors' remuneration amounting to $24,070 and $16,850, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as the percentage decided by the management of the Company. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2020 and 2019.

(w) Non-operating income and expenses

(i) Other income

	2020	2019
Rent income	$ 1,460	1,805
Dividend income	577	12,277
Directors' remuneration	4,280	-
Others	29,930	34,381
	$ 36,247	**48,463**

(ii) Other gains and losses

	2020	2019
Gain on disposal of non-current asset held for sale	$ -	79,849
Gains on financial assets at fair value through profit or loss	4,539	116,572
Foreign exchange (loss) gains	(130,994)	9,385
Gains on disposals of property, plant and equipment	8,319	25,682
Others	(39)	(7,464)
	$ (118,175)	**224,024**

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. As at reporting date, the Group's exposure to credit risk and the maximum exposure were mainly from:

a) The carrying amount of financial assets and contract assets recognized in the consolidated balance sheet; and

b) The amount of liabilities as a result from the Group providing financial guarantees to its customers.

2) Concentration of credit risk

As sales are made to customers worldwide, the Group's exposure to credit risk concentration is expected to be low. The Group continuously assesses the financial condition of its customers. If it is necessary, the Group will ask for guarantees or warranties. The Group still regularly assesses the likelihood of collectability of accounts receivable and sets aside allowance for bad debts, based on the result of management's evaluation of the overall amounts of bad debts.

3) Credit risk exposure of notes and trade receivables

For credit risk exposure of notes and trade receivables, please refer to note 6(e); for credit risk exposure of other receivables, please refer to note 6(f).

Other financial assets at amortized cost include other receivables and time deposits.

All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12-months expected losses. (Please refer to Note 4(g) for the Group determines whether credit risk is to be low risk).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding estimated interest payments:

	Carrying amount	Contractual cash flows	1 year	1-2 years	Over 2 years
December 31, 2020					
Non derivative financial liabilities					
Interest-free liabilities	$ 1,311,885	(1,311,885)	(1,304,111)	(1)	(7,773)
Lease liabilities	83,780	(85,005)	(36,884)	(24,303)	(23,818)
Floating rate instruments	170,000	(170,000)	(170,000)	-	-
Fixed rate instruments	4,121,782	(4,121,820)	(4,121,820)	-	-
	$ 5,687,447	**(5,688,710)**	**(5,632,815)**	**(24,304)**	**(31,591)**
December 31, 2019					
Non derivative financial liabilities					
Interest-free liabilities	$ 1,209,251	(1,209,251)	(1,203,454)	(4,140)	(1,657)
Lease liabilities	101,050	(103,055)	(37,913)	(26,652)	(38,490)
Fixed rate instruments	3,100,971	(3,101,000)	(3,001,000)	(100,000)	-
	$ 4,411,272	**(4,413,306)**	**(4,242,367)**	**(130,792)**	**(40,147)**

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2020			December 31, 2019		
(in thousand)	**Foreign currency**	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 76,872	USD/NTD =28.48	2,189,315	43,222	USD/NTD =29.980	1,295,789
USD	38,133	USD/CNY =6.507	1,086,039	36,112	USD/CNY =6.694	1,082,641
USD	152,653	USD/HKD =7.754	4,347,546	128,678	USD/HKD =7.789	3,857,759
Financial liabilities						
Monetary items						
USD	40,221	USD/NTD =28.48	1,145,508	24,441	USD/NTD =29.980	732,728
USD	6,184	USD/CNY =6.507	176,113	19,347	USD/CNY =6.964	580,012
USD	15,222	USD/HKD =7.754	433,534	6	USD/HKD =7.789	172

(Continued)

2) Sensitivity analysis

The Group'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 trade receivables(including related parties), other receivables, notes and trade payables, other payables and borrowings that are denominated in foreign currency.

A strengthening (weakening) of 5% of the USD against the NTD, USD against the CNY, and USD against the HKD as of December 31, 2020 and 2019 would have increased (decreased) the net profit before tax as follows. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2019.

	December 31, 2020	December 31, 2019
USD(against to NTD)		
Strengthening 5%	$ 52,190	28,153
Weakening 5%	(52,190)	(28,153)
USD(against to CNY)		
Strengthening 5%	34,282	25,131
Weakening 5%	(34,282)	(25,131)
USD(against to HKD)		
Strengthening 5%	195,701	192,879
Weakening 5%	(195,701)	(192,879)

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to ($130,994) and $9,385, respectively.

(iv) Interest rate analysis

The Group's exposure to interest rate risk arising from financial assets and liabilities was as follows:

	Book value	
	December 31, 2020	December 31, 2019
Variable rate instruments:		
Financial assets	$ 801,592	551,682
Financial liabilities	(170,000)	-

(Continued)

	$ 631,592	551,682

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

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 is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.25%, the Group's net income before tax would have increased / decreased by $1,579 and $1,379 for 2020 and 2019, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing and demand deposits at variable rates.

(v) Other market price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2020		2019	
	Other comprehensive income before tax	Profit or loss before tax	Other comprehensive income before tax	Profit or loss before tax
5% increase	$ 36,563	-	5,743	-
5% decrease	$ (36,563)	-	(5,743)	-

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group'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 lease liabilities, disclosure of fair value information is not required.

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	December 31, 2020				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Other financial instruments	$ 726,959	-	726,959	-	726,959
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	731,254	731,254	-	-	731,254
Financial assets measured at amortized cost					
Cash and cash equivalents	1,418,105	-	-	-	-
Notes and trade receivables	1,727,253	-	-	-	-
Restricted time deposits	3,520,136	-	-	-	-
Time deposits with original maturity of more than three months	279,674	-	-	-	-
Other receivables	24,531	-	-	-	-
Guarantee deposits paid (classified under other non-current assets)	5,205	-	-	-	-
	$ 8,433,117				
Financial liabilities at amortized cost					
Short-term borrowings	$ 4,091,820	-	-	-	-
Short-term notes and bills payable	199,962	-	-	-	-
Trade payables	866,023	-	-	-	-
Other payables	438,088	-	-	-	-
Lease liabilities	83,780	-	-	-	-
Guarantee deposits received	7,774	-	-	-	-
	$ 5,687,447				

(Continued)

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	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Other financial instruments	$ 724,178	-	724,178	-	724,178
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	114,865	114,865	-	-	114,865
Financial assets measured at amortized cost					
Cash and cash equivalents	932,565	-	-	-	-
Notes and trade receivables	1,546,411	-	-	-	-
Restricted time deposits	3,586,505	-	-	-	-
Time deposits with original maturity of more than three months	595,101	-	-	-	-
Other receivables	42,997	-	-	-	-
Guarantee deposits paid (classified under other non-current assets)	4,670	-	-	-	-
Total	**$ 7,547,292**				
Financial liabilities at amortized cost					
Short-term borrowings	$ 2,921,000	-	-	-	-
Short-term notes and bills payable	79,971	-	-	-	-
long-term borrowings	100,000	-	-	-	-
Trade payables	670,407	-	-	-	-
Other payables	532,987	-	-	-	-
Lease liabilities	101,050	-	-	-	-
Guarantee deposits received	5,857	-	-	-	-
	$ 4,411,272				

(Continued)

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

The Group's management considered that the disclosed carrying amounts of financial assets and liabilities measured at amortized cost approximated their fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Financial assets and liabilities with standard terms and conditions and traded in an active market, for example, investment in stock of listed companies and corporate bonds: the fair value is based on the market quoted price.

b) When a stock is not listed and there is no open offer in the active market, the fair value is estimated using the net worth per share method, the P/E method and the stock price ratio method.

c) The fair value of derivative instruments is based on quoted prices. When a public offer is not available, an evaluation approach is used to estimate that the estimates and assumptions used are based on the quoted information of financial institutions or on a binomial tree pricing model that is widely accepted by market users.

d) The fair value of other financial assets and financial liabilities other than the above is determined in accordance with the generally accepted pricing model based on discounted cash flows analysis.

4) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2020 and 2019.

(y) Financial risk management

(i) Overview

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

1) credit risk

2) liquidity risk

3) market risk

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

(ii) Structure of risk management

The Group's financial risk management policies are established to identify and analyze the financial risks faced by the Group, to assess the impact of financial risk and implement policies related to mitigating financial risk. Financial risk management policies are reviewed regularly to reflect changes in market conditions and the Group's operations. The Group, through internal controls such as training, management standards, and operational procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation. Internal auditors assist in the role of supervisory. Internal auditor undertakes both regular and ad hoc reviews of financial risk management controls and procedures, the results of which are reported to the board of directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Trade and other receivables

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2020, no other guarantees were outstanding, please refer to note 13(a)(ii).

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2020 and 2019, the Group's unused credit line please refer to note 6(m).

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group'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.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the USD.

2) Interest rate risk

The Group borrows funds on fixed and variable interest rates, which has a risk exposure to cash flow.

3) Other market price risk

The Group resulted in an exposure to equity prices due to open funds and stock investments of listed companies whose fair value is measured through open quotations.

(z) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. The management uses the appropriate total liability/equity ratio to determine the optimal capital for the merger. The management pursues the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Company aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time. The Group's liability-to-equity ratio at the end of each reporting period was as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 6,056,553	4,994,529
Total equity	7,641,614	7,340,868
Debt-to-equity ratio at 31 December	79%	68%

(Continued)

The increase in the debt-to-equity ratio as of December 31, 2020 was mainly due to the increase in short-term borrowings and trade payables. To maintain the capital structure, the Group may adjust the investment level, issue new shares or sell assets to settle its liabilities.

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

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were acquisition of right-of-use assets by leasing. Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	2020.1.1	Cash flow	Increase	Foreign exchange movement	December 31, 2020
Short-term borrowings	$ 2,921,000	1,170,820	-	-	4,091,820
Short-term notes and bills payable	79,971	119,991	-	-	199,962
Long-term borrowings	100,000	(100,000)	-	-	-
Lease liabilities	101,050	(34,374)	15,888	1,216	83,780
Guarantee deposits received	5,857	1,917	-	-	7,774
Total liabilities from financing activities	**$ 3,207,878**	**1,158,354**	**15,888**	**1,216**	**4,383,336**

			Non-cash changes		
	2019.1.1	Cash flow	Decrease	Foreign exchange movement	December 31, 2019
Short-term borrowings	$ 3,103,262	(182,967)	-	705	2,921,000
Short-term notes and bills payable	249,951	(169,980)	-	-	79,971
Long-term borrowings	120,000	(20,000)	-	-	100,000
Lease liabilities	143,237	(27,493)	(11,384)	(3,310)	101,050
Guarantee deposits received	14,101	(8,117)	-	(127)	5,857
Total liabilities from financing activities	**$ 3,630,551**	**(408,557)**	**(11,384)**	**(2,732)**	**3,207,878**

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
YAGEO CORPORATION	The entity with significant influence over the Group
Yageo (Suzhou) Trade Co., Ltd.	The subsidiary of the entity with significant influence over the Group
Yageo Electronics (Dongguan) Co., Ltd.	〃
Kemet Electronics Corporation	〃
Dongguan Pulse Electronics Co., Ltd.	〃

(Continued)

Name of related party	Relationship with the Group
Hsin Bung International Co., Ltd.	Other related parties
Zhuhai KLES Machinery Technology Co., Ltd.	〃
Hana (ZHUHAI) MACHINE TECHNOLOGY CO., LTD.	〃
Yageo Professional Competition Development Association	〃
Yageo Cultural and Educational Foundation	〃
Hsiang Fu Co., Limited	〃
Tong Hsing Electronic Industries, Ltd.	An associate

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Group to related parties were as follows:

	2020	2019
The entity with significant influence over the Group	$ 13,437	23,225
The subsidiary of the entity with significant influence over the Group	62,793	8,106
Other related parties	7,848	5,732
	$ 84,078	**37,063**

The price of the Group sold to the related parties was determined by negotiation between both parties and the terms of the receipt were processed on a monthly basis, without any significant difference from the third-party customers.

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	2020	2019
Other related parties	**$ 1,165**	**-**

The price of the Group purchase from the related parties was determined by negotiation between both parties and there is no material difference between the terms of the transaction and the third-party customers.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2020	December 31, 2019
Trade receivables	The entity with significant influence over the Group	$ 5,157	9,935
〃	The subsidiary of the entity with significant influence over the Group	22,852	8,729
〃	Other related parties	3,284	972
		$ 31,293	**19,636**

Amounts receivable from related parties were uncollateralized.

(iv) Payables to Related Parties

Account	Relationship	December 31, 2020	December 31, 2019
Trade payables	Other related parties	$ 1,023	-
Other payables	The subsidiary of the entity with significant influence over the Group	504	383
〃	Other related parties	1,843	4,737
		$ 3,370	**5,120**

Payables to related parties were trade payables, equipment payable and utilities payable by the related party.

(v) Property transactions - purchases of property, plant and equipment

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

	2020	2019
Other related parties	**$ -**	**15,178**

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Notes to the Consolidated Financial Statements

(vi) Leases

Account	Relationship	December 31, 2020	December 31, 2019
Lease liabilities	The entity with significant influence over the Group	$ 194	472
〃	The subsidiary of the entity with significant influence over the Group - Yageo Electronics (Dongguan) Co., Ltd.	72,927	84,603
		$ 73,121	**85,075**

Relationship	2020	2019
Interest expenses		
The entity with significant influence over the Group	$ 3	3
The subsidiary of the entity with significant influence over the Group	845	1,080
	$ 848	**1,083**
Lease paid		
The subsidiary of the entity with significant influence over the Group	**$ 519**	**744**

For the lease agreement between the Group and the related parties, the negotiation process of the rent and the methods of payment are the same as those for the third parties.

(vii) Operating expenses

	2020	2019
The subsidiary of the entity with significant influence over the Group	$ 2,688	3,088
Other related parties	2,000	3,000
	$ 4,688	**6,088**

(viii) Other income

	2020	2019
An associate	$ 4,280	527
The subsidiary of the entity with significant influence over the Group	-	1
Other related parties	8	2
	$ 4,288	**530**

(Continued)

(ix) Others

The Group acquired 9.21% equity interests in GUANGZHOU CHENG HAN ELECTRONICS TEC from its substantial related party pursuant to a resolution of the shareholders' meeting on July 13, 2020. The transaction price was $18,126. As of December 31, 2020, the price had been paid and the share transfer registration had been completed.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2020	2019
Short-term employee benefits	$ 75,579	81,409
Post-employment benefits	569	863
	$ 76,148	**82,272**

Remuneration of Directors and other major management is determined by the Remuneration Committee in accordance with individual performance and market trends.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Account	Pledged to secure	December 31, 2020	December 31, 2019
Restricted time deposits (classified under current financial assets at amortized cost)	Bank loan	$ 3,520,136	3,586,505
Investments accounted for using equity method	Bank loan	-	1,559
Guarantee deposits (classified under other non-current assets)	Bank loan, performance bonds and encumberment deposits, etc.	7,774	4,670
Financial assets at fair value through other comprehensive income	Bank loan	445,437	-
		$ 3,973,347	**3,592,734**

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(11) Subsequent Events:

(a) The Group sold 100% equity interests in BOTHHAND ENTERPRISE INC.

In order to continue to focus on core technology to enhance the competitiveness of the Group, the Board of Directors decided on December 23, 2020, to sell 62,334 thousand ordinary shares of BOTHHAND ENTERPRISE INC. (hereinafter referred to as "BOTHHAND") (100% of the issued shares of BOTHHAND) at the price of NT$44.92 per share, total of $2,800,000, to the other related party, CHILISIN ELECTRONICS CORP. (hereinafter "CHILISIN"), the transaction price is based on the latest audited financial statements and unaudited financial statements prepared by management, taking into account their net worth per share, profitability and future development potential, which have been submitted by the independent expert on price reasonableness. The transaction was settled on January 25, 2021, and as of March 12, 2021, the price had been received in full. This transaction is reorganization under common control.

(b) The Group acquired 100% equity interests in RALEC ELECTRONIC CORPORATION

In order to continue to focus on core technology to enhance the competitiveness of the Group, the Board of Directors decided on December 23, 2020, to acquire 82,667 thousand ordinary shares of RALEC ELECTRONIC CORPORATION (hereinafter referred to as "RALEC") (100% of the issued shares of RALEC) at the price of NT$60.48 per share, total of $5,000,000, from the other related party, CHILISIN, the transaction price is based on the latest audited financial statements and unaudited financial statements prepared by management, taking into account their net worth per share, profitability and future development potential, which have been submitted by the independent expert on price reasonableness. The transaction was settled on January 28, 2021, and as of March 12, 2021, the price had been paid in full. This transaction is reorganization under common control.

(c) Non-current assets or disposal groups classified as held for sale in the accounts of the Group were transferred to non-related parties on December 28, 2020, the proceed of sale was $200,000, and the handover was completed on January 3, 2021. As of March 12, 2021, all receipts have been received. Please refer to note 4(j) for details.

(d) Kunshan Taijun Electronics Co., Ltd., a subsidiary of the Group, was registered as canceled on January 14, 2021. All share capital was fully remitted back to Round Constant Limited, its parent company, on February 5, 2021.

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(12) Other:

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

	For the years ended December 31					
	2020			2019		
By function / By item	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	333,743	242,737	576,480	345,400	349,919	695,319
Labor and health insurance	7,102	13,865	20,967	27,134	9,787	36,921
Pension	3,167	5,910	9,077	32,701	14,451	47,152
Others	15,227	15,799	31,026	13,415	16,455	29,870
Depreciation	157,279	46,222	203,501	161,444	48,361	209,805
Amortization	7,321	24,618	31,939	8,542	13,908	22,450

(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 Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No.	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	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Notes
													Item	Value			
0	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Teapo Electronic (HK) Ltd.	Other receivables	Yes	211,575	-	-	1.08%	2	-	Working capital	-	None	-	755,144	3,020,577	Notes 8 and 10
1	TEAPO HOLDING BERMUDA LIMITED	Teapo Electronic (HK) Ltd.	Other receivables	Yes	78,970	61,543	61,543	2.4%	2	-	Working capital	-	None	-	1,549,548	1,549,548	Notes 3 and 10
2	KAIMEI ELECTRONIC (HK) LTD.	SUZHOU KAIMEI ELECTRONIC CO., LTD.	Other receivables	Yes	21,133	-	-	4%	2	-	Working capital	-	None	-	367,267	1,469,068	Notes 4 and 10
2	KAIMEI ELECTRONIC (HK) LTD.	Teapo Electronic (HK) Ltd.	Other receivables	Yes	108,337	106,800	106,800	-%	2	-	Working capital	-	None	-	3,672,671	3,672,671	Notes 5 and 10
2	KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Other receivables	Yes	2,718,445	327,521	291,921	-%	2	-	Working capital	-	None	-	3,672,671	3,672,671	Notes 5 and 10

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	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	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Notes
													Item	Value			
3	MYW Investment Limited	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Other receivables	Yes	56,000	56,000	56,000	0.73%	2	-	Working capital	-	None	-	65,983	263,930	(Notes 9 and 10)
4	GUANGZHOU CHENG HAN ELECTRONICS TEC	Yunnan Energy-Saving Technology Co., Ltd.	Other receivables	No	6,486	-	-	12%	2	-	Working capital	-	None	-	44,518	44,518	(Note 7)
5	DEYANG BOTHHAND ELECTRONICS CO., LTD.	DEYANG SHISHENG ELECTRONICS CO., LTD.	Other receivables	Yes	86,480	-	-	12%		-	Working capital	-	None	-	149,540	149,540	(Notes 7 and 10)
5	DEYANG BOTHHAND ELECTRONICS CO., LTD.	DEYANG HONGYI ELECTRONICS CO., LTD.	Other receivables	Yes	25,944	-	-	12%	2	-	Working capital	-	None	-	149,540	149,540	〃
5	DEYANG BOTHHAND ELECTRONICS CO., LTD.	Yunnan Energy-Saving Technology Co., Ltd.	Other receivables	No	8,600	4,377	4,377	12%	2	-	Working capital	-	None	-	149,540	149,540	(Note 7)
6	GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	GUANGZHOU CHENG HAN ELECTRONICS TEC	Other receivables	Yes	21,620	-	-	5.0025%	2	-	Working capital	-	None	-	105,531	105,531	(Notes 6 and 10)

Note 1: The numbers denote the following:
1. "0" represents the Company
2. Subsidiaries are numbered starting from "1".

Note 2: Purpose of fund financing for the borrower:
1. For those companies with business transaction with the Company, please fill in 1.
2. For those companies with short-term financing needs, please fill in 2.

Note3: The capital of TEAPO HOLDING BERMUDA LIMITED is lent to a foreign company in which the parent company directly or indirectly holds 100% of the voting shares, the separately lending amount and maximum limit shall not exceed 100% of the net value of the latest financial statements audited or reviewed by accountants of TEAPO HOLDING BERMUDA LIMITED.

Note4: The limit on total loans to others shall not exceed 40% of KAIMEI ELECTRONIC (HK) LTD.' s net value. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing shall not exceed 10% of KAIMEI ELECTRONIC (HK) LTD.' s net value.

Note5: Inter-company loans of funds between KAIMEI ELECTRONIC (HK) LTD. and overseas companies in which the parent company holds, directly or indirectly, 100% of the voting shares, or loans of fund to the parent company, the total loans shall not exceed 100% of KAIMEI ELECTRONIC (HK) LTD.' s net value, limit on loans to a single party shall not exceed 100% of KAIMEI ELECTRONIC (HK) LTD.' s net value.

Note6: The limit on total loans to others shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants of GUANGZHOU BOTHHAND ELECTRONICS CO., LTD., limit on loans to a single party shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants of GUANGZHOU BOTHHAND ELECTRONICS CO., LTD..

Note7: The limit on total loans to others shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants of GUANGZHOU CHENG HAN ELECTRONICS TEC and DEYANG BOTHHAND ELECTRONICS CO., LTD, limit on loans to a single party shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants of GUANGZHOU CHENG HAN ELECTRONICS TEC and DEYANG BOTHHAND ELECTRONICS CO., LTD.

Note8: The limit on total loans to others is 40% of the net worth on the most current financial statements of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.), limit on loans to a single party is 10% of the net worth on the most current financial statements of KAIMEI ELECTRONIC CORP..

Note9: The limit on total loans to others shall not exceed 40% of the net value of the latest financial statements audited or reviewed by accountants of MYW Investment Limited. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing shall not exceed 10% of the net value of the latest financial statements audited or reviewed by accountants of MYW Investment Limited.

Note 10: The above financings were eliminated when compiling the consolidated financial statements.

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TEAPO HOLDING BERMUDA LIMITED	2	11,327,160	453,750	-	-	-	- %	15,102,888	Y	N	N
1	KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	3	5,509,006	5,500,000	5,100,000	2,067,820	3,060,184	138.86%	5,509,006	N	Y	N
2	MYW Investment Limited	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	3	2,639,301	1,800,000	1,500,000	-	-	227.33%	2,639,301	N	Y	N
3	BOTHHAND ENTERPRISE INC.	Bothhand International Investment Co., Ltd.	2	751,682	29,980	-	-	-	- %	1,503,364	N	N	N
3	BOTHHAND ENTERPRISE INC.	Sino Win International Limited	2	751,682	29,980	-	-	-	- %	1,503,364	N	N	N
3	BOTHHAND ENTERPRISE INC.	E-HENG TECHNOLOGY CO., LTD.	2	751,682	30,000	-	-	-	- %	1,503,364	N	N	N

Note 1: The numbers denote the following:
1. 0 is issuer.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: The relationship between the endorser/guarantor and the guaranteed party:
1. The companies with which it has business relations.
2. Subsidiaries in which the company holds more than 50% of its total outstanding common shares.
3. The companies in which the parent company and the subsidiary together hold more than 50% of its outstanding common shares.
4. The parent company which holds, directly or indirectly through a subsidiary, more than 50% of its outstanding common shares.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by each capital contributing shareholder in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for preconstruction homes pursuant to the Consumer Protection Act for each other.

Note3: The calculation of the limitation on endorsements and the amount thereof:
(1) The maximum amount of the Company's endorsement/guarantee for single enterprise is 150% of the net value of the latest financial statements audited or reviewed by accountants.
(2) The maximum amount of the endorsement/guarantee of the Company is 200% of the net value of the latest financial statements audited or reviewed by accountants.
(3) The limit of the endorsement guarantee for the parent company shall not exceed 400% of the net value of MYW Investment Limited.
(4) The limit of the endorsement/guarantee for the parent company shall not exceed 150% of the net value of KAIMEI ELECTRONIC (HK) LTD.
(5) The total amount of external endorsement/guarantee shall not exceed the net value of the latest financial statements audited or reviewed by accountants of BOTHHAND ENTERPRISE INC, and the external endorsement/guarantee for single enterprise shall not exceed 50% of the net value of the latest financial statements audited or reviewed by accountants.

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KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Stock AGV PRODUCTS CORP	None	Current financial assets at fair value through profit or loss	13	-	-	-	- %	
	EVER FORTUNE INDUSTRIAL CO., LTD.	None	Current financial assets at fair value through profit or loss	643	-	-	-	- %	
SUZHOU KAIMEI ELECTRONIC CO., LTD.	Other financial instruments								
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	44,003	-	44,003	- %	
JINMICON ELECTRONIC (SHENZHEN) CO., LTD.	Other financial instruments								
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	48,328	-	48,328	- %	
SHIN KAIMEI ELECTRONIC (SHENZHEN) CO., LTD.	Other financial instruments								
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	79,083	-	79,083	- %	
Dongguan Teapo Trading CO., Ltd.	Other financial instruments								
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	13,175	-	13,175	- %	
GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	Other financial instruments								
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	242,252	-	242,252	- %	
DEYANG BOTHHAND ELECTRONICS CO., LTD.	Other financial instruments								
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	81,194	-	81,194	- %	
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	218,924	-	218,924	- %	

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KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Subtotal					726,959	726,959	

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
BOTHHAND ENTERPRISE INC.	Stock								
	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Current financial assets at fair value through other comprehensive income	1,364,575	124,995	1.00%	124,995	1.00%	Notes 1 and 2
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD	None	Non-current financial assets at fair value through other comprehensive income	16,506,870	731,254	13.13%	731,254	13.13%	Note 1

Note1: Listed securities are based on the closing price as of December 31, 2020.
Note2: All shareholdings have been treated as treasury shares.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

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 (Note)	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD	Non-current financial assets at fair value through other comprehensive income	Trading with non-specific people in the open market	NA	3,213,000	114,865	13,902,870	471,291	609,000	22,439	20,365	2,074	16,506,870	761,254

Note: 13,902,870 shares were added during the period, representing the purchase of 13,539 thousand shares during the current period and 363,870 thousand shares from TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/trade receivables (payables)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payable)	Note
JAMICON INTERNATIONAL LIMITED	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Sale	(777,915)	(97.18)%	Net 90 days from the end of months of when invoice issued	-	Depending on the demand on funding	Trade receivables 439,226	99.82%	Note
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	JAMICON INTERNATIONAL LIMITED	Subsidiaries	Purchase	777,915	99.74%	Net 90 days from the end of months of when invoice received	-	-	Trade payables (439,226)	(73.31)%	〃
Teapo Electronics (DongGuan) CO., LTD.	JAMICON INTERNATIONAL LIMITED	The same ultimate parent	Sale	(690,479)	(32.97)%	Net 90 days from the end of months of when invoice issued	-	-	Trade receivables 399,604	36.31%	〃
JAMICON INTERNATIONAL LIMITED	Teapo Electronics (DongGuan) CO., LTD.	The same ultimate parent	Purchase	690,479	89.48%	Net 90 days from the end of months of when invoice received	-	-	Trade payables (399,604)	(92.27)%	〃
DEYANG BOTHHAND ELECTRONICS CO., LTD.	BOTHHAND ENTERPRISE INC.	The same ultimate parent	Sale	(783,743)	(88.25)%	After the balance is set off against the trade payables, then the difference is settled by approximately 3 months	Negotiated price	For ordinary customer, payment is made approximately 30 to 120 days after the sales	Trade receivables 196,828	88.07%	〃
BOTHHAND ENTERPRISE INC.	DEYANG BOTHHAND ELECTRONICS CO., LTD.	The same ultimate parent	Purchase	783,743	62.67%	After the balance is set off against the trade payables, then the difference is settled by approximately 3 months	Negotiated price	For ordinary customer, payment is made approximately 30 to 120 days after the sales	Trade payables (196,828)	(79.28)%	〃
GUANGZHOU CHENG HAN ELECTRONICS TEC	BOTHHAND ENTERPRISE INC.	The same ultimate parent	Sale	(345,449)	(44.63)%	After the balance is set off against the trade payables, then the difference is settled by approximately 3 months	Negotiated price	For ordinary customer, payment is made approximately 30 to 120 days after the sales	Trade receivables 27,457	10.73%	〃
BOTHHAND ENTERPRISE INC.	GUANGZHOU CHENG HAN ELECTRONICS TEC	The same ultimate parent	Purchase	345,449	27.62%	After the balance is set off against the trade payables, then the difference is settled by approximately 3 months	Negotiated price	For ordinary customer, payment is made approximately 30 to 120 days after the sales	Trade payables (27,457)	(11.06)%	〃

Note: The transaction has already been written off in the consolidated financial statements.

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 4)	Allowance for bad debts	Note
					Amount	Action taken			
Teapo Electronic (HK) Ltd.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Other receivables 143,008	Note 1	-		-	-	Note 3
Teapo Electronic (HK) Ltd.	Teapo Electronics (DongGuan) CO., LTD.	The same ultimate parent	Other receivables 278,021	Note 1	-		-	-	Note 3
Teapo Electronics (DongGuan) CO., LTD.	Teapo Electronic (HK) Ltd.	The same ultimate parent	Other receivables 297,634	Note 1	-		-	-	Note 3
Teapo Electronics (DongGuan) CO., LTD.	JAMICON INTERNATIONAL LIMITED	The same ultimate parent	Trade receivables 399,604	2.50	-		-	-	Note 3
JAMICON INTERNATIONAL LIMITED	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Trade receivables 439,226	2.63	-		-	-	Note 3
KAIMEI ELECTRONIC (HK) LTD.	Teapo Electronic (HK) Ltd.	The same ultimate parent	Other receivables 106,800	Note 2	-		-	-	Note 3
KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Other receivables 291,920	Note 2	-		163,760	-	Note 3
DEYANG BOTHHAND ELECTRONICS CO., LTD.	BOTHHAND ENTERPRISE INC.	The same ultimate parent	Trade receivables 196,828	9.48	-		-	-	Note 3

Note 1: Other receivables arising on behalf of payment are not applicable.
Note 2: Other receivables arising on loans are not applicable.
Note 3: The transaction has already been written off in the consolidated financial statement
Note 4: The amount represents collections subsequent to March 12, 2021.

(ix) Trading in derivative instruments: None 6(b).

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Teapo Electronics (DongGuan) CO., LTD.	JAMICON INTERNATIONAL LIMITED	3	Operating revenue	690,479	Same as regular customers	15%
		JAMICON INTERNATIONAL LIMITED	3	Trade receivables	399,604	Net 90 days from the end of months of when invoice issued	3%
		Teapo Electronic (HK) Ltd.	3	Other receivables	297,634	Depending on the demand on funding	2%
		SUZHOU KAIMEI ELECTRONIC CO., LTD.	3	Operating revenue	53,687	Same as regular customers	1%
		SUZHOU KAIMEI ELECTRONIC CO., LTD.	3	Trade receivables	25,948	Same as regular customers	-%
		DONGGUAN JAMICON ELECTRONIC CO., LTD.	3	Operating revenue	44,775	Same as regular customers	1%
		DONGGUAN JAMICON ELECTRONIC CO., LTD.	3	Trade receivables	10,410	Same as regular customers	-%
2	Teapo Electronic (HK) Ltd.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	2	Other receivables	143,008	Depending on the demand on funding	1%
		Teapo Electronics (DongGuan) CO., LTD.	3	Other receivables	278,021	Depending on the demand on funding	2%
3	JAMICON INTERNATIONAL LIMITED	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	2	Operating revenue	777,915	Same as regular customers	17%
		KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	2	Trade receivables	439,226	Net 90 days from the end of months of when invoice issued	3%
4	KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP. (formerly	2	Other receivables	292,296	Depending on the demand on funding	2%

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		known as Teapo Electronic Ltd.)					
		Teapo Electronic (HK) Ltd.	2	Other receivables	106,800	Depending on the demand on funding	1%
5	SUZHOU KAIMEI ELECTRONIC CO., LTD.	JAMICON INTERNATIONAL LIMITED	3	Operating revenue	80,781	Same as regular customers	2%
		JAMICON INTERNATIONAL LIMITED	3	Trade receivables	33,282	Net 90 days from the end of months of when invoice issued	-%

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
		Teapo Electronics (DongGuan) CO., LTD.	3	Operating revenue	96,658	Same as regular customers	2%
		Teapo Electronics (DongGuan) CO., LTD.	3	Trade receivables	58,014	Same as regular customers	-%
6	DEYANG BOTHHAND ELECTRONICS CO., LTD.	BOTHHAND ENTERPRISE INC.	3	Operating revenue	783,743	Based on price agreed between the parties	18%
		BOTHHAND ENTERPRISE INC.	3	Trade receivables	196,828	Mutual offset of receivable and payable	1%
7	GUANGZHOU CHENG HAN ELECTRONICS TEC	BOTHHAND ENTERPRISE INC.	3	Operating revenue	345,449	Based on price agreed between the parties	8%
		BOTHHAND ENTERPRISE INC.	3	Trade receivables	27,457	Mutual offset of receivable and payable	-%
8	HUNAN BOTHHAND ELECTRONICS CO., LTD.	BOTHHAND ENTERPRISE INC.	3	Operating revenue	62,989	Based on price agreed between the parties	1%
		BOTHHAND ENTERPRISE INC.	3	Trade receivables	17,030	Mutual offset of receivable and payable	-%
9	DEYANG SHISHENG ELECTRONICS CO., LTD.	GUANGZHOU CHENG HAN ELECTRONICS TEC	3	Operating revenue	56,008	Based on price agreed between the parties	1%
		GUANGZHOU CHENG HAN ELECTRONICS TEC	3	Trade receivables	165	Mutual offset of receivable and payable	-%
		DEYANG BOTHHAND ELECTRONICS CO., LTD.	3	Operating revenue	79,187	Based on price agreed between the parties	2%
		DEYANG BOTHHAND ELECTRONICS CO., LTD.	3	Trade receivables	399	Mutual offset of receivable and payable	-%
10	DEYANG HONGYI ELECTRONICS CO., LTD.	DEYANG BOTHHAND ELECTRONICS CO., LTD.	3	Operating revenue	47,962	Based on price agreed between the parties	1%
		DEYANG BOTHHAND	3	Trade receivables	15,831	Mutual offset of receivable and payable	-%

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
		ELECTRONICS CO., LTD. DEYANG SHISHENG ELECTRONICS CO., LTD.	3	Operating revenue	63,020	Based on price agreed between the parties	1%

Note 1: The numbers denote the following:
1. 0 represents the Company.
2. The subsidiaries start with number 1.

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 2: Relationship with the listed companies:
1. Transactions from parent company to subsidiary
2. Transactions from subsidiary to parent company
3. Transactions between subsidiaries

Note3: If the same transaction is made between mother and child companies or between subsidiaries, the disclosure will not be repeated. If: The parent company's transactions with the subsidiary are not repeated if the parent company has disclosed them; the subsidiary's transactions with the subsidiary, if one subsidiary has disclosed it, are not repeated by the other subsidiary.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value				
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TEAPO HOLDING BERMUDA LIMITED	Bermuda	Foreign business reinvestment	843,498	843,498	24,542,484	100.00%	1,547,548	100.00%	190,399	190,399	Subsidiary (note)
〃	Teapo Electronic (HK) Ltd.	Hong Kong	Import and export of electronic products	40	40	10,000	100.00%	(49,315)	100.00%	1,351	1,351	〃
〃	KAIMEI ELECTRONIC (HK) LTD.	Hong Kong	Import and sale of aluminum electrolytic capacitors and motor fans	3,916,585	3,916,585	25,000,000	100.00%	3,672,671	100.00%	60,515	60,515	〃
〃	FORMOSAPROSONICELECTRONICS SDN.BHD.	Malaysia	Manufacture and sale of aluminum electrolytic capacitors	114,229	114,229	13,245,440	100.00%	109,144	100.00%	-	-	〃
〃	JAMICON INTERNATIONAL LIMITED	Hong Kong	Import and sale of aluminum electrolytic capacitors	218,851	218,851	90,000,000	100.00%	258,816	100.00%	32,380	32,380	〃
〃	BOTHHAND ENTERPRISE INC.	Taiwan	Manufacture and management of computer accessories and other electronic devices	2,147,428	2,147,428	62,333,875	100.00%	2,114,830	100.00%	181,360	181,751	〃
〃	MYW Investment Limited	Taiwan	Reinvestment business	487,919	546,949	-	100.00%	659,825	100.00%	36,214	36,214	〃
〃	TONG HSING ELECTRONIC INDUSTRIES, LTD.	Taiwan	Manufacture and sale of electronic products	1,252,555	1,277,087	9,451,414	5.29%	1,651,747	7.55%	1,450,675	88,483	Associate under equity method
MYW Investment Limited	TONG HSING ELECTRONIC INDUSTRIES, LTD.	Taiwan	Manufacture and sale of electronic products	525,276	537,500	3,777,579	2.11%	659,660	3.02%	1,450,675	35,426	Associate under equity method

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value				
BOTHHAND ENTERPRISE INC.	Bothhand International Investment Co., Ltd	British Virgin Islands	Reinvestment business and international trade	60,829	302,033	1,000,000	100.00%	1,379,826	100.00%	181,457	186,853	Subsidiary (note)
〃	Sino Win International Limited	Samoa	Import and export business	-	338	-	100.00%	-	100.00%	(2,797)	(2,797)	〃
〃	E-HENG TECHNOLOGY CO., LTD.	Taiwan	Manufacture and management of computer accessories and other electronic devices	4,400	55,001	440,000	100.00%	11,574	100.00%	13,552	10,057	〃
Bothhand International Investment Co., Ltd	Round Constant Limited	Samoa	Reinvestment business	57,779 (USD1,950)	57,779 (USD1,950)	1,950,000	100.00%	7,135	100.00%	(71)	(71)	〃

Note: The transaction has already been written off in the consolidated financial statements.

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 10)	Book value	Accumu-lated remittance of earnings in current period (Note 7)	Note
					Outflow	Inflow								
Teapo Electronics (DongGuan) CO., LTD.	Manufacture and sale of capacitors	594,706	(1)	594,706 (USD18,500)	-	-	594,706	188,478	100.00%	-%	188,478	1,473,936	-	
Dongguan Teapo Trading CO., Ltd.	Purchase and sale of electrolytic capacitors	7,076	(2)	-	-	-	-	101	100.00%	-%	101	14,655	-	
SUZHOU KAIMEI ELECTRONIC CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors	462,990	(1)	446,416 (USD15,000)	-	-	446,416	19,776	98.81%	-%	19,541	277,654	-	
JAMICON ELECTRONIC (SHENZHEN) LTD.	Manufacture and sale of electrolytic capacitors and motor fans	-	(1)	-	-	-	-	-	-%	-%	-	-	-	Note 6
JINMICON ELECTRONIC (SHENZHEN) CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors	33,012	(1)	-	-	-	-	(31,958)	100.00%	-%	(31,958)	39,862	-	
SHIN KAIMEI ELECTRONIC (SHENZHEN) CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors	148,440	(1)	-	-	-	-	39,017	100.00%	-%	39,017	69,791	-	

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KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 10)	Book value	Accumu-lated remittance of earnings in current period (Note 7)	Note
					Outflow	Inflow								
DONGGUAN JAMICON ELECTRONIC CO., LTD.	Import and sale of aluminum electrolytic capacitors and motor fans	2,331	(2)	-	-	-	-	(8,251)	100.00%	-%	(8,251)	3,576	-	
Bothhand Enterprise (Guangzhou) Inc.	Manufacture and management of computer accessories and other electronic devices	-	(1)	21,638 (HDK5,764)	-	-	21,638 (HDK5,764)	-	-%	-%	-	-	-	Note 5
KAIPING BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	22,784 (USD800)	(1)	152,153 (USD879 and HKD34,609)	-	-	152,153 (USD879 and HKD34,609)	2,767	100.00%	-%	2,767	98,585	390,795	
GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	56,960 (USD2,000)	(1)	27,853 (USD978)	-	-	27,853 (USD978)	65,248	100.00%	-%	65,248	527,655	77,317	
DEYANG BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	142,400 (USD5,000)	(1)	-	-	-	-	102,184	100.00%	-%	102,184	747,700	373,911	
Kunshan Taijun Electronics Co., Ltd.	Vacuum sputtering coating	340,336 (USD11,950)	(1)	-	-	-	-	(71)	100.00%	-%	(71)	7,135	-	
GUANGZHOU CHENG HAN ELECTRONICS TEC	Manufacture and management of computer accessories and other electronic devices	113,759 (CNY25,988)	(2)	-	-	-	-	65,992	100.00%	-%	61,803	222,588	-	
DEYANG SHISHENG ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	21,887 (CNY5,000)	(2)	-	-	-	-	28,960	100.00%	-%	24,892	93,358	-	

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 10)	Book value	Accumu-lated remittance of earnings in current period (Note 7)	Note
					Outflow	Inflow								
DEYANG HONGYI ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	131,321 (CNY10,000)	(2)	-	-	-	-	25,268	51.00%	-%	15,724	90,383	-	
HUNAN BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	43,774 (CNY10,000)	(2)	-	-	-	-	(1,874)	100.00%	-%	(231)	35,675	-	

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 4 and 8)	Upper Limit on Investment (Note 3)
1,155,257 (USD35,357 and HKD40,373)	2,144,316 (USD75,292)	4,530,866

Note 1: Investment in companies in Mainland China through the existing companies in the third regions.

Note 2: Invest company in mainland China through the investment on company located at the third.

Note3: Investment limit of the Company to the mainland (60% of net equity)$7,551,444 X 60% = 4,530,866.

Note4: US$1 = 28.48 at the balance sheet date.HKD$1=3.673andCNY$1=4.377translations.

Note5: The liquidation of GUANGZHOU BOTHHAND ELECTRONICS CO.,LTD. had been completed in January 2011, but the remaining shares capital had not yet been remitted to Taiwan.

Note6: The Group completed the sale of the subsidiary, JAMICON ELECTRONIC (SHENZHEN) LTD. in June 2018, but the shares capital had not yet been remitted to Taiwan.

Note7: The amount accumulated from the initial investment to the current period.

Note8: The authorized investment amount included the investment amount of BujiBantian Kaimei Motor Factory, JAMICON ELECTRONIC TECHNOLOGY (SHANGHAI) CO., LTD.、JAMICON ELECTRONIC (SHANGHAI) CO., LTD. and JAMICON (SHENZHEN) LTD. amounting to US$3,731 thousand, since cash flow arising from disinvestment or donation had not been remitted.

Note 9: The Company merged with its domestic subsidiary, KAIMEI ELECTRONIC CORP., and the Company was the surviving company, while KAIMEI ELECTRONIC CORP. was the dissolved company being merged. The Company got approval of investment in mainland China from INVESTMENT COMMISSION in October 2019 to continue the investment of KAIMEI ELECTRONIC CORP.

Note10: The base of recognition of investment income (loss) is the financial statement audited by CPA of the investee company.

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KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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:

(Unit: share)

Shareholding Shareholder's Name	Shares	Percentage
YAGEO CORPORATION	8,124,882	5.98%
Nomura International plc	7,497,800	5.51%

Note: (1)The table shows principal shareholders information, including shareholders holding more than 5% of the Group's delivered uncertificated/scripless shares (including treasury shares), with ordinary shares and preference shares combined at the last operating date of each quarter. As a result of different basis of calculation, there may be inconsistency between share capital reported in the financial statements and the actual awarded number of uncertificated/scripless shares.

(2) For a situation where a shareholder entrusted the shareholdings, the individual account of the settlor opened by the trustee was disclosed. The shareholders' reported insider's shares that exceeded 10% of the Group's total capital in accordance with Securities and Exchange Act, including personal holdings, plus trusted shares with voting rights. Please refer to the Public Information Observatory for information on the reporting of insider's shares.

(14) Segment information:

(a) General information

There are two reporting departments: capacitor and fan department and transformer department, which provides the product design, manufacture and sales in their respective areas. Each reporting department is a strategic business unit, to provide different products. They offer different products and services, and are managed separately because they require different technological and marketing strategies.

(b) Reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliations

Segment results are excluding non-operating income and expenses and income tax expense. The reportable amount is similar to that in the report used by the chief operating decision maker.

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KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The segments' accounting policy are same as note 4. Reportable segment profit or loss is based on operating profit or loss before taxation (excluding non-operating income and expenses), and as the base of resource allocation. The Group regards sales and transfers between segments as third-party transactions. They are measured at market price.

	2020			
	Capacitor and Fan Department	Transformer department	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	$ 2,478,106	1,988,446	-	4,466,552
Intersegment revenues	-	86	(86)	-
Total revenue	**$ 2,478,106**	**1,988,532**	**(86)**	**4,466,552**
Reportable segment profit or loss	**$ 401,442**	**256,867**	**-**	**658,309**
Reportable segment assets	**$ 10,623,991**	**3,074,176**	**-**	**13,698,167**
Reportable segment liabilities	**$ 4,572,579**	**1,483,974**	**-**	**6,056,553**

	2019			
	Capacitor and Fan Department	Transformer department	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	$ 2,417,849	2,129,369	-	4,547,218
Intersegment revenues	-	-	-	-
Total revenue	**$ 2,417,849**	**2,129,369**	**-**	**4,547,218**
Reportable segment profit or loss	**$ 540,063**	**361,774**	**-**	**901,837**
Reportable segment assets	**$ 9,395,560**	**2,939,837**	**-**	**$ 12,335,397**
Reportable segment liabilities	**$ 3,753,806**	**1,240,723**	**-**	**$ 4,994,529**

(c) Product and service information

Product	2020	2019
Capacitor	$ 2,126,983	2,128,607
Transformer	1,911,060	2,047,867
Fan	345,598	279,128
Others	82,911	91,616
Total	**$ 4,466,552**	**4,547,218**

(Continued)

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

(i) Revenue from external customers

Geographical information		2020	2019
Hong Kong and China	$	3,425,725	3,457,650
Taiwan and other Asia Pacific regions		691,073	730,784
Europe		278,124	264,411
Americas		60,591	68,516
Others		11,039	25,857
	$	**4,466,552**	**4,547,218**

(ii) Non-current assets

Geographical information		December 31, 2020	December 31, 2019
Taiwan and other Asia Pacific regions	$	684,975	346,253
Hong Kong and China		1,208,478	1,709,347
	$	**1,893,453**	**2,055,600**

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets, and prepayments for business facilities, not including financial instruments and deferred tax assets.

(e) Major customers

There were no individual customers representing greater than 10% of sales revenues in the consolidated statements of comprehensive income for the years ended December 31, 2020 and 2019.

V. Parent Company Only Financial Statements for the Most Recent Fiscal Year, Certified by CPAs

Independent Auditors' Report

To the Board of Directors of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.):

Opinion

We have audited the financial statements of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)("the Company"), which comprise the balance sheets as of December 31, 2020, the statements of comprehensive income, changes in equity and cash flows for the year 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 its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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.

1. The loss allowance for trade receivables of the Company and its subsidiaries investments accounted for using equity method

   For the accounting policy of allowance for trade receivables, please refer to Note 4(g)(i) 6) "impairment of financial assets" ; for the uncertainty of the evaluation of trade receivables, please refer to Note 5; for the related disclosure of the loss allowance of trade receivables, please refer to Note 6(d).

   Description of key audit matter:

   The management of the Company has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The management of the Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Such estimation involves the subjective judgment of the management. Thus, the assessment of loss allowance of trade receivables is one of the most important evaluation in performing our audit procedures.

How the matter was addressed in our audit:

Our principal audit procedures included testing the accuracy and completeness of the aging schedule, which are the basis for the calculation of impairment losses, assessing the reasonableness of the policy for measuring impairment losses, confirming if the provision rate of impairment losses is consistent with the accounting policy, testing the recoverability of receivables by vouching collection record in subsequent period, and, for the overdue receivables yet not recovered, understanding and assessing the reasonableness of the impairment losses measured on the basis of the customer's historical receipt status, with collateral or not, and overall economic condition.

Other Matter

The financial statements of the Company for the year ended December 31, 2019, was audited by other auditors, who issued an unqualified audit report on March 18, 2020.

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 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 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 these 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 Szu Chuan Chien and Jui Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2021

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its 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 financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and 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 auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 552,168	4	172,828	2
1120	Current financial assets at fair value through other comprehensive income (notes 6(b) and 8)	-	-	114,865	1
1136	Current financial assets at amortized cost (notes 6(c) and 8)	502,672	4	482,078	5
1150	Notes receivable, net (notes 6(d) and 6(o))	2,627	-	6,718	-
1170	Trade receivables, net (notes 6(d), 6(o) and 7)	260,191	2	138,150	1
1200	Other receivables (notes 6(e) and 7)	77,183	1	124,623	1
130X	Inventories (note 6(f))	5,726	-	9,092	-
1470	Other current assets	3,237	-	2,575	-
		1,403,804	11	1,050,929	10
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	731,254	6	-	-
1550	Investments accounted for using equity method (note 6(g))	10,014,581	81	9,467,126	88
1600	Property, plant and equipment (notes 6(h) and 8)	187,151	1	196,983	2
1840	Deferred tax assets (note 6(l))	67,223	1	56,968	-
1900	Other non-current assets (note 8)	4,152	-	11,166	-
		11,004,361	89	9,732,243	90
	Total assets	**$ 12,408,165**	**100**	**10,783,172**	**100**

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(i))	$ 3,417,820	28	2,481,000	23
2130	Current contract liabilities (note 6(o))	15,154	-	928	-
2170	Trade payables	605	-	1,005	-
2180	Trade payables to related parties (note 7)	455,512	4	466,487	4
2200	Other payables (notes 6(j) and 7)	596,953	4	138,934	2
2230	Current tax liabilities	1,173	-	168,464	2
2300	Other current liabilities (note 7)	120,814	1	120,910	1
		4,608,031	37	3,377,728	32
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(l))	196,929	2	186,557	2
2640	Net defined benefit liability, non-current (note 6(k))	2,169	-	3,295	-
2670	Other non-current liabilities (note 7)	49,592	-	53,381	-
		248,690	2	243,233	2
	Total liabilities	4,856,721	39	3,620,961	34
	Equity (note 6(m)):				
3110	Ordinary shares	1,358,442	11	1,940,631	18
3200	Capital surplus	4,218,195	34	3,747,130	35
3300	Retained earnings	2,228,144	18	1,765,852	16
3400	Other equities	(170,343)	(1)	(202,230)	(2)
3500	Treasury shares	(82,994)	(1)	(89,172)	(1)
	Total equity	7,551,444	61	7,162,211	66
	Total liabilities and equity	**$ 12,408,165**	**100**	**10,783,172**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC 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	%
4000	**Operating revenue (notes 6(o) and 7)**	$ 926,183	100	712,538	100
5000	**Operating costs (notes 6(f), 6(p) and 12)**	779,374	84	562,723	79
5900	**Gross profits**	146,809	16	149,815	21
6000	**Operating expenses (notes 6(d), 6(e), 6(k), 6(p), 7 and 12):**				
6100	Selling expenses	32,937	4	37,176	5
6200	Administrative expenses	113,897	12	129,316	18
6300	Research and development expenses	3,467	-	6,407	1
6450	Expected credit impairment loss (gain)	(980)	-	412	-
		149,321	16	173,311	24
6900	**Net operating income (loss)**	(2,512)	-	(23,496)	(3)
7000	**Non-operating income and expenses (notes 6(g), 6(q) and 7):**				
7100	Interest income	12,115	1	17,404	2
7190	Other income	17,998	2	84,438	12
7020	Other gains and losses, net	(30,901)	(3)	202,068	28
7060	Share of gain of subsidiaries, associates and joint ventures accounted for using equity method	591,093	64	481,360	68
7050	Finance costs (note 7)	(23,402)	(3)	(22,162)	(3)
7900	**Profit from continuing operations before tax**	564,391	61	739,612	104
7950	Less: Income tax expenses (note 6(l))	1,832	-	215,890	31
	Profit (loss) from continuing operations	562,559	61	523,722	73
8160	Profit attributable to former owner of business combination under common control	-	-	(193,361)	(27)
	Total profit (loss) from discontinued operations	-	-	(193,361)	(27)
	Profit	562,559	61	330,361	46
8300	**Other comprehensive income (notes 6(g), 6(k) and 6(l)):**				
8310	**Items that may not be reclassified to profit or loss:**				
8311	Gains (losses) on remeasurements of defined benefit plans	585	-	1,574	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	167,537	18	13,411	2
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may not be reclassified to profit or loss	(2,123)	-	110	-
8349	Income tax related to items that may not be reclassified to profit or loss	117	-	315	-
		165,882	18	14,780	2
8360	**Items that may be reclassified to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements	(139,112)	(15)	(161,521)	(23)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	5,536	1	(56,877)	(8)
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
		(133,576)	(14)	(218,398)	(31)
8300	**Other comprehensive income**	32,306	4	(203,618)	(29)
8400	**Comprehensive income attributable to former owner of business combination under common control**	-	-	(39,919)	(6)
8500	**Total comprehensive income**	**$ 594,865**	**65**	**166,662**	**23**
	Earnings per share (note 6(n)):				
9750	**Basic earnings per share**	**$**	**3.42**		**2.83**
9850	**Diluted earnings per share**	**$**	**3.42**		**2.82**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equities					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equities	Treasury shares	Equity attributable to former owner of business combination under common control	Total equity
Balance at January 1, 2019	$ 915,183	245,053	98,782	56,010	2,337,355	2,492,147	(32,521)	(2,470)	(34,991)	-	3,832,820	7,450,212
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	174,912	-	(174,912)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(274,555)	(274,555)	-	-	-	-	-	(274,555)
Reversal of special reserve	-	-	-	(21,019)	21,019	-	-	-	-	-	-	-
Profit (loss) for the year ended December31, 2019	-	-	-	-	330,361	330,361	-	-	-	-	193,361	523,722
Other comprehensive income (loss) for the year ended December31, 2019	-	-	-	-	1,369	1,369	(172,638)	7,570	(165,068)	-	(39,919)	(203,618)
Total comprehensive income (loss) for the year ended December31, 2019	-	-	-	-	331,730	331,730	(172,638)	7,570	(165,068)	-	153,442	320,104
Other changes in capital surplus due to donated assets received	-	7	-	-	-	-	-	-	-	-	-	7
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,171	2,171	-	(2,171)	(2,171)	-	-	-
Shares issued for pursuant to acquisitions and changes in ownership interests in subsidiaries	1,025,448	3,502,070	-	-	(785,641)	(785,641)	-	-	-	(89,172)	(3,651,233)	1,472
Change in equity attributable to the former owner of business combination under common control	-	-	-	-	-	-	-	-	-	-	(335,029)	(335,029)
Balance at December 31, 2019	1,940,631	3,747,130	273,694	34,991	1,457,167	1,765,852	(205,159)	2,929	(202,230)	(89,172)	-	7,162,211
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	33,036	-	(33,036)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	167,239	(167,239)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(96,977)	(96,977)	-	-	-	-	-	(96,977)
Profit (loss) for the year ended December31, 2020	-	-	-	-	562,559	562,559	-	-	-	-	-	562,559
Other comprehensive income (loss) for the year ended December31, 2020	-	-	-	-	(1,655)	(1,655)	(133,576)	167,537	33,961	-	-	32,306
Total comprehensive income (loss) for the year ended December31, 2020	-	-	-	-	560,904	560,904	(133,576)	167,537	33,961	-	-	594,865
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	110	-	-	(3,709)	(3,709)	-	-	-	-	-	(3,599)
Changes in ownership interests in subsidiaries	-	336	-	-	-	-	-	-	-	-	-	336
Changes in equity of associates and joint ventures accounted for using equity method	-	459,384	-	-	-	-	-	-	-	-	-	459,384
Capital reduction	(582,189)	-	-	-	-	-	-	-	-	6,178	-	(576,011)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	974	-	-	-	-	-	-	-	-	-	974
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,074	2,074	-	(2,074)	(2,074)	-	-	-
Disgorgement	-	10,261	-	-	-	-	-	-	-	-	-	10,261
Balance at December 31, 2020	**$ 1,358,442**	**4,218,195**	**306,730**	**202,230**	**1,719,184**	**2,228,144**	**(338,735)**	**168,392**	**(170,343)**	**(82,994)**	**-**	**7,551,444**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC 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	$ 564,391	739,612
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	12,741	13,478
Amortization expense	5,989	5,844
Gain (loss) on reversal of expected credit impairment loss	(980)	412
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	14,113	(114,273)
Interest expense	23,402	22,162
Interest income	(12,115)	(17,404)
Dividend income	(577)	(12,277)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(591,093)	(481,360)
Gain on disposal of property, plant and equipment	(350)	(6,746)
Gain on disposal of non-current assets classified as held for sale	-	(79,849)
Others	3,671	(3,835)
Total adjustments to reconcile profit (loss)	(545,199)	(673,848)
Changes in operating assets and liabilities:		
Decrease in notes receivable	4,134	1,387
(Increase) decrease in trade receivables	(121,104)	54,786
Decrease (increase) in other receivables	114,925	(53,243)
Decrease (increase) in inventories	3,366	(1,074)
Increase in other current assets	(662)	(619)
Increase (decrease) in contract liabilities	14,226	(11,610)
Decrease in trade payables	(11,375)	(152,654)
Increase (decrease) in other payables	142,452	(353,699)
Decrease in other current liabilities	(148)	(5,187)
Decrease in net defined benefit liability	(541)	(2,071)
Total changes in operating assets and liabilities	145,273	(523,984)
Cash inflow (outflow) generated from operations	164,465	(458,220)
Interest received	13,921	15,439
Dividends received	577	12,277
Interest paid	(22,897)	(22,041)
Income taxes paid	(169,123)	(25,260)
Net cash flows used in operating activities	(13,057)	(477,805)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(471,291)	(506,514)
Proceeds from disposal of financial assets at fair value through other comprehensive income	22,439	-
Acquisition of financial assets at amortized cost	(502,672)	(482,078)
Proceeds from disposal of financial assets at amortized cost	482,078	543,655
Acquisition of financial assets at fair value through profit or loss	(400,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	385,887	714,459
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	9,708
Acquisition of investments accounted for using equity method	(6,053)	-
Proceeds from disposal of investments accounted for using equity method	-	3,737
Proceeds from capital reduction of investments accounted for using equity method	30,585	-
Proceeds from disposal of non-current assets classified as held for sale	-	398,216
Acquisition of property, plant and equipment	(1,055)	(253)
Proceeds from disposal of property, plant and equipment	599	8,843
Acquisition of intangible assets	(591)	(3,925)
Decrease in other non-current assets	(122)	(1,175)
Dividends received	279,921	483,042
Net cash flows (used in) from investing activities	(180,275)	1,167,715
Cash flows from (used in) financing activities:		
Increase (decrease) in short term borrowings	936,820	(144,000)
Decrease in guarantee deposits received	(59)	(10,998)
Increase in other payables to related parties	315,062	-
Payment of lease liabilities	(315)	(1,262)
Cash dividends paid	(96,977)	(274,555)
Capital reduction payments to shareholders	(581,859)	-
Dividends paid to equity attributable to former owner of business combination under common control	-	(335,029)
Net cash flows from (used in) financing activities	572,672	(765,844)
Effect of exchange rate changes on cash and cash equivalents	-	(28,119)
Net increase (decrease) in cash and cash equivalents	379,340	(104,053)
Cash and cash equivalents at beginning of period	172,828	276,881
Cash and cash equivalents at end of period	**$ 552,168**	**172,828**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC 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

KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.) was established on September 11, 1978, by the approval of Ministry of Economic Affairs under the Company Law, the main business line is manufacture and sale of capacitors. The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on August 29, 1998.

Merging with G-Luxon Electronics Corp. on October 31, 2005 (the effective date of the merger), was approved by the resolution of the shareholders' meeting, and the Company was the surviving company. In 2019, the shareholders' meeting resolved to approve the Company merged with the former KAIMEI ELECTRONIC CORP. on September 30, 2019 (the effective date of the merger), and the Company was the surviving company. On October 28, 2019, the Company was renamed as KAIMEI ELECTRONIC CORP. subsequently, by the approval of Ministry of Economic Affairs.

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

These financial statements were authorized for issuance by the Board of Directors on March 12, 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)

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 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 significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis.

1) Financial assets at fair value through other comprehensive income are measured at fair value;
2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. 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.

(c) Foreign currencies

(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 those differences relating to the following, which are recognized in other comprehensive income.

1) an investment in equity securities designated as at fair value through other comprehensive income;
2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(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 exchange 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 receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation 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;

(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:

(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 and debt securities issued 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 (unless it is a trade receivable without a significant financing component) 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. A trade receivable without a significant financing component is initially measured at the transaction price.

(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) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company 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.

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.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

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. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. 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.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and

- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

6) 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, amortized costs, 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.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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

12-month ECLs are the portion of ECLs 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 ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs 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). ECLs 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:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 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.

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. For corporate customers, 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.

7) 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 into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, 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.

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.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted 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) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company’ s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’ s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company’ s interests in the associate.

When the Company’ s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

When preparing the financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the net income, other comprehensive income and equity attributable to shareholders of the Company in the financial statement, are equal to those in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(j) 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.

Land is not depreciated.

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

1)	buildings and construction	5~55 years
2)	Machinery and equipment	2~10 years
3)	Office and other facilities	1~9 years

Buildings and construction constitute mainly building, mechanical and electrical power equipment and its related facilities. Each such part depreciates based on its useful life.

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

(k) Leases

(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 customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer 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 customer 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 customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by 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;

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 of its assessment on whether it will exercise a purchase, 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.

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 photocopying equipment that have a lease term of 12 months or less. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a leasor

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.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Company and have finite useful lives 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, including expenditure on internally generated goodwill and brands, 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.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	1~3 years
2)	Patent and other intangible assets	3~10 years

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

(m) Impairment of non-financial assets

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

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 CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other 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.

(n) 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 Company's main types of revenue are explained below.

(i) Sale of goods

The Company manufactures and sells capacitor, converter and computer accessories. 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.

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

(ii) Financing components

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

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) 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.

(p) 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 IAS 37.

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;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group 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 taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, 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.

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.

(q) Business combination

Except for business combinations under common control, the Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest’ s proportionate share of the acquiree’ s identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Company’ s net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

The Company did not use the acquisition method to deal with the business combination under common control, but adopted the book value method and regarded it as the initial merger and restating the previous comparison information. And separated the non jointly controlled interests in the dissolved company before business combination under equity. The dissolved company’ s profit or loss belongs to the external third party is the deduction from the total profit or loss (i.e. the combined total profit or loss of the Company and the dissolved company being merged). And is listed in the income statement as profit (loss) attributable to former owner of business combination under common control.

(r) 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.

(s) Operating segments

The Company discloses the operating segments information in the consolidated financial statements. Therefore, the Company does not disclose the operating segments information in the financial statements.

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

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

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

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

(a) Judgment regarding significant influence of investees

The Company was the largest shareholder of some of the investee companies during the specific period of 2020. However, the Company did not have any directors of the investee companies and could not affect the activities of the investee companies. As a result, the Company has no control and significant influence on such investee companies.

(b) Judgment regarding significant influence of associates

The Company holds less than 20% of the voting rights of Tong Hsing Electronic Industries, Ltd., however, the Company has two seats of Tong Hsing Electronic Industries, Ltd.'s nine seats of directors, therefore, the Company has a significant influence, hence, using the equity method.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) The loss allowance of trade receivable

The Company has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(d).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	$ 9,218	1,597
Check and demand deposits	329,350	46,214
Time deposits	213,600	125,017
	$ 552,168	**172,828**

Please refer to note 6(r) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

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

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income		
Current		
Domestic listed common shares		
Taiwan Chinsan Electronic Industrial Co., Ltd.	**$ -**	**114,865**
Non-current		
Domestic listed common shares		
Taiwan Chinsan Electronic Industrial Co., Ltd.	**$ 731,254**	**-**

(i) The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long term strategic purposes. Since June 2020, the Company has reclassified these equity instruments from current to non-current for its management purpose.

(ii) As of December 31, 2020, the financial assets at fair value through other comprehensive income of the Company had been pledged as collateral for its long-term borrowings. Please refer to note 8.

(c) Financial assets measured at amortized cost

	December 31, 2020	December 31, 2019
Current		
Restricted time deposits	$ 459,952	157,395
Time deposits with original maturity of more than three months	42,720	324,683
Total	**$ 502,672**	**482,078**

(i) The Company held time deposits with original maturity of more than three months with the weighted average interest rates of 0.65% and 2.44%~2.85% during the years ended December 31, 2020 and 2019, respectively.

(ii) As of December 31, 2020 and 2019, the financial assets measured at amortized costs of the Company had been pledged as collateral for its long-term borrowings. Please refer to note 8.

(d) Notes and trade receivables (including related parties)

	December 31, 2020	December 31, 2019
Notes receivable from operating activities	$ 2,654	6,788
Trade receivables–measured as amortized cost	260,363	139,259
	263,017	146,047
Less: loss allowance	(199)	(1,179)
	$ 262,818	**144,868**

(i) 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:

	December 31, 2020		
	Gross carrying amount (including related parties)	Weighted average loss rate	Loss allowance provision
Current	$ 261,867	0.01%	27
1~30 days past due	575	0.00%	-
31~180 days past due	575	29.91%	172
	$ 263,017		**199**

	December 31, 2019		
	Gross carrying amount (including related parties)	Weighted average loss rate	Loss allowance provision
Current	$ 139,367	0.05%	70
1~30 days past due	2,983	0.00%	-
31~180 days past due	3,697	30.00%	1,109
	$ 146,047		**1,179**

(ii) The movement in the allowance for notes and trade receivables were as follows:

	2020	2019
Balance at January 1	$ 1,179	765
Impairment losses (reversal) recognized	(980)	414
Balance at December 31	**$ 199**	**1,179**

(iii) As of December 31, 2020 and 2019, the notes and trade receivables of the Company were not pledged as collateral.

(e) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	$ 77,183	124,623
Less: Loss allowance	-	-
	$ 77,183	**124,623**

The movement in the allowance for other receivables were as follows:

	2020	2019
Balance at January 1	$ -	2
Impairment loss reversal	-	(2)
Balance at December 31	**$ -**	**-**

(f) Inventories

(i) The details of inventories were as follows:

	December 31, 2020	December 31, 2019
Raw materials	$ -	144
Finished goods and merchandise	3,562	7,251
Goods in transit	2,164	1,697
	$ 5,726	**9,092**

(ii) For the years ended December 31, 2020 and 2019, the cost of goods sold amounted to $779,374 and $562,723, respectively.

(iii) The factor leading to the net realizable value of inventories is lower than the cost was vanished, due to the sale or scrap of obsolete inventories for the years ended December 31, 2020 and 2019, therefore, the decrease in recognized operating costs due to reversal of write downs amounted to $421 and $98, respectively.

(iv) As of December 31, 2020 and 2019, the Company did not provide any inventories as collateral for its loans.

(g) 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 is as follows:

	December 31, 2020	December 31, 2019
Subsidiaries	$ 8,362,834	8,173,735
Associates	1,651,747	1,293,391
	$ 10,014,581	**9,467,126**

(i) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2020.

Due to the Company's management continues to focus on core technology to enhance competitiveness, the subsidiary, BOTHHAND ENTERPRISE INC., and its subsidiaries ("BOTHHAND group") sold the substantial related party, CHILISIN ELECTRONICS CORP. on January 25, 2021. This transaction is an organizational reorganization under common control. Please refer to note 11.

(ii) Associates

Associates which are material to the Company consisted of the followings:

Name of Associates	Nature of Relationship with the Company	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights	
			December 31, 2020	December 31, 2019
Tong Hsing Electronic Industries, Ltd.	The major business is manufacture and sale of electronic products	Taiwan	5.28%	7.53%

The fair value of associates listed on the Stock Exchange (over the counter) which are material to the Company are as follows:

	December 31, 2020	December 31, 2019
Tong Hsing Electronic Industries, Ltd.	**$ 1,672,900**	**1,295,852**

The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

Tong Hsing Electronic Industries, Ltd.	December 31, 2020	December 31, 2019
Current assets	$ 7,962,533	6,455,597
Non-current assets	17,474,640	5,967,194
Current liabilities	(3,801,650)	(1,762,168)
Non-current liabilities	(425,990)	(483,897)
Net assets	**$ 21,209,533**	**10,176,726**

	2020	2019
Operating revenue	**$ 10,178,002**	**7,430,654**
Profit from continuing operations	1,450,675	741,956
Other comprehensive income	(72,410)	(21,770)
Total comprehensive income	**$ 1,378,265**	**720,186**

	2020	2019
Share of net assets of associates as of January 1	$ 766,307	-
Transfer into	-	810,741
Purchase	4,110	-
Comprehensive income attributable to the Company	84,653	30,236
Dividends paid to the Company	(30,585)	(74,670)
Proceeds from capital reduction of investments to the Company	(30,585)	-
Changes in equity of associates and joint ventures accounted for using equity method	328,820	-
Share of net assets of associates as of December 31	1,122,720	766,307
Add: goodwill	529,027	527,084
Carrying amounts of associates as of December 31	**$ 1,651,747**	**1,293,391**

(iii) In the second quarter of 2019, the Company started to have significant influence on Tong Hsing Electronic Industries, Ltd., therefore, the balance of financial assets measured at fair value through other comprehensive income is evaluated using the equity method. The accumulated profit and loss on disposal of equity instruments amounted to $4,435. Gain on disposal recognized by the Company amounted to $1,915 was adjusted to undistributed earnings.

(iv) Changes in equity of associates and joint ventures accounted for using equity method were adjusted for the year ended December 31, 2020, increasing capital surplus by $328,820.

(v) As of December 31, 2020 and 2019, the Company’s investments under equity method has not been pledged as collaterals.

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Notes to the Financial Statements

(h) Property, plant and equipment

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

	Land	Buildings and construction	Machinery and equipment	Transportation equipment	Other facilities	Total
Cost:						
Balance on January 1, 2020	$ 103,824	128,302	3,130	9,596	59,010	303,862
Additions	-	-	-	-	1,055	1,055
Disposal	-	-	(517)	-	(34,653)	(35,170)
Transferred into (out)	-	-	-	-	1,787	1,787
Balance on December 31, 2020	**$ 103,824**	**128,302**	**2,613**	**9,596**	**27,199**	**271,534**
Balance on January 1, 2019	$ 337,108	153,247	3,130	9,596	58,757	561,838
Additions	-	-	-	-	253	253
Disposal	-	(3,884)	-	-	-	(3,884)
Transferred into (out)	(233,284)	(21,095)	-	-	-	(254,379)
Effect of movements in exchange rates	-	34	-	-	-	34
Balance on December 31, 2019	**$ 103,824**	**128,302**	**3,130**	**9,596**	**59,010**	**303,862**
Depreciation:						
Balance on January 1, 2020	$ -	48,607	2,899	4,808	50,565	106,879
Depreciation	-	3,194	23	1,752	7,456	12,425
Disposal	-	-	(309)	-	(34,612)	(34,921)
Balance on December 31, 2020	**$ -**	**51,801**	**2,613**	**6,560**	**23,409**	**84,383**
Balance on January 1, 2019	$ -	48,896	2,843	3,056	43,606	98,401
Depreciation	-	3,439	56	1,752	6,959	12,206
Disposal	-	(1,787)	-	-	-	(1,787)
Transferred into (out)	-	(1,957)	-	-	-	(1,957)
Effect of movements in exchange rates	-	16	-	-	-	16
Balance on December 31, 2019	**$ -**	**48,607**	**2,899**	**4,808**	**50,565**	**106,879**
Carrying amount:						
Balance on December 31, 2020	**$ 103,824**	**76,501**	**-**	**3,036**	**3,790**	**187,151**
Balance on January 1, 2019	**$ 337,108**	**104,351**	**287**	**6,540**	**15,151**	**463,437**
Balance on December 31, 2019	**$ 103,824**	**79,695**	**231**	**4,788**	**8,445**	**196,983**

As of December 31, 2020 and 2019, the aforesaid property, plant and equipment were not pledged as collateral.

(Continued)

(i) Short term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 1,150,000	500,000
Secured bank loans	2,267,820	1,981,000
Total	**$ 3,417,820**	**2,481,000**
Unused short-term credit lines	**$ 5,682,180**	**6,669,000**
Range of interest rates	**0.73%~0.79%**	**0.88%~0.90%**

(j) Other payables

The details of other payables were as follows:

	December 31, 2020	December 31, 2019
Payables for remuneration due to employee, directors and supervisors	$ 46,246	16,850
Payables for wages and bonus	33,574	59,584
Other payables to related parties	497,512	43,049
Others	19,621	19,451
	$ 596,953	**138,934**

(k) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 13,121	16,888
Fair value of plan assets	(10,952)	(13,593)
Net defined benefit liabilities	**$ 2,169**	**3,295**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to $10,952 as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligation

The movement in present value of the defined benefit obligations for the Company were as follows:

		2020	2019
Defined benefit obligations at January 1	$	16,888	27,851
Current service costs and interest cost		118	312
Remeasurement (gain) loss		142	(447)
Benefits paid		(4,027)	(10,828)
Defined benefit obligation at December 31	**$**	**13,121**	**16,888**

3) Movements of defined benefit plan assets

The movement in fair value of defined benefit plan assets for the Company were as follows:

		2020	2019
Defined benefit obligations at January 1	$	(13,593)	(20,596)
Expected return on plan assets		(95)	(218)
Remeasurements gain		(727)	(1,127)
Contribution paid by the employer		(564)	(2,480)
Benefits paid		4,027	10,828
Fair value of plan assets at December 31	**$**	**(10,952)**	**(13,593)**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2020	2019
Current service costs	$ -	23
Net interest of net liabilities for defined benefit obligations	23	71
	$ 23	**94**
Operating cost	$ -	-
Operating expenses	23	94
	$ 23	**94**

5) Remeasurement values of net defined benefit liabilities recognized in other comprehensive income

The remeasurements in net defined benefit liabilities recognized in other comprehensive income were as follows:

	2020	2019
Cumulative amount at January 1	$ (2,292)	(718)
Recognized in current period	(585)	(1,574)
Cumulative amount at December 31	**$ (2,877)**	**(2,292)**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.30%	0.70%
Future salary increase rate	2.00%	2.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $449.

The weighted average lifetime of the defined benefits plans is 10 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2020		
Discount rate	(322)	335
Future salary increase rate	296	(286)
December 31, 2019		
Discount rate	(399)	414
Future salary increase rate	365	(354)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

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 pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $2,045 and $2,350 for the years ended December 31, 2020 and 2019, respectively.

(l) Income taxes

(i) The components of income tax in the years 2020 and 2019 were as follows:

	2020	2019
Current tax expense		
Current period	$ -	719
Additional tax on undistributed earnings	1,832	168,090
Land value increment tax	-	30,062
Adjustment for prior periods	-	68
	1,832	198,939
Deferred tax expense		
Origination and reversal of temporary differences	-	16,951
Income tax expenses	**$ 1,832**	**215,890**

(ii) The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

	2020	2019
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	**$ 117**	**315**

(iii) Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows:

	2020	2019
Profit before income tax	$ 564,391	739,612
Income tax using the Company’ s tax rate	112,878	147,922
Non-deductible expenses	50	256,110
Tax exempt income	(59,421)	(155,238)
Change in unrecognized temporary differences	(49,359)	(268)
Current year losses for which no deferred tax asset was recognized	(4,148)	(230,856)
Additional tax on undistributed earnings	1,832	168,090
Land value increment tax	-	30,062
Adjustment for prior periods	-	68
	$ 1,832	**215,890**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company 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 are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2020	December 31, 2019
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 470,475**	**280,076**
Unrecognized deferred tax liabilities	**$ 94,095**	**56,015**

2) Unrecognized deferred tax assets

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

	December 31, 2020	December 31, 2019
Tax effect of deductible temporary differences	**$ 54,451**	**61,169**
The carryforward of unused tax losses	**$ 55,084**	**62,873**

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 are as follows:

Year of loss	Unused tax loss	Expiry date
2013 (amount assessed)	$ 178,311	2023
2015 (amount assessed)	32,860	2025
2017 (amount assessed)	9,467	2027
2018 (amount assessed)	34,041	2028
2020 (amount estimated)	20,742	2030
	$ 275,421	

Pursuant to article 43 of the Business Mergers and Acquisitions Act amended on July 8, 2015, the loss for each of the ten years preceding the merger of the Company and former KAIMEI ELECTRONIC CORP. (dissolved company being merged) is calculated on the basis of the proportion that the shareholders of the Company holding the interests in the surviving company. The net profit for the year is deducted within 10 years from the year in which the loss occurred, the final deduction is due in 2028.

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

	Defined benefit plan	Unrealized exchange losses	The carryforward of unused tax losses	Others	Total
Deferred tax assets:					
Balance at January 1, 2020	$ 8,804	3,048	44,346	770	56,968
Recognized in profit or loss	(108)	(1,672)	12,178	(143)	10,255
Recognized in other comprehensive income	-	-	-	-	-
Balance at December 31, 2020	**$ 8,696**	**1,376**	**56,524**	**627**	**67,223**
Balance at January 1, 2019	$ 12,492	3,371	13,733	979	30,575
Recognized in profit or loss	(3,507)	(323)	30,613	(209)	26,574
Recognized in other comprehensive income	(181)	-	-	-	(181)
Balance at December 31, 2019	**$ 8,804**	**3,048**	**44,346**	**770**	**56,968**

	Defined benefit plan	Foreign investment benefits	Others	Total
Deferred tax liabilities:				
Balance at January 1, 2020	$ 134	184,575	1,848	186,557
Recognized in profit or loss	-	12,103	(1,848)	10,255
Recognized in other comprehensive income	117	-	-	117
Balance at December 31, 2020	**$ 251**	**196,678**	**-**	**196,929**
Balance at January 1, 2019	$ -	140,426	2,472	142,898
Recognized in profit or loss	-	44,149	(624)	43,525
Recognized in other comprehensive income	134	-	-	134
Balance at December 31, 2019	**$ 134**	**184,575**	**1,848**	**186,557**

(v) The income tax returns of the Company for the years through 2018 were assessed by the tax authorities.

(m) Capital and other equity

(i) Ordinary shares

As of December 31, 2020 and 2019, the Company's authorized share capital amounted to $5,700,000; divided into 570,000 thousand shares with par value of $10 per share. As of December 31, 2020 and 2019, the Company has issued 135,844 thousand shares and 194,063 thousand shares, respectively, all issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2020 and 2019 was as follows:

	Ordinary shares	
(in thousands of shares)	**2020**	**2019**
Balance on January 1	194,063	91,518
Issued in business combination	-	102,545
Capital reduction	(58,219)	-
Balance on December 31	**135,844**	**194,063**

On March 13, 2019, the Company's Board of Directors made a resolution, in order to integrate the Company's resources, extend the scope of business, and improve operational performance and competitiveness. The Company merged with former KAIMEI ELECTRONIC CORP. in accordance with the Business Mergers and Acquisitions Act and other relevant laws (hereinafter referred to as "the merger"). After the merger, the Company was the surviving company, and former KAIMEI ELECTRONIC CORP. was the dissolved company. After the merger took effect, the name of the Company was changed to "KAIMEI ELECTRONIC CORP.".

Both parties of the merger agreed that the Company's 1.1541 ordinary shares were exchanged for 1 ordinary share of former KAIMEI ELECTRONIC CORP. The number of ordinary shares issued by the Company in connection with merger was 102,545 thousand shares, and the fair value of the Company's ordinary shares was calculated at the closing price of $43.3 on September 27, 2019. The merger resulted in an increase (decrease) of capital common stock, capital surplus additional paid in capital arising from ordinary share, undistributed earnings and treasury stock by $1,025,448, $3,414,743, $(780,357) and $4,763, respectively. The conversion rate is determined by reference to each company's price per share, the net value of shares, operational performance, business development, other operations and related factors that may affect shareholders' interests. The merger was reviewed by the Special Committee on Mergers and Acquisitions, and was evaluated by the independent experts, then was reported to the Board of Directors for resolution. The merger was discussed and adopted at a shareholders' general meeting held on June 5, 2019, and was approved by the competent authorities on July 22, 2019, the effective date of the merger was September 30, 2019.

In accordance with relevant laws and regulations, the Company has applied to the Taipei Exchange for the termination of OTC trading, and the Financial Supervisory Commission has approved the cancellation of public offering. Furthermore, the merger former KAIMEI ELECTRONIC CORP. dissolution registration was approved by the Ministry of Economic Affairs on October 28, 2019.

In order to enhance shareholders' equity and profitability per share, on June 5, 2020, the shareholders' meeting resolved a cash capital reduction, which refunded the share capital of $582,189, and canceled 58,219 thousand shares. This resolution was approved by the competent authorities on July 9, 2020, the effective date of the cash capital reduction was July 10, 2020, and the registration of alteration was completed on July 17, 2020.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019, were as follows:

	December 31, 2020	December 31, 2019
Additional paid-in capital	$ 3,457,607	3,457,607
Donation from shareholders	423	423
Changes in equity of associates and joint ventures accounted for using equity method	459,384	-
Changes in ownership interests in subsidiaries	289,824	288,404
Employee share options	696	696
Others	10,261	-
	$ 4,218,195	**3,747,130**

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) Retained earnings

The Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

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

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from special reserve by the Company. As of December 31, 2020 and 2019, the amounts of special reserve were $202,230 and 34,991, respectively.

3) Earnings distribution

Earnings distribution for 2019 and 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 5, 2020 and June 5, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:				
Cash	$ 0.5	**96,977**	3.0	**274,555**

On March 12, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. These earnings were appropriated as follows:

	2020	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders:		
Cash	$ 2.0	**271,534**

The distribution of earnings in the year 2020 is pending a resolution of the shareholders' meeting.

(iv) Treasury shares

(in thousands of shares)

Item	Business combinations	Acquisition of Company's share by subsidiaries	Total
January 1, 2020	110	1,949	2,059
Decrease	33	584	617
December 31, 2020	**77**	**1,365**	**1,442**
January 1, 2019	-	-	-
Increase	110	1,949	2,059
December 31, 2019	**110**	**1,949**	**2,059**

The Company's merger with former KAIMEI ELECTRONIC CORP. on September 30, 2019 (the effective date of the merger) in accordance with the Business Mergers and Acquisitions Act and other relevant laws, was to acquire the dissenting shareholders' shares held by former KAIMEI ELECTRONIC CORP. under the Business Mergers and Acquisitions Act. The Company's subsidiary, BOTHHAND ENTERPRISE INC., holds the shares of former KAIMEI ELECTRONIC CORP. for investment, therefore, those shares are recognized as the Company's treasury shares.

On the effective date of the cash capital reduction of July 10, 2020, the cash capital reduction canceled 58,219 thousand shares , and the treasury shares also decreased by 617 thousand shares.

As of December 31, 2020 and 2019, BOTHHAND ENTERPRISE INC., subsidiaries of the Company, held 1,365 and 1,949 thousand shares of ordinary shares of the Company, recorded as the Company's treasury stock, with a book value of NT$57.57 and NT$43.31 per share, and total amounted to $78,561 and $84,409, respectively. The share price as of December 31, 2020 and 2019 were NT$91.6 and NT$45.20, respectively.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(n) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share were as follows:

	2020	2019
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	**$ 562,559**	**330,361**
Weighted average number of ordinary shares at 31 December (in thousands of shares)	**164,387**	**116,846**
	$ 3.42	**2.83**
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (diluted is the same as basic)	**$ 562,559**	**330,361**
Weighted average number of ordinary shares at 31 December (in thousands of shares)	164,387	116,846
Effect of dilutive potential ordinary shares		
Effect of employee remuneration	200	186
Weighted average number of ordinary shares (diluted) at December 31 (in thousands of shares)	**164,587**	**117,032**
	$ 3.42	**2.82**

(o) Revenue from contracts with customers

(i) Details of revenue

	2020	2019
Primary geographical markets:		
Hong Kong and China	$ 365,942	158,176
Taiwan and other Asia Pacific regions	245,243	240,979
Europe	251,186	230,828
Americas	53,215	58,996
Others	10,597	23,559
	$ 926,183	**712,538**
Major products:		
Capacitor	$ 674,595	528,172
Fan	248,522	182,503
Others	3,066	1,863
	$ 926,183	**712,538**

(Continued)

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and trade receivables	$ 263,017	146,047	202,220
Less: loss allowance	(199)	(1,179)	(765)
	$ 262,818	**144,868**	**201,455**
Contract liabilities	**$ 15,154**	**928**	**12,538**

For details on trade receivables and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the period were $928 and $12,538, respectively.

(p) Employee, directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 0.2% of the profit as employee remuneration and less than 4% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The board of directors will determine the method of remuneration and remuneration of the employees.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to $13,296 and $7,405, and directors' and supervisors' remuneration amounting to $24,070 and $16,850, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as the percentage decided by the management of the Company. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2020 and 2019.

(q) Non-operating income and expenses

(i) Other income

	2020	2019
Dividend income	$ 577	12,277
Directors' remuneration	9,202	62,859
Others	8,219	9,302
	$ 17,998	**84,438**

(ii) Other gains and losses

	2020	2019
Gain on disposal of non-current asset classified as held for sale	$ -	79,849
Gains on financial assets at fair value through profit or loss	(14,113)	114,273
Foreign exchange (loss) gains	(21,173)	(2,221)
Gains on disposals of property, plant and equipment	350	6,746
Gain on disposal of investments accounted for using equity method	-	3,737
Others	4,035	(316)
	$ (30,901)	**202,068**

(r) Financial instruments

(i) Credit risk

1) Credit risk exposure

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. As at reporting date, the Company's exposure to credit risk and the maximum exposure were mainly from:

a) The carrying amount of financial assets and contract assets recognized in the consolidated balance sheet; and

b) The amount of liabilities as a result from the Company providing financial guarantees to its customers.

2) Concentration of credit risk

As sales are made to customers worldwide, the Company's exposure to credit risk concentration is expected to be low. The Company continuously assesses the financial condition of its customers. If it is necessary, the Company will ask for guarantees or warranties. The Company still regularly assesses the likelihood of collectability of accounts receivable and sets aside allowance for bad debts, based on the result of management's evaluation of the overall amounts of bad debts.

3) Credit risk exposure of notes and trade receivables

For credit risk exposure of notes and trade receivables, please refer to note 6(d); for credit risk exposure of other receivables, please refer to note 6(e).

Other financial assets at amortized cost include other receivables and time deposits.

All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to Note 4(f) for the Company determines whether credit risk is to be low risk).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding estimated interest payments:

	Carrying amount	Contractual cash flows	1 year	1-2 years	Over 2 years
December 31, 2020					
Non derivative financial liabilities					
Interest free liabilities	$ 1,053,071	(1,053,071)	(1,053,070)	(1)	-
Lease liabilities	593	(598)	(321)	(205)	(72)
Fixed rate instruments	3,417,820	(3,417,820)	(3,417,820)	-	-
	$ 4,471,484	**(4,471,489)**	**(4,471,211)**	**(206)**	**(72)**
December 31, 2019					
Non derivative financial liabilities					
Interest free liabilities	$ 606,426	(606,426)	(606,426)	-	-
Lease liabilities	543	(546)	(267)	(279)	-
Fixed rate instruments	2,481,000	(2,481,000)	(2,481,000)	-	-
	$ 3,087,969	**(3,087,972)**	**(3,087,693)**	**(279)**	**-**

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

(iii) Currency risk

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	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 43,821	USD/NTD=28.480	1,248,022	25,011	USD/NTD=29.980	749,830
Financial liabilities						
Monetary items						
USD	31,571	USD/NTD=28.480	899,142	15,850	USD/NTD=29.980	475,183

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 trade receivables(including related parties), other receivables, notes and trade payables, other payables and borrowings that are denominated in foreign currency.

A strengthening (weakening) of 5% of the USD against the NTD as of December 31, 2020 and 2019 would have increased (decreased) the net profit before tax as follows. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2019.

		December 31, 2020	December 31, 2019
USD(against to NTD)			
Strengthening 5%	$	17,444	13,732
Weakening 5%		(17,444)	(13,732)

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of foreign currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2020 and 2019, foreign exchange loss (including realized and unrealized portions) amounted to $21,173 and $2,221, respectively.

(iv) Interest rate analysis

The Company's exposure to interest rate risk arising from financial assets and liabilities was as follows:

	Book value	
	December 31, 2020	December 31, 2019
Variable rate instruments:		
Financial assets	$ 329,350	46,214
Financial liabilities	-	-
	$ 329,350	**46,214**

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

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 is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% 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 0.25%, the Company’s net income before tax would have increased / decreased by $823 and $116 for 2020 and 2019, respectively, with all other variable factors remaining constant. This is mainly due to the Company’s borrowing and demand deposits at variable rates.

(v) Other market price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2020		2019	
	Other comprehensive income before tax	Profit or loss before tax	Other comprehensive income before tax	Profit or loss before tax
5% increase	$ 36,563	-	5,743	-
5% decrease	$ (36,563)	-	(5,743)	-

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income 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 lease liabilities, disclosure of fair value information is not required.

	December 31, 2020				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	$ 731,254	731,254	-	-	731,254
Financial assets measured at amortized cost					
Cash and cash equivalents	552,168	-	-	-	-
Notes and trade receivables	262,818	-	-	-	-
Restricted time deposits	459,952	-	-	-	-
Time deposits with original maturity of more than three months	42,720	-	-	-	-
Other receivables	77,183	-	-	-	-
Guarantee deposits paid (classified under other non-current assets)	4	-	-	-	-
	$ 2,126,099				

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	December 31, 2020				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term borrowings	$ 3,417,820	-	-	-	-
Trade payables	456,117	-	-	-	-
Other payables	596,953	-	-	-	-
Lease liabilities	593	-	-	-	-
Guarantee deposits received	1	-	-	-	-
	$ 4,471,484				

	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	$ 114,865	114,865	-	-	114,865
Financial assets measured at amortized cost					
Cash and cash equivalents	172,828	-	-	-	-
Notes and trade receivables	144,868	-	-	-	-
Restricted time deposits	157,395	-	-	-	-
Time deposits with original maturity of more than three months	324,683	-	-	-	-
Other receivables	124,623	-	-	-	-
Guarantee deposits paid (classified under other non-current assets)	4	-	-	-	-
	$ 1,039,266				

	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term borrowings	$ 2,481,000	-	-	-	-
Trade payables	467,492	-	-	-	-
Other payables	138,934	-	-	-	-
Lease liabilities	543	-	-	-	-
Guarantee deposits received	60	-	-	-	-
	$ 3,088,029				

2) Valuation techniques for financial instruments not measured at fair value

The Company’ s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

The Company's management considered that the disclosed carrying amounts of financial assets and liabilities measured at amortized cost approximated their fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Financial assets and liabilities with standard terms and conditions and traded in an active market, for example, investment in stock of listed companies and corporate bonds: the fair value is based on the market quoted price.

b) When a stock is not listed and there is no open offer in the active market, the fair value is estimated using the net worth per share method, the P/E method and the stock price ratio method.

c) The fair value of derivative instruments is based on quoted prices. When a public offer is not available, an evaluation approach is used to estimate that the estimates and assumptions used are based on the quoted information of financial institutions or on a binomial tree pricing model that is widely accepted by market users.

d) The fair value of other financial assets and financial liabilities other than the above is determined in accordance with the generally accepted pricing model based on discounted cash flows analysis.

4) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2020 and 2019.

(s) 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 risks' exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Company’s financial risk management policies are established to identify and analyze the financial risks faced by the Company, to assess the impact of financial risk and implement policies related to mitigating financial risk. Financial risk management policies are reviewed regularly to reflect changes in market conditions and the Company’s operations. The Company, through internal controls such as training, management standards, and operational procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation. Internal auditors assist in the role of supervisory. Internal auditor undertakes both regular and ad hoc reviews of financial risk management controls and procedures, the results of which are reported to the board of directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and investments in debt securities.

1) Trade and other receivables

The Company established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Company will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Company continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2020, no other guarantees were outstanding, please refer to note 13(a)(ii).

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2020 and 2019, the Company's unused credit line please refer to note 6(i).

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, 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.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the functional currencies of the Company, primarily the USD.

2) Interest rate risk

The Company borrows funds on fixed and variable interest rates, which has a risk exposure to cash flow.

3) Other market price risk

The Company resulted in an exposure to equity prices due to open funds and stock investments of listed companies whose fair value is measured through open quotations.

(t) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. The management uses the appropriate total liability/equity ratio to determine the optimal capital for the merger. The management pursues the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Company aims to enhance the returns of its shareholders through achieving an optimized debt to equity ratio from time to time. The Company's liability to equity ratio at the end of each reporting period was as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 4,856,721	3,620,961
Total equity	7,551,444	7,162,211
Debt-to-equity ratio at 31 December	64%	51%

The increase in the debt-to-equity ratio as of December 31, 2020 was mainly due to the increase in short term borrowings, trade payables and other payable. To maintain the capital structure, the Company may adjust the investment level, issue new shares or sell assets to settle its liabilities.

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were acquisition of right-of-use assets by leasing. Reconciliation of liabilities arising from financing activities were as follows:

	2020.1.1	Cash flow	Non-cash changes Increase	December 31, 2020
Short-term borrowings	$ 2,481,000	936,820	-	3,417,820
Lease liabilities	543	(315)	365	593
Guarantee deposits received	60	(59)	-	1
Total liabilities from financing activities	**$ 2,481,603**	**936,446**	**365**	**3,418,414**

	2019.1.1	Cash flow	Non-cash changes Increase	December 31, 2019
Short-term borrowings	$ 2,625,000	(144,000)	-	2,481,000
Lease liabilities	1,221	(1,262)	584	543
Guarantee deposits received	11,058	(10,998)	-	60
Total liabilities from financing activities	**$ 2,637,279**	**(156,260)**	**584**	**2,481,603**

(Continued)

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that had transactions with the Company during the periods covered in the financial statements:

Name of related party	Relationship with the Company
YAGEO CORPORATION	The entity with significant influence over the Company
Teapo Electronic (HK) Ltd.	Subsidiaries
Teapo Electronics (DongGuan) CO., LTD.	〃
Dongguan Teapo Trading CO., Ltd.	〃
SUZHOU KAIMEI ELECTRONIC CO., LTD.	〃
DONGGUAN JAMICON ELECTRONIC CO., LTD.	〃
MYW Investment Limited	〃
KAIMEI ELECTRONIC (HK) LTD.	〃
JAMICON INTERNATIONAL LIMITED	〃
FORMOSA PROSONIC ELECTRONICS SDN.BHD (FORMOSA)	〃
BOTHHAND ENTERPRISE INC.	〃
Hsin Bung International Co., Ltd.	Other related parties
Yageo Professional Competition Development Association	〃
Tong Hsing Electronic Industries, Ltd.	An associate

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Company to related parties were as follows:

	2020	2019
The entity with significant influence over the Company	$ 13,437	23,225
Other related parties	6,011	5,732
	$ 19,448	**28,957**

The price of the Company sold to the related parties was determined by negotiation between both parties and the terms of the receipt were processed on a monthly basis, without any significant difference from the third-party customers.

(ii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2020	December 31, 2019
Trade receivables	The entity with significant influence over the Company	$ 5,157	9,935
〃	Subsidiaries	208	-
〃	Other related parties	1,255	972
Other receivables	Subsidiary - Teapo Electronic (HK) Ltd.	$ 6,174	72,959
〃	Subsidiary - KAIMEI ELECTRONIC (HK) LTD.	-	35,976
〃	Subsidiary - MYW Investment Limited	59,034	-
〃	Other subsidiaries	1,419	8,116
		$ 73,247	**127,958**

Amounts receivable from related parties were uncollateralized; other receivable from related parties including advances received by the Company from related parties, dividends receivables and capital reduction receivables.

(iii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	2020	2019
Subsidiary - JAMICON INTERNATIONAL LIMITED	$ 777,915	118,191
Subsidiary - Teapo Electronics (DongGuan) CO., LTD.	-	180,720
Other subsidiaries	86	10,457
	$ 778,001	**309,368**

The Company purchase from the related parties, if necessary, for its business operation, and there are no other transactions with non-related parties to compare. The payment term given to related parties is 90 days, and adjustments depend on demand for funds when necessary.

(iv) Payment to related parties

Account	Relationship	December 31, 2020	December 31, 2019
Trade payables	Subsidiary - JAMICON INTERNATIONAL LIMITED	$ 439,226	153,229
〃	Subsidiary - Teapo Electronics (DongGuan) CO., LTD.	-	313,258
〃	Other subsidiaries	16,286	-
Other payables	Subsidiary - Teapo Electronic (HK) Ltd.	143,007	-
〃	Other subsidiaries	6,443	7,049
〃	Other related parties	-	3,000
		$ 604,962	**476,536**

The other payable represents payment collection and freight payable of related parties.

(v) Borrowing from related parties

The Company’s borrowing from related parties and interest payables were as follows:

	December 31, 2020	December 31, 2019
KAIMEI ELECTRONIC (HK) LTD.	$ 291,920	-
MYW Investment Limited	56,142	33,000
	$ 348,062	**33,000**

The Company borrowed from certain related parties with annual interest rates of 0.73%. The loans were borrowed without collateral. Interest expenses were $314 and $0 for the years ended December 31, 2020 and 2019, respectively.

(vi) Leases

Account	Relationship	December 31, 2020	December 31, 2019
Lease liabilities (including current and non-current)	The entity with significant influence over the Company	**$ 194**	**472**

Relationship	2020	2019
Interest expenses		
The entity with significant influence over the Company	**$ 3**	**3**

For the lease agreement between the Company and the related parties, the negotiation process of the rent and the methods of payment are the same as those for the third parties.

(vii) Other current liabilities

	December 31, 2020	December 31, 2019
Subsidiary - FORMOSA PROSONIC ELECTRONICS SDN.BHD (FORMOSA)	**$ 119,805**	**119,805**

The other current liabilities represent the advance receipts of shares capital remitted from the related party.

(viii) Operating expenses

	2020	2019
Other related parties	**$ 1,000**	**3,000**

(ix) Other income

	2020	2019
Subsidiaries	$ 5,901	7
An associate	3,660	63
Other related parties	8	-
	$ 9,569	**70**

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2020	2019
Short-term employee benefits	$ 44,168	33,506
Post-employment benefits	348	196
	$ 44,516	**33,702**

Remuneration of Directors and other major management is determined by the Remuneration Committee in accordance with individual performance and market trends.

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Notes to the Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Account	Pledged to secure	December 31, 2020	December 31, 2019
Restricted time deposits (classified under current financial assets at amortized cost)	Bank loan	$ 459,952	157,395
Guarantee deposits (classified under other non-current assets)	Encumberment deposits	4	4
Financial assets at fair value through other comprehensive income	Bank loan	445,437	-
		$ 905,393	**157,399**

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

(a) The Company sold 100% equity interests in BOTHHAND ENTERPRISE INC.

In order to continue to focus on core technology to enhance the competitiveness of the Company, the Board of Directors decided on December 23, 2020, to sell 62,334 thousand ordinary shares of BOTHHAND ENTERPRISE INC. (hereinafter referred to as "BOTHHAND") (100% of the issued shares of BOTHHAND) at the price of NT$44.92 per share, total of $2,800,000, to the other related party, CHILISIN ELECTRONICS CORP. (hereinafter "CHILISIN"), the transaction price is based on the latest audited financial statements and unaudited financial statements prepared by management, taking into account their net worth per share, profitability and future development potential, which have been submitted by the independent expert on price reasonableness. The transaction was settled on January 25, 2021, and as of March 12, 2021, the price had been received in full. This transaction is reorganization under common control.

(b) The Company acquired 100% equity interests in RALEC ELECTRONIC CORPORATION

In order to continue to focus on core technology to enhance the competitiveness of the Company, the Board of Directors decided on December 23, 2020, to acquire 82,667 thousand ordinary shares of RALEC ELECTRONIC CORPORATION (hereinafter referred to as "RALEC") (100% of the issued shares of RALEC) at the price of NT$60.48 per share, total of $5,000,000, from the other related party, CHILISIN, the transaction price is based on the latest audited financial statements and unaudited financial statements prepared by management, taking into account their net worth per share, profitability and future development potential, which have been submitted by the independent expert on price reasonableness. The transaction was settled on January 28, 2021, and as of March 12, 2021, the price had been paid in full. This transaction is reorganization under common control.

(Continued)

(c) Kunshan Taijun Electronics Co., Ltd., a subsidiary of investments accounted for using equity method, was registered as canceled on January 14, 2021. All share capital was fully remitted back to Round Constant Limited, its parent company, on February 5, 2021.

(12) Other:

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

	For the years ended December 31					
	2020			2019		
By function / By item	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	-	65,522	65,522	-	83,373	83,373
Labor and health insurance	-	4,228	4,228	-	4,999	4,999
Pension	-	2,068	2,068	-	2,444	2,444
Remuneration of directors	-	14,442	14,442	-	10,860	10,860
Others	-	2,609	2,609	-	878	878
Depreciation	-	12,741	12,741	-	13,478	13,478
Amortization	-	5,989	5,989	-	5,844	5,844

Additional information on the number of employees and employee benefit expenses for the years ended December 31, 2020 and 2019 were as follow:

	2020	2019
Number of employees	53	62
Number of directors who were not employees	3	3
The average employee benefit	$ 1,489	1,554
The average salaries and wages	$ 1,310	1,413
Percentage change in average salary	(7.29)%	
Compensation to the supervisors	$ 10,128	6,940

The Company's compensation policy (for directors, executives, and employees) is as follows:

(i) The remuneration of the directors (included independent directors) is determined based on their engagement and performance provided for the management of the Company. The compensation is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.

(ii) The compensation paid to the executive officers is evaluated and adjusted based on industry practice as well as their title, level, education, experiences, professional skills, job responsibility, and performance.

(iii) Employee salary: Following the Company’s starting salary and raise regulation, the Company also considers factors such as seniority and performance appraisal.

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Notes to the Financial Statements

(iv) Executive officers' and employees' bonus: The issuance of performance bonus is evaluated based on performance appraisal. The year-end bonus and employee compensation issued depending on the Company's operating condition as well as annual review of each employee.

(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 Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No.	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 (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Notes
													Item	Value			
0	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Teapo Electronic (HK) Ltd.	Other receivables	Yes	211,575	-	-	1.08%	2	-	Working capital	-	None	-	755,144	3,020,577	Note 8
1	TEAPO HOLDING BERMUDA LIMITED	Teapo Electronic (HK) Ltd.	Other receivables	Yes	78,970	61,543	61,543	2.4%	2	-	Working capital	-	None	-	1,547,548	1,547,548	Note 3
2	KAIMEI ELECTRONIC (HK) LTD.	SUZHOU KAIMEI ELECTRONIC CO., LTD.	Other receivables	Yes	21,133	-	-	4%	2	-	Working capital	-	None	-	367,267	1,469,068	Note 4
2	KAIMEI ELECTRONIC (HK) LTD.	Teapo Electronic (HK) Ltd.	Other receivables	Yes	108,337	106,800	106,800	-%	2	-	Working capital	-	None	-	3,672,671	3,672,671	Note 5
2	KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Other receivables	Yes	2,718,445	327,521	291,920	-%	2	-	Working capital	-	None	-	3,672,671	3,672,671	Note 5
3	MYW Investment Limited	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Other receivables	Yes	56,000	56,000	56,000	0.73%	2	-	Working capital	-	None	-	65,983	263,930	Note 9
4	GUANGZHOU CHENG HAN ELECTRONICS TEC	Yunnan Energy-Saving Technology Co., Ltd.	Other receivables	No	6,486	-	-	12%	2	-	Working capital	-	None	-	44,518	44,518	Note 7
5	DEYANG BOTHHAND ELECTRONICS CO., LTD.	DEYANG SHISHENG ELECTRONICS CO., LTD.	Other receivables	Yes	86,480	-	-	12%		-	Operating capital	-	None	-	149,540	149,540	Note 7
5	DEYANG BOTHHAND ELECTRONICS CO., LTD.	DEYANG HONGYI ELECTRONICS CO., LTD.	Other receivables	Yes	25,944	-	-	12%	2	-	Working capital	-	None	-	149,540	149,540	〃
5	DEYANG BOTHHAND ELECTRONICS CO., LTD.	Yunnan Energy-Saving Technology Co., Ltd.	Other receivables	No	8,600	4,377	4,377	12%	2	-	Working capital	-	None	-	149,540	149,540	Note 7
6	GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	GUANGZHOU CHENG HAN ELECTRONICS TEC	Other receivables	Yes	21,620	-	-	5.0025%	2	-	Working capital	-	None	-	105,531	105,531	Note 6

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Notes to the Financial Statements

Note 1: The numbers denote the following:
1. "0" represents the Company
2. Subsidiaries are numbered starting from "1".

Note 2: Purpose of fund financing for the borrower:
1. For those companies with business transaction with the Company, please fill in 1.
2. For those companies with short-term financing needs, please fill in 2.

Note3: The capital of TEAPO HOLDING BERMUDA LIMITED is lent to a foreign company in which the parent company directly or indirectly holds 100% of the voting shares, the separately lending amount and maximum limit shall not exceed 100% of the net value of the latest financial statements audited or reviewed by accountants of TEAPO HOLDING BERMUDA LIMITED.

Note4: The limit on total loans to others shall not exceed 40% of KAIMEI ELECTRONIC (HK) LTD.'s net value. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing shall not exceed 10% of KAIMEI ELECTRONIC (HK) LTD.'s net value.

Note5: Inter-company loans of funds between KAIMEI ELECTRONIC (HK) LTD. and overseas companies in which the parent company holds, directly or indirectly, 100% of the voting shares, or loans of fund to the parent company, the total loans shall not exceed 100% of KAIMEI ELECTRONIC (HK) LTD.'s net value, limit on loans to a single party shall not exceed 100% of KAIMEI ELECTRONIC (HK) LTD.'s net value.

Note6: The limit on total loans to others shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants of GUANGZHOU BOTHHAND ELECTRONICS CO., LTD., limit on loans to a single party shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants of GUANGZHOU BOTHHAND ELECTRONICS CO., LTD..

Note7: The limit on total loans to others shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants of GUANGZHOU CHENG HAN ELECTRONICS TEC and DEYANG BOTHHAND ELECTRONICS CO., LTD, limit on loans to a single party shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants of GUANGZHOU CHENG HAN ELECTRONICS TEC and DEYANG BOTHHAND ELECTRONICS CO., LTD.

Note8: The limit on total loans to others is 40% of the net worth on the most current financial statements of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.), limit on loans to a single party is 10% of the net worth on the most current financial statements of KAIMEI ELECTRONIC CORP..

Note9: The limit on total loans to others shall not exceed 40% of the net value of the latest financial statements audited or reviewed by accountants of MYW Investment Limited. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing shall not exceed 10% of the net value of the latest financial statements audited or reviewed by accountants of MYW Investment Limited.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (note 2)	Limitation on amount of guarantees and endorsements for a specific enterprise (note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TEAPO HOLDING BERMUDA LIMITED	2	11,327,166	453,750	-	-	-	- %	15,102,888	Y	N	N
1	KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	3	5,509,006	5,500,000	5,100,000	2,067,820	3,060,184	138.86%	5,509,006	N	Y	N
2	MYW Investment Limited	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	3	2,639,301	1,800,000	1,500,000	-	-	227.33%	2,639,301	N	Y	N
3	BOTHHAND ENTERPRISE INC.	Bothhand International Investment Co., Ltd.	2	751,682	29,980	-	-	-	- %	1,503,364	N	N	N
3	BOTHHAND ENTERPRISE INC.	Sino Win International Limited	2	751,682	29,980	-	-	-	- %	1,503,364	N	N	N
3	BOTHHAND ENTERPRISE INC.	E-HENG TECHNOLOGY CO., LTD.	2	751,682	30,000	-	-	-	- %	1,503,364	N	N	N

Note 1: The numbers denote the following:
1. 0 is issuer.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: The relationship between the endorser/guarantor and the guaranteed party:
1. The companies with which it has business relations.
2. Subsidiaries in which the company holds more than 50% of its total outstanding common shares.
3. The companies in which the parent company and the subsidiary together hold more than 50% of its outstanding common shares.
4. The parent company which holds, directly or indirectly through a subsidiary, more than 50% of its outstanding common shares.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by each capital contributing shareholder in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for preconstruction homes pursuant to the Consumer Protection Act for each other.

Note3: The calculation of the limitation on endorsements and the amount thereof:
(1) The maximum amount of the Company's endorsement/guarantee for single enterprise is 150% of the net value of the latest financial statements audited or reviewed by accountants.
(2) The maximum amount of the endorsement/guarantee of the Company is 200% of the net value of the latest financial statements audited or reviewed by accountants.
(3) The limit of the endorsement guarantee for the parent company shall not exceed 400% of the net value of MYW Investment Limited.
(4) The limit of the endorsement/guarantee for the parent company shall not exceed 150% of the net value of KAIMEI ELECTRONIC (HK) LTD.
(5) The total amount of external endorsement/guarantee shall not exceed the net value of the latest financial statements audited or reviewed by accountants of BOTHHAND ENTERPRISE INC, and the external endorsement/guarantee for single enterprise shall not exceed 50% of the net value of the latest financial statements audited or reviewed by accountants.

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KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Notes to the Financial Statements

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
	Stock							
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	AGV PRODUCTS CORP	None	Current financial assets at fair value through profit or loss	13	-	-	-	
	EVER FORTUNE INDUSTRIAL CO., LTD.	None	Current financial assets at fair value through profit or loss	643	-	-	-	
SUZHOU KAIMEI ELECTRONIC CO., LTD.	Other financial instruments							
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	44,003	-	44,003	
JINMICON ELECTRONIC (SHENZHEN) CO., LTD.	Other financial instruments							
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	48,328	-	48,328	
SHIN KAIMEI ELECTRONIC (SHENZHEN) CO., LTD.	Other financial instruments							
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	79,083	-	79,083	
Dongguan Teapo Trading CO., Ltd.	Other financial instruments							
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	13,175	-	13,175	
GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	Other financial instruments							
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	242,252	-	242,252	
DEYANG BOTHHAND ELECTRONICS CO., LTD.	Other financial instruments							
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	81,194	-	81,194	
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	218,924	-	218,924	
Subtotal					**726,959**		**726,959**	

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
BOTHHAND ENTERPRISE INC.	Stock KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Current financial assets at fair value through other comprehensive income	1,364,575	124,995	1.00%	124,995	Notes 1 and 2
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD	None	Non-current financial assets at fair value through other comprehensive income	16,506,870	731,254	13.13%	731,254	Note 1

Note1: Listed securities are based on the closing price as of December 31, 2020.
Note2: All shareholdings have been treated as treasury shares.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

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 (note)	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD	Non-current financial assets at fair value through other comprehensive income	Trading with non-specific people in the open market	NA	3,213,000	114,865	13,902,870	471,291	609,000	22,439	20,365	2,074	16,506,870	731,254

Note: 13,902,870 shares were added during the period, representing the purchase of 13,539 thousand shares during the current period and 363,870 thousand shares from TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/trade receivables (payables)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payable)	
JAMICON INTERNATIONAL LIMITED	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Sale	(777,915)	(97.18)%	Net 90 days from the end of months of when invoice issued	-	Depending on the demand on funding	Trade receivables 439,226	99.82%	
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	JAMICON INTERNATIONAL LIMITED	Subsidiaries	Purchase	777,915	99.74%	Net 90 days from the end of months of when invoice received	-	-	Trade payables (439,226)	(73.31)%	

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/trade receivables (payables)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payable)	
Teapo Electronics (DongGuan) CO., LTD.	JAMICON INTERNATIONAL LIMITED	The same ultimate parent	Sale	(690,479)	(32.97)%	Net 90 days from the end of months of when invoice issued	-	-	Trade receivables 399,604	36.31%	
JAMICON INTERNATIONAL LIMITED	Teapo Electronics (DongGuan) CO., LTD.	The same ultimate parent	Purchase	690,479	89.48%	Net 90 days from the end of months of when invoice received	-	-	Trade payables (399,604)	(92.27)%	
DEYANG BOTHHAND ELECTRONICS CO., LTD.	BOTHHAND ENTERPRISE INC.	The same ultimate parent	Sale	(783,743)	(88.25)%	After the balance is set off against the trade payables, then the difference is settled by approximately 3 months	Negotiated price	For ordinary customer, payment is made approximately 30 to 120 days after the sales	Trade receivables 196,828	88.07%	
BOTHHAND ENTERPRISE INC.	DEYANG BOTHHAND ELECTRONICS CO., LTD.	The same ultimate parent	Purchase	783,743	62.67%	After the balance is set off against the trade payables, then the difference is settled by approximately 3 months	Negotiated price	For ordinary customer, payment is made approximately 30 to 120 days after the sales	Trade payables (196,828)	(79.28)%	
GUANGZHOU CHENG HAN ELECTRONICS TEC	BOTHHAND ENTERPRISE INC.	The same ultimate parent	Sale	(345,449)	(44.63)%	After the balance is set off against the trade payables, then the difference is settled by approximately 3 months	Negotiated price	For ordinary customer, payment is made approximately 30 to 120 days after the sales	Trade receivables 27,457	10.73%	
BOTHHAND ENTERPRISE INC.	GUANGZHOU CHENG HAN ELECTRONICS TEC	The same ultimate parent	Purchase	345,449	27.62%	After the balance is set off against the trade payables, then the difference is settled by approximately 3 months	Negotiated price	For ordinary customer, payment is made approximately 30 to 120 days after the sales	Trade payables (27,457)	(11.06)%	

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Notes to the Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 4)	Allowance for bad debts	Note
					Amount	Action taken			
Teapo Electronic (HK) Ltd.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Other receivables 143,008	Note 1	-		-	-	Note 3
Teapo Electronic (HK) Ltd.	Teapo Electronics (DongGuan) CO., LTD.	The same ultimate parent	Other receivables 278,021	Note 1	-		-	-	Note 3
Teapo Electronics (DongGuan) CO., LTD.	Teapo Electronic (HK) Ltd.	The same ultimate parent	Other receivables 297,634	Note 1	-		-	-	Note 3
Teapo Electronics (DongGuan) CO., LTD.	JAMICON INTERNATIONAL LIMITED	The same ultimate parent	Trade receivables 399,604	2.50	-		-	-	Note 3
JAMICON INTERNATIONAL LIMITED	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Trade receivables 439,226	2.63	-		-	-	Note 3
KAIMEI ELECTRONIC (HK) LTD.	Teapo Electronic (HK) Ltd.	The same ultimate parent	Other receivables 106,800	Note 2	-		-	-	Note 3
KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Other receivables 291,920	Note 2	-		163,760	-	Note 3
DEYANG BOTHHAND ELECTRONICS CO., LTD.	BOTHHAND ENTERPRISE INC.	The same ultimate parent	Trade receivables 196,828	9.48	-		-	-	Note 3

Note 1: Other receivables arising on behalf of payment are not applicable.
Note 2: Other receivables arising on loans are not applicable.
Note 3: The transaction has already been written off in the consolidated financial statement
Note 4: The amount represents collections subsequent to March 12, 2021.

(ix) Trading in derivative instruments: Please refer to consolidated financial statements note 6(b).

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TEAPO HOLDING BERMUDA LIMITED	Bermuda	Foreign business reinvestment	843,498	843,498	24,542,484	100.00%	1,547,548	190,399	190,399	Subsidiary
〃	Teapo Electronic (HK) Ltd.	Hong Kong	Import and export of electronic products	40	40	10,000	100.00%	(49,315)	1,351	1,351	〃
〃	KAIMEI ELECTRONIC (HK) LTD.	Hong Kong	Import and sale of aluminum electrolytic capacitors and motor fans	3,916,585	3,916,585	25,000,000	100.00%	3,672,671	60,515	60,515	〃
〃	FORMOSAPROSONICELECTRONICS	Malaysia	Manufacture and sale of aluminum electrolytic capacitors	114,229	114,229	13,245,440	100.00%	109,144	-	-	〃

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Notes to the Financial Statements

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KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Notes to the Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	JAMICON INTERNATIONAL LIMITED	Hong Kong	Import and sale of aluminum electrolytic capacitors	218,851	218,851	90,000,000	100.00%	258,816	32,380	32,380	Subsidiary
〃	BOTHHAND ENTERPRISE INC.	Taiwan	Manufacture and management of computer accessories and other electronic devices	2,147,428	2,147,428	62,333,875	100.00%	2,114,830	181,360	181,751	〃
〃	MYW Investment Limited	Taiwan	Reinvestment business	487,919	546,949	-	100.00%	659,825	36,214	36,214	〃
〃	TONG HSING ELECTRONIC INDUSTRIES, LTD.	Taiwan	Manufacture and sale of electronic products	1,252,555	1,277,087	9,451,414	5.29%	1,651,747	1,450,675	88,483	Associate under equity method
MYW Investment Limited	TONG HSING ELECTRONIC INDUSTRIES, LTD.	Taiwan	Manufacture and sale of electronic products	525,276	537,500	3,777,579	2.11%	659,660	1,450,675	35,426	Associate under equity method
BOTHHAND ENTERPRISE INC.	Bothhand International Investment Co., Ltd	British Virgin Islands	Reinvestment business and international trade	60,829	302,033	1,000,000	100.00%	1,379,826	181,457	186,853	Subsidiary
〃	Sino Win International Limited	Samoa	Import and export business	-	338	-	- %	-	(2,797)	(2,797)	〃
〃	E-HENG TECHNOLOGY CO., LTD.	Taiwan	Manufacture and management of computer accessories and other electronic devices	4,400	55,001	440,000	100.00%	11,574	13,552	10,057	〃
Bothhand International Investment Co., Ltd	Round Constant Limited	Samoa	Reinvestment business	57,779 (USD1,950)	57,779 (USD1,950)	1,950,000	100.00%	7,135	(71)	(71)	〃

(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 Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 10)	Book value	Accumu-lated remittance of earnings in current period	Note
					Outflow	Inflow							
Teapo Electronics (DongGuan) CO., LTD.	Manufacture and sale of capacitors	594,706	(1)	594,706 (USD18,500)	-	-	594,706	188,478	100.00%	188,478	1,473,936	-	
Dongguan Teapo Trading CO., Ltd.	Purchase and sale of electrolytic capacitors	7,076	(2)	-	-	-	-	101	100.00%	101	14,655	-	
SUZHOU KAIMEI ELECTRONIC CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors	462,990	(1)	446,416 (USD15,000)	-	-	446,416	19,776	98.81%	19,541	277,654	-	
JAMICON ELECTRONIC (SHENZHEN) LTD.	Manufacture and sale of electrolytic capacitors and motor fans	-	(1)	-	-	-	-	-	-%	-	-	-	Note 6

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)

Notes to the Financial Statements

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 10)	Book value	Accumu-lated remittance of earnings in current period	Note
					Outflow	Inflow							
JINMICON ELECTRONIC (SHENZHEN) CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors	33,012	(1)	-	-	-	-	(31,958)	100.00%	(31,958)	39,862	-	
SHIN KAIMEI ELECTRONIC (SHENZHEN) CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors	148,440	(1)	-	-	-	-	39,017	100.00%	39,017	69,791	-	
DONGGUAN JAMICON ELECTRONIC CO., LTD.	Import and sale of aluminum electrolytic capacitors and motor fans	2,331	(2)	-	-	-	-	(8,251)	100.00%	(8,251)	3,576	-	
Bothhand Enterprise (Guangzhou) Inc.	Manufacture and management of computer accessories and other electronic devices	-	(1)	21,638 (HDK5,764)	-	-	21,638 (HDK5,764)	-	-%	-	-	-	Note 5
KAIPING BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	22,784 (USD800)	(1)	152,153 USD879 and HKD34,609)	-	-	152,153 USD879 and HKD34,609)	2,767	100.00%	2,767	98,585	390,795	
GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	56,960 (CNY2,000)	(2)	27,853 (USD978)	-	-	27,853 (USD978)	65,248	100.00%	65,248	527,655	77,317	
DEYANG BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	142,400 (CNY5,000)	(2)	-	-	-	-	102,184	100.00%	102,184	747,700	373,911	
Kunshan Taijun Electronics Co., Ltd.	Vacuum sputtering coating	340,336 (CNY11,950)	(2)	-	-	-	-	(71)	100.00%	(71)	7,135	-	
GUANGZHOU CHENG HAN ELECTRONICS TEC	Manufacture and management of computer accessories and other electronic devices	113,759 (CNY25,988)	(2)	-	-	-	-	65,992	100.00%	61,803	222,588	-	
DEYANG SHISHENG ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	21,887 (CNY5,000)	(2)	-	-	-	-	28,960	100.00%	24,892	93,358	-	
DEYANG HONGYI ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	131,321 (CNY30,000)	(2)	-	-	-	-	25,268	51.00%	15,724	90,383	-	
HUNAN BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	43,774 (CNY10,000)	(2)	-	-	-	-	(1,874)	100.00%	(231)	35,675	-	

(Continued)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 4 and 8)	Upper Limit on Investment (Note 3)
1,155,257 (USD35,357 and HKD40,373)	2,144,316 (USD75,292)	4,530,866

Note 1: Investment in companies in Mainland China through the existing companies in the third regions.
Note 2: Invest company in mainland China through the investment on company located at the third.
Note 3: Investment limit of the Company to the mainland (60% of net equity)$7,551,444 X 60% = 4,530,866.
Note 4: US$1 = 28.48 at the balance sheet date.HKD$1=3.673 andCNY$1=4.377 translations.
Note 5: The liquidation of GUANGZHOU BOTHHAND ELECTRONICS CO.,LTD. had been completed in January 2011, but the remaining shares capital had not yet been remitted to Taiwan.
Note 6: The Group completed the sale of the subsidiary, JAMICON ELECTRONIC (SHENZHEN) LTD. in June 2018, but the shares capital had not yet been remitted to Taiwan.
Note 7: The amount accumulated from the initial investment to the current period.
Note 8: The authorized investment amount included the investment amount of BujiBantian Kaimei Motor Factory, JAMICON ELECTRONIC TECHNOLOGY (SHANGHAI) CO., LTD.、JAMICON ELECTRONIC (SHANGHAI) CO., LTD. and JAMICON (SHENZHEN) LTD. amounting to US$3,731 thousand, since cash flow arising from disinvestment or donation had not been remitted.
Note 9: The Company merged with its domestic subsidiary, KAIMEI ELECTRONIC CORP., and the Company was the surviving company, while KAIMEI ELECTRONIC CORP. was the dissolved company being merged. The Company got approval of investment in mainland China from INVESTMENT COMMISSION in October 2019 to continue the investment of KAIMEI ELECTRONIC CORP.
Note10: The base of recognition of investment income (loss) is the financial statement audited by CPA of the investee company.

(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:

(Unit: share)

Shareholding Shareholder's Name	Shares	Percentage
YAGEO CORPORATION	8,124,882	5.98%
Nomura International plc	7,497,800	5.51%

Note: (1) The table shows principal shareholders information, including shareholders holding more than 5% of the Company's delivered uncertificated/scripless shares (including treasury shares), with ordinary shares and preference shares combined at the last operating date of each quarter. As a result of different basis of calculation, there may be inconsistency between share capital reported in the financial statements and the actual awarded number of uncertificated/scripless shares.

(Continued)

(2) For a situation where a shareholder entrusted the shareholdings, the individual account of the settlor opened by the trustee was disclosed. The shareholders' reported insider’ s shares that exceeded 10% of the Company’ s total capital in accordance with Securities and Exchange Act, including personal holdings, plus trusted shares with voting rights. Please refer to the Public Information Observatory for information on the reporting of insider’ s shares.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended 2020.

KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)

Statement of cash and cash equivalents

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand and petty cash		$ 9,218
Demand deposits	NTD	14,727
	Foreign currency (USD 11,027 thousand dollars and others)	314,623
		329,350
Time deposits	Foreign currency (USD 7,500 thousand dollars, maturity date from March 9, 2021 to March 14, 2021)	213,600
		$ 552,168

Note: The exchange rate :USD$1= NTD$28.48

Statement of trade receivables

Client Name	Amount
Trade receivable:	
Company A	$ 46,736
Company B	12,867
Company C	12,256
Company D	12,189
Others (note 2)	176,315
Subtotal	260,363
Less: loss allowance	(172)
	$ 260,191

Note: 1. All trade receivables arose from operating activities.

2. The balances not exceeding 5% of the total amount are not presented separately.

KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)

Statement of financial assets measured at fair value through other comprehensive income - non-current

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Increase		Decrease		Ending balance				
Name of investee	Shares/Unit	Fair value	Shares/Unit (note)	Amount	Shares/Unit	Amount	Shares/Unit	Fair value	Accumulated impairments loss	Collaterals or Pledged Assets	Note
Taiwan Chinsan Electronic Industrial Co., Ltd.	3,213,000	$ 114,865	13,902,870	471,291	609,000	22,439	16,506,870	731,254	-	Pledged 10,055,000 shares	
		$ 114,865		**471,291**		**22,439**		**731,254**	**-**		

Note: Increase included purchase of 13,539,000 shares and share dividends of 363,870 shares.

Statement of financial assets measured at amortized cost - current

Please refer to note 6(c).

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning balance		Increase (decrease)		Share of Profit (Loss)	Other comprehensive	Ending balance			Fair value/	Collaterals or Pledged	Note
	Shares	Amount	Shares	Amount	of Investee	income (loss)	Shares	Percentage	Amount	total net amount	Assets	
TEAPO HOLDING BERMUDA LIMITED	24,542,484	$ 1,335,706	-	-	190,399	21,443	24,542,484	100%	1,547,548	1,547,548	None	
Teapo Electronic (HK) Ltd.	10,000	(53,043)	-	-	1,351	2,377	10,000	100%	(49,315)	(49,315)	None	
MYW Investment Limited	-	553,607		71,534	36,214	(1,530)		100%	659,825	659,825	None	Note 1
KAIMEI ELECTRONIC (HK) LTD.	2,500,000	3,780,486		-	60,515	(168,330)	2,500,000	100%	3,672,671	3,672,671	None	
FORMOSA PROSONIC ELECTRONIC SDN. BHD.	13,245,440	113,058		-	-	(3,914)	13,245,440	100%	109,144	109,144	None	
JAMICON INTERNATIONAL LIMITED	90,000,000	220,795		-	32,380	5,641	90,000,000	100%	258,816	258,816	None	
BOTHHAND ENTERPRISE INC.	62,333,875	2,170,083		(245,777)	181,751	8,773	62,333,875	100%	2,114,830	2,114,830	None	Note 2
Tong Hsing Electronic Industries, Ltd.	12,444,882	1,293,391	(2,993,468)	273,703	88,483	(3,830)	9,451,414	5.29%	1,651,747	1,672,900	None	Notes 3 and 4
Less: credit balance of investments accounted for using equity method classified under other non-current liabilities		53,043							49,315	49,315		
		$ 9,467,126		**99,460**	**591,093**	**(139,370)**			**10,014,581**	**10,035,734**		

Note 1: Increase $71,534 included capital reduction from investee $59,030 and changing due from non-proportional investment in investee's increase in capital $130,564.

Note 2: Decrease $245,777 included decreasing from cash dividend received $249,336, increasing from changes in ownership interests in subsidiaries $336, decreasing from difference between consideration and carrying amount of subsidiaries acquired or disposed $3,599, increasing from capital reduction and cash dividends received from Company's share hold by subsidiaries recognized treasury share $5,848 and $974,

Note 3: Increase $273,703 included increasing from purchasing $6,053, decreasing from capital reduction $30,585, decreasing from cash dividends received $30,585 and decreasing from changing in equity of associates and joint ventures accounted for using equity method $328,820.

Note 4: The unit price is calculated by the closing price of the Taiwan Stock Exchange as of December 31, 2020.

KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)

Statement of changes in property, plant and equipment

For the year ended December 31, 2020

Please refer to note 6(f).

Statement of short-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Type of loan	Bank	Ending balance	Term of contract	Range of interest rates	Loan commitment	Collaterals or Pledged Assets
Credit loans	Taipei Fubon Commercial Bank CO., Ltd.	$ 600,000	2020.12.21-2021.01.21	0.78%	TWD 600,000	None
Secured bank loans	〃	478,000	2020.12.16-2021.01.15	0.73%	TWD 1,000,000	Restricted time deposits
Secured bank loans	Bank SinoPac	188,000	2020.12.07-2021.02.05	0.793%	TWD 2,500,000	Restricted time deposits
Credit loans	Taishin International Bank CO., Ltd.	350,000	2020.12.16-2021.01.15	0.78%	TWD 350,000	None
Secured bank loans	〃	1,401,820	2020.12.16-2021.01.15	0.78%	TWD 1,600,000	Restricted time deposits
Credit loans	Shin Kong Bank	200,000	2020.12.09~2021.02.09	0.78%	TWD 200,000	None
Secured bank loans	CTBC Bank	200,000	2020.12.30-2021.01.29	0.75%	TWD 200,000	Financial assets at fair value through other comprehensive income
		$ 3,417,820				

KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)

Statement of trade payables

December 31, 2020

Please refer to note 7(b)(iv).

Statement of operating revenue

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Quantity (thousand units)	Amount
Capacitor	587,824	$ 674,595
Fan	4,474	248,522
Others	244	3,066
Total		**$ 926,183**

KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)

Statement of operating costs

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Inventories, beginning of the year	$ 10,139
Purchases	776,009
Less: Inventories, end of the year	6,353
Cost of goods sold	779,795
Inventory write-downs and obsolescence loss reversal	(421)
Operating costs	**$ 779,374**

Statement of operating expense

Item	Selling expense	Administrative expenses	Research and development expenses
Employee benefits	$ 21,754	65,534	1,581
Depreciation and amortization	194	18,156	380
Commission fee	4,865		-
Maintenance fee	85	6,700	-
Research expenses	-		1,336
Others (note)	6,039	23,507	170
	$ 32,937	**113,897**	**3,467**

Note: the amounts not exceeding 5% of total operating expenses are not presented separately.

Statement of non-operating income and loss

Please refer to note 6(q).

VI. Impact on the Company's financial status due to financial difficulties experienced by the Company and its affiliates in the most recent fiscal year up to the publication date of the report: None.

Chapter 7 Financial Status and Operating Results

I. Financial status: The main reasons for the major changes in assets, liabilities and equity in the most recent two years and their Impact

(I) Comparative analysis of financial position

Item \ Year	Year Ended Dec. 31, 2020	2019	Difference	
			Amount	%
Current assets	8,646,498	8,370,430	276,068	3.30
Non-current assets	5,051,669	3,964,967	1,086,702	27.41
Total Assets	13,698,167	12,335,397	1,362,770	11.05
Current liabilities	5,729,377	4,522,289	1,207,088	26.69
Non-current liabilities	327,176	472,240	(145,064)	(30.72)
Total Liabilities	6,056,553	4,994,529	1,062,024	21.26
Capital	1,358,442	1,940,631	(582,189)	(30.00)
Capital surplus	4,218,195	3,747,130	471,065	12.57
Retained earnings	2,228,144	1,765,852	462,292	26.18
Other equity interest	(170,343)	(202,230)	31,887	15.77
Non-controlling interest	90,170	178,657	(88,487)	(49.53)
Total shareholder equity	7,641,614	7,340,868	300,746	4.10

Explanation:

1. The increase in current assets is mainly caused by the increase in receivables due to the increase in turnover days of receivables.
2. The increase in non-current assets is mainly due to the reclassification of the shares of Taiwan Chinsan Electronic Industrial Co., Ltd., held by the Company, from current assets to non-current assets.
3. The increase in current liabilities is mainly due to the increase in short-term loans and short-term bills payable.
4. The decrease in non-current liabilities is mainly due to the decrease in long-term loans.
5. The decrease in share capital is due to the cash capital reduction in the current period.
6. The increase in capital reserve is mainly due to the difference arising from the joint issue of new shares by affiliated enterprises Tong Hsing Electronic Industries, Ltd. and Shengli International Co., Ltd., invested by the equity method, was not recognized by the Company according to the shareholding ratio.
7. The increase in retained earnings is mainly due to the increase in net profit in the current period.
8. The increase in other equity is mainly due to the increase in unrealized gains and losses on Taiwan Chinsan Electronic Industrial Co., Ltd., a financial asset measured at fair value through other comprehensive gains and losses.
9. The decrease in non-controlling interest is mainly due to the difference between consideration and carrying amount of subsidiaries acquired or disposed and cash dividends of subsidiaries to non-controlling interests.

II. Financial performance: The main reasons for significant changes in operating revenue, net operating income and pre-tax net income in the most recent two years, the possible impact on the Company's future finance and business and the corresponding plans:

(I) Comparative analysis of financial performance

Unit: NT$1,000

Item \ Year	Year Ended Dec. 31, 2020	2019	Change, by Amount	Proportion of change (%)
	Amount	Amount		
Sales Revenue	4,466,552	4,547,218	(80,666)	(1.77)
Operating costs	(3,310,374)	(3,405,810)	(95,436)	(2.80)
Gross Profit	1,156,178	1,141,408	14,770	1.29
Operating Expenses	(603,781)	(701,131)	(97,350)	(13.88)
Operating Profit	552,397	440,277	112,120	25.47
Non-operating income and expenses	105,912	461,560	(355,648)	(77.05)
Profit before income tax	658,309	901,837	(243,528)	(27.00)
Income tax expense	(76,916)	(327,826)	(250,910)	(76.54)
Net Income	581,393	574,011	7,382	1.29

Notes to increase/decrease:

1. The decrease in operating revenue and operating costs is mainly due to the impact of the COVID-19 epidemic.
2. The decrease in operating expenses is mainly due to the decrease in the number of employees, salary, and bonus.
3. The decrease in non-operating income is mainly due to the increase in foreign currency exchange losses and the decrease in net profit on financial assets measured at fair value through profits and losses.
4. The decrease in income tax expenses is mainly due to the estimated land value-added tax arising from the disposal of the land and over-estimated undistributed earnings for the year 2019.

III. Cash flow: Explanation on the cash flow variation of cash flow and improvement plan on the illiquidity for the most recent fiscal year and cash liquidity analysis for the next year

1. Liquidity analysis for the most recent two years

(In Thousands of New Taiwan Dollars)

Item \ Year	Year Ended Dec. 31, 2020	2019	Percentage of increase (decrease) (%)
Cash flow ratio (%)	8.55	19.31	(55.72)
Cash flow adequacy ratio (%)	132.24	150.34	(12.04)
Cash reinvestment ratio (%)	5.01	7.13	(29.73)

Notes to increase/decrease:

1. The increase in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio is mainly due to the payment of cash dividends.

2. Low liquidity improvement program: Not applicable.
3. Cash liquidity analysis for the upcoming fiscal year
The Company expects that the cash on accounts and cash inflow from operating activities in the year 2021 will be sufficient to cover the capital expenditure and various cash expenditures, and the cash liquidity will be good in the upcoming year.

IV. Major capital expenditure for the most recent year and its effect on financial position and operation of the Company：N/A

V. Reinvestment Policies of the most recent year, main reasons for investment gains or losses, improvement plans, and investment plans of the upcoming year:

1. Comparative analysis of reinvestment

(In Thousands of New Taiwan Dollars)

Name of the investment company	Name of the invested company	Investment income (loss) recognized in the year	Policies	Main reasons for profit or loss	Improvement plans and future investment plans
Kaimei Electronic Corporation (formerly, Teapo Electronic Corporation)	Teapo Holding (Bermuda) Ltd.	190,399	Reinvestment in the Chinese mainland subsidiary	Income from operations of Teapo Electronic (Dongguan) Co., Ltd.	-
	Teapo Electronic (H.K.) Limited	1,351	Import and export business of electronic products	Income from operations	-
	Kaimei Electronic (Hongkong) Limited	60,515	Purchase and sales of aluminum electrolytic capacitors and motor fans	Mainly income from fixed deposit	-
	FORMOSA PROSONIC ELECTRONICS SDN. BHD	-	Production and sales of aluminum electrolytic capacitors	In liquidation	-
	Jamicon International Limited	32,380	Purchase and sales of aluminum electrolytic capacitors	Income from operations	-
	Bothhand Enterprise Inc.	181,751	Production and operation of supporting components and other electronic devices	Income from operations	-
	MYW Investment Limited	36,214	Reinvestment business	Income from reinvestment	-
	TONG HSING ELECTRONIC INDUSTRIES, LTD.	88,483	Production and sales of electronic products	Income from operations	-

Note: The above table only shows the profits or losses on individual companies of directly and indirectly reinvested enterprises. Please refer to the "Schedule VIII" of the Company's financial report audited and certified by the CPAs. Please refer to the "Related Information of Affiliated Enterprises" in the special items part of the year's annual report for the operating items, capital amount, and the Company's investment ratio of each reinvested enterprise.

VI. Risk analysis and assessment for the most recent fiscal year up to the publication date of the annual report:

(I) The impact of interest rate and exchange rate changes and inflation on the Company's profits and losses and future countermeasures:

(1) Impact of the change of interest rate:

The Company and its subsidiaries have obtained better market interest rates for the loans needed for operation upon borrowing in, which is less affected by the change of interest rate, and they will pay close attention to the trend of interest rate in the future. In case of subsequent financing, favorable interest rate conditions shall be locked according to the situation so as to reduce the impact caused by the change of interest rate.

(2) Impact of the change of exchange rate:

Forward foreign exchange hedging, foreign exchange futures hedging, foreign exchange option hedging, or foreign exchange trading are common hedging methods. First, understand the natural hedging positions generated by the Company's overall trading mode, and then implement appropriate control mechanisms and systems of foreign exchange hedging trading according to different situations so as to reduce the impact on the profits and losses.

(3) Impact of inflation:

In recent years, prices have been rising steadily. At present, the Company and its subsidiaries have not suffered any significant impact on the profits and losses due to inflation. In the future, the Company will adjust the product price and inventory appropriately to reduce the impact of inflation on the Company and its subsidiaries.

(II) Policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements/guarantees, and derivatives transactions, main reasons for the profit (loss) generated thereby, and response measures to be taken in the future:

(1) High-risk investments, highly leveraged investments: The Company focuses on the development of its main business and does not engage in high-risk investments or highly leveraged investments.

(2) Loans to other parties, endorsements, guarantees, and derivatives transactions: The Company and its subsidiaries are engaged in loans to other parties, endorsements, guarantees, and derivatives transactions in accordance with the procedures adopted by the resolution of the Board of Directors and the Shareholders' Meeting. As of the date of publication of the annual report, the objects of loans and endorsements and guarantees of the Company and its subsidiaries were limited to the Company and its subsidiaries.

(III) Future R&D plan and expected R&D expenditure: For the Company's R&D plan for the most recent year, please refer to the business description in "Chapter 5 Operating Overview" of the annual report.

(IV) Impact of changes in major domestic and foreign policies and laws on the Company's finance and business and corresponding measures: The Company has been paying attention to policies and laws that may affect the Company's business and operation, which have not been affected by changes in major domestic and foreign policies and laws in recent years.

(V) Impact of technological and industrial changes on the Company's finance and business and corresponding measures: The Company and its subsidiaries are engaged in the field of the electronic technology industry. The progress and change of electronic technology are what enterprises have to face, so they must constantly develop new products and technologies to respond to such progress and change. The Company has set up the R&D Department, always pays attention to the changes of market technology, promptly launches new products and new

technologies to maintain the Company's competitiveness, keeps interaction with customers so as to ensure its market advantage.

(VI) The impact of change of corporate image on corporate crisis management and corresponding measures:

(1) The Company strengthens the power of the management team, fulfills the social responsibility of the enterprise, and implements the Company's risk management policies and procedures. Therefore, there was no situation endangering the corporate image that occurred. In the future, the Company will diligently fulfill its social responsibility while pursuing the maximization of shareholders' rights and interests.

(2) The Company has also been actively committed to environmental protection and safety and health management, and has been certified by ISO14001 Environmental Management System and OHSAS 18001 Occupational Safety and Health Management System, and will pursue continuous improvement upholding the spirit of the certification.

(VII) Expected benefits, possible risks, and countermeasures of M & A: At present, there is no M & A in progress, so there are no benefits and risks thereof.

(VIII) Expected benefits, possible risks, and countermeasures of plant expansion:

Teapo Electronic (Dongguan) Co., Ltd., a subsidiary indirectly wholly owned by the Company, rented the land and above-ground buildings from Teapo Electronic (Dongguan) Co., Ltd. for reconstruction.

Purpose and necessity of acquiring the leased land and above-ground buildings for reconstruction:

1. On Apr. 12, 2017, on behalf of its subsidiary, Kaimei announced to sell the equity of Jiemeikang Electronics (i.e., Longhua plant) to Shenzhen Eduardo Asset Management Co., Ltd., which had rented the factory premises from Jingmeikang Electronic (Shenzhen) Co., Ltd. and Xinkaimei Motor (Shenzhen) Co., Ltd. for Jiemeikang Electronics in the long run, with the demand to move the factory.

2. Under the fierce competition in the electronic industry, the key to face the market competition in the future is to integrate the overall resources,

reduce the operating costs, expand the business scale and enhance the market competitiveness,

and quickly achieve the economic scale and market share, by sharing the plants.

3. Based on the above reasons, it is necessary to rent the land and above-ground buildings for reconstruction.

Expected benefits of acquiring the leased land and above-ground buildings for reconstruction

If it can be managed and used in a centralized manner, it will not only improve the overall efficiency of machine dispatching, expand the scale of operation but also enhance the operational

performance and competitiveness, good for customer order consistency.

The Company's lease of the land for building reconstruction has been carefully and professionally evaluated internally, and the funds are paid based on the progress of the project,

and there is no worry about insufficient funds. We have fully understood the benefits and possible risks of this investment. At present, the project is in smooth progress and is expected to be completed in the second quarter of 2021.

(IX) Risks and Countermeasures of centralized goods purchase or sales:

(1) The Company actively decentralizes the source of purchase to avoid the manipulation of the source by a single supplier, so there should be no risk of centralized purchase.

(2) The Company's main customers are major international manufacturers with long-term cooperation, which are geographically scattered, so there should be no risk of centralized sales.

(X) The impact, risks and countermeasures of Directors, Supervisors, or major shareholders holding more than 10% of the shares, or substantial transfer or replacement of shares on the Company: None.

(XI) The impact, risk and countermeasures of the change of management right on the Company: None.

(XII) For litigation or non-litigation events where the Company and its Directors, Supervisors, General Manager, Substantial Responsible Persons, major Shareholders holding more than 10% of the shares shall be specified, and major litigation, non-litigation or administrative litigation events where subsidiary companies have been ruled or that are still pending, if the results may have a significant impact on shareholders' equity or securities prices, the facts in dispute, the target amount, the start date of the litigation, the main parties involved in the litigation, and the treatment as of the date of publication of the annual report shall be disclosed:

I. A statement on the exercise of the right of disgorgement by Mr. Kao-Liang Mai, the major shareholder, in violation of Article 157 of the Securities and Exchange Act concerning the short-term transaction.

(1) Handled according to the letter (109) ZBFZ No. 109000238529 of the SFIPC on Jun. 19, 2020

(2) So far, Mr. Kao-Liang Mai has not transferred to the Company the amount NT$10,245,803 subject to the right of disgorgement, against which the interest is calculated at 5% per annum from Sep. 20, 2019 to the date of full payment. For this reason, the Company applied for a civil payment order with Taoyuan District Court of Taiwan, the jurisdiction court of Mr. Kao-Liang Mai's residence, which was accepted by Taoyuan District Court of Taiwan under case No.: SCZ No. 19529, 2020. We hope to urge Mr. Kao-Liang Mai to exercise the right of disgorgement through the court's supervision procedure so as to facilitate the handling of follow-up matters.

(3) Current progress: Trial in process by the civil division of Taoyuan District Court of Taiwan.

(4) There is no significant impact on shareholders' equity or securities prices.

II. The Company only has only one corporate director, YAGEO Corporation (hereinafter referred to as YAGEO Corporation), which is involved at present in the pending litigation, non-litigation or administrative disputes briefed as below:
On the ground that Far Eastern Air Transport (hereinafter referred to as FAT) is suspected of falsely increasing the turnover and accounts receivable through false transactions in order to beautify the financial statements and cause damage to the investors, The Securities and Futures Investors Protection Center (hereinafter referred to as the SFIPC), after obtaining the authorization of the affected investors, filed a civil lawsuit for joint and several damages of NT$296.9 million with Taipei District Court on Jun. 23, 2009 against the joint defendants of 29 legal persons and individuals (excluding the company) including FAT, its management team, directors and supervisors, CPAs and accounting firms, etc., and filed an additional lawsuit against the Company and two other companies in Jan. 2010 on the ground that the Company violated the legal obligations of acting as the supervisor of FAT, requesting the Company and the supervisory representative appointed by the Company to be jointly and severally liable for damages.

During the period of appeal, the Company reached a settlement with SFIPC after negotiation and SFIPC withdrew the lawsuit against the Company from the court on Feb. 24, 2020.

In case that the Company and those appointed by the Company to other companies as directors and supervisors are subject to claims by others due to the performance of their duties, they are all covered by the directors' and supervisors' liability insurance taken by the Company. Therefore, the cost that was agreed upon by reaching the settlement with SFIPC was mainly

paid by the insurance company. Therefore, this case has no significant impact on the financial and business conditions of the Company.

(XIII) Other important risks and countermeasures:

Information security policy and management plan

I. Information security management

(1) The information security authority and responsibility unit of the Company is the Information Department, which has set up one information director and several professional information personnel, who are responsible for planning, implementing, and promoting information security management related matters and strengthening the information security awareness of all staff.

(2) The information security supervision unit of the Company is the Audit Division. If there is any defect found in the audit, the inspected unit is required to put forward relevant improvement plans, and the improvement effect will be regularly tracked so as to reduce the internal information security risk.

II. Information security policy

(1) System specification: Formulate the Company's information security management specification

(2) Equipment application: Build information security management equipment and implement asset security management measures.

(3) Education and training: Carry out personnel information security education and training to enhance the safety awareness of all staff.

III. Information security management measures

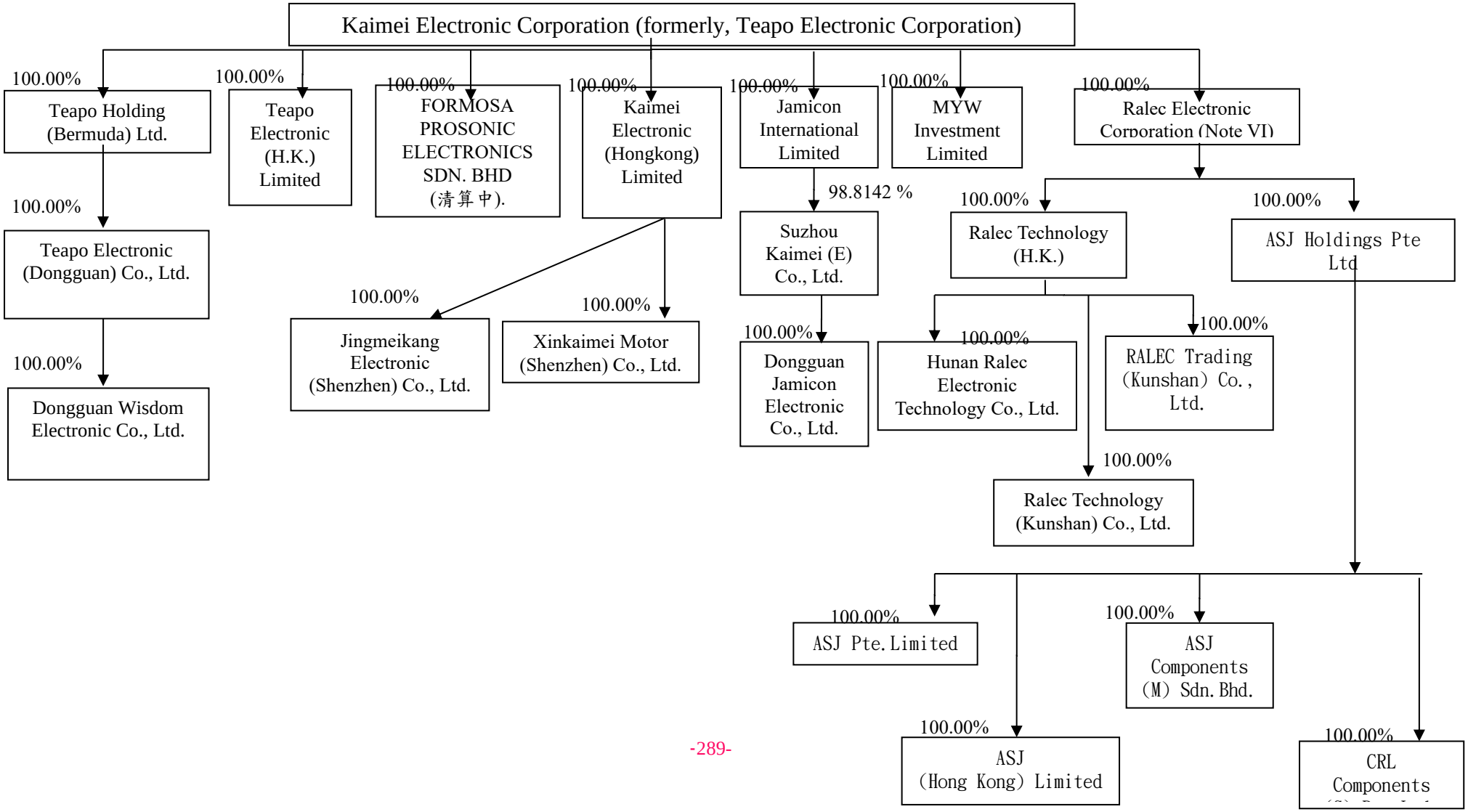
Type	Description	Related operation
Authority management	Management measures of personnel account, authority management and system operation behavior	a. Personnel account authority management and audit. b. Checking personnel account authority regularly.
Access control	Control measures for personnel access to internal and external systems and data transmission	a. Internal/external access control measures. b. The network firewall is used to separate the internal, and external network and analyze operation behavior track records.
External threats	Potential weakness of internal system, virus attacking channels and protective measures	a. Host/computer vulnerability detection and update measures. Computer virus protection and regular update of virus features.
System availability	System availability and measures to deal with service interruption	a. Network/system availability monitoring and notification mechanism. Emergency measures for service interruption. b. Data backup and backup measures, local/remote backup mechanism. c. Regular disaster recovery drill

VII. Other important matters: None.

Chapter 8 Special Notes (this page doesn't need to be translated now)

I. Information on the Company's affiliates

(I) Organization chart of affiliated companies (May 8, 2020)



(II) Basic Information of affiliates

Apr. 30, 2021

Unit: $1,000

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Exchange rate (Dec. 31, 2020)	Major Lines of Business or Products
Kaimei Electronic Corporation (formerly, Teapo Electronic Corporation)	Sep. 11, 1978	13 / F, No.81, Section 1, Xintai 5th Road, Xizhi District, Xinbei City	TWD1,358,442	1	Purchase and sales of capacitors
Teapo Electronic (H.K.) Limited	Apr. 24, 1998	Hong Kong	HKD10	3.673	Import and export business of electronic products
Teapo Holding (Bermuda) Ltd.	Apr. 21, 1998	Bermuda	USD24,542	28.48	Reinvestment in overseas business
Teapo Electronic (Dongguan) Co., Ltd.	Nov. 20, 1998	No.6A2, Gaoli 1st Road, Gaoli Industrial Zone, Tangxia Town, Dongguan City, Guangdong Province	USD18,500	28.48	Production and sales of capacitors and motor fans
Dongguan Wisdom Electronic Co., Ltd.	Oct. 9, 2012	No.6A2-103, Gaoli 1st Road, Gaoli Industrial Zone, Tangxia Town, Dongguan City, Guangdong Province	RMB1,500	4.377	Purchase and sales of electronic products
FORMOSA PROSONIC (E) SDN. BHD.	May 22, 1989	No. 3, Lebuh 2, Bandar Sultan Suleiman, Taiwanese Industrial Park, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	MYR13,245	7.033	In liquidation
Kaimei Electronic (Hongkong) Limited	Nov. 28, 1989	22 Guangdong Finance Building, 88 Connaught Road West, Sheung Wan, Hong Kong	HKD0.001	3.673	Purchase and sales of capacitors and motor fans
Jamicon International Limited	Sep. 15, 1994	22 Guangdong Finance Building, 88 Connaught Road West, Sheung Wan, Hong Kong	HKD90,000	3.673	Purchase and sales of capacitors and motor fans
Bothhand Enterprise Inc. (Note V)	Jan. 11, 1992	58 Gongye 3rd Road, Annan District, Tainan City	TWD623,339	1	Purchase and sales of transformers and other electronic components
MYW Investment Limited	Feb. 1, 2018	Apt. 5, 13 / F, No.81, Section 1, Xintai 5th Road, Xizhi District, Xinbei City	TWD574,070	1	Investment business
Bothhand International Investment Co., Ltd (Note V)	Dec. 12, 1997	P.O. Box 3321,Road Town, Tortola, British Virgin Islands	USD1,000	28.48	Reinvestment and international trade
Sino Win International Limited (Note V)	Jul. 9, 2002	Offshore Chambers, P.O.Box 217, Apia, Samoa	0	-	In liquidation

E-Heng Technology Co., Ltd. (Note V)	Jan. 8, 2004	58 Gongye 3rd Road, Annan District, Tainan City	TWD4,400	1	Production and sales of transformers and other electronic components
Round Constant Limited (Note V)	Nov. 1, 2006	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD1,950	28.48	Reinvestment business
Suzhou Kaimei (E) Co., Ltd.	Nov. 16, 1995	2 Jufu Road, Wangting Town, Xiangcheng District, Suzhou City, Jiangsu Province	USD15,180	28.48	Production and sales of capacitors
Jingmeikang Electronic (Shenzhen) Co., Ltd.	Oct. 9, 2009	57 East Ring 2nd Road, Longhua Street, Longhua New District, Shenzhen City, Guangdong Province	USD7,007	28.48	Purchase and sales of capacitors and motor fans
Xinkaimei Motor (Shenzhen) Co., Ltd.	Feb. 3, 2012	57 East Ring 2nd Road, Longhua Street, Longhua New District, Shenzhen City, Guangdong Province	USD5,000	28.48	Purchase and sales of capacitors and motor fans
Dongguan Jamicon Electronic Co., Ltd.	Mar. 16, 2018	Room 102 and 103, 1 / F, Building A2, 6 Gaoli Industrial Zone, Tangxia Town, Guangdong Province	RMB500	4.377	Purchase and sales of capacitors and motor fans
Kaiping Bothhand Electronics Co., Ltd. (Note V)	Apr. 18, 2000	Kaiping Industrial Park, Shagang District, Kaiping City, Guangdong Province	USD800	28.48	Production and sales of transformers and other electronic components
Guangzhou Bothhand Electronics Co., Ltd. (Note V)	May 29, 2002	1.2.4 / F, Tower IV, No.38, Zhaocun Beiwaiyue, Liwan District, Guangzhou City	USD2,000	28.48	Production and sales of transformers and other electronic components
Deyang Bothhand Electronics Co., Ltd. (Note V)	Dec. 27, 2005	Luojiang Industrial Park, Deyang City, Sichuan Province	USD5,000	28.48	Production and sales of transformers and other electronic components
Kunshan Taijun Electronics Co., Ltd (Note V)	Feb. 15, 2007	18 Fuyang West Road, Zhoushi Town, Kunshan City, Jiangsu Province	USD11,950	28.48	Vacuum sputtering OEM
Guangzhou Cheng Han Electronics Tec (Note V)	Oct. 21, 2009	1.2.4 / F, Tower IV, and 1 - 4 / F, Tower III, No.38, Zhaocun Beiwaiyue, Liwan District, Guangzhou City	CNY25,988	4.377	Production and sales of transformers and other electronic components
Deyang Shisheng Electronics Co., Ltd. (Note V)	Aug. 30, 2013	Plot on the north side of Fengchu Road, west side of National Highway 108, Luojiang County, Deyang City	CNY5,000	4.377	Production and sales of transformers and other electronic components
Deyang Hongyi Electronics Co.,Ltd (Note V)	Jul. 22, 2016	Plot on the north side of Fengchu Road, west side of National Highway 108, Luojiang County, Deyang City	CNY30,000	4.377	Production and sales of transformers and other electronic components
Hunan Bothhand Electronics Co., Ltd. (Note V)	Dec. 26, 2018	Room 501, Building 7, Electronic Industry Gathering Area, Yunji Industrial Park, Hengnan County, Hengyang City, Hunan Province	CNY10,000	4.377	Production and sales of transformers and other electronic components

Ralec Electronic Corporation (Note VI)	Feb. 12, 1994	1 Zhong'er Street, Nanzi Processing Zone, Kaohsiung City	TWD826,668	1	Manufacturing and sales of electronic parts
Ralec Technology (H.K.) Limited (Note VI)	Sep. 15, 2000	Room 501, 5 / F, Hing Yip Commercial Centre, 272 - 284 Des Voeux Road Central, Central, Hong Kong	HKD10	3.673	General investment
ASJ Holdings Pte Limited (Note VI)	Mar. 13, 1996	514 Chai Chee Lane #05-05 / 06 Bedok Industrial Estate Singapore 469029	SGD28,274	21.56	General investment
RALEC Trading (Kunshan) Co., Ltd. (Note VI)	May 25, 2010	333 Huangpujiang Middle Road, Kunshan City, Jiangsu Province, China	USD1,000	28.48	Manufacturing and sales of electronic parts
Ralec Technology (Kunshan) Co., Ltd. (Note VI)	Dec. 26, 2000	333 Huangpujiang Middle Road, Kunshan City, Jiangsu Province, China	USD37,000	28.48	Manufacturing and sales of electronic parts
Hunan Ralec Electronic Technology Co., Ltd. (Note VI)	Jun. 7, 2018	8 Shazi'ao Village, Liangshuijing Town, Yuanling County, Huaihua City, Hunan Province	RMB98,000	4.377	Manufacturing and sales of electronic parts
ASJ Pte. Limited (Note VI)	Jan. 14, 1980	514 Chai Chee Lane #05-05 / 06 Bedok Industrial Estate Singapore 469029	SGD6,210	21.56	Sales of electronic parts
ASJ (Hong Kong) Limited (Note VI)	Nov. 12, 2003	No.50 Shek Wu Wai Rd. San Tin, Yuen Long, New Territories Hong Kong	HKD1,000	3.673	Warehousing, logistics and distribution businesses
ASJ Components (M) Sdn. Bhd. (Note VI)	Mar. 21, 1997	PTD 37440,JALAN PERINDUSTRIAN SENAI 3,KAWASAN PERINDUSTRIAN SENAI FASA II,81400 SENAI,JOHOR D.T.MALAYSIA	MYR8,000	6.7891	Manufacturing and sales of electronic parts

Note I: All affiliated enterprises should be disclosed, regardless of scale thereof.

Note II: Where each affiliate has established its own plant, and the sales of the products manufactured by the plant exceed 10% of the controller company's operating revenue, the name, date of incorporation, address and principal business items of the plant shall be included herein.

Note III: Where the affiliate refers to a foreign company, the name and address shall be stated in English, and the date of incorporation shall be expressed in A.D., the paid-in capital shall be expressed in the foreign currency (but the exchange rate on the reporting date shall be specified).

Note IV: Long-term equity investment measured by the equity method.

Note V: The Company completed the delivery procedure for the sale of Bothhand affiliated companies on Jan. 25, 2021, and the data was disclosed for the period as of Dec. 31, 2020.

Note VI: The Company completed the delivery procedure for the acquisition of Ralec affiliated companies on Jan. 28, 2021.

(III) Profiles on shareholders deemed to have dominant-subordinate relations: None

(IV) Affiliated enterprises mainly produce and sell aluminum electrolytic capacitors, fan motors, transformers, resistors and other electronic components.

(V) Information of Directors, Supervisors and General Manager of Affiliated Companies

Apr. 2, 2021

Unit: NT$1,000; shares; %

Name of Affiliate	Position	Name or Representative	Shareholding	
			Shares/Amount of contribution	Shareholding Ratio (%)
Kaimei Electronic Corporation	Chairman	Representative of Hung Tai Investment Ltd.: Chi-Sheng Weng	69,262	0.05
	General Manager and Deputy General Manager	Representative of Hung Tai Investment Ltd.: Wei-Tsu Chang		
	Director	Representative of YAGEO Corporation: Yung-Ming Pan	8,124,882	5.98
	Independent Director	Dr. Tsai, Cheng Hsien	0	0
	Supervisor	Representative of Shi Hen Enterprise Ltd: Yuan-Ho Lai	815,387	0.6
	Supervisor	Representative of Shi Hen Enterprise Ltd: Yung-Tu Wei		
Teapo Electronic (H.K.) Limited	Director	Representative of Kaimei Electronic Corporation: Wei-Tsu Chang	HKD10	100
	Director	Representative of Kaimei Electronic Corporation: Hui-Chuan Chao		
	Director	Representative of Kaimei Electronic Corporation: Shu-Hui Chen		
Teapo Holding (Bermuda) Ltd.	Chairman	Representative of Kaimei Electronic Corporation: Wei-Tsu Chang	USD24,542	100
	Director	Representative of Kaimei Electronic Corporation: Shu-Hui Chen		
	Director	Representative of Kaimei Electronic Corporation: Hui-Chuan Chao		
Teapo Electronic (Dongguan) Co., Ltd.	Chairperson and General Manager	Representative of Teapo Holding (Bermuda) Ltd.: Wei-Ming Tang	USD18,500	100
	Director	Representative of Teapo Holding (Bermuda) Ltd.: Shu-Hui Chen		
	Director	Representative of Teapo Holding (Bermuda) Ltd.: Hui-Chuan Chao		
Dongguan Wisdom Electronic Co., Ltd.	Director and General Manager	Representative of Teapo Electronic (Dongguan) Co., Ltd.: Wei-Ming Tang	RMB1,500	100
	Director	Representative of Teapo Electronic (Dongguan) Co., Ltd.: Wei-Tsu Chang		
	Director	Representative of Teapo Electronic (Dongguan) Co., Ltd.: Shu-Hui Chen		
	Supervisor	Representative of Teapo Electronic (Dongguan) Co., Ltd.: Hui-Chuan Chao		
FORMOSA PROSONIC (E) SDN. BHD.	In liquidation		MYR13,245	100
Kaimei Electronic (Hongkong) Limited	Director	Representative of Kaimei Electronic Corporation: Chi-Sheng Weng	HKD0.001	100
	Director	Representative of Kaimei Electronic Corporation: Pen-Chi Chen		
	Director	Representative of Kaimei Electronic Corporation: Hui-Chuan Chao		
Jamicon International Limited	Director	Representative of Kaimei Electronic Corporation: Chi-Sheng Weng	HKD90,000	100

	Director	Representative of Kaimei Electronic Corporation: Pen-Chi Chen		
	Director	Representative of Kaimei Electronic Corporation: Shu-Hui Chen		
Suzhou Kaimei (E) Co., Ltd.	Director	Representative of Jamicon International Limited: Chi-Sheng Weng	USD15,000	98.81
	Chairperson and General Manager	Representative of Jamicon International Limited: Chi-Chuan Lo		
	Director	Representative of Jamicon International Limited: Pen-Chi Chen		
	Director	Representative of Jamicon International Limited: Shu-Hui Chen		
	Director	Suzhou Xiangcheng District Wangting Town Collectivity Assets Management Company: Yen Li		
	Supervisor	Hui-Chuan Chao		
Jingmeikang Electronic (Shenzhen) Co., Ltd.	Chairman	Representative of Kaimei Electronic (Hongkong) Limited: Chi-Sheng Weng	RMB7,007	100
	Director	Representative of Kaimei Electronic (Hongkong) Limited: Pen-Chi Chen		
	Director	Representative of Kaimei Electronic (Hongkong) Limited: Hui-Chuan Chao		
	Supervisor	Shu-Hui Chen		
Xinkaimei Motor (Shenzhen) Co., Ltd.	Chairman	Representative of Kaimei Electronic (Hongkong) Limited: Chi-Sheng Weng	USD5,000	100
	Director	Representative of Kaimei Electronic (Hongkong) Limited: Pen-Chi Chen		
	Director	Representative of Kaimei Electronic (Hongkong) Limited: Hui-Chuan Chao		
	Supervisor	Shu-Hui Chen		
MYW Investment Limited	Director	Representative of Kaimei Electronic Corporation: Chi-Sheng Weng	574,070	100
Dongguan Jamicon Electronic Co., Ltd.	Executive Director	Representative of Suzhou Kaimei (E) Co., Ltd.: Wen-Chi Hung	RMB500	100
	Supervisor	Hui-Chuan Chao		
Bothhand Enterprise Inc. (Note V)	Chairman	Representative of Kaimei Electronic Corporation: Yung-Ming Pan	TWD623,339	100
	Director and Chief of staff	Representative of Kaimei Electronic Corporation: Hsiao-Chieh Pan Hsu		
	Director	Representative of Kaimei Electronic Corporation: Chi-Sheng Weng		
	Director	Representative of Kaimei Electronic Corporation: Wei-Tsu Chang		
	Director	Representative of Kaimei Electronic Corporation: Shu-Hui Chen		
	Director	Representative of Kaimei Electronic Corporation: Hui-Chuan Chao		
	Director	Representative of Kaimei Electronic Corporation: Pen-Chi Chen		
Bothhand International Investment Co., Ltd (Note V)	Chairman	Hsiao-Chieh Pan Hsu	USD1,000	100
E-Heng Technology Co., Ltd. (Note V)	Chairman	Representative of Bothhand: Yung-Ming Pan	TWD4,400	100
Round Constant Limited (Note V)	Chairman	Hsiao-Chieh Pan Hsu	USD1,950	100
Guangzhou Cheng Han Electronics Tec (Note V)	Chairperson and General Manager	Representative of Guangzhou Bothhand Electronics Co., Ltd.: Yung-Ming Pan	RMB25,988	100

Kaiping Bothhand Electronics Co., Ltd. (Note V)	Director	Yung-Ming Pan	USD800	100
	Supervisor	Representative of Bothhand International Investment Co.,Ltd.: Hsiao-Chieh Pan Hsu		
Guangzhou Bothhand Electronics Co., Ltd. (Note V)	Director	Yung-Ming Pan	USD2,000	100
	Supervisor	Representative of Bothhand International Investment Co.,Ltd.: Hsiao-Chieh Pan Hsu		
Deyang Bothhand Electronics Co., Ltd. (Note V)	Chairman	Representative of Bothhand International Investment Co.,Ltd.: Yung-Ming Pan	USD5,000	100
Deyang Shisheng Electronics Co., Ltd. (Note V)	Chairman	Representative of Bothhand International Investment Co.,Ltd.: Yung-Ming Pan	RMB5,000	100
	Supervisor	Qing-guo Liao		
Deyang Hongyi Electronics Co.,Ltd (Note V)	Chairman	Yung-Ming Pan	RMB15,300	51
	Director	Hsiao-Chieh Pan Hsu		
	Director	Zhijiang-Yu		
	Director	Yulong Gao		
	Director	Xinyu-Chen		
	Supervisor	Qingguo-Liao		
	Supervisor	Wenbin-Xu		
	Supervisor	Wenwu-Fu		
Kunshan Taijun Electronics Co., Ltd (Note V)	Chairperson and General Manager	Representative of Round Constant Limited (Yuan Heng): Yung-Ming Pan	USD11,950	100
	Supervisor	Hung-Chen Chen		
Hunan Bothhand Electronics Co., Ltd. (Note V)	Chairman	Yung-Ming Pan	RMB9,600	100
	Chairman	Yung-Ming Pan		
	Supervisor	Wen-Pin Hsu		
Ralec Electronic Corporation (Note VI)	Chairman and General Manager	Representative of Kaimei Electronic Corporation: Chi-Sheng Weng	TWD826,668	100
	Director	Representative of Kaimei Electronic Corporation: Pen-Chi Chen		
Ralec Technology (H.K.) Limited (Note VI)	Director	Representative of Ralec: Chi-Sheng Weng	HKD10	100
	Director	Representative of Ralec: Pen-Chi Chen		
RALEC Trading (Kunshan) Co., Ltd. (Note VI)	Director	Representative of Ralec Technology (H.K.) Limited: Chi-Sheng Weng	USD1,000	100
	Supervisor	Pen-Chi Chen		
Ralec Technology (Kunshan) Co., Ltd. (Note VI)	Executive Director	Representative of Ralec Technology (H.K.) Limited: Wei-Tsu Chang	USD37,000	100
	Supervisor	Pen-Chi Chen		
Hunan Ralec Electronic Technology Co., Ltd. (Note VI)	Executive Director	Representative of Ralec Technology (H.K.) Limited: Wei-Tsu Chang	RMB98,000	100
	Supervisor	Pen-Chi Chen		
ASJ Holdings Pte Limited (Note VI)	Director	Representative of Ralec: Tan Kee Sin	SGD28,274	100
	Director	Representative of Ralec: Pen-Chi Chen		
ASJ Pte. Limited (Note VI)	Director	Representative of ASJ Holdings: Tan Kee Sin	SGD6,210	100
	Director	Representative of ASJ Holdings: Pen-Chi Chen		
ASJ (Hong Kong) Limited (Note VI)	Director	Representative of ASJ Holdings: Chi-Sheng Weng	HKD1	100
	Director	Representative of ASJ Holdings: Pen-Chi Chen		

ASJ Components (M) Sdn. Bhd. (Note VI)	Chairman and General Manager	Representative of ASJ Holdings: Lee Sai Fong	MYR8,000	100
	Director	Representative of ASJ Holdings: Chia-Hsing Tseng		
	Director	Representative of ASJ Holdings: Wei-Ming Tang		

Note V: The Company completed the delivery procedure for the sale of Bothhand affiliated companies on Jan. 25, 2021, and the data was disclosed for the period as of Dec. 31, 2020.

Note VI: The Company completed the delivery procedure for the acquisition of Ralec affiliated companies on Jan. 28, 2021.

(VI) Operating overview of affiliated enterprises

Kaimei Electronic Corporation and its subsidiaries
(Formerly, Teapo Electronic Corporation and its subsidiaries)
Operating overview of affiliated enterprises
Year Ended Dec. 31, 2020

Unit: NT$1,000 / earnings (losses) per share (NT$)

Name of Affiliate	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales Revenue	Net Operating Profit (Loss)	Profit or loss for the period (After tax)	Earnings (losses) per share (NT$) (After tax)
Kaimei Electronic Corporation (formerly, Teapo Electronic Corporation)	1,358,442	12,408,165	4,856,721	7,551,444	926,183	(2,512)	562,559	3.42
Teapo Electronic (H.K.) Limited	40	457,157	506,472	(49,315)	45,115	1,845	1,351	135.10
Teapo Holding (Bermuda) Ltd.	843,498	1,549,920	372	1,549,548	-	(549)	190,399	7.76
Teapo Electronic (Dongguan) Co., Ltd.	594,706	2,468,670	994,734	1,473,936	2,094,578	248,341	188,478	Note III
Dongguan Wisdom Electronic Co., Ltd.	7,076	14,166	(489)	14,655	-	(669)	101	Note III
Kaimei Electronic (Hongkong) Limited	0.004	3,677,282	4,611	3,672,671	25	(66)	60,515	2.42
Jamicon International Limited	392,437	726,663	467,847	258,816	800,513	5,889	32,380	0.36
FORMOSA PROSONIC(E) SDN. BHD. (in liquidation)	114,229	109,600	456	109,144	-	-	0	0
Bothhand Enterprise Inc.	623,339	2,757,556	1,254,192	1,503,364	1,450,206	40,759	181,360	2.91
MYW Investment Limited	574,070	718,,859	59,034	659,825	-	(37)	36,214	Note III
Suzhou Kaimei (E) Co., Ltd.	462,990	402,671	121,685	280,986	348,408	29,404	19,776	Note III
Jingmeikang Electronic (Shenzhen) Co., Ltd.	33,012	49,900	10,038	39,862	-	(33,559)	(31,958)	Note III
Xinkaimei Motor (Shenzhen) Co., Ltd.	148,440	80,365	10,574	69,791	-	37,686	39,017	Note III

Name of Affiliate	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales Revenue	Net Operating Profit (Loss)	Profit or loss for the period (After tax)	Earnings (losses) per share (NT$) (After tax)
Dongguan Jamicon Electronic Co., Ltd.	2,331	16,235	12,659	3,576	48,937	(8,637)	(8,251)	Note III
Bothhand International Investment Co., Ltd	60,829	1,388,807	1,405	1,387,402	-	(165)	181,457	Note III
Sino Win International Limited	-	-	-	-	-	0	(2,797)	Note III
E-Heng Technology Co., Ltd.	4,400	15,765	696	15,069	57,347	10,353	13,552	3.30
Round Constant Limited	57,779	7,135	0	7,135	-	-	(71)	
Guangzhou Cheng Han Electronics Tec	113,759	444,446	221,858	222,588	765,363	70,420	65,992	Note III
Kaiping Bothhand Electronics Co., Ltd.	22,784	98,862	277	98,585	48,470	(4,770)	2,767	Note III
Guangzhou Bothhand Electronics Co., Ltd.	56,960	530,649	2,994	527,655	14,386	(177)	65,248	Note III
Deyang Bothhand Electronics Co., Ltd.	142,400	963,393	215,693	747,700	881,614	85,808	102,184	Note III
Deyang Shisheng Electronics Co., Ltd.	21,887	94,928	744	94,184	168,410	20,648	28,960	Note III
Deyang Hongyi Electronics Co.,Ltd	131,321	229,752	52,530	177,222	174,462	30,975	25,268	Note III
Kunshan Taijun Electronics Co., Ltd	340,336	7,135	-	7,135	-	(387)	(71)	Note III
Hunan Bothhand Electronics Co., Ltd.	43,774	111,381	75,706	35,675	97,682	(348)	(1,874)	Note III

Exchange rates on Dec. 31, 2020: USD/NTD=28.4800 HKD/NTD=3.6730 MYR/NTD6.7895 RMB / HKD=1.1917 USD /RMB=6.5067
Average exchange rate in 2020: USD/NTD=29.5491 HKD/NTD=3.8093 MYR/NTD6.7348 RMB / HKD=1.1240 USD /RMB=6.9014
Note I: All affiliated enterprises should be disclosed, regardless of scale thereof.
Note II: If the affiliated enterprise is a foreign company, the relevant figures shall be listed in NTD after being converted at the exchange rate on the reporting date.
Note III: If the registered capital of a reinvested company is capital (not share capital), it is not applicable to calculate the earnings (losses) per share.

Kaimei Electronic Corporation

Statement regarding the consolidated financial statements of affiliated enterprises

Companies that are required to be included in the preparation of consolidated financial statements of affiliated enterprises in accordance with the Standards for the Preparation of Consolidated Operating Reports, Consolidated Financial Statements and Relation Reports of Affiliated Enterprises for 2020 (from Jan. 1, 2020 to Dec. 31, 2020) are the same as those that are required to be included in the preparation of consolidated financial statements of parent and subsidiary companies in accordance with the International Financial Reporting Standards No. X as recognized by the Financial Supervisory Commission and the relevant information to be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the aforesaid consolidated financial statements of the parent and subsidiary companies, so the consolidated financial statements of affiliated enterprises are not to be separately prepared.

Sincerely,

Company Name: Kaimei Electronic Corporation

Representative: Chi-Sheng Weng

Date: Mar. 12, 2021

II. Private placement securities in the most recent fiscal year up to the publication date of the annual report: None.

III. Holding or disposition of the Company's shares of the most recent fiscal year up to the publication date of the annual report:

Unit: NT$1,000; shares

Subsidiary Name (Note 1)	Paid-in capital Capital	Capital Source	The Company's shareholding ratio	Date of acquisition Date of penalty	Shares acquired and amount	Shares disposed and amount	Investments Profit or loss	Amount and Shares Held up to the Date of Publication of the Annual Report	Pledge	Making of Endorsements/ Guarantees to Subsidiary	Loaning of Funds to Subsidiary
Bothhand Enterprise Inc.	623,339	Private capital	100%	Disposed on Aug. 14, 2020 (Note I)	0	584,819 shares NT$ 5,848 thousand	0	1,364,575 shares NT$ 78,561 thousand	0	0	0

Note I: The shares were canceled according to the shareholding ratio recorded in the register of members on Aug. 14, 2020, the "base date of capital reduction and share exchange", 300 shares were canceled for every thousand shares (i.e., about 700 shares were exchanged for every thousand shares), and NT$3,000 in cash was returned for every thousand shares.

Note II: The Company completed the delivery procedure for the sale of Bothhand Enterprise Inc. on Jan. 25, 2021, and the data was disclosed for the period as of Dec. 31, 2020.

IV. Other Supplementary Information: None.

V. Any event that has a significant impact on shareholders' equity or securities prices as prescribed by Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that have occurred in the most recent year up to the publication date of the annual report

(I) In order to continuously focus on its own core technology and strengthen its competitiveness, the Company sold 62,333,875 ordinary shares of Bothhand Enterprise Inc. (100% of the issued shares of Bothhand Enterprise Inc.) to Chilisin Electronics Corp. at NT$44.92 per share, totaling NT$2.8 billion, and the company completed the relevant delivery procedures on Jan. 25, 2021.

(II) In order to continuously focus on its own core technology and strengthen its competitiveness, the Company obtained 82,666,764 shares of Ralec Electronic Corporation (100% of the issued shares of Ralec Electronic Corporation) held by Chilisin Electronics Corp., at a consideration of about NT$60.48 per share, totaling NT$5 billion, whereby Ralec Electronic Corporation became a 100% owned subsidiary of the Company, and the Company completed the relevant delivery procedures on Jan. 28, 2021.